

# A G E N D A

## Strategic Monitoring Committee

Date: **Friday, 22nd December, 2006**

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Time: **10.00 a.m.**

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Place: **The Council Chamber,  
Brockington, 35 Hafod Road,  
Hereford**

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Notes: Please note the **time, date** and **venue** of the meeting.

*For any further information please contact:*

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**County of Herefordshire  
District Council**



# AGENDA

## for the Meeting of the Strategic Monitoring Committee

To: Councillor T.M. James (Chairman)  
Councillor Mrs. P.A. Andrews (Vice-Chairman)

Councillors B.F. Ashton, W.L.S. Bowen, H. Bramer, A.C.R. Chappell,  
J.H.R. Goodwin, Mrs. M.D. Lloyd-Hayes, J.P. Thomas and W.J.S. Thomas

	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
To receive apologies for absence.	
<b>2. DECLARATIONS OF INTEREST</b>	
To receive any declarations of interest by Members in respect of items on this agenda.	
<b>3. MINUTES</b>	1 - 18
To approve and sign the Minutes of the meeting held on 16th October, 2006.	
<b>4. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY</b>	
To consider suggestions from members of the public on issues the Committee could scrutinise in the future.	
<b>5. INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES - SCRUTINY REVIEW</b>	19 - 90
To consider the final report of the scrutiny review of Information and Communication Technology Services.	



## **PUBLIC INFORMATION**

### **HEREFORDSHIRE COUNCIL'S SCRUTINY COMMITTEES**

The Council has established Scrutiny Committees for Adult Social Care and Strategic Housing, Childrens' Services, Community Services, Environment, and Health. A Strategic Monitoring Committee scrutinises corporate matters and co-ordinates the work of these Committees.

The purpose of the Committees is to ensure the accountability and transparency of the Council's decision making process.

The principal roles of Scrutiny Committees are to

- Help in developing Council policy
- Probe, investigate, test the options and ask the difficult questions before and after decisions are taken
- Look in more detail at areas of concern which may have been raised by the Cabinet itself, by other Councillors or by members of the public
- "call in" decisions - this is a statutory power which gives Scrutiny Committees the right to place a decision on hold pending further scrutiny.
- Review performance of the Council
- Conduct Best Value reviews
- Undertake external scrutiny work engaging partners and the public

Formal meetings of the Committees are held in public and information on your rights to attend meetings and access to information are set out overleaf

## **PUBLIC INFORMATION**

### **Public Involvement at Scrutiny Committee Meetings**

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There are also two other ways in which you can directly contribute at Herefordshire Council's Scrutiny Committee meetings.

#### **1. Identifying Areas for Scrutiny**

At the meeting the Chairman will ask the members of the public present if they have any issues which they would like the Scrutiny Committee to investigate, however, there will be no discussion of the issue at the time when the matter is raised. Councillors will research the issue and consider whether it should form part of the Committee's work programme when compared with other competing priorities.

Please note that the Committees can only scrutinise items which fall within their specific remit (see below). If a matter is raised which falls within the remit of another Scrutiny Committee then it will be noted and passed on to the relevant Chairman for their consideration.

#### **2. Questions from Members of the Public for Consideration at Scrutiny Committee Meetings and Participation at Meetings**

You can submit a question for consideration at a Scrutiny Committee meeting so long as the question you are asking is directly related to an item listed on the agenda. If you have a question you would like to ask then please submit it **no later than two working days before the meeting** to the Committee Officer. This will help to ensure that an answer can be provided at the meeting. Contact details for the Committee Officer can be found on the front page of this agenda.

Generally, members of the public will also be able to contribute to the discussion at the meeting. This will be at the Chairman's discretion.

(Please note that the Scrutiny Committees are not able to discuss questions relating to personal or confidential issues.)

## **Remits of Herefordshire Council's Scrutiny Committees**

### **Adult Social Care and Strategic Housing**

*Statutory functions for adult social services including:*

*Learning Disabilities*

*Strategic Housing*

*Supporting People*

*Public Health*

### **Children's Services**

*Provision of services relating to the well-being of children including education, health and social care.*

### **Community Services Scrutiny Committee**

*Libraries*

*Cultural Services including heritage and tourism*

*Leisure Services*

*Parks and Countryside*

*Community Safety*

*Economic Development*

*Youth Services*

### **Health**

*Planning, provision and operation of health services affecting the area*

*Health Improvement*

*Services provided by the NHS*

### **Environment**

*Environmental Issues*

*Highways and Transportation*

### **Strategic Monitoring Committee**

*Corporate Strategy and Finance*

*Resources*

*Corporate and Customer Services*

***Human Resources***

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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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## **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

**MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday, 16th October, 2006 at 10.00 a.m.**

**Present:** Councillor T.M. James (Chairman)  
Councillor Mrs. P.A. Andrews (Vice-Chairman)

**Councillors:** B.F. Ashton, W.L.S. Bowen, H. Bramer, A.C.R. Chappell, J.H.R. Goodwin, Mrs. M.D. Lloyd-Hayes, J.P. Thomas and W.J.S. Thomas

**In attendance:** Councillors Mrs. J.P. French, R.I. Matthews, R.J. Phillips, D.B. Wilcox and R.M. Wilson

**24. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**25. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**26. MINUTES**

**RESOLVED:** that the Minutes of the meeting held on 15th September, 2006 be confirmed as a correct record and signed by the Chairman.

**27. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY**

There were no suggestions from members of the Public.

**28. CALL-IN OF CABINET DECISION ON THE ROTHERWAS FUTURES PROJECT**

The Committee considered Cabinet's decision to enter into a co-operation agreement with Advantage West Midlands in order to progress the Rotherwas Futures Project, which had been called in by three Members of the Committee: Councillors W.L.S Bowen, A.C.R. Chappell, and Mrs M.D. LLoyd-Hayes.

The stated reasons for the call in were: lack of information on the funding shortfall and how this would be met; lack of detail of what Phase 1 and Phase 2 of the Rotherwas Scheme involved; and lack of information on what precautions had been taken in respect of inflation.

The report to Cabinet on 28th September, 2006 together with the decision notice was appended to the report.

The Chairman opened the discussion by emphasising that the purpose of the meeting was not to discuss the principle of the Rotherwas Access Road which had been determined by Council, or the allocation of housing which was being

considered under the Unitary Development Plan (UDP) process. The intention was to focus on the financial aspects of the project.

He reported that a number of questions had been received from members of the public and a response would be given to these as part of the Executive's response. He then invited the Leader of the Council to comment on behalf of the Executive.

The Leader said that the Rotherwas Futures project was a key priority for the Council and its Capital Programme. He emphasised the importance of the Rotherwas Industrial Estate to the Council's economy. He noted that whilst many of the businesses had decided to maintain their investment in the estate despite the infrastructure constraints it had to be recognised that others had felt that they had to move their investment elsewhere.

The Rotherwas Access Road was the first and vital component of the development and had been requested by the businesses at Rotherwas.

The funding of the £17.5 million project was a key issue. He welcomed the tremendous support from Advantage West Midlands (AWM) with whom, through hard work over successive administrations, the Council had built up a good relationship.

Herefordshire had the lowest wages, the poorest infrastructure and the weakest economy in the Region. It had to be recognised, however, that in setting priorities for the Region, as it was currently doing, the Government would be likely to steer resources to Birmingham and the metropolitan authorities. The proposed redevelopment of New Street Station, Birmingham, for example, would represent a huge drain on resources.

Funding from AWM was essential if the Rotherwas Futures Project were to proceed. This meant that the current opportunity to secure funding from AWM had to be seized.

Whilst there was huge potential to increase the number of jobs at Rotherwas it was also essential to preserve the existing jobs. All could be put at risk if the Rotherwas Futures project did not proceed. It also had to be recognised that the Council received revenue income of over £1 million from the Rotherwas Industrial Estate. This would be difficult to sustain without investment in the estate.

If the project did proceed the initial funding of £9.5 million would be provided by AWM. The Council intended to fund the balance of £8 million in future years through prudential borrowing and a contribution from a developer.

He added that all currently committed capital programme works would proceed.

The Director of Adult and Community Services reported that the detail of phases 1 and 2 of the Rotherwas Futures project had been set out in the report to Cabinet on 7th September. In essence Phase 1 of the development on Rotherwas consisted of a series of development plots amounting to 8.73 hectares. The majority of these plots were along the Straight Mile and offered the potential to create high quality development along this frontage acting as a key entrance to the Estate and combining with some of the better quality buildings on the Estate.

Phase 2 of the development involved the development of 5.58 hectares on the 'Southern Magazine Site' to be accessed from an extension to an internal estate road. Two former bunkers required as mitigation measures for the access road would be retained. All other bunkers would be removed. Phases 3 and 4 envisaged

further development and capital sums had been set aside by AWM for that development.

The Cabinet Member (Highways and Transportation) commented that, as reported to Cabinet on 7th September, it was planned to complete the Rotherwas Access Road within a short timescale, reducing the inflation risk. All the land compensation issues had now been identified. This had increased the projected cost but this was now included in the total estimate. It was planned to commence work in March 2007. Delay would incur a cost of £150,000. He considered that a proper and responsible approach had been taken to risk management in relation to the scheme.

The Director of Adult and Community Services then read out the responses to the written questions which had been received as set out below:

**Questions from Mr R Widdowson, Chairman of the Campaign to protect Rural England (Herefordshire)**

*(Answers are shown in italics)*

Q1. The Council considers that a contribution to the cost of the Road is a necessary planning obligation on the part of the developer of the proposed housing allocation at Bullinghope. If so, why is the Cabinet proposing to push ahead with the Road's construction without waiting to secure the developer's contribution? If such an external funding source is in prospect, surely it is irresponsible to make a contractual commitment until the funding is certain?

*A. There is currently a window of opportunity to secure significant levels of funding towards the scheme from AWM. The Council is keen to take advantage of this opportunity and is in a position to negotiate with developers and ensure that a contribution is delivered towards the Rotherwas Access Road.*

Q 2. If the Council does go ahead with the Road before the developer's contribution is secured, it will have to identify £8 million from the Council's own funds and, moreover, do so on the basis that it may never be recovered through a developer's contribution. The Road is not in the Council's current capital programme, so what other projects are going to be dropped to make way for the £8 million?

*A. No projects will need to be cut from the existing approved capital programme. This project will have to take priority given Cabinet decisions to date over other potential capital projects - if Council funding is needed that is.*

Q. 3. How confident is the Council that the cost of the Road can be contained within the 15% contingency sum proposed? Civil engineering is notoriously risky: the Government's figures for standard civil engineering projects indicate a bracket for "optimism bias" of 3% to 44%. Are there reserve plans for funding any increase beyond the 15%? What other capital spending would have to be dropped to do so?

*A. The Council's consultants have prepared detailed cost estimates in relation to the provision of the Access Road. These have taken into account the likely effect of future inflation and include contingency allowances for both Risk and Optimism Bias. The level of Optimism Bias applied was agreed with the Department for Transport as appropriate for a scheme at this stage of development. In addition, a review of likely risks has been undertaken and allowance made for the likely impact on costs.*

Q4. Until the contribution has been negotiated, how does the Council know how big it will be? Government Circular 5/05 states that planning obligations must be “fairly and reasonably related in scale and kind”. The allocation at Bullinghope is for a mere 300 houses and the Inspector of the recent UDP Inquiry has established that only the final tranche of 100 generates the need for a new road. Moreover, mitigating the traffic impact of this housing represents only a small part of the perceived functional benefits of the Road. In these circumstances it seems incredible that a contribution of £8 million - some 64% of the total cost of the Road, or £80,000 per house - could be fair or reasonable.

*A. The Council is currently in negotiation with developers and cannot confirm what the final contribution will be at this stage. The Council will be seeking to maximise the developer contributions and on the basis that there is a broader community need for the road we envisage we will be able to negotiate a contribution from all of the houses proposed.*

Q5. Alternatively, has the Council already reached some kind of agreement with the Bullinghope developer, Bloor Homes, about a contribution to the Road? If so, what are the details of that agreement, whether formal or informal, firm or provisional?

*A. No agreement is yet in place.*

Q.6. At this point it is still uncertain whether the Bullinghope housing allocation will itself go ahead. The Council’s proposal to ignore the Inquiry Inspector’s recommendation to delete it from the UDP is currently out to public consultation. Assuming, as propriety requires, that the Council will consider any objections with an open mind, then the Council cannot yet be firmly minded to retain the Bullinghope housing. How can this be reconciled with making an early commitment to the Road on the assumption that there will be a developer contribution from that housing?

*A. The Council’s current position was agreed at a named vote at Full Council and is set out in the draft UDP which is out to consultation. Unless there is some material new evidence emerging from the consultation this position will be confirmed by the Council in adopting the final plan.*

Q7. Even if the Bullinghope allocation were to be confirmed, it would be many months before a planning application could be processed and a S106 agreement achieved - by which time the Road contract would have been signed and the Road could even be complete. However, can a planning obligation be asserted retrospectively? Common sense suggests that, if an authority has already committed itself to a scheme using its own money, it may be hard to claim subsequently that a developer contribution to it is a necessary obligation. Has the Council obtained legal advice about this?

*A. The Council is confident it can negotiate a developer contribution.*

Q 8. The Department for Transport has just rejected funding for the Road because it does not consider it gives “sufficient value for money”. We understand this is at least in part because it does not accept the Council’s figures for job creation. The DfT has a national level of expertise at this kind of assessment, so there must be a ‘prima facie’ possibility that the Council’s business case is wrong; if not, there should be an audit trail of sound reasons justifying why the Council can come to different conclusions. (The decision about the Bullinghope housing allocation will also affect

the business case and the benefit-to-cost ratio for the Road.)

*A. The announcement from the Department for Transport relates to their assessment of the scheme against the Department's scheme appraisal criteria particularly as it relates to transport. The Council considers that the road does represent value for money and will make a major contribution to economic development within Herefordshire. The scheme has the support of Advantage West Midlands which has consistently recognised the regeneration benefits that will flow from the scheme.*

### **Questions from Mr G. Dawe, Hereford**

*(Answers are shown in italics)*

Q 1. What proportion of the £9.5 million loan from AWM will be directly repayable?

*A. This was referred to in paragraph 7 of the report to Cabinet dated 28th September 2006. The Council may have to repay up to 50% or £4.75m - depending on decisions regarding Phase 3 of the project. AWM may decide to reinvest this money in the next stage of the project.*

2. How much of the £8m will come from Herefordshire Council's capital expenditure programme?

*A. This was referred to in paragraph 6 of the report to Cabinet dated 28th September 2006. The Council is seeking a developers contribution to match the funding gap of £8m.*

3. What will be cut from the capital expenditure programme in order to finance the road or repay the loan?

*A. Nothing will need to be cut from the existing approved capital programme. This project will have to take priority given Cabinet decisions to date over other potential capital projects - if Council funding is needed that is.*

4. How many houses will have to be built at Bullinghope to cover the £8m shortfall?

*A. The proposal set out in the draft Unitary Development Plan will be sufficient to negotiate the contribution required.*

5. If the loan is to be repaid from rents has an analysis been done on how high rents can go before businesses move elsewhere?

*A. Rent levels will always be subject to market conditions. A sensitivity analysis was included in the consultants work. The financing costs will be met from the general revenue account which includes a number of other sources of funding, not just the rent income from Rotherwas.*

6. Can Herefordshire Council explain why there is a need to expand Rotherwas industrial estate when we have vacant industrial land elsewhere in the county and unemployment figures are low?

Context: Vacant employment land elsewhere in Herefordshire:

(1) The pre-existing Leominster industrial estate is between a third to half-empty on a

recent visit.

(2) The new Leominster Enterprise Park of 29 ha is entirely vacant, despite a promised investment of £20m by Advantage West Midlands (AWM) together with a connecting road which cost £4m. Some vacant units have been built but as yet, they are unlet.

(3) Credenhill Industrial Estate 84 ha is mostly vacant.

A survey of businesses carried out in Hereford in 2005 for the Edgar Street Grid found that most businesses wanted to be north of the river. (See UDP Inspectors Report).

*A. The Unitary Development Plan sets out the reasons for continued allocations of land at Rotherwas. The road is needed to ensure access for the existing businesses as well as to open up land which has been allocated for employment purposes for a number of years. There is continued demand for land at Rotherwas Industrial Estate. Currently, the Council has no readily available, unconstrained land to offer on the estate.*

*It is acknowledged that unemployment within the County is low, 1.6% in July 2006, however, the major problem for Herefordshire is low wage employment. The average wage for Herefordshire in 2005 was £351.20 per week compared to the West Midlands average of £402.50 per week. Herefordshire has a lower average wage than Shropshire (£375), Worcestershire (£385) and Gloucestershire (£423.10). A priority for the County is the encouragement of more and better paid employment and the investment into Rotherwas Futures will be used to attract those businesses who can help offer this.*

*In short Rotherwas remains a viable business location and one that will only benefit from the Access Road and Rotherwas Futures investment, although there are other industrial estates within the County with vacancies, these are primarily to the North of the County and are themselves showing increased interest in the land and units on offer.*

*In respect of Southern Avenue Industrial Estate in Leominster, of the 28.9 acres available five acres have been sold, a further 2.5 acres are under offer and a further six acres have been reserved for future development. It should also be noted that the Leominster Estate is serving the North of the County and that additional employment land allocations are required to serve the rest of the County.*

*We are not aware of any industrial estate at Credenhill.*

*Whilst the survey of businesses for Edgar Street Grid concluded that most businesses wanted to be North of the river this survey was a survey of the businesses currently located on the Grid site. It is therefore to be expected that they wish to maintain a position as close to their current position as possible.*

Q. 7. Benefit Cost Analysis (BCA): How does the council justify the exaggerated job creation figure for Rotherwas (1,022) when DfT estimated 290 was the realistic figure, on building the Rotherwas Access Road. (the 1022 jobs led to a high and favourable BCA of 13.5)

[Source of data: *Rotherwas Access Road Major Scheme Business Case (RARMSBC), July 2005. Herefordshire Council and Owen Williams consultants.*]



*A. A detailed Economic Impact Report was prepared by Ecotec in July 2004 which examined in detail the likely regeneration benefits of providing the Rotherwas Access Road. Based on sound research and analysis, this concluded that the scheme would enable a net increase in employment across Herefordshire of between 690 and 1030 jobs by 2022. Whilst the Department for Transport accepted the overall regeneration benefits for the County, in assessing the scheme against their criteria for funding, the Department focused on the job creation benefits only in areas of multiple deprivation rather than benefits to the County as a whole.*

*The overall Benefits Cost Ratio specifically relates to the transport benefits of the scheme. The Council's consultants concluded that a Benefit Cost Ratio in the region of 13 is appropriate taking into account the likely transport benefits of the scheme, for example in relation to travel time savings for users.*

Q8. Is a 45% business response to a Rotherwas Industrial Estate questionnaire sufficient to calculate the number of jobs and need for an access road?

