

**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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**Date of Meeting:** 8<sup>th</sup> April 2014

**Subject:** Programme Minerva

**Responsible Officer:** Tom Whiting  
Corporate Director of Resources

**Scrutiny Lead  
Member area:** Cllr Jerry Miles, Resources Policy  
Lead Councillor  
Cllr Amir Moshenson, Resources  
Performance Lead Councillor

**Exempt:** No

**Enclosures:** None

## **Section 1 – Summary and Recommendations**

This report sets out progress to date on Programme Minerva since it was last presented to the Overview & Scrutiny Committee in December 2013. The programme is overseeing a number of work streams which include:

- The project to tender for a new ICT contract;
- The project to review and transform the HRD department;
- A number of work streams focussed on identifying and delivering savings in a number of Council departments post 2015 (Access Harrow, Revenues & Benefits, Payroll & Shared Services, Legal and Governance, Strategic Commissioning, Finance & Assurance);
- Monitoring the progress on identification of savings opportunities across the Resources Directorate; and
- The further investigation of potential shared service opportunities, including the potential to develop relationships with other councils.

### **Recommendations:**

Members are asked to:

- I. Note progress on Programme Minerva to date;
- II. Offer comment on the project activities completed to date; and
- iii. Advise on future involvement of Overview and Scrutiny Members in relation to Programme Minerva.

## **Section 2 – Report**

### **Introduction**

The Council launched Project Minerva during 2013 in response to three key challenges that the Council is expecting to face and needs to plan for, namely:

1. Future pressures for cost reductions anticipated from 2015/16 and beyond.
2. The break clause provisions within the Council's existing IT Service contract with Capita that may be exercised subject to one year's prior written notice.
3. The future requirement and use of the existing SAP IT system.

At the Cabinet meeting on the 15<sup>th</sup> January 2014 it was agreed:

1. To exercise the early break clause within the Incremental Partnership Agreement variation for the provision of IT Services to permit cessation from 24<sup>th</sup> November 2015.
2. That the Council does not extend the initial period of the Incremental Partnership Agreement currently scheduled to expire on 3<sup>rd</sup> October 2015.
3. To approve the re-tender of the IT Service contract under EU Procurement rules and in accordance with contract standing orders and delegate authority to proceed with the procurement to the Corporate Director of Resources in consultation with the Portfolio Holder for Communications, Performance and Resources and the Portfolio Holder for Finance and to bring a contract award recommendation to Cabinet for commencement of the IT Service contract. Delivery of the IT Service will require the delivery of major projects from time to time and this will need to be accommodated within the service scope of the re-tender.
4. To give approval to run the process to appoint a Legal and Commercial provider for the re-tender of the IT Service, subject to approval of point 3 above.
5. To authorise the Corporate Director of Resources to continue exploring the potential for a shared service arrangement with suitable partners.
6. To approve the launch of a two-year cost reduction programme aimed at achieving a savings target of 17% (i.e. £2.0m per annum) identified from the options analysis in Sub-Section 2.2.1 of this report.

### **Current Situation**

#### **Cost Reduction**

The Council budget that was agreed in February 2014 projects a funding gap of £24.75m in 2015/16 and £20.765m in 2016/17.

It is evident that the delivery of savings on this scale may only be achieved through significant changes to service delivery models for Council services and as such forward planning is very much required.

### IT Service and Business Transformation Contract

The Council entered into a Business Transformation contract with Capita in October 2005. The initial project undertaken through this contract was the implementation of SAP systems to deliver the Council's Finance, HR, and Customer Services as well as to deliver savings in procurement

Further Business Cases were subsequently delivered through the Capita Contract including Libraries, Special Needs Transport, Refuse and Street Services. The current Mobile and Flexible Working and Towards Excellence projects are also being delivered under this contract.

The contract term was for an initial period of 10 years with an opportunity to extend for up to a further 5 years. In November 2010 the Council outsourced its IT Services to Capita under a variation to this contract for a period of 10 years with a break point after 5 years.

The existing contract (incorporating the variation) therefore permits potential cessation dates of October 2015 for the initial partnership agreement and November 2015 for the variation added for the IT Service.

### Other Stakeholders

There are a range of stakeholders that could potentially be affected by project outcomes including residents, Council employees and Trade Unions. Contextually, the Council also provides a range of support functions to Schools who receive services through a range of Service Level Agreements (SLAs).

