

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Managing Director
Title: The Future of ICT

1. Summary

- 1.1 This report provides an update to members on the progress of ICT since the last report in November 2015 and also outlines the new proposals for ICT and Managed Print from July 2016.
- 1.2 The contractual exit process is still in progress and Capita have confirmed that they remain committed to providing the service until the termination date of 30 June.
- 1.3 Watford Council has also initiated the change programme to take forward a new ICT service and this report includes an update on progress.

2. Recommendation

- 2.1 Cabinet is asked to:
 - note the progress on the Capita exit, the change programme and the ICT service re-provision.
 - note the exemptions to the procurement rules outlined in paragraph 3.23 and paragraph 3.28.
 - agree the novation of the print contract as outlined in paragraph 3.29

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3. Progress to date

3.1 Exit Management

The exit arrangements from the Capita contract have been agreed and the completion of the exit process is underway. Further details are contained in Appendix 4 which is a part B item with details of the termination agreement.

3.2 Capita have appointed an exit manager and they are working with the Council on transitioning the ICT services back to the Council and other third party providers.

3.3 As part of the exit process there will be a small number of staff who will transfer back to the Council under TUPE. Capita and the Council have established a plan for the consultations, which have already commenced.

3.4 ICT Operational Delivery from July 2016

The ICT function will be responsible for delivering, supporting and maintaining the ICT services. The services provided includes:

- Availability of ICT services
- Fault rectification
- Small upgrades
- ICT security and integrity
- Patching
- Service desk for all initial enquiries
- Management of major incidents

3.5 The operational service will support and maintain the ICT infrastructure, which can be defined as below:

- Networks
- Servers
- Storage
- Applications
- Desktop devices
- Service desk for all initial enquiries on issues, service requests or help with issues.

3.6 The operational delivery will cover

- Management and support of the ICT infrastructure
- Support and management of applications
- Ensuring information is held in relation to our infrastructure and applications and that this is regularly updated
- Managing changes to systems and applications
- Managing all problems and incidents
- Management of third party contracts which help to support the delivery of ICT to ensure that ICT service delivery is maintained and monitored.

3.7 Leadership Team discussed the various options for the ICT service delivery going forward at its meeting on 2 February 2016. It was decided that from the 1 July 2016 ICT should be delivered in a different format to the way it is currently delivered. It will be provided through a mix of third parties and an in-house team. The benefits of the approach taken include:

- The council not being reliant on one service provider for delivering all of the ICT services
- access to 24/7 service desk and network support
- a small local in-house team which can help to manage changes and deal with on-site and face to face issues is retained
- A higher level of ICT knowledge and experience could be obtained than if all services were provided by a single in-house team
- A lower cost can be obtained through using a mixed service provision
- Greater flexibility in technical staff resourcing can be obtained

3.8 Appendix 1 shows further details of the proposed new ICT provision from July 2016.

3.9 **Service Desk**

The Support Desk services are to be provided by a third party. These have been tendered and the contract for these services has been awarded to Amicus ITS.

3.10 Amicus is seen to be a good cultural fit with the Councils and they are used to working with organisations which are in a state of change or which do not have full documentation to support their ICT estate and infrastructure. They already work with a number of public sector clients, including the NHS. They currently support the delivery of the NHS 111 service delivery, so they are used to working in the public sector environment and are familiar with the Public Sector Network compliance issues. Amicus were selected as the

provider following a tender process, which included interviews, a site visit and also existing client site visits.

3.11 The services which they will be providing are:

- Incident and Problem Management
- Monitoring
- Business as usual and performance monitoring
- Network security
- Maintain all network and firewall configuration records

3.12 **Network Services**

The Network services are to be provided by a third party. The services which are expected to be covered as part of this arrangements can be found in Appendix 2:

3.13 The network services have been subject to a tender exercise and a small number of responses were received. The price of the responses was above the anticipated price and were too expensive for the Council to consider at this stage. Therefore a review of the provision of these services is being undertaken to establish whether there is an alternative way of providing these services.

3.14 Operationally the Network Services provider will deliver the following;

- Incident and Problem Management
- Monitoring
- Business as usual and performance monitoring
- Network Security /Records

3.15 If a new network provider has not been found prior to the end of the Capita contract then interim proposals will be put in place, this may be either bringing in additional on-site support or putting in place temporary arrangements for the provision of these services with another third party. This is a straightforward service to arrange in the industry.

3.16 **ICT In-house service provision**

The in-house ICT service will be responsible for all the remaining elements of the ICT service provision. Further details on the in-house provision can be found in Appendix 2.

3.17 The new ICT team structure is currently being developed and the structure and costs of the team will be provided at a later date once these are known. It is anticipated that any staff which TUPE back to the Council on 1 July 2016 will continue in their existing roles until such time as the new structure is implemented. Capita have been notified that we are intending to undertake a restructure in the near future and this has also been communicated to affected staff as part of the consultation process.

3.18 **Cost of the new ICT provision**

The current estimate of the costs of the new ICT provision indicate that these can be provided for within the same costs as the average annual cost for the base Capita contract and the ICT Client Team. The Capita contract was front loaded with costs and therefore for comparison the total cost of the contract over the five year term has been used for these purposes. The current average annual cost is shown below:

Current Cost	Annual Average Cost	Watford	Three Rivers
Capita contract	868,447	521,068.32	347,378.88
Client	221,070	132,642.00	88,428.00
Total	1,089,517	653,710.32	435,806.88

3.19 It is anticipated that the service can be re-provided for less than the current cost as shown below. These costs will be confirmed once the ICT in-house team structure and the network contract costs are known.

