

THREE RIVERS & WATFORD JOINT SHARED SERVICES COMMITTEE

Date of Meeting – 19 November 2012

PART A

AGENDA ITEM

9

Title: ICT CLIENT FUNCTION

Report of: Joint Report of Avni Patel – Head of ICT; and Bernard Clarke - Head of Strategic Finance, Watford

1.0 SUMMARY

1.1 This report sets out the structure and responsibility of the ICT Client function to be retained by the councils if the service is to be outsourced by Capita.

2.0 RECOMMENDATIONS

2.1 That Joint Shared Services Committee notes the activities which will be the responsibility of the councils.

2.2 That the Joint Shared Services Committee approves the recommended structure of the Client team.

2.3 That the Joint Shared Services Committee approves that the Client team is put in place as soon as transition begins and that it is reviewed 12 months after the commencement of the managed service contract.

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DETAILED PROPOSAL

3.1 Introduction

- 3.1.1 Retained organisation is the term used for the associated in-house functions when activities are outsourced to an external service provider.
- 3.1.2 There are two key aspects to the design of the retained ICT function for Watford Borough and Three Rivers District Councils:
- For the function to be effective in 'receiving' the service delivered, requiring a team where there is clarity of responsibility for inputs and outputs to and from the service provider (in this case, Capita).
 - For the function to be effective in performing its role in supporting the councils wider service demand.

Figure 1 below illustrates the operating model of the future ICT function.

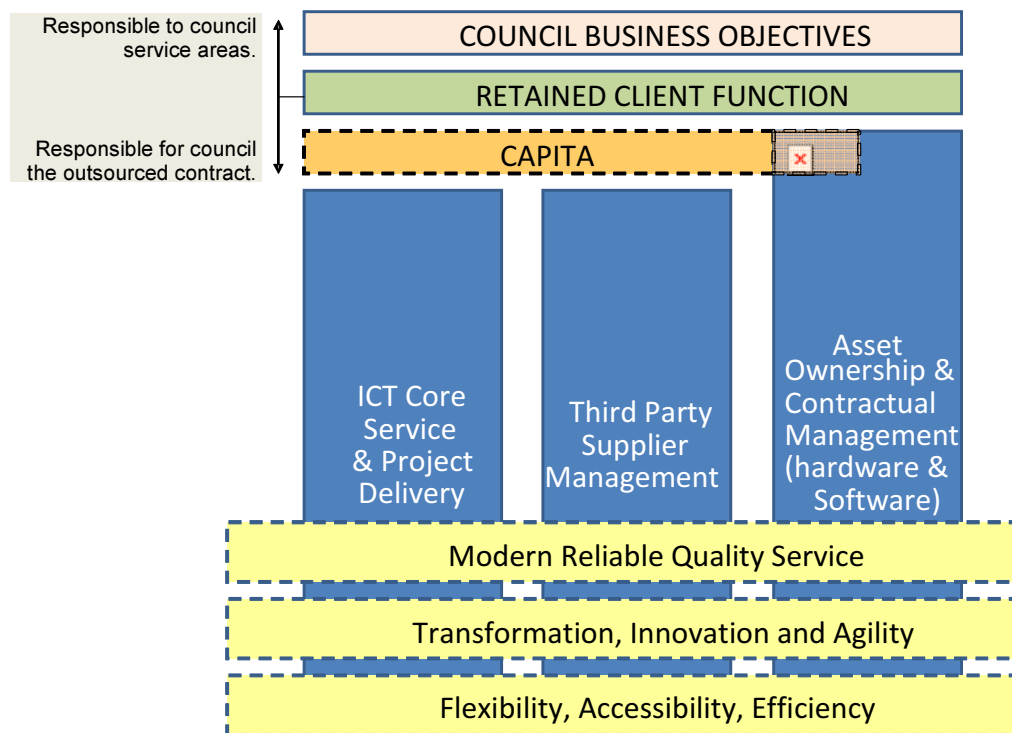


Figure 1: Future ICT Operating Model

- 3.1.3 An important role of the retained function is to manage a customer/supplier relationship, including the management of service level agreements (SLAs), performance reporting, billing, and issue resolution.
- 3.1.4 In the context of transition from the current internal service provision to the outsourced service delivery, a question that is often raised is 'What will the retained team do for me and why do I need it? Can't the outsourcing provider do it all for me?'
- 3.1.5 In adopting the outsourced model it is important for the client organisation to retain a certain level of knowledge and understanding in-house, to provide a level of governance and not just outsource everything.

