

Information and Communications Technology: Outline Business Case

Report of the Chief Fire Officer

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1 Purpose of Report

This report summarises the outline business case for shared services with Shropshire Council to secure improvements to the Service's Information and Communications Technology (ICT) infrastructure. The proposed shared service arrangement for a Wide Area Network (WAN) infrastructure will make effective use of the previously agreed ICT reserve that underpins the Service's ICT Strategy for the next 3 to 5 year period.

The issues discussed are complex. This report endeavours, therefore, to act as a summary overview, with more detailed information available on request.

2 Recommendations

To address ICT deficiencies, and to optimise opportunities as an integral element of the Shrewsbury Fire Station/Headquarters refurbishment programme, it is recommended that the Fire Authority:

- i) Approve proposals to enter into a shared services agreement for the provision of a Wide Area Network infrastructure with Shropshire Council and/or its contractors;
- ii) Delegate authority to the Chief Fire Officer to enter into any other agreements which may be necessary or appropriate to give effect to this arrangement;
- iii) Approve funding set-up costs of £149,000 from the ICT reserve, and covering annual running costs from current budgets from 2012/13 onwards. An additional £33,000 revenue costs will be need to be met from the revenue budget in 2011/12; and
- iv) Receive at a later date, a report setting out the business case to enhance the legacy Local Area Network.

3 Background

The Fire Authority, at its previous meeting (27 April 2011)¹ agreed proposals for officers to enter into formal discussions with Shropshire Council to develop a business case for shared services. The shared services proposal, supported financially through the establishment of an ICT reserve will, subject to Member approval, facilitate the adoption and migration to Shropshire Council's WAN.²

The aforementioned approach underpins both current and previous initiatives for shared services within the public sector and offers economies of scale realising further savings when compared to the level of investment.

4 Outline Business Case

A WAN is used to connect computers across a broad geographical area, in this instance to communicate across all 23 sites occupied by the Fire and Rescue Service within Shropshire and Telford & Wrekin. The method that is currently used is based on internet connectivity and has limitations. The key problem with this technology is that the speed varies depending on a number of factors beyond the control of the Service, causing bandwidth fluctuations, which in turn result in supply failing to meet demand. The Service's legacy WAN is at the point of obsolescence, the business need to address WAN is well documented within the previous report to Members and as such is not unduly repeated here.

When reviewing the options presented and considering the eight most common causes stated by Government for project failure³ (see Section 10), it is considered that the route of reduced risk, which affords maximum business benefits, is through a shared services approach (as opposed to a standalone).

The cancellation of the FiReControl project together with the impending transition to the new Fire Service Headquarters has created significant issues that present a timely opportunity to enhance the Service's legacy ICT infrastructure.

Sections 5 through to 10 of this report set out the strategic business case supporting this approach.

5 Strategic fit: the strategic case

The provision of a shared services approach to the WAN offers many benefits, and as an approach, provides strategic fit on two levels:

¹ <http://www.shropshirefire.gov.uk/sites/alpha.shropshirefire.gov.uk/files/fra/12-information-and-communications-technology-strategy.pdf>

² [http://shropshire.gov.uk/committee.nsf/0/EC5BB9ACD43DBCA0802578700030E206/\\$file/14%20Appendix%20B%20Elected%20Member%20briefing.pdf](http://shropshire.gov.uk/committee.nsf/0/EC5BB9ACD43DBCA0802578700030E206/$file/14%20Appendix%20B%20Elected%20Member%20briefing.pdf)

³ <http://www.oqc.gov.uk/documents/cp0015.pdf>

- **Locally**, the approach builds upon existing partnership initiatives and offers levels of synergy with Shropshire Council and other public sector partners engaged with the Council's shared services agenda.
- **Nationally**, the approach aligns to both the current and previous Governments' agenda of shared services. The Communities and Local Government (CLG) Minister responsible for fire and rescue services – Bob Neill MP has recently been explicit in stating⁴ that whilst spending decisions will be decided locally by individual Fire and Rescue Authorities (FRAs), he believed that savings should be achievable through, amongst a number of areas, including shared services. The Minister's recent comments echo those made in a letter⁵ to FRAs last year concerning the Spending Review outcome, which indicated that potential savings through shared services/back office functions should be considered.

6 Options appraisal: the economic case

A number of options exist to upgrade the WAN, namely:

- **Shropshire Council Shared Services WAN**
The previous report to Members (27 April 2011) set out a summary overview and benefits of the Council's WAN. Suffice to say the Council has invested in a multi-protocol label switching network with unbundled exchanges to provide 27 points of presence (POP) around the County. The proposal to share this core network by adding links from each of the Service's 23 fire stations to the nearest POP will, in part, be offset by the cessation of legacy line charges (circa £51k).

A copy of Shropshire Council's ICT Strategy is appended, which further articulates the benefits and reiterates the synergy of approach.

