

## **UPDATE ON ACTION IN THE SPECIAL REPORT GOVERNANCE IMPROVEMENT PLAN**

**Report By: Director of Corporate and Customer Services**

### **Wards Affected**

County-wide

### **Purpose**

The purpose of this report is to complement the update provided by the Director of Resources in the Special Report on the Corporate Governance Improvement Plan.

### **Financial Implications**

As set out in the body of the report.

### **RECOMMENDATION**

**THAT the Committee note the actions taken.**

### **Reasons**

The Committee has requested an update on the actions required of the Director of Corporate and Customer Services.

### **Considerations**

1. Recommendation three: **Work to establish the cost of existing ICT and Customer Services operations and future investment needs to be urgently concluded to inform the Performance Improvement Cycle.**
2. In the period since April a great deal has moved forward assisted by the appointment of the accountant designated to support Corporate and Customer Services Directorate. A zero base budgeting exercise has been undertaken with colleagues from the Resources Directorate and budgets are now aligned with services streams:
  - Customer Services
  - Corporate Programmes
  - ICT
  - Information Services (the Archives and Modern Records Services has always had a self contained base budget)

3. The budget position has been tackled in line with the establishment which has been thoroughly challenged and the budget has been brought to the point where the ICT, Corporate Programme and Corporate ICT Project budget will balance at the end of March 2008. This re-working of the budgets will also allow the purchase of much needed LANDesk software upgrade to be implemented, following a formal tendering exercise.
4. Funding for the basic ICT Service is largely derived from annual SLA's with directorates. In simple terms this is based on the number of desktops supported on the network with some chargeable elements, for example, Geographical Information Services (GIS) licences. This position has changed very little since ICT Services was relocated from the former Direct Services Organisation (DSO). A recent audit of desktops revealed that there are approximately 240 more than in 05/06. Directorates are being asked to validate these numbers. (No charge is currently made for portable devices). If charges were applied at the same rate it would generate in excess of £300,000, but that would have little impact except to push the burden onto other financially stretched directorates. However there is now a realistic basis from which to plan the ICT budget for 08/09 in compliance with the results of the corporate SLA pilot.
5. The Corporate ICT strategy which was approved by Cabinet on 7<sup>th</sup> June 2007, was drafted to reflect the requirements of any future accommodation strategy, Herefordshire Connects and closer working with the PCT.
6. It contains a number of projects and programmes which will need to be implemented over the next three to five years. The top ten projects have been prioritised. Some are already funded, for example, LANDesk and VRF Lite which allows schools to meet the requirements for remote access working required by the DCSF. Others are being considered as part of the medium term financial strategy re-refresh and capital proposals. For each of these ten critical projects, full business and benefits card has been produced. These could be subject to changes depending on directorate requirements.
7. The original Info budget has been supplemented for financial years 07/08 and 08/09 by a further £500,000 in each year in order to allow for the adequate transfer of service and complementary release of resource from contributing services. The Customer Service budget is currently predicted to overspend by approximately £100,000, but this is subject to further challenge at a workshop scheduled for 9<sup>th</sup> November which will also review staffing levels, productivity and phase two services.
8. The Corporate Programmes Service is currently funded through chargeable activity. It is dealt with at recommendation five.
9. Recommendation Four: **Permanent managerial arrangements for ICT and Customer Services need to be established.**

10. In April 2007 a Head of Service was relocated to Thorn Office Centre to take over temporary management of the division. Since that time both he and the Director have spent a considerable amount of time working with the teams that make up the division. In May the reporting line for Corporate Programmes and support team was moved to align it more closely with the Herefordshire Connects team and the majority of those staff are now co-located in Plough Lane reporting to the Director.
11. On October 12<sup>th</sup> the Director and two members of ICT staff, spent the day with the Head of ICT Services and the Performance Manager of Shropshire County Council to discuss structures, performance matters, budgets etc. The Director has circulated a paper setting out proposed future management arrangements to CMB for comment and discussed these in principle with the Interim Head of Human Resources so that the formal protocol with the PCT can be observed. They have also been forward to the new Chief Executive. They have not yet been discussed with staff within the division though this is planned for November 12<sup>th</sup>.
12. Recommendation Five: **Review approach to and arrangements for the delivery of project management services. All post implementations reviews must include a technical and financial appraisal.**
13. A separate principles paper setting out the approach to restructure and shape of the service is being circulated to CMB. A great deal of work has been done prior to the drafting of this paper in terms of staff workshops, consultation with heads of service, a visit to Waltham Forest to look at their centre of competence for project and programme management. The principle has been to establish a small core team who can provide project and programme support. At the current time this is based on the same changing model being applied and further work is ongoing to refine this model. For all ICT based projects which are approved, project management costs will be included.
14. Recommendation Eleven: **Improving financial governance in ICT and Customer Services.**
15. Action plans for FMS systems in ICT, travel and expenses and use of contractor audit review has been submitted, are reviewed on a fortnightly basis and are on track to be delivered by January 2008. Details on the Use of Contractors in ICT action plan are contained in a separate report elsewhere in this agenda.

## **Risk Management**

Audits of the action plan have been requested at intervals of three, six and twelve months and annually thereafter. If these actions are not delivered the authority is exposed to risk. The Interim Head of ICT Services and Head of Financial Services are meeting fortnightly to review budget actions.

## **Background Papers**

None identified.