	Estimated Cost	Watford	Three Rivers
Total	1,025,962	615,576.92	410,384.62

3.20 **Public Sector Network Compliance**

A health check review of the security and government compliance requirements has taken place. There are a number of compliance issues to address and an urgent remedial plan is underway.

3.21 In order to deliver the Public Sector Network (PSN) requirements a number of devices are required to be procured to ensure that the Council maintain network security and meet the requirements of the PSN connectivity and to resolve on-going issues impacting on the Revenues and Benefits service.

3.22 Quotes were obtained for these devices but the cost meant that they were required to be procured through our procurement process. The returned tenders were in excess of the original quotes therefore a decision was taken to procure from the original quotes.

3.23 The procurement of checkpoint devices has therefore progressed with Freedom Communications (£72,572) and Insight for the supply of VMware servers (£26,403.34). A procurement exemption is required for this and the cost of the devices.

Transition – Measures of Success

In the report of November 2015 we reported a number of outputs and outcomes from the ICT improvement programme, these are listed below:

- PSN compliant environment
- Desktop refresh across the entire estate, replacing all desktops with current hardware running a standard Windows 7 platform, with a standard load set including productivity tools, anti-virus, email and internet browser.
- Review of all legacy applications and implementation of programme to upgrade to current supported versions where required, with an additional deliverable of challenging business to standardise on a common software version across both councils, and presenting options for cloud or hybrid support models of these legacy applications.
- Refresh and update of core infrastructure elements, specifically Active Directory and Exchange, covering both Watford and Three Rivers, acting as an enabler for future added value infrastructure work such as converged communications, this deliverable will ensure that there is a standard supportable platform for email and ICT management across the estate.
- Replacement of the existing network connectivity with a resilient Wide Area Network (WAN), that will meet not only existing needs but also future proof network connectivity and communications to the cloud for the future.
- Review and upgrade where required of Local Area Networks across both Watford and Three Rivers to meet current IT Industry standards in cabling, i.e. Cat 6e.
- Wi-Fi, review of requirements for Wi-Fi connectivity within the LAN in both Watford and Three Rivers, to include options appraisal and costing for provision of Wi-Fi.
- Standardisation and upgrade to current supportable software version of server virtualisation platform, onto a single solution configured to provide resiliency and redundancy meeting targets for business continuity and disaster recovery.
- Standardisation and upgrade to current supportable software version of all core infrastructure servers, carried out at no impact to the environment and invisible to the staff of both Watford and Three Rivers.

- A new delivery structure
- In-house second line support
- Outsourced WAN and infrastructure support
- Outsourced help desk and call logging system
- Transition from Capita completed 30 June 2016

3.25 A project team has been established and is monitoring progress against these deliverables. There have been a number of issues which have been identified and have had to be overcome in order to undertake some of the work, including obtaining information from Capita on the ICT estate, applications and infrastructure. Some of this work took longer than anticipated but much of the work is now either in progress or has been completed.

3.26 Progress against the current plan is contained in Appendix 3. The key features to note are the broadband upgrade and the ICT desktop roll out which is currently in progress. This will improve the user experience with the ICT services.

3.27 **Consultancy Support**

The Council has engaged the services of Foresight Consulting who have expertise in the public sector in visioning, defining, planning and delivering effective change management in technology programmes. They have been supporting the Councils ICT Client Team in delivering the ICT Improvement Programme which has included:

- The PSN submission
- Project management
- The Exchange upgrade
- Project management
- Desktop rollout.

3.28 The Foresight costs can be met from the existing ICT budgets and are envisaged to be in the region of £100,000. Due to the urgency and nature of the PSN risks and the ICT Improvement Programme the Council has continued to work with a proven IT consultant to deliver these items of the programme.

3.29 **Contract novation**

The managed print services element of the contract is currently part of the main Capita contract. Watford Borough Council wish to continue with this

service. In order for this element of the current contract to continue a Deed of Novation is required which transfers the contract from Capita Secure Information Solutions Limited to Right Document Solutions Limited.

4. Implications

4.1 Financial Implications

The financial implications are contained in the report.

4.2 Due to the urgency, timing and nature of this work Cabinet are asked to note the exception to the Council’s procurement rules for Insight, Foresight and Freedom Communications as outlined in paragraph 3.23 and 3.28 that have been agreed by the Managing Director and the Director of Finance.

4.3 Legal Implications

There are several legal implications related to transition from the current ICT provision to the new arrangements, including:-

- In respect of the elements of the ICT services that will be provided in-house, there are information and consultation obligations under the TUPE Regulations – the Council is currently addressing these in line with the exit timetable.
- Regarding the Support Desk services to be provided by Amicus, contract documentation will need to be finalised (there is appropriate documentation in place to cover work currently undertaken).
- Contractual documentation will need to be completed to effect the transfer of the print services element of the current Capita contract – this will be finalised provided Cabinet approves the recommendation.

5. Potential Risks

Potential Risk	Likelihood	Impact	Overall score
PSN compliance is not achieved which may mean that the DWP may stop allowing access to its information.	2	3	6
That the transition is not completed before the 30 June 2016	2	3	6
Insufficient resources available to ensure the delivery of the change programme	2	3	6

Appendices

- 1.** Proposed new service provision from July 2016 – Part A
- 2.** Details of the Future ICT service provision – Part A
- 3.** ICT Improvement Programme – Part A
- 4.** Capita Exit Arrangements – Part B