- **Alternative solution**
As a *market test* exercise, a commercial provider has been approached and proposed an alternative WAN solution, with the resultant costs greater than that afforded via the Council's shared services proposal.
- **Do-nothing**
For the reasons set out with the report of 27 April 2011, to do nothing is not a practical option. Whilst arguably the status-quo could remain, the reality remains that the risk not to migrate to a modern WAN exposes both the Authority and Service to unacceptable levels of both corporate and operational risk.

⁴ <http://www.communities.gov.uk/newsstories/fire/1862268>

⁵ Letter from Bob Neill MP to Fire and Rescue Authorities, sent 20 October 2010, <http://www.communities.gov.uk/documents/fire/pdf/1746318.pdf>

7 Commercial aspects: the procurement route

The Shropshire Council WAN was procured through the Office of Government Commerce (OGC) Buying Solutions framework, which is the national procurement partner recommended for all UK public services and is part of the Efficiency and Reform Group within the Cabinet Office.

The role of Buying Solutions is to maximise the value for money obtained by Government departments and other public bodies through the procurement and supply of goods and services. The procurement arrangements established allow public sector organisations to save time and money. These cover a range of areas such as ICT, Energy, Travel, Fleet, Office Solutions, Property Solutions and Professional Services. The Fire Authority has used these framework arrangements successfully in the past for other elements of the Service's ICT infrastructure.

The original national OGC Buying Solutions Framework Agreement was drafted in 2006/2007, and came into force from 2008 and will expire in 2012. It allows for the Customer - *'to assign or otherwise dispose of its rights and obligations under this Contract or any part thereof to any Contracting Authority.'* It also entitles the Customer *'to novate this contract or any part thereof to any Contracting Authority.'*

In the context of the Framework Agreement a *'Contracting Authority'* is defined as *'a contracting authority as defined in Regulation 5(2) of the Public Contracts Works Services and Supply (Amendment) Regulations 2000. These include a fire authority constituted by a combination scheme under the Fire Services Act 1947(2).'* This is now superseded by the Fire and Rescue Services Act 2004, which has designated Shropshire and Wrekin Fire and Rescue Authority as the *'authority'* for the area.

Members have previously considered the implications of adopting this route and having taken legal advice concluded that a substantial argument exists in favour of its use.

8 Affordability: the financial case

The Fire Authority has previously approved the establishment of an ICT reserve from which the costs associated with the WAN will be met. The financial implications are set out at section 12 of this report.

9 Management of Risk: Public/Public Partnership Pathway

Cognisant of the potential for failure within any partnership (be it public-public or public-private) officers have applied the principles of the *'The Good Practice Public/Public Partnership Pathway Process'* promoted by Government.⁶

⁶ <http://www.communities.gov.uk/documents/localgovernment/pdf/151096.pdf>

The Pathway uses well-proven techniques and is being used as a framework to facilitate discussions with Shropshire Council to secure a solution that represents value for money and reduced risk to the Fire Authority. The pathway model is shown in Figure 1 below.

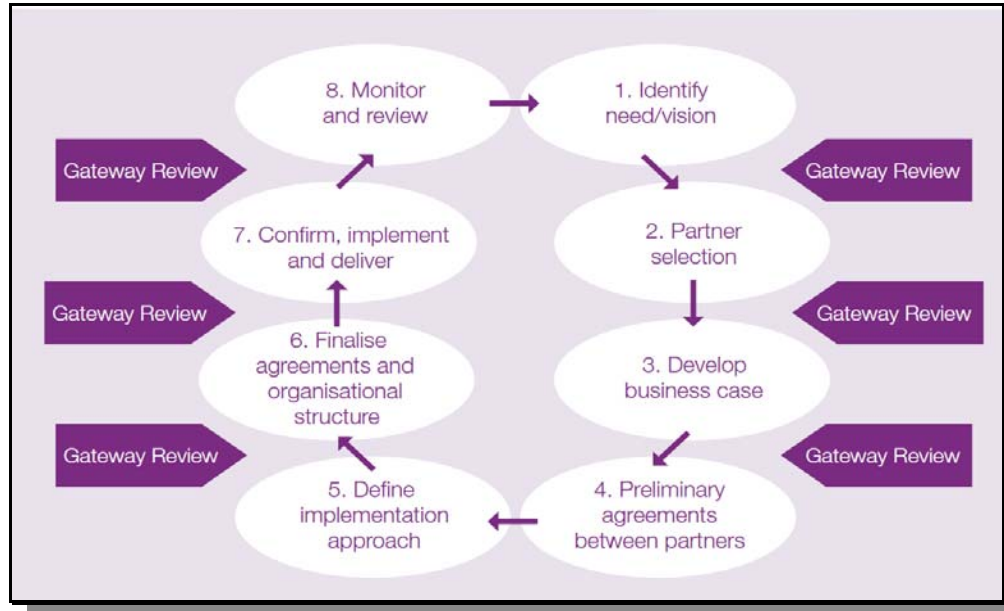


Figure 1 - Public/Public Partnership Pathway – a route to shared services

10 Achievability: the project management case

When considering the options to address the current WAN to ‘do nothing’ is arguably not a viable option. To secure success of implementation and reduce risk the proposal set out in this report recommends a procurement route that adheres to Government policy through the use of the OGC Buying Solutions framework, and as such, mitigates risk to a large degree. The proposed solution is managed through a single prime contractor (Shropshire Council), who understands the role of the fire and rescue service and communities it serves. The roll-out project will be undertaken in full accordance with PRINCE2⁷ methodology, with comprehensive stakeholder involvement.