[Source of data: ECOTEC produced the *Economic Impact Report (EIR)*, part of *Rotherwas Access Road Annex E Submission, July 2004* for Herefordshire Council]

*A. The survey of businesses carried out in preparing the Economic Impact Report achieved a response rate of 60% with a total of 80 businesses responding. This represents a statistically valid sample.*

Q9. During the Rotherwas Access Road and Bullinghope house building process how will congestion (as happened at Asda, summer 2006) be avoided on the A49?

*A. Appropriate traffic management measures will be put in place during the construction of these developments to minimise any disruption.*

Q.10. What is the estimated congestion into Hereford City when the Rotherwas Access Road and associated housing of (see question 4. above) 300 to 2000 units?) is built?

*A. The Rotherwas Access Road effectively replaces Holme Lacy Road as the main access to the Rotherwas Industrial Estate and should reduce the impact of traffic on this area.*

Q.11. Can Herefordshire Council explain the likely impact on its long term capital expenditure programme of cost overruns of 10%, 25% and 50% on the current projected costings of the Rotherwas Access Road?

*The Council's consultants have prepared detailed cost estimates in relation to the provision of the Access Road. These have taken into account the likely effect of future inflation and include contingency allowances for both Risk and Optimism Bias.*

*Risk of inflation needs to be managed/mitigated through the contract arrangements for building the road. If costs overrun by 10%, then there will be approximately £1.2m less capital resource available for other projects (assuming a road cost of £12m). The Council would need to find an additional £3m/£6m if it overran by 25% or 50% respectively.*

**Mr M. Hubbard, Hereford**

Q. Given that most public building projects costs are underestimated, can Herefordshire Council explain the likely impact on its long term capital expenditure programme of cost overruns of 10%, 25% and 50% on the current projected costings

of the RAR? What impact would these cost overruns have on Council Tax levels?

*A. The Council's consultants have prepared detailed cost estimates in relation to the provision of the Access Road. These have taken into account the likely effect of future inflation and include contingency allowances for both Risk and Optimism Bias.*

*Risk of inflation needs to be managed/mitigated through the contract arrangements for building the road. If costs overrun by 10%, then there will be approximately £1.2m less capital resource available for other projects (assuming road cost of £12m). We would need to find an additional £3m / £6m if it overran by 25% or 50% respectively. With regards to the last part of the question, there would be no additional impact on Council Tax. If there were a cost overrun we would have to rephase the Capital Programme.*

The principal points made in the ensuing discussion are set out below.

Councillor A.C.R Chappell emphasised that he was wholly in favour of the provision of the Rotherwas Access Road and had pursued this both in his former role as a Cabinet Member and as the Chairman of the South Wye Regeneration Partnership.

His concern related to the reliance being placed on securing funding from developers to meet the funding gap of £8 million. The relevant development was still dependent upon the proposed provision for housing being included in the Unitary Development Plan and planning permission then being obtained.

There had been little indication of what alternatives to raising the finance from the development of housing at Bullinghope had been considered.

He said that when representatives of the South Wye area were considering the Unitary Development Plan in its early stages they had received a presentation from the Chairman of the Rotherwas Access Group in which it had been suggested that businesses did not want housing at Bullinghope. He believed that any rethink was because it was believed that the Council had exhausted every other option.

He reiterated his belief in the importance of the development and the need for it to be achieved swiftly. However, he did require clarification on the other options which had been considered to fund the project and what guarantees there were that funding from developers would be secured to meet the funding gap.

The Leader of the Council commented in reply that the first method of funding the access road, and to which successive administrations had looked, had been from Government through the Local Transport Plan. Whilst not approving funding over the years the Government had never completely ruled it out. However, the Council's latest bid had again been rejected. Part of the problem was that in assessing the value for money of the scheme the Government refused to consider the benefits for the County as a whole. He intended to monitor how consistent the Government was in applying these funding criteria to other schemes.

AWM had been as helpful as it could but as he had previously mentioned the Government was likely soon to direct that investment be concentrated on the development of New Street Station.

The only other option was to realise some of the capital value of the Rotherwas Industrial Estate, noting that the value would increase with the provision of the Road. As he had previously mentioned, however, this would have an implication for the Council's revenue income from the estate.

In these circumstances he believed that businesses recognised that the Council's approach was the correct option.

Councillor Mrs M.D. Lloyd-Hayes expressed concern about the impact of the proposed housing development on the community, density of development in South Wye, the vulnerability to flooding and the implications for sewerage disposal. She also considered that the project represented a destruction of the Countryside and showed a lack of vision. She added that many businesses had said that they did not want to be located South of the River.

She asked for clarification on how AWM was to receive a return on part of its Investment as part of the agreement.

She also remarked that unemployment in the County was below 2% and yet the County also employed some 5,000 migrant workers. She also questioned the significance of the £1 million income of the estate in the context of the Council's budget, noting that some £2 million was generated from car parking.

She believed that development of the Edgar Street Grid was more important than the development of the Relief Road. She did not want to see property sold to fund the Road.

She suggested that there had been a lack of public consultation about the project.

She also questioned how many businesses would actually relocate from Rotherwas if no improvements were made.

She also argued that a proposed housing development of some 2,000 houses would generate 1,500 cars and increase traffic congestion.

She thought that developing land at Moreton on Lugg which had a rail link would be a better project.

She asked what discussions had taken place with a developer and if a contribution had been confirmed. It appeared that the Council had not secured funding to meet the shortfall. Its plans were therefore based on supposition and were not acceptable.

The Leader of the Council called for greater pride in the Rotherwas estate, which provided some 2,000 jobs supported some 125 businesses and had great potential. It should also be remembered that as the estate was owned by the Council the estate's success benefited the Council tax payer.

Whilst the level of unemployment might be low there was a lack of skilled jobs and this made it difficult to offer careers to skilled young people and encourage them to stay in the County.

The Director of Adult and Community Services reported that AWM expected a return on 50% of its investment in phases 1 and 2 of the Rotherwas project. They would not acquire the freehold of any of the estate. He added that there had been consultation as part of the planning application process for the Road.

Councillor W.J.S. Thomas speaking as Ward Member said that the access road combined with flood defence work would bring benefits. He noted the traffic problems faced by Holme Lacy residents and the inability of the surrounding road network to support traffic to the industrial estate. Without improved access to the estate growth would not be possible.

Rotherwas supported companies of national and international importance and the County needed a thriving Rotherwas to generate worthwhile jobs. It was important that the South Wye area received its fair share of opportunities.

It was also important that every effort was made by the Council, the Police and the Highways Agency to minimise traffic problems while the access road was being constructed.

The Council was entitled to seek a proper financial contribution from developers and should ensure that it did so.

In response to a question from Councillor J.H.R Goodwin about the timescale for delivering the project, the Director of Environment said that there was very little room for slippage beyond the March 2007 start date. He also believed that there was a competitive market at the moment. The Director of Adult and Community Services added that AWM had made clear that whilst they were able to offer support at the moment they would be unlikely to be in the same position in 18 months to two years time.

There was discussion of the scale of the proposed development at Bullinghope. A Member suggested this was inappropriate in the context of the housing target for the County as a whole.

Councillor A.C.R Chappell commented that in his view there had been ample consultation in the South Wye area about the road and there was a clear majority in favour of it. He remained concerned, however, as to what contingency plan was in place, if negotiations with the developer failed, noting the many hurdles still to be overcome, including the outcome of the Unitary Development Plan Inquiry if development was to take place.

The Leader of the Council replied that unless the access road was built the estate could not be developed and there were implications for the revenue income to the Council from the estate. It was also clear that there was a limited timeframe within which the Council had the opportunity to act.

Councillor T.M. James endorsed the importance of the Rotherwas estate and expressed the hope that it might provide increased revenue for the Council in future.

Councillor J.P. Thomas also questioned what contingency plans were in place given the risk associated with the project and whether as a last resort the Council would have to dispose of part of the estate. In reply the Leader of the Council acknowledged that this would have to be considered as an option but having regard to the revenue implications. It was possible that the development of phase 1 and 2 would increase scope for prudential borrowing.

In relation to the recent rejection of funding of the Road by the Department of Transport as referred to in question 8 from the CPRE, referred to above, Councillor T.M. James noted that the Government looked for funding from private sources to be provided when assessing the value for money for schemes. AWM's willingness to contribute was not considered relevant.

The Chairman invited comments from Members of the public.

The following principal points were made:

- A member of the public stated that insufficient evidence had been put forward in

the debate to explain how the funding shortfall would be met. The Council was being driven to proceed with the project by the limited timeframe within which it believed funding would be available from AWM.

- It was also suggested that by providing the road before the housing development was approved a developer would be able to argue that it did not have to make a contribution as part of any S106 planning agreement. Even if an agreement were negotiated, given the requirement that 35% of the development would have to comprise social housing it was disputed that the shortfall of £8 million could be met.
- The Chief Executive commented that he could not enter into a public discussion about the Council's negotiating position. The overriding point was that for many years there had been a determination to improve access to the Rotherwas estate. In deciding to proceed with the Rotherwas Futures project there were a number of issues on which Members had to reach a judgment. In deciding whether there was sufficient security he advised that the funding guarantee from AWM was clear. However, he gave the Committee his absolute assurance that this was time limited. The question then was about how the balance, which he believed was appropriately quantified, could be met. There was clearly an element of risk. The question was whether the project was of sufficient priority to make bearing that risk worthwhile. It was a situation where it was simply not possible to assess the risk precisely because this could not be done until all the negotiations with a developer were concluded. However, if the Council were to wait until that position was reached it would lose the funding from AWM.
- Councillor T.M. James observed that if the access road was built the Council would be in a strong negotiating position and the risk to the Council in proceeding was therefore minimal in his view.
- A question was asked about the answer given in reply to question 8 from Mr Dawe, as referred to above, that 60% of businesses at Rotherwas had responded to a Rotherwas Industrial estate questionnaire. In reply it was stated that the overall response to the survey was 60%. The response to one specific question had been 45%. It was further questioned whether this was a sufficient basis on which to proceed with the road. In reply it was stated that the survey was only one of the factors the Council had taken into account.
- A member of the public reported that he had himself conducted a survey of the businesses at Rotherwas on the need for a road. One business had declined to reply but over 120 had signed a petition in support of the road, providing clear evidence of their view. This had been presented to the Council on 28th July. In response to a question he confirmed that the businesses approached included 2-3 just outside the Rotherwas estate itself.
- It was suggested that there was no evidence to support the contention that the Council could fund the shortfall through a contribution from the developer. All the Council had done was to calculate the estimated shortfall.

In reply the Cabinet Member (Environment) reported that during the Unitary Development Plan Inquiry developers had clearly indicated their willingness to provide funding to support development at Bullinghope.

- The Director of Environment said that it was not possible at this stage to be precise as to the level of any shortfall because it depended on the cost of the road and the outcome of negotiations with the developer.

It was moved, but not seconded, that the Rotherwas Futures project should be rejected on the grounds that there was insufficient security to underpin it.

**RESOLVED: That the Executive should not be requested to reconsider its decision to proceed with the Rotherwas Futures project but should be advised that the Committee required regular reports on progress with the financial negotiations associated with the project.**

(The meeting adjourned between 11.35 and 11.45 am.)

## 29. MEDIUM TERM FINANCIAL MANAGEMENT STRATEGY

The Committee was invited to comment further on the Medium Term Financial Management Strategy (MTFSM) prior to its consideration by Cabinet.

The report noted that the proposed final version of the Strategy had not changed significantly from the document considered by the Committee at its previous meeting in September.

The Director of Resources updated paragraph 15 of the report, which set out the prognosis for the four year period covered by the MTFMS, to confirm that, rather than the figures given in the report, the capacity for cumulative spending in 2007/08 would be £3.6 million, in 2008/09 £3.9 million, in 2009/10 £4.6 million and 2010-11 £3.8 million.

She then presented the report. She informed the Committee that key assumptions had been made regarding the profiling of the savings to be achieved through the Herefordshire Connects programme and in relation to the accommodation programme. In addition Directors were being required to meet costs including inflation within existing budgets except for allowances for pay increases of 2% per annum and increased pension costs.

She also drew particular attention to the intention to set aside some of the additional spare capacity in 2007/08 to ease the pressure identified in 2008/09 and provide a reserve in the event of slippage compared to the outline, approved financial appraisal for the Herefordshire Connects Programme. She noted also the robust approach to be adopted towards Invest to Save proposals and Invest to Mitigate growth proposals.

In the ensuing discussion the following principal points were made:

- The Director confirmed that the additional £451,000 included in the Medium Term Financial Resource Model for the Whitecross PFI Scheme was a one off sum to meet the project's initial costs.
- Questioned about the assumptions regarding the Herefordshire Connects Programme, the Director replied that the forecast was that savings of £11.75 million would be achieved over the four year life of the MTFMS. It was expected, following benchmarking with other authorities that this level of savings would be achievable. However, it was not possible to be certain about the profiling of these savings, hence the intention to set aside some of the additional spare capacity in 2007/08 to provide a reserve in the event of slippage.
- A question was asked about the potential impact of inflation noting the

requirement that Directors meet costs including inflation within existing budgets except for allowances for pay increases of 2% per annum and increased pension costs. In reply the Director of Resources stated that in the last financial year there had been an underspend of some £4 million and £6 million in the year before that and it should therefore be possible to find ways of managing inflationary pressures.

- In relation to managing VAT expenditure the Director of Resources confirmed that the Council was managing activity to allow it to reclaim VAT on exempt business activities whilst being mindful that this must not exceed 5% of the total VAT liability, in which case the Council would stand to lose the entire sum it had sought to reclaim. She advised that the amount reclaimed currently represented 4.7% of the Council's total VAT liability.
- The Director confirmed that it had not been possible at this stage to incorporate potential expenditure in connection with the Rotherwas Futures project within the MTFMS. The Chief Executive added that Members had been informed that there was potentially a gap between the sum the Council would receive from Advantage West Midlands and might receive from developers and the cost of the road itself. It was simply not possible at this stage to confirm the scale of that gap or indeed that there would ultimately be a gap at all. As he had previously advised during consideration of the report on the Rotherwas Futures project a judgment had to be taken as to whether the potential return justified the risk. It had to be recognised, however, that there was a potential impact on the future Capital Programme.
- A question was asked about how it was intended to address the loss of £250,000 of external funding from Advantage West Midlands to continue website development. The Director of Corporate and Customer Services replied that the Council had benefited in recent years from significant external funding for website development. Work had been commenced to look at how best to proceed now that level of funding was no longer available.
- The Director of Resources was asked about how the projected overspend on both Adult Social Care and Children's Services would be addressed noting that this far exceeded the contingency sum of £1.3 million. The Director answered that it was proposed to increase the contingency sum to £3 million for the current financial year. The review of future needs and services for older people and adults with learning disabilities would then inform Invest to Save and Invest to Mitigate proposals for future years.

**RESOLVED: That it be noted that the Committee was generally supportive of the Strategy, whilst recognising that there would always be differences over some points of the detail.**

### **30. THREE-YEAR STRATEGIC PROPOSALS: THE BASIS FOR THE CORPORATE PLAN**

The Committee's views were sought on three year service proposals and associated service outputs and outcomes which would form the basis of the Council's Corporate Plan 2007-10, so that these could be taken into account by Cabinet in its recommendations to Council.

The Head of Policy and Performance presented the report. He updated paragraph 4 of the report to indicate that, rather than the figures given in the report, the capacity for cumulative increased spending in 2007-08 would be £3.6 million, and in 2008-09

£3.9 million.

He then drew attention to paragraph 9 of the report. This noted that within the baselines set out in the Financial Resource Model, Directors and the Head of Human Resources had developed core proposals for the next three years with a view to securing specified star ratings as used in the Commission's Comprehensive Performance Assessment, as set out in the report, which, taken together would give the Council an overall 3\* rating. Highlights of the core proposals were set out in paragraph 10 of the report, indicating what was considered deliverable within the financial constraints.

He also referred to appendix 1 to the report which set out spend to save proposals over the three year period, appendix 2 which set out spend to mitigate proposals, appendix 3 to the report which summarised proposals not regarded by senior managers as deliverable within the baseline provision in the Financial Resource Model, and appendix 4 which summarised proposals where the financial implications and affordability within the Financial Resource Model baselines were still under consideration.

In the course of discussion the following principal points were made:

- A question was asked about the allocation of capital receipts generated by the sale of properties, 50% of which had to date been returned to the Directorate that had released the asset. This was in the context of proposals to reduce the overspend on learning disabilities in the adult social care budget by disposing of some assets but then reinvesting the receipts into other areas to improve and modernise services and generate efficiencies. The Director of Resources replied that assets were now to be treated as a corporate resource. Any receipts would be held centrally and allocated in line with corporate priorities. Corporate working would help to ensure that the Council's asset base was appropriate across all service areas
- It was noted that the core proposal for adult and community services referred to achieving "some increase in the numbers of vulnerable people helped to live at home". In reply it was noted that a report was in preparation on future needs and services for older people and adults with learning disabilities which would contain detail on the increase envisaged. It was also noted that in part there was an issue over how to report the proposal, recognising that there was a need to work closely with service users and carers in discussing possible changes to service delivery.

The Committee had no further observations to make at this stage and noted the report.

### **31. UPDATE ON ACTIONS IN RESPONSE TO STRATEGIC MONITORING REVIEW OF THE STRATEGIC SERVICE DELIVERY PARTNERSHIP**

*(The Committee resolved to exclude the public and press during consideration of part of the discussion of this item on the grounds that there would be disclosure of information relating to the financial or business affairs of any particular person (including the authority holding that information). The following is a complete record of the proceedings.)*

The Committee considered an update on the actions taken in response to their review of the Strategic Service Delivery Partnership between Herefordshire Jarvis Services (HJS), Owen Williams and the Council.



The Environment Support Manager presented the report, which set out developments since the matter had been reported to the Committee in June. Mr S Gyford, General Manager of HJS was also present to answer questions.

