HEREFORDSHIRE CONNECTS PROGRAMME

PORTFOLIO RESPONSIBILITY: ICT, EDUCATION & ACHEIVEMENT

CABINET   **16 OCTOBER 2008**

Wards Affected

County-wide

Purpose

To update Cabinet on the progress of the Herefordshire Connects evaluation of ICT system solutions, which has been managed in compliance with the Council's Procurement Policy. It also recommends a new system for Environment and Planning.

The technology choices will support the Council's delivery of service improvements and efficiencies through the Connects Programme, in partnership with Herefordshire PCT.

Key Decision

This is a Key Decision because it will result in the Council incurring expenditure above agreed budgets for the service or function (shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000.

It was included in the Forward Plan.

Recommendations

THAT Cabinet approves

    a) **Civica as the technology system for an integrated solution for Environment and Planning;**

    b) **that the Joint Management Team conclude negotiations with Deloitte, within the Framework Agreement between the Council and Deloitte, to plan and commence the implementation of this system by November 2008; and**

THAT Cabinet notes

    c) **the progress made in the selection of a system for Integrated Support Services and Performance and Risk Management and the timescale for recommending a preferred supplier for both to Cabinet is by 20 November 2008.**

    d) **that the Joint Management Team conduct a strategic assessment based on the evaluation of the two Integrated Support Services system solutions.**

    e) **the Finance System Upgrade has been completed and the Customer Relationship Management System Upgrade is to commence in October 2008.**

Further information on the subject of this report is available from the Interim Deputy Chief Executive on 01432 383517

Reasons

1   This report provides a progress report on the actions taken on the recommendations made to Cabinet on 31 July 2008 to enable timely implementation of the next phase of Herefordshire Connects and address risks to ICT system failure identified in the Corporate Risk Register.

Considerations

2   On 31 July 2008 Cabinet approved Joint Management Team's recommendations that:

(a)   Herefordshire Connects be re-focused on implementing the three updated business cases and further developing these business cases jointly with the PCT as defined in section 5.3 of the report attached;

(b)   Cabinet note the critical risks to service continuity of key ICT system failures. This is due to the current large number of inadequately connected systems requiring upgrades that would not achieve the Council's ambitions for improving customer services and satisfaction, provide poor value for money or that are no longer supported by providers due to their age;

(c)   The Council's ICT system application portfolio be rationalised to achieve the minimum number of integrated applications by Joint Management Team and Deloitte conducting a two month evaluation of:

- the four market proven system providers for an integrated back office system and associated integration tools to enable integration between Council systems and where jointly approved, Council and PCT systems, as stated in Section 6.4 of the report attached;

- the two market proven system providers for an integrated environment and planning system, as stated in Section 6.4 of the report attached;

- market proven system providers for an integrated performance management system, as stated in Section 6.4 of the report attached;

- A report on the recommendations arising from (c) above be produced for the Cabinet in October 2008;

- The Customer Relationship Management System Upgrade should proceed to secure the significant increase in system efficiency and customer service standards. Deloitte advise this upgrade is already delivering these for other Council users of this system;

- The current Finance System Upgrade should proceed; which will address imminent service continuity risks

- The Joint Management Team implement Connects Programme Management arrangements based on Section 8 of the report attached to provide assurance to the Council, and where relevant PCT, of compliance with the applicable Procurement Policies and best practice in the Project Management risks, costs and the realisation of benefits for customers and staff.

Evaluation Process

3   In the Appendices, the report "Transforming Herefordshire Public Services Herefordshire Connects – Technology Selection" describes the evaluation process in more detail.

4   The evaluation process was run jointly with Deloitte, as the Council's Strategic Advisors for the Connects Programme, and was governed by the Herefordshire Connects Programme Board, in compliance with the Council's Procurement Policy. The Herefordshire Connects Programme Board includes both Council and PCT Directors and officers and reports to the Joint Management Team.

Environment and Planning

5   The scope of services delivered within these directorates is very broad, including Planning, Building Control, Environmental Health, Trading Standards and Private Sector Housing. The number of suppliers within the market able to support this breadth of functionality is small, with two clear market leaders, Civica and Northgate.

6   A summary of the assessment results against the selection criteria is indicated below.

Criteria	Civica	Northgate
Strategic Alignment	Meets Requirements	Meets Requirements
Functionality	Scored 91%	Scored 84%
Market Proven	Proven	Proven
Technical Alignment	Scored 69%	Scored 57%
Skills Requirement	MS Based – skills available in house	MS Based – skills available in house
Cost	Scored 70%	Scored 55%
Risk	Low	Low

7   Overall it was felt that both systems performed credibly and both could deliver the Council's requirements. However, the assessment indicated that Civica offered a deeper set of functionality on a technical platform which the Council is better able to support and at a lower cost. A number of reference site visits are being undertaken.

Compliance

8   The selection was conducted within the Office of Government Commerce's 'Catalist' framework agreement signed with Deloitte in February 2008.

9   Officers from Audit Services gave governance support and were present at key scoring and demonstration sessions to ensure compliance with good practice including standing orders.

10   A Commercial panel undertook financial assessment of the responses. The Head of Financial Services led this panel, with the ICT Strategy Programme Manager, the Herefordshire Connects Programme Manager, the Strategic Procurement and Efficiency Manager and the Principal Finance Manager from the Primary Care Trust.

   Recommendation: It is recommended that the Council proceeds to select Civica as the new system for Environment and Planning.

Performance Management

11   A joint specification was developed to encompass both the PCT requirements in addition to the Council's requirements.