3.2 Purpose of retained Service Delivery organisation

- 3.2.1 The retained ICT function will remain accountable to the rest of the Watford and Three Rivers services for providing an effective ICT Service. It retains the contracts with all service providers and holds the controls by setting service standards and assuring that the supplier meets these.
- 3.2.2 This function must enforce the service boundaries and responsibilities and be effective in its role. Therefore, the key activities and roles of the retained function are to:
- provide a level of assurance of the outsourced provider's contractual obligations and to ensure that they are providing the councils with what they need and expect;
 - ensure that the wider council understands the ICT services available and how these can be used effectively as an enabler to operational business processes;
 - act as the interface between the councils service areas and the outsourced provider;
 - ensure that all future procurements and contracts are 'fit for purpose' and workable for the business;
 - ensure that all suppliers understand and comply with the councils corporate and strategic strategies, ICT architecture, design and standards.

3.3 Capability of Retained Team

- 3.3.1 Figure 2 below summarises the ICT related areas which are expected to be retained by the councils, detail on each area can be found in Appendix 1:

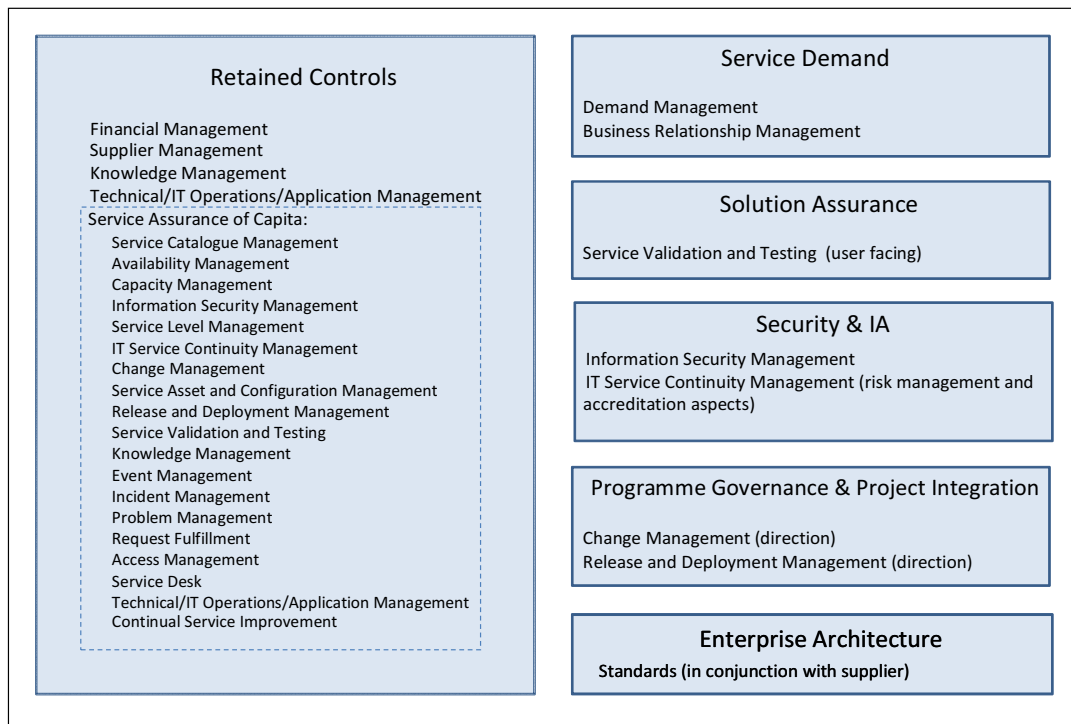


Figure 2: Capability of retained in-house client team

3.4 Proposed structure

- 3.4.1 There have been many discussions where it has been mentioned that outsourced providers “sweat the assets” of their customers. In the case of the ICT Tender, we have tried to ensure that the agreement we have with any supplier is outcome based. We therefore, have not prescribed what we want the supplier to do, but instead have focussed on what we want to achieve as a result of outsourcing (quality, efficiency, innovation etc).
In order to ensure that we are getting this from the contract, we will require resource that is capable of “sweating the supplier” so that we take charge and are in control of what is delivered to us. This is essential with the current climate within the public sector, but will be vital in the future as services continue to seek efficiencies via technology and our stakeholders increasingly look to interact with us electronically and with more ease.
- 3.4.2 Having considered the approach used by other councils, advice from Actica Limited and the requirements that both councils have from a retained client function. It is recommended that the client team be put in place as in time for transition (currently estimated to commence in mid-January 2013) and be comprised of two intelligent client managers who would be proficient at both contract management as well as the technical aspects of an ICT service. A team of two will allow the councils to ensure that there is sufficient resource to facilitate good communication between the services and the Service Provider. The team will report to the Head of ICT until the service is transferred, at which time it will report to the Head of Strategic Finance at WBC as per the current shared service arrangement. They will be located together at one of the council buildings and deal with the same range of work to ensure that resilience and consistency is maintained within the team.
