

CABINET– 20 DECEMBER 2011

Proposed Partnership Agreement for ICT Services between Oxfordshire and Hampshire

Report by Director for environment and Economy

Introduction

1. ICT Services in Oxfordshire and Hampshire County Councils have been exploring in good faith the opportunity to enter a collaborative partnership. Initially, this centred on the opportunity presented around SAP collaboration, based on the recently established formal partnership between Hampshire and Dorset County Councils for joint SAP support. Given the very similar technology platforms adopted by the two Authorities and the opportunities this presents, the discussion has broadened and has been underpinned by the terms of a Memorandum of Understanding signed in February 2011. The four areas below have been central to the discussion:

Traded Services

That means the opportunity to purchase an on-going service from each other.

Joint Procurement

That means access to existing contracts that we both may have in place. It also means working together to improve the terms of existing contracts where we have a mutual interest or seeking better deals together.

Resource Pooling

We all need additional technology or other resource from time to time to meet project, support and maintenance needs. In future planning, the ideal would be to seek resource from each other before going to an agency or otherwise.

Sharing Expertise

We have complementary areas of technology expertise. Oxfordshire is stronger in some and Hampshire in others. In practice, both Councils have already benefitted from this. Oxfordshire technology leads have provided advice and have visited Hampshire in support and vice versa

Partnership Proposal

2. The proposed Partnership Agreement is based on the Shared Services Agreement for the Joint Discharge of Functions under Section 101(5) Local Government Act 1972.
3. The proposal is for a framework agreement that allows the Authorities jointly to pursue collaborative initiatives. The arrangement will begin with a

collaborative approach to SAP support delivery to Oxfordshire, replacing the current Serco support agreement with skills and expertise available from Hampshire. Through time it is anticipated that additional areas of service will be added into the framework for mutual advantage and by agreement of a Joint Partnership Board operated by the two Local Authorities.

4. The modular nature of the framework approach, as underpinned by the Partnership Agreement, ensures that there are clear, cost justified decisions with mitigation of the identified risks, for each separate initiative.

Benefits to Oxfordshire

5. The immediate benefit is to replace the current Serco contract for SAP support with a support arrangement with Hampshire which is considerably more cost effective. This will enable ICT to deliver SAP related savings in the current Medium Term Financial Plan as set out below

	12/13	13/14	14/15
Serco Charges	-201	-404	-404

6. The Council will also avoid the significant cost of a procurement exercise to determine a commercial successor to the Serco contract in October 2012.
7. The Council will have access to a pool of SAP expertise for additional engagements.
8. Further benefits are anticipated as the Partnership develops and addresses other service areas of mutual benefit.

Benefits to Hampshire

9. Revenue to Hampshire (c. £162K per annum) will help to protect the existing pool and range of SAP expertise they maintain in-house. This is potentially the largest in-house SAP support operation in the Local Government sector.
10. Further benefits are anticipated as the Partnership develops and addresses other service areas of mutual benefit.

Monitoring & Review

11. The partnership agreement requires a Partnership Board to be established comprising officers from each Council. The Board will meet quarterly. It has the responsibility to discuss and accept new business initiatives within the partnership framework and to ensure the performance levels of all existing service operations within the current framework. For operational consistency and as a guiding principle, existing Service Level Agreements will be used in any extension of service to the partner Council.

Duration of the Partnership

12. Final agreement on the commencement date for the Partnership Agreement should be secured before the end of the 2011. It is proposed, however, that the Partnership Agreement between the two Councils should be active from 1st February 2012 and should run for five years in the first instance. SAP support activities will commence on a date to be agreed and subject to satisfactory agreement the existing supplier. There will be a controlled handover to ensure continuity of SAP support and service levels.

Financial and Staff Implications

13. The proposal will enable ICT Business Delivery to achieve its Medium Term Financial Plan savings commitments in respect of SAP Support from 2012/13 onwards, (£201k in 2012/13 and £404k in each of 2013/14 and 20/14/15).
14. There is no intention that staffing levels will reduce as a result of the Partnership. Rather, effective use of staffing resource between the two organisations will be facilitated through skills and knowledge sharing and through establishing a degree of resilience that neither organisation can sustain individually. It is also anticipated that through knowledge transfer, OCC staff will increase their capacity and capabilities.

RECOMMENDATION

15. **The Cabinet is RECOMMENDED:**
 - (a) to agree the establishment of a Joint ICT Partnership between the Oxfordshire County Council and Hampshire County Council ICT Services;
 - (b) to agree the first area of partnership collaboration to be the provision of SAP Support to Oxfordshire;
 - (c) to agree that the Cabinet portfolio holder for ICT has responsibility for approval of other potential areas of collaboration, that have material or significant impact,
 - (d) to delegate responsibility for agreement to the finalised Partnership agreement to the Cabinet Portfolio Holder for ICT

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