The Environment Support Manager drew particular attention to action taken to improve working practices, adherence to the business planning process, improved working relationships and a possible name change for HJS. He added that action was considered completed in relation to recommendations on the business planning process, compliance with the shareholders agreement, the understanding of to what HJS's 8% recharge to the Council related, the development of a robust contingency plan and putting arrangements in place to monitor the fee levels of Owen Williams. Progress against each of the recommendations made by the Committee was summarised in the appended action plan.

The report also described progress in response to Cabinet's recommendation that, "consideration should be given to engaging an external consultant to undertake a brief piece of work to verify a number of aspects of the services supplied by the Partnership."

In the course of discussion the following principal points were made:

- In relation to school catering Mr Gyford advised that there was no realistic prospect of HJS seeking to return to that sector.
- In response to a question the Environment Support Manager commented further on the improvements in working practices and in particular to the joint working between HJS and the Council.
- A question was asked about the reference in paragraph 10 of the report to HJS updating its business planning at quarterly intervals and whether HJS had a clear picture of its actual trading position. In reply Mr Gyford provided details on the trading position advising that HJS was on target to achieve the profit target it had set for the year. The level of profit was a significant improvement on the previous year.
- One of the Review's recommendations had advocated challenging the payment charged to the Council by HJS for Management Services to ensure that it represented value for money. The report noted that this was a contractual issue and changes could only be made through negotiation. This was similarly the case with the cumulative liability in respect of the management fee. The report stated that at this point in the negotiations both partners had identified issues which they considered should form part of an overall realignment of the service delivery agreement.

Asked to expand on the possible realignment the Environment Support Manager said that three years into the life of the agreement both partners had identified scope for improvement. One example was routine reactive highway works where there was no productivity incentive in the agreement. He acknowledged that if a reduction in the Management fee were to be agreed by HJS there would be trade-offs in the negotiations. However, this did not mean accepting that HJS would increase costs elsewhere. The focus of the negotiations was on achieving efficiency and productivity gains.

- In relation to work being won by HJS from clients other than the Council Mr Gyford reported that HJS was not being as successful as he would like with such

external work representing less than 10% of turnover. However, following an improvement in the financial reputation of the Jarvis Group, HJS had now been successful in gaining inclusion on a list of contractors upon which a number of authorities drew.

- Asked about HJS's ability to compete particularly for smaller jobs given its overheads Mr Gyford acknowledged that there had been occasions upon which unrealistic prices had been quoted. However, these were exceptions. He had reduced overheads and improved productivity. The intention was to target areas and particular customers not to seek every job whatever the price. In response to a further question about the reputational impact of quoting unrealistic prices he advised that HJS did not intentionally submit an unrealistic price when it did not want a job. In practice when too high a price was quoted this was usually as a result of an error or an ambiguous specification.
- In relation to the recommendation about the need for staff to be familiar with the contract it was reported that work was ongoing to produce a manageable, clear training pack and this should be available before the end of 2006.
- It was reported that consideration of a new name for HJS was still ongoing.
- It was suggested that consideration be given to reconvening the Strategic Partnership Review Group to carry out a short, sharp investigation to confirm that progress in working relationships had been made.
- The Environment Support Manager was asked about progress in engaging a consultant to verify a number of aspects of the services supplied by the Partnership. He reported that three expressions of interest had been received and these were being evaluated. He expected that the piece of work would be completed within three months of engaging the consultant.

**RESOLVED: That a further progress report be made to the Committee once the Consultant's findings had been produced.**

### 32. EMPLOYEE OPINION SURVEY 2006

The Committee considered the findings of the Employee Opinion Survey 2006.

The report set out areas where employees were more positive than in either of the last two years, the main areas where levels of disagreement amongst employees had risen, areas where the Council compared well against the average for local government and areas where the Council did not compare so well.

The Head of Human Resources said that at 48% the response rate to the survey was the highest it had been and was in line with the local government average. There were a larger number of responses stating that they firmly agreed or disagreed with propositions in the survey rather than stating that no view could be formed. There had been an increase in firm positive responses and a decrease in negative responses. He commented on each section of the report adding that the findings would be fed into the service and corporate planning process. More detailed analysis of responses within their areas would be provided to Heads of Service to assist them with their planning.

In the ensuing discussion the following principal points were made:

- The Head of Human Resources confirmed that the 48% response rate to the survey was considered by statisticians to be sufficient to allow a meaningful analysis of trends. He added that the survey was only one of several mechanisms used to ascertain staff views.
- It was suggested that it might be helpful if reports showed the numbers of staff being referred to in the report as well as percentages.
- A Member questioned the finding that morale had improved significantly, from 41% up to 55% agreeing that morale was good in their work area. The Head of Human Resources reiterated that the survey was one indicator. The Chief Executive commented that the survey was useful in indicating trends and noted that it did represent views across a range of staff, including groups with whom Members might not necessarily come into contact.
- It was asked whether there was a discrepancy between the finding that the number of staff indicating that they intended to be working for the Council in 12 months time was lower than the local government average, although turnover was significantly below the local government average. The Head of Human Resources replied that the level of staff turnover did vary between areas.
- The increase in dissatisfaction with the working environment from 30% to 35% was questioned. It was suggested in reply that it was possible that as some staff were seen to move to better accommodation others might become more dissatisfied.
- It was questioned why the percentage stating opportunities for flexible working had increased yet so had the percentage of those disagreeing that they had opportunities for flexible working. The Head of Human Resources replied that this was a reflection of the pattern that a larger number of responses had been received stating that they firmly agreed or disagreed with propositions in the survey rather than stating that no view could be formed.

**RESOLVED: that the report be noted.**

### **33. PROGRESS ON EQUALITY AND DIVERSITY**

The Committee considered an update on progress in delivering the Council's statutory obligations on the equality agenda.

The Director of Corporate and Customer Services reported that the Council was on track to meet the criteria needed to reach level 2 of the Equality Standard by March, 2007. In 2007/08 it was intended to achieve levels 3&4 of the Standard, bringing the Council in line with other authorities.

**RESOLVED: that progress in implementing the Comprehensive Equality Policy and on the development of the Disability Equality Scheme and the Race Equality Scheme be noted.**

### **34. OMBUDSMAN AND COMPLAINTS AND COMPLIMENTS MONITORING 2005/06**

The Committee considered the Ombudsman Annual Letter 2005/06 and the figures for complaints and compliments recorded, including complaints determined by the Local Government Ombudsman and the Complaints Panel for the year ended 31st March, 2006.

The report noted that the Local Government Ombudsman had decided to issue Annual Letters for all Councils reflecting on complaints received by individual authorities and setting out any recommended action. Aspects of the letter were summarised in the report. A copy of the letter was appended to the report.

The Director of Corporate and Customer Services drew attention to improved recording of complaints, the arrangements for dealing with them within Directorates and the planned link to the Performance Management Framework.

In the course of discussion the following principal points were made.

- The report recorded that the average time the Council took to respond to the Ombudsman's first enquiries on a complaint had improved from 47.9 days to 31.8 days. It was suggested that this still appeared a long time but noted that it compared to the Ombudsman's target of 28 days.
- It was noted that there had been a significant increase in the number of complaints about planning and that the Ombudsman had written that although these had risen slightly countrywide in 2005/6 the Council may wish to consider whether special factors had caused the increase in Herefordshire. Members discussed the sorts of issues which could generate complaints about planning and requested a report to clarify the position.

**RESOLVED: That a report analysing the complaints about planning should be made to a future meeting.**

### **35. SCRUTINY ACTIVITY REPORT**

The Committee noted the work being undertaken by the Scrutiny Committees.

### **36. WORK PROGRAMMES**

The Committee considered the Scrutiny Committees' work programmes.

**RESOLVED: That the Work Programmes be endorsed.**

### **37. SCRUTINY IMPROVEMENT PLAN**

The Committee was invited to note progress on the Scrutiny Improvement Plan.

**RESOLVED: That progress against the Scrutiny Improvement Plan be noted.**

The meeting ended at 1.25 p.m.

**CHAIRMAN**

## INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES - SCRUTINY REVIEW

Report By: Head of Service

### Wards Affected

County-wide

### Purpose

1. To consider the final report of the scrutiny review of Information and Communication Technology Services.

### Financial Implications

2. The final recommendations to Cabinet have some potential financial implications.

### Background

3. An interim report on this review was presented to this Committee on 26th June, 2006.
4. The final report of the review including the recommendations is appended.

### RECOMMENDATION

**THAT (a) the Committee considers whether it wishes to agree the findings of the review of Information, Communication and Technology services for submission to the Cabinet.**

**(b) subject to the Review being approved, the Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;**

**and**

**(c) a further report on progress in response to the Review then be made after six months with consideration then being given to the need for any further reports to be made.**

### BACKGROUND PAPERS

- None

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Further information on the subject of this report is available from  
Geoff Cole Head of Service on 01432 260721





# **Review of Information, Communication & Technology (ICT) Services**

## **Report by ICT Services' Review Group – November 2006**

**For presentation to the Strategic  
Monitoring Committee – December  
2006**

- ...Putting** people first
- ...Promoting** our county
- ...Providing** for our communities
- ...Protecting** our future

***Quality life in a quality county***

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## **1. Executive Summary**

### **Background**

The Strategic Monitoring Committee commissioned a scrutiny review of the Council's Information, Communications and Technology (ICT) service, recognising the significant role it plays in the Council's operation.

The Review's terms of reference were to report on the progress of the key corporate systems and projects, including the corporate network replacement project; report on the progress of security incidents and resultant actions in period; report on the progress of disaster recovery plans; report on the progress of performance against key performance indicators such as network uptime, helpdesk calls logged/resolved/outstanding, number of unique visitors to the website, etc; and report on the "Value for Money" aspect of ICT service provision.

The desired outcomes of the Review included establishing that the ICT Service is providing value for money and advising on the most appropriate framework for sustaining an effective ICT Service for Herefordshire Council and those partners it supports. The review was also to examine how a balance between the requirements for a robust corporate security and disaster recovery framework and the need for flexibility in the approach to the delivery of the authority's service needs was achieved.

### **Findings**

The Review Group's key findings in response to the main issues identified in its terms of reference are:

- The network strategy is in line with consultants' recommendations and ICT best practice. The current approach will streamline the operations providing network resilience.
- The progress of security incidents and resultant actions show that since the authority has embarked upon the path towards attaining the "international information security standard ISO27001" all such incidents and actions are fully auditable with controlled access and each investigation follows best practice guidelines from PACE (Police And Criminal Evidence act).
- Disaster recovery plans are robust and continuous improvements are ongoing. ICT technical staff are knowledgeable and competent in their roles in establishing the correct protocols and systems.
- Improvements in performance against all performance indicators are progressing. Much is dependent on the completion of the network project.

- Generally speaking, ICT Services does provide “Value for Money”. In line with good practice the Service had commissioned several independent benchmarking exercises. The most recent benchmarking survey noted that in terms of its client server hardware, Microsoft Office software and desktop technical support and procurement costs Herefordshire’s unit cost is marginally below the benchmark average. The Council’s unit cost is also low compared to recent outsourcing studies conducted by Hedra where the cost per supported PC was between 2.5 and 3 times greater than the Council’s unit cost.
- Frustrations continue to exist around matters such as support to schools; support for Members; and the communication of some ICT programmes, particularly the annual Service Level Agreements.

## **Recommendations**

The Group has made a number of recommendations in response to its findings designed, in accordance with its brief, to sustain an effective ICT Service for Herefordshire Council and those partners it supports.

- (a) Responsibility for the line management for all the authority’s ICT staff should be placed within the ICT Services Division and implemented with immediate effect.**
- (b) Consideration is given to the control for ICT expenditure being placed within the ICT Services Division subject to overall responsibility being held by the Director of Resources.**
- (c) A review of the financing of ICT Services is undertaken examining the way directorates account for ICT spend subject to recommendation (b) above, base budget for ICT Services, as well as the corporate funding of ICT programmes.**
- (d) A council-wide policy should be developed and implemented that provides for greater standardisation of desktops and server infrastructure and that ICT Services should have the responsibility for the management and control of this policy ensuring that it provides equipment and software to meet the requirements of the post rather than the wishes of the individual. Further, that this policy provides all ICT assets are corporate and not the possessions of individual services or staff. In effect this means that ICT assets will not be relocated with individuals but rather that individuals will be relocated to existing assets.**
- (e) The existing ICT procurement policies and procedures, including taking positive action to address non-compliance, are enforced. Further that the appointment of the Strategic Procurement & Efficiency Review manager will progress the need to develop the council-wide procurement policy.**

- (f) Consideration is given to dedicated public relations support to the Head of ICT and the means by which this might be delivered.**
- (g) As part of the corporate review of SLAs the ICT Service ensures that the ICT SLAs are clearly worded, and describe clearly the range of services to be provided, charges and any relevant financial arrangements and are communicated to all relevant officers and issued no later than the start of each financial year moving forward.**
- (h) The responsibility for providing ICT training and its procurement be centralised under the management of the ICT service. As part thereof, the identification of ICT training needs should be formalised as part of induction and recorded.**
- (i) The options for offering a variety of income generating services to local partners not covered under existing SLAs are explored.**
- (j) Improvement to the implementation of project management throughout the authority continues and the interface between Corporate Programmes and project delivery within Directorates is strengthened.**
- (k) That the feedback from schools be analysed and an improvement plan prepared to address the many concerns identified, with a view to ICT Services becoming the preferred provider of services to schools funded and maintained by the Local Authority.**
- (l) A single website for all council services is developed ensuring consistent branding and access to services for all. Further that the website should consider the potential for a single, obvious directory of contacts for all council services.**
- (m) The options for “growing own talent” through training and the use of a form of “golden handcuffs”, possibly by means of recouping the cost of training should the individual leave the authority within a given period, be explored by Human Resources.**

## **2. Introduction**

2.1 The purpose of the Review was to examine ICT Services' contribution to the provision of ICT for Herefordshire Council and its partners. Further, to understand whether the current service offers value for money and how a balance between the requirements for a robust corporate security and disaster recovery framework and the need for flexibility in our approach to the delivery of the authority's service needs is achieved.

2.2 In April 2005 this Committee agreed to include a review of ICT Services in its work programme. In July 2005 it was agreed that the scope of the review and the appointment of review groups would be finalised following consultation with the Chairman and Vice-Chairman of the Committee. A scoping statement, which amongst other things listed the Review Group's membership, was reported to the Committee in October 2005. For various reasons, the Review did not commence and a revised scoping statement and timetable for the review was approved in April 2006.

2.3 Councillor Barry Ashton (Chair), Councillor Sebastian Bowen, Councillor Keith Grumbley, Councillor Terry James, and Councillor Ms Anna Toon were appointed by the Strategic Monitoring Committee to serve on the ICT Services' Review Group. The scoping statement of the review and the terms of reference are attached as Appendix 1.

2.4 The Review was undertaken between April and November 2006. This report summarises the key findings of the Review and contains recommendations for the Cabinet Member (Corporate & Customer Services and Human Resources).

2.5 The Review Group would like to extend their thanks to the many interviewees, consultees and officers who submitted evidence during the Review. The Review Group are also very grateful for the assistance of several outside advisors including Martin Boyle, Local Government Director Hedra plc, Andy Clarke, Head of Local Government, Siemens plc, and Liz Morton, Business Development Manager and Rob Knowles, Senior Manager both of Xayce plc. Also to Julie Holmes, Head of Information, Technology & Customer Services and her staff for their co-operation and assistance.

### **3. Method of Gathering Information**

#### **(a) Presentation on the background of the ICT Services entitled 'ICT Services from Strategy to Delivery'.**

3.1 The Review Group commenced the Review at the end of April 2006 with a presentation from the Head of Information, Technology & Customer Services with respect to the ICT Service, where it started, the state of the service and the progress made since the appointment of the new Head of Service in the summer of 2003.

3.2 The Head of ICT gave Members a comprehensive review of the ICT Service, its history, its funding, its challenges and the progress made to date including the improvement opportunities that exist. It also apprised the Review Group of the future giving them a strategic overview of the future direction of the service and its challenges.

3.3 To gain further insight into the operation of the ICT Service, this presentation was followed up with a visit of the ICT facility at Thorn Office Centre in Rotherwas where Members were introduced to the various different sections of ICT Services and were given a tour of both the building and of the newly refurbished data centre. During this tour a number of questions were posed by Members to staff around a wide range of issues including the use of GIS systems, the use of the new back office system and technical questions resulting around refurbishment work that had taken place to improve resilience and performance within the authority's prime data centre.

3.4 The Review Group acknowledged that the significant "building blocks" such as the new voice and data network, the refurbishment and commissioning of the data centres and the introduction of more formal working practices will all enable the delivery of the Council's strategic objectives such as those within Herefordshire Connects and accepted that these broader programmes were outside the scope of this Review.

#### **(b) Interviews**

3.5 Members began their in-depth review of the service with a series of staff interviews that were structured into two groups. Group A, mainly people who had been a part of ICT Services prior to 2003 and Group B, mainly staff who had joined ICT Services post 2003. Each member of staff was invited to briefly comment on when they joined the service, to describe their role, and their career development. A list of the interviewees is contained in Appendix 4.

3.6 The Review Group then held a number of interviews with key representatives from services across the Authority. These were officers at a variety of different levels in the organisation. Several of these interviewees followed up their face-to-face submissions with a written submission.

3.7 Following this, three key external partners were invited to interview. Representatives from Siemens, ICT Services' strategic partner for the new network replacement programme; from Xayce plc, a strategic partner working with ICT Services specifically on the e-Gateway programme (but also invited to give comparisons to their experience working with other Local Authorities on a wide range of both business transformation and ICT matters); and finally from Hedra, who have carried out a series of independent benchmarks for ICT Services including both value for money and customer satisfaction.

3.8 A group of Directors and senior officers, together with the Cabinet Member for Corporate & Customer Services and Human Resources were invited for interview where again they were asked a variety of questions on the performance of the service, the value for money aspects of the service and any other items on which they wished to comment.

3.9 The Review Group considered it important to hear directly from schools, and about their experiences as key users of the ICT service. The Herefordshire Association of Secondary Headteachers and Primary Schools were invited to nominate representatives who could provide a range of perspectives based on the different extent to which they used ICT Services. This resulted in the group hearing from a representative who had always used ICT Services, from a number of schools which had used ICT Services but had now opted out of all or part of the services provided, and from a school which had opted out and now partly opted back in. Written evidence was also received from a school that had opted out and now opted in again.

