

19 December 2014

John Jacobson  
FYI.org.nz

By email to: [fyi-request-2317-0ecef91a@requests.fyi.org.nz](mailto:fyi-request-2317-0ecef91a@requests.fyi.org.nz)

Dear Mr Jacobson

### OFFICIAL INFORMATION REQUEST

Thank you for your information request, submitted via the [fyi.org.nz](http://fyi.org.nz) website, in which you have asked for information relating to the cost of merging or sharing IT services, consolidating ICT infrastructure across 4 Councils in the Wellington region. This response is issued in accordance with the provisions of the Local Government Official Information and Meetings Act 1987 (the Act).

In your information request, you asked the Council to provide you with information relating to the following points:

- 1. any comparative analysis held by the Council of the computer systems currently used by each council in the Wellington region including costs of provision of ICT services.***
- 2. the estimated costs of merging existing computer systems in the various councils in the Wellington region into a single computer system for use in an amalgamated council.***
- 3. proposals, recommendations and reports provided to the regional CEO forum on shared services for ICT and the minutes of the discussion and decisions made in response to those proposals, recommendations and reports.***
- 4. all reports, analysis and recommendations held by the Council on participation in shared services for ICT with other councils in the Wellington region and the comparative advantages and disadvantages identified for participation.***

Kāpiti Coast District Council has declined the opportunity to participate in any direct ICT Shared Services with other Councils in our region, beyond the alignment of Applications, Suppliers and Vendors on a case by case basis.

Wellington City Council has taken the lead on work carried out in relation to shared services and they hold the bulk of the information in relation to your request. As such, the Kāpiti Coast District Council is transferring this request to Wellington City Council pursuant to section 12 of the Local Government Official Information and Meetings Act 1987, on the basis that the information you have requested is held by that organisation.

Further correspondence will therefore come to you directly from Wellington City Council. In this regard the 20 working day time limit for providing you with a response to your request will begin from the day after the Wellington City Council receives this transfer.

The decision to not participate in the Shared Services ICT Infrastructure Services project (SIIP) was made at the recommendation of the attached report. Previous to this, some work was done on analysing the benefits of individual shared service opportunities with one or more councils on one or more systems. If you believe this information will be of assistance and require us to search for this information, please let us know and advise how far back in our records you require us to search. Please also be aware that a charge may be applied for the provision of this information as it will require staff to search back through records to identify and retrieve the information you require. If it is determined that a charge will be applied in order to provide additional information, then we will write to you providing an estimate of the cost and seeking your agreement to meet the charges.

The process of aligning Applications, Suppliers and Vendors looks to leverage off of the decisions and processes completed by other Councils in their projects, but has not included the sharing of infrastructure, systems or data to date.

Finally, I note that you have the right to make a complaint under section 27(3) of the Act to an Ombudsman, to seek an investigation and review of this response.

Yours sincerely



Mark de Haast  
**ACTING GROUP MANAGER CORPORATE SERVICES**

## M E M O

**TO:** Senior Leadership Team  
**FROM:** Marcus Bone (Interim ICT Manager)  
**DATE:** 29<sup>th</sup> November 2013  
**SUBJECT:** **REVIEW OF DELIOTTE OPTIONS – ICT SHARED SERVICE FEASIBILITY STUDY**

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The purpose of this memo is to highlight the opportunities, challenges and risks arising from the **Deliotte Options – ICT Shared Service Feasibility Study**.

### **General Comments on the Study and Options**

These documents have approached the options of shared services across the region very broadly (i.e. no defined risks, explanation of benefits). It also seems to demonstrate a very limited understanding of the current position of ICT outside of Wellington (i.e. the implementation of the shared library system, or the alignment of the Payroll systems across the region, etc.) Finally, Kapiti Coast District Council is under-represented in the paper.

### **Considerations and Risks**

If any of the options presented in the paper would be progressed, Kapiti Coast District Council should take unique care with:

- **Costs** – No indication of any costs have been identified in the study or options:
  - **Capital Investment** – The creation of a CCO may require considerable capital investment to set-up an organisation. There is no current district wide network, and costs to create such a network depends on variables such as (i.e. location/distance from data centres, redundancy/DR options etc.)
  - **Return on Investment** – The benefits of a CCO depends on the terms of service it will provide to its owners. The financial returns might not be realised for 2 or 3 years after the migration of systems and data is completed.
  - **Migration Cost** – As demonstrated by previous shared solutions (i.e. eDocs), the scope of costs for migration are often larger when dealing with Wellington City Council (i.e. subsidising other Council's costs).
- **Sovereignty** – The ownership of data, its security and access is a risk that must be managed in any shared service.
  - **Data access** – The ability to ensure the sovereignty and access to Council data is limited when it is held by a third party (i.e. maintaining communication between contractors, supplier, CCO and Council).
  - **Governance** – Ensuring that Kapiti Coast District Council is allowed a voice on the direction or returns of a CCO.
  - **Network** – The region doesn't currently have a robust and secure network for sharing communication across Councils. This would need to be a prime driver for the CCO, and previous approaches to providers have indicated greater cost for this District.

- Service – Kapiti Coast District Council would be only one customer to the CCO (based on the percentage spend and
  - Response – It is likely that any support would be centralised. This will result in less resources to immediately meet the Council’s needs, and/or slower response times (i.e. as resources are dispatched from other regional locations).
  - Timing of Change – Changes to systems and infrastructure may come at the need of the wider clients of the CCO. These would require better planning across our internal teams to meet the needs of the region.
  - Access to Council – Currently the ICT teams maintain a working relationship with the business units. This allows for close managed response to issues or access to specific locations.
  - Council’s unique requirements – Unlike other Councils in the region, Kapiti Coast District Council manages its own internal communication networks, and provides support to its internal infrastructure. These must be factored into any amalgamation of services.

### **Benefits to the Council**

The primary benefits to council would be:

- Reduction in Salaried budgets.
- Lowering of Capital expenditure for one off solutions.
- Ability to gain group discounts or more complete solutions from Vendors.
- Better Vendor Support.
- Improved agility to upgrade and change technology (i.e. Bring You Own Devices, changing platforms).
- Standardisation across the region.
- Wider range of skills being available to projects and BAU requirements.

### **Review of Options**

All of the presented options provide only for a Council Controlled Organisation to be created to meet the region’s ICT needs. In addition to the considerations and risks noted above, the each option presents its own set challenges to Kapiti Coast.

- Given our current size (in proportion to the ICT spend across the region) the council financial benefit from these options would be minimal.
- Regional hosting of data is difficult without significant work being done to complete a robust Regional Network.
- No gains in application support, as each Council would remain responsible for their own systems.
- *Option 2: Shared IT Team Supporting Existing Systems* offers the best chance of positive change for Kapiti Coast District Council. However, this would still require ongoing Opex costs from supporting our individual systems.

### **Options not considered**

The study and options provided make no reference to:

- All of Government solutions currently offered by the Department of Internal Affairs. At present Kapiti Coast District Council takes advantage of these initiatives (and could be extended to include procurement and licencing).
- The advantages of engaging directly with Third-party providers (outside of the CCO environment).
- The creation of a region wide 'Centre of Excellence' (although this could form part of Option 2), providing for project, business and application needs on a 'common platform' or 'across system'.

### **Conclusion**

These comments and points have been made only in reference to the provided papers, with no further information or details available on how Deloitte proposes to mitigate risks or implement the goals of their option. It is recommended that Kapiti Coast District Council enters any arrangement with care and looks to satisfy its own position prior to accepting change to meet other Council's needs.