East Northamptonshire Council

Scrutiny Committee - 3 April 2013

Information and Communication Technology (ICT) Capital Programme Governance

Purpose of report

This report outlines the process and management of the ICT capital programme.

Attachment(s)

None

1.0 Introduction

1.1 The capital programme sets out the 10 year projection of major projects and work being undertaken by the Council.

1.2 The aim is to deliver a programme which is affordable, ensures business continuity and enables investment in Council priorities.

1.3 ICT forms an integral part of the capital programme and assists the organisation in achieving the, often competing, objectives above.

2.0 Overview

2.1 ICT is a shared service between East Northamptonshire Council and the Borough Council of Wellingborough.

2.2 The partnership started on 1 April 2008 with a shared vision to support frontline and back office services. The achievements of the shared service include:
- Combined savings of £1.75m over the last 5 years
- The first Microsoft recognised shared Enterprise Agreement in the country in 2008
- Award winning street information management systems
- The launch of 'In My Area' mapping system which is seen as a national example of good practice
- Improvements to both council websites. In 2013, the ENC website was ranked 10th out of 430 local authority websites for functionality, performance and accessibility

2.3 The shared service recognises that each Council has its own priorities and due consideration is given to the needs of each partner. Each Council has its own ICT Capital programme to support each Council. This report relates only to the ICT Capital programme for ENC.

2.4 The forecast ICT expenditure within the capital programme accounts for £0.476m (14%) of the total capital expenditure forecast for 2013/14 (£3.295m) and £4.191m over the next 10 years.

2.5   ICT capital expenditure is required in order that the Council can replace key equipment and software as and when needed. The ICT capital programme supports the ICT service and all other service areas.

2.6   ICT is a key enabler to improve service delivery, drive efficiency and bring about improvements to achieve cost savings as demonstrated in 2.2.

2.7   The ICT capital programme is developed in conjunction with all relevant service managers, supplier and partner councils. This allows ICT to focus resources where they are going to be most effective and have the most cost effective and beneficial impact to the Council.

2.8   **ICT Capital Programme 2012/13**

ICT Expenditure	£000
ICT Budget 2012/13	484
Latest Forecast Expenditure 2012/13	(340)
Variance	**144**
Re-profiled into future years	133
Underspend	11
Total Variance	**144**

3.0   Challenges

3.1   ICT has faced and will continue to face financial challenges over the period set out in the capital programme.

3.2   ICT faces a number of difficulties in budgeting for capital projects and schemes; the main reasons for this include:
- The fast-moving technological climate
- Consequent changes to the costs of ICT

These often have a beneficial impact as they can result in lower prices being paid for ICT goods and services and the Council achieves better value for money (VFM).

3.3   However, it can make forecasting and budgeting difficult. The ICT team researches costs and seeks budget approval at the point of initial project scoping. The pace of change sometimes means that ICT have been able to benefit from price movements and developments in technology to achieve a cost which is below the estimated budget cost.

3.4   A further challenge faced by ICT is that the capital programme is currently funded by utilising the Council's capital reserves. The capital reserves are being built up as a result of asset sales. The current ICT capital programme is sustainable in the short term; however, the capital reserves are forecast to be fully depleted towards the end of the period of the Medium Term Financial Strategy (MTFS), 2016/17.

3.5   As shown in the table at 2.8, ICT projects are subject to changes or delays and this can lead to expenditure being re-profiled into later years. This can make budgeting for later years of the capital programme more difficult. However, it does demonstrate that ICT expenditure is incurred only when it is required.

4.0   Improvements and Developments

4.1   The sections below demonstrate how the Council is seeking to overcome the challenges that have been identified with the ICT capital programme.

4.2   Improved Capital Governance

4.2.1   The capital programme governance is being improved. This was first described within the Medium Term Financial Strategy presented to Finance Sub Committee on 31 January 2013.

4.2.2   It is increasingly difficult to predict budgeted costs for capital schemes until initial feasibility, detailed scoping and procurement has been undertaken.

4.2.3   To resolve some of the issues currently being faced and to improve the reporting of changes between budgeted costs being set and actual costs being incurred, the following changes are being implemented during 2013/14:

- The capital programme is being split into an Approved Capital Programme and a Development Pool.
- The approved capital programme will include schemes and projects where the costs are more certain.
- The development pool will include all projects and schemes where costs remain uncertain. These projects are typically in the early stages of development.
- For schemes to progress from the development pool into the approved capital programme a decision will be required by Council. This will be managed through the annual budget setting and quarterly finance monitoring.

4.2.4   These changes will assist ICT with the management of their capital programme and provide open and transparent changes between original cost estimates and final costs incurred.

4.2.5   The changes will also assist ICT and the Council in utilising capital reserves for those ICT projects which assist with the Councils objective of focussing resources on its priorities. It will help with maintaining the financial viability of the capital programme over the medium term.

4.3   Invest to Save

4.3.1   ICT is able to deliver cost savings by driving efficiencies through better use of technology. They are able to identify how ICT could improve work processes to enable to council to maintain service delivery and assist the Council in focussing its resources on priorities.

4.3.2   The improvements to capital programme governance will allow ICT to present improvements using a business case approach, where they are able to demonstrate the resulting benefits of the projects.

4.3.3   The use of a business case approach will allow others to understand the benefits across the organisation and assist with smoother implementation due to increased awareness of the benefits.

4.4   Improved ICT Reporting

4.4.1   The improvements to the capital programme governance will allow for better understanding and improved reporting.

4.4.2   The improved processes will make it easier to identify and report upon project slippage and expenditure re-profiling. The reporting arrangements will be developed during 2013/14 and reported through the quarterly budget monitoring update reports.

4.5   Improved ICT Asset Planning

4.5.1   ICT are due to implement a new ICT Asset Management System in April 2013. This new system will allow ICT to better manage the ICT hardware that is in place across the organisation. The new software will assist ICT in forecasting the future capital programme requirements as a result of existing hardware that will need repairing, replacing or upgrading.

4.5.2   This new system will allow ICT to forecast its physical and financial resource requirements over the period of the MTFS. The output of the system will feed into the capital programme and form part of the development pool.

4.5.3   Over time ICT will be able to prioritise and plan for more detailed projects and schemes to proceed into the approved capital programme.

4.5.4   In addition to the existing ICT equipment the ICT service will be continuing to enhance their "Added Value" services. They will continue to look for and drive out efficiencies and service improvements through technology.

5.0   Equality and Diversity Implications

5.1   There are no known equalities issues arising from this report.

6.0   Legal Implications

6.1   There are no known legal implications arising from this report.

7.0   Risk Management

7.1   There are no additional risks identified as a result of this report.

8.0   Financial Implications

8.1   There are no direct financial implications as a result of this report.

9.0   Corporate Outcomes

9.1   This report links to the following Corporate Outcomes:

- Effective Management
- Good Value for Money
- High Quality Service Delivery

10.0   Recommendations

10.1   Scrutiny Committee is asked to note the contents of this report.

Legal	Power:				
	Other considerations:				
Background Papers:					
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Date: 18/03/13					
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