The outcomes from the January Cabinet have been shared with Schools through the HSIP Board. Additionally the HSIP Board have been actively engaged in the HR Review currently being undertaken.

### Services in Scope

The services in scope for this programme are:

- Finance & Assurance
- Shared Services & Payroll
- Revenues & Benefits
- Access Harrow
- Procurement
- Legal & Governance
- Strategic Commissioning

In addition 2 major projects are being undertaken:

- ICT Service Tender
- HRD Review and Transformation.

### **Approach Taken**

Following on from the Cabinet decision in January, Programme Minerva was formed. It consists of 9 projects focussing on cost savings, transformation and possible shared services as detailed below.

## 1. ICT Procurement

Following on from the Cabinet decision in January 2014 it was agreed not to extend the current IT Outsource (with capita). In order to do this a number of strands of activity have been started:

- Project Governance

A project board has been convened and the terms of reference have been agreed. In addition a Project Initiation Document has been drafted.

- Legal Advisor Procurement

In advance of starting the procurement exercise Harrow Council are in the process of securing the services of a legal adviser for the duration of the procurement.

- Market Engagement

In advance of going out to procurement it was agreed to perform a market engagement exercise in order to test the appetite of the market for the proposed solution and to understand the latest thinking in the IT market.

## 2. HRD Review and Transformation

As was identified in the work performed last year in Project Minerva, a review of the HRD service was recommended, in advance of a transformation project.

The first stage of this project is to perform a review of the current function and to recommend a target operating model. To do this the Council has engaged the Chartered Institute of Personnel Directors (CIPD) and the Institute for Employment Studies (IES) to undertake the review and recommend a design for the future. This review is in progress and is due to report in early April 2014. The main features of the review are to:

- Perform a desktop review – to include Council structure and workforce, HRD service design and structure, baseline cost information, key service and performance metrics;
- To review key procedures and processes;
- To hold structured interviews with service commissioners and key stakeholders including Schools;
- To facilitate workshops with service users;
- To hold facilitated workshops with HRD staff; and
- To undertake a User Survey.

Once the council has digested the recommendations it will set up a project team to implement them, which is likely to include changes in the way the organisation uses the HR service.

3. Revenues & Benefits, Finance & Assurance, Procurement and Shared Services & Payroll

These three services formed part of Project Minerva in 2013. As such they had identified saving opportunities and the next stage of the project is to implement them. Each opportunity is being tracked at both work stream level and programme level and directors have defined plans to deliver the savings prior to March 2015.

Upon realisation a Benefit Realisation form will be completed for the Programme Board to approve and for Finance to adjust the relevant budgets with effect from 2015/16.
4. Strategic Commissioning, Access Harrow and Legal & Governance

These work streams were not part of Project Minerva in 2013 and as such had not identified specific projects or savings opportunities. In January 2014 they were incorporated under Programme Minerva and work was commenced in identifying savings opportunities.

The current plan is for these areas to identify potential savings initiatives and to implement savings in order for a full year impact in 2015/16. As initiatives are identified they are recorded on the Programme Benefit Tracker.
5. External Shared Services and Other Areas

The Cabinet Report recommended that the Council continue its work in looking at potential shared service opportunities. This included further initial discussions with Hampshire County Council.