### **(c) Written Evidence**

3.10 Prior to the interviews, a considerable amount of documentation and financial information was considered by the Review Group. Subsequently, and following consideration of the interview responses and related evidence, the Review Group requested a number of additional written submissions. The Corporate Management Board together with the Head of Human Resources were all individually requested to submit evidence with respect to a wide range of areas. These ranged from what was their total ICT budget for the year 2004/05, through to the experience in using ICT Services as an organisation, questions around Service Level Agreements and questions about the future direction of the service. Written evidence was also invited from Parish Councillors and other organisations such as schools.

### **(d) Members' ICT Satisfaction Survey**

3.11 Following consultation with the Members' Development Group, an independent organisation Hedra were commissioned to undertake a survey of satisfaction levels amongst elected Members with respect to ICT, the equipment, the software and the service offered. The results of this survey have been reported back both to the Review Group and the Members' Development Group.

## **(e) Members' Reference Visit**

3.12 The Review Group undertook a reference visit to the London Borough of Waltham Forest (LBWF) in order to gain an understanding of what another like authority had undertaken and how similar or not the challenges and subsequent remedial actions had been. Also to, as far as possible, ascertain the value for money aspects of the ICT Service in Herefordshire as compared to LBWF and any improvement opportunities.

3.13 The issues raised as a result of that visit were communications, clear Service Level Agreements, the importance of Members' awareness of ICT throughout the authority, and the benefits of flexible working. Further, the Review Group acknowledged that LBWF do not provide ICT support to the borough's schools other than the network feed and firewall configuration. It should be noted, however, that although LBWF have a similar population size to Herefordshire the travel between central ICT and the furthest service user is circa 20 minutes.

3.14 The Review Group having looked at the LBWF also saw the importance of having effective and continuous communication during their period of transformation and recognised the requirement that such support is provided to the Head of ICT.

## **4. Background to ICT Services**

4.1 The ICT contract section was established in 1998 as part of the Support Services Directorate and at that point 19 staff transferred into the new authority. By July 1999 the Director of Support Services had left the Authority and a report went to Cabinet in the following September recommending that no appointment would be made to the post pending an extended review by the Chief Executive in consultation with the then Leader of the Council. The Cabinet report of 14th September, 2000, a year later, asked the Hereford Commercial Services Manager to consider and make recommendations on the senior management of the ICT contract section. As a consequence of this review, an IT Contracts Manager was appointed and ICT Services moved to the Thorn Office Centre at Rotherwas where it is still located.

4.2 The Review Group was informed that there was a change in emphasis with ICT adopting a highly commercial focus, recognising that outsourcing might be an option for consideration. The e-Government (or IEG) programme had also been approved and a Head of e-Modernisation appointed. However, in spite of this new commercial focus and the strategic provision of central government funding for IT improvements, the user satisfaction survey carried out in 2002 showed that 70% of respondents still felt that ICT Services was not giving them what they wanted. In April 2003, with the outsourcing of Commercial Services to Herefordshire Jarvis Services, ICT Services moved into the Policy and Community Directorate. At that point in time the reputation of ICT Services for service delivery was extremely poor as evidenced by an independent report for the Head of ICT by Torridon Broome, with management and staff alike reporting that there was little or no differentiation

between what e-Modernisation as a programme was there to do and what ICT Services as an organisation was there to deliver.

4.3 Staff morale was very low, the job evaluation process of that year having hit particularly hard as evidenced by the employee satisfaction survey, and the IEG programme was seen as failing. In addition, the client/contractor divide that had been encouraged between service users and ICT coupled with devolved ICT budgets, and a lack of central control over elements such as ICT procurement, had led to a highly autonomous and fragmented approach to ICT provision, depending on where that service user sat within the authority. Finally, the ICT corporate voice and data network was in fact not one network but three separate networks making communications across multiple sites and multiple services increasingly challenging, led to frequent service outages and offered little or no disaster recovery or security provision. The Review Group heard that the network was frequently unavailable and the reactive patching of cables and communications links was a daily occurrence. It noted, however, that the new voice and data network project including a “dark fibre” link offering greater resilience and increased bandwidth on the connectivity between different council sites would address this.

4.4 In August 2003, a new Head of ICT was appointed and over the next three to four months’ time was spent talking to users across the organisation at all levels in an attempt to establish their exact requirements, their perceptions of the ICT service and the improvement opportunities that may exist. In summary, the Review heard the conclusion was that the ICT organisation had no vision or strategy; a two tier management team existed making it highly difficult for lower level staff to feel comfortable; there was a lack of technical and certainly managerial skills; there was no performance management and that included poor management of existing commercial agreements, indeed where those commercial agreements could be found.

4.5 Although ICT was part of the Policy & Community Directorate, it had not been integrated and in fact there were at least four separate ICT departments in operation across the Council. The staff did not see themselves as being customer service operators and were much more comfortable focusing on the technology as opposed to the customers’ requirements. The business model was highly reactive and there was little or no planned activity.

4.6 Indeed a staff survey carried out in September 2003 showed that there was poor direction, poor communication of goals and objectives, poor information sharing and a general lack of recognition and of the generation of new ideas, suggesting an atmosphere of stifling rather than taking ideas forward. There was a flat structure offering little incentive for people to strive for better things, little importance had been placed on the staff review and development process, and there was general lack of confidence in managers, as well as by managers in their own ability to effect change. The culture was summarised by ‘learn on the job’ and ‘fire-fight’. Interviews with staff bore this view out.



4.7 The technology landscape was equally challenging, as already stated there were three separate voice and data networks, there was a free for all with respect to equipment procurement – that is, no rigour in what could be procured, from where and by whom, there was no standard desktop offering and a mixed operating environment. In other words, the Council was procuring multiple brands of equipment and software to do the same job, which resulted in both a need for the ICT service to have an exceptionally broad knowledge of different systems and additional costs. There was also evidence that little planned management of the infrastructure existed and that no tools were in place to actually manage that infrastructure. There was an absence of testing facilities with very poor or no ICT policies and procedures and an exceptionally low specification provision. Indeed the key challenge remains the culture and operational changes required to ensure it is the person who is moved in the event of accommodation changes and not the ICT equipment.

4.8 Finally, a review of the commercial framework revealed that the commercial model in operation, which had up until that point simply been a flat fee of £35 per hour for all direct service charging was unsustainable and not covering costs in most areas. A major review of the charging model was undertaken in 2004, which led to a total reimbursement of around £175,000 to Directorates and reduced on-going SLA costs for the majority of Directorates.

4.9 At that time, the Head of ICT summarised the challenges as follows:

- There is a need to focus on the client and not the ICT.
- The need to deliver on the ICT Service vision.
- There is a need to develop a value for money ICT service.
- A need to understand the capacity for and manage the change required.
- The service must be consistent and it must ensure corporate infrastructure on which the Authority can build for the future.

## **5. Role of ICT Services**

5.1 The role of ICT Services has no doubt changed since its inception with the formation of the new Authority in 1998. At that time, IT Services was a limited service not seen as integral to the authority either in terms of a mainstream service or as a strategic service. It also operated from a relatively low knowledge base in terms of understanding of the various Directorates' business requirements and the technical skills to address them.

5.2 In the period 1998 to 2003, the IT Contracts Manager took the service forward in terms of a form of commercial framework within which the service could operate. The model appears to have been one whereby the Client (for example, Planning Services) procured services from the Contractor (ICT Services), and a charge was levied for the provision of that service.

5.3 Since 2003, the focus has been very much on building a robust network infrastructure without which much of the Council's requirements could not be delivered. In addition, Service Level Agreements have been clarified and revised, as has the overall commercial framework. This has enabled a strategic corporate service that provides a diverse range of ICT services including:

- Advice and consulting – for example, what other local authorities are using for a specific service requirement; how best to re-engineer the business process for maximum benefit; how to build a business case.
- Support services – for example, changes to software configuration; assistance for service users with problems.
- Development services – for example, the writing of new IT systems or new reports.
- Corporate programmes and project management – the management of projects including planning, resourcing, monitoring and risk management.

These services were and still are provided to the Council, its partners such as parish councils, schools, and previously HALO and Herefordshire Housing. Services are no longer being provided by the Council to the latter two organisations as a consequence of the decisions to set up a leisure trust in the case of HALO and sell off the housing stock in the case of Herefordshire Housing where the terms of reference in both instances allowed for the new management to seek alternative ICT suppliers.

5.4 The purpose of ICT Services to date has been to support Directorate activities and priorities. At present, whilst many ICT Services such as disaster recovery, network support, support for telephony and procurement are deemed to be provided centrally by ICT Services, a large range of services and ICT activities still remain outside their management remit. The Review Group heard from several sources the challenges that this presents and recognise the requirement for one ICT organisation in support of the Council's overall corporate objectives.

5.5 A source of frustration for users of the service and for the ICT service itself is the major challenge presented by the current technical landscape. The Review Group heard from a number of sources that the time taken by ICT Services to repair equipment or fix software faults has been a frustration. In its discussions with the Review Group ICT Services for their part acknowledged this had occurred from time to time. They further explained that a major challenge for the provision of ICT is the complex mix of software that has to be supported along with the lack of standards regarding the type of PCs, laptops and operating systems the authority had historically purchased. Whilst progress had been made on introducing new standards in the past two years, a major desktop standardisation programme was required to address the equipment and operating systems challenge. The Review Group recognised the importance of this as a major building block for achieving the Council's priorities in the future.

5.6 ICT Services has also been responsible for leading the authority's e-Government agenda since the early summer of 2004. At that time the Head of ICT inherited a largely failing programme as identified by the Audit Commission in their e-Government audit of the previous year. Much effort was put into re-directing the objectives of the programme, renegotiating funding agreements with Advantage West Midlands and Government Office West Midlands as well as negotiating with the wider Herefordshire Partnership membership in terms of the objectives, the realism of the challenges still facing us and the prioritisation of the way forward.

5.7 Major components of this programme were ensuring that:

- The Broadband campaign for Herefordshire continued to make progress and that we achieved the objectives of enabling all of Herefordshire's exchanges.
- The e-Gateway web-site technology platform was put in place and that the vision of a county portal whereby all businesses, voluntary sector organisations and private individuals could access information or post information relevant to their services on a central portal with a high level of accessibility making sure that we achieved our social inclusion objectives was achieved.
- A series of Community Access Points were established allowing for public access to council and partnership services in those areas where perhaps availability of face to face or web facilities was yet to be achieved.

5.8 The authority had recognised the requirement for a more structured approach to programme and project management at an early stage of the e-Government agenda. Training had been provided to a range of managers and staff in Prince2, the preferred project management methodology for local government and significant investment made.

5.9 The Review Group acknowledged the considerable work already achieved in creating a new web infrastructure for the Council and its partners with the e-Gateway project and the recognition that this had received nationally. It further noted the challenges which still face the authority in terms of consolidating the many independent service websites that continue to exist. The Review Group heard for example, that in excess of 80 separate websites still exist for the old Education Directorate and that their main website is not compliant with accessibility standards. Clearly, moving forward, the authority must have a single website for the Council with clear branding and up-to-date information on services.

5.10 The IT Services Manager had established a small project management group within IT Services early in 2002/03 with a view to supporting the planning, development and implementation of the Council's IT projects. The group had little capacity and lacked experience in complex IT programmes. The commercial model further hampered its development with all of their time having to be rechargeable to a service/directorate at a rate of £35 per hour.

5.11 By the autumn of 2003, it was clear that this group were unable to deliver on the many and varied demands being placed upon them. Directorates were still spending in IT projects without their knowledge or involvement and even on those projects where the project managers had been engaged, visibility of the progress in time, deliverables and financial terms was extremely patchy. Indeed major programmes such as the e-Government (IEG) programme were not delivering as evidenced by the District Audit Review 2002.

5.12 A thorough review of the service, its strengths and weaknesses was undertaken and a revised client services organisation developed to improve standards. Formal use of methodologies was introduced, external project managers either recruited or contracted in for the purposes of knowledge transfer or expertise, and new systems introduced. The group was refocused away from always trying to develop in-house applications and onto a thorough review of what the market had to offer in that given area ensued.

5.13 The service was further restructured with the Policy & Community restructure of 2004 into its current form of Corporate Programmes and Projects.

## **6. Reputation of ICT Services**

6.1 The Review Group received evidence that on the whole the reputation of ICT Services has improved steadily since 2003 and this has helped promote a positive image of Herefordshire, most particularly in the last two years. Herefordshire is now recognised as a leading player and an innovator with respect to the use of technology in local government. In spite of a slow start in addressing the e-Government challenge, Herefordshire achieved 99% e-enablement by the close of the programme in March 2006, putting it in the upper quartile of local authorities posting results. Leading organisations in the IT industry now look to Herefordshire as a potential partner. For example, Siemens on VoIP, SAP on the innovative use of their software; and FAST for leading the way in search technology within local government. West Midlands Regional Partners such as Government Office West Midlands and Advantage West Midlands now also consult with Herefordshire on a wide range of IT matters, and consider Herefordshire has currently got the most innovative and most advanced web-services platform across the entire region.

6.2 Whilst the Review Group recognises that there is still progress to be made, it is of the opinion that significant improvements have been made in the service for end users over the past three years.

6.3 This recognition both locally and nationally is making a valuable contribution to Herefordshire Council's growing reputation as a significant user of technology in the advancement of local government service provision. This is particularly important to Herefordshire Council's ICT Services, given the geographic remoteness of the Authority, which offers significant challenges both in attracting and retaining the highly skilled IT professionals now required to run a modern IT service. Furthermore, it is recognised by the Review Group

that the benefit of the expertise and in some instances the knowledge and skills of some of the IT industry's leading organisations in helping us shape and deliver the challenges that we face both now and into the future, is of paramount importance.

6.4 The Review Group noted one factor in particular which is impacting on the reputation of ICT Services. Namely, that of the significant number of office moves. Often the frustration of service users manifests itself in complaints that ICT is not delivering when some of the evidence presented clearly shows the issues with service delivery are often the result of poor or inadequate planning and adherence to process on the part of the service users.

6.5 ICT Services also face the ongoing challenge of attracting and retaining skilled and experienced staff. The Review Group heard that the geography of Herefordshire together with the salary levels still present significant challenges in recruiting new candidates. The Group also heard that a large investment had been made in recent years in the training and development of existing staff and whilst this had assisted in retaining some individuals it had also made others more marketable in the wider IT sector. In order to try and address the retention issues, HR policies are required to include so called "golden handcuffs" and "training bonds" in the contracts of many ICT staff.

## **7. ICT Services and Schools**

7.1 Schools are key users of ICT services, taking support for both their technical infrastructure and curriculum/administration systems. It has been noted by the Review Group that there are clearly issues on both sides and some of these are a function of history. The Review Group was keen to emphasise that given the small scale of Herefordshire Council, it was essential that the benefits from limited resources be maximised and the developing relationship with the county's schools and ICT Services provided a good example of how, working together, resources could be effectively deployed.

7.2 It is important to note that the county's schools are not governed by the Council's policies, in particular its procurement directives. The schools are able to procure both their own ICT equipment, services and software from whichever provider they deem appropriate.

7.3 The Review Group had received evidence from a variety of management and employee interviews that staff outside of ICT Services involved in an IT related role should be included within the line management remit of the Head of ICT Services. In the specific instance of schools support, the role needs greater clarity and a clear split between the technical support that should reside with ICT Services and the curriculum advice that should remain with Children and Young People's Directorate. This was a view further endorsed by the independent consultant Martin Boyle from Hedra and applied to all areas of the authority.

7.4 The total number of schools in Herefordshire is 103 of which 82 are Primary/Infant schools; 14 are Secondary schools; 4 are Special schools and 3 are Pupil Referral Units (PRUs). Support provided by ICT Services to these schools is currently split into four principal categories:

- SIMS Support – this is support for an administrative application used in all Primary and Special schools and some Secondary schools. As at 2nd November, 2006, 89 schools (79 Primary; 6 Secondary and all 4 Special schools) have signed for support. Five schools are yet to respond. Of the 8 that have declined support only two of them actually use the SIMS Application. The PRUs are not required to use an electronic data management system.

The prevailing impression given to the Review Group was that the advice given by ICT Services was good. Such criticism as there was, related principally to a resourcing issue. Particularly at peak times there could be a delay in response. There was also criticism that when messages were left, calls were not always returned and therefore had to be followed up by the schools themselves. It is known that two Secondary schools sought support direct from Capita, the producers of the SIMS software.

ICT Services has acknowledged that resourcing of the SIMS support desk had been an issue brought about by the difficulties encountered in recruitment to the role following Job Evaluation. This was resolved at the beginning of 2006 and the SIMS support desk is currently fully manned.

- Technical support – this is support for the schools PCs, and servers. As at 2nd November, 2006, 44 schools (35 Primary, 3 Secondary, and 6 Special/PRU) have signed for support. Five schools have yet to respond.

Some dissatisfaction was expressed in relation to the technical support offered by ICT Services. This was not aimed at the individual technicians, but rather the way in which the support was delivered.

A particular source of complaint was the cost of the service. The new Service Level Agreement for 2006/07 had been offered at the same financial cost but with a reduced number of hours per visit. However, as a response from feedback received from schools the SLAs were re-issued having been re-calculated using the original visiting hours. Also, for the first time schools were given the option to choose the frequency of these visits as opposed to having it based on the number of pupils.

The Review Group also found that, aside from this effective increase in the cost of support, the manner in which the increase was communicated, some two months into the financial year, with little or no explanation, had provoked resentment.

Schools also considered the service to be inflexible compared to that offered by Edutech (a small private firm recently formed by former ICT Services technicians.) Schools were able to choose when Edutech would

visit in line with their own requirements, and if the time allocated for a visit was not required, then this could be 'banked' and reserved for a lengthy visit at a later date at a time convenient to the school.

A suggestion was made to the Review Group that it would be helpful if the Council published a schedule of visits by technicians so that there would be clarity as to how many visits a school could expect, and when, so that they could monitor the position. This would be more customer friendly. Currently the SLA shows the number of visits per year each school could expect.

School representatives found changes in technicians unhelpful, leading to delay and inefficiency as they familiarised themselves with the schools. An example was given of both the technician and the day of visit being changed on a number of occasions without consultation or proper communication. It was suggested that the Council had not helped itself to retain the best staff, noting the adverse effects of job evaluation.