12   Five suppliers have been short listed from an initial field of nine.

13   The short-listing was done on the basis of suppliers that could meet both Council and PCT requirements in this area.

14   The five short listed suppliers are: Actuate, Covalent, SAP, Triangle and InPhase.

15   This selection is expected to conclude by 31st October 2008.

Integrated Support Services (ISS)

16   This system will deliver the key corporate services for the Council, and in the longer term potentially the PCT and other partners. These services include Finance, Procurement, HR, Payroll and Asset Management.

17   There are four recognised market leaders in the supply of Back Office systems to Local Government in the UK; Agresso, COA, Oracle and SAP. The procurement process invited all four of these suppliers to participate. Oracle chose not to participate in the process, primarily stating that they did not feel they could respond adequately in the timescales requested of them.

18   Responses were received from three suppliers, Agresso, COA and SAP. These were reviewed and an initial assessment conducted. This assessment highlighted three key issues with the COA proposal:

- The COA system is not a truly integrated back office system, rather two separate systems with some interfaces which require separate technical platforms to operate.

- The COA system is unable to support a number of key HR requirements and is not therefore a viable option for the HR system.

- COA provided very limited Shared Services and Outsourcing references, a key factor in the future vision for the corporate services.

19   On this basis COA were discounted from continuing further in the selection process.

20   A summary of the assessment results for Agresso and SAP against the selection criteria is indicated below.

Criteria	Agresso	SAP
Strategic Alignment	Integrated Back Office References in Health	Integrated Back Office Minimizes the overall application set. Used widely in Health in Ireland
Functionality	Scored 92%	90%
Market Proven	Well proven Finance and Procurement – Teachers Payroll unproven	Proven across breadth of product set.
Technical Alignment	Microsoft based, simpler environment.	Aligned with Council's CRM.

Skills	Microsoft based – skills available in house	Some SAP skills in house – requires development
Costs	Lower Cost Option	Higher Cost Option
Risk	Risk around Payroll	Risk around skills
Shared Services	Agresso has some but limited experience in Shared Services and Outsourcing arrangements, for example: Stockton and Darlington Councils are developing a Shared Service based upon Agresso. Southampton City Council is outsourcing back office services to Capita on an Agresso platform	Shared Service operations including Somerset County Council, Surrey County Council and Birmingham City Council. Preferred software solution for the majority of private sector outsource providers including CapGemini, Mouchel, Capita, Serco, IBM and Logica.

21   Based on the results of this part of the selection process, two of the suppliers merited further consideration. Both Agresso and SAP were seen as being credible solutions in terms of meeting the Council's requirements.

Strategic Assessment of ISS and Shared Services

22   Cabinet received a progress report on the Herefordshire Public Services partnership at the meeting on 2 October 2008. The Herefordshire Public Services Steering Group has tasked Joint Management Team to further develop shared services efficiencies as a key component of the Benefits Realisation process for the Council and PCT partnership.

23   For this reason, the risks and benefits of selecting either of the two Integrated Supports Services providers will need to be assessed. This is to provide assurance to the Council and PCT that an ISS provider is selected which is capable of delivering an integrated solution for a range of shared services scenarios currently established or emerging regionally and nationally.

24   This assessment will be concluded within the next month with a view to a further report coming to Cabinet on 20th November 2008.

Toolset for Integration

25   These tools will provide the key enabling technologies to deliver a fully integrated technology platform for the Council. They include middleware tools, web portal integration, electronic document and record management systems (EDRMS) and data management tools.

26   Three suppliers were requested to participate in the Selection process based upon their track record of providing integration tools in Local Government and other sectors; IBM, Microsoft and SAP.

27   Microsoft scored well and offers technical synergies with the Agresso Back Office product. SAP also scored highly and offers technical synergy with the SAP Back Office product. Given that the purpose of these tools is to support the integration of the Council's applications, the choice of Back Office product is a further key driver in this selection.

Financial Considerations

28   The estimated costs included in the 31 July 2008 report for Deloitte's support remain the same at £850,000. The scoring of costs saw Civica emerge as the clear preferred provider. The infrastructure costs for Environment and Planning were included in the overall figure of £700,000 for Herefordshire Connects hardware in the July report and are subject to current joint assessment and negotiations between the Council and

Deloitte.

29　The cost estimates for the chosen Environment and Planning solution supplied as part of the commercial assessment process have been reviewed to establish what elements can be capitalised against the current capital finance regulations. Capacity for the overall Connects programme has been provided for within the Medium Term Financial Management Strategy agreed as part of the 2008/09 budget setting process.

30　The overall financial phased profile included in the 31 July 2008 report will be updated when all elements of the Connects Programme have been selected and an independent assessment made by Capita of compliance with capital finance regulations.

Risk Management

31　The Council is exposed to critical risks to service continuity of key ICT system failures. This is due to the current large number of inadequately connected system requiring upgrades that would not achieve the Council's ambitions for improving customer services and satisfaction, provide poor value for money or that are no longer supported by providers due to their age.

32　The upgrade to the Council Finance System has mitigated the risk for this key system.

33　The upgrade to the Customer Relationship Management system will mitigate the risk for this system.

34　In addition, the implementation of the new system for Environment and Planning will address the risks associated with this legacy system.

Alternative Options

35　Alternative options for ISS are being strategically assessed by Joint Management Team. The options are Agresso and SAP as a basis for a shared services environment.

Consultees

36　Herefordshire Connect Programme Board members.

Deloitte

Capita.

Appendices

Deloitte report: "Transforming Herefordshire Public Services, Herefordshire Connects – Technology Selection"