Audit and Governance Committee
17 April 2023
Approach to Value for Money

For Decision

Portfolio Holder: Cllr J Haynes, Corporate Development and Transformation

Local Councillor(s):   All

Executive Director: A Dunn, Executive Director, Corporate Development

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Report Status: Public

Brief Summary:

In October 2020 the Cabinet agreed a framework and timescale for undertaking fundamental value for money (VfM) reviews of all the council's services. Delivery of this work has been slower than anticipated due to the recent pandemic and on-going capacity constraints. A Local Government Association Peer Challenge of finance services recommended we put VfM at the heart of everything we do.

This report provides an update on progress, including details of findings from a recent pilot VfM review undertaken with ICT Operations. The pilot was intended to test the methodology and to provide useful insight for ICT as part of this process. The pilot has found the tested VfM methodology to be resource intensive and unlikely to yield significant or valuable insight if utilised more widely across other DC services. Alternative approaches based on enhancing existing embedded processes and upcoming improvements in DC's use of data are recommended below as more expedient options.

Recommendation:
That the Audit and Governance Committee:

    i.   Note the conclusion and outcomes of the VfM pilot work with ICT Operations.

ii.   Agree a revised approach to understanding VfM at Dorset Council by enhancing and utilising the existing Performance Framework and associated additional Business Intelligence.

iii.   Note that future enhancements to the DC performance framework will continue to bring finance, risk, operational, HR and customer data together. These approaches will be combined with relevant benchmarking data (where available and appropriate) to demonstrate VfM and an assessment of Economy, Efficiency, Effectiveness and Equity.

iv.   Agree the Business Partner (BP) model has embedded since the original VfM proposals, where BPs are now integral to the on-going challenge of performance, and also provide expertise into change and transformation processes.

v.   Note that fundamental service reviews are better served by DC's ongoing and extensive transformation programme, working in conjunction with Digital, Service Design and BI where performance data, intelligence and insight are fed into these processes.

vi.   Agree the link between VfM and consulting with customers will now be served by the Customer Transformation Programme, delivering a customer-centric approach at DC. This includes using data to understand customers' needs and feedback.

vii.   Agree that all data from the above will form part of the DC Performance Framework, providing on-going and regular monitoring which now supersede the original VfM methodology tested in the pilot.

Reason for Recommendation:
To ensure the council embeds Value for Money in all its services.

In respect to methodology, the pilot ICT VfM study found:

- The BI&P Service would need more resource to support any future reviews if undertaken using the same approach as the pilot methodology. The resource requirements from within the service being reviewed would also be high – it is unlikely that every DC service would have resource capacity to take staff away from their 'day job' to focus on VfM work. This would place further demand on the BI&P Service as the support function.

- The approach was only able to conclude an assessment of VfM in broad terms drawing primarily on a SOCITM survey. Only a limited number of other Services will have the advantage of drawing on societies such as SOCITM for benchmarking and surveying in this manner.

- Since the VfM work was originally conceived, the central BI&P Service has continued to embed the DC Performance Framework and to refine metrics and data products. DC are now in a significantly better position to be able to draw on data science and business intelligence to provide VfM assessments on an on-going assessment basis rather than as ad-hoc or one-off reviews.

- The recently agreed Data and BI strategy will deliver significant benefits to the data landscape at DC, including improved data quality, improved infrastructure and enhanced data tools and intelligence.
- Enhancements to the DC performance framework will continue to bring finance, risk, operational, HR and customer data together. These approaches can be combined with relevant benchmarking data (where available and appropriate) to demonstrate VfM and an assessment of Economy, Efficiency, Effectiveness and Equity on a regular basis.

1. **Report**

1.1 ICT Operations volunteered to be the first DC service to take part in a VfM review to test the previously agreed methodology. The pilot was intended to explore a possible process for measuring VfM. The aims of the pilot review were:

- To begin to develop a pragmatic VfM assessment process that could be used in-house.
- To deliver a service specific baseline VfM report outlining the position for ICT Operations under the headings of 'Economy, Efficiency and Effectiveness'.

1.2 The findings provide evidence that Dorset Council's ICT Operations is, in most instances, delivering good value for money. This is based on a comparison to the survey benchmarks produced by a SOCITM survey (Society for Innovation, Technology and Modernisation), SWAP findings and the Cyber 360 review.

1.3 A minority of functions in ICT Operations were flagged as requiring some possible attention for VfM improvement (detailed below).

1.4 There is not sufficient evidence from this pilot review to draw a conclusion as to the level of productivity achieved by the service. To achieve this would require a measurement of productivity to be agreed and further work and analysis.

1.5 The SOCITM report provided a view of the Cost, Satisfaction levels, Service Delivery Model and Key Drivers/Weighted Gap analysis to enable comparison of the ICT Operations within Dorset Council and between Dorset Council and the other organisations surveyed. The Survey covered 2021/22 for cost analysis and 2022/23 for Satisfaction, Key Drivers and Weighted Gap analysis.

1.6 Caveats with the analysis are as follows: Whilst SOCITM make every effort to vet data returns, they cannot be certain that participant circumstances are equivalent. Participants are able to record local context

in the context statement section for the SOCITM return. Therefore, benchmarks are provided as an indicative comparative performance, which cannot be taken as absolute, but which may be used as an indication of performance.

