PROGRAMME ATHENA

'State of Readiness' Guide
for Local Authorities

June 2013

Supporting Document 5 (of 14)–

Business Case to Capital Ambition

Capital Ambition is part of
LONDON COUNCILS

PROGRAMME ATHENA

Business Case to Capital Ambition

December 2011

Version to be submitted (dec2011)

Capital Ambition is part of
LONDON COUNCILS

Capital Ambition
Strategic Business Case

The Business Case confirms that the project:
- meets the requirements for Capital Ambition funding
- has sufficient support from other Authorities and organisations
- is feasible and achievable in the time allowed
- will deliver cashable and/or or non-cashable savings

Lead Authority: London Boroughs of Barking & Dagenham and Croydon

Partner(s): All London Boroughs

Project Name: Programme Athena

Project Manager: J Sewell	Contact Email:Jackie.sewell@lbbd.gov.uk
Author: R Greenwood	Date: Dec 2011
Version:	Date: Dec 2011
Total Funding Required (£s)	£480k
Total Funding (£s) (whole life)	£945k (Year 1,£395k Year 2 £530k including funding advance and Gateway Review)
Total Efficiencies (£s) / additional income generated (Cashable and non-cashable)	Net £43m up to 2017 plus the ability to generate further significant savings from shared back office services across London which based on experience to date could be £750k per borough per annum.
Cashable and non-cashable savings and owners (those ultimately responsible for delivering the savings)	• Lower total cost of system ownership • Reduced operational and performance management staff numbers • Reduced cost of change • Reduced costs of third party integrations • Enabling shared services between boroughs

Financial Accountability (Director of Finance)
I have reviewed the business case and can confirm the financial analysis and assumptions

Name: Tracie Evans   Signature: Date:

Project Sponsor Accountability
I am accountable for delivering the stated efficiencies on time and within budget
I confirm the level of spend available to the project is within my delegated powers
The impact of this project internally and externally has been agreed and is reflected in the business case and the sign off below.

Name: Tracie Evans/Nathan Elvery   Signature: Date:

Before submission please ensure that this business case has the support of your Chief Executive and where appropriate Elected Members

Capital Ambition Strategic Business Case

1.0 Overview

1.1 What is the project?

1.1.1 Background

Capital Ambition provided funding to commence programme Athena (reference: Project initiation Document and project reference CA221/P1/W1/DT). This business case is about justifying the continuation of the work based on the outcomes and progress achieved to date and the outcomes that can still be achieved. A Gateway Review has been completed (December 2011) to give the Capital Ambition Board further reassurance regarding the delivery and objectives of the programme.

The project as submitted originally comprised of three work streams:

- **Stream 1 - Visionary**: Procurement of an ERP software solution for London which created a single ICT platform for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR.
- **Stream 2 – Enabling**. This was about identifying, standardising and implementing common processes and functions across all London authorities to enable an incremental move towards the single ERP solution.
- **Stream 3 – Value** through efficiencies from current arrangements. This involved co-ordination and joining up of the same software users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements.

Initial funding (Year 1) supported the work to reach project initiation with the final main tranche of funding being approved for the enabling and value streams. The visionary stream was considered unachievable by the Board with a belief that few boroughs would be interested in this. Other points made by the Programme Board at the time were:

- Political support would be needed if a shared solution of the kind envisaged in the visionary stream was to be successful.
- While boroughs were clearly engaging with the value and enabling work, the appetite for, and feasibility of, a shared platform is less clear.
- Although it is likely that boroughs will need to contribute resource to develop their own business cases no direct matched funding has been forthcoming to date so boroughs have not put their own resources at risk in anticipation of what the programme has identified as clear future savings.

The Year 1 funding of £395k has enabled Programme Athena to progress in a number of areas as described later in this section. Year 2 funding is now requested. In order to assist the Board in making this decision, a Gateway review was commissioned in order to have confidence that the outcomes and benefits could be delivered.

1.1.2 Current Programme

Programme Athena is about creating shared solutions for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR. The approach has been adapted to take on board the views of key stakeholders such as Capital Ambition, Treasurers and Chief Executives as well as the market itself. It recognises that boroughs are at different states of readiness in their ability to move to shared solutions and that the journey will

involve tactical manoeuvres along the way to position authorities so that they are better able to become part of the shared solution. It also recognises a few may never want to be involved in shared solutions and that the shared solution may not be a single solution.

However the fundamental aim is to mobilise projects that radically reduce the existing systems and costs through sharing and provide the platform so that boroughs are able to share back office functions.

The joining up of groups of boroughs using the same suppliers of systems alongside taking forward commonality of processes is now reducing the number of separate systems and the different ways of using these systems.

The current position is that progress is being made on the journey to a shared solution through:
- Aligning contract timelines and joint support arrangements;
- Using the software in the same way;
- Sharing software systems;
- Changing processes and policy to align authorities; and
- Sharing knowledge and working together.

There are now three mobilised projects under the Athena banner:

- o **One Oracle** - six boroughs (Brent, Havering, Lambeth, B&D, Croydon and Lewisham) are working together to procure and share a single instance of Oracle and shared transactional finance and HR services. A further 10 boroughs were named on the OJEU.
- o **Vanilla Solution** - Westminster with Kensington & Chelsea and Hammersmith & Fulham are procuring back office services and systems. This procurement is one of the long-term "London options for the future" providing an opportunity to procure up to 2017. As a result several other boroughs will be adding their names to the OJEU as an indication of possibly intending to join the framework at some point in the future.
- o **One SAP** - Two boroughs (Waltham Forest and Haringey) have issued an OJEU to procure a shared local government solution and others have regard to this in future longer term procurement plans.

Two other remaining groups (**One Agresso and One Cedar**) are completing business cases in order to be able to move to mobilised project status with borough resourcing.

Work has initiated so that other projects can become mobilised through the co-ordination and joining up of groups of boroughs in London covering HR and Procurement. The grouping of the boroughs into software is intended to deliver efficiency savings.

The programme has improved decisions based on better access to data and intelligence along with sharing of information and advice e.g. system functionality, counsel procurement advice.

The programme has commenced the work necessary for the standardisation of common processes and functions.

As the work continues, further consolidation will take place and there will be a reduced number of separate systems with standardised processes and combined system hosting and support arrangements and a sharing of development and upgrade costs.

The programme has harnessed collaboration opportunities by:

- Creating efficiencies both in the shorter and longer term;;
- Seeking solutions to the complexities that will need to be overcome; and
- Co-ordinating, supporting, brokering and driving activities in order to ensure that boroughs are on the journey towards the vision.

1.1.3 Support and Engagement with the Current Programme

Political, Chief Executive, SLT and other professional support for this programme and the aim of consolidation is evidenced in a variety of ways:
- A number of alliances have been formed which include aims to take forward shared back office services and hence a sharing of systems for example Haringey and Waltham Forest; Southwark, Lambeth and Lewisham; Westminster, Hammersmith and Fulham and Kensington and Chelsea; Kingston, Merton and Sutton as well as the more sub regional working such as East London Solutions and the North London Strategic Alliance.
- Seven Directors of Finance are leading different aspects of the work which involves dedicating their time with the full support of their respective Chief Executives. The Society of London Treasurers meetings are regularly briefed on progress.
- The "One" meetings taking place to achieve project mobilisation have been well attended and frequently demonstrate that boroughs are willing to commit senior officer time:
  One Agresso
  Meetings actively attended by all 5 participating authorities including several attended by 3 of the Directors of Finance.
  One Cedar
  Meetings actively attended by all 5 participating authorities including an appetite meeting attended by all 5 Directors of Finance.
  One SAP
  Meetings actively attended by all 7 participating authorities including an appetite meeting attended by 4 of the Directors of Finance. Those not involved in the mobilized project still want to meet and influence the way forward so as to be able to converge at a later point.
  One Oracle
  Meetings actively attended by 9 of the 11 participating authorities including an appetite meeting attended by 4 of the Directors of Finance. Those boroughs using Oracle Human Resource only are also now part of the group. Those not involved in the mobilized project still want to meet and influence the way forward so as to be able to converge at a later point.
- The Directors of Finance are having forthright discussions regarding the level of appetite for sharing; and agreeing that the appetite is to explore shared systems and in some cases shared back offices. These discussions are taking place both at and outside of the formal meetings.
- London Chief Executives have been briefed and have discussed Athena. An extract from the 1 April 2011 meeting is set out below :
  What could CELC usefully concentrate on over the next 12 months?
  In principle terms: [included the bullet point:]
  Do a few things well – put more weight behind actions and more weight behind good projects e.g. Project Athena
  In practical terms: [included the bullet point:]
  Make project Athena work and realise the benefits.
  [CELC Athena April update was sent out after the 1 April meeting.]
- The work of Lambeth, Lewisham, Brent and Havering which is planning convergence via a single instance now includes Barking & Dagenham and Croydon.
- The work of Haringey and Waltham Forest which is planning a shared local government solution.
- Boroughs have now been grouped together to look at consolidating HR systems.

- Boroughs are working together around procurement systems linked into P4L.

The Gateway Review has identified that:

- The large diverse stakeholder group has different needs;
- There is a need to manage the various stakeholders and disciplines to ensure they are engaged and understand the current position; and
- Better promotion is needed.

Resources have been requested from the Capital Ambition Board within the Year 2 funding bid to ensure that these identified needs are addressed.

1.1.4 The importance of Capital Ambition Seed Funding

The funding provided by Capital Ambition enables projects to be initiated, justified and mobilised within the overall programme. Once mobilised, the projects can be resourced by the boroughs themselves. It provides the capacity and capability to broker and organise consolidation arrangements between the boroughs; to ensure boroughs are informed, facilitate business cases that move forward more shared arrangements, seek advice and solutions to the issues that will be faced, and put in place arrangements that enable consistent processes and metrics so that boroughs have the most efficient best practice.

The scale and speed of progress means that some have already become specific projects with separate resourcing under the umbrella of the Athena Programme and with the Programme Office supporting and coordinating the integration of these projects into the overall vision.

To maintain the engagement along with momentum and scale to get all the other projects mobilised, this strong brokering, capacity and solution seeking needs to be maintained to ensure it is fully embedded. It is estimated that by **December 2012** the programme should be fully operational with all projects mobilised (reached the procurement stage of the convergence journey), have successes in place and be able to be supported by the boroughs completely.

If no further funding is made available, each One group will need to consider and agree how best to move forward. It should be noted that some of the projects are not well advanced and hence are unlikely to be able to maintain momentum on their own. However the boroughs are committed to also fund the project implementation once at business case stage
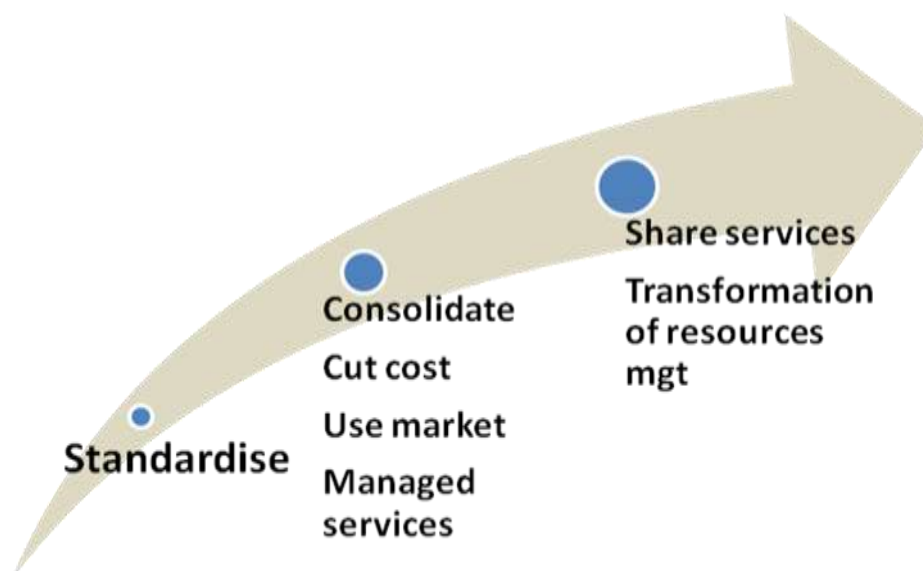
1.1.5 Summary

This programme involves every borough in London in one way or another. The programme is and will continue to be about extracting short term and long term benefits and the savings will be in terms of cash, efficiency and cost avoidance. The outcomes are substantial:

- Reduction in the number of systems and suppliers will result in reduced annual running costs and one off costs;
- Solutions that are accessible to all London boroughs - providing flexibility for the state of readiness;
- Boroughs enabled to share back office staff so as to reduce costs, provide resilience, and improve skills; and
- London sharing back office systems in the same way as other organisations across the country.

The difficult budget decisions mean that authorities are looking to achieve efficiencies in the best way possible so as to protect front line services. Enabling the ability for shared back office functions is clearly seen as a big opportunity. There a clear appetite to collaborate and

engagement from boroughs although this could be improved across all disciplines involved. The boroughs want to reduce the cost of ownership and in effect 'future proof' their organisations from the costs of customised individual arrangements being made. From the work to date, it is clear that many boroughs will group together and seek convergence of their processes and systems. In many cases they may look to achieve shared back offices. This will then provide a much stronger and compelling case for an even greater converged state in London as boroughs will be using a few systems in largely the same way and the cost of transition will therefore become much reduced and shared.

Where we are heading

Standardise

Consolidate
Cut cost
Use market
Managed services

Share services
Transformation of resources mgt

1.2 Opportunity to be addressed

1.2.1   Existing arrangements in London

Every public service organisation resources a number of core financial and human resource processes that support the core business of the organisation. These processes are themselves supported by different, numerous and sometimes interrelated ICT systems and applications such as payroll, accounts payable and the general ledger.

There are well over 100 different systems from a small supplier base in existence and being paid for in London which are basically aimed at achieving the same outcomes. The commonality of those suppliers is illustrated in Appendix A and summarised in the table below:

Service Supported	Finance	Procurement	HR/Payroll
Software supplier			
Oracle	11	11	7
SAP	7	6	6
Agresso	5	3	
Cedar	5	3	
Midland			9
Northgate			8

Whilst London boroughs individually continue to procure, develop, upgrade and pay for these many individual and different systems, the small supplier base is gaining exponentially from each individual borough activity and London is not maximising the potential for efficiencies in our approach to procurement or with how we manage suppliers. London is adding significant costs as we repeat the same activities again and again across our organisations.

The opportunity is about reducing the cost of ownership of these systems and enabling world class shared services through standard processes.

1.2.2   More detail on the current issues and hence opportunities

Issue	Opportunity
- Boroughs need to upgrade their systems and hardware at a significant cost - System customisations mean upgrades have prohibitive costs - Unnecessary system complexity inflating back office and performance reporting staff numbers - The cost of systems support for all users including budget holders and finance support staff is not insignificant at a time when resources need to be diverted - Boroughs needs to demonstrate back office functions are as lean as possible - Unused capability or functionality within the system with insufficient training of staff - Other systems in place whose functions could be delivered by the support service system - Data degradation and low quality of information to support decision making - Inconsistent processes and accounting policies	- Migrate to standardised vanilla functionality reducing cost of change of future upgrades for example simplifying procurement controls - Share the cost of re-implementations, software, hardware and support - Introduce greater levels of self service for suppliers, debtors and employees hence low cost of transaction - Improve functionality and have leverage with the software houses to ensure the systems are effective as possible - Consolidate systems hence reducing support arrangements and costs 'One version of the truth' through interactive reporting suite - Combine with other authorities by making use of shared services functionality - Automate procedures for example common approach to accruals - Create consistency of processes and policies hence enabling sharing and resilience. - Boroughs can change systems and have options on which systems to use.

1.2.3   What we believe we can achieve

The journey has begun as illustrated in Appendix B and Year 2 funding is being bid for to continue the work, progress along the journey, and further realise the benefits that can be achieved.

By the end of 2012, we envisage that, there will be 6/8 projects mobilised (reached a stage of procurement) which involve a number of boroughs consolidating systems. By 2018, we envisage that the convergence will have continued with boroughs able to access and choose from a smaller number of best practice, value for money shared solutions that are designed to drive down costs e.g. transaction based pricing. Boroughs will not be prohibited by past investment decisions nor local customised practices and will be able to select from:
  o   Outsourced services including systems provision
  o   A few shared solutions provided by London for London

1.2.4   Other opportunities

Most services are now dependent on supporting ICT systems and so in taking forward shared services, ICT arrangements also need to be aligned. Delivery of Athena will assist other shared services in understanding the issues that will be faced and how to overcome these.

Furthermore, boroughs have legacy systems, the functions of which could be delivered by the new systems. This will enable legacy systems to be turned off and savings made.

2.0 The strategic case

2.1 Strategic fit

2.1.1 Overall

The programme will rationalise the number of systems and enable shared services. This will realise financial efficiencies, deliver more accessible back office and ICT services based on best practice and define and promote the importance of information assets. There will also be improved disaster recovery and resilience and a reduced carbon footprint. Boroughs will have a real choice in which solution to use in the knowledge that it provides value for money.

Through the Athena programme, a series of projects have and will continue to develop which enable system consolidation and shared back office functions creating the opportunity for significant savings. These savings will be needed in the medium to long term to balance council budgets and unless work continues now, the savings will not be generated in time to protect frontline services.

2.1.2 Business need

- All councils nationally have faced and continue to face relentless budget pressures. The impact of the Government spending plans over the coming years as a result of the worst economic global crisis in many decades will have a significant impact on local government finances for many years to come.
- The Government is responding to the 2008-2010 recession with an unprecedented 20-30% reduction in public sector funding.
- With the stated commitments to ring-fence health and education, Town Hall spending will bear the larger proportion of cuts, with estimates ranging toward 40% over this and the next 3 years.
- The challenge facing all councils is how to continue to provide good quality services to customers with ever decreasing resources. In this respect, it is well acknowledged that back office efficiencies can significantly reduce operational costs for frontline services.
- The Government has stressed the importance of implementing effective working arrangements to deliver increased efficiencies and improved outcomes.

2.1.3 Strategic Drivers and Outcomes

The main strategic drivers and outcomes are:

- Reduced cost of ownership;
- Improved ability to share services and achieve efficiency savings;
- Better comparators and more reliable management information; and
- Best practice processes.

The shared local drivers and outcomes are:

- Efficiency and revenue savings. All authorities have within their strategic aims and ambitions, the need to find solutions to budgetary pressures;
- Sharing scarce resources (people and money). It is essential to retain good staff in local government to meet the challenges currently being faced by councils;

- Improved resilience.   All councils lack capacity and resilience to respond to peaks in demand for services and increases in staff absence. This lack of capacity often leads to the buying in of external expertise which can be expensive;
- Systems cannot stand still and need improvement or upgrades; and
- Avoiding duplication of effort. All councils undertake similar work, thus creating duplication of effort and resources. Joint training, single sourcing and standardised documentation also provide opportunities for service efficiencies.

2.1.4 Delivering the aims of Capital Ambition.

This programme supported by Capital Ambition is also supported by every borough in London. To maintain this engagement along with momentum and scale of convergence, strong brokering needs to continue which requires resourcing on a seed funding regional basis until projects are mobilised with borough funding in place.

The funding provided by Capital Ambition to date has provided the capacity and capability to broker, discuss, debate and organise consolidation arrangements between the boroughs. Also, the capacity to: initiate business cases that move forward more shared arrangements, to seek advice and solutions to the issues that will be faced, and commence work on consistent processes and metrics so that boroughs have the most efficient best practice.

The project is also an opportunity to deliver all the aims of Capital Ambition funding:

- **Enhance collaborative procurement.** This project is centred on efficiencies being achieved through procurement and supplier management along with shared systems. Smarter ways of procuring the same thing on a regional basis will assist in achieving this as set out in the London Procurement Strategy.
- **Develop shared services** This project will develop shared services for systems e.g. hosting and system support as well as enabling other services to be shared because of system and process compatibility.
- **Support service redesign or significantly improve productivity**. One of the core aspects is to have commonality of process which will involve service redesign so as to achieve best practice which is efficient and delivers savings.
- **Address workforce planning and productivity**. Consistency of business information process and measurement will enable boroughs to understand their own business better, as well as better identify in an objective manner, how to work with other boroughs. Sharing of training and staff is also enabled as skills are increased.
- **Support major policy programmes**. Local government must reduce costs and in doing this must take every opportunity to do this in a way that reduces redundancies not least because of the local employment and exit costs.

2.1.5   Proof of Concept

Private sector companies have been sharing back office services for a number of years and delivered significant benefits in terms of cost savings and efficient processes. Development of shared services in the local authority public sector arena is more recent but there are examples where projects have achieved improved performance and cost reductions e.g. Her Majesty's Prison Service; Cambridgeshire and Northamptonshire County Councils and the Anglia Revenues Partnership between three district councils.

2.2 Project scope

The ultimate aim is to have boroughs using a much reduced number of shared solutions (ultimately one if the business case can be proven), to deliver support services whilst capitalising on the shared technology and common processes to establish shared services

across the boroughs. The functions typically covered are finance, procurement, HR, asset management and business intelligence.

The approach to delivering Programme Athena has been adapted to take on board the views of key stakeholders such as Capital Ambition, Treasurers and Chief Executives as well as the market itself. It recognises that boroughs are at different states of readiness and that the journey will involve tactical manoeuvres along the way to position authorities so that they are better able to become part of the shared solutions. It also recognises a few may also never want to be involved. The Programme has also recently be subject of a Gateway Review and the recommendations from this review have been incorporated in the programme plan and objectives.

Programme Athena is about mobilising projects with separate resourcing under the umbrella of the Athena Programme and with the Programme Office supporting and coordinating the integration of these projects into the overall vision. The programme in doing this is:

- creating efficiencies both in the shorter and longer term;
- seeking solutions to the complexities that will need to be overcome; and
- Co-ordinating, supporting, brokering and driving activities in order to ensure that boroughs are on the journey towards the vision.

The activities include:
- Aligning contract timelines and joint support arrangements;
- Joint procurement and system development;
- Using the software in the same way;
- Sharing software systems;
- Changing processes and policy to align authorities; and
- Sharing knowledge and working together.

2.3 Benefits

2.3.1 Source of benefits

In summary, benefits can be identified from two main aspects:

1. Through the implementation of shared solutions and systems, cost savings will be gained from:
- Joint procurement processes run for multiple boroughs;
- Consolidated hardware requirements for development, testing and production environments;
- Upgrades paid for once to serve many;
- Development costs shared, improving business cases for process improvements;
- Rationalisation of resources to administer systems; and
- Overall administration can benefit from economies of scale.

2. Providing a foundation with which to share services across London. If shared services are taken forward, benefits will include:
- Cashable savings from shared procurement costs, shared implementation and support costs, and shared transactional processing. These savings could be used to protect frontline services;
- Improved capacity by bringing together staff resources from all the partners;
- Increased resilience by standardising processes across all partners and creating skilled teams which can support all the partners; and

- The opportunity for further partnership working supported by the shared data stored on the system, for example identifying shared procurement opportunities; streamlining policies and procedures which will generate further efficiency gains.

3. Benefit measures have been developed as part of the metrics which are now being piloted. These include a variety aimed at measuring both the primary and secondary benefits as well as demonstrating where improvements and efficiencies can be made. These are set out in the tables below.

2.3.2 Primary benefits

Benefit	Benefit Type	Value of Benefit	Measuring the Benefits
1. Lower total cost of system ownership (TCO)	Cashable Savings	Each system estimated to save between £120k and £500k depending on the type of system	- Total annual cost of the system
2. Reduced cost of change	Cost Avoidance	60% reduction	- Time and cost to implement system changes, upgrades and enhancements
3. Simplified and standardised common service processes.	Capacity Building Efficiency saving	Experience suggests 30% reduction	- Percentage of manual journal entries including accruals - No of Accounts in Chart of Accounts - Level of electronic distribution e.g. order -Level of automation processes without intervention e.g. purchase order -Level of electronic receipts and payments -Time saved
4. Sharing of information, advice and documents	Capacity Building Efficiency saving Cost avoidance	Value to each borough expected to be at least £50k Joint procurement	- Value of advice and information that has been shared - Time saved by utilising information from others - Procurement time saved
5. Reduced costs of 3rd party integrations	Cost Avoidance Cash savings	Boroughs can have as many as 25 interfaces or integrations which all have software and support costs.	- Software and support costs for additional systems

2.3.3 Secondary benefits

Secondary benefits will accrue in the following through improved processes, information and reduced overheads and these will further increase as services become shared.

Benefit	Benefit Type	Value of Benefit	Measuring the Benefits
1. Reduced transaction cost	Efficiency Gains	10%-25% reduction	- Cost per payslip - Cost per invoice (creditors) - Cost per invoice (debtors)
2. Reduced operational staff numbers	Efficiency Gain Efficiency Gain	20% increase >500% increase	- Ratio of HR Staff to Total Employees - Percentage total spend under management - Total cost of the finance function per

		Work to date suggest this could be £300k-£400k per borough	£000 gross revenue
	Cashable Saving		
3. Improved financial planning and management	Efficiency Gains	60% reduction	- Cycle time in days to complete the financial forecast/closedown -Accuracy of forecasts - Number of suppliers **-** Invoices paid on time
4. Improved cash collection	Efficiency Gains	45% reduction	- Debt days (sundry debts) - Litigation levels
5. Effective & timely workforce planning & decision-making	Capacity Building	24% reduction	- Average elapsed time from a vacancy occurring to the acceptance of an offer for the same post (Published Start Date)

2.3.4   As recommended by the Gateway Review, these will be refined for the experience of the mobilised projects and used to develop the business rationale for specific stakeholder groups.

2.4 Critical Success Factors

Critical Success Factors that must be in place include:

- Political and Chief Executive support as evidenced by the CELC discussions and the number of alliances that have been formed which include aims to take forward shared back office services and hence a sharing of systems but to be further enhanced through the recommendations of the Gateway Review;
- Overall support as evidenced by the engagement and time commitment of lead boroughs and others boroughs in taking forward the work e.g. workshops and to be further enhanced;
- Endorsement of the project by SLT evidenced through levels of engagement in Finance and other projects;
- Strong Leadership as evidenced by Directors of Finance leading different aspects of the work and part of the Programme Delivery Group with the intention it will be enhanced by the suggested Leadership roles for CEO's and Members;.
- Engagement of suppliers as evidenced by the market review days;
- Individual boroughs taking a lead and recent leads being volunteered for HR;
- Skills, engagement and capacity within the boroughs as evidenced by consistent attendance at One Group meetings and workshops;
- Project governance arrangements which are in place and being reviewed in the light of the Gateway review;
- Creation of a single project team which is in place in part however dependent on carry forward of existing approved funds and additional funding;
- The known commitment of partners;
- The successful delivery of shared systems; and
- The successful realisation of the benefits that are achievable.

2.5 Assumptions

Our main assumptions are:
- Boroughs are at different states of readiness to be able to converge.

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- That the journey will be complex involving tactical manoeuvres along the way to position authorities so that they are better able to become part of the shared solutions
- A recognition that a few may also never want to be involved in the full vision.
- Processes and policies will need to be changed
- Boroughs will have to use the designated software in the exactly the same way.
- Contract timelines will need to be aligned
- As specific projects develop under the umbrella of the Athena Programme, there will be separate resourcing with the Programme Office supporting and coordinating the integration of these projects into the overall vision.
- Adequate resources will be available when needed.
- A programme team will be in place
- Boroughs will continue to be engaged
- Boroughs will after December 2012 resource and manage the overall programme and co-ordination.
- There will be a reduced number of shared solutions in the future; each having different characteristics which will provide boroughs with real value for money choices.

2.6 Constraints

The Programme recognises there are constraints. It understands that the journey of convergence may be complex and as such is undertaking careful planning with authorities to ensure that they are in the best position to become part of the shared solution.

The following have been identified and are being managed as illustrated:
- Some boroughs are considering the outsourcing of functions which may mean that it is not in their best interests to participate. The Westminster project that has evolved provides a route to enable this whilst delivering the core aim of shared solutions under the Athena banner.
- Some boroughs have support provided via larger full scale ICT arrangements from which these systems would need to be unbundled. These contract end dates will be allowed for and planned for.
- There are variances in the modules used in each borough making it difficult to agree on the core requirement. The programme is targeting best practice which provides for the most efficient standard processes and by virtue of this provides the case for change.
- The differing authorities have different legacy systems and therefore introduce complexity to interfacing within a single environment. The programme is targeting best practice which provides for the most efficient functional use and reduced interfaces. Those that remain will be planned for as part of implementation as is the norm.
- Boroughs have support contracts that end at different times. These contract end dates will be allowed for and planned for.
- Some boroughs are considering whether to remain with their existing system(s). The work to date has evaluated the market offering along with cost comparison and boroughs are being given access to this. The consolidation taking place provides boroughs with an option to change whilst sharing the cost of the procurement, the implementation and ongoing support/maintenance.
- Boroughs have invested significant sums in existing systems be it hardware or configuration or use and hence the case for change and savings must recognise this.
- Changing systems is a big commitment with a significant cost of transition both financial and non financial to change software as evidenced by the fact that very few boroughs have changed software unless they have no option. The Programme is about reducing the number of systems so that there are fewer but these are shared value for money solutions providing boroughs with real alternatives.

- Some boroughs are currently taking actions to deliver efficiencies themselves through system optimisation at a local level e.g. internal shared service, increased self service. This work will be integrated and shared so that others learn.

2.7 Risks

A full risk register is attached as Appendix D which has been used as part of the project governance to date.

3. 0 The Funding Case

3.1 Capital Ambition Funding

The funding provided by Capital Ambition to date has been essential in providing the capacity and capability to broker, discuss, debate and organise consolidation arrangements between the boroughs, initiate business cases that move forward more shared arrangements, seek advice and solutions to the issues that will be faced and commence work on consistent processes and metrics so that boroughs have the most efficient best practice.

Without further core funding to provide support to the "One" groups to achieve short term efficiencies and plan longer term projects, provide overall co-ordination and maintain the momentum and drive, the work started is unlikely to remain on track and the opportunity to achieve the remaining outcomes which lead to the bigger prize of shared services may not be forth coming.

3.2 Links to other initiatives/ opportunities

3.2.1 Projects in place under the Athena Banner

The programme is about putting in place mobilised projects resourced by the boroughs to deliver significant benefits. It is also about supporting and coordinating the integration of these projects into the overall aim of a much reduced number of shared solutions. Three projects are mobilised; all seen as the long term eventual solutions on offer for London. These are:

- Through the "**One Oracle**" group, three boroughs (Havering, Lambeth and Lewisham) working together to share a single instance of Oracle and shared transactional finance and HR services.
- Westminster; Hammersmith & Fulham and Kensington & Chelsea are going to market for systems as part of the procurement of back office services.
- Through the "**One SAP**" group, two boroughs (Haringey and Waltham Forest) are working to together to develop a local government shared SAP solution.

3.2.2 Projects where linkages are being built

The Programme is also linking to other initiatives such as:
- The joint work being undertaken by Kingston, Merton and Sutton for HR services which will be used to inform the whole of London and any joint procurement arrangements will be further enhanced by Programme Athena through the HR One groups.
- The P4L Portal which is aimed at procurement systems enabling collaboration through sharing of information and opportunities.

3.3 Impact of the project

3.3.1 The components are all in place for a highly successful programme and the work over the past year has initiated an innovative and challenging journey of change as illustrated in Appendix B.

3.3.2 The level of involvement by boroughs is illustrated in Appendix C. There is a clear appetite to collaborate with discussions amongst Directors of Finance involved concluding that all of the options below should be explored further.
- Renegotiate current contract prices – leverage buying power
- Align contractual arrangements
- Common policies and processes
- Align solution management – modules, other systems, upgrade paths, etc.
- Join up support arrangements – external
- Single instance of software
- Join up support arrangements – internal
- Shared services

3.3.3 There is recognition amongst Chief Executives of the impact that this programme could make to assist in the efficiency agenda as evidenced in the recent Gateway Review.

3.3.4 The market has actively engaged and is working with the Programme on proposals; as one supplier stated *"This has made us sit up and rethink our offer".*

3.3.5 Last June, each borough was operating, developing and procuring systems in isolation of each other. A year later, the scene is very different with the outcomes promised from this Programme in the original PID starting to be delivered:
- Co-ordination and joining up of groups by supplier in London
  - Grouping of the boroughs into finance software houses with the establishment of five "One" groups working together to deliver efficiency savings. The Groups are chaired by a Director of Finance and have consistent terms of reference
  - "One" Groups have engaged with suppliers to identify how system consolidations can take place along with the benefits. London is managing the market for software and support providers negotiating as a powerful group of boroughs rather than the market managing individual boroughs.
  - Six boroughs (Brent, Havering, Lambeth, B&D, Croydon and Lewisham) are working together to procure and share a single instance of Oracle and shared transactional finance and HR services. A further 10 boroughs were named on the OJEU.
  - Westminster with Kensington & Chelsea and Hammersmith & Fulham are procuring back office services and systems. This procurement is one of the long-term "London options for the future" providing an opportunity to procure up to 2017. As a result several other boroughs will be adding their names to the OJEU as an indication of possibly intending to join the framework at some point in the future.
  - Two boroughs (Waltham Forest and Haringey) have issued an OJEU to procure a shared local government solution and others considering this in future longer term procurement plans.
  - Cedar and Agresso boroughs are completing business cases
  - Two further groups based on HR systems have been set up and work commenced
  - Work has been initiated on procurement systems

- Improved decisions based on better access to data and intelligence along with sharing of information and advice e.g. system functionality, counsel procurement advice
  - Metrics have been established to compare costs and performance across authorities in a consistent manner. By sharing and all using these metrics, savings of £25k are estimated.
  - "One" groups have undertaken analysis of the costs of ownership and the use of each system. This requires more detailed analysis however for the first time the true cost of ownership is becoming apparent.
  - Options appraisals and business cases from market testing show the costs of changing systems and sharing systems providing valuable information to appraise boroughs own circumstances. There is an estimated saving across the boroughs of £150k.
  - Sharing of legal advice in respect of the procurement of software specific systems has saved an estimated £50k so far across London.
  - Presentations have been arranged from three Shared Service arrangements outside of London.
  - Networks have now been set up where boroughs are communicating and discussing issues and collaboration opportunities.
  - A Procurement strategy has been agreed which includes guiding principles to address common considerations and issues.

