

**Meeting:** Council

**Date:** Wednesday 20 July 2016

**Subject:** 'Stronger Together' - Joint transformation programme - Business case and implementation

**Report of:** Councillor Troy Tester on behalf of the Cabinet

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The Council is asked to consider the minute and resolution of the Cabinet meeting held on 25 May 2016 as set out below.

Further copies of the report to Cabinet are available on request – please see end of this report. A copy may be seen on the Council’s website by following the link below:

<http://democracy.eastbourne.gov.uk/ieDocHome.aspx?bcr=1>

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**The Council is asked to approve the recommendation at paragraph 9.11 of the Cabinet minute, set out below, for approval of the shared services employment model with Eastbourne Borough Council acting as the host authority.**

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**Minute extract  
Cabinet 25 May 2016**

**9. 'Stronger Together' - Joint transformation programme - Business case and implementation**

9.1 Councillor Jenkins asked about the funding split between the 2 councils of the costs of implementing the programme and the impact these costs would have upon the council’s debt. The chairman said at this stage it was anticipated that the split of costs and benefits will fall 60:40 Lewes District Council (LDC) and Eastbourne Borough Council (EBC), reflecting the expected share of benefits and noted that certain costs, e.g. for system replacement would need to be incurred at some future time irrespective of the programme.

9.2 Cabinet considered the report of the chief executive and senior head of projects performance and technology. In October 2015, cabinet approved a strategy for the development of shared services between LDC and EBC based on the integration of the majority of council services. The report sought approval to the detailed business case, high level plan and technology arrangements for the implementation of that strategy. LDC’s cabinet had considered and approved a similarly worded report earlier today.

9.3 The 4 strategic objectives of the programme were:

- **Protect services.** Protect services delivered to local residents

while at the same time reducing costs for both councils and together save £2.8m annually.

- **Greater strategic presence.** Create two stronger organisations which could operate more strategically within the region while still retaining the sovereignty of each council
- **High quality, modern services.** Meet communities and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology
- **Resilient services.** Building resilience by combining skills and infrastructure across both councils

9.4 The total estimated savings of the programme as a whole was £2.797m with an equivalent reduction of the equivalent of 79 full-time staff across both councils. LDC would achieve a higher share of the benefits than EBC because EBC had already delivered significant savings through its future model programme and the joint transformation programme inherited the savings target from LDC's cancelled new service delivery model programme. The total budget for the programme was £6.878m of which £1.275m had already been allocated for technology investment that would be required in any event. Therefore the investment required specifically to deliver the programme was £5.603m. This met the financial business case test. Costs and benefits would be shared in the same proportion. The full business case was given at appendix 1 to the report.

9.5 The programme would involve:

- The creation of a single senior management team operating across both councils.
- Reviewing current pay scales and structures and potentially adopting a new joint pay and grading system.
- Redesigning and integrating the technology infrastructures of both councils.
- Significant investment in new technologies, both hardware and software.
- Creating a new target operating model for 350 staff working in joint teams.
- Building hundreds of integrated business processes for the joint teams, based on harmonised policies, driven by common technology.
- Significant cultural change to ensure staff exhibit the same core competencies and customer-centric attitudes and behaviours.

9.6 A high level view of the programme, which included more than 30 projects across six major work streams, was provided at appendix 2 to the report and a full net present value calculation on the programme costs was given in appendix 3. A summary of the non-discounted costs and benefits was as follows:

Direct programme costs	£5.603m
Existing allocated technology investment	£1.275m

Total programme budget	£6.878m
Business case savings	£2.797m
Payback period (all costs)	2.5 years
Payback period (excl. existing allocated costs)	2 years

9.7 It was proposed to fund the capital and one off revenue costs from a mixture of capital receipts, prudential borrowing and reserves and with the ongoing revenue costs coming from the efficiency savings generated. Both councils had existing earmarked sums which would be used to contribute to the programme, including:

- LDC funding was allocated for the new service delivery model programme in November 2014.
- EBC strategic change fund.
- EBC IT capital block allocation.

9.8 The programme would be managed in accordance with standard programme and project management methodologies. The joint transformation board would oversee delivery, monitor risks and be consulted on key deliverables and decisions, and cabinets would receive regular updates. The recommended employment model, having reviewed a number of options, was a shared services model with EBC as the host authority. The programme depended on a common approach to information and communications technology (ICT) strategy and service provision, and a number of options had been considered to deliver this. The recommended option was for application management to be performed by a joint internal team and to vary EBC's contract with SopraSteria Ltd to provide infrastructure management services to LDC. It was also recommended that the Digital 360 platform in use at EBC was extended to LDC, subject to commercial and procurement matters being settled satisfactorily. This meant that LDC would benefit from the significant investment EBC had already made in that platform. Legal and procurement advice had been sought on these matters and was detailed in the report.

9.9 Customer and stakeholder engagement was one of the key work-streams of the programme. Effective customer and stakeholder insight would ensure that both councils develop policies and services taking into account the views of individuals, communities, stakeholders, forums, organisations, etc. A range of methods to engage and consult would include surveys, meetings, focus groups or discussions and user testing.

**9.10 Resolved (key decision):** (1) That the business case for the joint transformation programme be approved and that a total of £6.878m be provisionally allocated to the programme (para. 4.4 of the report).

(2) That the deputy chief executive be granted delegated authority to determine the appropriate allocation of costs against revenue and capital funds (para. 4.5 of the report).

(3) That the deputy chief executive be granted delegated authority, in consultation with the Joint Transformation Programme Board, to determine the methodology for cost and benefits sharing with an overriding principle that joint costs are allocated on the basis of the

benefits realisation ratio (para. 4.6 of the report).

(4) That the chief executive be granted delegated authority, in consultation with the Joint Transformation Programme Board, to run the programme within the allocated resources, reporting to cabinets regularly (para. 5.1 of the report).

(5) That the high level programme plan be approved (para. 5.3 of the report).

(6) That the procurement approach and contract variation outlined in the report, including the exceptions to contract procedure rules and the proposed changes to information and communications technology service provision, be approved and that the deputy chief executive be granted delegated authority, in consultation with the Joint Transformation Programme Board, to negotiate the associated cost of pension protection with the service provider (paras. 5.10 to 5.13 of the report).

(7) That the adoption of the proven 'Digital 360' platform as the basis for the joint transformation programme be approved, subject to procurement (para. 5.12 of the report).

(8) That engagement be undertaken with local community stakeholders in respect of relevant elements of the programme (para. 5.3 of the report).

**\* 9.11 Resolved:** That full council be recommended to approve the shared services employment model with Eastbourne Borough Council acting as the host authority (para. 5.4 of the report).

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For a copy of the report please contact Local Democracy at 1 Grove Road, Eastbourne, BN21 4TW. Tel. (01323) 415022 or 415021.  
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