The Review Group noted that whilst some schools were employing their own technicians, a fair amount of technical support was being provided by teachers themselves, diverting them from their other duties. This is an issue that concerned the group but has no real reflection on the service offered by ICT Services.

The group also noted concerns over the development of remote access and associated security issues.

The inability to recruit to the Client Account Manager role designed to enhance ICT Services customer relations had not helped.

- Whiteboards were acquired by the then Local Education Authority and made available to all schools. ICT Services offers additional whiteboard support, which is specific support for the PCs required to run the electronic whiteboards, and is in addition to the warranty support schools should already receive from the suppliers of the equipment. Those schools that receive technical support from ICT Services can use this service to address issues concerning whiteboards. The additional whiteboard support (offered at £150 per whiteboard per annum) covers the school if an additional visit is required specifically in relation to whiteboards.

The group found evidence of confusion over arrangements for technical support in relation to the whiteboards and associated equipment.

- Email Server Support – some schools that do not take technical support from ICT Services still elect to have backup support for their email server. This means that should the schools email server fail and they are unable to effect a fix themselves they are able to utilise the advanced technical capabilities of the ICT engineers.

- Email Security – a number of school representatives commented on the amount of Spam email they received and the Review Group requested clarification as to why this was happening.

The primary and secondary schools pass through a basic email filter "web shield". This provides a poor protection level, as the software is no longer fit for purpose. It was implemented by the LEA at the inception of links to schools some three years ago and has never been changed due to budgetary pressures. Support for this software is due to expire March 07. Statistically this means that the level of blocked mail detected as Spam on the schools networks is approximately 5%. As comparison we currently block 50% of all corporate e-mail as identified Spam and or Phishing attacks.

7.5 It should be noted that all schools take a minimum level of technical support in as much as the Council and ICT Services provide their Internet and firewall services. Unlike the Corporate network, the access control list on the schools network is determined by Children and Young People's Directorate with any changes being carried out by ICT Services

7.6 The Review Group recommends that future discussions with schools focus on ICT Technical Support and that ICT Services seek to increase the take-up of their Technical Support within schools.

7.7 The ICT Service in cooperation with representatives of the schools, has recently commissioned an independent schools satisfaction survey. The questionnaires are currently with Hedra for collation. Feedback to the ICT Schools Liaison Group will take place in December 2006.

7.8 Evidence received suggested that some schools are averse to a relationship with ICT Services. It was recognised that much effort corporately and from ICT had been devoted in recent months to developing a greater understanding between schools and the Council and whilst there was still some way to go, it was seen as imperative that the relationship continue to be developed and that internally the Council ensured it presented a unified view.

7.9 Further, the Review Group, whilst recognising the county's schools' independence to seek technical support from sources other than the Council, recommend that a clear statement be made to those schools who seek to secure ICT services from sources other than the Council that they do so at their own risk and that written assurances be sought from such schools assuring the authority that they are adhering to national and legislative standards, addressing security and mitigating the Council's risk.

7.10 There are clearly a number of issues ICT Services needs to address if it is to retain its existing school customers and encourage those who no longer take some of its services to do so in the future. These can be summarised as cost, communication, responsiveness, continuity of staff support, and customer focus.



7.11 However, despite the frustrations that were expressed, a number of those who spoke to the Group said that there were many potential advantages in a centralised system with all schools using ICT Services and common equipment and systems. This would give ICT Services considerable bargaining power with providers. Existing procurement arrangements, for example, were considered to provide good value for money although the speed of the service was sometimes slower than desired. However, the services offered by ICT Services had to be competitive and of the right standard. The Group also found that there was a reservoir of trust in the Council's ICT Service and the security it afforded. One of the factors in schools deciding to switch to Edutech as a provider was that the technicians employed by that firm were former ICT Services staff and known to the schools. It was suggested that there would have been far greater reluctance to switch had this not been the case. The current view of many schools was that they were not valued customers of ICT Services.

7.12 The Group therefore considers that the feedback from schools should be analysed and an improvement plan prepared to address the concerns identified, with a view to ICT Services becoming the preferred provider of services to schools funded and maintained by the Local Authority.

## **8. Benchmarking**

8.1 The Review Group acknowledged that ICT Services has a demonstrable history of benchmarking itself against both private and public sector IT organisations.

**Technology Benchmarks.** Independent benchmarks were carried out in 2002 (Gartner), 2004 (SOCITM) and 2005 (Hedra), which looked at various aspects of the technology infrastructure ranging from the network design, telephony, security and the PC/laptop on the desk. Strengths included the fact that:

- Herefordshire's hardware portfolio is relatively up to date, recommending annual hardware refreshes to ensure this remains the case; that PC and server purchasing costs are lower than the benchmark owing to effective procurement; and
- the lower cost per supported PC means it would be very unlikely that the Council could reduce costs further by outsourcing the ICT service to an external ICT provider.

Improvement opportunities identified include the recommendations that should the Council wish to continue with a high quality and stable ICT service it should:

- review its voice and data networks as both had fallen into disrepair and would not cater for the growth and delivery of the required services including a move to voice over internet protocol (VoIP);
- ensure the application of security become more formalised and structured;

- set a technology refresh policy to enable the Head of ICT to more proactively manage the ICT workload and ICT spend each year – that is, a set amount of the ICT equipment both desktop and data centre is replaced annually and all ICT equipment is replaced within a given number of years (usually three);
- support the ICT back office project ensuring it delivered on its aim to provide configuration and financial information with greater ease;
- ensure the existing ICT policies and Service Level Agreements (SLAs) should be defined, understood by the Council and enforced.

**Value for Money Benchmarks.** Both the Gartner and Hedra surveys looked at various aspects of cost with respect to the ICT Service and concluded in both cases that ICT Services does offer a value for money service. The benchmark by Hedra identified that Herefordshire in terms of its client server hardware, Microsoft Office software and desktop technical support and procurement costs is marginally below the benchmark average. The reason attributed to this is the “low cost of hardware and software and fewer black & white printers”. The Council’s unit cost is also low compared to recent outsourcing studies conducted by Hedra where the cost per supported PC was between 2.5 and 3 times greater. The Hedra report also recommended that the SLAs become more meaningful and measurable as a sound basis for managing the performance of ICT Services.

**Employee/User Satisfaction Surveys.** In addition to the annual Staff Opinion Survey carried out across the Council, ICT Services has run its own annual employee and manager satisfaction survey to highlight any improvement opportunities. In 2005, the ICT Service also undertook the Herefordshire Driver (a key element of the Council’s performance framework to determine staff and management opinion on a number of key aspects of service delivery) and this has informed a number of changes to the staff review and development process together with the creation of team performance plans. For example, a competency based approach to performance has been introduced which looks at the behaviours and attitudes of the staff that is expected in conjunction with their performance against agreed objectives and feedback is taken from managers, peers and subordinates to inform appraisals.

An independent user satisfaction survey was conducted in late 2005. The principal findings were that Herefordshire has a defined number of areas where service could be improved although, with the exception of Corporate Programmes, the overwhelming feedback was above the benchmark average. Areas of improvement spanned matters such as:

- users not knowing what they are entitled to under their SLAs;
- users feeling that project managers do not improve project success;
- users feeling strongly that project managers do not improve project risk;
- and that lessons learned from previous projects are not always implemented.

**Members' Satisfaction Survey.** A separate survey of councillors' satisfaction levels with the ICT Service was carried out earlier this year. The highlight is that the 15 Members who responded (out of a total of 38 Members who are ICT users) were broadly satisfied with the service they receive. The issues highlighted included training, equipment replenishment, broadband usage, security and improved clarity on the governance of individual projects, including their value for money aspects.

**Schools Satisfaction Survey.** As mentioned in point 7.6, following a meeting of the Schools Liaison Committee, ICT commissioned an independent customer satisfaction survey, the results of which are due to be fed back to the Schools Liaison Committee in December 2006. In addition to this the Review Group has received responses from the findings of questionnaires circulated amongst Primary School Headteachers, on that sector's own initiative, concerning the revised SLAs.

8.2 There is evidence that the recommendations of these reports are being actioned by ICT Services and the Review Group were advised by Hedra that an appropriate timescale for a further independent survey would be 18 months to two years from now – an approach the Review Group endorsed. The recommendations of the report following the Members' Survey should also be incorporated into the performance improvement plans for the service and consulted on with the Members' Development Group.

## **9. ICT Funding**

9.1 Detailed spend for ICT Services and each of the Directorates is included at Appendix VI.

9.2 Evidence was provided to the Review Group that ICT Services' finances are a complex mix of non-profit making trading account, external funding, IEG grants and corporate ICT capital budgets. It is recognised that often the finances of the ICT service, as opposed to those of the individual corporate ICT programmes, are often misunderstood. A distinction needs to be drawn between those finances that are for the ICT Service itself and those for which ICT is acting in a corporate capacity such as for major programmes like the IEG programme, the Customer Services Programme and the Corporate Network Project.

9.3 It is acknowledged that monitoring of financial budgets and accounting within the remit of ICT Services has improved significantly in recent years. Measures have been put in place to monitor performance, and greater accountability with respect to prospective ICT spend has been introduced. Services now require a business case to be approved with clear indication of funding – both levels and sources – and outputs expected.

9.4 The Review Group could also see that significant investment has been made in improving the corporate ICT provision in areas of the network, the two data centres and in ensuring greater resilience and business continuity arrangements are in place.

9.5 The Review Group also took independent evidence on the value for money aspects of the service from the external organisations such as Gartner, SOCITM, and Hedra. The clear view of this advice is that ICT Services in Herefordshire do offer value for money when compared to the benchmark and that it would be very unlikely that Herefordshire could reduce costs further by outsourcing the ICT service.

9.6 Independent advisors from both Siemens and Hedra confirmed to the Review Group that the significant investment the Council is making in its ICT is both correct in terms of its direction of travel and is protecting the authority in terms of future requirements as much as possible with the use of up to date and market leading technologies and equipment. Siemens further commented that in their experience of working with over 200 public sector organisations, the commercial agreement with Herefordshire is one of the most detailed, unambiguous and comprehensive which would provide a firm basis for the negotiation of changes if and when required.

9.7 The Review Group also learned that further significant ICT spend occurs outside the management control of the Head of ICT, details of which can be seen in Appendix VI. Evidence presented showed inconsistencies in the way in which Directorates are accounting for ICT expenditure. Further consideration should be given to this, the base budget provision for ICT Services, as well as the corporate funding of ICT programmes as part of the recommended review of the financing of the ICT service. Further, that responsibility for the ICT budget is placed within the management remit of ICT Services.

9.8 Looking to the future, and considering the expertise and investment being made in the Council's ICT, the Review Group felt that opportunities for positioning the ICT Service more commercially should be explored as a means of generating additional income.

9.9 The Review Group felt that the financial detail had been effectively provided by the Resources Directorate. The Review Group welcomed the openness and the level of detail about the financing of ICT. The Review Group noted that this had proved to be a detailed cross-cutting financial review that should be used as a benchmark in the future.

## **10. Procurement**

10.1 Procurement is a high value activity within the Council that has a critical impact on its performance and success. The Council currently spends circa £95 million (excluding capital) a year on goods, works and services.

10.2 *"Procurement" is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from the identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves option appraisal and the critical "make or buy" decision that may result in the provision of the services in-house in appropriate circumstances. In the context*

*of a procurement process, obtaining "best value for money" means choosing a bid that offers "the optimum combination of whole life costs and benefits to meet the customer requirement". This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The council's requirement can include social, environmental and other strategic objectives and is defined at the earliest stages of the procurement cycle. The criterion of best value for money is used at the award stage to select the bid that best meets the requirements. Procurement is about making choices. The choice that members make about a particular contract or form of partnering is a signal of what type of authority the council wants to be and how it wants to be seen now and in the future. (Source: National Procurement Strategy, October 2003)*

10.3 The implementing of electronic government (IEG) is well underway in Herefordshire. The impact of this on procurement reduces paperwork and enables e transfers for invoicing and payments and is key to the objectives of the Herefordshire Council Procurement Strategy, the National Procurement Strategy, the Annual Operating Plan 2006/7, the Corporate Plan 2006 to 2009, and the Audit Commission Report 2004/2005. The Corporate Performance Assessment (CPA) (Paragraph 63) has acknowledged the pivotal role that procurement has to the performance of this authority. The Service Plans and reviews and the annual operating plan all include areas which are integral to effective procurement.

10.4 The procurement of ICT goods and services is a significant activity across the authority. Since mid 2004 ICT Services have had responsibility for the procurement of all ICT equipment, software and services, making significant inroads into reducing the costs to the Council of its ICT spend. Further, since August 2005, ICT Services have revised the way in which Directorates can order ICT goods and services and have introduced a new back office system to allow e-procurement authority wide.

10.5 The exception to this corporate approach is the county's schools. Whilst ICT Services do offer procurement services to schools and indeed many of them do buy their equipment and software via this mechanism, it is not consistent. ICT Services do have plans to roll out e-procurement in the form of online catalogues for schools, however, these are dependent on the new network being in place and funding being available.

10.6 The Review Group were greatly concerned that although ICT Services have made great efforts to ensure a robust yet flexible process for service users, it is evident that in many cases individual services are not adhering to the corporate procurement policy for ICT goods and services. There was further evidence that this was also the case for other existing contractual arrangements such as West Mercia Supplies. Indications from external consultants Axon highlighted that in 2004/05 alone, circa £1million of spend did not go through the agreed ICT procurement channel, largely as a consequence of non-adherence on the part of officers to the Council's Procurement Policy. The Review Group considers this risk to the authority unacceptable and recommends managers and staff immediately comply with

the Policy. The impact of non-adherence is significant in terms of both acquisition and support costs, as well as the reputation of the ICT service.

10.7 The Review Group further recommends that performance measures be put in place to monitor the efficacy of the procurement and sanctions for individuals who fail to comply.

10.8 Similarly, the Review Group were of the strong opinion that with respect to schools every effort should be made to encourage them to use the Council as a preferred procurement vehicle for ICT goods and services. The Group whilst recognising that the Council could not force schools to procure via its mechanisms, felt that for reasons of consistency, economies of scale and the longer term sustainability of the county's schools a more cohesive approach would be best. The use of online procurement to further streamline the process making the placing of orders easier and more cost effective, should be considered.

10.9 Some frustration by users with the time taken to procure goods via ICT Services was noted by the Review Group. Whilst recognising that improvements to the back office system have resulted in significant improvements, it is recommended that the Head of ICT consider a more proactive communications mechanism, perhaps with online tracking for individuals to monitor progress themselves. Standardisation of equipment and software moving forward should also assist with this as much of the additional time today is spent on specifying and obtaining quotations for "custom" equipment.

10.10 At present ICT Services is the only division procuring goods and services by way of e-procurement. In the evidence obtained from external consultants AXON plc, we were able to assess that there were over 11,000 suppliers to the Council in 2005, raising in excess of 80,000 transactions with an industry cost per order averaged at £50 to process. It is, therefore, important that the Council streamlines its processes and embraces the e-procurement method for all services not just ICT, thus enabling direct action in addressing the "influence of spend" figure.

## **11. Key Corporate Programmes & Projects**

11.1 The Review Group received mixed feedback from service users on the merits of project management. Some staff clearly felt that there were advantages in terms of risk management to using the service; others thought it too expensive.

11.2 It is recommended that the Head of ICT identify further improvements to the implementation of project management throughout the authority and the interface between Corporate Programmes and project delivery within Directorates.

11.3 The client engagement model introduced by the Head of ICT Services is clearly beginning to effect change in the interface between Directorates and

the ICT service. Communication of Directorate requirements and the production of business cases for investment is slowly starting to show progress.

11.4 The Review Group heard that further improvements were required in the view of service users with respect to both the availability of these resources (a fact acknowledged by the Head of ICT Services) and the handover process post implementation of projects. Recruitment to the client account management role has been a major challenge following job evaluation. A recent recruitment campaign failed to produce any suitable candidates and the team are now looking at market forces supplements. An action plan is in process with respect to the improved handover between project management and client account management at both the start and end of projects.

## **12. Information Security**

12.1 The security of the Council's data and information is a key aspect of the work carried out by ICT Services. The landscape that the service has to manage is one of the more complex that exists in local government today with over 200 sites and as many servers, a large proportion of which did not reside in one of the corporate data centres until relatively recently.

12.2 An independent report undertaken by SOCITM in 2004 illustrated the scale of the problem facing the Head of ICT and her staff and this position was further endorsed by Internal Audit's own reviews of the Council's security.

12.3 Over the past three years it is recognised that many improvements have been made to the ICT facilities to increase the level of information security, and that plans are in place for further developments. The real change in approach and attitude on the part of ICT Services staff in achieving the progress to date is notable. It is, however, the cultural change that the broader organisation now needs to adopt which will be the far more significant factor if full accreditation under the BS ISO/IEC 27001:2005 standard is to be achieved.

12.4 Since the authority has embarked upon the path towards attaining the "international information security standard ISO27001" the Council is under obligation to investigate and report security incidents as part of a fully auditable process. To achieve this, new procedures have been developed which value the incident in terms of "High, Medium and Low" levels of threat. All security incidents are reported further in the ICT Services monthly management reporting pack.

12.5 The latest internal audit report in August 2006 commented that many improvements had been made against the objectives and that a significant number of recommendations have already been implemented.

12.6 The Review Group noted the progress made to date.

## **13. Disaster Recovery**

13.1 The Review Group received evidence that significant progress has been made with the introduction of new procedures, equipment and staff to ensure that robust recovery processes are in place. Investment in the data centre at Thorn was viewed as a good example of the improved working practices of the ICT staff with significant improvements to the data cabling and housing of servers being immediately apparent. The Review Group was given access to a SOCITM report dated 2004, which clearly illustrated the risk at which the authority was operating in its data centre operations prior to these changes and made a series of recommendations. For example, the Review Group heard that in 9 out of 10 communication link failures faulty cables were to blame. The lack of proper cable management and the poor condition in which they were installed with kinks and bends served to erode their effectiveness and add to the failures prior to the new procedures being implemented. Even without the new network being in place, ICT Services are consistently achieving a 98%+ network availability status.

13.2 Reports to the Review Group confirmed that Internal Audit clearly endorses the substantial progress made by ICT Services in ensuring the ability of ICT systems to withstand damage and recover quickly, stating that “the main focus must now be the ability and preparedness of the rest of the Authority to manage a systems breakdown or loss of premises”.

