

**EXETER CITY COUNCIL**

**EXECUTIVE  
5 FEBRUARY 2013**

**PROGRESSION TO DEVELOPING A FULL BUSINESS CASE  
FOR AN ICT SHARED SERVICE**

**1.0 PURPOSE OF REPORT**

- 1.1 To seek Members' agreement to progress to a full business case in respect of the creation of a local authorities' owned company to provide shared ICT services.

**2.0 BACKGROUND**

- 2.1 Over the past few months, preliminary work with East Devon, Plymouth City, Teignbridge and Exeter City Council has been progressing to examine the potential benefits of delivering ICT services via a shared facility. The intention is that the service would be based around the concept of a "company" structure, rather than the more traditional shared service facility, and would be wholly owned via a share allocation by the founder members. The current proposed structure envisages each Council having a single vote, thereby negating the potential impact of the largest Council having the largest voice.
- 2.2 A draft high level business case has been constructed that suggests that savings of approximately 20% may be deliverable in the long term (year 8 onwards). This projected saving is based around initial data analysis in respect of the 4 Councils current operating costs and must be perceived more as indicative, rather than a fully detailed proposal. However even at this early stage it would appear that there may be value in the Council continuing to work with the other 3 Councils to construct a full detailed business case. The aim of the detailed business case would be to further validate both costs and potential benefits, in order that members will have substantial data upon which to base a decision to progress to implementation, or not.
- 2.3 Until now any costs associated with this work have been absorbed within existing budget allocations. These costs have been staff time rather than a direct financial contribution. However to progress to the next stage, including the production of a detailed business case, external advice will be required to support its construction.
- 2.4 The current project plan is that the detailed business case will be completed and ready for member scrutiny in late summer.

**3.0 FINANCIAL IMPLICATIONS**

- 3.1 The total direct cost estimate for the 4 councils to progress to the full business case stage is estimated to be £85k. It has been proposed that each council contributes to this cost in proportion to their total ICT spend. The cost to Exeter City Council would be in the region of £13k. It is suggested that this is increased to £20k to allow for a suitable contingency going forward.

- 3.2 However this reflects only the direct cost element and does not include staff time within the ICT service that will need to be redirected to support this initiative. ICT staff are presently reviewing their current work programme to identify areas of conflict and therefore potential delays in the implementation of ICT Capital Projects. There will also be an impact on the ICT service's ability to engage in supporting the Council's Systems Review work which has been done to date.

#### **4.0 RECOMMENDATION**

4.1 It is recommended that

- (i) approval be given to progress to the next stage of the project; the construction of a detailed business setting out detailed costs and benefits associated with a shared service facility; and
- (ii) the approval of £20k (inclusive of contingency) to progress this work.

**MARK PARKINSON  
STRATEGIC DIRECTOR**

**Local Government (Access to Information) Act 1972 (as amended)**

***Background papers used in compiling this report:-***

None