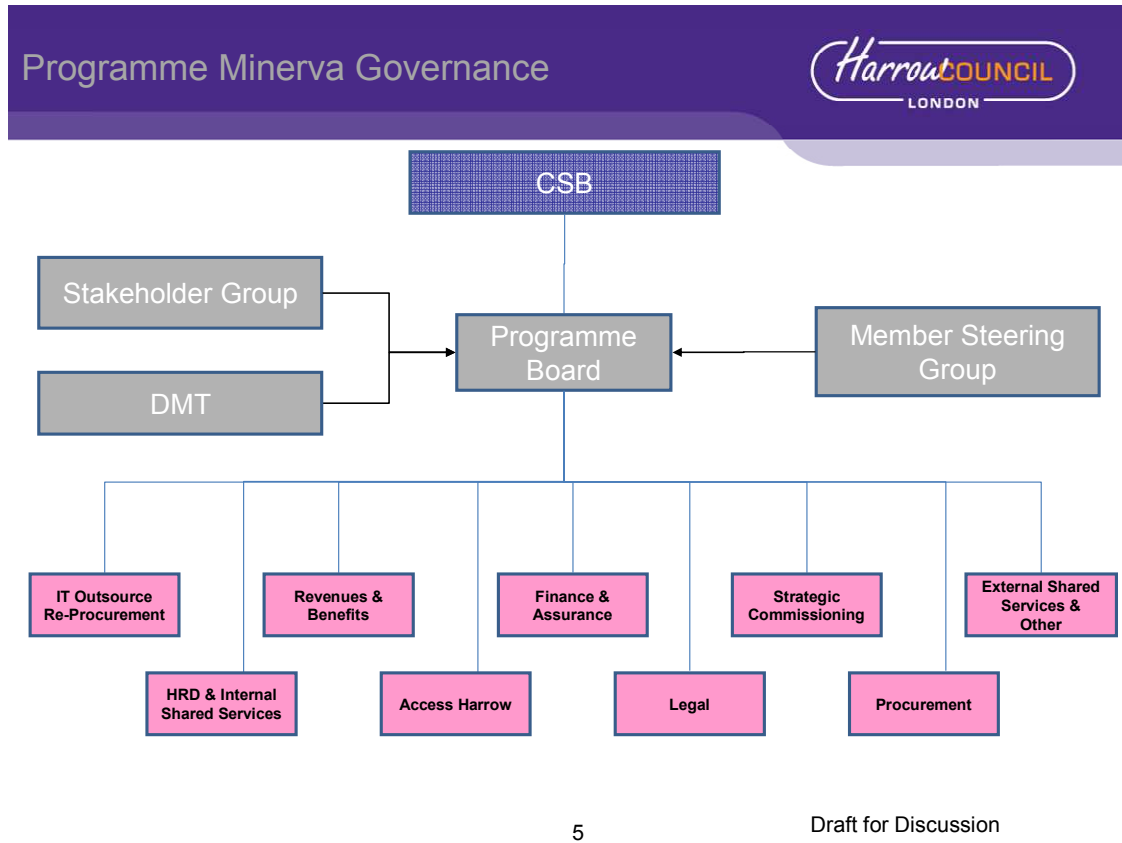
Programme Minerva is also assisting in identifying savings opportunities across the entire Resources Directorate. As they now fall under the Programme, the progress will be tracked in line with the other opportunities.
6. Programme Governance

A number of Programme Governance arrangements have been put in place. These include the creation of a small Programme Board with the Corporate Director of Resources as Chair, the Corporate Director of Environment and Enterprise (Client Representative) and the Director of Finance and Assurance (Section 151 Officer). This board will meet to discuss progress, review risks and issues at the programme level and agree on communications.

Member communications will be at Programme level and use the Member Steering Group where cross-party agreement is required. In addition Portfolio Holders will be briefed on progress by Tom Whiting on a regular basis.

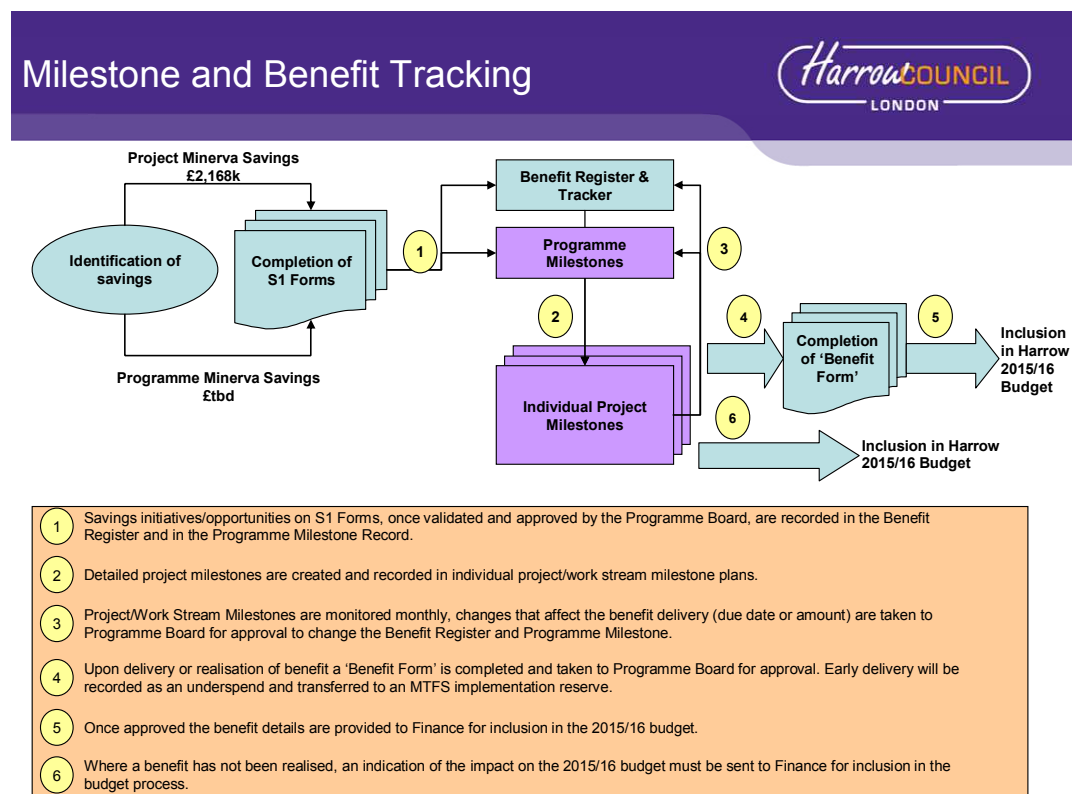
The Stakeholder Group that was created for the project in 2013 will continue with the proposed same membership, with each Directorate represented.