- Standardisation of common processes and functions
  - Reviews in some boroughs have identified savings potential by system optimisation and process review. This has been shared to enable all boroughs to consider and use. There is an estimated saving across the boroughs of £125k.
  - Two workshops (so far) have identified all opportunities for aligning financial policies, procedures and processes. This work is now being progressed. This work has significant savings potential.
  - Boroughs are aligning system development work so this is undertaken jointly to reduce costs. There is potential for savings of £200k.

3.3.6 The foundations are being put in place to deliver the remaining outcomes of:
- Reduced cost of operating systems in London.
- Reduced cost of procuring and implementing systems.
- Reduced time on transactional work and reporting through organisations
- Pan London Shared Services which will generate even more significant savings e.g. Lambeth, Lewisham and Havering estimate over £2m per annum between just three boroughs.

The ability to deliver these outcomes and have a significant impact is shown by:
  - "One" groups have had discussions at Director of Finance level and are committed to maximising the opportunities of joining up systems as well as eventually considering services.
  - Three mobilised projects for Oracle, SAP and Tri borough with others interested in joining a further multi borough SAP collaboration in the future.
  - "One Agresso" are jointly undertaking system optimisations work and a business case for a further multi borough collaboration based on the Agresso system.
  - "One Oracle" have initiated the common policy and process work showing significant potential and appetite to align arrangements
  - "One Cedar" is undertaking a business case for a further multi borough collaboration based on the Cedar system.
  - "One" groups for HR specific software – Midland Trent and Northgate – have been established in order that a similar approach can be adopted to create efficiencies and savings.

      o   Discussions are taking place with the GLA group to develop a mechanism for the SLA group to join the "One SAP" group. In GLA words, "there is no point in re-inventing the wheel".

3.4 What this means for London

There will be arrangements for shared solutions which will enable London authorities to maximise the benefits of sharing through full e-enablement, with standard and simple processes in a virtual way. There will be reduced headcount and the ability to achieve the highest tier of shared services, namely the sharing of staff resources providing further headcount reductions and more strategic and professional support services.

At the very least, there will be efficiency opportunities through:

- Single licensing arrangements for the public sector authorities using the same software houses;
- Shared arrangements including upgrades, maintenance, support, processes etc for the public sector authorities using the same software houses; and
- A level of commonality of processes for public sector authorities.

Programme Athena has created a momentum to reduce the number of systems and cost of ownership. Boroughs are becoming increasingly aware of the need to allow for the lead in arrangements required to be able to achieve back office shared service savings.

Enabling the ability for shared back office functions is clearly seen as a big opportunity. There is strong engagement from boroughs and a clear appetite to collaborate. The boroughs want to reduce the cost of ownership and in effect 'future proof' their organisations from the costs of customised individual arrangements being made. From the work to date, it is clear that most boroughs will group together and seek convergence of their systems and in many cases look to achieve shared back offices. This will then provide a much stronger and compelling case for an even greater converged state in London as boroughs will be using a few systems in largely the same way and the cost of transition therefore becoming much reduced and shared.

The components are all in place for a highly successful programme and the work over the past few months is the start of an innovative and challenging journey of change and convergence as illustrated in Appendix B.

| **4.0** | **Achievability: the project management case** |

4.1 Deliverables

4.1.2   The intended outcomes from the Programme through its work in ultimately mobilising projects are:

Outcome No.	Outcome Description
1	Reduced cost of operating systems
2	Reduced time on transitional work and reporting through organisation(s)
3	Reduced cost of procuring and implementing systems
4	Improved decisions based on better access to data
5	Standardisation of common processes and functions across groups of and all London authorities
6	Co-ordination and joining up of groups of users by supplier in London
7	Ability for Pan London shared services

4.1.1   The deliverables of the Programme are set out below and include where applicable activity that is currently taking place.

Capital Ambition   Programme Athena
Strategic Business Case
                     'State of Readiness' Guide for Local Authorities

The outputs/milestones				
No.	Project Stage or Phase	Deliverable	Target Completion/Delivery Date	Which outcome is this output (s) linked to?
1	Athena overall	Overall co-ordination and brokering	On-going till Dec 2012	1,2,3,4,5,6,7
2	Athena overall	Stakeholder engagement plan and enhanced communications **Gateway Rec 2**	On-going till Dec 2012	1,2,3,4,5,6,7
3	Athena overall	Chief Executive Sponsor identified **Gateway Rec 4** and clarity on roles and responsibilities **Gateway Rec 5**	Feb 2012	1,2,3,4,5,6,7
4	Athena overall	Bi monthly communications to Stakeholders including promotion nationally of what has and is being achieved in London. Gateway Rec 2	Bimonthly	1,2,3,4,5,6,7
5	Athena overall	Plan and approach to mainstream the work and have projects mobilised post Dec 2012	Sept 2012	1,2,3,4,5,6,7
1	Value through shared solutions	Develop summary business rationale doe specific stakeholder groups **Gateway Rec 1**	April 2012 and on-going	1,2,3,4,5,6,7
2	Value through shared solutions	Market informed and clear on London approach -Further Market communication	April 2012 and October 2012	1,2,3,4,5,6,7
3	Value through shared solutions	Complete detailed analysis, comparison of cost of ownership. Benefit assessment and capture	June 2012 On-going till Dec 2012	1,2,3,4,5,6,7
4	Value through shared solutions	A convergence map prepared showing each boroughs route to the shared solutions.	Sept 2012	1,2,3,4,5,6,7
5	Value through shared solutions	A convergence map that is being implemented.	On-going to Dec 2012	1,2,3,4,5,6,7
6	Value through shared solutions	Co-ordination, brokering and arranging liaison with boroughs and project leads	On-going to Dec 2012	1,2,3,4,5,6,7
7	Value through shared solutions	Maintain oversight of mobilise projects including co-ordination between. Support mobilised projects in engagement with boroughs interested Develop Leadership groups in mobilised projects – **Gateway 3**	On-going to Dec 2012	1,2,3,4,5,6,7
8	Value through shared solutions	SAP collaboration project formally launched. Support the One SAP project including coordination and communication with boroughs named but not in first tranche.	Jan 2012 Jan 2012 through 2012	1,2,3,4,5,6,7
9	Value through shared solutions	Additional multi borough collaboration projects launched in respect of to Agresso and Cedar	March 2012 and then ongoing support through implementation	1,2,3,4,5,6,7
10	Value through shared solutions	Develop strategy for HR Agree strategy for HR Progress	Feb 2012 April 2012 Per timetable	1,2,3,4,5,6,7

Capital Ambition
Strategic Business Case

Programme Athena

'State of Readiness' Guide for Local Authorities

11	Value through shared solutions	Agree approach for Procurement with SLT sub group Gather information Propose approach	Approach agreed March 2012 May 2012	1,2,3,4,5,6,7
12	Value through shared solutions	Sharing and communication experience and lessons from back office shared services	On-going to Dec 2012	1,2,3,4,5,6,7
1	Enabling through commonality	Complete pilot of metrics, evaluate and confirm final metrics seeking agreement and protocol across London for collation	June 2012	1,2,3,4,5,7
2	Enabling through commonality	Identify principles for Finance processes Maintain and refine	March 2012 On-going	1,2,3,4,5,7
3	Enabling through commonality	Clarity on which Finance processes should become common and the benefits associated, including agreement to some key to be finance processes;	June 2012	1,2,3,4,5,7
4	Enabling through commonality	Plan for delivery of commonality of finance processes linked to tactical joining of systems	Sept 2012	1,2,3,4,5,7
5	Enabling through commonality	Replicate finance work for Human Resources through HR One Groups established and Heads of HR	Sept 2012	1,2,3,4,5,7
6	Enabling through commonality	Replicate finance work for Procurement through Capital Ambition/SLT procurement group and Heads of Procurement	June 2012	1,2,3,4,5,7

4.2 Delivery Arrangements

4.2.1   A Programme Steering Group

This will be considered with the sponsor Chief Executive with the aim of providing leadership at Member and Chief Executive levels.

4.2.1   Programme Delivery Group

This acts as the champions for the programme, provides leadership and is the strategic body promoting the programme, overseeing the common processes project and taking major decisions.   It provides support to the various projects and supporting the Steering Group in delivery of purpose and targets. The specific roles and responsibilities are:

* Owning and ensuring the fulfilment of the Programme vision, goal and business objectives;
* Providing overall direction and leadership for the delivery and implementation of the Programme;
* Resolving strategic and directional issues between the various projects;
* Authorising scoping;
* Securing and managing the investment required;
* Providing active support in terms of helping remove obstacles and barriers to success;
* Managing the key strategic risks facing the programme including defining the acceptable risk profiles and thresholds for the project;
* Managing the interface with key senior stakeholders;

- Promoting the outcomes / outputs to the London public sector in order to maximise participation;
- Agreeing what should have standard operating standards and overseeing the commonality of process project.
- Being sure that given Programme outputs are consistent with the overall Programme and contribute   effectively to the benefits;
- Sign off documents and make sure the work of the Programme is fit for purpose;
- Represent the interests of those that will use the final products. procured services)
- Identifying and acquiring any third party resources; and

This is chaired by the Project Sponsor and comprises Project sponsors, the 'One' Chairs, the support service representatives and the programme office. Representatives from Capital Ambition and other advisors also attend as and when required. The Chief executive sponsor will be invited to join this as well following the recommendations of the Gateway Review.

4.2.2 "One" Project Groups

These groups co-ordinate and join up existing software users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. The specific roles and responsibilities are:
- Engage in common processes both software specific and London wide and ensure implementation of agreed London wide common processes within the grouping.
- Align activities with the overall Programme and report into the London Steering Group.
- Work together to achieve sharing and efficiency in relation to:
  - Licensing arrangements
  - Software and hardware including new modules
  - Upgrade arrangements
  - Support/maintenance
  - Shared services
  - Managed service provision
  - Align software specific process arrangements

As projects become mobilised, these will devise their own governance arrangements however the "One Groups" will continue to ensure that those not currently part of the projects remain engaged and influencers for the future.

4.2.3 Mobilised Project Boards

These are the Boards that govern the mobilised "One Projects". These groups are responsible for driving forward the specific projects. However, arrangements are in place for them to link in with the above groups as necessary for example "One" Oracle receive updates about how the three boroughs progressing the shared service project.

4.2.4 Programme Office

There are 33 boroughs involved with this project. The programme management:

- Co-ordinates work streams and projects
- Overall mapping and manages convergence
- Provides day to day direction
- Oversees project support used to mobilise projects
- Brokers arrangements between boroughs
- Facilitates and resolves issues/presents solutions
- Communicates and informs
- Maintains borough engagement

- Shares knowledge and avoids duplication
- Takes forward strategic type process standardisation
- Overall consistent metric collation, analysis and management
- Cost of ownership analysis
- Liaises with the market

The specific project support will:
- Data gather and collate/critique and coordinate information for individual projects
- Arrange and Coordinate meetings
- Prepare papers and reports as necessary for consideration
- Prepare business cases
- Draft and monitor the project plan
- Facilitate and resolves local low level project issues/present solutions
- Liaise with the suppliers
- Prepare procurement approaches

4.2.5   Part of the delivery arrangements involves ensuring clarity of approach, roles and responsibilities. To this end an overall procurement strategy has been developed which sets out the principles for procurements under the overall Athena Banner. A convergence map is also being prepared setting out each boroughs route map on the journey for convergence. Other such mechanism will be deployed as necessary.

4.2.6   Regular updates to SLT and CELC.

4.3 Project Plan

4.3.1 Project resources
- Programme Direction/Leadership –as necessary
- Programme Manager – full time till Dec 2012
- 4 Full time Project Officers – Full time till Dec 2012
- Part time support

Some of the resource will be held to fund specialist legal and procurement advice to the One Groups in taking forward their consolidation arrangements as well as specialist business case and business analyst advice.

The roles and activities being undertaken are set out above in the delivery arrangements and project deliverables. Resources will be focused on ensuring project mobilisation in all areas by December 2012 along with resourcing by borough thereafter.

4.3.2   Project support officers will be allocated as follows:
- One Cedar and oversight of other "finance" groups
- HR work stream
- Procurement Work stream
- Processes, Metrics and benefits

4.3.3   Key activities taking place from Jan 2012 onwards are set out below and where there are no specific dates, these are ongoing activities.

One SAP

- Maintain oversight and support to procurement process through sharing and advice

- Continuing to take forward short term opportunities for SAP system exploitation e.g. process change - ongoing;
- Keep all the remaining SAP users informed (Jan 2012 onwards) in order to provide them with the opportunity to join the collaboration at some time in the future i.e.
  - Facilitate the agreement of process design
  - Provide resolution to strategic and directional issues
- Work with the other boroughs to facilitate their ability to join SAP shared system- Ongoing

One Agresso

- Continuing to take forward short term opportunities for Agresso e.g. integration of new payroll arrangements;-Ongoing
- Complete the business case for a single instance amongst the group of five authorities; -March 2012
- Moving the business case forward into a formal collaboration project resourced in its own right including the procurement approach. – June 2012
- Keep any of the remaining Agresso users informed in order to provide them with the opportunity to join the collaboration at some time in the future e.g.
  - Facilitate the agreement of any procurement strategy
  - Facilitate the agreement of process design
  - Provide resolution to strategic and directional issues
- Work with the other boroughs to facilitate their ability to join the Agresso shared system - Ongoing.
- Work with Agresso users to deploy the other modules.

One Oracle

- Maintain oversight and support to procurement process through sharing and advice
- Keeping all the One Oracle users informed of the six borough partnership work and maintain the opportunity for it to be open to all when they are ready and all are informed and contributing to the wider benefit e.g.
  - Facilitate the agreement of process design
  - Provide resolution to strategic and directional issues
- Align the Oracle only HR boroughs- June 2012;
- Utilise the shared services work to help other "One" groups;
- Work with the other boroughs to facilitate their ability to join the convergence plan or to align other Oracle users in terms of upgrades, system developments and procurements so that there is a convergence plan for the remaining boroughs as a second tactical manoeuvre.

One Cedar

- Complete the process alignment work and use this to help other groups – March 2012;
- Complete the business case for a single instance amongst a group of authorities – March 2012;
- Moving the business case forward into a formal collaboration project resourced in its own right – June 2012.
- Keep all the remaining Cedar users informed in order to provide them with the opportunity to join the collaboration at some time in the future e.g.
  - Facilitate the agreement of any procurement strategy
  - Provide support to any procurement a required

- o Facilitate the agreement of process design
- o Provide resolution to strategic and directional issues
- Work with the other boroughs to facilitate their ability to join the shared solution.

One Outsourced Project (Tri Borough)

- Maintain oversight and support to procurement process through sharing and advice
- Continue to facilitate, liaise and lead communication with amongst other London Boroughs who have stated they want the opportunity to be open to them
- Ensuring alignment with overall convergence and other activity.

One HR Groups – Northgate and Midland Trent

- Review data gather and analysis of existing arrangements – Jan 2012
- Assess opportunities, approach and appetite for shared systems – Feb 2012
- Agree strategy and plan – April 2012.
- Move forward work agreed e.g. a formal collaboration project resourced in its own right – ongoing.

One Procurement Groups

- Complete data trawl – Jan 2012;
- Analyse data – March 2012;
- Assess opportunities, approach and appetite for shared systems –April 2012
- Agree strategy May 2012; and
- Move forward work agreed e.g. a formal collaboration project resourced in its own right – ongoing.

Common Processes for Finance

- Understanding and communicating the benefits;
- Working with lead authorities and One Groups to develop core processes at a strategic level;
- Coordinating getting agreement to what should be common via SLT;
- Processes developed;
- Plan of implementation linked in with system convergence.
- Liaising with software companies re making these processes software neutral.

Common Processes for HR and Procurement
- Follow approach as adapted by lessons learnt in Finance

Metrics, cost of ownership and benefits

- Compilation;
- Detailed analysis, critiquing and refining;
- Completion of analysis which is owned;
- Arrangements agreed post 2012

5.0 The financial case

5.1 Financial summary

Funding to date (Year 1) consists of £395k plus an additional £50k provided to maintain momentum following the commissioning of the Gateway Review. A further £480k is requested which has regard to the Gateway review recommendations. There is however, no provision included for the support that would be required for a further Gateway review later in the year. The cost of the Gateway Review recently completed was £20k.

A breakdown is set out below.

For year ended 31 March	Total 2010/12	2012/13	Total
Programme Direction/Leadership	146	65	211
Programme Management - overall co-ordination	211	75	286
Project Support Officer - Focus on metrics, cost of ownership and processes	10	60	70
Project Support Officer - Focus on Cedar with link to Agresso and organisational support on wider SAP & Oracle	28	60	88
Project Support Officer - Focus on HR	10	60	70
Project Support Officer - Focus on Procurement	10	60	70
Project Support	10	20	30
Communications - dedicated	5	45	50
Procurement and Legal Advice	5	20	25
Specialist advice	0	25	25
Total	**435**	**490**	**925**
Previous funding	335	60	395
Year 2 on account	50		50
Total existing funding	**385**	**60**	445
New Funding Request	**50**	**430**	480

In respect of the potential benefits; the table below provides an assessment based on the sharing of a number of systems across a number of boroughs. The savings are net of the estimated costs of the mobilised projects in order for there to be greater clarity on the level of Capital Ambition Funding required. The costs are programme and project support for the overall programme; the cost to the authorities is significantly greater than the funding sought. The aim of this seed funding is to ensure that the boroughs are in a position to be able to mobilise and implement projects for shared services.

Cash flow and ROI statement						
BENEFIT DRIVERS	YEAR					
	"2010/12	"2012/13	"2013/14	"2014/15	"2015/16	"2016/17
Net annual running costs & Upgrades		£40	£1,880	£3,744	£3,676	£5,826
Local system improvement		0	1,200	1,200	1,500	1,900
Sharing info and processes	1650	1,980	2,475	3,300	3,300	3,300
Reduced legacy Systems		0	1,200	1,200	1,500	1,900
Net One Oracle extension					3,425	2,150
Total annual benefits	£1,650	£2,020	£6,755	£9,444	£13,401	£15,076
Implementation filter	100.0%	96.5%	93.1%	89.9%	86.7%	83.7%
Total benefits realized	£1,650	£1,949	£6,290	£8,487	£11,621	£12,616

Costs	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total	£399	£526				

Benefits	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Annual benefit flow	£1,650	£1,949	£6,290	£8,487	£11,621	£12,616
Cumulative benefit flow	1,650	3,599	9,890	18,376	29,997	42,614

Discounted benefit flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Discounted costs	£399	£526	£0	£0	£0	£0
Discounted benefits	1,650	1,949	6,290	8,487	11,621	12,616
Total discounted benefit flow	1,251	1,423	6,290	8,487	11,621	12,616
Total cumulative discounted benefit flow	1,251	2,674	8,965	17,451	29,072	41,689

Initial investment	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total costs	£435	£490				
Total costs	£435	£490	£0	£0	£0	£0

ROI measures						
Net present value	£47,421					
Return on investment (cumulative)		211%	891%	1808%	3065%	4428%

It should be noted that:
- In respect of the two projects already mobilised and supported by Capital Ambition, the relevant costs and benefits included in those bids are not included. The above reflects the net benefits expected from increasing the convergence on these further and having further mobilised projects in areas such as HR as well as having best practice and sharing across London to reduce costs and create efficiencies.

- There are no assumptions of the significant savings that will be achieved from shared services which this programme would have enabled. Based on work to date suggest this could be as much as £750k per borough per annum nearly £25m.

- The programme is based on the overall coordination coming to an end in **December 2012** with projects mobilised and resourced by the boroughs. The proof of concept and successes by some boroughs with the realisation of benefits will mean that boroughs will mainstream the activities and invest to maintain work moving forward.

- As the implementations are staggered; benefits will continue to grow.

- The costs have been spread across five years based on arrangements for amortisation that have taken place in other authorities.

- After implementation local process improvement savings are assumed from improved and effective systems. These savings will come in a variety of ways e.g. debt collection.

- Sunk costs or investment in systems to date of software are excluded.

- This is only based on two thirds of London boroughs being on board within 5 years with the Programme; the benefits will be greater if more boroughs came on board.

- The boroughs that have to procure avoid costs through joint procurement.

6.0 Appendices and annexes

6.1 Initial screening Equalities Impact Assessment

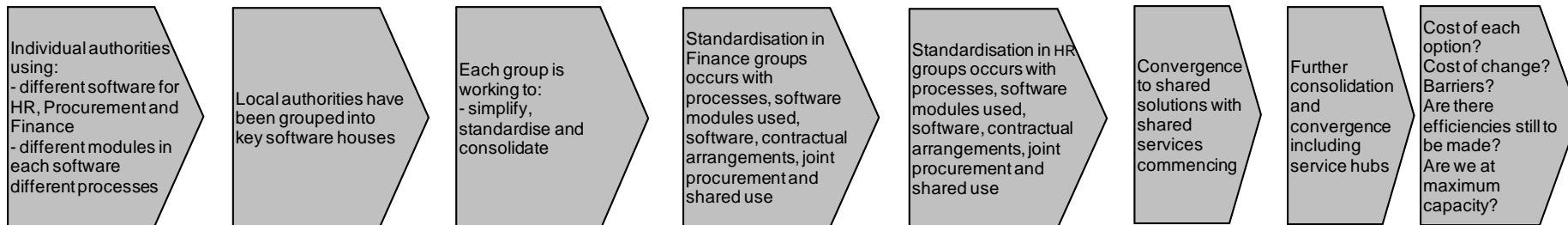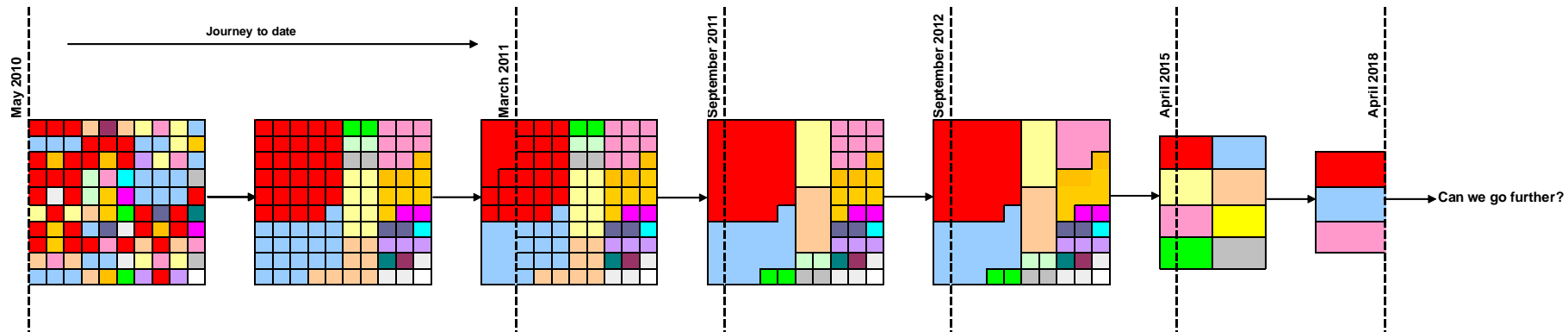The initial equalities impact assessment has concluded:

Policy relevance to equality	Low	Needs a degree of rigor to confirm that it is in line with statutory duties but external challenge. Full assessment not required
	Medium	Needs reasonably robust process with some degree of external challenge. Full assessment required.
	High	Needs very detailed and thorough process with significant external challenge. Full assessment required.
Relevance identified	Race	Low
	Gender and transgender	Low
	Disability	Low
	Age	Low
	Sexuality	Low
	Faith or belief	Low
	Social and economic factors	Low
Low/Medium/High	Low	Low

Appendix A – System Chart

Finance	Procurement	HR
Barking and Dagenham	Barking and Dagenham	Barking and Dagenham
Barnet	Barnet	Barnet
Bexley	Bexley	Bexley
Brent	Brent	Brent
Bromley	Bromley	Bromley
Camden	Camden	Camden
City of London	City of London	City of London
Croydon	Croydon	Croydon
Ealing	Ealing	Ealing
Enfield	Enfield	Enfield
Greenwich	Greenwich	Greenwich
Hackney	Hackney	Hackney
Hammersmith and Fulham	Hammersmith and Fulham	Hammersmith and Fulham
Haringey	Haringey	Haringey
Harrow	Harrow	Harrow
Havering	Havering	Havering
Hillingdon	Hillingdon	Hillingdon
Hounslow	Hounslow	Hounslow
Islington	Islington	Islington
Kingston	Kingston	Kingston
Lambeth	Lambeth	Lambeth
Lewisham	Lewisham	Lewisham
Merton	Merton	Merton
Newham	Newham	Newham
Redbridge	Redbridge	Redbridge
Richmond	Richmond	Richmond
Kensington and Chelsea	Kensington and Chelsea	Kensington and Chelsea
Southwark	Southwark	Southwark
Sutton	Sutton	Sutton
Tower Hamlets	Tower Hamlets	Tower Hamlets
Waltham Forest	Waltham Forest	Waltham Forest
Wandsworth	Wandsworth	Wandsworth
Westminster	Westminster	Westminster

Appendix B

Programme Athena - Journey of Convergence

May 2010 | Journey to date | March 2011 | September 2011 | September 2012 | April 2015 | April 2018 | Can we go further?

Individual authorities using:
- different software for HR, Procurement and Finance
- different modules in each software
different processes

Local authorities have been grouped into key software houses

Each group is working to:
- simplify, standardise and consolidate

Standardisation in Finance groups occurs with processes, software modules used, software, contractual arrangements, joint procurement and shared use

Standardisation in HR groups occurs with processes, software modules used, software, contractual arrangements, joint procurement and shared use

Convergence to shared solutions with shared services commencing

Further consolidation and convergence including service hubs

Cost of each option?
Cost of change?
Barriers?
Are there efficiencies still to be made?
Are we at maximum capacity?

Capital Ambition
Strategic Business Case

Programme Athena

'State of Readiness' Guide for Local Authorities

Appendix C – Programme Athena Involvement Chart

Borough	Governance	Common Processes	One Oracle	One Cedar	One Agresso	One SAP	Westminster	One Northgate	One Midland Trent	One Oracle (HR)
Barking and Dagenham	X*	X	X				X			
Barnet	X	X				X*				
Bexley		X	X				X	X		
Brent		X	X				X			
Bromley		X	X				X			
Camden	X	X		X*			X			X
City of London		X	X						X	
Croydon	X	X	X						X	
Ealing	X	X			X*		X		X	
Enfield		X				X				
Greenwich		X					X			X
Hackney		X		X			X	X*		
Hammersmith and Fulham		X		X			X		X*	
Haringey		X				X				
Harrow		X				X				
Havering	X	X	X*							
Hillingdon		X	X				X	X		
Hounslow		X			X		X			X
Islington		X		X			X	X		
Kingston upon Thames		X			X		X		X	
Lambeth	X	X	X				X*	X*	X*	X*
Lewisham		X	X					X		
Merton		X							X	
Newham		X					X		X	
Redbridge		X			X				X	
Richmond upon Thames		X				X	X			
Royal Borough of Kensington and Chelsea		X	X					X		
Southwark		X				X	X			
Sutton		X			X		X		X	
Tower Hamlets		X					X	X		
Waltham Forest	X	X				X	X			
Wandsworth		X					X	X		
Westminster	X	X		X			X			

Capital Ambition
Strategic Business Case

Programme Athena

'State of Readiness' Guide for Local Authorities

Appendix D Risk Register

Programme Athena - Risk Register
Programme Risks

		1 - 4	
		5 - 7	
		8 - 16	

Last updated: 08.12.11 — v21

Ref	Risk	Consequences	Risk Owner	Probability 1 (Lo) - 4 (Hi)	Impact 1 (Lo) - 4 (Hi)	Total Score Max = 16	Mitigation	Action Owner	Due/Review Date	Complete ?
1	**Programme Risks - Governance**									
1.1	Project scope changes or becomes too complex/unclear	Authorities confused	PDG	1	2	2	Disciplined project governance and planning	NE/TE	On going	
							Use of simple visuals	JS	On going	
		Ambiguity					Manage interested parties	JS	On going	
							Project clearly scoped	JS	On going	
		Outcomes not achieved					Maintain clear scope	JS/RG	On going	
							Communicate any changes in scope	JS	On going	
1.2	Conflicting priorities	Outcomes not achieved	PDG	2	2	4	Dedicated resources in place	JS	Monthly	
							Ensure regular review	JS	Monthly	
							Proper project governance and reporting	JS	On going	
1.3	Knowledge Transfer	Loss of knowledge/duplication	Prog Dir	2	3	6	Handover notes complete	RG	19 Sep 10	Yes
2	**Programme Risks - Funding**									
2.1	Project overspends	Likelihood of project continuing in jeopardy	Prog Manager	1	2	2	Close attention to project budget	JS	Monthly	
							Monthly highlight reports to identify deviations, PD to monitor closely	JS	Monthly	
2.2	Lead authority withdraws support and resources	Causes hold up in the programme and loss of resources	Capital Ambition	1	4	4	CA seeks guidance on alternative options	NE/TE	Ad hoc	
							Ask another authority to take on the lead	NE/TE	Ad hoc	
2.3	Lack of funding and programme resourcing	Causes hold up in the programme and loss of resources	PDG	3	3	9	Planning ahead	NE/TE	On going	
							Ensure Capital Ambition aware	NE/TE	On going	
3	**Programme Risks - Procurement**									
3.1	Conflicts with current procurements inside and outside of London	Outcomes not achieved	Prog Manager	1	3	3	Early communications with London authorities via SLT and RIEPs	JS	On going	
		Confused market					Maintain awareness			
							Implications made clear	Member	On going	
3.2	Members do not support or approve projects mobilised under the Athena banner	Likelihood of project continuing in jeopardy. Boroughs not seen as united	PDG	2	4	8	Regular discussions on how to avoid	PDG	Ongoing	
3.3	New tenders coming out from London Authorities	Conflicting with the whole programme and undermining the work currently being undertaken.	Prog Manager	2	2	4	Strong Communications and engagements with DoF's.	JS	Monthly	
							Regular updates to SLT and London Heads of Procurement.	TE	Monthly	
		Confused market resulting in One programmes not being taken seriously					Maintain close links & working relationships with other CA project managers.	JS	Adhoc	
							Regular PDG updates	JS/RG	Monthly	
3.4	Alignment of procurement activity	Market confused and does not respond to all procurement request for tenders	PDG	2	3	6	Talk to market	RG	Adhoc	
3.5	Conflicting procurement advice on approach	Confused messages on procurement strategy	TE	2	3	6	Arrange for legal representative on a retained basis	TE		
4	**Programme Risks - Delivery of Outcomes**									
4.1	Lack of Resources including specialist skills	Failure to deliver outcomes in a timely way	DoFs	1	3	3	Full roles and responsibilities definition for all the one projects.	JS	On going	
							Budget to include provision for all roles	JS	Monthly	
							Pay close attention to all One Project resourcing.	JS	Monthly	
		Departure of key individuals from the project					Ensure that no single individual has sole possession of key information	JS	On going	
							Full training provided to all members of the project team	JS	On going	
							Immediate knowledge and task transfer initiated if individuals leave	JS	On going	
4.2	Failure to agree standardised processes	Outcomes not achieved	PDG	2	3	6	Compromise on best practice	RG	On going	
4.3	Failure to capture London wide and Authority based benefits / savings	Outcomes not achieved	PDG	2	4	8	Benefits realisation plan to be developed	RG	On going	
							Ensure SLT buy in to ensure achievement of changes and to agree how savings applied	NE/TE	Coach SLT	
							Ensure deliverables are well promoted and how to exploit savings are clear	RG	As required	
4.4	Conflicting priorities and strategies between authority and project work	Create timescale clashes and boroughs not engaging	PDG	2	2	4	Flexible planning on different points of entry.	JS	On going	
							Data gathering to capture upgrade plans across London authorities or maintain this	JS	On going	
		Moving at the slowest place causes significant or critical project delays					Dedicated resources in place	NE/TE	On going	
							Regular resource review	JS	Monthly	
							Close attention to realistic project planning	JS	Ongoing	
4.5	Authorities tied into long term contracts	Inability to participate immediately and realise potential efficiencies.	One Leads	2	1	2	Flexible planning on different points of entry.	JS	On going	
							Brokering and planning	JS	On going	
4.6	Specific software setups are different hindering later convergence		PDG				Talking to other groups who have delivered e.g. Denmark	PDG	On going	
							Consider holding workshops	RG	On going	
5	**Programme Risks - Market Suppliers**									
5.1	Authorities fail to engage within their supplier groups	Not understanding the complexity of the current commercial arrangements between technology providers and service integrators within the groups	Project Director	2	3	6	Escalate issues to steering group, project delivery group and Capital Ambition as appropriate	JS	On going	
							Early work to communicate with supplier groups	JS/RG	09 Jul 10	Yes
							Increase project resources allocated to pursuing these issues	RG	On going	
5.2	Risk of legal challenges, particularly around shared services and collaborative working	Failure to deliver outcomes in a timely way if at all	PDG	1	4	4	Need to study outcomes; engage a legal retainer; arrange procurement network discussion on approach	JS	Monthly	
		Cost implication								
5.3	Confusing communications to the Service Integrators and technology partners with regard to differing projects within Programme Athena	Lack of supplier support and understanding	Prog Manager	2	2	4	Early work to engage with SIs and Technology partners and communicate effectively	JS	01 Jul 10	Yes
							Active participation in 'One' projects and market intelligence days.	JS/RG	On going	
6	**Programme Risks - Engagement with Boroughs**									
6.1	Inadequate / ineffective communications	Poor awareness of project and its objectives	Project Manager	2	2	4	Develop communications strategy	JS		Yes
		HR and ICT fail to engage in project					Regular briefings with routine plan of actions	JS	As required	
		Lack of understanding for the journey of convergence across London					Deliver House of Lords leadership launch and issue slide packs and FAQs to all attendees.	All	18 May 10	Yes
6.2	PDG are not able to influence the right people	Authorities abandon the programme	PDG	2	3	6	Project Director and SRO to lobby support	NE/TE	On going	
		Poor levels of engagement					Full communication with the PDG	JS	On going	
							Briefing through SLT/CELC	NE/TE	Monthly	
6.3	Strategic directions of authorities differ	Perceived loss of identify and control causing lack of support and buy in at current levels by senior management	PDG	2	2	4	Communication and consultation on all levels	JS	Monthly	
							Signed Memorandum of Understanding/inter borough awareness	JS	As required	
							Regular updates to SLT, CELC, London Heads of HR etc	NE/TE	Monthly	
							Acceptance of need to change/agreement on what constitutes best practice	JS	On going	
							Clear vision	JS	On going	
							Robust governance processes	JS	On going	

PROGRAMME ATHENA

'State of Readiness' Guide
for Local Authorities

June 2013

Supporting Document 6 (of 14) –

Gateway Report

PROGRAMME ATHENA

Gateway Report

December 2011

Capital Ambition is part of
LONDON COUNCILS

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

<u>Local Partnerships Gateway Review 0 – Strategic assessment</u>

Version number: Final

Date of issue to Programme Sponsors: 22 December 2011

Programme Owner: Capital Ambition Board

Programme Sponsors: Tracie Evans and Nathan Elvery

Local Partnerships Gateway Review dates: 19 – 21 December 2011

Local Partnerships Gateway Review Team Leader:
Chris Dale

Local Partnerships Gateway Review Team Members:
Brian Griffiths
Helen Golightly
Jerry O'Brien

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the PO immediately at the conclusion of the review.