1.7 The SOCITM results are benchmarked and provided as quartiles: so, if referring to spend for example and falling into the first quartile then Dorset Council would be in the lowest 25% of spend compared to other authorities surveyed.

2. **ECONOMY**

2.1 Dorset Council was found to have a relatively low spend on ICT, including on ICT staff. Cost of ownership per device is low, however our spend on device per user is higher than average. Network spend is low as a total percentage of ICT spend and Network spend per user is also low, however spend per device is higher than average.

3. **EFFICIENCY**

3.1 Excellent ICT service availability: ICT Service availability is shown as 96%, corroborated by the customer satisfaction survey reflecting a significantly higher than benchmark level of satisfaction with the availability of services.

3.2 Highly rationalised ICT device estate: DC benchmarked in the 1st quartile for the number of devices per user and 2nd quartile for the number of workstations per user, suggesting that we operate a well rationalised device estate. Dorset Council also has a much higher proportion of Smart Phones than other organisations and far fewer IP Desk phones and landlines. ICT ranked in the 3rd quartile for the number of users per printer, reflecting a rationalised print/copy/scan device estate, with devices available across a high volume of corporate properties inflating the figures.

3.3 Poor incident resolution within SLA: DC was in the 3rd quartile for the number of incidents resolved in 15 minutes. However, DC was found to be a poor performer for the number resolved within SLA (1st quartile). Despite the low fix within SLA, ICT have good customer satisfaction for incident support. ICT support FTE per user and device are reported as reflecting appropriate levels of capacity.

3.4 Governance & Standards: Dorset Council has not committed to achieve a number of governance/standard benchmarks, though works with a number of those suggested as influencers of practice (e.g. security standards, ITIL service management). The Service leadership has adopted a position that the effort to gain accreditation exceeds the additional value in doing so.

4. **EFFECTIVENESS**

4.1 Effective wide area network operation: DC's network spend as a proportion of total spend is 1st quartile, per device is in the 3rd quartile, whilst our network spend per site is 2nd quartile and our total spend on the network at the median (average). The average bandwidth per site is well above the median. A SWAP audit into the wide area network gave a 'substantial assurance' finding, with the new SD-WAN approach offering a strong balance between cost, performance and resilience.

4.2 Customer feedback is generally positive: Customer satisfaction is generally at the benchmark average or above for the majority of key metrics. The most positive feedback is the for the quality of the operational service – devices, availability and office systems all being well above benchmark satisfaction.

4.3 Lower scoring areas included: (1) Customer Service Skills of ICT support staff was below the benchmark; (2) the resource plans (availability of ICT staff) for new systems and new developments were below the benchmark; (3) Lead times for the development and delivery of new systems; (4) Resource plans for new systems and developments; (5) ICT training to improve users' ability to do their jobs effectively.

4.4 Customers comprising the 'Strategic Management group' (management level down to Head of Service) were identified as holding a view of ICT that differed from the general view. This group reflected lower than general satisfaction with the 'working relationships' between users and ICT support. Specific areas of concern highlighted:

- 'Responsiveness of ICT staff to changing service user needs'
- 'Understanding user's business by ICT staff'
- 'Resource plans for new systems and new developments'
- 'Lead times for the develop and delivery of new systems'
- 'Promptness of… processing requests for changes to existing systems'
- 'Effectiveness of monitoring the ICT service's performance in delivering services to users'
- 'Fitness for purpose of business systems'

The DC benchmark for the following elements of the service were all well above the benchmark group averages:

- 'Fitness for purpose of ICT equipment'
- 'Fitness for purpose of office systems'
- 'Amount of downtime'

5. Further audits and external reviews

5.1 <u>SWAP audits:</u>
Disaster recovery   Substantial assurance

Wide Area network   Substantial assurance
ICT incident management Substantial assurance

5.2 **LGA Cyber 360**

5.3 "Dorset Council has in place a strong cyber security culture and very good general approach to cyber security. There was evidence of capable leadership from the senior management team, demonstrated by high levels of personal engagement, robust relationships with IT and an enduring commitment to the appropriate funding of cyber security. Senior leaders should continue to discuss cyber security regularly."

5.4 "The council's IT team are trusted and respected across the organisation, not least because of their work ethic and efficacy during busy periods. There is, however, an overreliance on a core group of staff in terms of organisational knowledge."

5.5 "In summary, Dorset Council should feel confident about their approach to cyber risk management."

6. **Financial Implications**

The finance Peer Review reiterated that, with increasingly scarce sources, it is essential that the council secures best value for all its expenditure and puts VfM at the heart of everything we do.

7. **Environmental Implications**

No specific implications from this report although value for money reviews will need to take account of climate impacts.

8. **Well-being and Health Implications**

None

9. **Other Implications**

None

10. **Risk Assessment**

10.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: Medium
Residual Risk: Medium

11. **Equalities Impact Assessment**

Service reviews will need to include equalities impact assessments where changes to services are proposed as a result.

12. **Appendices**

13. **Background Papers**

Approach to Value for Money, Cabinet report, 6 October 2020

Value for Money update: Audit & Governance Committee report 27 September 2021