Figure 1 Programme Governance



The diagram below illustrates the Milestone and Benefit Tracking process that will be implemented by the Programme.

**Figure 2 Milestone and Benefit Tracking**



**7. Approach & Timescales**

The intention is for the projects that deliver savings to have been implemented in order for full year savings to be realised in 2015/16. It is possible that a number of savings opportunities will be realised in advance.

**Key dates<sup>1</sup>:**

March 2014	Completion of the ICT Soft Market Test exercise and appointment of a legal advisor
April 2014	The completion of the HRD review and presentation of recommendations
March 2015	The implementation of savings projects where they are required for full year impact in 2015/16
April 2015	The award of a new ICT Outsource Contract
October 2015	The handover from the incumbent ICT provider to the new provider

**Financial Implications**

The Council budget that was agreed in February 2014 projects a funding gap of £24.75M in 2015/16 and £20.765M in 2016/17.

<sup>1</sup> The dates around the ICT procurement are provisional

The annual value of the services in scope is approximately £20M<sup>2</sup>. The savings identified under the internal option from Project Minerva totalled £2.0M.

Programme Minerva has been set up to assist in planning and evaluating how services could meet these challenges and deliver the required savings identified. It is also investigating possible opportunities for cross-Resources Directorate savings.

### **Performance Issues**

There are no firm proposals for the services in scope at this stage and that is not the purpose of this report.

The models that may be proposed for the delivery of services are likely to see services delivered in a different way. There is likely to be a greater reliance on self service, particularly in HRD, and in some areas the levels of support may be less than at present. The right balance between quality and cost will be developed during any procurement process should the Council proceed to market and will be taken ahead internally if services are retained in house.

### **Environmental Impact**

There are no direct environmental impacts anticipated from this report.

### **Risk Management Implications**

Risk included on Directorate risk register? No

Separate risk register in place? Yes. There is a Programme Risk Register and the major projects (ICT and HRD) will also have their own project risk registers.

Risks associated with the project are documented on the project risk register and proactively managed through the Project Reporting arrangements.

### **Equalities implications**

Was an Equality Impact Assessment carried out? Yes

Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties. They are not duties to secure a particular outcome. The equalities impact will be revisited for each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that the Council has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

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<sup>2</sup> This includes ICT and areas that were previously out of scope, such as Access Harrow and Legal and Governance



- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

It is important that robust equalities impact assessments are completed and that consultation is undertaken whilst the project is in a formative stage.

An overview Equalities Impact Assessment has been undertaken for the project and this has been considered by the Equalities Impact Assessment Quality Assurance Group at their meeting of 16<sup>th</sup> December 2013.

Moving forward EqIA's will be developed for individual projects or areas as and when required.

### **Section 3 - Contact Details and Background Papers**

**Contact:** Tom Whiting, Corporate Director of Resources 020 8420 9484

**Background Papers:** None