13.3 It is acknowledged therefore that in the short term the emphasis should now be on the integration of the ICT Disaster Recovery Plans with the ongoing work around the compliance with the Civil Contingencies Act being led by the Emergency Planning Unit.

13.4 The complex challenge of security in schools was also recognised. The Review Group understand that much work has gone on in recent months to identify a way forward and that the matter remains of concern. A pilot project for remote access to pupil, curriculum and teaching information has begun between the Council and John Kyrle High and Holmer Primary schools which will further examine the exact requirements of all parties ensuring a solution for all the county’s schools in time to meet the legislative requirements imposed by the DfES.

13.5 The Review Group, whilst recognising the county’s schools’ ability to do so, recommend that a clear statement be made to those schools who seek to secure ICT services from sources other than the Council that they do so at their own risk and that written assurances be sought from such schools assuring the authority that they are adhering to all national and legislative standards, addressing security and mitigating the Council’s risk.

## **14. Performance Management**



14.1 Service Level Agreements. The ICT Service has annual SLAs with all Directorates, a number of schools and other voluntary organisations. Each SLA outlines the service to be delivered and, in some cases, the performance measures such as response times that can be expected.

14.2 ICT Services have done much good work to improve the understanding of the financial model that underpins the SLAs and to ensure that past inequalities in the charging mechanism are eliminated. The Head of ICT has introduced a number of key performance measures within the ICT Service, which will enable improved reporting of progress against the principal key performance indicators (KPIs), and recognises that further improvements are still required. The monthly management reporting pack is a clear illustration of the progress being made.

14.3 Culturally work is also ongoing to educate ICT staff that the collation and sharing of this information is not a threat, rather something that will allow future service improvements.

14.4 The Review Group heard from a number of staff that their knowledge of these agreements was poor. In the past ICT Services have communicated their contents to the individual Directorate/Department management teams. It is evident that the further communication of such key agreements is not working effectively and the Group recommend that as part of a corporate review of SLAs, the ICT Service ensures that the ICT SLAs are clearly worded, and describe clearly the range of services to be provided, charges and any relevant financial arrangements and are communicated and issued no later than the start of each financial year moving forward.

14.5 Training and Development of ICT Staff. The Review Group interviewed two groups of ICT staff that confirmed that substantial emphasis had been placed on their training and development since the new Head of Service was appointed. The general view was that opportunities for career progression now existed and staff confirmed that Staff Review And Development interviews were now happening and development opportunities were encouraged.

14.6 The majority of ICT staff have received training in the authority's chosen project management methodology and gained the Prince2 Foundation qualification.

14.7 The Review Group heard that a number of ICT staff have also attended the corporate management training through either University College Worcester or Aston University and others have gained professional qualifications such as the ISEB Business Systems Development Diploma in Business Analysis.

14.8 All Accounting staff are encouraged to obtain AAT, CIMA or CIPFA qualifications, and all technical staff receive training in the new technologies whenever possible.

14.9 The Review Group acknowledge the progress made in developing staff, however, it also recognises that the service has a real, on-going challenge with recruitment and retention. The IT market generally is growing at the rate of over 100% per annum in terms of its demand for specialist IT skills and particularly in local government. The Head of ICT has invested heavily in training staff locally, however, that serves also to make them more marketable.

14.10 Remuneration levels are still below the regional and national average and the remote geographic location of Herefordshire is still a barrier to recruiting skilled staff. The Group recommended that it would be beneficial to explore ways of protecting the authority's training investment. For example, requiring reimbursement of training costs if an individual leaves the employment of the Council within a given period.

14.11 Corporate ICT Training. The Review Group heard evidence of varying levels of commitment across the Council to the training of staff with regard to ICT. In some cases evidence was provided of commitment to standards such as the European Computer Driving Licence and the inclusion of ICT skills and qualifications in Job Descriptions/Person Specifications. As a whole it was felt by the Review Group that insufficient emphasis was being placed on this important aspect of development preventing the Council from leveraging its investments effectively and staff from further development opportunities.

14.12 Indications received from management and staff interviews showed that the tracking of staff training by Human Resources appears incomplete. There does not appear to be any form of central staff training database for the whole authority and the tracking appears to be left as the responsibility of the individual service or Directorate. This means that records are both inconsistent and incomplete.

14.13 The Group therefore felt that a review of ICT training provision should be undertaken and that the Council should consider centralising management of ICT training procurement within ICT Services and reallocating budgets accordingly. Further consideration should be given to the validation of ICT skills and experience in the recruitment of all new staff and to the inclusion of ICT matters in the induction process.

## **15. Next Steps**

The Review Group expects that subject to approval by the Strategic Monitoring Committee the report will be presented to the Cabinet Member (Corporate & Customer Services and Human Resources) for consideration and likely referral to Cabinet. The Group then expects the Executive's response including an action plan will be reported to the Strategic Monitoring Committee at the first available meeting of the Committee after the Executive has approved its response. It would then expect a further report on progress in response to the Review to be made after 6 months with consideration then being given to the need for any further reports to be made.

## **16. Recommendations**

16.1 The Review has highlighted the wide variety and high standard of service undertaken by ICT Services, as well as the contribution it makes to the sustainability and development of service delivery to the communities of Herefordshire. The service has made significant improvements in the past three years and clearly has the basis on which to offer high quality, cost effective and sustainable support to the Council and its partners moving forward. The Review Group makes the following recommendations. Namely that:

- (a) Responsibility for the line management for all the authority's ICT staff should be placed within the ICT Services Division and implemented with immediate effect (Paragraph 7.3 refers).**
- (b) Consideration is given to the control for ICT expenditure being placed within the ICT Services Division subject to overall responsibility being held by the Director of Resources (Paragraph 9.7 refers).**
- (c) A review of the financing of ICT Services is undertaken examining the way directorates account for ICT spend subject to recommendation (b) above, base budget for ICT Services, as well as the corporate funding of ICT programmes (Paragraph 9.7 refers).**
- (d) A council-wide policy should be developed and implemented that provides for greater standardisation of desktops and server infrastructure and that ICT Services should have the responsibility for the management and control of this policy ensuring that it provides equipment and software to meet the requirements of the post rather than the wishes of the individual. Further, that this policy provides all ICT assets are corporate and not the possessions of individual services or staff. In effect this means that ICT assets will not be relocated with individuals but rather that individuals will be relocated to existing assets (Paragraph 5.5 refers).**

- (e) The existing ICT procurement policies and procedures, including taking positive action to address non-compliance, are enforced. Further that the appointment of the Strategic Procurement & Efficiency Review manager will progress the need to develop the council-wide procurement policy (Paragraph 10.6 refers).**
- (f) Consideration is given to dedicated public relations support to the Head of ICT and the means by which this might be delivered (Paragraph 14 refers).**
- (g) As part of the corporate review of SLAs the Head of ICT ensures that the ICT SLAs are clearly worded, and describe clearly the range of services to be provided, charges and any relevant financial arrangements and are communicated to all relevant officers and issued no later than the start of each financial year moving forward (Paragraphs 7.4 and 14.2 refer).**
- (h) The responsibility for providing ICT training and its procurement be centralised under the management of the ICT service. As part thereof, the identification of ICT training needs should be formalised as part of induction and recorded (Paragraph 14.13 refers).**
- (i) The options for offering a variety of income generating services to local partners not covered under existing SLAs are explored (Paragraph 9.8 refers).**
- (j) Improvement to the implementation of project management throughout the authority and the interface between Corporate Programmes and project delivery within Directorates is investigated (Paragraphs 5.12 and 11.2 refer).**
- (k) That the feedback from schools be analysed and an improvement plan prepared to address the many concerns identified, with a view to ICT Services becoming the preferred provider of services to schools funded and maintained by the Local Authority (Section 7 refers).**
- (l) A single website for all council services is developed ensuring consistent branding and access to services for all. Further that the website should consider the potential for a single, obvious directory of contacts for all council services (Paragraph 5.9 refers).**
- (m) The options for “growing own talent” through training and the use of a form of “golden handcuff”, possibly by means of recouping the cost of training should the individual leave the authority within a given period, be explored by Human Resources (Paragraphs 6.5 and 14.10 refer).**

- (n) The Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;**
- (o) A further report on progress in response to the Review then be made after six months with consideration then being given to the need for any further reports to be made.**

**ICT SERVICES REVIEW  
SCOPING STATEMENT & TERMS OF REFERENCE**

**TERMS OF REFERENCE**

This review covers

- Report on the progress of the key corporate systems and projects, including the corporate network replacement project.
- Report on the progress of security incidents and resultant actions in period.
- Report on the progress of disaster recovery plans.
- Report on the progress of performance against key performance indicators such as network uptime, helpdesk calls logged/resolved/outstanding, number of unique visitors to the website, etc.
- Report on the “Value for Money” aspect of ICT service provision.

**DESIRED OUTCOMES**

- For the ICT Service funding arrangements to be fully examined in an open and transparent way (subject to confidentiality) ensuring and to establish that the ICT Service is providing value for money.
- Following the review to advise the Cabinet Member for Corporate and Customer Services and Human Resources on the most appropriate framework for sustaining an effective ICT Service for Herefordshire Council and those partners it supports.
- To consider how best to balance both the need for robust Corporate security and disaster recovery procedures with the delivery of the Authority’s broad service objectives.
- To consider following the review advice to the Cabinet Member for Corporate and Customer Services and Human Resources on the wider benefits or otherwise of the ICT Service to the people of Herefordshire.

**1. KEY QUESTIONS**

- Consider what means of measurement can be used to judge the success or otherwise of the ICT Service, including the method of measurement of value for money.
- To consider the method of measuring those improvement opportunities identified of the ICT Service.
- To consider the views of those users of the Service on the future direction of the ICT Service.
- Review the successes of the ICT Service.

## LIST OF CONSULTEES

Geoff Hughes	Director of Adult & Community Services
Sue Fiennes	Director of Children's Services
Jane Jones	Director of Corporate & Customer Services
Graham Dunhill	Director of Environment
Resources Directorate:	Accountancy & Exchequer Team Property Teams Revenues & Benefits Teams
David Johnson	Head of Human Resources
George Bromage	Audit Manager (Special Services)
Parish Councils – Responses received from:	Leominster Town Council Upton Bishop Parish Council Madley Parish Council Wellington Parish Council Dormington & Mordiford Parish Council Kinnersley & District Parish Council Pixley & District Parish Council Colwall Parish Council Titley & District Parish Group Much Cowarne Parish Council Llangarron Parish Council

## LIST OF INTERVIEWEES

Cllr Mrs J French	Cabinet Member (Corporate & Customer Services and Human Resources)
Neil Pringle	Chief Executive
Sonia Rees	Director of Resources
Jane Jones	Director of Corporate & Customer Services
Andy Clarke	Siemens – Sales Manager, Local Government Team
Liz Martin	Xayce
Rob Knowles	Xayce
Martin Boyle	Hedra
Martin Fowler	ICT Projects Office (Schools Support Service)
Tony Featherstone	Parks Countryside & Leisure Development Manager
Jeremy Alder	Library Policy Development Manager
John Burnett	Public Relations Officer
Lin Beddis	Customer Services Manager
Phil Wilson	Emergency Planning Manager
Jim Brodrick	Emergency Planning Officer
Susie Binns	Principal Benefits Manager
Amanda Attfield	Personnel Manager Employee & Organisational Development
Sheila Thompson	HR Resources Officer – Recruitment
Chris Jenner	Building Control Manager
Adrienne Davies	Support & Development Manager
Shaun Marling	Network Communications Manager
Mike Price	ICT Helpdesk Team Leader
Sarah Thraves	ICT SAP Support Analyst
Akif Kazi	Project Manager
Andy Heath	Operations Manager
Louise Lenz	Programme & Project Support Office Technician
Ellen Pawley	Knowledge Manager
John Pritchard	Senior Information Security Officer
Sandra Silcox	ICT Client Account Manager
Suzanne Wenczek	Technical Project Manager



**EXAMPLE OF QUESTIONS ASKED DURING INTERVIEWS**

“We have received a presentation on the history of the ICT Service in Herefordshire Council, the many changes which have taken place and ongoing developments. Could you give us your views on what improvements you think have been made? What training and development opportunities are open to you?”

“Where do you think improvements can be made in terms of the ICT Service? What benefits would these bring and how would the benefits be measured?”

“What are your views on the future direction of the ICT Service?”

“What is your view of the support offered by ICT Services Project Managers?”

“What do you think of the feedback mechanism for potential system improvements?”

“How do you review ICT skills requirements for posts/post holders on an ongoing basis? Do you use the SRD process to review the needs of existing staff?”

“What are the challenges in recruiting to the ICT Service, and what suggestions do you have for meeting those challenges?”

“What do you think of how schools interface with the Council’s network?”

“What do you think of the Service Level Agreement for ICT Services? Is it clear what Services you are entitled to under the agreement? What would you like to see included? What would you like to see excluded?”

“In your view does the existing ICT provision meet the objectives of your service?”

**REFERENCE DOCUMENTS**

- ICT Services – From Strategy to Delivery – April 2006
- ICT Services and Corporate Programmes Service Plan 2006 – 2007
- PR Selection
- Highlights from Independent Benchmarking Reports
  - Gartner Benchmark – 2002
  - SOCITM Benchmarking the ICT Service – 2004
  - Hedra Client/Server Benchmark – 2005
  - Hedra User Satisfaction Survey – 2005
  - Hedra Members' Satisfaction Survey – 2006
- SOCITM Review- Network & Applications - 2004
- Herefordshire in Touch Services Plan 2006/07

## Summary Position 15th November 2006

### Revenue

The figures included as 'ICT spend' in Directorates are the following codes on the finance ledger

- IT Consultants
- Data Communications Equipment
- PCs & IT equipment
- Software
- Software support
- ESS curriculum support
- IT SLA
- IT Development

The ICT Base is located in the Corporate & Customer Services Directorate and any spend as defined above is included in the Directorate totals. However, expenditure in addition to that (excluding capital and support services costs) has been added to provide a more complete picture of ICT services controllable spend.

### Capital

The figures included below for capital are ICT related schemes included in the Capital Programme

	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	
	<b>Exp</b>	<b>Exp</b>	<b>Budget</b>	
	£000	£000	£000	
<b>Revenue</b>				
<b>Directorate Spend</b>				
- Direct	2,131	1,064	661	Consultants, equipment and software
- Recharged	3,086	3,869	2,857	ICT trading account recharges
	<u>5,217</u>	<u>4,933</u>	<u>3,518</u>	
<b>Schools</b>				
- Direct	1,829	1,918	1,965	Consultants, equipment and software
- Recharged	363	450	378	ICT trading account recharges
	<u>2,192</u>	<u>2,368</u>	<u>2,343</u>	
<b>Additional ICT Base</b>	509	1,305	1,692	In addition to above analysis
	<u>7,918</u>	<u>8,606</u>	<u>7,553</u>	
<b>Capital</b>	2,879	4,852	1,929	All ICT related schemes, including those commissioned by Directorates
<b>Total</b>	<u>10,797</u>	<u>13,458</u>	<u>9,482</u>	

## ICT Trading Account

The ICT trading account recharges into revenue and capital and also to external organisations. The figures also include telephone costs and recharges.

	<b>2004/05 Exp £000</b>	<b>2005/06 Exp £000</b>	<b>2006/07 Budget £000</b>	
<b>Expenditure</b>	4,853	6,751	5,379	
<b>Income</b>	(4,752)	(5,902)	(5,379)	Including SLA charges
	<u>101</u>	<u>849</u>	<u>0</u>	

## ICT Base Budget

The 2004/05 and 2005/06 figures below show the final year-end position, including support services and capital charges recharges to Directorates are matched by a transfer of budget as this is an accounting requirement rather than a funding issue (unlike the ICT trading account). The 2006/07 figures are the controllable base budget for the year including carry forwards, but before year-end adjustments.