Programme Athena – 'State of Readiness' Guide for Local Authorities   SD6 – 1

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

Local Partnerships Gateway Delivery Confidence Assessment

Delivery Confidence Assessment	Amber

This Gateway Review has been undertaken at a critical point in the delivery of this programme. The Review Team is impressed by the programme's vision and the progress made to date by the programme management team. There is energy, enthusiasm and commitment in promoting the programme's concepts and there is a very broad spectrum of support for developing the potential for cross-Authority financial, procurement and HR systems. Proof of concept will be better evidenced when responses to the One Oracle, Tri – Borough and One SAP procurements are received in 2012. Issues around the funding have meant that its communications and stakeholder management capability is less well developed and that its capacity to further develop the metrics to support detailed business rationale has been reduced.

However, the programme team has not maximised opportunities to further illustrate the level of progress made and to encourage support for its objectives. There has been insufficient capacity to deliver an effective stakeholder management and communication strategy. This could have raised the profile, awareness of, and potential benefits of the programme within the high-influencing stakeholder community such as the Chief Executives and Council Leaders in London as well as the Capital Ambition Board. Greater progress has been made with the Society of London Treasurers.

In addition to the operational challenges faced by this programme, there is a risk to its success in that the relationship between the programme sponsors and the Capital Ambition Board has become strained. This issue needs to be addressed and resolved as a matter of urgency, especially as both parties recognise the significant potential benefits which could arise from this programme (in terms of short and medium term cash savings arising from procurement cost reductions and cross boundary work on converging financial, procurement and HR systems).

In conclusion, the potential benefits arising from this initiative still need to be determined at a detailed level, but the Gateway Team has been convinced that the hard and soft benefits arising from the programme are prizes worth pursuing. However, an initial proof of concept will be delivered in 2012 when the One Oracle, Tri – Borough and One SAP procurements are completed and when the indicative cash saving opportunities should be clarified.

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Programme Athena – 'State of Readiness' Guide for Local Authorities   SD6 – 2

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

The Delivery Confidence assessment RAG status should use the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage does not appear to be manageable or resolvable. The Project/Programme may need re-baselining and/or overall viability re-assessed

Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below.

Ref. No.	Recommendation	Critical/ Essential/ Recommended
1.	The summary business rationale needs to identify potential benefits and timescales that are relevant to specific stakeholder groups.	Essential (Within 3 months)
2.	Additional specific communication skills and resources are made available to Programme Athena.	Critical
3.	Establish a Programme Athena leadership group in each participating Authority to co-ordinate efforts and activity within and between each participant Borough.	Essential (3 months)
4.	A Chief Executive should be identified to champion Programme Athena.	Critical
5.	Reconfirm and communicate the respective roles and responsibilities within Programme Athena and its accountability to the Capital Ambition Board.	Critical

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Programme Athena – 'State of Readiness' Guide for Local Authorities

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

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Programme Athena – 'State of Readiness' Guide for Local Authorities   SD6 – 4

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

Background

The aims of the programme:

To lay the foundations to create a single ICT solution for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR. This will fulfil local needs and demands and maximise the opportunities that exist through joint supplier management.

The driving force for the programme:

Local Government faces unprecedented challenges in delivering ever improving services within an ever constrained resources envelope. The funding for the public sector will not be at the same level as it has been in the past and that the next medium term period will be the most challenging for local government in recent times. London Authorities have learnt that that are facing cuts of 30%-40%. The need to generate efficiencies in an even more creative way – including cross boundary working – is now essential.

Previous work has indicated that two areas which may offer savings opportunities, initially through converging systems and then examining the options for the introduction of shared services, are Financial, procurement and HR transactional services. There is a major stumbling block however to achieving any shared transaction service objectives and it is that of the ICT solutions from which these services operate and on which they are dependant.

The main issues are that in any borough alliance, contracts are in place for ICT systems which span different periods, have different end dates and are expensive to disinvest. Changes to these large ICT systems can have significant cost implications. In addition, costs of procurement at individual Borough level can be substantial.

This programme is about identifying savings opportunities through cross boundary working and examining the possibility of ultimately moving to a single systems base for the whole of London.

This programme acts as a critical next wave of review of shared services building upon the research already available within London through the work of the boroughs and London Councils on borough shared services and critically to put in place a solutions of connectivity which will enable shared services to be delivered.

Current position regarding Local Partnerships Gateway Reviews:

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the PO immediately at the conclusion of the review.

This is the first Gateway Review for Programme Athena
Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

Purposes and conduct of the Local Partnerships Gateway Review

Purposes of the Local Partnerships Gateway Review

The primary purposes of a Local Partnerships Gateway Review 0 are to review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution the authorities overall strategy.

Appendix A gives the full purposes statement for a Local Partnerships Gateway Review 0.

Conduct of the Local Partnerships Gateway Review

This Local Partnerships Gateway Review 0 was carried out from 19 December 2011 to 21 December 2011 at Local Government House, Smith Square, London. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Gateway Review Team would like to thank all the interviewees for their timeliness and openness. Special mention is also given to Jackie Sewell and Rita Greenwood for the first rate organisation of this review.

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
LP Gateway Review Reference Number : LP496G000

Findings and recommendations

1: Policy; the business case: scope and stakeholders

The foundations for Programme Athena are in creating a common ICT solution for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR. The convergence of ICT systems will enable joint working between authorities and provide the opportunity to realise real cashable benefits for participating Boroughs. The natural progression to this could be full process and system integration leading to shared services.

The reduction in Local Government funding has meant the individual Councils are facing unprecedented challenges to delivering service improvement and efficiencies. London Authorities are facing further cuts to their finances. Authorities have already made significant efficiency savings and therefore all opportunities for further savings need to be examined. The Review Team believes the high level business rationale for convergence and joint working is compelling.

The Review Team would like to recognise the efforts of Tracie Evans and Nathan Elvery for grasping the nettle and helping to initiate this journey to joint Borough working.

The Review Team has found that despite considerable efforts, the benefits and business rationale has not been articulated well to all audiences and there is a mixed level of understanding. It is proposed that the business rationale for the finance proposals and stakeholder groups such as HR, is refined and summarised to include

- Up-to date metrics showing potential cash-able savings
- Benefits and service based efficiencies
- Methodology and actions
- Timescales

Recommendation 1: The summary business rationale needs to identify potential benefits and timescales that are relevant to specific stakeholder groups.

As stated earlier, there is a mixed appreciation of the benefits and progress made from the projects under the Programme Athena banner. The Review Team believes that this is due to three specific reasons.

1) There is a large and diverse stakeholder group with different needs and circumstances. The Stakeholders include Council Leaders and Chairs, Capital Ambition Board, Chief Executives, Chief Finance Officers, HR leads, procurement leads, unions and staff.

2) The Programme Athena Team is not sufficiently resourced to provide the required level of effective engagement, communications and promotion for a programme of this size and complexity.

3) The programme needs to be able to publicise and promote effectively its achievements to the appropriate audiences to gain further understanding and buy in.

Assuming that year 2 funding is available, a key role of the Programme Athena Team will be to identify, manage and co-ordinate the various stakeholders, capturing best practice and sharing lessons learned. The Review Team believes that Programme Athena requires some targeted support around communications and publicity to help ensure there is a consistent message about the benefits of convergence of ICT business systems, within the context of systems integration and collaboration, and the progress being made by the projects under the Programme Athena banner.

Recommendation 2: Additional specific communication skills and resources are made available to Programme Athena.

2: Review of current phase

The Review Team acknowledges that considerable progress has been made in bringing a number of London Boroughs together. The delivery of the vision for Athena has been finessed to take account of different starting positions. Establishing the "One Groups" has provided the opportunity for more focussed and effective dialogue. The Review has shown that there is strong support at a senior level for those authorities in the groups that are advanced in their procurement. However this support has yet to be shown consistently at a more junior level, making the journey to convergence a lengthy process.

The small and dedicated programme team should be commended for "grasping the nettle" and striving to achieve their objectives with limited resources. At times this lack of dedicated and specialist resources has impacted negatively on areas such as communications and Public Relations. The number and diversity of stakeholders has made it more difficult and challenging to bring everyone along together and recognise achievements to date. The interview process demonstrated that the efforts of Rita Greenwood have contributed significantly to the progress made by the programme.

During the review it became evident that the challenges associated with communication and PR have resulted in some frustration and misunderstanding. Some stakeholders groups and disciplines felt disengaged or that they are being left behind. In particular, the relationship between the Sponsors of Athena and members of Capital Ambition Board has become strained. The Gateway Team are confident that if the recommendations in this report are addresses, then these issues are resolvable.

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the PO immediately at the conclusion of the review.

The communication challenges extend beyond the London Boroughs into the supply chain. The interviews revealed that some potential suppliers did not feel fully engaged or listened to. As this programme represents a significant change for the supply industry in London (and potentially beyond), it will be important for the supplier stakeholder group to be recognised and potentially included in development discussions.

The Review Team feel that the progress made in some areas such as "One ORACLE" and "Tri-Borough" provide significant opportunities to demonstrate successful collaboration and build a critical mass of support for the programme.

Whilst some efforts have been made to identify and quantify relevant metrics, everyone recognises that further work is needed. This will enable the business rationale to be refined so that benefits can be appropriately articulated to relevant stakeholders.

Throughout the review it was clear that the Athena programme has variable support across the stakeholder groups. The review team considered a range of options to enhance this support. One option worthy of consideration is the establishment of a leadership group made up of an Elected Member, the Chief Executive, Chief Finance Officer and an HR lead for each participating Local Authority. Using this kind of approach would demonstrate visible high level co-operation and leadership. Building such a critical mass would enhance confidence in the programme, demonstrate effective collaboration within and between participant Boroughs, which may provide an incentive to others.

Recommendation 3: Establish a Programme Athena leadership group in each participating Authority to co-ordinate efforts and activity within and between each participant Borough.

3: Management of intended outcomes

The long term vision is to have a single solution for shared services across London
This needs to be achieved in small manageable steps, which must be concisely articulated and communicated to key stakeholders to ensure understanding, involvement and ownership.

If the outcomes are achieved, London will:

- Save cash and avoid some future costs
- Achieve efficiency gains
- Build capacity and enable a front line service focus
- Improve performance to inform decision making
- Improve customer satisfaction
- Improve collaborative working and safeguard service delivery

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These outcomes will be achieved by:

- Standardising the existing IT solutions based on good practice
- Consolidating to cut costs
- Ultimately sharing services
- Transforming resources and management

There is clearly overall merit to the Programme Athena vision; however, the short term opportunities and long term benefits need to be understood by its wider stakeholder audience. Each borough is at a different starting point and has varying degrees of understanding, and therefore ambition for the programme. The timeline showing when each borough can grasp its window of opportunity needs to be recommunicated and agreed, along with potential high level short, medium and long term efficiency savings that could be achieved.

On the evidence provided and opinions expressed during this review, this programme is worthy of support in terms of its potential to generate efficiency savings, improve the quality and performance of back office services and provide shared good practice across the London boroughs.

It is important that the Chief Executives and existing senior officers currently championing the programme and its intended outcomes, maximise the opportunity to use the strategic networks (e.g. CELC, SLT) to bring colleagues' understanding of the benefits to the same level. The Chief Executives have the opportunity to ensure that each service area within their organisations, which are all integral to the success of this programme, are working together. This London wide collaboration model could be used across other service areas and could be cited as best practice.

The communication and engagement challenges outlined in this report and evidence gathered during the interview process confirmed that the Programme Sponsors should have active and meaningful support from a nominated Chief Executive who can act as a programme Athena Champion at CELC and elsewhere.

Recommendation 4: A Chief Executive should be identified to champion Programme Athena.

The interviews revealed that some confusion exists regarding the governance structure and reporting lines for the programme. As the funding body for Programme Athena (and associated procurements) and other Pan-London initiatives, it is important that all stakeholders understand the role of the Capital Ambition Board and its reporting requirements. This needs to be re-confirmed and communicated.

Recommendation 5: Reconfirm and communicate the respective roles and responsibilities within Programme Athena and its accountability to the Capital Ambition Board.

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4: Risk management

In a programme of this scale and complexity, the level of risk is inevitably and recognisably high. The programme has established a formal risk recognition and mitigation process, which is reflected through the risk register. However, the most significant and pressing risks are associated with communications, stakeholder engagement, reputation and funding. During the course of the interview programme, it was evident that all participants recognised the potential vulnerability of the programme and the sensitivities around it.

Failure to address these risks at this stage may inhibit progress.

As procurement progresses under the One Oracle, One SAP and Tri-borough, the risks associated with these processes will become evident and require careful and timely management. Programme Athena's core role is to capture lessons learned during these procurements and ensure these are used in any future activity.

5: Readiness for progression

The Review Team found evidence of strong passion and commitment from the Programme Sponsors and the Programme Athena team generally. This is to be commended and encouraged.

Given the vision and scale of what could be achieved and delivered by Programme Athena, and despite the strong progress in some areas, it is perhaps not surprising that some stakeholders are nervous or as yet unclear as to the potential impact of widespread collaboration. The recommendations contained within this report are designed to help redress this issue, and ensure that stakeholders have the information to enable informed choices to be made.

For others, Programme Athena is already seen to be a significant aspect of a much more comprehensive and wide ranging vision of Pan London collaboration.

The next Local Partnerships Gateway Review is recommended in autumn of 2012.

Local Partnerships Gateway Review 0: Strategic Assessment
Programme Title: Programme Athena
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APPENDIX A

<u>Purpose of Local Partnerships Gateway Review 0: Strategic assessment</u>

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to Authorities overall strategy.

- Ensure that the programme is supported by key stakeholders.

- Confirm that the programme's potential to succeed has been considered in the
- wider context of the Authorities delivery plans and change programmes.

- Review the arrangements for leading, managing and monitoring the programme
- as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).

- Review the arrangements for identifying and managing the main programme risks (and individual project risks), including external risks such as changing business priorities.

- Check that financial provision has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.

- After the initial review, check progress against plans and the expected achievement of outcomes.

- Check that there is engagement with the market on the feasibility of achieving the
- required outcome.

Local Partnerships Gateway Review 0: Strategic Assessment
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APPENDIX B - Interviewees

NAME	ROLE
Tracie Evans	Joint Project Sponsor and Corporate Director of Finance and Resources, London Borough of Barking and Dagenham
Nathan Elvery	Joint Project Sponsor and Deputy Chief Executive, London Borough of Croydon
Rita Greenwood	Programme Director, Athena Project
Jackie Sewell	Programme Manager, Athena Project
Nick Walkley	Chief Executive, London Borough of Barnet
Councillor John White	Member for Whalebone Ward, Barking and Dagenham
Caroline Anderson	Assistant Director Human Resources and Organisational Development, London Borough of Hackney
Paul Kinnon	Head of Corporate Systems, Delivery Information Services London Borough of Westminster
Andrew Travers	Deputy Chief Executive and Commercial Service Director, London Borough of Barnet
Martin Rayson	Divisional Director HR and Organisational Development – One HR lead – Barking and Dagenham
Allan Bingham-French	Shared Service Project Director, ICT Services, London Borough of Lambeth – One Oracle Programme Manager
Mike O'Donnell	Director of Finance, London Borough of Camden, One Lead Cedar
Councillor Michael White	Leader of Havering Council
Ian O'Donnell	Executive Director of Corporate Resources, London Borough of Ealing, One Lead Aggresso
Debbie Green	Applications Account Manager, Public Sector, Oracle Supplier, Oracle
Mary Vine-Morris	Director London Councils, London Councils Project Officer, Support to Capital Ambition Board
Barbara Moorhouse	Chief Operating Officer, Director of Finance, London Borough of Westminster (Tri-Borough)
David Laird	Local Government Account Director, Advanced Business Solutions, ABS (Supplier)
Geoff Connell	Head of Business Systems London Borough of Havering and Divisional Director ICT London Borough of Newham – ICT Lead
Rob Leak	Chief Executive London Borough of Enfield SSJB and CAB
Councillor Edward Lord OBE	Chair of Local Partnerships, Chair of Capital Ambition Board
Cheryl Coppell	Chief Executive London Borough of Havering
Andrew Blake-Herbert	Group Director of Finance and Commerce, London Borough of Havering – One Lead Oracle
Councillor Clyde Loakes	Member of Capital Ambition Board

Shaded = Telephone Interview

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the PO immediately at the conclusion of the review.
Programme Athena – 'State of Readiness' Guide for Local Authorities   SD6 –13

APPENDIX C

Recommendations from previous Local Partnerships Gateway Review

This is the First Gateway Review on this Project.

PROGRAMME ATHENA

'State of Readiness' Guide
for Local Authorities

June 2013

Supporting Document 7 (of 14) –

Procurement Strategy

PROGRAMME ATHENA

Procurement Strategy

January 2013

Programme Athena

Taking Forward Proposed Strategy for Procurement Systems

Summary:

- Reminder of the proposed strategy

- Considerations for taking the Proposed Strategy forward.

- Progress in moving forward

Steering Group:

Terry Brewer; Hugh Grover; David Pridmore; Anthony Oliver; Rita Greenwood

1. INTRODUCTION

1.1 Through the work of Athena; a strategy was developed that incorporated three activities. One of the activities relates to considering if there can be a Pan-London system which aspires to provide:

- Single Supplier Registration
- Single Shop Window
- Single Spend Analysis
- Single contracts register that is then able to be manipulated by boroughs
- Single calendar and plan of key contract
- Single financial appraisal system
- Single supply chain management arrangement supporting SMEs
- There should be e-Auction facility and Dynamic Purchasing systems for London for use by all boroughs

1.2 This paper sets out the considerations and issues that will be faced in this to help inform the way forward.

2. INFORMATION TO CONSIDER

2.1 Single Supplier Registration

2.1.1 Clearly would be a benefit to suppliers so that rather than registering with each borough or each portal to receive alerts, they could just register on one.

2.1.2 The current known position is that:

- Due North boroughs – suppliers register only once self-selecting the boroughs they want to deal with (23,000 suppliers). This is in place for 17 boroughs in London.
- P4L – suppliers register for alerts (BIP advising they now have approx. 6500 suppliers)
- Other boroughs tendering systems suppliers will register separately on these
- CompeteFor – Suppliers register for alerts

2.1.3 Matters to consider:

- The current supplier registration is very simple – it is not the information that is required for responding to tenders which generally forms part of the PQQ.
- There would still be other portals promoting registration
- For maximum impact; the registration needs to automatically link into e tendering systems and update or else it will still be duplication. This requires integration.
- Some suppliers will be SMEs; very local and potentially based on quotes.
- Experience has shown that supplier requisition would need to be managed to avoid suppliers appearing more than once.
- Central Government are reviewing arrangements to achieve this for the NHS.

2.2 Single Shop Window

2.2.1 The current position is that this was one of the aims of P4L however this has not always been achieved as it relies on boroughs actively:

- Using P4L to post notices

- Ensure their own e tendering systems are posting via integration

At the moment, P4L is relying on BIP including opportunities through sweeping as only 10-15% is being posted by boroughs.

2.2.2 Matters to consider:

- A number of companies sweep the web for opportunities and then post them on their portal in order to attract subscribers to opportunity identification services so there will always be opportunities from London boroughs seen in a number of places and would suppliers rely on their subscriptions in any case to be alerted.

- For a unique opportunity; the site would need to be clearly branded and communicated (e.g. .gov) and would this be achieved?

- ContractsFinder for central government should have all the opportunities on it in any case so is this not just duplication?

- Boroughs with e tendering systems including ERP modules will need to feed the information into the shop window which requires interfaces that can be costly so will it happen?

- Some boroughs despite the fact that sweepers will pick up opportunities would not want to proactively post all opportunities as they would want to be seen to support SMEs through local arrangements.

2.3 Single Spend Analysis

2.3.1 This exists in the OEA which has been in place for several years and is based on annual data from each boroughs general ledger. Some boroughs also tend to procure their own analysis tools such as Spendtrack and Spikes Cavell.

2.3.2 There is recognition that this is a vital tool in identifying and assisting collaborative opportunities as well as assisting in supplier management and development.

2.3.3 Spend analysis can be developed so as to also enable price comparison

2.3.4 Matters to consider:
- The usefulness of it is only as good as the quality of the data provided and the consequential ability to cleanse this to ensure accuracy. This has caused issues. Addressing this relies on:
  - ➢ Boroughs providing better quality data – how will this be achieved?
  - ➢ Strong data cleansing
  - ➢ Reducing duplicate suppliers
  - ➢ Some suppliers being recognised as providing several categories of goods and services.

- To maximise the opportunities; spend analysis does need to be continual and hence the current annual arrangement should really be more frequent.

2.4   Single contracts register that is then able to be manipulated by boroughs

2.4.1   This exists in the CRS which has been in place for several years. The usefulness of it is only as good as how up to date and accurate it is kept. The capability that exists is not being fully exploited by all accounts.

2.4.2   Boroughs tend to have their own registers which also link to contract management and have more local information.

2.4.3   Matters to consider:
- Boroughs complain of double entry but to avoid this requires interfaces with systems within boroughs which is costly.

2.5   Single calendar and plan of key contract

2.5.1   This exists in P4L and Due North but is not really being used and hence it is questionable if there really is a need. The usefulness of it is only as good as how up to date and accurate it is kept and hence library maintenance arrangements would need to be agreed which will have a cost implication.

2.6   Single financial appraisal system

2.6.1   This could be achieved by agreeing the appraisal system and then making arrangements.

2.6.2   Matters to consider:
- Given some use different ones currently; we need to understand the differences and reach an agreement. This could get caught up in individual boroughs risk appetites.

2.7   Single supply chain management arrangement supporting SMEs

2.7.1   This exists in part with CompeteFor

2.7.2   Matters to consider:
- Could CompeteFor be the tool for the whole of London to support SMEs
- There is a reliance on main suppliers playing ball so arrangements would need to be in place to check

2.8   There should be e-Auction facility and Dynamic Purchasing systems for London for use by all boroughs

2.8.1   Those with e-tendering systems have modules that can provide this

2.8.2   Matters to consider
- Is there a shared understanding of what DPS actually is?

3.   MORE GENERAL CONSIDERATIONS

3.1   Most London boroughs have already moved to e-tendering systems and the success in other regions has been that it was meeting this need that helped enable the other aspects.

3.2   Those boroughs that are working together in the one group for a single system using Oracle will be evaluating using the e sourcing module and through this look to provide all of the above.

3.3   As borough group together for Finance systems; these groupings may be the alignment for such systems and hence should we rely on that and then add a simpler layer.

3.4   There is core funding for the contract registers and online expenditure analysis however the funding for P4L which provides the single supplier registration and single shop window has time limited funding and will require resourcing by the boroughs if it cannot be met from the core funding or another arrangement.

3.5   What is the real need and reason for wanting this and is it justified? Could we still have the same problems and if not how have we prevented them?

4.   MOVING FORWARD AND PROGRESS

4.1   Having regard to the above, the immediate focus are the areas set out in the table below, which also sets out the current arrangements.

London Procurement Systems – Options

Area	Pre-Procurement		Procurement - 2			Analysis / Review	
	Contracts Register	Publication of Opportunities	Sub-OJEU	Use of Frameworks	OJEU notices	Spend Analysis	Contract Management
London Current	NiP Contracts register	P4L/C4L – Contracts Finder	P4L/C4L plus local e-tendering systems	Local systems plus Emptoris	Due North, EU Supply, etc	OEA	No system in general use

4.2   Contracts Register and Spend Analysis
In respect of the Contracts Register Service (CRS) and the Online Expenditure Analysis (OEA) tool; the funding is raised through member subscriptions and is provided through New Information Paradigms (NIP) for the CRS/OEA until the end of March 2012.

With the contract due to end in April 2013, following an extension, consideration has been given to the future arrangements. Following discussions; three potential options exist:

- Extend the current contract with New Information Paradigms (NIP);
- Move to the Government Procurement Service (GPS)/ Bravo Solution for spend analysis with alternative arrangement for the contracts register;
- Explore the possibility of other willing providers for both.

4.2.1 Spend Analysis way forward

Information on each option is set out in the appendix and further work has taken place through discussions with NiP and looking in more detail at the offer being made by the GPS/Bravo Solutions. The conclusions are:

- The expenditure analysis functionality of the NiP tool is no longer sufficient for the purposes of either informing the regional category management projects or borough level analysis. The data is insufficiently 'clean' and the outputs lack sufficient 'granularity', and there was no evidence that NiP were able to enhance the service to improve the offering in these two areas.
- The GPS/BS offer addresses the major areas of concern and would be seen as a significant step forward in terms of spend analytics functionality, quality and presentation. It has the significant advantage that it will provide London with the use of Dunn numbers which will significantly assist in addressing the quality of data through having a unique supplier reference. Hence provided reassurance is given over the legal and cost issues it is seen as the preferred way forward.

This is therefore being moved forward by:

:

- Confirmation of costs including on an ongoing basis;
- Confirmation that no procurement is required to use GPS;
- Confirmation that there will be no issues from boroughs in sharing information with GPS
- A copy of the GPS Data Assurance Agreement to provide reassurance to the boroughs that their data will be protected and remain sufficiently confidential.
- London Councils to provide sample data from four boroughs to enable a pilot exercise to be carried out by BS. It was agreed that data would be provided from Newham, Havering, Camden and, subject to their agreement, Islington.

There may be an opportunity to buy expenditure analysis functionality through the Athena Managed Services contract that is currently being procured by WCC. However it's not possible to confirm this at the current time so action will proceed to move to the GPS/BS offer, but further discussion will be had with WCC should their offer become available.

4.2.2 Contracts Register

London Councils are seeking to continue to procure the CRS functionality from NiP until such times as an alternative source becomes available.

4.2.3 Risks to the above approach:

- London Councils lawyers may not agree to the legality of procuring through GPS without further tender action.
- Boroughs may be unwilling to provide their data to GPS/BS. This wouldn't cause a problem if limited to one or two, but too many refusing would put London Councils in an untenable position.
- The cost of providing CRS and OEA separately may exceed the current London Councils budget, particularly in future years.

- NiP may be unwilling to provide just the CRS functionality.

4.3   In respect of the other aspects options are set out below:

Issue	Contracts Register	Publication of Opportunities	Sub-OJEU	Use of Frameworks	OJEU notices	Spend Analysis	Contract Management
GPS	GPS Portal	Contracts Finder	ProcServe	Emptoris	Emptoris	Bravo	Not yet in place
London Current	NiP Contracts register	P4L/C4L – Contracts Finder	P4L/C4L plus local e-tendering systems	Local systems plus Emptoris	Due North, EU Supply, etc	OEA	No system in general use
London Options	Continue or tender	P4L or C4L with scrape to Contracts Finder	P4L or C4L; Proc Serve for certain needs	Emptoris	Various	Bravo subject to further discussions	Borough specific

A key consideration will be the arrangements for Compete for which will be known early in 2013 at which point consideration can be given to London joining up arrangements for opportunities and sub OJEU.

5.   OTHER MATTERS

5.1   Standardisation is focused on the PQQ which is progressing through Haringey.

5.2   Work is taking place with Due North boroughs on combining supplier management arrangements.

Option One: Extending the current contract with NIP

In 2012/13, the cost of this service will be approximately £117,000. £67,000 is paid to NIP for software support and £50,000 to Coding International for classification of the expenditure data. This year, a £50,000 saving has been secured through bringing the data cleaning function within London Councils.

This contract is due to expire at the end of March 2013. Should there be a preference to further extend the current contract; the legal basis on which this could be done is currently unclear.

The current software solution provides both a contracts register and an online expenditure tool whereas the GPS/Bravo solution only focuses on the latter. Any decision to alter the current arrangements must make provision for a contracts register of some kind, particularly given many boroughs use this for either internal purposes or to fulfil their obligations under the transparency agenda.

At present, it is difficult to achieve a consensus view of the OEA. Whilst there has been some criticism, particularly around the granularity of the data, it is fair to say that its full capability is not being fully exploited and that the level of system knowledge across London varies significantly.

There has also been criticism of the quality of the data. Whilst it is fair to say that the quality of the data is inconsistent across London, it is questionable whether a system – whether a new or existing one – could fundamentally alter the nature of borough input.

Since its conception, the system has had little or no development and investment, which has had a negative impact on some of its functionality. For example, input on the CRS requires re-keying of data and manual uploading of documents. Should the contract be extended; further discussions would be needed with NIP over system improvements and the likely cost.

Option Two: The Government Procurement Service (GPS) and Bravo Solutions

GPS/Bravo is offering full functionality of its Spend Analytics module with an option to deliver a contracts register module at a later point in time. Were option 2 to be the preferred route for 2013/14, the issue of how to provide a store for contractual data would remain outstanding.

In the current proposals, Bravo quote an annual cost of £250,000. Following a discount from GPS in 2013/14, the initial cost for London Councils would be £100,000. GPS would continue to meet the gap in any funding until the programme became 'self-funding through the quantifiable and demonstrable cash-releasing benefits it achieves' and/or greater use of GPS frameworks.

It is clear that the Bravo solutions has benefited from investment and development and could allow a further level of analysis. DUNS supplier coding would also be available to all participants. Whilst these are clear benefits, further clarity is needed, particularly in respect of:

The extent to which the quality and granularity of analysis is reliant on every authority adopting DUNS coding;

The process for adopting DUNS coding within each authority and the required level of resources;

Whether or not the Bravo solution becomes the preferred option, it is clear that the adoption of DUNS coding would, in itself, represent a significant step-change in current practices.

This option would represent a departure from an internal London local government approach to one in which London shared its procurement data with a government agency. Whilst it is not clear how every borough would react to this development, it is likely that this would be a significant issue for some.

Should this be the preferred option, the legal basis upon which a contract could immediately be awarded to GPS/Bravo, without a tender, is unclear.

Further clarity is needed over the functionality of the system, particularly in relation to the availability of historic data and the data cleansing process.

Option Three: Other Willing Providers

A third option may well be to open discussions with the market and explore all potential opportunities. Whilst this may provide a wider choice of solutions, there is a risk that the process may raise the price of existing options beyond what is affordable within the current level of resources. There may also be a risk that this process extends the period in which a system could be feasibly delivered.

