

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2429

Author:

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Department:

Resources

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Subject:

IT training, recycling and application system development services

Total Value:

£300,000 (Type: Revenue)

Decision Being Taken:

Authorisation is sought for the IT Service to operate a budget with an estimated cost of up to £300,000 p.a. to provide IT training, equipment recycling and application system development services.

Reasons for the Decision(s) The IT Service has identified an opportunity for aggregating IT training demand from within the Council and with other public sector bodies to commission professional training and provide this as a service. During a feasibility study phase in 2015/16 the Council has successfully engaged with 15 other organisations, acting as the lead agency, to commission and provide independent IT training. This has provided high quality local training at lower than market costs to participating organisations. This training service generates sufficient revenue to cover all costs, including administration, and market research indicates that this service can be expanded to service a wider local demand. Authorisation is sought to develop this service to provide a greater range of training to more agencies.

The Council's Corporate ICT Strategy includes the intention to seek opportunities for commercialisation with regard to equipment recycling, including the employment of a technical apprentice, and application software development. In parallel with the development of the IT training service described above it is proposed that the feasibility of developing these services as commercial offers is examined. The experience gained through the development of the aggregated training service provides a good basis for this work and will be led by the same resources.

The development of the aggregated IT training service has been led by the temporary IT Training & Development Officer and as a part of the development of this service the appropriate means of management will be identified. A post of Service Development Manager is being developed for temporary addition to the IT Service's establishment to support this function in its first year. It is also proposed that a role for an IT technical apprentice be created to support the equipment recycling service. Both posts are to be funded from the delivery of the IT training and other commercialised services and so will be self funding.

Other Options Considered: Do nothing. The Council could operate as it currently does, aggregating an amount of training demand to generate limited savings with partners funding this through the IT revenue budget. This would though miss an opportunity to increase the scale of a quality service that is shared with public sector partners that delivers greater economy and efficiency. The Council would also be constrained in fulfilling its ICT Strategy commitment around the commercialisation of services.

Background Papers: Position Creation/Amendment Form (PAF), Job Description and Person Specification for Services Development Manager

Unpublished background papers: PAF - Services Development Manager.pdf

Published Works: Corporate ICT Strategy

Affected Wards: Citywide

Colleague / Councillor Interests: None.

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no Crime & Disorder implications associated with this decision.

Equality:

EIA not required. Reasons: There are no direct Equalities issues arising from this decision.

Social Value Considerations:

There are no Social Value Considerations associated with this decision.

Major Implications for IT:

Yes

Relates to staffing:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

26/04/2016

Advice Sought:

Legal, Finance, Procurement, Human Resources, IT

Legal Advice:

The City Council has power to provide services such as the training services described in this report to other public bodies in accordance with the Local Authorities (Goods and Services) Act 1970 for which it may set its charges by agreement with thos bodies. The report states that the feasibility of developing the services as commercial offers is to be examined. There are restrictions on the power of the City Council to charge for the provison of services to private sector organisations . in the Localism Act 2011. Those restrictions need to be considered as part of the feasability study and Legal Services can assist with this.

Advice provided by Andrew James (Team Leader Contracts and Commercial) on 13/01/2016.

Finance Advice:

- 1. The value of the decision (£300,000 per annum) is based primarily on the estimated maximum annual cost of providing a range of IT training courses but is deemed to include costs associated with IT equipment recycling and application system development services. Training courses will be delivered by in-house and externally sourced providers to a mix of private companies, other local authorities and public sector bodies as well as to internal clients. The potential to achieve a sustainable net income position within Resources ICT will be dependent on levels of income that can be generated from external clients. Savings across Council departments will be dependent on the extent to which external training provision can be further displaced by internal provision at cost price. The limited amount trading data available coupled with the broader uncertainty surrounding levels of activity envisaged for the development of the service makes it difficult to model a financial outcome in the medium term. However, with reference to the business plan that ICT have produced to support the proposal, it is possible to assess the robustness of the operating model and assess risk.**
- 2. Selected figures from ICT's business plan have been referenced to general ledger postings and / or otherwise tested for robustness. A limited volume of training activity has taken place in 2015/16 within existing budget resources. Sales data supports an expectation that an expansion of activity would recover its costs, including an additional staffing resource, over the medium to long term. The cost structure for the training component of the proposal is judged sufficiently flexible to substantially mitigate the financial risk of reduced demand for training services over a similar time frame.**
- 3. Costings for equipment recycling / refurbishment as set out in the business plan appear robust and suggest that IT can add significant value to redundant IT equipment for the unit costs quoted. There is no accumulated data with which to gauge levels of demand for this service. The business plan states that work will be undertaken by the Technical Deployment Team within ICT's existing structure. This arrangement provides sufficient flexibility to ensure that costs remain proportionate to demand.**
- 4. If the proposal goes ahead it is important that the key components of expenditure and the income streams these generate are recorded with sufficient transparency to enable effective ongoing monitoring of the initiative's net contribution to the Resources ICT revenue budget. If the scheme generates a sustainable net contribution over the medium term, consideration should be given to reflecting this in the Medium Term Financial Plan to promote the achievement of existing or future savings targets. Procurement of external training services will have regard for Contract Procedure Rules / Financial Regulations.**

Advice provided by C I Sharpe (Finance Analyst) on 03/12/2015.

Procurement Advice:

A fully compliant contract will be let for the training element of this report and the Procurement Team will assist in letting the contract.

The other two elements - recycling and software development services will be carried out in-house and therefore Procurement has no concerns about this and supports the recommendations of the entire report.

Advice provided by Paul Ritchie (Procurement Category Manager) on 06/11/2015.

HR Advice:

It is recognised that there is a need for the proposed posts to support the enterprise therefore it is recommended that the manager seek HR advice in order to recruit to these posts using the appropriate processes.

It is also recommended that the manager reviews the need for these temporary posts in good time and seek HR advice regarding an appropriate exit strategy to terminate a contract of employment in the event that the post(s) cannot be made permanent at the end of the fixed term period.

Advice provided by Tom Stevens (Service Redesign Consultant) on 11/12/2015.

IT Advice:

The IT Service supports this proposal.

By aggregating IT related training demands with other organisations the Council is able to achieve economies of scale that result in real terms savings in training provided. This enables the Council to have a more highly skilled workforce and so contributes to Council objectives. Training is also a factor in making the Council a more attractive place to work and so contributes to employee retention.

The proposal to recycle IT equipment enables equipment to be re used rather than disposed of which is a better use of resources. It is anticipated that the employment of an apprentice would contribute to the Council objective of giving greater opportunities to young people and would provide a good entry point to individuals seeking a longer term career with the Council.

The Council currently provide some systems to other local authorities, notably Councillors' Casework. It is probable that there is a greater market for niche products that have been developed in house where there is no commercial off the shelf package available. At present this opportunity has not been fully explored or exploited and this proposal would seek to do this.'

Winston Smillie - 22/12/15 Advice provided by Paul J. Burrows (Strategy Manager) on 05/01/2016.

Signatures

Graham Chapman (PH for Resources and Neighbourhood Regeneration)

SIGNED and Dated: 19/04/2016

Glen O'Connell (Corporate Director for Resilience)

SIGNED and Dated: 06/04/2016