### Subjective Analysis

	<b>2004/05 Actuals £</b>	<b>2005/06 Actuals £</b>	<b>2006/07 Budget* £</b>
<b>Expenditure</b>			
Employees	147,059	230,933	189,889
Premises	360	2,928	
Transport	1,704	924	140
Supplies & Services	758,409	1,298,433	1,509,260
Third Party Payments	0	1,220	
Support Services	471,788	509,588	570,190
Capital Charges	36,676	723,906	
	<u>1,415,996</u>	<u>2,767,932</u>	<u>2,269,479</u>
<b>Income</b>			
Appropriations	(3,725)	0	0
Customer & Client receipts	(11,136)	(5,000)	0
Government grants	(35,917)	(45,051)	0
Recharges	<u>(1,368,433)</u>	<u>(2,716,941)</u>	0
	<u>(1,419,211)</u>	<u>(2,766,992)</u>	0
<b>Net</b>	<u>(3,215)</u>	<u>940</u>	<u>2,269,479</u>

\* Including carry forwards

## Objective Analysis

	2004/05 Actuals			2005/06 Actuals			2006/07 Budget		
	Exp	Income	Net	Exp	Income	Net	Exp	Income	Net
	£	£	£	£	£	£	£	£	£
IEG	175,617	(179,234)	(3,617)	789,239	(788,422)	817	93,200	0	93,200
CRM	63,879	(63,879)	0	111,561	(111,561)	0	104,910	0	104,910
Knowledge Management	148,375	(148,655)	(280)	289,556	(289,504)	52	214,000	0	214,000
eModernisation contingency	181,495	(181,495)	0	0	0	0	199,100	0	199,100
IT Services	107,301	(107,301)	0	109,298	(108,078)	1,220	347,660	0	347,660
Consultancy support	59,535	(59,535)	0	88,446	(88,446)	0	53,850	0	53,850
BS7666	200,643	(200,643)	0	96,922	(96,922)	0	86,150	0	86,150
Web Services	25,000	(25,000)	0	2,637	(2,636)	1	26,270	0	26,270
E Gateway	237,111	(237,111)	0	2,420	(2,420)	0	209,930	0	209,930
ICT budget growth	157,243	(157,243)	0	506,211	(506,211)	0	985,280	0	985,280
HIT core team	51,107	(50,425)	682	2,925	0	2,925	34,470	0	34,470
ICT Info Security	0	0	0	42,850	(42,847)	3	46,500	0	46,500
Corporate ICT strategy	0	0	0	227,803	(227,803)	0	0	0	0
Corporate GIS	0	0	0	371,933	(371,933)	0	0	0	0
DMS	0	0	0	66,236	(66,236)	0	0	0	0
ICT efficiencies	0	0	0	0	0	0	(131,841)	0	(131,841)
Caps	8,690	(8,690)	0	59,895	(63,973)	(4,078)	0	0	0
	<u>1,415,996</u>	<u>(1,419,211)</u>	<u>(3,215)</u>	<u>2,767,932</u>	<u>(2,766,992)</u>	<u>940</u>	<u>2,269,479</u>	<u>0</u>	<u>2,269,479</u>

## IT Trading Accounts

	<b>2004/05</b>	<b>2005/06</b>	
	<b>Actuals</b>	<b>Actuals</b>	
Employees	2,475,054.58	2,571,757.58	
Premises	148,894.01	162,950.12	
Transport	32,953.64	42,326.99	
Supplies & Services	2,032,823.54	3,541,989.05	* See attached breakdown
Third Party Payments	0.00	23.56	
Support Services	<u>129,969.51</u>	<u>398,789.11</u>	
	4,819,695.28	6,717,836.41	
Income	(4,752,128.25)	(5,901,908.78)	
<b>Total</b>	<b><u>67,567.03</u></b>	<b><u>815,927.63</u></b>	
Move to Rotherwas	33,546.00	33,546.00	
	<u>101,113.03</u>	<u>849,473.63</u>	
Spend, including repayment of loan	4,853,241.28	6,751,382.41	

## IT Trading Accounts Supplies and Services 2005/06

	£
Furniture & Fittings	49,299.87
Office equipment	2,653.80
Health & Safety equipment	72.50
Repairs & maintenance equipment	99.00
Operational equipment	1,787.50
Stores materials	1,417.08
Service agreements - equipment	286,394.46
IT consumables	6,494.86
Provisions and refreshments	3,399.49
Printing and photocopying	1,774.39
Stationery	16,879.79
Stationery archive conservation	1,667.38
Books	283.71
Publications	6,590.30
Paper purchases	733.88
Fees	6,600.00
Consultants	1,553,958.49
Solicitors fees	150.00
Counsel fees	187.50
Lecturers/training fees	100.00
IT consultants	109,309.33
Postages	2,039.05
Telephones	288,660.74
Mobile phones	11,364.56
Data communications equipment	101,971.81
PCs and IT equipment	167,233.77
Software	525,733.91
Private circuits	49,608.11
Corporate initiatives	1,896.57
Subsistence	13,013.43
Conference expenses	647.73
Hospitality allowance	1,097.99
Purchase of recycling bags	112.50
Subscriptions	1,592.21
Insurance	23,403.39
Advertising and publicity	24,294.00
Miscellaneous expenses	279,465.95
	<u>3,541,989.05</u>





## IT Trading Accounts

	2004/05 Actuals £	2005/06 Actuals £
Income		
Joint Financing	0	(1,769)
Reimbursed employee costs	(65,534)	0
Reimbursed supplies & services	0	(44,792)
Contributions from other organisations	(4,660)	(720)
Other grants and payments	0	(3,059)
Leased car contributions	(514)	(3,734)
Other sales	(22,773)	(15,287)
Photocopying income	(309)	0
Other income	(131,701)	(571,955)
Car badges	0	(2)
Other fees and charges	(18,048)	(1,633)
Recharges to revenue	0	(933,594)
Internal recharges	(2,085,323)	(1,698,188)
Rechargeable works	(5,596)	(4,647)
SLA Income	<u>(2,417,670)</u>	<u>(2,622,529)</u>
	<u>(4,752,128)</u>	<u>(5,901,909)</u>

The review asked for an explanation of the 'other income' totalling £571,955.  
The majority is income that comes into the account from the ICT base budget.

		Actual Spend		Budgeted Spend	Total	Funding	Notes
		2004-05	2005-06	2006-07			
Others							
M2573	E Gateway	973,000	1,116,000		2,089,000	*	Council web platform to deliver web content online and Council email archiving and search facility
M2574	Disaster Recovery	236,000	357,000	100,000	693,000		Business continuity / disaster recovery
M2569	Network Enhancement	221,000	2,147,000	500,000	2,868,000	£495k grant funded	Upgrade corporate network
M2558	Info shops / Info by phone		632,000	1,160,000	1,792,000		Providing a contact centre
M2566	Flexible Working	114,000	5,000		119,000		To enable corporate flexible working , Phase 1
M2506	Revenues and Benefits System	692,000	230,000		922,000	£345k grant funded	New system
M2576	Community Access Points		128,000		128,000	*	Enable local access to the web, 5 trail sites, aim 20 sites
M2566	IEG Partnership	175,000			175,000	£147k grant funded	Developing management software tool for the NHS
		<u>2,411,000</u>	<u>4,615,000</u>	<u>1,760,000</u>	<u>8,786,000</u>		
Miscellaneous breakdown							
M1023	Improving Management Information	97,000	97,000		194,000	*	Fairer charging system
M1031	Community Equipment Store		4,000	20,000	24,000		Existing system no longer supported post September 2006
M1032	ICT Development	151,000	103,000	136,000	390,000		Replace CLIX system
M1033	Integrated Children's System	21,000	33,000	13,000	67,000	*	Enable staff to record and manage electronically case record info
M2550	IEG - Network Support	50,000			50,000		Deliver Council services on line
M2557	Customer Relationship Management	50,000			50,000		Handling calls from service users
M2575	IEG Expenditure	17,000			17,000	*	Deliver Council services on line
M2554	Herefordshire E-Gateway	9,000			9,000	*	Deliver Council services on line
M2568	Cash receipting boxes	4,000			4,000	*	Cash receipting on line payments
M2571	Supporting People Software	69,000			69,000	*	Web technology platform
		<u>468,000</u>	<u>237,000</u>	<u>169,000</u>	<u>874,000</u>		
Total		<u>2,879,000</u>	<u>4,852,000</u>	<u>1,929,000</u>	<u>9,660,000</u>		

\* Externally funded

The review asked for an explanation of the difference between the capital total above (£4.852m in 2005/6) and £3.145m on the capital summary for the Directorates. The difference is because the figures on this page capture all costs associated with schemes. These include staff time, training, consultants, agency staff, etc. These total costs are reflected against each scheme. The lower figure is based on a specific set of account codes as outlined on page 1 of this document.

## Analysis of Directorate ICT Spending

### General Notes

The figures below show ICT spend for Revenue and Capital for 2003/04 to 2005/06 and include:

- IT Consultants
- Data Communications Equipment
- PCs & IT equipment
- Software
- Software support
- ESS curriculum support
- IT SLA
- IT Development

The IT SLA and IT Development costs are the recharges from the ICT trading accounts. Included in these figures are internal overheads to ICT, such as support services and capital charges, which have been recharged on to Directorates. These are purely internal transactions and total:

	£000
2003/04	148
2004/05	116
2005/06	804

In addition , the Council maintains a revenue base budget for IEG and Corporate ICT costs. Excluding support services recharges, capital charges and costs already included in the analysis below, the costs were;

	£000
2003/04	163
2004/05	509
2005/06	1,305

**Revenue**

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Adult & Community Services				
It Consultants	0	1	1	
Data Communications Equipment	13	7	7	In 03-04 included cost of new exchange at Queenswood Offices
PC's & It Equipment	67	51	66	
Software	69	25	22	03-04 software includes £40k for Library system - from 04-05 converted to cheaper option
It Sla	486	544	819	Increase SLA costs partly due to increased internal capital costs passed on from ICT
It Development	143	122	143	
Totals	778	750	1058	

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Corporate & Customer Services				
It Consultants	4	32	0	One-off ICT consultant costs working on corporate systems
Data Communications Equipment	10	16	25	Increase in 05-06 for corporate GIS equipment
PC's & It Equipment	107	72	33	High PC and equipment costs in 03-04 due to accommodation moves one-off costs
Software	90	363	209	Increase in 04-05 IEG and corporate ICT costs, also CRM and GIS costs in 05-06
Software support	0	1	1	
It Sla	183	227	412	
It Development	240	504	412	
Totals	634	1215	1092	

Central Services				
It Consultants	1	0	0	The IT development charges in 2005/06 included £150,000 in respect of Herefordshire Connects, which was funded corporately.
PC's & It Equipment	3	1	3	
It Sla	5	9	14	
It Development	4	27	194	
Totals	13	37	211	

**Childrens & Young People's Services**

It Consultants	2	2	7
Data Communications	79	112	46
PC's & It Equipment	1630	2254	1865
Software	457	519	320
Software support	193	182	178
ESS curriculum suppo	137	181	206
It Sla	302	216	362
It Development	225	115	53
<b>Totals</b>	<b>3025</b>	<b>3581</b>	<b>3037</b>

£1.5m (2003/04), £2.65m (2004/05) and £2.5m (2005/06) is ICT expenditure in schools which is not controllable by the Council. In 2003/04, £199,000 was Standards Fund on behalf of schools, £355,000 was school expenditure through central ICT (ESS). The remaining £325,000 was Children's non schools spend. Includes £45,000 of central ICT recharges. In 2004/05 £488,000 was Standards Fund expenditure on behalf of schools, £225,000 was school expenditure through central ICT (ESS), £100,000 was loans to schools for ICT against school balances and the remaining £514,000 was Children's ICT spend. In 2005/06 £198,000 was Standards Fund expenditure on behalf of schools. The remaining £646,000 included £100,000 of central recharges, SRB expenditure of £31,000 for the South Wye Learning Centre at Haywood School, £195,000 for the central ICT SLA leaving £320,000 as true children's ICT expenditure.

The review asked that the grant allocation for 'e-admissions be investigated. It has been confirmed that Herefordshire did not receive an allocation. All funding went to Birmingham LEA. The expenditure on PCs and IT Equipment includes Learning Resources. Items identified are PCs, electronic whiteboards and printers. There was also evidence that schools interpreted 'learning resources' more widely and one coded TVs and video equipme

	2003/04	2004/05	2005/06
	£000	£000	£000
Environment			
IT Consultants	1	0	0
Data Communications Equipment	1	2	3
PCs & IT Equipment	153	80	39
Software	111	85	87
Software support	6	4	15
IT SLA	351	556	840
IT Development	97	97	38
<b>Totals</b>	<b>720</b>	<b>824</b>	<b>1022</b>

) Mainly upgrade costs re Planning Document Processing work funded through Planning

) Delivery Grant

Change in charging method by IT in 2004/05, full impact of cost increase in 2005/06

Includes Document Scanning and Image Processing development work funded by Planning

**Delivery Grant**

Human Resources			
IT Consultants	0	3	0
PCs & IT Equipment	2	3	7
Software	5	8	3
IT SLA	31	32	53
IT Development	27	16	5
<b>Totals</b>	<b>65</b>	<b>62</b>	<b>68</b>

The review asked that the software expenditure on HR be investigated. This relates to the routine support for the CHRIS system.

Resources			
IT Consultants	187	29	14
Data Communications Equipment	5	36	17
PCs & IT Equipment	149	42	51
Software	69	152	134
Software support		0	6
IT SLA	342	424	436
IT Development	197	150	99
<b>Totals</b>	<b>949</b>	<b>833</b>	<b>757</b>

The high level of consultants costs in 2003/04 were due to introduction of the new payroll system, Selima.

Also, included in this Directorate are Cedar and the Revs and Bens Comino System.

The new Academy system and Debtors system costs are shown in the Capital programme

**Joint Funding - Revenue**

IT Consultants	0	0	1
Data Communications Equipment	2	0	1
PCs & IT Equipment	24	9	18
Software	60	56	3
IT SLA	13	21	21
IT Development	41	21	12
Totals	140	107	56

**Revenue Totals**

<b>6324</b>	<b>7409</b>	<b>7301</b>
-------------	-------------	-------------

	2003/04	2004/05	2005/06	Notes
	£000	£000	£000	
<b>Revenue Summary</b>				
Direct				
IT Consultants	195	67	23	
Data Communications Equipment	110	173	99	
PCs & IT Equipment	2135	2512	2082	
Software	861	1208	778	
	3301	3960	2982	
<b>ICT Recharge</b>				
Software support	199	187	200	
ESS curriculum support	137	181	206	
IT SLA	1713	2029	2957	
IT Development	974	1052	956	
	3023	3449	4319	
<b>Totals</b>	<b>6324</b>	<b>7409</b>	<b>7301</b>	

## Capital

### Economic Development

PCs & IT Equipment	2	0	0
IT Development	1	0	0
<b>Totals</b>	<b>3</b>	<b>0</b>	<b>0</b>

### Education

Data Communications Equipment	1	8	3
PCs & IT Equipment	2291	0	4
Software	6	0	0
IT Development	2	0	2
<b>Totals</b>	<b>2300</b>	<b>8</b>	<b>9</b>

Suspect this is capitalised Standards Fund grant and the expenditure is already included in schools revenue above. This is double counting and different accounting treatment applied in 2004/05 and 2005/06

### Environment

PCs & IT Equipment	3	2	1
Software	1	7	5
IT Development	3	9	13
<b>Totals</b>	<b>7</b>	<b>18</b>	<b>19</b>

Charges mainly in relation to Bus Timetable software

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	

### Housing

PCs & IT Equipment	0	0	9
IT Development	0	1	44
SLA Charges	0	0	1
<b>Totals</b>	<b>0</b>	<b>1</b>	<b>54</b>

New computers for homelessness service which transferred from Herefordshire Housing  
New system in Homepoint. Also work towards new private sector housing system which is awaiting IPG approval



**Central**

Data Communications Equipment	148	0	0
PCs & IT Equipment	1	0	0
<b>Totals</b>	<b>149</b>	<b>0</b>	<b>0</b>

The 2003/4 costs were in respect of the Plough Lane accommodation

**Policy & Finance**

IT Consultants	0	30	1
Data Communications Equipment	75	229	124
PCs & IT Equipment	185	389	1233
Software	148	1154	768
IT Development	455	621	692
<b>Totals</b>	<b>863</b>	<b>2423</b>	<b>2818</b>

The main schemes in this area were:

E Gateway  
 Disaster Recovery  
 Network enhancement  
 Contact Centre  
 Revenues and Benefits systems

**Social Care**

Data Communications Equipment	6	4	20
PCs & IT Equipment	81	32	68
Software	25	29	43
IT Development	49	205	105
<b>Totals</b>	<b>161</b>	<b>270</b>	<b>236</b>

Capital grants fully utilised. Children's social care used 100% of grant for this.

In 2004/05 replacement work/analysis for CLIX system. Project abandoned in early 5/6  
 Farier charging system abacus developed in 4/5 & implemented in 5/6

**Social Development**

PCs & IT Equipment	0	9	0
IT Development	0	5	9
Totals	0	14	9

Capital Totals	<u>3483</u>	<u>2734</u>	<u>3145</u>
----------------	-------------	-------------	-------------

	2003/04 £000	2004/05 £000	2005/06 £000	Notes
<b>Capital Summary</b>				
<b>Direct</b>				
IT Consultants	0	30	1	
Data Communications Equipment	230	241	147	
PCs & IT Equipment	2563	432	1315	
Software	180	1190	816	
	<u>2973</u>	<u>1893</u>	<u>2279</u>	
<b>ICT Recharge</b>				
IT Development	510	841	865	
IT SLA	0	0	1	
	<u>510</u>	<u>841</u>	<u>866</u>	
<b>Total</b>	<b><u>3483</u></b>	<b><u>2734</u></b>	<b><u>3145</u></b>	
<b>Overall Summary</b>				
<b>Direct</b>				
IT Consultants	195	97	24	
Data Communications Equipment	340	414	246	
PCs & IT Equipment	4698	2944	3397	
Software	1041	2398	1594	
	<u>6274</u>	<u>5853</u>	<u>5261</u>	
<b>ICT Recharge</b>				
Software support	199	187	200	
ESS curriculum support	137	181	206	
IT SLA	1713	2029	2958	
IT Development	1484	1893	1821	
	<u>3533</u>	<u>4290</u>	<u>5185</u>	
<b>Totals</b>	<b><u>9807</u></b>	<b><u>10143</u></b>	<b><u>10446</u></b>	

EXAMPLE OF A SERVICE LEVEL AGREEMENT

# ICT Services

## SERVICE LEVEL AGREEMENT

01/04/2005 – 31/03/2006

Between ICT Services

And *Directorate*

This agreement supersedes any and all previous agreements. It will not be changed or altered without the agreement of both parties who will countersign and date any subsequent changes.

Signed ..... for **ICT Services**

Date .....

Signed ..... (Directorate)

Date .....



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## SERVICES PROVIDED

The Service Level Agreement (referred to hereafter as SLA) will cover the services as set out in Appendix A and Appendix B . The charges for these services are as follows:

£

Subscription Services

Direct Services - MapInfo Licence

**Total**

ICT asset rental charges will also be levied in order to reflect the cost of using assets in the accounts. This is one requirement of the Accounting Codes of Practice. Any such charges made will be accompanied by an equivalent budget allocation to cover this cost.

From time to time ICT Services will take audits of all hardware and software. Unless agreed otherwise within the SLA such audits will be considered to be the definitive state of installed hardware and software used for charging purposes.

## SERVICE HOURS

ICT Services Helpdesk will be manned at the following inclusive times (and excluding Bank Holidays):

**Monday to Thursday: 08:00 to 17:30**  
**Friday: 08.00 to 17:00**

Support cover is not provided outside normal service hours, but should a situation occur where cover is required for an ad-hoc period of time this can be discussed in advance with the ICT Services' Support and Development Manager/Technical Services Manager.

Please note out of hours support is chargeable work, and is subject to support staff availability.

## CONTACTING THE ICT HELPDESK

The Helpdesk operates a system for dealing with requests via a new e-form that staff are to complete. This should be used to log all requests for help. This can be carried out by using the 'Helpdesk Support' logo, found on the desktop of each computer.

For those without internet access and who may be experiencing technical difficulties can use the Helpdesk number as usual.

**Telephone: (01432) 260160**

For those with intranet access, this telephone number should only be used when the query is **urgent or when you are unable to access the e-form**. The standard procedure should be in the first instance to register the query using the Helpdesk e-form.

During normal hours the ICT Services Helpdesk will be available at the above times to respond to enquiries and calls for ICT help or assistance. All calls are recorded as they are received on a call logging system. Users will be asked for their name, and the asset number of the device causing the problem.

## **PROBLEM FIX AND RESOLUTION TARGETS**

### **Response Time**

Usually the person who will be responsible for remedial action, will contact the customer within a given time scale (the response time) to determine the nature of the fault and discuss it in more detail prior to making arrangements for resolving any problems.