PROGRAMME ATHENA

'State of Readiness' Guide

for Local Authorities

June 2013

Supporting Document 8 (of 14)–

Project Initiation Document (PID)

PROGRAMME ATHENA

Project Initiation Document (PID)

July 2010

GATEWAY PAPER 3

Capital Ambition Project Initiation Document

Projects 150k and above

Lead Authority:	London Borough Croydon & London Borough Barking and Dagenham
Programme Sponsor(s):	Geoff Alltimes Chief Executive LB Hammersmith & Fulham and on behalf of the Society of London Treasurers (SLT) Tracie Evans & Nathan Elvery
Programme Manager:	Stephanie Favell
Programme Manager Contact Details:	stephanie.favel@lbbd.gov.uk
Author:	Nathan Elvery/Tracie Evans/Stephanie Favell
Date:	July 2010
Programme Start date	May 2010	**Project End Date**	2016

Template Revision History

Version	Created	Reasons for/Summary of Changes	Author
1.1	25/05/10	Update to Project Brief	SF
1.2	07/06/10	Update to Project Brief	SF
1.3	10/06/10	Comments from Project Director	RG
1.4	07/07/10	Comments from Capital Ambition	SF
1.5	09/07/10	Updates from Project Director	RG
1.6	10/07/10	Comments from Project Delivery Team	SF
1.7	11/07/10	Comments on overall PID	NE
1.8	12/07/10	Comments on overall PID	TE
1.9	13/07/10	Update from Project Manager	SF
1.10	14/07/10	Update from Capital Ambition	SF
1.12	11/08/10	Updates to budget profile	SF

1.13	15/09/10	Updates from Programme Delivery Team	SF

Appendices

Appendix	Title
Appendix A	Memorandum of Understanding: Achieving Commonality of Process for London
Appendix B	Memorandum of Understanding: Shared ICT Platform to Support Finance and HR Processes
Appendix C	"What does it all mean?"
Appendix D	Risk Log
Appendix E	Issues Log
Appendix F	Communications and Stakeholder Plan
Appendix G	Lessons Learned Log
Appendix H	Systems Maps of London

1. Programme Overview

Title	**Programme Athena - London's Single ICT Platform for Finance, HR and associated services**
Programme Summary (Maximum 100 words)	To lay the foundations to create a single ICT platform for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR. This will fulfil local needs and demands and maximise the opportunities that exist through joint supplier management. The three work streams will be: • Stream 1 - Visionary: Procurement of an ERP software solution for London; • Stream 2 - Enabling: Readiness of London Boroughs to move to a common platform; • Stream 3 - Value: Efficiencies from current arrangements. The programme will extract short term and long term benefits and the savings will be in terms of cash, efficiency and cost avoidance. This programme is scalable and involves all London Boroughs.
Partner organisations involved in the submission of this bid	*SLT (on behalf of 33 London Boroughs)* ERP Lead Authority: Lambeth (Mike Suarez) Oracle Users (One Oracle) Lead Authority: Havering (Andrew Blake-Herbert) SAP Users (One SAP) (Incorporated from existing One SAP project) Lead Authority: Barnet (Andrew Travers) Cedar Users (One Cedar) Lead Authority: Camden (Mike O'Donnell) Agresso Users (One Agresso) Lead Authority: Ealing (Ian O'Donnell) Other Users (Civica, Masterpiece) Lead Authority: tbc
Programme Aim (Maximum 30 words)	To lay the foundations to create a single ICT platform for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for ICT enabled support service functions such as Finance and HR. This will fulfil local needs and demands and maximise the opportunities that exist through joint supplier management.

Programme Objective(s)	
	1) To procure an ERP software solution for London Public Sector organisations;
	2) To change the way we deliver support services such as finance and human resources to our organisations across London in order to enable far greater shared working and shared solutions;
	3) To improve standards and increase sustainability and resilience in London's public sector support services thus ensuring the very best for our capital city.
	4) To make significant savings to the total cost of supporting our organisations by significantly reducing the cost of upgrading, procuring, implementing and developing ICT systems across the London public sector
	Where we are heading Share services Transformation of resources mgt Consolidate Cut cost Use market Managed services Standardise
Is this bid for funding linked to a previous bid or for work delivered in an earlier phase?	Yes, There is currently a project called "One SAP" which was set up to reduce the cost of procurement and operation of support service applications for those London Boroughs who have implemented SAP into their organisations. Subject to approval from Capital Ambition, the One SAP project will be incorporated as part of the Enabling stream of this project, as has already been agreed with the programme sponsors. Programme Athena is also linked to other work within the "Connected London" Theme. For example, it would make use of the London Public Service Network.
Business and Policy Context	Local Government faces unprecedented challenges in delivering ever improving services within an ever constrained resources envelope. The funding for the public sector, we know, will not be at the same level as it has been in the past and that the next medium term period will be the most challenging for local government in recent times. The need to generate efficiencies and to take bold and courageous decisions will be essential if local government is to survive.

Public sector organisations have been making efficiencies for many years, the low hanging fruit has been taken and harvested. We are therefore required more and more to look for creative and innovative ways of achieving value for money and ever increasingly to look outside of our traditional boundaries and beyond our own organisations to achieve these efficiencies.

A number of reviews have identified transformation of local services through efficiency, including, business process improvement and flexible working, collaboration between public bodies, use of technology, information sharing, smarter procurement, competition, asset management, stable finance, challenge and support.

These are all a reminder to us of the opportunities we have to transform our service provision. They are also a reminder to us how little we have achieved in some areas despite our best intentions and efforts.

We have the opportunity to work across wider geographical areas and partner bodies in improving service delivery and building what Varney termed change of circumstances services, identity management and greater personalisation services which will better improve the customer experience.

In recent weeks, authorities have learnt that that are facing cuts of 30%-40%. In order to achieve these, radical thinking and innovation is needed. As highlighted by Sir Michael Bichard, delivering change is about trying to get people to work and behave differently. We must now do this whole scale across both sector and geographical boundaries. It will take time but we must make a start on the journey as this is how authorities will be judged.

A number of organisations are beginning to work together across public sector boundaries. The vision for the future of the public sector will be a universal 24 hour front door (where customers can access any public sector service from one place
at any time). It is vital that we start to think strategically how our major ICT systems will enable integration of public services to happen efficiently and effectively and at a time when our resources for investment are reducing, and the resources
available to us are not equalised across our own organisations.

The work of the South London Shared Services Partnership, the West London Alliance and East London Solutions amongst others has found that it is likely that the two areas which are most ripe for shared services are Financial and HR transactional services leading to service integration itself. There is a major stumbling block however to achieving any shared transaction service objectives and it is that of the ICT platforms from which these services operate and on which they are dependant.

The main issues are that in any borough alliance, contracts are in place for ICT systems which span different periods, have different end dates and are expensive to disinvest. Changing these large ICT systems is carried out at great cost (both in cash and resource terms) and huge amounts of energy

is invested in ensuring that the system is right for local circumstances.

The partnership leap of faith required to enable a number of smaller boroughs to be part of a shared Financial or HR transaction system co-procurement is a step too far, when faced with a significant potential investment.

Whilst there is little collaboration by boroughs around ICT platforms, the suppliers are gaining exponentially from each single procurement and we are not maximising the potential for efficiencies and are adding needless costs to our services as we repeat the same activities for change to those systems again and again across our organisations.

This programme is about harnessing power and collaboration to deliver the steps and achieve the overall aims as set out above.

The benefits that could come from this approach are two-fold. Firstly actual cash savings in terms of procurement and negotiated pricing strategies and secondly through standardisation of business process design and clear focus centred around effective delivery leading to the opportunity to truly share services across the region.

There is an added dimension around the potential integration of these arrangements locally with our partners in the future and the flexibility required to effectively join different parts of the public sector who have traditionally run very diverse ICT systems.

This programme acts as a critical next wave of review of shared services building upon the research already available within London through the work of the boroughs and London Councils on borough shared services and critically to put in place a platform of connectivity which will enable shared services to be delivered.

Funding Requested	Total Programme Cost (£)	Amount of REVENUE Funding Requested from CA (£)	Amount of CAPITAL Funding Requested from CA (£)	Total Funding Requested
£595k for 2010/11 funding. Overall programme support £170k Individual project Support £150k (exc SAP)* Business Case £100k Tech/Proc/Legal £100k Comms £25k One SAP funding £50k	£595k (including £50k One SAP funding) year 1 and £650k year 2	£595k (including £50k One SAP funding) for 2010/11 funding.	n/a	£595k year 1 and £650k year 2

In principle £650k for 2011/12 Overall programme support £200k Individual project Support £200k Tech/Proc/Legal £200k Comms £50k		In principle £650k for 2011/12 funding		

*The £150k will be combined with the £50k already allocated and the £200k used to support the work of each stream within the overall programme.

Summary of Benefits by Type *Please tick one or more types of benefit that your project will deliver. You will have the opportunity to expand further in section 2.6*	**Tick as Appropriate**	**Please state/quantify the benefit for each 'tick'.** **Further detail will be required in Section 2.6.**
Cash Savings	✓	Positive net cashable benefits – typically between 5% and 15% of the cost base estimated at £60m per annum An ERP system will provide further savings through enabling shared services.
Efficiency Gains	✓	Estimated up to £200k per borough providing a potential £6m per annum for London An ERP system will provide further savings through enabling shared services.
Cost Avoidance	✓	Between £1m to £2m per borough for each system refresh
Capacity Building	✓	Release of capacity and resource to deliver front line services
Performance Improvement	✓	A ERP facility will provide a council with up to date linked information with which to make better decisions and take action sooner if performance is poor e.g. budget action, commitment accounting.
Customer Satisfaction	✓	An ERP facility will provide a council with up to date linked information with which to support managers better.
Other	✓	Collaborative working and Safeguarding service delivery

Programme Detail	
How does the proposed Programme address one or (or more) of Capital Ambition's themes and funding priorities?	This programme supports the Connected London Theme and in particular the Shared Applications work stream. It also supports the Raising the Bar process improvement. Every public service organisation resources a number of core financial and human resource processes that support the core business of the organisation. These processes are themselves supported by different, numerous and sometimes interrelated ICT systems and applications such as payroll, accounts payable and the general ledger. Previously completed work of the South London Shared Services Partnership project and that of the West London Shared Service Alliance has concluded that the barriers preventing organisations from realising shared services visions and integration are mostly around types of technology, system relationships and ICT contract timelines. The systems used often work from very different ICT platforms (or versions of platforms) or are operating the system in a different way. In short, our organisations are often unable to connect to each other technologically and therefore struggle to deliver true shared services. This programme seeks to put in place steps that will enable shared service visions to be realised and released. The political barriers, whilst they should not be underestimated, are not considered to be significant given the support service nature of these services and the challenges which la ahead for the public sector and local government as a whole, although clearly this will differ for each organisation. Other barriers are likely to arise from some of the service practitioners themselves. In this regard, communications and clarity of vision will be vital. The variety of Local Authority ICT platforms in London has been evidenced by the initial data obtained which for financial systems alone shows there are **seven** different suppliers with **four supplying 82%** of the London authorities, the remaining three supplying only 18%. Even where there is the same supplier, different versions of the software are being used meaning that authorities cannot connect. The story is repeated for other systems such as those supporting HR and procurement with each authority also using different software for different services. These are attached in Appendix H. These restrictive differences prevent organisations from aligning policy and processes, and therefore prevent integration. Whilst integration remains a 'holy grail' vision for some rather than a reality, the cost benefits of efficiencies in licensing, efficiencies from process re-engineering and efficiencies in workforce numbers will remain unrealised. There is an absolute commitment to contemplate shared service arrangements, however the ICT system issues create a barrier that is often too hard to solve as a set of single organisations regardless of how much good will or effort is put into a project. This programme seeks to breakdown that barrier. There is a further barrier for smaller authorities which is that without a

joint arrangement with another organisation, they are too small to implement a system with an integrated platform where the cost of implementation is too high and the benefits therefore not explicit enough to warrant such investment, in practice the business case does not provide sufficient realisable benefits early enough to justify the early implementation costs. The impact is that smaller authorities will make do with smaller systems but will procure singly at vast cost and without consideration to the longer term opportunities that otherwise exist; at the same time however, limiting their ability to deliver longer term improvement and efficiencies. Given the tough climate ahead, London, as a collective must assist all authorities in opening up the efficiency and improvement opportunities, in short the larger scale authorities must open the door for the smaller authorities.

This programme seeks to resolve the issue of localised or single organisation attempts to make progress by enabling a pan-London, capital city approach to deliver the opportunities for all.

Our current position:

- Organisations use different systems for core needs e.g. HR and Finance;

- Organisations are not fully utilising all the modules available to them to service these core needs;

- Organisations are not getting the benefits and efficiencies from a fully integrated ERP solution;

- Organisations set processes up around the systems which are not consistently applied and which may or may not be efficient;

- Organisations can often not justify the investment required for a full integrated ERP solution.

The fact that there are a limited number of suppliers of the major systems used in the public sector are profiting off the back of organisations procuring and implementing singly and in a non-strategic and collaborative way. We are therefore not maximising our purchasing power in the London market, our efficiency of scale. Initial estimates of the amounts paid to suppliers across London show payments in the region of £60m per annum [this data will be quantified as part of the project analysis at the detailed 'One Project' level].

An early feasibility study conducted in the South London Partnership has demonstrated the case for considering a more strategic approach across London.

There is no doubt however that there is scope for enormous pan-London efficiency and improvement gains by combining forces.

The delivery recognises that the vision will evolve. It is clear however that boroughs are at different states of readiness to contribute to fulfilling this vision for a number of reasons including the systems being used; the

justification for and cost of change and their state of readiness.

There will therefore be three main work streams. These will enable the programme to balance efficiency success in the shorter term as well as in the longer term given the ambition of the vision and the inevitable hurdles and barriers that would need to be overcome. It will be co-ordinated in order to ensure that all the London Boroughs are on the journey towards the vision but can make decisions based on local business cases whilst working together to maximise efficiencies that can be achieved based on current system configurations.

The three work streams will be:

Visionary Stream: Procurement of an ERP software solution for London.

This will support the support service processes (especially financial and human resource) and the procurement will provide transformational/implementation capacity. This will mean authorities wanting an ERP system can access it through the contract rather than procure the systems, including associated software and hardware, for the dedicated use of that authority alone

Enabling Stream: Readiness of London Boroughs to move to a common platform

This will involve identifying, standardising and implementing common processes and functions across all London authorities to enable an incremental move towards the single ERP solution.

Value Stream: Efficiencies from current arrangements

This involves co-ordination and joining up of the same software users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. The initial "One" projects will be "One Oracle, One SAP, One Cedar and One Agresso" however as the data trawl is completed the aim will be to cover other joint software arrangements such as Midland Trent and Northgate and others where appropriate.

The projects will be interlinked as shown in the diagram below and those authorities not using the above suppliers will be invited to participate via the Enabling Stream – common processes project.

This programme has the very strong support of the Society of London Treasurers as demonstrated by the current number of participating authorities and the level of engagement and leads at Director of Finance level across the programme and projects.

A SUMMARY OF THE JOURNEY WE ARE ON

* Including all suppliers to London authorities
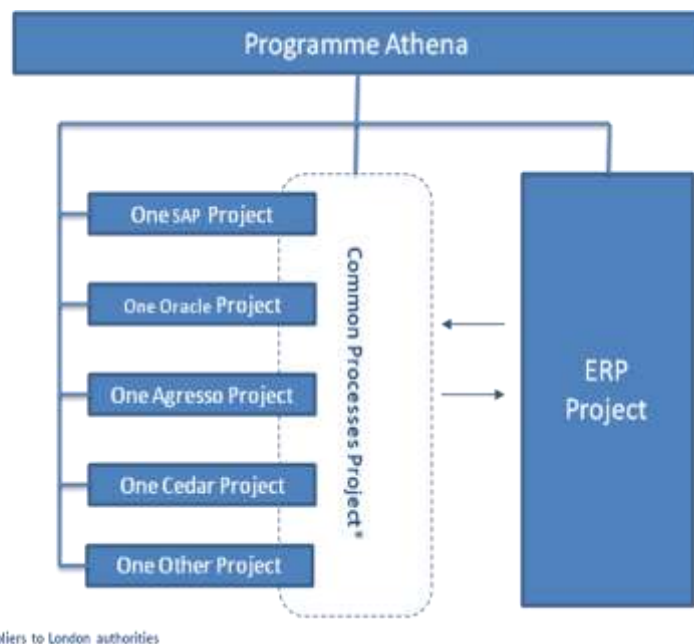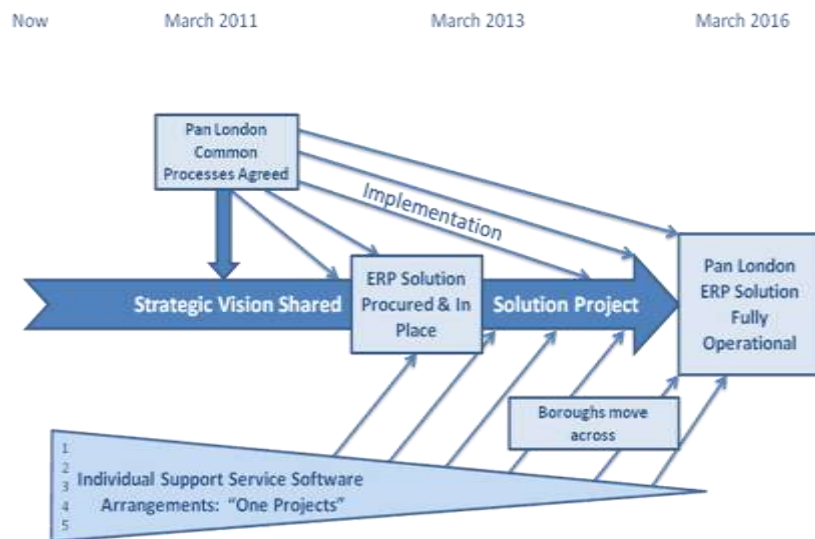
This programme is scalable. The benefits to be achieved will depend on which levels individual authorities engage at and how far authorities jointly work together. The benefits that we are striving to deliver are:

- Reduced costs through consolidated hosting and virtualisation; reduced licensing, support and maintenance, shared specialist support (potential efficiency gains of between 5% and 15% per annum for London on a current estimated cost base of £60m)[1];

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[1] To be validated as part of the project analysis

- Cost avoidance via reduced costs of procurement and refresh £1-2m saving per authority every 5 years (potential efficiency gains of around £50m for London)[1]; reduced time on accounting and reporting throughout the organisation(s) due to economies of scale and commonality and standardisation of processes (this could be staff cash efficiency and/or productivity gains of around £150k - £200k per authority therefore a potential efficiency gain of around £6m annually for London)[1];

- Consistent comparison between authorities to drive value for money and performance improvement;

- Better resilience and reliability and the ability to adapt quickly and cost effectively when there is change;

- Ability to access an ERP solution in a cost effective way;

- For those moving to the full ERP solution:

  ✓ Greater automation providing efficiency savings (business cases suggest up to £40m per authority over 10 years);

  ✓ Managers being held accountable for their resources;

  ✓ Access to reliable consistent real time financial and management information e.g. better HR information matched to budgets;

  ✓ More sound decisions based on better access to financial and resource data with better analysis and reporting (decisions being made correctly first time with full information will generate significant productivity savings); and

- Improved relationships and negotiating positions with key finance system suppliers leading to a better fit with changing requirements.

The delivery of the consistent platforms will facilitate the move to a true shared service, the benefits will be:

- Further reduced costs of the finance and human resource function through exploiting the efficiencies in common processes and shared arrangements;

- Using best practice processes;

- Improved support for decision making through borough organisations with better access to financial data;

- Improved service quality and more responsive customer care;

- Increased sustainability and resilience; and

- Improved development opportunities for professional staff.

	Overall our programme will:
	- Enable better and more efficient integrated working across authority and sector boundaries; - Enable the future proofing of joint working arrangements across the public sector; - Mean that back office services can be as lean and efficient as possible ensuring that as much of taxpayers money supports front line service provision; - Provide a strategic value for money solution for all London Boroughs; and - Provide a scalable solution for the London Public Sector.

Who are the partners directly involved in running the programme and what will they contribute to its success?	
Please List partners:	**How will they contribute to the success of this project?**
LB Croydon & Barking & Dagenham	Will act as joint lead partners.
SLT	Encourage standardisation of common processes and functions across all London authorities through the 'One Projects'. Appendix A sets out a draft Memorandum of Understanding.
Oracle Users (including JDEdwards*) **Havering** Barking and Dagenham Bexley Brent Bromley City of London Croydon Hillingdon Kensington and Chelsea* Lambeth Lewisham Tower Hamlets* Westminster*	Co-ordination and joining up of the Oracle users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. Havering will be the Lead Authority
SAP Users **Barnet** Enfield Haringey Harrow Richmond upon Thames	Co-ordination and joining up of the SAP users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. (one SAP project) Barnet will be the Lead Authority

Southwark Waltham Forest	
Cedar Users **Camden** Enfield Hammersmith & Fulham Islington Wandsworth	Co-ordination and joining up of the Cedar users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. Camden will be the Lead Authority
Agresso Users **Ealing** Hounslow Kingston upon Thames Redbridge Sutton	Co-ordination and joining up of the Agresso users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements Ealing will be the Lead Authority
Other Finance System Users Merton Newham Greenwich	Co-ordination and joining up of the other finance systems in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. Lead authority to be confirmed.
Pioneers of ERP Havering, Lambeth, Croydon, Barking and Dagenham, Corporation of London, Southwark, Waltham Forest and Westminster.	Delivery of a London ERP solution which can be accessed by all in an incremental way. Lambeth will be the Lead Authority. A Memorandum of Understanding will be signed amongst the boroughs that move this forward. A draft is set out in Appendix B.

What are the intended outcomes of this programme?	
Outcome No.	**Outcome Description**
1	Reduced cost of operating systems
2	Reduced time on transitional work and reporting through organisation(s)
3	Reduced cost of procuring and implementing systems

4	Improved decisions based on better access to data
5	Standardisation of common processes and functions across groups of and all London authorities
6	Co-ordination and joining up of groups of users by supplier in London
7	Pan London shared services
	A summary is attached in Appendix C.

What outputs will the programme deliver?				
No.	Project Stage or Phase	Description of Output	Target Completion/Delivery Date	Which outcome is this output (s) linked to?
1	Visionary Stream	An overall business case for an ERP software solution for the public sector in London	March 2011	1,2,3,4,7
2	Visionary Stream	Agreed design principles for an ERP software solution for the public sector in London	March 2011	1,2,3,4,7
3	Visionary Stream	A procurement strategy for an ERP software solution for the public sector in London	Dec 2010	1,2,3,4,7
4	Enabling Stream	SLT agreement to a schedule of common processes and an implementation plan	March 2011	1,2,3,4,5
5	Value Stream	A work plan in place to achieve quick wins and longer term gains for each finance project	Dec 2010	1,2,3,4,5,6
6	Value Stream	Business cases where appropriate completed for efficiencies from current arrangements	March 2011	1,2,3,4,5,6

After March 2011

No.	Project Stage or Phase	Description of Output	Target Completion/Delivery Date	Which outcome is this output (s) linked to?
1	Visionary Stream	An agreed ERP specification for the public sector in London	May 2011	1,2,3,4,7
2	Vision Stream	Procurement completed and Project Go Live	Sept 2012	1,2,3,4,7

3	Enabling Stream	Delivery of implementation plan	Per agreed plan	1,2,3,4,5
4	Value Stream	Delivery of agreed business cases to implement	Per agreed plan	1,2,3,4,5,6

How will outputs be rolled out beyond partners that are participating in the project?	
Output No.	**Roll out strategy**
1	Financial Systems Matrix – Society of London Treasury sponsored events and workshops
2	Market Analysis Day – advertised through LGC (currently in progress)
3	Supplier Dialogue - Society of London Treasury sponsored events and workshops
4	Development of Procurement Strategy - Society of London Treasury sponsored events and workshops
5	Co-ordination of One Projects – Society of London Treasury sponsored events and workshops
6	Standardisation of common processes – Society of London Treasury sponsored events and workshops

What benefits are sought from running this programme?	
Benefit Heading	**Description (what benefits?, how much?, over what period?, impact?)**
Cash Savings*	Positive net cashable benefits – typically between 5% and 15% of the cost base of £60m p.a. estimated. An ERP system will provide further savings through enabling shared services.
Efficiency Gains	Estimated up to £200k per borough providing a potential £6m p.a. for London An ERP system will provide further savings through enabling shared services.
Cost Avoidance	Cost avoidance of between £1m-£2m for financial systems refresh per borough every 4-5 years.
Capacity Building	Release of capacity and resource to deliver front line services
Performance Improvement	ERP will reduce time for transactions e.g. procurement
Customer Satisfaction	ERP will improve and streamline processes providing managers with improved tools/information to manage.

Other	**Note**: this programme will further develop the case for benefits realisation using the Capital Ambition benefits mapping and tracking tool once the funding is approved and the programme commences.

Note: Mietool and the Benefit Tracker will be completed after detailed business cases are prepared,

What is the Equalities Impact of this programme?	*There are no significant equalities impact however better financial information will provide opportunities for performance and service related data analysis.*
Legacy planning – What is the legacy of this programme?	The programme is highly sponsored by the Society of London Treasurers and a number of Finance Directors will sit on the Programme Steering Group along with representatives from other professional groups. Each of the One Projects is lead by a Director of Finance and the London Heads of ICT and HR groups will be linked in through the One Projects and their own regular meetings. A London Chief Executive (Hammersmith and Fulham) acts as Chair of the Steering Group to ensure that CELC is kept up to date and further strategic engagement is maintained across London. The programme is scalable.

Programme Resourcing

3.1 Have you secured or are you seeking match funding for this programme? Yes/No *If yes, please complete details of match funders in the table below:*			
Funder	**Amount (£)**	**Is Funding Secured?**	**Decision Date (if not secured)**
Barking and Dagenham	In kind accommodation	Yes	
Each pioneer borough	To be able to deliver individual business case	No	The ERP boroughs will, if they need to, purchase consultancy support for their business cases from an agreed framework. They will also be responsible for the purchase of their own licences.
Each project lead borough	Chief Officer capacity and time	Yes	
Each borough	Operational support to contribute to delivery and undertake tasks	Yes	

3.3 What is the anticipated REVENUE spend profile of funding requested from Capital Ambition?					
Year	Quarter 1 (£)	Quarter 2 (£)	Quarter 3 (£)	Quarter 4 (£)	Total (£)
1	30	45	257	263	595
2 in principle	162.5	169.5	155	163	650
Total	192.5	214.50	372	376	1245

In order to secure the capacity, a level of certainty is required of funding particularly up to March 2011 or there will be a risk of the departure of key individuals from the project or an inability to recruit.

Programme Staffing	A Programme Manager has been appointed to run this Programme full time. In addition a Programme Director has been appointed to provide senior support one day per week. Programme team will also be required and the team are considering the recruitment of a graduate trainee. Staff from each of the supplier groups (i.e. SAP, Oracle) will act as leads on the Steering Group and the resources will be procured as required and assessed including additional project management capacity. Project support, and legal, IT, HR and procurement advice will be commissioned internally and externally as and when appropriate in accordance with the overall programme.
In Kind Contributions	Barking and Dagenham are providing equipment and office space for both the Programme Director and Programme Manager. Boroughs involved and leading will provide facilities such as meeting rooms and undertake project lead functions. Boroughs involved will provide internal advice where possible e.g. procurement and legal and appropriate which will be supplemented with 'specialist' advice as appropriate.

Programme Planning

What programme dependencies were identified during the planning stage?	There is a link with the One SAP project running in Barnet, Enfield, Haringey and Waltham Forest with Southwark following. There are no dependencies as such as this will be brought into the project.
What key assumptions were made during the planning stage?	• Budgets and resources will be available when needed. • The programme team will be in place at the appropriate time. • Engagement of boroughs
What constraints were identified during the planning stage?	• Genuine differences in processing requirements. • Differing start points and end points. • Contractual arrangements of authorities. • Cultural and capacity differences.

Key Risks

Risk log and issues identified attached as Appendix D and E.

Programme Key Milestones

No.	Programme Stage or Phase	Key Milestone	Target Completion/Delivery Date	Responsible Office
1	Visionary Stream	An overall business case for an ERP software solution for the public sector in London	March 2011	ERP lead
2	Visionary Stream	Agreed design principles for an ERP software solution for the public sector in London	March 2011	ERP lead
3	Visionary Stream	A procurement strategy for an ERP software solution for the public sector in London	Dec 2010	ERP lead
4	Enabling Stream	SLT agreement to a schedule of common processes and an implementation plan	March 2011	Project lead
5	Value Stream	A work plan in place to achieve quick	Dec 2010	One project

		wins and longer term gains for each finance project		leads
6	Value Stream	Business cases where appropriate completed for efficiencies from current arrangements	March 2011	One project leads

Key Milestones – Programme Athena

Programme Controls
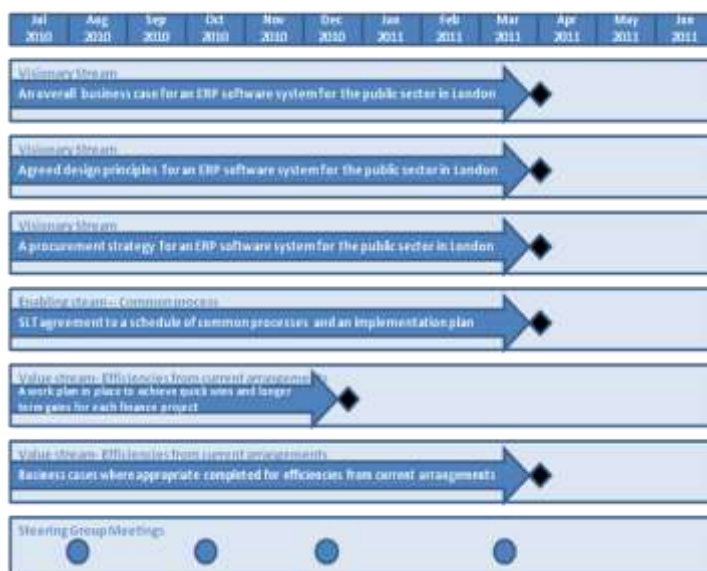
Programme Governance

Please provide a diagram showing the proposed governance structure if approved. There should be the minimum of a Project Sponsor, Project Board and Project Manager.
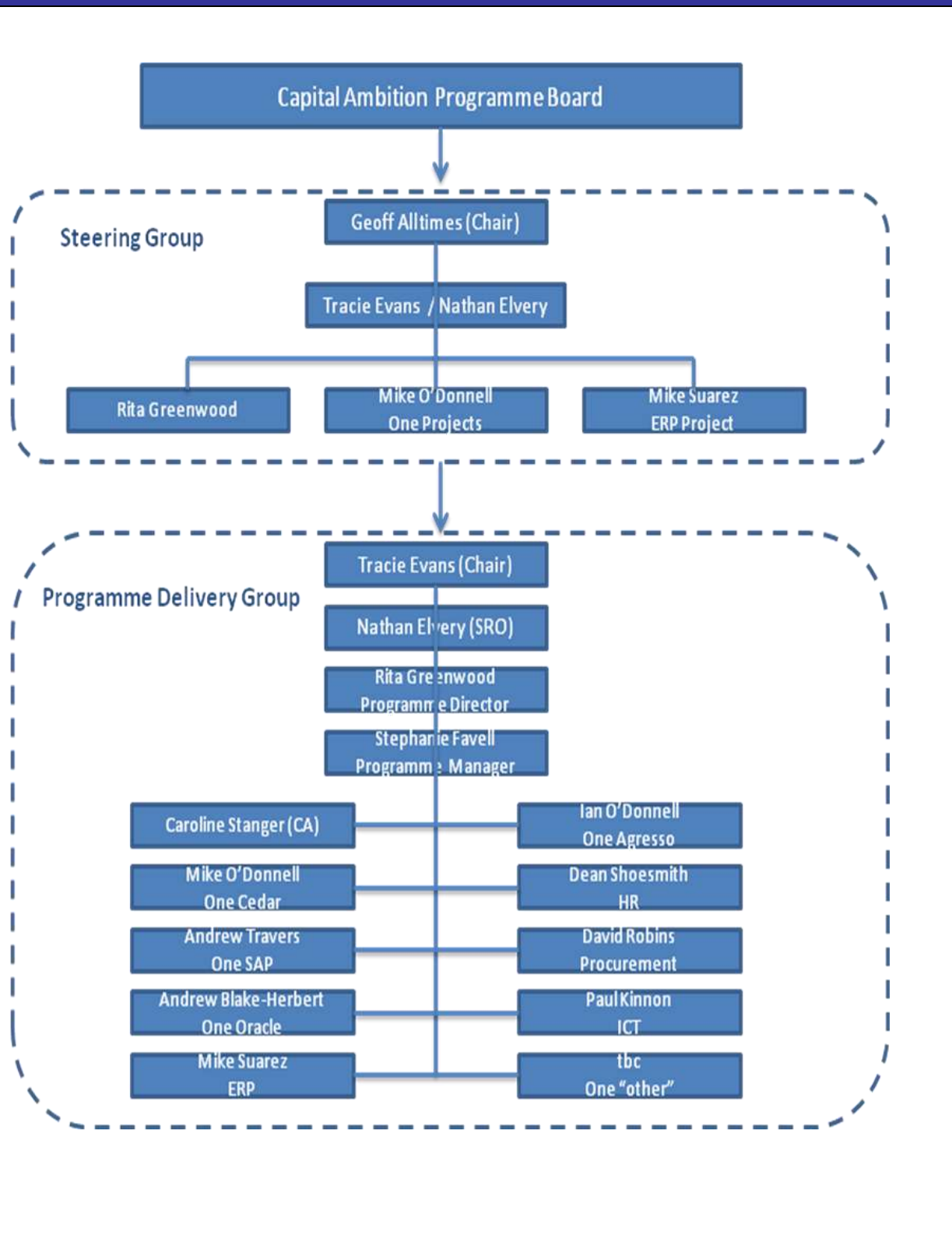
The Programme will comprise 4 groups:

Programme Steering Group

Acts as the champions for the programme, provides leadership and will be the strategic body promoting the programme, overseeing the common processes project and taking major decisions.