- 3.4.3 These roles are expected to fall at scale point 9/10 under the NJC scheme, the budget for which was included in the retained costs highlighted within the report to JSSC in September 2012 regarding the outcome of ICT managed services tender evaluation.
- 3.4.4 It is recommended that:
- the client team be put in place as soon as a contract has been signed with a supplier in order for them to be up and running by the time the contract commences.
 - the make up of the client team be reviewed upon completion of the first year of the ICT contract to ensure that the resource levels within the team are right and that it is meeting its objectives for both councils.

4.0 IMPLICATIONS

4.1 Policy

- 4.1.1 The recommendations in this report are within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council.

4.2 Financial

- 4.2.1 The revenue implications for future years have been included within the previous report to Joint Committee relating to the outcome of the ICT Managed Services Tender. Revenue implications for the current year (January to March 2013) are as follows and have been included in section 2.5 (Budgets) of the latest ICT Service Plan :-

CASH IMPLICATION	Current Year 2012/13 £	2013/14 £	2014/15 £	Future Years per Annum £
Revenue				
Expenditure	29,370			
Income / Savings	0			
Net Commitment	29,370			

4.3 **Legal Issues** (Monitoring Officer)

Legal Services have been involved at all stages of this process (including the evaluation process) and will continue to do so until the service has been transferred or transformed.

4.4 **Risk Management and Health & Safety**

4.4.1 The subject of this report is covered by the ICT service plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

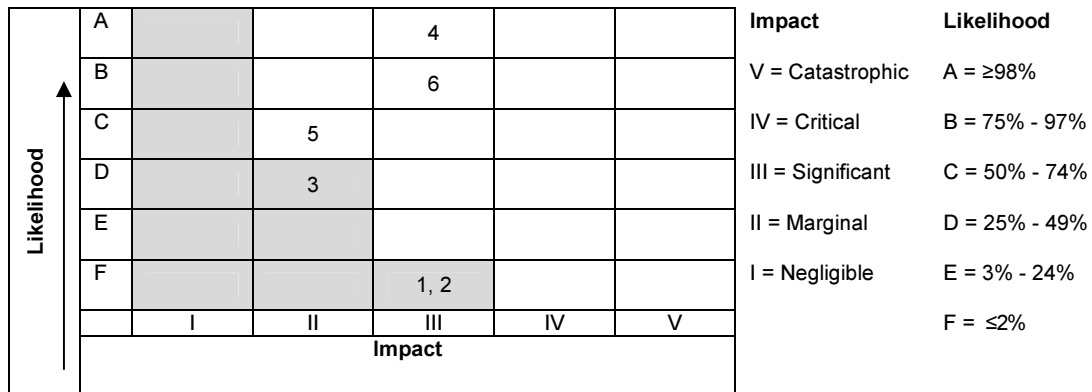
4.4.2 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood.

Description of Risk		Impact	Likelihood
1	The JDs will not be completed in time for the team to be recruited by January.	III	F
2	That the JDs will be completed but it will be difficult to recruit to the posts.	III	F
3	That it is not possible to recruit to the posts permanently until staff consultation is complete	II	D

4.4.3 The following table gives the risk that would exist if the recommendation is rejected, together with a scored assessment of its impact and likelihood:

Description of Risk		Impact	Likelihood
4	That there is insufficient skill and/or resource to manage and monitor the contract effectively	III	A
5	That the client team is not implemented early enough and there is a delay in proper contract management	II	C
6	That the scope of the client team is too shallow and external resource has to be procured to deal with key issues	III	B

4.4.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



4.5 **Equalities, Staffing, Accommodation, Community Safety, Sustainability & Environment, Communications & Website and Customer Services**

4.5.1 None specific.

Appendices

Appendix 1 - Areas of capability required from a retained ICT Client Team

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Report to JSSC 24/09/12 - OUTCOME OF ICT MANAGED SERVICES TENDER EVALUATION (Filename: Shared Services ICT Report 02.doc)