All response times shown in this document relate purely to a call being logged and the first return call to follow-up in order to more fully identify the problem and evaluate the resources that will be needed to fix it. The service response time is not therefore the time needed to repair or fix a problem.

Due to the area to be covered and the large variety of PC equipment and peripherals installed ICT Services are unable to guarantee a fix time for any particular call. Best endeavours will always be made in accordance with the priority of the job.

In cases where normal response times cannot be achieved then the customer will be contacted as soon as possible and any resultant work will be scheduled as a priority item. In such cases the Support and Development Manager will be informed and will liaise as necessary with appropriate Managers.

### **Fix time**

This is the time that ICT Services will aim to achieve for problem resolution after the Helpdesk has received a fault call and returned the initial response call. It does not include travelling time. Should a site visit be required to resolve the problem, the date and time should be agreed between the Customer and Technician.

### **Incident Priorities**

All calls will be given a degree of precedence indicated by the relative priority that they will be dealt with. If a customer logs an e-form, ICT staff reserve the right to change the priority to a more appropriate level.

A member of the support staff will be assigned to liaise with the Customer and Suppliers as and when necessary until problem resolution or an acceptable work-around has been put into place. Escalation procedures will be placed into being if this course of action has to be taken, and the Client Account Manager will liaise directly with the appropriate managers within ICT Services, and with the customer reporting the fault.

### **Travelling Time**

All travelling time is excluded from service call out times. Best endeavours will be made at all times consistent with traffic and weather conditions.

## CALL PRIORITIES AND TARGETS

### Priority One ( 8 hours fix time )

This is a fault that causes major impact upon the use of the system or the work of the department. i.e. System down.

ICT Services will make every effort to restore such a problem within **8 hours**.

### Priority Two ( 5 day fix time )

This is a fault where an individual item of equipment is inoperable such as to impact upon an individuals work.

ICT Services will make very effort to resolve the problem within **5 working days** of the initial call.

### Priority Three ( 10 days fix time )

This is a fault which does not necessarily result in any down time but may be of a recurring nature or a problem such that it causes minor or irritating delay in normal working practice ICT Services will make very effort to resolve the problem within **10 working days** of the initial call.

Priority		Response Time	Fix Time
1	Major impact upon use of system	15mins	8hrs
2	User unable to work	4hrs	5 days
3	Fault requiring investigation	4hrs	10 days

## ESCALATION PROCEDURES

When a fault is logged using the e-form a reference number is automatically created. This number is then used as a reference for a particular fault as long as that fault exists and should be used by both the customer and the Helpdesk in any follow up calls.

Checks can readily be performed concerning the current status of a reported problem. This facility thus allows close monitoring to ensure target response times are met.

Customers having cause to use the escalation procedure should, in the first instance, address them to the Helpdesk. The Helpdesk will refer, if necessary to the Support and Development Manager who will, if appropriate, contact and liaise with the appropriate ICT unit Managers and finally, the Head of ICT Services until customer satisfaction is achieved. It is stressed that the first point of contact will always be the Helpdesk who will have to hand all known and recorded problems.

### Escalation contact details

Helpdesk	(01432) 261060
Support and Development Manager	(01432) 260405
Head of ICT Services	(01432) 260403

## **ICT PROCUREMENT**

It is the policy of this Authority that at all times the purchase of equipment must be within the strict European and United Kingdom procurement legislation and comply with Herefordshire Council financial standing orders.

All purchases for IT hardware, software should be made using the online shopping cart. The customer selects the item required from the online catalogue. If the item required is not on the catalogue a request can be made using free text. A price is obtained for the customer who then free texts the request using the online shopping cart.

Orders over £50,000 require a formal tender process, as stated in Herefordshire Council Financial standing orders.

Should aggregate orders exceed circa £154,477\* then the EC tendering process will be applicable. (\* The actual EC figure is given in Euros - thus the daily conversion rate would be applied at the time the equipment is requested).

All equipment will be provided to the customer at cost, but normal installation service charges will apply in respect of labour.

## **WHAT IS NOT INCLUDED IN THIS AGREEMENT**

Charges appertaining to the development of the Council's data and voice communications network are not included within this agreement.

The costs of the parts that are used in the repair of ICT Servers, PC and peripherals equipment are not included within this SLA charge.

The cost of the consumables that are used by your Directorate/Department such as disks, CDs, toners, fax and printer paper are not included in this SLA charge.

The cost of Third party Software\* support which includes licence and maintenance charges are not included in this SLA charge.

\*software purchased from external companies

The support for home personal computers or laptops or Council personal computers, whilst working at home, are not included within this agreement.

The costs for the use of the corporate telephone network facilities are not included. At the close of each fiscal year users are recharged the amount based on the number of handsets. This charge will be made in April 2006, prior to the close of the financial year accounts.

## **DISPOSAL OF COMPUTER EQUIPMENT**

Redundant equipment will be recycled in accordance with the Council's GEM objectives.

## **COMMISSIONING WORK**

In the first instance we ask you contact the ICT Helpdesk using the e-form or your Client Account Manager on (01432) 383434/260439 within ICT Services.



## **COMPLIMENTS, COMMENTS AND COMPLAINTS**

The Client Account Manager within ICT Services records any compliments, comments and complaints received regarding ICT service delivery.

Complaints are recorded and managed through to a mutually agreeable conclusion.

In the event of a compliment, comment or complaint, in the first instance please contact your ICT Client Account Manager.

**SERVICES INCLUDED IN THE SERVICE LEVEL AGREEMENT**

**Network Infrastructure Support**

To provide and maintain a corporate voice and data communications network linking all Council offices. To maintain wide and local area network cabling, active and passive hardware and ancillary equipment such as the power supply to equipment, air conditioning and UPS systems. To provide and maintain outgoing and inbound voice and data connection channels

**Server Support**

To maintain application, file/print, messaging and database servers, and to ensure that the servers are available to a high degree. This service includes both hardware and software maintenance, including patches to operating systems software

**Technical Security Services**

To provide and maintain server-side anti-virus software. To monitor all files held on maintained network servers. Includes anti-virus utilities to monitor all incoming and outgoing electronic mail and associated attachments. Downloads from the Internet are monitored. Emergency disinfection service also provided. To configure and maintain the corporate firewall thus ensuring the integrity of the corporate network

**Technical Support**

To provide technical support for corporate mid-range computers and servers. This service deals with the integrity of the operating software, currency and concurrency issues and controls the configuration management of the systems

**Technical Consultancy**

To conduct Network analysis and design and provide product advice including the production of outline technical proposal where requested.

**Data Back-up**

To provide and maintain data backup facilities for the data resident on corporate mid-range computers and servers such that lost, erroneously deleted or damaged data can be restored to its original state. To provide a data backup capability for the data resident on departmental servers

ICT Services will provide regular backup of all servers using high quality cartridge tape devices. Such backups are available for the restoration of files on request. Each day the ICT Services will carry out a differential backup. This backup covers those files which have been accessed during the previous 24 hours or since the last previous backup whichever may be appropriate. A comprehensive weekly backup of all files is undertaken each Friday. Further to this, a full monthly backup is taken.

Daily backups are retained for a period of 4 weeks from the date of the backup. The full monthly backups are kept for six months from the date of the backup.

All daily tapes are stored in a locked fireproof safe at various locations as detailed below:

Rotherwas, Brockington, Town Hall, Shirehall, Bath Street, Garrick House, Blueschool Street, Museum, Kemble House, Franklin House.

### **Corporate Mid-range Computer Systems**

To provide and maintain the running and data backup facilities for the data resident on corporate mid-range computers and servers such that lost, erroneously deleted or damaged data can be restored to its original state.

### **Business Continuity**

To provide business continuity for corporate mid-range computers and servers. This service encompasses the repair of hardware, re-installation of Network Operating System, restoration of all application and data files up to the last full backup.

### **Network Research and Development**

To keep aware and abreast of IT market trends, technologies and methods that may have a significant impact on the way that the Council is required to utilise IT to deliver its services in coming years.

### **Database Administration Services**

To provide a pro-active database integrity management service for Oracle or SQL databases resident on corporate mid range computers and servers. To deal with space, concurrency, efficiency, data failure, database recovery and associated activities

### **Helpdesk**

To provide a first response service for all Council IT service users

- Fault logging and management and problem resolution service
- First line IT advice and guidance service
- Handles all initial requests for IT work

### **Voice Network Support**

To maintain and support telephone systems, services and the voice network private branch exchanges (PABX's) together with all necessary private circuits, PSTN and ISDN links. To maintain voice systems and handsets purchased by ICT Services. Initial diagnostic for answering machines and facsimile machines. To provide central procurement and payment of all telecom services including mobile communications. Provide, on request, a client department with call management and performance reports and accurate billing information for telephone extensions, exchange lines and mobile telephones.

### **Electronic mail and calendar accounts**

To maintain an electronic mail and shared calendaring system. Ensure the integrity of the same.

### **Internet and Intranet**

To maintain filtered and monitored access from a nominated personal computer to the Internet. To provide and maintain authorised access to the Council's Corporate Intranet.

## **Remote Access Accounts**

To maintain the access to Remote Access to the Council's network and services.

## **Engineering support for personal computers with current operating systems**

To provide remote and, if necessary, on site support for personal computer's associated fault resolution and problem solving.

**Warranty cover** - Normal IT warranty on PC's and Laptops is three years from purchase/delivery. Parts required during the warranty period will be replaced free of charge if covered by the warranty.

**Non-Warranty Cover**- Hardware outside of warranty and requiring repair will incur the cost of the parts for replacement and for the labour involved.

**Upgrades** to existing installations will incur charges for both the equipment that is upgraded and for the labour involved.

## **Printer Support**

**Warranty cover** - It is normal practise when purchasing printers to also purchase the suppliers extended support packs covering 3 year on-site warranty. If under warranty then repairs will be arranged with the supplier.

**Non-Warranty Cover** - Out of warranty repairs will be charged based on the cost of components. However, it is normal practice to call in the suppliers repair staff, and their charges for labour and components will be passed on to the customer requesting printer problem resolution.

All departments are responsible for replacing toner cartridges and drum units as necessary through West Mercia Supplies.

## **Peripheral Devices**

Support of scanners operates in the same way as support for printers.

Due to the increasing diversity of other peripheral equipment it is no longer feasible for ICT Services to guarantee fixes for some devices. In particular plotters, external tape drives and external CD ROM devices fall into this category. However, ICT Services will apply best endeavours to effect repairs, charged at hourly labour rates; or assist the customer to obtain quotes for outside repair or replacement.

## **Engineering support for Personal Data Assistant (PDA)**

To provide remote and, if necessary, on site support for personal data assistant's associated fault resolution and problem solving.

## **Engineering support for Tablet personal computers**

To provide remote and, if necessary, on site support for tablet personal computer's associated fault resolution and problem solving

## **Desktop Antivirus Support**

To provide and maintain desktop antivirus. To monitor all files held on desktop personal computers. All PC's and Laptops supplied via the ICT Services will have been checked for viruses by the team carrying out the installation.

Each PC and Laptop has virus control installed which is updated automatically via the network. Periodic checking of the network and connected devices will be undertaken by ICT Services and anti-virus measures applied as necessary. Any customer who suspects that they may have a virus should place an immediate call to the Helpdesk. Virus eradication will be carried out free of charge.

It is strongly recommended that floppy disks/CDs received from any internal or external source be checked before use, using the virus control software provided on all PC's and Laptops.

## **Corporate GIS**

### **GIS Provision – MapInfo Software, Map X, MapSE**

To provide software installation, or re-installation on existing PC, and upgrade of:

- MapInfo professional licence
- Swift LG address point gazetteer
- Swift LG print utilities
- Proportionate software licensing charge for associated software see list\*

To provide configuration

- Setting up of work spaces (the view the user sees)
- Best file locations to ensure most efficient use of the products on the network
- Personalisation of layout windows for printing

To provide Advice & Guidance for:

- Best practice when using GIS
- GIS data and mapping copyright issues
- Data manipulation of existing data.

Base Mapping

To Provide and maintain timely updates of data sets within the MSA subject to positional accuracy improvement implications.

## **MapInfo, MapSE Training**

To provide training of a range of in-house MapInfo/MapSE training courses for the registered MapInfo User (one registered user per installation). To provide further training for clients' specific requirements.

## **Technical Support/Advice**

To provide support to the range of products within the Council's chosen GIS solution including queries relating to GIS Data, software and hardware.

## **Administration of GIS Bulletin Board**

To administer and monitor the GIS Bulletin Board.

## **Local Land and Property Gazetteer (LLPG)**

- To provide advice and guidance on use of LLPG.

- On receipt of updates to property information update LLPG accordingly.
- Issue monthly updates to National Land and Property Gazetteer.
- Investigate returned queries and action accordingly.

1.1.1.1.1.1.1.1.1 Service	Description	Charges
Provision and connection of additional telephone extensions, including cabling and handsets.	To provide additional telephone extensions, connected to the corporate voice network. Maintenance of additional equipment	
Provision and connection of additional sites to the Council telephone network, or major enhancements to existing sites.	To provide project management and engineering support to enable additional sites with extensions and handsets connected to the corporate voice network	
Provision of electronic mail and calendar accounts.	To provide electronic mail and shared calendaring system. Ensure the integrity of the same	
Set up of user accounts	Set up time for user accounts e.g. NT, Netware, Exchange, RAS and Internet	
Set up time for ICT equipment hire		
Set up for training room PCs		
Supply and installation of industry standard software.	To order, supply and install approved, industry standard software. For example, Microsoft applications. To maintain licensing inventory	

Supply and installation of computer hardware	To source and order approved hardware. To load software and test at IT Services and install on site. If replacement personal computer, this includes loading of existing software	
Supply installation and synchronisation of Personal Data Assistant (PDA)	To source, order and install approved hardware	
Supply and installation of tablet personal computer	To source, order and install approved hardware	
Creation and installation of monitored Internet accounts.	To provide filtered and monitored access from a nominated personal computer to the Internet	
Standard e-financials installation	To install software relating to financial systems e.g. Cedar	
Provision of access to Remote Access accounts	To provide the facility to obtain Remote Access to the Council's network and services	
Engineering support for personal computers with current operating systems	To provide remote and, if necessary, on site support for personal computer's associated fault resolution and problem solving <b>1.2 Please note that Windows 95 and 98 are no longer supported</b>	
Engineering support for small office moves	To provide advice, guidance and technical support for small office moves	
Engineering support for moving equipment	To provide desktop support for moving individual pcs printers and scanners	
Out of Hours Support	To provide engineering and desktop support out of normal business hours	



Running of corporate mid-range computer systems	To provide computer operations support for the purposes of running core business systems including Council Tax and Housing Benefit	
Development of new software applications	To provide design, development and testing services for new applications	
Software systems implementation / integration of new applications	To provide implementation and integration of packaged software. Decision support and data query services etc	
Development of existing systems/applications	To provide enhancements, improvements and additional functionality to existing software and reports	
Project Management	To provide project management skills, using the Prince2 methodology, from inception to delivery of your project	
Business & Systems Analysis	Business and systems analysis activities undertaken	
Business Requested Research	To undertake research as directed by business units. For example, remote computing office solutions	
IT Consultancy	Consultancy work for the provision of IT facilities at new sites and/or installations such as new offices, new buildings and moves within existing Council buildings. Provision of advice and guidance about departmental systems, operating systems, technologies etc	
Web Development	<i>To provide design, development and testing services for web/portal based applications. This includes the Councils web site, surveys conducted on the Intranet and other functionality</i>	
Technical Advice and Support	The co-ordination of appropriate advice and support for small scale aspects.	
GIS Provision – MapInfo – new install	To prove and install MapInfo	

Map production	<i>To provide maps ranging in size from A5 to A0 in accordance with Ordnance Survey's SLA and in compliance with Ordnance Survey's copyright. To analyse requirement and to place data in correct format on map. To save map for reprinting.</i> <b><i>If MapInfo user without access to appropriate printer</i></b>	
Map re-printing	Reprints of existing digital maps that have been previously printed by GIS Section.	
MapInfo/MapSe training for non-licensed users	Attendance at in-house course	
MapInfo Further Training	Provision of further training in MapInfo	
Data Sets	To provide Landmark data sets within the Landmark contract. Historic mapping – Epochs 1-5 Post war mapping Provision of aerial photographs of the Herefordshire area. Supply on CD base mapping data to sub-contractors	
Mayrise GIS technical support	<i>To ensure that the GIS component of the software is up and running and the updates are regularly undertaken in order to ensure the latest data is used.</i>	
Ground View	To provide installation, support, maintenance, and configuration of the software. Provision of first line telephone support and first line maintenance support.	
Monitor Pro	To provide support, maintenance, installation and configuration of the software. Provision of first line telephone support and first line maintenance support.	
Park Map/Traff Map	To provide support, maintenance, installation and configuration of the software. Provision of first line telephone support and first line maintenance support.	
Trapese	Supply of base mapping.	
Autocad Map	To provide base mapping and general advice on configuration issues.	
Key Accidents	To provide base mapping.	

Systems Support MVM 20/20 MVM Searchnet MVM MapSe MVM BS7666 Gazetteer Swift NLUD	To provide support maintenance and configuration of the software. Provision of first line telephone support and first line maintenance support	
GIS Date Capture	To provide electronic data capture in accordance with clients GIS related business requirements.	
GIS Product Research, Development and Implementation	To develop and implement programs to satisfy specific requirements keeping abreast of GIS market trends, technologies and methods that may have a significant impact on the way that the Council is required to utilise GIS to deliver its services in the future.	

**Glossary of Terms**

ICT Information, Communication, Technology	ECDL European Community Driving Licence
PC Personal Computer	UPS Uninterruptible Power Supply
SLA Service Level Agreement	HIT Herefordshire in Touch
IEG Implementing Electronic Government	GEM Good Environmental Management
VoIP Voice over Internet Protocol	GIS Geographical Information Systems
PACE Police and Criminal Evidence Act	LLPG Local Land and Property Gazetteer
HR Human Resources	CPA Corporate Performance Assessment
SOCITM Society of Information Technology Managers	SRD Staff Review and Development
DfES Department for Education and Skills	
ISEB Independent Schools Examination Board	
AAT Association of Accounting Technicians	
CIMA Chartered Institute of Management Accountants	
CIPFA Chartered Institute of Public Finance and Accountancy	