Role and Responsibilities

o Owning and ensuring the fulfilment of the Programme vision, goal and business objectives;
• Providing overall direction and leadership for the delivery and implementation of the Programme;
o Resolving strategic and directional issues between the various projects;
• Authorising scoping and specifications;
• Securing the investment required to set up and run the project;
o Ensuring that the Programme optimises allocated funding and stays within agreed budgets;
o Endorsing the main outputs produced by the Programme Delivery Team;
o Providing active support in terms of helping remove obstacles and barriers to success;
• Managing the key strategic risks facing the programme including defining the acceptable risk profiles and thresholds for the project;
• Managing the interface with key senior stakeholders;
o Promoting the outcomes / outputs to the London public sector in order to maximise participation; and
o Giving advice to the Programme Delivery Teams where required.

The group will be chaired by Geoff Alltimes, Chief Executive Hammersmith & Fulham and will comprise:

- Geoff Alltimes, Chief Executive Hammersmith & Fulham (Chair)
- Nathan Elvery – Programme Sponsor
- Tracie Evans – Programme Sponsor
- Mike O'Donnell – "One Projects" Lead
- Mike Suarez – ERP Lead
- Rita Greenwood – Programme Director

Programme Delivery Team

Provides support to the various projects and supporting the Steering Group in delivery of purpose and targets.

Roles and Responsibilities

- Delivering all business objectives;
- o Agreeing what should have standard operating standards and overseeing the commonality of process project.
- Being sure that given Programme outputs are consistent with the overall Programme and contribute effectively to the benefits;
- Ensuring the quality and timeliness of all Programme outputs;
- Give direction to and ensure the effective progress of the Programme– providing expertise where necessary, i.e. procurement/ commissioning;
- Resolve issues that arise;
- Sign off documents and make sure the work of the Programme is fit for purpose;
- Represent the interests of those that will use the final products. procured services)
- Managing allocated resources;
- Identifying and acquiring any third party resources; and
- Providing updates / reports to the Capital Ambition Project Office.

This will be chaired by Tracie Evans, London Borough of Barking & Dagenham and will comprise:

- Tracie Evans, Director of Finance and Commercial Services Barking & Dagenham (Chair)
- Nathan Elvery, Deputy Chief Executive, Croydon
- Rita Greenwood, Programme Director
- Stephanie Favell, Programme Manager, Barking and Dagenham.
- Andrew Blake-Herbert – Oracle Lead
- Ian O'Donnell – Agresso Lead
- Mike O'Donnell – Cedar Lead
- Andrew Travers- SAP Lead
- Mike Suarez – ERP Lead
- David Robins- Procurement Lead
- Dean Shoesmith – HR Lead
- Paul Kinnon – ICT Lead
- Representatives from Capital Ambition
- Advisors as and when required.

"One" Project Groups

Co-ordination and joining up of the software existing users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements

Roles and Responsibilities:

- Engage in common processes both software specific and London wide and ensure implementation of agreed London wide common processes within the grouping.

- Align activities with the overall Programme and report into the London Steering Group.

  - Work together to achieve sharing and efficiency in relation to:
  - Licensing arrangements
  - Software and hardware including new modules
  - Upgrade arrangements
  - Support/maintenance
  - Shared services
  - Managed service provision

- Align software specific process arrangements

The groups will comprise:

- Strategic meeting will be chaired by the relevant lead CFO and will comprise the CFO and senior operational representative of each borough using the software.

- Operational meeting will comprise Lead CFO and the senior operational representative of each borough

- Software house will be invited to be a member of both meetings with meetings being in two parts when necessary for confidentiality.

- Programme Manager and Programme Director

London ERP Project

To procure an ERP software solution for London Public Sector organisations which can support the

financial and human resource processes through a single supplier along with the transformational/implementation capacity.

Roles and Responsibilities

- Obtaining a joint understanding of a shared solution;
- Obtaining market intelligence;
- Attending reference / site visits;
- Understanding where each authority is in terms of individual business case and state of readiness;
- Organising the overall business case;
- Developing design principles;
- Where required to deliver the system, agreeing specific commonality and uniformity;
- Resolving issues that arise;
- Determining the scope of the procurement;
- Agreeing the procurement options/vehicles and methods;
- Confirming the timeline for procurement;
- Developing procurement documentation including the specification;
- Developing cost/saving apportionment including benefits realisation approach.

The group will comprise:
- Mike Suarez – Executive Director of Finance and Resources, Lambeth Chair
- Tracie Evans, Director of Finance and Commercial Services Barking & Dagenham
- Nathan Elvery, Deputy Chief Executive, Croydon
- Andrew Blake-Herbert, Group Director Finance and Commerce, Havering
- Chris Bilsland, Chamberlain, City of London
- Duncan Whitfield, Finance Director, Southwark
- Ed Garcez, Director ICT Services, Lambeth
- David Wilde, ICT Director, Westminster
- Rita Greenwood, Programme Director
- Stephanie Favell, Programme Manager

Roles and Responsibilities

- Obtaining a joint understanding of a shared solution;
- Obtaining market intelligence;
- Attending reference / site visits;
- Understanding where each authority is in terms of individual business case and state of readiness;
- Organising the overall business case;
- Developing design principles;
- Where required to deliver the system, agreeing specific commonality and uniformity;
- Resolving issues that arise;
- Determining the scope of the procurement;
- Agreeing the procurement options/vehicles and methods;
- Confirming the timeline for procurement;
- Developing procurement documentation including the specification;
- Developing cost/saving apportionment including benefits realisation approach.

5.2 Programme Board Controls	• The Programme Steering Group acts as the champion for the project, providing leadership and will be the strategic body responsible for the overall Programme and taking major decisions. It will also take responsibility for the Programme agreeing what will be common processes across London. They will meet as a minimum quarterly. • The Programme Delivery team acts as support to the various projects and supports the Steering Group in the delivery of purpose and targets. The will meet monthly. • The One Project groups co-ordinate and join up the software users in London to harness purchasing power and standardise arrangements amongst authorities as far as possible to achieve efficiencies and service improvements. They will meet monthly.
5.3 Day-to-Day Controls	A Project Office has been established to control and monitor this project. The Programme Manager will be responsible for monitoring, controlling and reporting Programme progress, allocating resources, operating a change control procedure, escalating issues and managing risks and issues. They will have overall responsibility for the day to day running of the project. The Programme delivery team has been established to give direction to the project, to ensure the delivery of all business objectives and to ensure the quality and timelines of all Programme outputs. They will work with the Programme Manager and Director to resolve any issues that arise, provide updates to the Capital Ambition Project Office and manage resources, including identifying and acquiring any additional third party resources. The Programme Director, Programme Delivery Team Chair, Steering Group Chair and Senior Responsible Owner will be responsible for removing barriers.
5.4 Monitoring Procedures	The Programme Manager and Delivery Team Chair will meet informally on a weekly basis and there will be a weekly verbal Programme update by the Programme Manager to the Programme Director. The project plan, budget, highlight reports, issues list and risk register will be reviewed at the monthly Programme delivery team meetings by the Programme Director. Proposed terms of reference for the Programme Delivery Team are will be reviewed and agreed at the first meeting. Capital Ambition will receive monthly highlight reports on the first Friday of every month from the Programme Board Chairman. The Chairs of the Steering Group, the Programme delivery team and the SRO will receive monthly highlight reports. Exceptions and Changes – arrangements for escalating issues and changes that require a decision/authorisation will involve reporting to both the SRO and the Programme delivery team Chair.
5.5 Programme Reporting	The programme manager will (as a minimum) compile a monthly project highlight report using the Capital Ambition Project Highlight Report Template following approval of the Board and signed off by the Chairman.

5.6 Escalation Procedures	In the event of a problem arising, the first stage for resolution will be the responsibility of the Programme Manager. If the problem is not resolved at that stage in a timely manner, it will be escalated to the Programme Director. Escalation levels past the Programme Director are the two Programme sponsors, Tracie Evans and Nathan Elvery within the Programme Sponsors role.
5.7 Risk and Issues Management	Risk log attached as Appendix D Issues log attached as Appendix E
5.8 Measures of Success	Critical to the delivery of the Programme will be the success factors which form the foundation of the Aim/Vision set out above. These include:- • Political commitment; • Leadership; • Supportive organisational culture; • Skills and capacity; and • Engagement of all Authority supplier groups.
5.9 Communications Strategy	The stakeholder communications strategy is attached as Appendix F. This provides a framework for the co-ordination, alignment and delivery of messages to stakeholders across London Boroughs to ensure they are coherent and consistent. Activity to deliver this strategy will be incorporated within the communications strand of the overall project plan. The success of the communications will be measured through feedback received from stakeholders.
5.10 Lesson Learned	Lessons learned log attached as Appendix G.

5.11 Partner Authorisation				
No.	Organisation Represented	Name	Signature	Date
1	LB Hammersmith & Fulham	Geoff Alltimes		
2	LB Croydon	Nathan Elvery		
3	LB Barking & Dagenham	Tracie Evans		
4	LB Havering	Andrew Blake-Herbert		

5	LB Ealing	Ian O'Donnell		
6	LB Camden	Mike O'Donnell		
7	LB Barnet	Andrew Travers		
8	LB Barking & Dagenham	David Robins		
9	LB Sutton	Dean Shoesmith		
10	LB Westminster	Paul Kinnon		
11	LB Lambeth	Mike Suarez		

Thank you for completing this proposal.

We are happy to receive a copy by email to the Capital Ambition Programme Management Office – CA-PMO@londoncouncils.gov.uk

Please sign and send hard copy to (and for further information):

Capital Ambition Programme Management Office
Capital Ambition
London Councils
59½ Southwark Street
London
SE1 0AL

Signed……………………………………………………………Date………………………………

Print Name …………………………………………Position…………………………………………

Before submission please ensure this proposal has the support of the Chief Executives of all joint-proposers, and where appropriate Elected Members.

ACHIEVING COMMONALITY OF PROCESS FOR LONDON
MEMORANDUM OF UNDERSTANDING – DRAFT

Scope

This memorandum of understanding concerns the relationship between ALL London authorities in achieving commonality with the processes that support the core business.
It sets out underpinning principles, roles/responsibilities and accountabilities in delivery of the vision and is intended to act as a point of reference for all members of the partnership.

Overall vision

London as a whole will have common processes based on performance excellence and world class standards. The way we deliver financial and human resource services across London will enable far greater shared working, shared data and shared solutions.

Principles

In so far is possible technologically, we agree common:
- Best Practice processes will be adopted by all;
- End to End process transformation will be adopted by all;
- Data models will be adopted by all;
- Technical architecture will be adopted by all;
- Organisational infrastructure support structure will be adopted by all;
- Business Processes will be adopted by all;
- Quality and control standards will be adopted by all;
- Policies will be adopted by all;
- Rules based decision making applications will be adopted by all;
- Scanning and imaging process management will be adopted by all;
- Testing Tools will be adopted by all;
- Reports and Document publishing will be adopted by all;
- Self Service applications will be adopted by all;
- Operational and management reporting will be adopted by all;
- Internal and external audit practices will be adopted by all;
- Practices and indicators will be adopted by all;
- Continuous improvement practices will be adopted by all.

Core Values

- Saving money and avoiding costs;
- Being innovative and open to change;
- Being flexible and committed;
- Being prepared to allow others to lead and trusting them to make decisions;
- Being open to challenge from peers, regional and national bodies;
- Utilising best, and "next/future practice" approaches;
- Adopting a "best fit" approach to seeking solutions;
- Developing positive and effective partnership working across the partner bodies;
- Sharing information and seeking to keep each other informed.

General responsibilities

- Each local authority to abide by the aforementioned values;

- Each local authority will support the stated vision and principles;
- Each local authority will use its position to encourage the co-operation of all the partner councils and address issues within its own organisation where these are creating problems;
- The partners will provide any data/information it holds which is reasonably required. Each partner remains the data controller of and is legally responsible for the personal data it holds;
- Authorities leading are empowered by the partners to make decisions in order to progress activities subject to not making a financial or legal commitment on behalf of partners, unless agreed in writing;
- Each local authority to keep each other up to date on all activities which impact on the delivery of the vision;
- Where needed, the partners will aim to provide appropriate advice, guidance, financial and physical resources (e.g. accommodation) to help to achieve the vision;
- Where a partner authority lead, that authority will be fully committed to delivery;
- CFO's to align their functional organisations readiness to deliver the Vision;

Management and Accountability

The overall Steering Group which will be the strategic body responsible for the overall programme will also take responsibility for the project agreeing what will be common processes across London. This will be chaired by Geoff Alltimes, Chief Executive Hammersmith & Fulham.

Programme Delivery Team - which will be the operational body providing support to the various projects and supporting the Steering Group in delivery of purpose and targets. This will be chaired by Tracie Evans, Director of Finance and Commercial Services London Borough of Barking & Dagenham.

Performance management, Monitoring and Evaluation

- The Steering Group will have responsibility for monitoring and reviewing performance;
- Each authority accepts that the achievement of the vision is the responsibility of the collective. Each member accepts to make every reasonable effort towards the achievement of the vision.

Status

This arrangement is not a partnership as defined in the Partnership Act 1890 and there is no intention to create such a partnership under this MoU.

Organisation	Name	Signature	Role

London Borough of

November 2010

**SHARED ICT PLATFORM TO SUPPORT FINANCE AND HUMAN RESOURCE PROCESSES
MEMORANDUM OF UNDERSTANDING - DRAFT**

<u>Scope</u>

This memorandum of understanding concerns the following authorities who are leading the ERP project: Croydon, Barking and Dagenham, Lambeth, Corporation of London, Havering, Southwark and Westminster.

It sets out underpinning principles, roles/responsibilities and accountabilities in delivery of the vision and is intended to act as a point of reference for all members of the partnership.

The London Borough of Croydon has agreed to act as the lead authority for financial and staffing matters in relation to the project.

<u>Overall vision</u>

Authorities can procure access to the systems needed to support the financial and human resource processes rather than procure the systems including associated software and hardware for the dedicated use of that authority alone. This will save money and avoid costs.

These one or two ERP systems procured through a single service provider will be able to provide the public sector in London with integrated systems which fully exploit technological capability.
This will be a key enabler for London to achieve greater efficiencies and resilience through:

- Data sharing, benchmarking and "change once serve many" methods of working;
- Common processes and common change protocols;
- Changing and developing the way we deliver financial and human resource services across London in order to enable far greater shared working and shared solutions.

<u>Principles</u>

- Local Authorities will maintain a focus and control over service delivery with partner(s) able to bring transformational efficiency drive and affordable investment;
- The services will deliver greater efficiencies and continuous service quality improvement than could be achieved alone;
- CFO's to align their functional organisations readiness to deliver the Vision;
- CFO's to lead equally;
- Where required to deliver the system, specific commonality and uniformity will be agreed. This could cover common:
  - Best Practice processes being adopted by all;
  - End to End process transformation being adopted by all;
  - Data models being adopted by all;
  - Technical architecture being adopted by all;
  - Organisational infrastructure support structure being adopted by all;
  - Business Processes being adopted by all;
  - Quality and control standards being adopted by all;
  - Policies being adopted by all;
  - Rules based decision making applications being adopted by all;
  - Scanning and imaging process management being adopted by all;
  - Testing Tools being adopted by all;
  - Reports and Document publishing being adopted by all;
  - Self Service applications being adopted by all;
  - Operational and management reporting being adopted by all;
  - Internal and external audit practices being adopted by all;
  - Practices and indicators being adopted by all;

> ➤ Continuous improvement practices being adopted by all.
- Agreeing subject to a satisfactory business case overall and individually to move to one of the ERP systems procured at a suitably agreed time within **three years** of contract commencement having regard to current contract obligations;
- In developing and operating one o two London ERP systems, to take the lead on activities/functions both temporarily and permanently e.g. implementing changes to Accounting codes;
- Once operating from the London ERP arrangements, to agree in principle to look at further opportunities involving the sharing of staff and common policies.

Core Values

- Saving money and avoiding costs;
- Being innovative and open to change;
- Being flexible and committed;
- Being prepared to allow others to lead and trusting them to make decisions;
- Being open to challenge from peers, regional and national bodies;
- Utilising best, and "next/future practice" approaches to procurement;
- Adopting a "best fit" approach to seeking solutions;
- Developing positive and effective partnership working across the partner bodies;
- Accountability - achieved through delivery of agreed outcomes within a sound governance framework;
- Sharing information and seeking to keep each other informed.

Outcomes

- Delivery of the vision which saves money and avoids costs;
- A foundation to share services.

General responsibilities

- Each local authority to abide by the aforementioned values;
- Each local authority will support the stated vision and outcomes;
- Each local authority will use its position to encourage the co-operation of all the partner councils and address issues within its own organisation where these are creating problems;
- The partners will provide any data/information it holds which is reasonably required. Each partner remains the data controller of and is legally responsible for the personal data it holds;
- Authorities leading are empowered by the partners to make decisions in order to progress activities subject to not making a financial or legal commitment on behalf of partners, unless agreed in writing;
- Each local authority to keep each other up to date on all activities which impact on the delivery of the vision;
- Each local authority is committed to attending Project Group meetings;
- Where needed, the partners will aim to provide appropriate advice, guidance, financial and physical resources (e.g. accommodation) to help to achieve the vision and outcomes;
- Where a partner authority is a lead, that authority will be fully committed to delivery;
- The partners will retain responsibility for their statutory duties.

Management and Accountability

This Project will be overseen by a group comprising the Section 151 from each of the participating authorities, representatives from the HR, Finance, Procurement and Project Management and ICT community, plus representatives from the Delivery Team and Advisors as and when required.

Performance management, Monitoring and Evaluation
The Steering Group will have responsibility for monitoring and reviewing performance of the Project Group;

Each member accepts that the achievement of outcomes is the responsibility of the collective. Each member accepts to make every reasonable effort towards the achievement of these outcomes.

Rectification Processes

If any individual member is judged by all of the other members to be failing to work in accordance with the principles laid out in this agreement and/or to be failing to contribute appropriately to the achievement of the outcomes set, the Steering group after consideration and discussion can take one or more of the following actions:

- Withdraw the right to attend partnership meetings;
- Withdraw access to facilities shared across the partnership.

Status

This arrangement is not a partnership as defined in the Partnership Act 1890 and there is no intention to create such a partnership under this MoU.

Organisation	Name	Signature	Role

London Borough of

November 2010

SO WHAT DOES THIS ALL MEAN?

For all of London

At the very best a single supplier providing one or two ERP solutions which enable London authorities to maximise the benefits of sharing through full e-enablement, standard and simple processes in a virtual way with a reduced headcount and the ability to achieve the highest tier of shared services namely the sharing of staff resources providing further headcount reductions and more strategic and professional support services.

At the very least efficiency opportunities through:

- Single licensing arrangements for the public sector authorities using the same software houses
- Shared arrangements including upgrades, maintenance, support, processes etc for the public sector authorities using the same software houses
- A level of commonality of processes for public sector authorities.

For those authorities that stated they would sign up to be the pioneers for the London ERP system?

The ERP system will still be procured and one of the projects is dedicated to delivery of this. Those authorities will form part of that project including agreeing such things as the specification.

For those authorities that were undecided whether to be an original Tier 1 or Tier 2 authority

Authorities can still become part of ERP project however there will be a timescale cut off for authorities to make the decision to be part of this in order that procurement can be prompt. To deliver the vision, this project must have a key influence on the common processes project.

For those authorities that cannot afford an ERP system or are not ready for an ERP system.

ERP systems are being used in the private sector to ensure real time information with which to base decisions. A full ERP system provides a single real time view of the organisations financial and human resources to support strong, fully informed and timely decision making at all levels of management. Some large authorities have also introduced ERP to achieve efficiencies and improved processes. A common complaint of many managers is incomplete, out of date information using inefficient systems. ERP must be a fundamental foundation for a modern organisation that can move and adapt swiftly to change.

The programme does, however, allow for the fact that authorities are at different points and provides each authority with options as follows:

- An authority can remain within its software grouping and just achieve the benefits of the joined up approach to supplier management and processes
- An authority can when it is ready move to a hosted ERP avoiding costly individual procurement and gaining from the benefits of economies of scale.

For those authorities wanting to join the ERP arrangements at a later stage

Our current intention will be to procure a 7 year contract for the ERP systems with a framework element for the last four years of the seven year term. This will enable authorities to access the arrangements should they choose to do so.

For those authorities wanting a business case for the move to a hosted ERP system

The project will procure capacity via a framework contract to undertake the business case for each authority wanting to understand the implications of moving to an ERP system. Each authority will be expected to pay for their own business case. The expectation will be that business cases will be shared and used to triangulate findings. Each authority will need to make arrangements for benefits extraction and realisation techniques.

Project Athena - London's Single Platform Risk Register
One Projects Risks

1 - 4		
5 - 7		
8 - 16		

Key:
Live actions in progress.
Completed actions or actions initiated and ongoing.

Last updated: 16.09.10

Ref	Risk	Risk Owner	Probability 1 (Lo) - 4 (Hi)	Impact 1 (Lo) - 4 (Hi)	Total Score Max = 16	Mitigation	Action Owner	Due/Review Date	Complete ?
	Programme Risks - Governance and General Issues								
2	Project is more complex and overruns in time	Steering Group	2	2	4	Robust outcomes identified	SF	Monthly	
						Regular project plan review	SF	Monthly	
						Clear project plans with sufficient resources identified	SF	Monthly	
4	Conflicting priorities	Steering Group	2	2	4	Dedicated resources in place	SF	Monthly	
						Ensure regular review	SF	Monthly	
9	Project inadequately resourced	Project Manager	1	3	3	Full role definition for all members of the project team	SF	30 Jun 10	
						Budget to include provision for all roles	SF	31 Jul 10	
						Independent review of project resourcing plans	NE/TE	30 Jun 10	
10	Departure of key individuals from the project	Project Manager	2	2	4	Ensure that no single individual has sole possession of key information	SF	On going	
						Full training provided to all members of the project team	SF	On going	
						Immediate knowledge and task transfer initiated if individuals leave	SF	On going	
13	Project overspends	Project Manager	1	2	2	Close attention to project budget	SF	Weekly	
						Monthly highlight reports to identify deviations, PD to monitor closely	SF	Monthly	
16	Ambiguity re what is in and out of scope	Steering Group	2	2	4	Escalate to steering group for decision	SF	On going	
19	Poor outcome	Steering Group	1	1	2	Project monitoring to be agreed at outset	SF	30 Jun 10	Yes
20	Lead authority withdraws support and resources	Capital Ambition	1	4	4	CA seeks guidance on alternative options	NE/TE	Ad hoc	
						Ask another authority to take on the lead	NE/TE	Ad hoc	
21	The Steering Group (acting as the influencing agent) are not able to influence the right people.	Project Manager	2	4	8	Project Director and SRO to lobby support	NE/TE	On going	
						Full communication with the steering group	SF		
						Briefing through SLT	NE/TE	Monthly	
22	Project evolution, the level of complexity within the project may introduce change	Project Manager	2	3	6	Disciplined project governance	NE/TE	Weekly	
						Manage interested parties	SF		
						Use change control procedure	SF	On going	
24	Conflicting priorities divert funds away from the project	Project Manager	1	3	3	Proper project governance and reporting	SF	On going	
25	Unavailability of specialist skills & knowledge	Project Manager	1	3	3	Full training provided for all members of the project team	SF	On going	
						Spread risk by using supplier resources in delivering the project	SF	On going	
26	Significant or critical project delays	Project Manager	1	1	1	Close attention to realistic project planning	SF	On going	
						Monthly highlight reports to identify deviations	SF	Monthly	
						Steering Group to monitor closely	RG	Monthly	
30	Clear terms of usage borough wide and agreement on business continuity	Steering Group	2	3	6	Partnership agreement between supplier groups of authorities	SF	31 Jul 10	
33	Moving at the pace of the slowest	Steering Group	1	3	3	Flexible planning on different points of entry	SF	31 Aug 10	
38	One of more of the authorities abandon the project after the commencement date	Project Manager	1	2	2	Adddress through the MoU	SF	30 Jun 10	

	Programme Risks - Communications and Engagement								
1	Continued support and buy in to current levels by London wide senior management.	Steering Group	2	3	6	Communication and consultation on all levels	SF	Monthly	
						Signed Memorandum of Understanding	SF	30 Jun 10	
						Regular updates to SLT, London Heads of HR etc	NE/TE	Monthly	
						Deliver authority briefings and issue slide packs and FAQs to all Finance/IT Directors	RG/SF	31 Jul 10	
						Seek political agreement post election	NE/TE	31 Jul 10	
3	Access to information from partner authorities	SLT link	1	3	3	Each partner has identified contact people with access to relevant data for each element of the project	SF	Monthly	
						Each authority is approving release of information from other parties	SF	30 Jun 10	
8	Strategic directions of authorities differ	SLT leads	1	3	3	Clarity from SLT leads	NE/TE	Monthly	
11	Authorities fail to engage within their supplier groups	Project Director	2	3	6	Escalate issues to steering group, project delivery group and capital ambition as appropriate	SF	On going	
						Early work to communicate with supplier groups	SF/RG	09 Jul 10	Yes
						Increase project resources allocated to pursuing these issues	RG	On going	
14	Inadequate / ineffective communications resulting in poor awareness of project and its objectives	Project Manager	2	2	4	Develop detailed communications plan	SF	Monthly	
						Regular briefings	SF	Weekly	
						Appoint steering group members	NE/TE	30 Jun 10	Yes
						Deliver House of Lords leadership lunch and issue slide packs and FAQs to all attendees.	All	18 May 10	Yes
17	Risk of end user information request fatigue due to number of ongoing Capital Ambition projects	Project Director	2	2	4	Liaise and co-ordinate with other projects through Capital Ambition	SF	Ad hoc	
						Share comms resources and best practice with other key projects	SF	Ad hoc	
						Maintain close links and working relationships with other project managers	SF	Monthly	
18	Data trawl information is not produced by boroughs	Project Manager	2	2	4	Support will be provided by the Project Manager	SF	30 Jun 10	
27	HR and ICT fail to engage in project	Steering Group	2	2	2	Early work to identify and engage with London representatives in HR and ICT	SF/RG	30 Jun 10	Yes
						ICT and HR rep on steering group	SF	30 Jun 10	Yes
						Escalate issues to delivery team Chair and SRO	SF	On going	
29	Failure to agree standardised processes	Steering Group	2	3	6	Compromise on best practice	SF	31 Dec 10	
31	Loss of identity	Steering Group	2	2	4	Acceptance of need to change/agreement on what constitutes best practice	SF	On going	
						Clear shared vision	SF	On going	
32	Loss of control	Steering Group	1	2	2	Robust governance processes	SF	On going	
						Active participation in steering group	All	On going	
35	Lack of commitment and action leads to inability to embed change and realise opportunities and efficiencies	Steering Group	2	4	8	Maintain momentum and deadlines	SF	Ongoing	
36	Members do not support or approve the project, this would then jeopardise the liklihood of the project continuing	Steering Group	2	4	8	Consistent committee report to be used by all authorities	SF	Ongoing	
37	Conflicts of interest - there may be occasions when the interests of the Councils are opposed	Project Manager	2	4	8	Manage through Memorandum of Understanding	SF	30 Jun 10	
39	Lack of understanding for the vision across London	Steering Group	1	3	3	Early communications with key stakeholders	SF	30 Jun 10	
40	Conflicts with current procurements inside and outside of London	Project Manager	1	3	3	Early communications with London authorities via SLT and RIEPs	SF	30 Jun 10	

Programme Risks - Procurement								
6	Risk of legal challenges, particularly around shared services and collaborative working	Steering Group	1	4	4	Need to study outcomes	SF	On going
22	Project evolution, the level of complexity within the project may introduce change	Project Manager	2	3	6	Disciplined project governance	NE/TE	Weekly
						Manage interested parties	SF	
						Use change control procedure	SF	On going
12	Key supplier ceases trading or key changes in business	Project Director	1	3	3	Business continuity and future proofing included as part of the criteria in PQQ and tender evaluation	SF	31 Aug 10
15	Lack of supplier support	Project Director	1	3	3	Ensure benefits to suppliers are emphasised in communications	SF	On going
						Soft market day to communicate project objectives and to involve project partners	SF	09 Jul 10
						Adopt an early and firm approach to discussions with suppliers	SF	On going
34	The market analysis shows that the project is unviable.	Delivery Team	2	3	6	Early communications with suppliers	SF	09 Jul 10
						Market Analysis Days	SF	09 Jul 10
						Revise procurement approach	SF/RG	Ad hoc
Programme Risks - Financial								
5	Failure to capture London wide and Authority based benefits / savings	Steering Group	2	2	4	Benefits realisation plan to be developed at an early stage	RG	31 Jul 10
						Benefits realisation actions to be included in the main project plan	SF	31 Jul 10
						Ensure SLT buy in to ensure achievement of changes and to agree how savings applied	NE/TE	Monthly
						Ensure deliverables are well promoted and how to exploit savings are clear	RG	Monthly
7	Funding levels are inadequate to deliver the projects in the plan	Steering Group	1	3	3	Use change control procedure	SF	Ad hoc
						Submit application for further funding	NE/TE	Ad hoc
						Seek other sources of funding	NE/TE	Ad hoc
28	Failure to agree the contractual financial model linked with savings	Steering Group	3	3	9	Communication and consultation on all levels	SF	31 Aug 10
						Contractual financial model to be developed at an early stage	RG	31 Aug 10
						Ensure SLT buy in to ensure model agreed and to agree how savings applied	RG	31 Aug 10

Project Athena - London's Single Platform Risk Register

	1 - 4
	5 - 7
	8 - 16

Last updated:16.09.10

Ref	Risk	Risk Owner	Probability 1 (Lo) - 4 (Hi)	Impact 1 (Lo) - 4 (Hi)	Total Score Max = 16	Mitigation	Action Owner	Due/Review Date	Complete ?
	One Projects - Authority								
12	Authorities tied into long term contracts - Inability to participate immediately and realise potential efficiencies.	One Project Leads	2	1	2	Flexible planning on different points of entry.	SF	31 Aug 10	
2	Clashes between Programme timescales and the needs of the individual authority(i.e.upgrades)	Prog Delivery Team	2	2	4	Flexible planning on different points of entry.	SF	31 Aug 10	
						Data gathering to capture upgrade plans across London Authorities.	SF	31 Aug 10	
3	Conflicting priorities and strategies between authority work and project work	Project Delivery Team	2	2	4	Dedicated resources in place	NE/TE	31 Oct 10	
						Regular resource review	SF	Monthly	
5	Potential cost of change (there maybe a desire to move but the cost of change maybe prohibitive)	Directors of Finance	2	3	6	Benefits Realisation plan to be developed at an early stage.	RG	31 Aug 10	
						Early expectations regarding cost set with Suppliers.	RG	31 Aug 10	
6	Difficulty in developing a financial model across the group which will ensure savings	Project Delivery Team	2	2	4	Benefits Realisation plan to be developed at an early stage.	RG	31 Aug 10	
						Ensure SLT buy in to enable achievement of changes & to agree how savings are to be applied.	RG	31 Aug 10	
						Ensure deliverables are well promoted & how to exploit the savings are clear.	SF	31 Aug 10	
11	New tenders coming out from London Authorities - conflicting with the whole programme and undermining the work currently being undertaken.	Prog Manager	2	2	4	Strong Communications and engagements with DoF's.	SF	Monthly	
						Regular updates to SLT and London Heads of Procurement.	TE	Monthly	
						Maintain close links & working relationships with other CA project managers.	SF	Adhoc	
	One Projects - People/Comms								
7	Clash between technology providers and service integrators- commercial needs of the separate organisations may result in them not collaborating and communicating	One Project Leads	2	3	6	Develop detailed communications plan, regular briefings	SF	31 Aug 10	
						Early work to engage with SI's and Technology partners.	SF/RG	01 Jul 10	Yes
						Active participation in one projects and market intelligence days.	SF/RG	31 Jul 10	Yes
8	Lack of buy in and involvement from DoFs in development of strategy for One groups and attendance at one meetings	One Project Leads	2	3	6	Strong communication & engagements with CE's & other professional groups.	GA/TE	Monthly	
9	Lack of Resources within each council to deliver outcomes in a timely way	Directors of Finance	1	3	3	Full roles and responsibilities defination for all the one projects.	SF	30 Sep 10	
						Budget to include provision for all roles	SF	30 Sep 10	
						Pay close attetion to all One Project resourcing.	SF	Monthly	
10	Confusing communications to the Service Integrators and technology Partners with regard to differing projects within Programme Athena.	Prog Manager	2	2	4	Develop detailed communications plan, regular briefings	SF	31 Aug 10	
						Early work to engage with SI's and Technology partners.	SF	01 Jul 10	Yes
						Active participation in one projects and market intelligence days.	SF/RG	01 Jul 10	Yes

	One Projects - Supplier							
1	Understanding the complexity of the current arrangements between technology provider and service integrators within the group	Prog Manager	1	3	3	Data gathering to include both system and provider information (SI's & technology provider) and current contractual arrangements. SI & technology provider participation in One project meetings.	SF SF/RG	31 Aug 10 Monthly
4	Suppliers ability to cope with mass upgrades across One groups.	Prog Manager	2	2	4	Flexible planning by service integrators & technology providers Manage interested parties Early work to engage with SI's and Technology partners regarding resourcing arrangements.	Sf SF SF	Monthly Monthly Monthly
13	Resources on Programme Athena insufficient to meet needs	Steering Group	1	3	3	Budget to include provision for all roles Early development of resourcing plan. Regular resourcing review	SF SF TE/GA	Monthly Monthly Monthly

Issues Log

New Issue Ref	Date Raised	Current Owner	Open / Closed	Issue Details	Target Resolution Date
001	18/05/2010	Rita Greenwood	Open	**Funding the cost of ERP Transition** - The intention is that this will be identified through the borough business case process and each authority will need to consider the merit of an invest to save proposal. The specification will consider the suppliers funding transition and include this within their annual costs.	01/08/2010
002	18/05/2010	Rita Greenwood	Open	**Incorporating interfaces with legacy systems in authorities into a single model.** The aim would be to have 1/2 ERP systems available to authorities with all the modules operating. Each authority would then need to consider any other legacy systems and the value of these versus the cost of interaction into the ERP system.	01/04/2011
003	18/05/2010	Stephanie Favell	Open	**Ensuring authorities share capability and capacity in moving to an ERP platform.** The aim will be to implement in the most efficient way possible e.g. one option could be for a single team to move between authorities undertaking the implementation using their learning and experience.	01/04/2011
004	18/05/2010	Stephanie Favell	Open	**Enabling authorities to move different aspects to the platform at different times (e.g. finance initially and then HR)** All the options and scenarios need to be considered in order that we can successful deliver the ultimate prize of a single platform for London in the longer term	01/08/2011
005	18/05/2010	Stephanie Favell	Open	**Future proofing the arrangements.** We will need to ensure that the procurement process has taken on board such things as licensing for new modules and upgrades and that the contract management is undertaken for London as a whole.	01/12/2010
006	18/05/2010	Rita Greenwood	Open	**Cost apportionment.** No contributions are required to the project. The sharing and apportionment of costs including future upgrades will need to discussed and agreed through the project groups and incorporated into the Partnership Agreement for the ERP system. Boroughs will need to fund their own business cases but the project will arrange and procure the external assistance to undertake it. No financial contributions are required from boroughs for the overall programme or projects at this stage.	30/06/2010

007	18/05/2010	Rita Greenwood	Open	**Achieving commonality in practice.** The greater our processes and systems are uniform, the greater the opportunities for efficiencies in terms of support, maintenance and upgrades as well as in maximising the capability and capacity across the authorities involved through sharing e.g. expenditure analysis. This applies overall as well as for those authorities in the various software groupings. The aim will be for the lead of each software grouping and the ERP project to agree what commonality can be achieved overall via the Steering Group. The detailed processes and design will be developed with representatives from a number of areas e.g. through workshops to maximise what is already available as well as understand and resolve local issues. The processes and design can be common at a number of different levels e.g. workflow process; policy; and office practices. The extent will need to be considered by those overseeing the work.	01/12/2010

<u>Draft</u> **Stakeholder Communications Strategy**

1. **Introduction**

   Programme Athena is London's Single ICT Platform for London public sector organisations to gain the opportunity and ability to deliver significant efficiencies and service improvements for financial and other ICT enabled support service functions that will fulfil their local needs and demands and to maximise the opportunities that exist through joint supplier management.