Senior management responsible for overseeing implementation are qualified PRINCE2 practitioners. Achievability of the business benefits set out in this document is considered realizable.

The National Audit Office (NAO) and the OGC have an agreed list of common causes of project failure. Table 1 below summarises these causes of failure and provides a response of the Service to each.

⁷ http://www.ogc.gov.uk/methods_prince_2.asp

NAO/OGC agreed list of common causes of project failure	Response
Lack of clear link between the project and the organisation's key strategic priorities, including agreed measures of success.	The proposal has strategic fit for securing business continuity of the Service, but moreover, acts as an enabler to the local and national benefits set out in Section 5 (above).
Lack of clear senior management and Ministerial ownership and leadership.	The proposal is subject to approval by the Fire Authority and meets Government's 'shared-services' agenda.
Lack of effective engagement with stakeholders.	The proposal is fully owned and supported by senior management.
Lack of skills and proven approach to project management and risk management.	Officers/managers tasked with delivering the project have a strong track record in the use of PRINCE2 and the implementation of major projects.
Too little attention to breaking development and implementation into manageable steps.	The WAN is already in situ through Shropshire Council.
Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).	The OGC procurement process secures a provider capable providing a WAN solution that meets value for money, affordability, technical compliance, future proofing and service management.
Lack of understanding of and contact with the supply industry at senior levels in the organisation.	The senior management within both the Council and Service have a clear understanding of the supply industry.
Lack of effective project team integration between clients, the supplier team and the supply chain.	The project is overseen by the Chief Fire Officer but managed day-to-day by the Service's ICT Manager in consultation with the Council's ICT Manager.

Table 1 - National Audit Office and Office of Government Commerce have an agreed list of common causes of project failure.

11 Local Area Network

This report sets out, through an outline business case, the rationale for the procurement of a WAN via a shared services approach. Supplementary and integral to the WAN is the Local Area Network (LAN). The LAN supplies networking capability to a group of computers in close proximity to each other, such as in an office building. A LAN is an essential resource for sharing resources like files, printers, and applications. There are many network components carrying out a range of functions to establish a LAN. These components are a combination of hardware and software, including (but not exclusively) – routing and switching, storage, active directory, server exchange and back-up and disaster recovery.

The Service's LAN requirements, which are central to the ICT Strategy, will be presented to Members at a future meeting of the Fire Authority. The strategy for the LAN is, in part, dependent upon the agreed procurement route for the WAN. Upon approval of the WAN proposals set out within this report, arrangements for the upgrade of the legacy LAN can be finalised.

The option exists to secure LAN hardware, software and management support via a number of sources, potentially including the option of further expanding Shropshire Council's shared services arrangement for the WAN.

12 Financial Implications

This report sets out summary proposals to enter into shared services arrangements with Shropshire Council for the provision of a WAN.

The financial revenue consequences of these proposals are set out in table 2 below.

Item	Set-up Charges (one-off)	Annual Revenue Charges			
	2011/12 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
WAN charges	£180	91	121	121	121
Less existing link already approved	-31				
Less savings from existing budgets:					
• 100mg link		33	45	45	45
• ADSL link		17	23	23	23
• Shirehall link		8	11	11	11
• PSTN Bearers		0	18	18	18
• Paknet Bearers		0	22	22	22
Total (£000)	149	33	2	2	2

Table 2. Set-up and Revenue Financial Predictions

The contract is for an initial period of two years, with an option to extend by a further two years.

The above costs include the previously agreed proposal to procure via Shropshire Council the early deployment of a 1GB data link between Shirehall and the Service's new Headquarters building.

13 Legal Comment

Members discussed at the previous meeting of the Authority the implications of pursuing a shared services agreement with Shropshire Council. Members are referred to exempt report 15a from the Fire Authority Meeting of 27 April 2011 for details if required.

On 27 April 2011, Members also approved a special exemption under paragraph D1 of the Fire Authority's Standing Orders relating to contracts.

Work needs to be undertaken between the Fire Authority's legal advisers, and the legal officers at Shropshire Council to finalise contractual arrangements and therefore Members are asked to grant delegated authority to the Chief Fire Officer to enter into such other agreements as may be necessary or appropriate to give effect to the recommendations in this report and the shared services arrangement, for example any data sharing agreements which may be required.

14 Equality Impact Assessment

An Initial Equality Impact Assessment has been completed and is attached to this report.

15 Appendix

Shropshire Council ICT Strategy

16 Background Papers

Shropshire and Wrekin Fire and Rescue Authority
27 April 2011, Agenda Item 12 - Information and Communications Technology Strategy