   The three work streams are;

   ➢ Stream 1 - Visionary: Procurement of an ERP software solution for London;
   ➢ Stream 2 - Enabling: Readiness of London Boroughs to move to a common platform;
   ➢ Stream 3 - Value: Efficiencies from current arrangements.

   The programme was established on during 2010 and is due to run for several years.

2. **Purpose**

   This document provides a framework for the co-ordination, alignment and delivery of messages to stakeholders across London Boroughs to ensure they are coherent and consistent.

   It is recommended that this should be used by the project leads in each work stream to help guide the execution of their own individual communications plans.

3. **Aims**

   ➢ Provide a context for Programme Athena;
   ➢ Identify the stakeholders and outline a process for managing them;
   ➢ Setup objectives for the communications strategy;
   ➢ Identify key messages;
   ➢ Outline the communications channels available to deliver messages;
   ➢ Describe the process for agreeing the content and timing of messages between work streams;
   ➢ Provide a high level timeline for communications;
   ➢ Outline the communications challenges ahead;
   ➢ Outline methods for continually evaluating the impact of communications throughout the life of the Programme.

4. **Stakeholder Engagement Approach**

   • Successful stakeholder engagement requires a commitment to actively identifying and engaging with stakeholders by listening to them, building relationships with and then responding to their concerns in a mutually beneficial way.

   The identified stakeholders for Programme Athena are shown below in 3 categories;

   ➢ Key Stakeholders; who can significantly influence or are important to the process.
   ➢ Primary Stakeholders who are affected by an activity either as a beneficiary or dis-beneficiary
   ➢ Secondary Stakeholders; all other persons or groups with an interest, stake or intermediary role in the activity.

Stakeholders		
Key	**Primary**	**Secondary**
Members	Staff	Local Area Partners
Chief executives	Capital Ambition	DCLG
Responsible Directors	Other Local Authorities	SI Providers
ICT, HR and Procurement heads	Software Parties	
One Groups	Unions	
Programme Steering group	SLT(Society of London Treasurers)	
Programme delivery group		

The grid below will be used to manage the communications to the different stakeholder groups will have different influences and hence positions on this map as the programme develops.
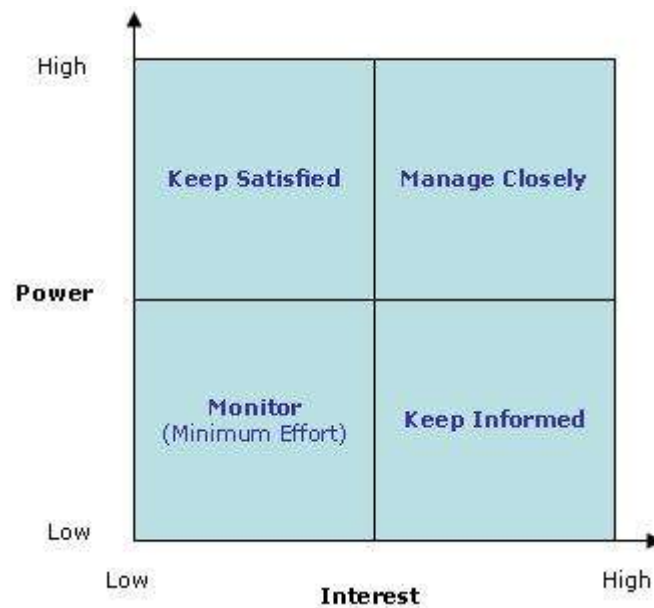
- The Communication plan attached as Appendix 1 has been developed by considering content, delivery and engagement. We will monitor the communications and adapt as necessary.

- A staged approach has been chosen, ramping up the communications activities in terms of stakeholder group focus and mechanisms, to reflect programme milestones and deliverables, current programme team resource constraints, the stakeholder priorities and also to enable the plan to be adjusted periodically in light of feedback on the effectiveness.

- Methods we will use will be selected from the following:

Inform (We will tell you)	Consult (We will listen to you and respond)	Involve (We can work together - where common ground exits)	Partner (We need to work together)
• Conference Speeches • Briefings • Presentation • Newsletters • Website • Magazine • E-mail/bulletins • Publications	• Managers meetings • Conference Q&As • Internet surveys • Workshops • Interviews • Consultation documents	• Focus groups • Team meetings • Workshop lunches • Project teams • Seminars • Debates • Joint working groups	• Problem solving teams • Funded ventures • Campaign planning • Joint working groups • High-level consultation

5. **Communications Plan**

Programme Athena, communications will be delivered through various channels according to the identified and appropriate channels for each of the stakeholder groups.

The responsibility for managing the communications plan will be within the programme office. The plan is attached for the period to 2011.

The following elements will be managed to support the approach

5.1 **Communication Principles**
  ➢ Communications will be written in "plain English", be clear, jargon free and avoid abbreviations and acronyms where possible;
  ➢ Communications will be transparent, open and honest;
  ➢ Communications will be regular and consistent across authorities and suppliers and between internal and external audiences;
  ➢ Communication will encourage feedback;
  ➢ Communication will be regularly measured for effectiveness;
  ➢ Communication will use key messages to ensure all audiences are receiving a constant drip-feed of consistent messages;
  ➢ Face to face communication will be used as the preferred channel wherever possible.

5.2 **Key communications issues**

- Getting the correct balance to ensure a joint approach to communications whilst allowing individual work streams to respond to localised issues;
- Getting communications right;
- Lack of political buy-in/understanding;
- Getting the suppliers on board;
- Credibility/reputation.

5.3 Co-ordinating Communications

It is important to ensure that, where possible, all messages are aligned and co-ordinated between all work streams before they are sent out to stakeholders both internally and externally. There will be occasions where, for internal reasons, one work stream has to delay the release of a message or would prefer to send it at an alternative time to the others.

The project work stream leads and the project manager will co-ordinate the communications using the following guidelines:

- During project meetings, the leads will discuss the details of any decisions/milestones and consider key messages;
- Once key messages have been agreed by leads, they will plan how to communicate these to their individual stakeholders;
- Once the communication has been drafted, leads will then share with the project manager prior to release;
- Following the release of the communications, the project manager will keep a record of the communications.

6.0 Conclusion

The strategy above outlines the programme's approach to stakeholder engagement and communication with the various stakeholder groups throughout the programme life cycle.

There is a recognition that feedback from all communication channels will need to be evaluated to inform any changes to the plan. This is living document that will be updated regularly and reported on a monthly basis.

The approach is considered to be appropriate across all Programme Athena stakeholder groups.

Appendix 1: Communication Plan September 2010 to March 2011

Audience/Stakeholders	Key Messages	Person Responsible
Members	➢ What it's about ➢ Need for commitment from the top	Chief Executives
Chief Executives	➢ Need for commitment from the top ➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement	Geoff Alltimes

Responsible Directors	➢ Need for commitment from the top ➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement ➢ Importance of engagement	Programme Director
ICT, HR and Procurement Heads	➢ What it's about ➢ Senior commitment to collaboration ➢ Update on progress ➢ Impact on service delivery (if any) ➢ Benefits to organisation and individuals ➢ Importance of engagement	Responsible Directors
Staff	➢ What it's about ➢ Senior commitment to collaboration ➢ Benefits to organisation and individuals ➢ Opportunities to engage	Responsible Directors for each borough
Capital Ambition	➢ Progress on milestones and budget ➢ Issues and Risks	Programme Manager
Other Local Authorities	➢ What's happening ➢ Opportunities for them	Programme Manager
Local Area Partners	➢ What's happening ➢ Opportunities for them	Programme Manager
DCLG	➢ What's happening	Programme Manager
SI Providers	➢ What's happening	Programme Manager
Software parties	➢ What's happening	Programme Manager
Unions	➢ What is happening ➢ Opportunity to raise issues	Each LA HR lead
One Groups	➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement ➢ Progress of the Projects	Programme Manager
Programme Steering Group.	➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement	Programme Manager
Programme Delivery Group	➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement ➢ Steering Group discussions	Programme Manager
SLT (Society of London Treasurers)	➢ Update on progress ➢ Issues and resolutions ➢ Levels of engagement	Programme Sponsors

Lessons Learned

Project Initiation

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Governance Structure and Approach

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Programme Management

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Change Management

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Procurement

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Supplier Dialogue

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Communications and Stakeholder Management

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

Other

What Went Well?	What Didn't Go As Planned	What Needs Improvement?	Recommendations
•	•	•	•
•	•	•	•

System Maps

Current Systems in London

Accounts Payable

Oracle	■
SAP	■
Agresso	■
QSP/CedAr	■
JDE	■
Civica	■
Masterpiece	■

1. Barking and Dagenham
2. Barnet
3. Bexley
4. Brent
5. Bromley
6. Camden
7. City of London
8. Croydon
9. Ealing
10. Enfield
11. Greenwich
12. Hackney
13. Hammersmith and Fulham
14. Haringey
15. Harrow
16. Havering
17. Hillingdon
18. Hounslow
19. Islington
20. Kingston upon Thames
21. Lambeth
22. Lewisham
23. Merton
24. Newham
25. Redbridge
26. Richmond upon Thames
27. Royal Borough of Kensington and Chelsea
28. Southwark
29. Sutton
30. Tower Hamlets
31. Waltham Forest
32. Wandsworth
33. Westminster

Footnote: Information has been gathered by the South London Partnership and Programme Athena. This information is not definitive.

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Current Systems in London

Accounts Receivable

System		System	
Oracle	🟥	Civica	
SAP	🟦	Masterpiece	🟩
Agresso	🟧	Northgate Debtors	🟪
QSP/CedAr	🟨	ASH	🟦
JDE	⬜	AIMS	🟪

#	Borough		#	Borough	
1.	Barking and Dagenham	🟥	18.	Hounslow	
2.	Barnet	🟦	19.	Islington	🟨
3	Bexley	🟥	20.	Kingston upon Thames	🟦
4.	Brent	🟥	21.	Lambeth	🟥
5.	Bromley	🟥	22.	Lewisham	🟥
6.	Camden	🟨	23.	Merton	🟩
7.	City of London	🟥	24.	Newham	🟪
8.	Croydon	🟥	25.	Redbridge	🟩
9.	Ealing	🟧	26.	Richmond upon Thames	🟦
10.	Enfield	🟦	27.	Royal Borough of Kensington and Chelsea	🟥
11.	Greenwich	🟪	28.	Southwark	🟦
12.	Hockney	🟨	29.	Sutton	🟧
13.	Hammersmith and Fulham		30.	Tower Hamlets	⬜
14.	Haringey	🟦	31.	Waltham Forest	🟦
15.	Harrow	🟦	32.	Wandsworth	🟨
16.	Havering	🟥	33.	Westminster	⬜
17.	Hillingdon	🟥			

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Current Systems in London

General Ledger

Legend	
Oracle	🟥
SAP	🟦
Agresso	🟧
QSP/CedAr	🟨
JDE	⬜
Civica	🟪
Masterpiece	🟩

#	Borough		#	Borough	
1.	Barking and Dagenham	🟥	18.	Hounslow	🟧
2.	Barnet	🟦	19.	Islington	🟨
3	Bexley	🟥	20.	Kingston upon Thames	🟧
4.	Brent	🟥	21.	Lambeth	🟥
5.	Bromley	🟥	22.	Lewisham	🟥
6.	Camden	🟨	23.	Merton	🟩
7.	City of London	🟥	24.	Newham	🟩
8.	Croydon	🟥	25.	Redbridge	🟧
9.	Ealing	🟧	26.	Richmond upon Thames	🟦
10.	Enfield	🟦	27.	Royal Borough of Kensington and Chelsea	🟥
11.	Greenwich	🟪			
12.	Hockney	🟨	28.	Southwark	🟦
13.	Hammersmith and Fulham	🟧	29.	Sutton	🟧
14.	Haringey	🟦	30.	Tower Hamlets	⬜
15.	Harrow	🟦	31.	Waltham Forest	🟦
16.	Havering	🟥	32.	Wandsworth	🟨
17.	Hillingdon	🟥	33.	Westminster	⬜

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Current Systems in London

Procurement

Legend		Legend	
Oracle	■	Proactis	■
SAP	■	IdEA Marketplace	■
QSP/CedAr	■	N/A	■
Agresso	■	Due North	■
Civica	■	Ariba	■

No.	Borough	No.	Borough
1.	Barking and Dagenham	18.	Hounslow
2.	Barnet	19.	Islington
3	Bexley	20.	Kingston upon Thames
4.	Brent	21.	Lambeth
5.	Bromley	22.	Lewisham
6.	Camden	23.	Merton
7.	City of London	24.	Newham
8.	Croydon	25.	Redbridge
9.	Ealing	26.	Richmond upon Thames
10.	Enfield	27.	Royal Borough of Kensington and Chelsea
11.	Greenwich		
12.	Hockney	28.	Southwark
13.	Hammersmith and Fulham	29.	Sutton
14.	Haringey	30.	Tower Hamlets
15.	Harrow	31.	Waltham Forest
16.	Havering	32.	Wandsworth
17.	Hillingdon	33.	Westminster

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Current Systems in London

HR System

Oracle	🟥	Cyborg	🟧
SAP	🟦	Selima	🟪
Northgate	🟩	N/A	⬜
Midland Trent	🟨	I Trent	⬛

1. Barking and Dagenham
2. Barnet
3. Bexley
4. Brent
5. Bromley
6. Camden
7. City of London
8. Croydon
9. Ealing
10. Enfield
11. Greenwich
12. Hockney
13. Hammersmith and Fulham
14. Haringey
15. Harrow
16. Havering
17. Hillingdon
18. Hounslow
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20. Kingston upon Thames
21. Lambeth
22. Lewisham
23. Merton
24. Newham
25. Redbridge
26. Richmond upon Thames
27. Royal Borough of Kensington and Chelsea
28. Southwark
29. Sutton
30. Tower Hamlets
31. Waltham Forest
32. Wandsworth
33. Westminster

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Current Systems in London

Payroll System

System	Color
Oracle	■ (red)
SAP	■ (blue)
Northgate	■ (green)
Midland Trent	■ (yellow)
Cyborg	■ (orange)
Selima	■ (light purple)
Interact Logica	■ (pink)
I Trent	■ (grey)
N/A	■ (light blue)

#	Borough		#	Borough	
1.	Barking and Dagenham	■	18.	Hounslow	■
2.	Barnet	■	19.	Islington	■
3	Bexley	■	20.	Kingston upon Thames	■
4.	Brent	■	21.	Lambeth	■
5.	Bromley	■	22.	Lewisham	■
6.	Camden	■	23.	Merton	■
7.	City of London	■	24.	Newham	■
8.	Croydon	■	25.	Redbridge	■
9.	Ealing	■	26.	Richmond upon Thames	■
10.	Enfield	■	27.	Royal Borough of Kensington and Chelsea	■
11.	Greenwich	■	28.	Southwark	■
12.	Hackney	■	29.	Sutton	■
13.	Hammersmith and Fulham	■	30.	Tower Hamlets	■
14.	Haringey	■	31.	Waltham Forest	■
15.	Harrow	■	32.	Wandsworth	■
16.	Havering	■	33.	Westminster	■
17.	Hillingdon	■			

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PROGRAMME ATHENA

'State of Readiness' Guide
for Local Authorities

June 2013

Supporting Document 9 (of 14) –

Managed Service Business Case (a),

Award Reports (b, c, d), Specifications (e)

PROGRAMME ATHENA

Managed Service Business Case

August 2010

Capital Ambition is part of
LONDON COUNCILS

Business Case

Corporate Systems

Enterprise Resource Planning (ERP) Proposal

Westminster City Council

Date   :   12th August 2010

Version: 1.3

DOCUMENT VERSION CONTROL

TITLE	WCC ERP System – Business Case
DOCUMENT REF	CST/SAJ/001
DOCUMENT VERSION	1.30
DATE	12th August 2010
AUTHOR(S)	Saj Aslam / Paul Kinnon

DOCUMENT HISTORY

Version	Date	Reason for Change
1.00	01/07/2010	Initial draft document provided to WCC
1.10	26/07/2010	Updated after first review
1.20	10/08/2010	Financials updated
1.30	12/08/2010	Financials updated, Final version

DOCUMENT APPROVALS

Name	Signature	Role	Date of Signature	Document Version
David Wilde		Chief Information Officer		

DOCUMENT DISTRIBUTION

Name	Signature	Role	Date of Signature	Document Version
David Wilde		Chief Information Officer		
Paul Kinnon		Head of Corporate Systems		
Saj Aslam		ERP Project Manager		

Contents

1 General Information

1.1 Background and Purpose

The City Council is reviewing its core Corporate Systems offering with the aim of establishing an improved and streamlined full end-to-end ERP solution. The vision is for a single provider to provide a platform supporting the core systems, allowing for a much more integrated offering than is currently in place.

Furthermore, the Council is reviewing its internal structures, processes and strategies to ensure that it is capable of supporting such a service, and that it is in a position to maximise the potential benefits of an Enterprise Wide ERP solution. It is expected that the new solution will transform the existing service(s) through the delivery of four primary outcomes:

1. Service efficiency and streamlined processes

2. Reduced overall costs

3. Increased visibility with standardised reference data leading to more accessible, accurate, and timely information

4. Utilisation of a shared service environment for the technology platform across local government

This document sets out the outline business case for the re-let of Corporate Systems at Westminster City Council, replacing current provision with an Enterprise Resource Planning managed service, in line with the wider London shared service being developed under Programme Athena.

This document provides details of the following:

- Description of systems in scope

- Considerations and issues with current systems

- Expected benefits of the project and options available

- Anticipated costs of the project and potential savings

1.2 Definition of In Scope Systems

To avoid confusion, ERP for Westminster can be broken down into five broad disciplines. Systems currently in use are :

#	System	Description
1	**Corporate Finance System (WIMS)** • Core Finance General Ledger System • Contract Expiry: April 2011 with option for one year extension	**JD Edwards Enterprise One Solution Hosted at Liberata Sheffield** • Managed by in house WCC Corporate Systems Team • Comprises of ; o Accounts Receivable Including Complex Billing o Accounts Payable o General Ledger o Project Mgt Module for Highways o Asset Register

		o Budgeting (PS)
2	**WCC Human Resources System** • Contract Expiry: Sept 2012	**Oracle HR Payroll Software** • Oracle platform hosted and managed by Vertex • Deals with all aspects of Human resource management
3	**Purchasing to Pay System** • Contract Expiry: Dec 2011	**Ariba E.Procurement Software** • Purchase Requisition and Purchase Ordering system • Ariba System supported, maintained and developed by Zoomworks • Web based - Hosted in USA by USI • Integrated to WIMS – Supplier / Account Uploads and Payment Downloads • Accruals and Commitments Interfaced to WIMS

4	**Property Systems**
	
	• Contract Expiry: April 2011
		Tribal Enterprise Software
		
		• Details of Property Estates such as condition, values and regulations incorporating Project Control
		
		• **TABS Facilities Management** (outsourced to Enterprise)
		
		• Facilities Management
		
		    o Building Maintenance
		
		    o Room Bookings, Refreshments etc

5	**Accountancy Asset Mgt** • Contract Expiry: Rolling Contract	**RAM System** • Manages Financial Aspects of all WCC Assets

2 Executive Summary

This business case provides detail of the opportunity, an outline of the options, and recommendation of approach WCC should employ to provide a comprehensive and integrated ERP system, enabling efficiencies and supporting business delivery.

On approval of this business case, the project will be taken forward by:

o   gathering detailed requirements

o   exploring each of the viable options in more detail, including Programme Athena

o   initiation of the procurement process

At this early stage, the preferred route is to pursue Option 1 - Focusing on procuring an ERP solution in conjunction with other London Councils on grounds of best value.

3 Current Systems Overview

The systems currently deployed by the Council and its partners are, in the main, 'stand-alone', being designed to support the activities of a particular area, but not to engage laterally across Council services and organisations.

The contracts for each of these systems are scheduled to end between 2011 to 2012, providing WCC with an ideal opportunity for consolidation to a single ERP solution

Limitations of the current fragmented setup include :

- Lack of transparency on overall costs to the Council of operation

- Inability to easily share data across systems (especially HR and property)

- Increased cost through provisioning discrete solutions in terms of hardware, software, support and maintenance

- No provision to provide flexible reporting with user defined intuitive dashboard views

- General Ledger accounts structure in need of rationalisation

- Property System has reached end of life and in need of upgrade

4 Business Case

4.1 Business Case Snapshot

Objectives of Project	Implement a system, which supports the Business across the five core disciplines defined, providing flexible management information reporting, ease of accessibility, standardised integration, and enhanced levels of security. At the same time providing for an overall reduction in licensing, hosting, maintenance, and support costs.
Scope of Project	Strategically, Westminster City Council should regard the Enterprise Resource Planning System as a core enterprise tool. The new consolidated system is expected to replace the existing HR, Property, Finance, and Purchasing systems
	The system will be accessible to all budget managers, service teams, and where relevant, their partner organisations such as Vertex, Capita, WestOne, CityWest Homes, etc. Existing contracts will be flexed, where possible, to allow for an end date to coincide with this project
Drivers for Change	The current financial systems contract was let during 1999-2001, the primary issues were Y2K compliance and the replacement of a system that had been implemented 15 years previously and was no longer maintained by the supplier.
	This time around, significant cost-reduction and system consolidation while providing revised and enhanced business processes will be the key drivers; more for less.
	Furthermore, the cost-flexibility opportunities provided by purchasing 'software as a service' (SAAS) and infrastructure-free 'cloud-computing', when combined with partnering with other local authorities in a 'shared services' environment, provide the basis for a

	long-term lowering of Corporate System costs.
	Central Government has ambitions for Councils to undergo a transformation in the way they work to deliver and publish key business data, and make informed decisions based on accurate and timely business intelligence. Their success will depend on close collaboration with other public sector bodies and private enterprise to deliver coherent, accurate and timely data and insightful strategic business intelligence.
	This new approach to working will require enlightened 'best-practice' processes, enabled by easily accessible, easy-to-use technologies.
	There is a strong strategic case for the implementation of fully-integrated and configured business system technologies.
	Immediate savings, still to be quantified, will be delivered by implementing an ERP platform and will come in areas such as:
	Decommissioning of legacy software
	Removing the current necessity of running multiple systems
	Consistent data & systems being available to a wider audience
	Sharing of infrastructure costs with other Councils
	Furthermore, there are specific issues in the current offering that require resolution. Examples of which are ;
	Property
	- Reached end of support life and is due for upgrade or replacement
	- Re-implementation or major development necessary to meet Business requirements and realise full benefits of system
	HR
	• Legacy Oracle platform in need of upgrade
	• High "unjustified" operational costs
	• Reporting is restricted and limited with high development costs
Short and Long Term Project Benefits	Easy to use and flexible access to business information by individuals and teams working across organisational boundaries will deliver increased efficiency, enhanced service, and improved outcomes by taking out duplication, improving quality of data, speeding up well informed decision making, and consolidation of technology investment and support.
	More responsive and inter-connected resource decision-making enabled by reliable and activity-wide information and analysis in 'real-time', is key to providing high levels of resource management and informing both tactical and operational decision-making.
	The use of a flexible, shared platform to support business-data provision across the organisation and to inform decision-making at operational and strategic levels is also a key enabler of best use of resources.
	Furthermore, a well designed ERP system provides opportunities for

		standardisation of interfaces, introduces and enforces best practice, provides a robust platform for growth, and enables feature rich business reporting at all levels.
		There should be significant cashable benefits to be realised, provided implementation, support and delivery models change to make the best of what integrated enterprise resource planning systems can offer.
Options	**Option 1**	**Buy into a Shared Service solution with other Authorities**
		Consolidation of 4 key systems, Financials, Procurement, Property Management and HR/Payroll into a single shared ERP solution.
		Consider entering into 'Shared Services' arrangement with one or more other local Authorities in order to reduce the overhead cost of owning and maintaining its own technology platform. A Pan London initiative has been established, resourced in part by Capital Ambition, to develop this concept under the banner "Programme Athena". A Shared Services-based approach creates opportunities for standardised 'best practice' business processes which will increase effectiveness and reduce support costs. This strategy aligns well with moving towards an 'infrastructure-free' systems environment.
	Option 2	**Buy into a scalable "Cloud Computing" solution**
		Consolidation of 4 key systems, Financials, Procurement, Property Management and HR/Payroll into a single or multiple "Cloud" offering
		Consider 'Cloud Computing' to deliver the ERP solution - a concept whereby system capacity can be flexed upwards or downwards to accommodate varying system needs over time while only paying for what is actually consumed. This strategy aligns well with moving towards an 'infrastructure-free' systems environment.
	Option 3	**Implement an externally Hosted ERP solution**
		Consolidation of 4 key systems, Financials, Procurement, Property Management and HR/Payroll into a single hosted applications platform. This supports the 'Infrastructure-free' strategy and essentially procures corporate systems as a hosted service. This should be fully inclusive of server and software refreshes, middleware and applications maintenance, and user-access portal
	Option 4	**Implement an in house WCC ERP solution**
		Consolidation of 4 key systems: Financials; Procurement; Property Management; and HR/Payroll, into a single platform. This is similar to Option 3 in terms of a consolidated ERP system but hosted in house on the WCC network. Standard system

	interfaces for importing and exporting business data will lower implementation and support costs, as opposed to the current approach of bespoke design for each interface.
Impact of Not Doing the Project	If the project is not carried out, WCC will need to "negotiate" short term contract extensions where possible and move to tender for 4 separate systems to comply with procurement guidelines and sustain critical services

In addition, The Finance and Property departments will be running legacy, outdated systems and the Council will be in breach of procurement regulations with regards to the existing WIMS system

The costs of running 4 separate systems are substantially higher than running one ERP solution hence any potential savings will be lost |
| **Recommendation** | **Option 1- Buy into a managed shared service solution with other Authorities**

It is envisaged that this option will provide a flexible, comprehensive and integrated ERP solution, supporting decisions to drive efficiencies and enhance the business. By sharing hosting, licensing, and implementation costs, it also enables WCC to reduce its overall cost base and is therefore **the preferred option**. "Programme Athena" - a Pan London initiative, has been established to look at providing such a solution

This option will deliver much the same solution as options 2 and 3 but with the added advantage of realising economies of scale. It is also part funded by Capital Ambition (at least £350,000 capital is currently on the table) which will reduce procurement and implementation costs. |

4.2 Project Risks Currently Identified

Description of Risk	Impact (H / M / L)
Business Case does not realise expected savings	H
Options 1 and 2 prove to be unfeasible in the procurement timeframe	M
Delay in approval of Business Case	H
Difficulties in extending support contracts of existing systems	M
Inability of Organisation to redesign its processes to be compliant with a vanilla implementation	H

4.3 Assumptions and Constraints

- It is essential that adequate resource is provided to the project team to complete the work within an appropriate timescale.

- There is an appetite for change across corporate services in terms of how services are provisioned and the how ICT solutions can better support the Council. This must be harnessed and used as a catalyst for change. All key stakeholders and their respective teams must be identified and actively engaged

- The project team must comprise of managers of the various sub-systems reliant on the data. There must be regular team meetings and briefings to ensure that all stakeholders are fully involved in every stage of the entire project. These project team meetings must be recognised as a forum for discussion as well as an opportunity to monitor progress.
- Many departments rely heavily on this suite of systems, which will form the ERP platform and as such will need to be fully engaged with this project. There are also a number of actions required to allow the departments to deliver their requirements and these will include such things as on the ground data gathering, which will need to be adequately funded, scheduled and carried out.

5 Comparative Cost Summary

5.1 Current Annual System Costs

	Item	General Ledger WIMS	HR	PO System Zoomworks and Ariba	Property	Total
Original Implementation	Original Implementation Costs	£2,442,000	£1,386,000	£1,657,000	£44,000	£4,143,000
Original Licence	Initial Licence Costs	£126,000	Included in Imp Costs	Included in Imp Costs	£83,000	£209,000
	Initial Licensing and Implementation	**£2,568,000**	**£1,386,000**	**£1,657,000**	**£127,000**	**£4,352,000**
Ongoing Licence	Ongoing Modules Licences	£80,000	£60,000	Incl in Hosting	£N/A	£140,000
	Sub Total	**£80,000**	**£60,000**	**£0**	**£0**	**£140,000**
Hosting	Hosting of Existing System Solution	£666,000	£135,000	£185,000	£14,000	£1,000,000
	Sub Total	**£666,000**	**£135,000**	**£185,000**	**£14,000**	**£1,000,000**
Support & Maintenance	Support and Maintenance of System	Incl in Hosting	£180,000	£146,000	£24,000	£710,000
	Corporate Systems Team Costs	£360,000				
	Sub Total	**£360,000**	**£180,000**	**£146,000**	**£24,000**	**£710,000**
	Annual Running Costs	**£1,106,000**	**£375,000**	**£331,000**	**£38,000**	**£1,850,000**

Capital Depreciation	**£247,000	£462,000	£343,000	£33,000	£1,085,000
Current Annual Running Costs	£1,353,000	£837,000	£674,000	£71,000	£2,935,000

** WIMS Capital depreciation reflects development costs only as original WIMS implementation costs fully depreciated

5.2 Costs of New ERP solution

	Item	ERP Solution	
ERP SAAS Fully Hosted	** Fully Hosted Shared ERP Solution Hosting and Support Licences - *(2500 E-procurement, 2500 HR, 200 GL (concurrent), 20 Property)*	£1,470,000	
	Corporate Systems Team Costs	£360,000	
	Sub Total	**£1,830,000**	
	Total	**£1,830,000**	

** £1.47m pa based on actual SAP ERP costs at Waltham Forest and Haringey Councils.

5.3 Financial Comparison Summary

		Yr1	Yrs 2 - 5	Total 5 Year Cost
	Current Annual System Running Costs	£2,935,000	£11,740,000	£14,675,000
	Cost of 4 Procurements (assume WCC don't go ERP)	£400,000	-	£400,000
	***Additional WIMS depreciation over 5 years** (assume standalone WIMS replacement)	£241,000	£964,000	£1,205,000
	Existing System Subtotal	£3,576,000	£12,704,000	£16,280,000
	Expected Annual ERP System Running Costs (based on Shared ERP model)	(£1,830,000)	(£7,320,000)	(£9,150,000)
	Estimated ERP Implementation Costs	(£200,000)	(£800,000)	(£1,000,000)

	(Yearly Depreciation Charge- £1m over 5 years)			
	Expected Savings	**£1,546,000**	**£4,584,000**	**£6,130,000**

*** Additional WIMS depreciation costs based on previous implementation costs

5.4 Project Tasks & Milestones

Exact Project Tasks will depend on which option is selected. On the assumption that the Council pursues a conventional tendering process, the following would apply. Estimated completion dates will be dependent upon the start date of the project:

Stage	Completion Dates
Project Management	End 2012
Business Case Sign-Off	July 2010
Business Consultancy	Nov 2010
Initiate Procurement Process	Nov 2010
Software Selection	Oct 2011
Contract Sign-Off	Dec 2011
Data Clean-Up	Mar 2012
Software Installation	Mar 2012
Software Design, Build and Test (Interfaces, reports etc.)	Jun 2012
Solution Acceptance (UAT)	Aug 2012
End User Training	Oct 2012
Go-Live	Nov 2012 – Mar 2013
Decommissioning of Legacy Systems.	May 2013

PROGRAMME ATHENA

Managed Service Award Report –

London Borough of Hammersmith & Fulham

February 2013

	London Borough of Hammersmith & Fulham
h&f putting residents first	**CABINET** **11 FEBRUARY 2013**

TRI-BOROUGH MANAGED SERVICES – FINANCE AND HUMAN RESOURCES (TRANSACTIONAL SERVICES)

Report of the Leader of the Council – Councillor Nicholas Botterill

Open report

A separate report on the exempt part of the Cabinet agenda relates to the outcome of the procurement process and provides exempt information relating to the services to be provided.

Classification - For Decision
Key Decision: Yes

Wards Affected: All

Accountable Executive Director: Jane West – Executive Director of Finance and Corporate Services

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1. EXECUTIVE SUMMARY

1.1. The Tri-Borough Managed Services Procurement for Finance and HR transactional services has now successfully concluded. Cabinet is asked to approve the award of a call-off contract with the preferred supplier, BT, to supply a range of Finance and HR transactional services available under the main Framework contract, as set up by Westminster Council (WCC).

1.2. This procurement forms one stream of the wider Pan-London Athena programme which aims to deliver the convergence of back-office services across London Boroughs. The other workstreams are delivering the ICT outsource arrangements for back-office systems. This procurement is delivering a set of fully managed services i.e. services beyond the IT platform are provided by the contractor.

1.3. The Finance and HR services form Lot 1 of four Lots being procured through the Managed Services programme, which includes E-sourcing (Lot 2), Property and Asset Data Management (Lot 3) and Business Intelligence (Lot 4). These other Lots are in the final stages of evaluation with a target completion date in January 2013.

1.4. Through an appropriate EU procurement exercise, the three Tri-borough Councils have identified a supplier, BT, who will deliver the services at the required quality standards and deliver savings of £1.28 million per annum across H&F's activities, and a payback on initial transition investment (£4.15 million) of 3.4 years.

1.5. The call-off contract is from a four year framework, procured by WCC, and will be for a period of 5 years with the right to extend by a further 3 years. Provision of an 8 year call-off contract will maximise the savings achievable. The protections built into the framework and call-off contracts are extensive. As this procurement has proved attractive to the market, we have benefitted from competitive pressures on pricing and terms. Key aspects to these protections include reasonable levels of limits of liability, clearly articulated and extensive termination rights for the customer, clear performance management measurements including service credits and strong governance arrangements. Change management is rigorously defined preventing both uncontrolled price changes from the supplier and ensuring other boroughs using the framework cannot drive up cost through customisation and divergence from the "best practice" services.

1.6. Healthy competition was maintained through each stage of the procurement with strong interest from the market. The final two bidders for Lot 1 were evaluated using the pre-published evaluation process. It was clear that both suppliers provided strong bids and the quality of the services offered were rated as broadly equivalent, but with a slight margin to the preferred bidder. The preferred bidder, BT, offered better pricing and more attractive profiling of investment spend and, under the pre-published evaluation criteria, was selected as preferred supplier.

1.7. The costs of £4.15 million associated with the Managed Services transition (to cover IT, business change and supplier costs) will be met from the Efficiency Projects Reserve. The reduction in operating costs of £1.28m per annum arising from the contract will flow to reduced HR and Finance operating costs once implementation is complete and are already included in H&F's Medium Term Financial Strategy (MTFS).

1.8. The Managed Services procurement has been undertaken on Tri-Borough basis with full engagement with staff from Westminster, LBHF and RBKC. Throughout this process, it has been the intent that all three boroughs will call down from the framework.

2. RECOMMENDATIONS

2.1. That the Council enters into a contract with the preferred supplier, BT, for five years (with the potential to extend for a further three years) at an annual cost of £1.5 million to provide the full range of services covered by the Tri-borough Managed Services Framework Agreement for Finance and Human Resources (transactional services).

2.2. That £4.15 million be set aside from the Efficiency Projects Reserve to fund the transitional costs involved in moving finance and HR transactional services to the preferred supplier.

2.3. That delegated authority is given to the Executive Director of Finance and Corporate Governance and the Director of Law to finalise the contract arrangements with the preferred supplier.

2.4. That the Leader of the Council approves any amendments to the services to be drawn down from the preferred supplier.

2.5. That arrangements are put in place for Westminster City Council to provide an Intelligent Client Function to manage the relationship between the preferred supplier and this Council at a cost of £100,000 per annum.

3. REASONS FOR DECISION

3.1. The recommendation to proceed to award and sign the call-off contracts, followed by implementation is based upon the following:

- supplier chosen following an open and transparent competition in compliance with EU regulations and council policies;

- savings from adoption of the managed services are significant;

- adoption of services enables a greater Tri-Borough working and achievement of existing and future savings targets; and

- provides support to the Pan-London Athena Programme strategy of convergence across London Authority corporate services.

4. BACKGROUND

4.1. In the current economic climate, the financial pressures on local authorities put the opportunity to reduce costs and rationalise services high on the agenda. Over the next one to three years a number of London authorities are reaching end of

life on their current IT systems contracts and this provides an ideal opportunity to move to a new shared services model that includes both the systems and the business processing elements to achieve savings through standardisation and 'vanilla' best practice processes.

4.2. The Pan-London Athena Programme has been leading a programme of work focused upon the convergence of London Borough back office services such as HR systems and Finance systems. The workstreams are set to achieve convergence through the sharing of various flavours of IT platforms. This IT shared service outsourcing looks to reduce the costs of maintaining duplicate versions of systems across London in multiple boroughs i.e. running multiple versions of Oracle for example.

4.3. The Tri-Borough Managed Services procurement formed one of those streams. Although complementary to the Athena Enterprise Resource Planning[1] (ERP) workstreams, this programme differs in being a fully managed outsourced solution. It offers an alternative for London authorities seeking to reshape corporate services in the medium to long term allowing them to benefit from a standardised approach using a single procurement to produce further cost savings through aggregation of services.

4.4. In 2011, Westminster established itself as the lead borough for the Managed Services element of the Pan-London strategy. This reflected its timetable for re-procurement of Finance and HR services. Funding was granted from Capital Ambition in recognition of the importance of the Managed Services as a cost saving option for back-office rationalisation. Shortly after Westminster was recognised as lead for the Athena Managed Services work stream, Tri-Borough discussions recognised the value of a combined procurement and common systems and processes stance for effective cross-borough working. Since then the Managed Services programme has been managed by Westminster with full engagement with, and funding from, LBHF and RBKC.

4.5. The value of this framework has also been recognised more widely across London. An additional 17 boroughs signed up to participate in the framework procurement including Bexley, Bromley, Camden, City of London, Ealing, Hackney, Hillingdon, Hounslow, Islington, Kingston upon Thames, Newham, Richmond, Southwark, Sutton, Tower Hamlets, Waltham Forest and Wandsworth. Also included are any arms length management organisations, subsidiaries or other companies or businesses under the control or influence of any of these London Boroughs and any schools within the control or influence of any of the aforementioned London Boroughs. There is no commitment to adopt, but a number of boroughs have expressed an active interest in evaluating this option.

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[1] ERP is an integrated system which operates in real time, has a common database which supports all applications and has a consistent look and feel throughout each module

4.6.   Through a series of integration projects WCC, LBHF and RBKC are aiming to
        save over £40 million by reducing overhead costs, including reductions of over
        35% in management overheads for adult social care, children's services and
        environmental services. As well as generating savings in its own right, Tri-
        borough Managed Services enables the delivery of savings elsewhere across the
        Tri and Bi-borough services. A combined back-office solution would enable all
        three Councils to be working in the same way, using the same processes. With
        this new single operating model, the potential for further efficiencies in "customer"
        service areas from more streamlined processes will become possible, reducing
        back-office processing costs and allowing more resources to be diverted to "front
        line" services.

4.7.   In 2011, the LBHF Cabinet agreed to contribute £333,000 towards the cost of the
        Tri-borough Managed Services Programme. A further contribution of £300,000
        was then agreed by Cabinet in June 2012. In recognition of the wider London
        benefits this procurement would deliver, Capital Ambition awarded the
        procurement £500,000 in early 2011 to support the delivery of these outcomes.

5.   PROPOSAL AND ISSUES

5.1.   Contract Evaluation

5.1.1   An overview of the outcome of the procurement process can be found in
        Appendix A of the report on the exempt part of the Cabinet agenda.

5.2.   Managed Services

5.2.1. At a high level, the new services will provide H&F with an outsourced HR and
        Finance operation for a range of the transactional aspects of those functions (see
        Appendix B of the Exempt report for a detailed list of services). Strategic
        capability and decision making in both Finance and HR will be retained in-house
        (ie. Corporate Finance, Service Business Partner Teams, Financial Advice,
        Budget Strategy, Budget Planning, Final Accounts, Treasury & Pension Fund
        Management and Taxation, Criminal Records Bureau (CRB) Checks, Job
        Evaluation, Psychometric Testing)

5.2.2. H&F will call-off both HR and Finance services starting in February 2013 for five
        years with the potential to extend for a further three years. This will result in a
        transition period with a "Go Live" on 1 April 2014. The transition will be over an
        extended period and will be business critical.

5.2.3. The framework will fall under a shared service governance structure chaired by
        Westminster. It will operate at a strategic level and an operational level and will
        oversee the supplier relationship and performance overall across all adopting
        boroughs. All change to the services will be undertaken at this level to reduce
        the risk of divergence from a unified approach, and increase the protection from
        poor performance of the supplier.

5.2.4. The supplier will be managed by a shared service Intelligent Customer Function (ICF) which will undertake the day to day contract management, supplier management, performance management, financial management (billing etc) change management and reporting. This streamlined approach to supplier management will enable us to collectively operate more efficiently and become a better customer which in turn helps to reduce costs through more effective engagement for the supplier. The ICF will be centred at Westminster as the framework owner. All participating boroughs will be represented through the full governance structure.

5.3. Direct Savings from Managed Service

5.3.1. The managed services procurement will result in direct cash savings on the current running costs of back-office services. The benefit is derived from the adoption of newer technology and standardised processes with no bespoke customisations in place (both of which drive up cost of maintenance) as well as the opportunity to deliver the services from outside London where cost of staffing these functions is likely to be lower.

5.3.2. In addition, the adoption of the Managed Services Framework by all Tri-Boroughs has the potential to yield increased savings and/or support the delivery of those savings targets already committed to by Tri-borough and Bi-borough services.

5.4. Indirect Benefits

5.4.1. As well as direct cashable savings there are other benefits to migrating to a managed services approach. These include the removal of responsibility for all ICT used to deliver these services (in line with the infrastructure free strategy for the boroughs), lower overheads through transformation of the way the Intelligent Customer Function is provisioned leading to clearer accountabilities and responsibilities, clearer and concise governance arrangements for the management of the services and alignment with the Pan-London convergence strategy.

5.4.2. Further benefits may accrue from wider adoption by other boroughs who are framework participants through the sharing of management costs and the volume discounts that are defined in the contract.

6. OPTIONS AND ANALYSIS

6.1. Initially, in considering the strategic case, various options were reviewed. For WCC, the preferred approach was the procurement of a Managed Service. What started as a Westminster need was soon supported by the Tri-Borough partners

who then became active participants in the procurement. The main considerations were:

- potential benefits of alignment between Tri-Borough in terms of processes to ensure that the front office Tri-Borough services such as Adults, Children and Libraries were not left with multiple processes and systems;

- the need to generate direct cashable savings; and

- economies in the costs of the procurement and potential volume discounts only available through joint working.

6.2. At each stage of the procurement the business case was updated and the option to procure Tri-Borough Managed Services was revisited and validated. The outcome of the procurement meets these objectives in that:

- it will deliver the savings anticipated at the strategic level;

- if adopted by further boroughs, it will facilitate further savings;

- it has reduced the risk and cost of procurement of these services.

7. CONSULTATION

7.1. This procurement has been a major initiative for all three boroughs. It has been reviewed and endorsed throughout the procurement process by the comprehensive governance structures. These include the Tri-Borough Managed Services Board, the Tri-Borough Corporate Services Member Steering Group, the Tri-Borough Corporate Services Board, the HR Strategy Board and the Finance Integration Board.

7.2. The programme has also worked closely with the pan London Athena initiative to raise awareness of the Managed Services option for other London boroughs.

7.3. There is a significant impact on staffing within H&F with 36.7 permanent FTEs whose roles are subject to outsourcing. In addition, a small number of permanent staff employed by H&F Bridge Partnership will also be affected. The staff at risk will be subject to TUPE legislation and have the right to migrate to the new supplier.

7.4. Given that the preferred supplier, BT, is likely to provide all services from the North of England, should staff elect not to transfer under TUPE, then they will be entitled to redundancy.

7.5. This represents a redundancy risk of approximately £345,000, and this figure is built into the transition costs of £4.15 million within the business case. This is a

worst case scenario, as we will make best efforts to redeploy staff into other positions within the Council.

7.6. The contract (TUPE and Pensions schedules) have been signed off by Finance and HR within Westminster and were drafted by DLA Piper employment experts.

8. EQUALITY IMPLICATIONS

8.1. With regard to the services to be outsourced, S149 of the Equality Act 2010 (the duty to give due regard to the need to eliminate discrimination, harassment and victimisation, advance equality of opportunity, foster good relations) is not relevant or affected because the services are not generally frontline services accessed by the public. However, where the supplier is dealing with the public (including communications), they will need to ensure that the service is accessible and in line with the requirements of the Equality Act.

8.2. Where the supplier is dealing with any kind of debt or tax bill (see Appendix B in the exempt report), they will need to ensure that the service is being provided in an accessible way in order that the service does not discriminate. For example, they may need to provide written documentation in a way that is accessible for people with a sensory impairment and they may need to take into account other communication needs where people are unable to use the telephone to get in touch with us.

9. RISK MANAGEMENT

9.1 A risk assessment for the programme is set out in Appendix C.

10. LEGAL IMPLICATIONS

10.1. WCC engaged DLA Piper for legal support and advice to ensure all legal compliance and procurement compliance aspects of the programme were suitably covered. The procurement has, under the guidance of and on advice from DLA Piper, been run in accordance with the latest EU procurement regulations. Key legal documentation has been drafted and reviewed by DLA Piper, legal aspects of the competitive dialogue was run by DLA and the evaluation of the legal aspects of the bids was undertaken by the DLA Piper legal team.

10.2. The Contract has been procured under the Public Contracts Regulations 2006 utilising the competitive dialogue process. In all procurements there is a risk of challenge from one or more bidders and it was therefore important to ensure that legal advice was taken at each stage to mitigate the risk and ensure compliance with regulations.

10.3. In order to meet the programme deadlines on the procurement, timetabling of dialogue with bidders was undertaken and agreed at every stage of the procurement. Although there were considerable time pressures to close dialogue, the bidders were effectively engaged at each stage of the process.

10.4. As Standard form contracts do not exist for these services, WCC adopted a combination of the OGC model contract and a "best practice" service based contract from another Government organisation. The contracts were drafted by external lawyers in line with instructions from Council Officers and consultants retained by WCC.

10.5. The dialogue with both bidders resulted in a negotiated set of contracts which, while they had moved a reasonable amount from the original drafting were still acceptable to all three boroughs. All derogations were pre-negotiated and evaluated as part of the procurement process. Specific derogations bid by the preferred supplier included:

- amendments to the extent of the warranties and indemnities in the contracts;

- lower limits than the original position on liability and more restrictive exclusions of liability;

- more restrictive termination rights; and

- an ability of the bidder to sub-contract more freely (including in respect of the appointment of sub-contractors to process personal data outside of the UK). This was because the service is a shared service that is already in existence and is not a bespoke service designed for the Tri-borough and other Participating Bodies. However, the bidder retains responsibility for the acts and omissions of all sub-contractors.

10.6. As these restrictions were discussed and agreed with the bidder prior to the submission of its final tender, the form of the commitment is clear and officers are comfortable with the overall protection that was still provided under the Contracts.

10.7. As the form of contracts have been substantially agreed prior to the preferred bidder being selected, there are no material issues that remain to be resolved with the preferred bidder during the preferred bidder stage. This substantially reduces the risk of the preferred bidder trying to re-negotiate the contracts during this final stage of the procurement. Also, in the event that they seek to re-negotiate or vary their final tender, the boroughs have the right to de-select them and move to the next reserve bidder.

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. The adoption of managed services provides H&F with the opportunity to achieve a saving of £1.28m per annum, and a payback of 3.4 years (based upon a £4.15 million transition cost and an ongoing contract cost of £1.5 million).

11.2. The preferred bidder has set out its unit costs for the delivery of the Managed Service in a number of bands. The unit costs are based on the number of employees combined from all the call-off contracts in the framework contract.

The thresholds volumes for price changes are:

- Band 1 – 14,999 Employees – highest cost
- Band 2 – 15,000 to 49,999 Employees
- Band 3 – Over 50,000 Employees – lowest cost

11.3. Initially, when the three Councils (WCC, H&F and RBKC) combine their employee numbers they are in Band 1 of the bidders pricing model. The figures in this report have been calculated on that basis.

11.4. If the Tri-Borough Councils were to all exercise call-off contracts at the same time, they would still need another council to join the framework to attain the 14,999 level of employees to benefit from Band 2 and its reduced unit costs. It is estimated that if the Councils moved into this higher band level, it would give an additional £150k saving per annum.

11.5. The pricing model for the Finance and Procurement element of the lot only, also has a minimum number of employees set at 4,500. This means that even if employee numbers drop below this level, LBHF would still continue to be charge for Finance services on the basis of 4,500 employees. LBHF currently has 4,443 employees and so this has an immaterial effect on figures. However, further reductions in employee numbers over the life of the contract would only reduce costs for HR services – not Finance and Procurement.

11.6. Key points of consideration for the case below are:

- The figures include H&F's share of the £2.4 million procurement cost. This figure is reduced by £0.5 million from the Capital Ambition grant. The balance of the £1.9 million for procurement and initial transition planning has been shared between WCC, H&F and RBKC. The individual borough amounts have been divided into each Lot's business case with this case carrying a larger proportion due to the scale of Lot 1.

- The transition cost of £4.15m is based upon best estimates and includes the following assumptions:

- Redundancy costs at the mid-point between the lowest estimate of £266k and the highest estimate of £423k.

- Reworking of IT interfaces costs at the mid-point between the lowest estimate of £474k and the highest estimate of £674k

- Contingency for Staff Retention costs at the mid-point between the lowest estimate of £200k and the highest estimate of £400k

A full breakdown of the transition costs is given in Table 4. If the lowest variable figures were used, this would reduce the total transition costs to £3.87m. Whilst using the highest variable figures would increase the cost to £4.43m.

- No indexation has been included in these numbers (for clarity) but the preferred bidder contract assumes that charges will rise in line with CPI. No assessment of differential inflation has been included in the business case as it is assumed that, over time, the CPI cost increases in the contract would broadly match the cost increases incurred by the borough on in-house or other contracted services.

- Cashable savings will be realised through lower supplier charges in comparison to current supplier charges and employee costs.

11.7. The table below sets out H&F's financial business case.

Table 1: Summary of Costs, Savings and Payback Period

	Summary of Costs and Savings
Current Costs (£m pa)	2.88
New Contract Costs (£m pa)	1.50
ICF Contribution (£m pa)	0.10
Savings (£m pa)	1.28
Transition (£m)	4.15
Payback[2]	3.4

11.8 Managed Service contract savings are presently shown as a single amount and are assumed to fall to General Fund. There will be elements of the savings that may need to be apportioned to other Council activities e.g. Housing and Schools. Apportionments will be considered during the implementation phase of the Managed Services Programme. This does not impact the overall business case but may reduce the savings that accrue to the General Fund.

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[2] Higher LBHF ICF costs in Years 1 and 2 of the contract reduce the annual saving by £110k pa for these years. This increases the payback period from 3.24 to 3.40.

11.9 The table below shows the existing MTFS savings which are dependent upon the successful transition to Managed Services.

Table 2: Summary of Existing MTFS Savings Linked to the Managed Services Programme

Dept	Description	2014/15 Saving (£k)
ASC	Commissioning, Finance and In-house Services - Total saving of £480k.	100
CHS	Finance Staff. Integrated finance team to support 1 integrated Children's Service executive team and services.	170
CHS	Further Finance Savings - revised structure for one shared cross-borough finance team.	80
ELRS	Implement joint ELRS single Finance Structure across LBHF and RBKC	46
SUB-TOTAL		396
FCS	Managed Services Savings	400
TTS	Contribution to Accommodation Savings	123
TOTAL		919

11.10 Table 2 reflects the general fund savings already included in the MTFS. The difference between the expected annual saving of £1.28m and the £0.919m saving in Table 2, is due to current assumptions about the share of savings which may need to be allocated to the HRA and Schools.

11.11 The table below summarises the impact on staff from the proposed savings:

Table 3: Summary of Permanent FTEs Affected by Managed Services (Lot 1)

Area	FTES
Departmental Finance Teams - notional FTEs	8
Central Finance & Procurement	19.7
HR	17
TOTAL	44.7

11.12 The following table sets out the build up of the £4.15 million of required transition costs required to successfully implement the Managed Service in 2013 and 2014 at H&F.

Table 4: Breakdown of Transition Costs

Type of Cost	Estimate (£m)	Notes
Bidder Transition Cost	0.30	Bidder transition costs are set out in their pricing documentation.
Hosting of Existing systems (dual running)	0.83	There will be the requirement to run existing systems in parallel with the managed service to fulfil statutory requirements.
Redundancy	0.35	This is an estimated value
Interface rework	0.58	With a best practice approach being adopted, existing interfaces from business systems will need to be reviewed and updated to comply with new requirements
Loss of Profit from HFBP Joint Venture	0.12	Reduced systems support and work from HFBP may reduce the profit share received by LBHF
Tri Borough Programme Management Costs	0.68	These programme costs ensure the programme is delivered on time and to specification
H&F Programme Management Costs	0.66	These programme costs ensure the programme is delivered on time and to specification.
H&F Communications	0.05	
H&F Training	0.08	
H&F Legal	0.05	
Data Cleanse	0.15	This is a significant piece of work with the onus on the Council to cleanse all its finance and HR data to the standards required by the Managed Service to streamline and regularise processes in the future
Contingency for Staff Retention during Transition	0.30	This ensures departmental staff are able to input to the process and are fully able to implement the new solution.
Total	4.15	

11.13 The cost to H&F of WCC managing the Intelligent Client Function (ICF) is projected to be £100,000 per annum. A Section 113 agreement will be set out the arrangements between the three Tri-borough councils in relation to the ICF.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Business Case (Exempt)	Hitesh Jolapara	Town Hall, King Street
CONTACT OFFICER: Hitesh Jolapara		hitesh.jolapara@lbhf.gov.uk 020 8753 2501	

APPENDIXES

Appendix A – Procurement overview (in exempt report)

Appendix B – Services overview (in exempt report)

Appendix C – Risk management

Risk Management

1. Risks and opportunities

1.1. The programme has managed the key risks throughout the procurement and residual risks post signature will need to be managed effectively. The key risks are below:

- **The supplier fails to deliver the transition successfully.** This is mitigated through the effective supplier management which is being performed by a combination of the new shared services ICF and the expertise in house. The contract provides good protection against failure. The preferred bidder will be relying upon successful transition to enable positive publicity which in turn will drive further customers to take up the service which is a strategic investment for the preferred supplier.

- **The programme negatively impacts the council's wider operations.** The implementation programme will be onerous and affect many areas of the Council's operation. The transition funding allows for the appropriate resources to lead and manage this change. However, risks may arise from conflicting priorities and pressures in the affected services of HR and Finance and in the wider organisation in adapting to new working practices.

- **Costs rise post signature.** The costs of the contract are fixed at the time of signature and may only vary in very specific ways. The contract does not allow for any price changes from the supplier in the absence of change from the customer save for indexation (currently CPI in the contract). This indexation was agreed due to the potential length of the contract (the final year of an 8 year call-off contract could be 12 years after signature of the framework when pricing is set. It would not be commercially viable to hold prices for 12 years).

- **Transition costs rise.** Transition costs are estimated to be £4.15 million for H&F. This is based upon the adoption of the standardised vanilla services. There is a risk that were there divergence from these standard services and process that the cost of transition may rise. Strong governance and controls are in place to prevent this and significant protections are built into the contract in terms of supplier performance.

- **Staffing impacts.** While the contract ensures that TUPE, pensions and redundancy is covered from a legal standpoint, the actual impacts upon individual staff will not be known until discussions with staff are undertaken post award. Those staff who elect not to be TUPE transferred to the new service provider would be subject to redundancy. The costs of

redundancy have been estimated in the business case as 100% of all staff in scope being made redundant. This is unlikely to be the case once staff discussions are complete. However, the transition will need to be finalised with the preferred bidder and staff transition plans established before exact impacts can be calculated.

- **IT costs may vary due to scale and complexity of legacy systems.** This will arise on any transfer to a new outsourced provider, not just this option. In addition, negotiations will be required with incumbent suppliers on exit arrangements although work has been done to establish the parameters for early and later transfers in relation to contract expiry. This risk will apply to any outsource supplier but the risk is lower with the preferred supplier due to their size and experience in this area.

1.2. Opportunities also arise:

- Additional adopters of the framework will yield some financial benefit to the Tri-borough adopters once a further scale discount is achieved at around 10 customers.

- The supplier is incentivised to perform well under this contract as the framework is open to a wider London customer base and the preferred supplier will want to benefit from a reference customer to help drive further revenue.

- The contract makes provision for continuous improvement and incentivises the identification of further joint savings.

PROGRAMME ATHENA

Managed Service Award Report –

Royal Borough of Kensington and Chelsea

February 2013

A11

Executive Decision Report

Decision maker	Full Cabinet	
Date of decision	21 February 2013	THE ROYAL BOROUGH OF **KENSINGTON AND CHELSEA**
Forward Plan details	Forward Plan reference number: KD03881	
Report title (decision subject)	**MANAGED SERVICES**	
Reporting officer	Nicholas Holgate, Town Clerk and Executive Director of Finance Royal Borough of Kensington and Chelsea	
Key decision	Yes	
Access to information classification	Public (part A) with exempt (part B) appendix Information relating to the financial or business affairs of any particular person (including the authority holding that information)	

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET – 21 FEBRUARY 2013

**REPORT OF THE TOWN CLERK
AND EXECUTIVE DIRECTOR OF FINANCE**

MANAGED SERVICES

1. **SUMMARY**

1.1. The Tri-Borough Managed Services Procurement for Finance and Human Resources (HR) transactional services has now concluded. British Telecom (BT) has been awarded the framework contract. Cabinet is asked to approve the award of a call-off contract with the preferred supplier for a range of Finance and HR transactional services available under the main Framework contract, as set up by Westminster Council (WCC).

1.2. The Finance and HR services form Lot 1 of four Lots being procured through the Managed Services programme, which includes E-sourcing (Lot 2), Property and Asset Data Management (Lot 3) and Business Intelligence (Lot 4). These other Lots are in the final stages of evaluation.

1.3. Through an appropriate EU procurement exercise, the Tri-Borough councils have identified a supplier who will deliver the services at the required quality and deliver savings of about £0.79 million a year across the borough's activities, and a payback on initial transition investment (£3.46 million) of 4.1 years.

1.4. The call-off contract is from a four-year framework, procured by WCC, and will be for a period of five years with the right to extend by a further three years. Provision of an eight-year call-off contract will maximise the savings achievable. The protections built into the framework and call-off contracts are extensive. As this procurement has proved attractive to the market, we have benefitted from competitive pressures on pricing and terms. Key aspects to these protections include reasonable levels of limits of liability, clearly articulated and extensive termination rights for the customer, clear performance management measurements including service credits and strong governance arrangements.

1.5. Change management is rigorously defined preventing both uncontrolled price changes from the supplier and ensuring other boroughs using the framework cannot drive up cost through customisation and divergence from "best practice" services.

1.6. Healthy competition was maintained through each stage of the procurement with strong interest from the market. The final two bidders for Lot 1 were evaluated using the pre-published evaluation process. It was clear that both suppliers provided strong bids and the quality of the services offered were rated as broadly equivalent, but with a slight margin to the preferred bidder. The preferred bidder offered better pricing and more attractive profiling of investment spending and, under the pre-published evaluation criteria, was selected as preferred supplier.

1.7. The estimated costs of £3.46 million associated with the Managed Services transition (to cover IT, business change and supplier costs) will be met from transformation reserves. The reduction in annual operating costs of £0.79 million arising from the contract will flow to reduced HR and Finance operating costs once implementation is complete.

1.8. The Managed Services procurement has been undertaken on a Tri-Borough basis with full engagement with staff from all three boroughs. Throughout this process, it has been the intent that all three boroughs will call down from the framework.

2. RECOMMENDATIONS

2.1. That the Council enters into a contract with the preferred supplier to provide a range of services covered by the Tri-Borough Managed Services Framework Agreement for Finance and Human Resources (transactional services).

2.2. That, subject to the specific approval of the Cabinet Member for Finance and IT, about £3.46 million be set aside from reserves to fund the transitional costs involved in moving finance and HR transactional services to the preferred supplier.

2.3. That delegated authority is given to the Town Clerk and Executive Director of Finance to finalise the contract arrangements with the preferred supplier.

2.4. That the Cabinet Member for Finance and IT, in consultation with the Town Clerk and Executive Director of Finance, approves the final services to be drawn down from the preferred supplier.

2.5. That arrangements, to include an agreement pursuant to section 113 of the Local Government Act 1972, are put in place for Westminster City Council to provide an Intelligent Client Function to

manage the relationship between the preferred supplier and this Council at a cost of about £100,000 per annum.

3.   REASONS FOR DECISION

3.1. The recommendation to proceed to award and sign the call-off contracts, followed by implementation is based upon the following:

- The supplier was chosen following an open and transparent competition in compliance with EU regulations and Council policies;

- savings from adoption of the managed services are significant;

- adoption of services enables greater Tri-Borough working and achievement of existing and future savings targets; and

- it provides support to the Pan-London Athena Programme strategy of convergence across London Authority corporate services.

4.   BACKGROUND

4.1. The financial pressures on local authorities to reduce costs and rationalise services are considerable. A move to a new shared services model that includes both the systems and the business processing elements provides an opportunity to achieve savings through standardisation and 'vanilla' best practice processes.

4.2. The Pan-London Athena Programme has been leading a convergence of London Borough back office services such as HR and Finance systems through the sharing of various IT platforms. This IT shared service outsourcing looks to reduce the costs of maintaining duplicate versions of systems in multiple boroughs.

4.3. The Tri-Borough Managed Services procurement formed one of those streams. Although complementary to the Athena Enterprise Resource Planning[1] (ERP) workstreams, this programme differs in being a fully managed, outsourced solution. It offers an alternative for London authorities seeking to re-shape corporate services in the medium to long term, allowing them to benefit from a standardised approach using a single procurement to produce further cost savings through aggregation of services.

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[1]ERP is an integrated system which operates in real time, has a common database which supports all applications and has a consistent look and feel throughout each module

4.4. In 2011, WCC agreed to be the lead borough for Managed Services. This reflected its timetable for re-procurement of Finance and HR services. Funding was granted from Capital Ambition in recognition of the importance of the Managed Services as a way of saving costs. Tri-Borough discussions recognised the value of combined procurement and common systems for effective, cross-borough working. Since then the Managed Services programme has been managed by Westminster with full engagement with, and funding from, the other two boroughs.

4.5. The value of this framework has also been recognised more widely. An additional 17 boroughs signed up to participate in the framework procurement including Bexley, Bromley, Camden, City of London, Ealing, Hackney, Hillingdon, Hounslow, Islington, Kingston upon Thames, Newham, Richmond, Southwark, Sutton, Tower Hamlets, Waltham Forest and Wandsworth. Also included are any schools, arm's length management organisations, subsidiaries or other companies or businesses under the control or influence of any of these London Boroughs. There is no commitment to adopt: but a number of boroughs have expressed interest in evaluating this option.

4.6. As well as generating savings in its own right, Tri-Borough Managed Services enables the delivery of savings elsewhere across Tri- and Bi-borough services. A combined back-office solution would enable all three councils to be working in the same way, using the same processes. With this new single operating model, the potential for further efficiencies in "customer" service areas from more streamlined processes will become possible

4.7. In 2011, the Royal Borough agreed to contribute £250,000 towards the cost of the Tri-Borough Managed Services Programme. In recognition of the wider London benefits this procurement would deliver, Capital Ambition awarded the £500,000 for procurement in early 2011 to support the delivery of these outcomes.

5. PROPOSAL AND ISSUES

5.1. Contract Evaluation

5.1.1 An overview of the outcome of the procurement process can be found in Appendix B of the report on the exempt part of the Cabinet agenda.

5.2. Managed Services

5.2.1. The new services will provide the Borough with an outsourced HR and Finance operation for a range of the transactional aspects of those functions. Strategic capability and decision making in both Finance and HR will be retained in-house (including Corporate Finance, Service Business Partner Teams, Financial Advice, Budget Strategy, Budget Planning, Final Accounts, Treasury and Pension Fund Management and Taxation).

5.2.2. RBKC will call-off both HR and Finance services for eight years. This will result in a transition period with "Go Live" on 1 April 2014. The transition will of course be critical to the programme's success.

5.2.3. The framework will fall under a shared service governance structure chaired by Westminster. It will operate at a strategic level and an operational level and will oversee the supplier relationship and performance overall across all adopting boroughs. All changes to the services will be undertaken at this level to reduce the risk of divergence from a unified approach, and increase the protection from poor performance of the supplier.

5.2.4. The supplier will be managed by a shared service Intelligent Client Function (ICF) which will undertake the day-to-day contract management, supplier management, performance management, financial management (billing etc) change management and reporting. This streamlined approach to supplier management will enable us collectively to operate more efficiently and become a better customer, which in turn helps to reduce costs through more effective engagement for the supplier. All participating boroughs will be represented through the full governance structure.

5.3. Direct Savings from Managed Service

5.3.1. The managed services procurement will result in direct cash savings on the current running costs of back-office services. The benefit is derived from the adoption of newer technology and standardised processes with no bespoke customisations (which would increase costs of maintenance) as well as the opportunity to deliver the services from outside London where operating costs are very likely to be lower.

5.3.2. In addition, the adoption of the Managed Services Framework by all three Tri-Borough councils has the potential to yield increased savings and/or support the delivery of those savings targets already committed to by Tri-Borough and Bi-borough services.

5.4. Indirect Benefits

5.4.1. As well as direct cashable savings, there are other benefits to migrating to a managed services approach. These include the removal of responsibility for all ICT used to deliver these services, lower overheads through transformation of the way the Intelligent Client Function is provided, leading to clearer accountabilities and responsibilities, clearer and concise governance arrangements for the management of the services and alignment with the Pan-London convergence strategy.

5.4.2. Further benefits may accrue from wider adoption by other boroughs who are framework participants through the sharing of management costs and the volume discounts that are defined in the contract.

6. OPTIONS AND ANALYSIS

6.1. Initially, in considering the strategic case, various options were reviewed. For WCC, the preferred approach was the procurement of a managed service. What started as a Westminster need was soon supported by the Tri-Borough partners who then became active participants in the procurement. The main considerations were:

- potential benefits of alignment between Tri-Borough in terms of processes to ensure that the front office Tri-Borough services such as Adults, Children and Libraries were not left with multiple processes and systems;

- the need to generate direct cashable savings; and

- economies in the costs of the procurement and potential volume discounts only available through joint working.

6.2. At each stage of the procurement the business case was updated and the option to procure Tri-Borough Managed Services was revisited and validated. The outcome of the procurement meets these objectives in that:

- it will deliver the savings anticipated at the strategic level;

- if adopted by further boroughs, it will facilitate further savings; and

- it has reduced the risk and cost of procurement of these services.

7. CONSULTATION

7.1. This procurement has been a major initiative for all three boroughs. It has been reviewed and endorsed throughout the procurement process by various officer boards and the Tri-Borough Corporate Services Member Steering Group.

7.2. The programme has also worked closely with the pan London Athena initiative to raise awareness of the Managed Services option for other London boroughs.

7.3. There is a significant impact on staffing: at least 23 staff are subject to outsourcing. The staff at risk will be subject to Transfer of Undertakings (Protection of Employment) (TUPE) legislation and have the right to move to the new supplier.

7.4. Given that the preferred supplier is likely to provide all services from the north of England, should staff elect not to transfer under TUPE, then they will be entitled to redundancy.

7.5. This represents a redundancy risk which has been built into the transition costs of £3.46 million within the business case. The Council will make best efforts to redeploy staff into other positions within the Council for all those who wish to do so.

7.6. The contract (TUPE and Pensions schedules) have been signed off by Finance and HR within Westminster and were drafted by DLA Piper.

8. EQUALITY IMPLICATIONS

8.1. With regard to the services to be outsourced, s149 of the Equality Act 2010 (the duty to give due regard to the need to eliminate discrimination, harassment and victimisation, advance equality of opportunity, foster good relations) is not relevant or affected because the services are not generally frontline services accessed by the public. However, where the supplier is dealing with the public (including communications), they will need to ensure that the service is accessible and in line with the requirements of the Equality Act.

8.2. Where the supplier is dealing with any kind of debt or tax bill (see Appendix B in the exempt report), they will need to ensure that the service is being provided in an accessible way in order that the service does not discriminate. For example, they may need to provide written documentation in a way that is accessible for people with a sensory impairment and they may need to take into account other communication needs where people are unable to use the telephone to get in touch with us.

9. RISK MANAGEMENT

9.1   A risk assessment for the programme is set out in Appendix A.

10.   LEGAL IMPLICATIONS

10.1. WCC engaged DLA Piper for legal support and advice to ensure all legal compliance and procurement compliance aspects of the programme were suitably covered.

10.2. The Contract has been procured under the Public Contracts Regulations 2006 utilising the competitive dialogue process. In all procurements there is a risk of challenge from one or more bidders and it was therefore important to ensure that legal advice was taken at each stage to mitigate the risk and ensure compliance with regulations.

10.3. In order to meet the programme deadlines on the procurement, timetabling of dialogue with bidders was undertaken and agreed at every stage of the procurement. Although there were considerable time pressures to close dialogue, the bidders were effectively engaged at each stage of the process.

10.4. As Standard form contracts do not exist for these services, WCC adopted a combination of the Office of Government Commerce (OGC) model contract and a "best practice" service-based contract from another Government organisation. The contracts were drafted by external lawyers in line with instructions from Council Officers and consultants retained by WCC.

10.5. The dialogue with both bidders resulted in a negotiated set of contracts which, while they had moved a reasonable amount from the original drafting were still acceptable to all three boroughs. All derogations were pre-negotiated and evaluated as part of the procurement process. Specific derogations bid by the preferred supplier included:

- amendments to the extent of the warranties and indemnities in the contracts;

- lower limits than the original position on liability and more restrictive exclusions of liability;

- more restrictive termination rights; and

- an ability of the bidder to sub-contract more freely (including in respect of the appointment of sub-contractors to process personal data outside of the UK). This was because the service is a shared service that is already in existence and is not a bespoke service designed for the Tri-Borough and other Participating Bodies. However, the bidder retains responsibility for the acts and omissions of all sub-contractors.

10.6. As these restrictions were discussed and agreed with the bidder prior to the submission of its final tender, the form of the commitment is clear and officers are content with the overall protection that was still provided under the Contracts.

10.7. As the form of contracts has been substantially agreed prior to the preferred bidder being selected, there are no material issues that remain to be resolved with the preferred bidder during the preferred bidder stage. This substantially reduces the risk of the preferred bidder trying to re-negotiate the contracts during this final stage of the procurement. Also, in the event that they seek to re-negotiate or vary their final tender, the boroughs have the right to de-select them and move to the next reserve bidder.

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. The adoption of managed services provides RBKC with the opportunity to achieve an annual saving of £0.79 million and a payback of 4.1 years.

11.2. The preferred bidder has set out its unit costs for the delivery of the Managed Service in a number of bands. The unit costs are based on the number of employees combined from all the call-off contracts in the framework contract.

The thresholds volumes for price changes are:

- Band 1 – 14,999 Employees – highest cost
- Band 2 – 15,000 to 49,999 Employees
- Band 3 – Over 50,000 Employees – lowest cost

11.3. Initially, when the three Councils (WCC, H&F and RBKC) combine their employee numbers they are in Band 1 of the bidder's pricing model. The figures in this report have been calculated on that basis.

11.4. If the Tri-Borough councils were to all exercise call-off contracts at the same time, they would still need another council to join the framework to attain the 14,999 level of employees to benefit from Band 2 and its reduced unit costs. It is estimated that if the

councils moved into this higher band level, it would yield an additional annual saving of £150,000.

11.5. Key points of consideration for the case below are:

- The figures include RBKC's share of the procurement cost. This figure is reduced by £0.5 million from the Capital Ambition grant.
- The transition cost of £3.46 million is based upon best estimates and includes the following assumptions:

  o No indexation has been included in these numbers (for clarity) but the preferred bidder contract assumes that charges will rise in line with the Consumer Price Index (CPI). No assessment of differential inflation has been included in the business case as it is assumed that, over time, the CPI cost increases in the contract would broadly match the cost increases incurred by the Borough on in-house or other contracted services.

  o Cashable savings will be realised through lower supplier charges in comparison to current supplier charges and employee costs.

11.6.   The table below sets out RBKC's financial business case.

Table 1: Summary of Costs, Savings and Payback Period

	Summary of Costs and Savings
Current Costs (£m pa)	2.30
New Contract Costs (£m pa)	1.41
ICF Contribution (£m pa)	0.10
Savings (£m pa)	0.79
Transition (£m)	3.46
Payback[2]	4.1

11.7 Managed Service contract savings are presently shown as a single amount and are assumed to fall to General Fund. There will be small elements of the savings that may need to be apportioned to other Council activities e.g. Schools. Apportionments will be considered during the implementation phase of the Managed Services Programme. This does not impact the overall business case but may reduce the savings that accrue to the General Fund.

11.8 The table below shows the breakdown of savings which are dependent upon the successful transition to Managed Services.

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[2]Higher RBKC ICF costs in Years 1 and 2 of the contract reduce the annual saving by £100k pa for these years. This increases the payback period from 4.1 to 4.3.

Table 2: Summary of Savings Savings Linked to the Managed Services Programme

Dept	2014-15 Saving (£k)
Adult Social Care	172
Children's Services	250
Environment	73
Corporate Services	299
TOTAL	794

11.9 The following table sets out the estimated build up of the £3.4 million of transition costs required to successfully implement the Managed Service in 2013 and 2014 in the Royal Borough.

Table 3: Breakdown of Transition Costs

Type of Cost	Estimate (£m)	Notes
Bidder Transition Cost	0.3	Bidder transition costs are set out in their pricing documentation.
Use of Existing systems	0.4	There will be the requirement to run existing systems in parallel with the managed service to fulfil statutory requirements.
Redundancy	0.4	This is an estimated value based on 100% redundancy for relevant staff.
Interface rework	0.3	With a best practice approach being adopted, existing interfaces from business systems will need to be reviewed and updated to comply with new requirements
Data Cleanse/Process Redesign	0.4	This is a significant piece of work with the onus on the Council to cleanse all its finance and HR data to the standards required by the Managed Service to streamline and regularise processes in the future
Programme Management (1/3 share)	0.4	These programme costs ensure the programme is delivered on time and to specification. This assumes that these will be shared with other boroughs.
Change/Training/Communication	0.3	This ensures departmental staff are able to input to the process and are fully able to implement the new solution.
Buy out Costs of Existing Systems	0.46	
Contingency	0.5	
Total	3.46	

11.10 The cost to RBKC of WCC managing the Intelligent Client Function (ICF) is projected to be £100,000 per annum. An agreement pursuant to Section 113 of the Local Government Act 1972 will set out the arrangements between the three Tri-Borough councils in relation to the ICF.

Nicholas Holgate
Town Clerk and Executive Director of Finance

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

Business Case (Exempt)

Contact officer: Hitesh Jolapara, Bi-Borough Director for Finance, London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea
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APPENDICES

Appendix A – Risk management
Appendix B – Procurement overview (in exempt report)

APPENDIX A

Risk Management

1. **Risks and opportunities**

1.1 The programme has managed the key risks throughout the procurement and residual risks post-signature will need to be managed effectively.   The key risks are:

- **The supplier fails to deliver the transition successfully.** This is mitigated through the effective supplier management which is being performed by a combination of the new shared services ICF and the expertise in house. The contract provides good protection against failure. The preferred bidder will be relying on successful transition to enable positive publicity which in turn will drive further customers to take up the service, which is a strategic investment for the preferred supplier.

- **The programme damages the Council's wider operations.** The implementation programme will be onerous and affect many areas of the Council's operation. The transition funding allows for the appropriate resources to lead and manage this change. However, risks may arise from conflicting priorities and pressures in the affected services of HR and Finance and in the wider organisation in adapting to new working practices.

- **Costs rise post-signature.** The costs of the contract are fixed at the time of signature and may only vary in very specific ways. The contract does not allow for any price changes from the supplier in the absence of change from the customer save for indexation (currently the Consumer Price Index in the contract). This indexation was agreed due to the potential length of the contract (the final year of an eight-year call-off contract could be 12 years after signature of the framework when pricing is set. It would not be commercially viable to hold prices for 12 years).

- **Transition costs rise.** Transition costs are estimated to be £3.46 million for RBKC. This is based on the adoption of the standardised 'vanilla' services. There is a risk that in the event of divergence from these standard services and process, the cost of transition may rise. Strong governance and controls are in place to prevent this and significant protections are built into the contract in terms of supplier performance.

- **Staffing effects.** While the contract ensures that TUPE, pensions and redundancy are covered from a legal standpoint, the actual effects on individual staff will not be known until discussions with staff are undertaken post award. Those staff who elect not to be TUPE transferred to the new service provider would be subject to redundancy.

- **IT costs may vary due to scale and complexity of legacy systems.** This will arise on any transfer to a new outsourced provider, not just this option. In addition, negotiations will be required with incumbent suppliers on exit arrangements.

1.2   Opportunities also arise:

- Additional adopters of the framework will yield some financial benefit to the Tri-Borough adopters once a further scale discount is achieved at around 10 customers.

- The supplier is incentivised to perform well under this contract as the framework is open to a wider London customer base and the preferred supplier will want to benefit from a reference customer to help drive further revenue.

- The contract makes provision for continuous improvement and incentivises the identification of further joint savings.

PROGRAMME ATHENA

Managed Service Award Report –

Westminster City Council

January 2013

WESTMINSTER CITY COUNCIL

STATEMENT OF DECISION

SUBJECT: TRI-BOROUGH MANAGED SERVICES AWARD OF FRAMEWORK AND CALL-OFF CONTRACT FOR LOT 1 FINANCE AND HR SERVICES

Notice is hereby given that Councillor Melvyn Caplan, Cabinet Member for Finance and Customer Services has made the following executive decision on the above mentioned subject for the reason set out below.

Summary of Decision

(1)   That the report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph (insert appropriate references), in that it contains information relating to confidential supplier pricing which, until the contract is awarded and signed may cause confidentiality agreement breaches if put in the public realm.

(2)   That the Cabinet Member for Finance and Customer Services upon recommendation from the Strategic Director approves this report, the award of the contract as recommended in the report and the signature of the framework and call-off contracts also as set out in report.

(3)   That the Chief Operating Officer, in conjunction with the Head of Legal and Democratic Services, be authorised to agree any minor amendments to the contract deemed necessary and to conclude the contract accordingly.

Reasons for Decision

The recommendation to proceed to award and sign the framework and call-off contracts, followed by implementation is based upon the following:

*   Supplier chosen following an open and transparent competition in compliance with EU regulations and Council policies;

*   Savings from adoption of the managed services are significant;

*   Expiry of existing contracts requires the Council to have an alternative outsource supply of these services;

*   Adoption of services enables a greater Tri-Borough working and achievement of existing and future savings targets; and

*   Provides support to the Pan-London Athena Programme strategy of convergence across London Authority corporate services.

Peter Large
Head of Legal and Democratic Services
Westminster City Hall
64 Victoria Street
London SW1E 6QP

Publication Date: 3 January 2013
Implementation Date: 10 January 2013, 5pm
Decision Ref No: CMfF&CS/40/2012-2013

Committees\Cabinet Member Decision\Finance and Customer Services\2012-13\Draft Tri Borough Managed Services Award\Statement of Decision

PROGRAMME ATHENA

Managed Service Specifications

April 2012

<u>Introduction</u>

One example of a report made public by Royal Borough of Kensington and Chelsea covering specifications of service requirements, specifications and timelines is below. The supporting documentation for this follows and was originally in the format of a PowerPoint presentation.

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET AND CORPORATE SERVICES SCRUTINY COMMITTEE
30 APRIL 2012

REPORT OF THE BI-BOROUGH DIRECTOR OF FINANCE

PROGRAMME ATHENA (TRI-BOROUGH MANAGED SERVICES)

> To provide an update on the progress of Tri-borough Managed Services
>
> **FOR INFORMATION**

1 As part of the "Tri-borough" authority agreement, Westminster City Council, Hammersmith & Fulham and the Royal Borough of Kensington and Chelsea have a programme of work to develop fully outsourced, managed services for a number of corporate services. This is the Tri-borough Managed Services Programme, a work-stream of Programme Athena.

2 The programme will deliver fully outsourced services, including the hosting and processing of transactions i.e. boroughs will be purchasing end- to- end managed service rather than just an IT system. A tri-borough team is leading a single procurement with the support of additional boroughs engaged in Programme Athena. The procurement will be let in four lots, comprising: Finance, HR & Procurement; e-sourcing; Property & Asset Management; and Business Intelligence Integration / Management Information.

3 Work has been completed to define services requirements, specifications and timelines. The OJEU notice has been issued and the Pre Qualification Questionnaire (PQQ) evaluation completed. Results letters have been issued and Competitive Dialogue with successful bidders is due to start on the 26th of April 2012.

4 Nothing we have found indicates that the programme could not be delivered successfully given the right resource and attention. The Programme Board have agreed that the transition preparation work (not

yet in the scope of the programme) needs to start quickly to enable its findings to contribute to the requirements and competitive dialogue.

Procurement Scope

5 The four lots will be procured together to maximise the opportunities for savings and to enable the market to have the flexibility to bid for one or more lots at the same time. The four lots are:

Finance, HR & Procurement:

The finance lot will cover the general ledger, reporting service, recharging service, budgeting and forecasting, purchase to pay, request for quotes, purchase cards, raising and distributing invoices, income management, debt collection, cash collection, banking, bank reconciliation and asset accounting.

The HR lot will cover all the transactional HR functions including payroll and self-service. The HR services will allow seamless integration into the finance service to ensure we maximise the benefits of automation

The procurement function will be looking to procure a full purchase to pay set of services integrated into our financial service to maximise the benefits of automation.

E-Sourcing:

The E-Sourcing service will provide (including self-service) spend analysis, tendering and evaluation, contract authorization, contract management and supplier performance management.

Property & Asset data:

This programme is looking to procure the Property & Asset data management services. No business services are included in the scope of this lot. The provision of this service will allow seamless integration into the finance services.

Business Intelligence:

The Business Intelligence scope will cover all aspects of data warehouse provision enabling the boroughs to bring together

various data sets from within a borough (for example finance and HR) as well as data from across boroughs. The services will enable benefit realisation through the identification of cost savings, clarity over performance within boroughs and across borough boundaries.

Procurement Timeline

6   Better financial information will be available in late June when the successful bidders offer more such information to stay in the competition. Decisions on the winning providers in each of the four lots will be proposed in November.

Questions and Answers

1.   **Is the project still called Project Athena? If not, when did it change?**

The programme is known as the Managed Services programme. It is the tri-borough approach to an attempt by all London boroughs to update and rationalise their finance software which is called Athena.

2.   **What is its purpose and remit? How has it changed, if at all, over time?**

The Managed Services Programme is the programme of work to develop a fully outsourced managed services solution for a number of corporate services. These are set out above.

3.   **When was the specification drawn up and agreed? Who signed for RBKC? And WCC and LBHF?**

The original case to undertake the programme and the scope was part of the June 2011 Cabinet report. The detailed specifications of the services were agreed by the business leads in the Royal Borough and signed off by the Managed Services Programme Board.

4.   **What consultants have we had to assist (or whatever more appropriate verb) with the specification?**

The specifications were drawn up by the business (HR, Finance etc) using project and advisory support as necessary. We have also brought in

procurement expertise to ensure we appropriately follow the competitive dialogue process.

5. What is the timetable for the whole project?

Award of the framework contract is due in December 2012 assuming Cabinet approval in November.

6. How much money has been spent to date and what is our share?

The total committed budget for the programme is £1.5 million which consists of £500,000 of Capital Ambition funding and £1 million shared between the three boroughs. The Royal Borough's share is £333,000 although so far it has committed only £250,000. To date, approximately £400,000 has been spent.

7. How do we avoid the contract going wrong - clear and finalised specifications pre-contract and no changes?

The procurement is scoped to procure 'vanilla' standardised services from suppliers and avoid bespoke and customised services. The programme has adopted a competitive dialogue approach to maximise the benefits of standard service offerings. We also have an experienced programme team, business involvement, and have drawn up specification to allow flexibility.

8. Are we rushing into this to meet a timetable rather than getting the specification right now?

The timetable has been set to deliver services within a timeframe that both meets the needs of the three lead boroughs at an acceptable level of risk. All major tri-borough initiatives must allow for one borough having a more urgent need than the other two as there is rarely alignment of the ending of current contracts. In this case, it is Westminster's contract end date for its HR services. The business has spent a considerable amount of time on the scope of the procurement and the adoption of standardised vanilla service offerings will further reduce the risk.

9. Are we doing anything similar within our ICT department - if so why the duplication? Equally, if not, have we the capacity and ability to manage something complex and expensive that could go belly up?

The timing of the expiry of existing contracts across the three boroughs means that it is not feasible to deliver all services under one single

procurement and to do so would increase risk. The tri-Borough managed services scope is more aligned to a business process outsource rather than a standard set of ICT services. Tri-Borough managed services is a joint procurement of back-office services which already reduces the cost exposure to each individual borough through a joint procurement approach.

10. What involvement is there of our ICT department, our users and finance on this project and the same on other Councils - are we buying something that users want and will it do what they want? Sometimes the decision makers are too far removed from the day to day users.

The ICT teams have fed into the requirements to ensure that the technology aspects of the programme are suitably covered. The programme has yet to start the competitive dialogue stage which will cover ICT aspects of the services. The business users drew up the specifications to ensure that the services procured would meet the needs of the respective boroughs and the users that rely upon these services.

11. Is there an off the shelf product? Or rather, what are they? How much do they cost? And how easily could they be customised to Tri-borough standards and purposes?

The procurement is for managed services and not IT products. We are buying services off the shelf and not software. The strategy is to avoid customisation and to procure standardised vanilla services to maximise savings.

12. Is it cheaper and better if one Council creates this in-house (eg like our Childrens' software when we did our own thing and created a flagship)?

No: we seek to buy services that are already up and running and in most cases run by major suppliers. It is a much larger and more mature market than those for more specialist applications such as the software for children's social services. This route should provide economies of scale and expertise.

13. Is there really scope to sell it to other councils?

The framework can be adopted by 17 other councils in London and some have expressed interest.

14. Are the three Councils aligned? If so at what level? We don't want another NHS Patient Records debacle where the users weren't involved so the system didn't do what the users needed,

the spine failed and it cost a fortune...eventually cancelled after great cost to the taxpayer.

The three councils have all agreed a set of services which if adopted would meet their needs. Equally, if the resulting offer is not sufficiently attractive, they are not bound all to sign up for it.

15. How have\are we choosing data structures\coding?

The boroughs are working to agree the next level of detail around the various data that would need to be transitioned to the new services. It is too early in the process to determine a specific set of outcomes until competitive dialogue has started.

16. If tri- or bi-borough fails, or just does not happen at the speed foreseen, what are the implications? What choices are we building in to continue with 2 boroughs - or would we pull out entirely? If so, what happens on the cost front - is it the exiting Council's costs or shared equally?

The procurement scope is to deliver a framework contract which can be called off by the various participating boroughs including the three lead boroughs. The scope of the programme does not yet include transformation or transition of the bi or tri-borough business units.

17. What is the add on functionality to add in the future and ability to remove elements (e.g. if change in legislation means we can't share data).

The strategy is to procure a set of flexible services that each borough can adopt (or sub-services). If data legislation changes and data cannot be shared, the contract will allow each borough to adopt independently while still retaining some of the benefits of a shared service.

18. Will it be out of date by the time it's finished? How long will its shelf life be? How long has the longest equivalent sort of software been operational for?

The programme is not procuring software but managed services. The software utilised by the service provider is under their responsibility. The framework will be for four years with a call-off contract of up to five years plus three years (therefore a maximum of eight years). The supplier will seek to future proof and build in scope for greater efficiency over the life of the contract.

19. What are the cancellation fees - can we cancel and walk away for free at any time?

The procurement is not at the stage where such items have been determined or agreed.

20. And last, who is currently responsible for it? Since when?

Westminster is the contractual lead on the programme and is responsible and accountable for its delivery. The SRO of the project is Barbara Moorhouse (WCC) and Mike More is the lead Chief Exec. There is a Managed Services Programme Board at officer level. Mr Holgate represents the Royal Borough with help and advice from Mr Beresford, Mr Hindin, Mr Lawrence and me, and others as needed. Mr Bishop is also contributing some time to the project as a consultant. We have also set up a Customer Engagement Group to engage with the user group.

FOR INFORMATION

Hitesh Jolapara
Bi-borough Director of Finance

No background papers were used in preparing this report.

Programme Athena

'State of Readiness' Guide for Local Authorities

Programme Athena

'State of Readiness' Guide for Local Authorities

Programme Athena

'State of Readiness' Guide for Local Authorities

Service Delivery Strategy

Athena Managed Services will:

- Deliver robust financial and human resources management, meeting all "Best Practice" requirements.

- Utilise "lean" transactional processes, automating manual tasks through tailored interfaces

- Streamline service delivery based on Local Authority defined processes, integrating workflow management and scanning technology

- Have a high level of integration and common Management Information systems across functions – Finance, Procurement, HR and Payroll.

Programme Athena

'State of Readiness' Guide for Local Authorities

Contractual Overview

- 4 Year Framework and 5+3 Year Call Off
- Performance standards, KPIs and service penalties defined
- Standard Build is base of service specification: controlled by Framework
- Call Off allows flexibility for local solutions, but safeguards for operational impacts on other users
- Governance allows balance between Framework standardisation and Call Off adaptations
- All users involved in governance and development
- Strong range of legal protections, termination and exit rights for local authority
- Institutes effective partnership mechanisms and behaviours
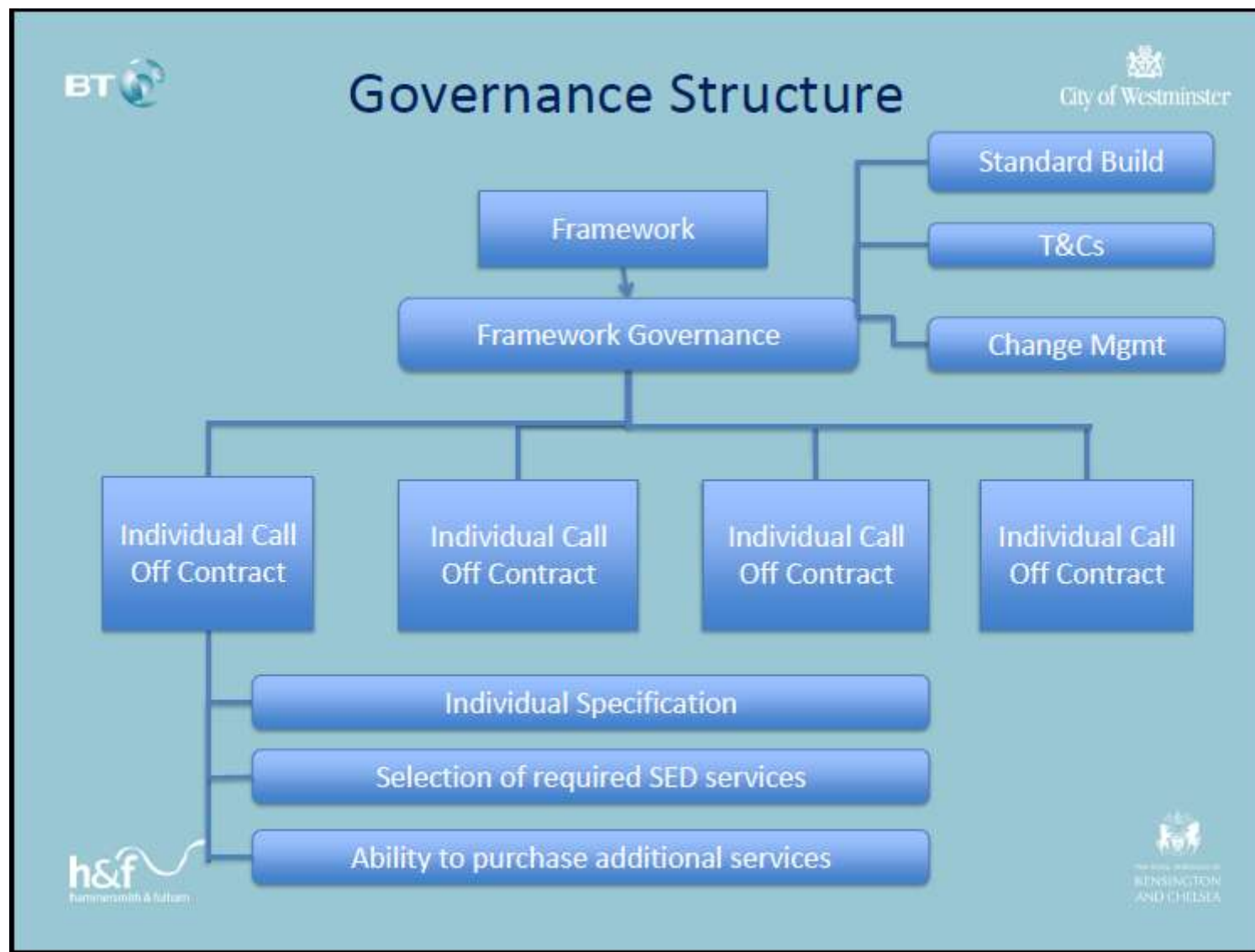
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Costing Model

BT · City of Westminster

- Contract cost model based on number of Council employees, at different volume bands, for managed services or software as service

- Sample pricing:

Prices per Month per Employee at Different Bands for Finance and HR		0 to 15k employees Band 1	15k to 50k employees Band 2	over 50k employees Band 3
Full Managed Service	HR	£11.10	£9.60	£8.50
Software as a Service	HR	£7.90	£7.90	£7.90
Full Managed Service	Finance	£21.06	£16.70	£15.37
Software as a Service	Finance	£13.00	£13.00	£13.00

- Tri-Borough Business Case:
  - Achieved an overall payback across 3 councils of 1.7 years
  - Previous delivery costs totalled £12M per annum
  - Expected contractual savings of £5M for 3 boroughs

- Adoption of framework will deliver 40% reduction in costs

h&f
hammersmith & fulham

KENSINGTON AND CHELSEA

Contract Pricing – Worked Example

- Assume a 25% saving – 15% below 3 boroughs
- Table gives examples of estimated cost savings under Athena MS contract at employee numbers of 4,000, 5,000 and 6,000 employees and 25% savings:

		Up to 15k employees Band 1	15k to 50k employees Band 2	Over 50k employees Band 3
4000 Employees	Contract Costs SAAS	£1,081,200	£1,081,200	£1,081,200.
	Contract Costs MS	£1,670,040	£1,362,600.	£1,237,980
	Estimated Present Direct Costs	£2,227,833	£1,817,708	£1,651,465
	Estimated Savings at 25% level	£557,793	£455,108	£413,485
5000 Employees	Contract Costs SAAS	£1,254,000	£1,254,000	£1,254,000
	Contract Costs MS	£1,929,600	£1,578,000	£1,432,200
	Estimated Present Direct Costs	£2,574,086	£2,105,052	£1,910,554
	Estimated Savings at 25% level	£644,486	£527,052	£478,354
6000 Employees	Contract Costs SAAS	£1,504,800	£1,504,800	£1,504,800
	Contract Costs MS	£2,315,520	£1,893,600	£1,718,640
	Estimated Present Direct Costs	£3,088,903	£2,526,062	£2,292,665
	Estimated Savings at 25% level	£773,383	£632,462	£574,025

MS Specifications

April 2012

Programme Athena

'State of Readiness' Guide for Local Authorities

Business Case for Adoption

- Compare current cost base to Worked Example costing

- Gives benchmark for achieving 25% savings – more or less

- Factor in implementation costs of c £300K to supplier

- PLUS business change support: we are developing tools and templates in Tri-Borough implementation

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Design Principles –
HR and Payroll

- Managers have the tools on their desktop to support streamlined, understandable, and easy to use HR and Payroll process

- Standard workflows will streamlining and speed up authorisation processes.

- Authorisation levels will be at the most appropriate level of the organisation

- Processes and workflow will address financial and legal challenges