

JOINT SHARED SERVICES COMMITTEE - 21 NOVEMBER 2011

APPENDIX TO AGENDA ITEM 7

Appendix - ICT outsourcing options

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Watford Borough Council

Council

meetings; Government,

politics and public

administration; Local

government; Decision making

Executive Summary

This document presents the findings and recommendations arising from a strategic review of the outsourcing options for Information and Communications Technology (ICT) within Watford Borough Council and Three Rivers District Council (the Councils) undertaken by Actica Consulting Ltd.

In developing this strategy the key objectives for the consultancy team were:

- to define the key business objectives for ICT particularly in relation to current and future demands, and to confirm the business needs and directions;
- to identify the current portfolio of internal and external ICT service providers and what is being delivered;
- to identify the evaluation and selection criteria for options analysis;
- to identify the outsourcing options and select the optimum solution;
- to set out the action plan for proceeding with the current Councils ICT service to move to the selected solution;
- to use detailed benchmarking data to inform the ICT outsourcing options;
- to ensure that the ICT outsourcing preferred option supports the Council's transformation agenda

This options appraisal therefore reviews where the Councils are now, where it wants to be and then assesses a number of options in terms of the requirements for the outsourcing of the Councils' ICT service.

The approach used to deliver this options appraisal consisted of three phases: information gathering; analysis and reporting. The information gathering phase involved reviewing the information about the Councils ICT services gathered during the ICT review conducted by the same team in early 2011; holding discussions with a number of key ICT managed services suppliers on an anonymous basis; and holding discussions with Serco about their framework contract with Hertfordshire County Council.

Options

The options identified for outsourcing the Councils' ICT services are:

- Option 1: Do nothing;
- Option 2: Make additional investment in internal ICT team;
- Option 3: Outsource all ICT services using HCC agreement with Serco;
- Option 4;
 1. Option 4a: Outsource all ICT services;
 2. Option 4b: Outsource a specific set of ICT services;
 3. Option 4c: Outsource all ICT services, including hardware;
- Option 5: Public sector partnership.

Based on the information gathered during the previous ICT strategy work, the following option selection criteria were identified for the ICT Sourcing Strategy:

- It must be capable of delivering improved value for money for the ICT services that the Councils use, both initially and throughout the period covered by the outsourcing agreement – does the option mean that the Councils’ ICT costs will reduce?
- Satisfaction of requirements:
 1. It must be capable of providing the full range of current ICT services, as described in Section 2 – will the option deliver as a minimum a like-for-like set of ICT services?
 2. It must be capable of delivering continuous service improvements such as an improved ability for Council staff to remotely access services from remote and customer sites – will the option continue to improve the Councils ICT services and the experience of ICT customers over the life of the contract?
 3. It must be capable of delivering an improved ability for Council staff to work from home or from any Council office – will the option better enable Council staff to work remotely?
 4. It must be capable of delivering an improved ability to integrate and harmonise Line of Business applications – will the option better enable and reduce the timescales for application harmonisation?
 5. It must be capable of delivering an improved ability to work with partner organisations – will the option help ensure that the Councils’ ICT service uses the same or similar standards to other Public Sector organisations to enable integrated working as needed?
 6. It must be capable of supporting increased customer access to on-line transactional services – will the option help drive channel shift?
- It must be capable of delivering improved flexibility and agility, for example:
 4. improved ability to scale the volume of services provided up or down;
 5. improved ability to introduce changes to the services provided, rapidly if needed – how quickly and easily can the ICT services change to reflect updated or new business requirements?
- It must be procured and delivered in acceptable timescales – can the option be delivered in 18 months or less?
- It must be capable of driving and delivering an improved ability to innovate and transform, i.e. to rapidly identify and introduce new technologies, new market offerings, new processes, etc. that offer efficiency or effectiveness improvements to the Councils – will the option help drive continuing ICT service improvement and implementation of best practice?
- It must be capable of transitioning to and delivering the required ICT services at an acceptable level of risk – will the option subject the Councils ICT services to unacceptable levels of risk?

Analysis

The options analysis identified costs for each option, split into ongoing costs and transition costs. These are shown in the table below.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware

Ongoing cost (annual)	£1,410,000	£1,580,000	£1,150,000	£1,440,000	£1,050,000	£1,400,000
Transition cost	£0	£0	£63,000	£193,000	£128,000	£235,000

Options cost comparison

The analysis then reviewed and scored each option against the criteria to calculate a total score for each option that shows how well it meets the criteria. These scores are shown in the table below.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Total score	10	11	19	16	14	15

Options scoring

Conclusion and recommendation

The outcome of the options assessment in Section 4 is that Option 3: “Outsource all ICT services using HCC agreement with Serco” is the preferred option, primarily based on the value for money that it offers together with the likelihood that it will meet all of the Councils’ ICT requirements.

Option 1 is concluded not to be a viable option due to the cost and likelihood that the ICT service will increasingly fall behind in its ability to meet the Councils needs, particularly around flexibility. Option 2 is discounted because it fails to reduce the Councils ICT cost, and increases the budget requirement instead.

The options assessment scores for Options 4a and 4b which covered outsourcing to a different third party were close to the score for Option 3. However, it is likely that those options will take longer to implement than Option 3 due to the more involved procurement. Option 4b is additionally unlikely to be viable due to the likely lack of interest from quality third party suppliers based on the small size of the Councils managed service requirement under that option.

Option 4c is discounted due to the increased risk to the Councils of migrating both its ICT hardware and services – this increased risk is not justified by a suitably decreased cost.

Option 5 is discounted on the basis that this option is not likely to be delivered for a minimum of 24 months to allow for appropriate identification of potential partners, negotiations and procurement activities to take place.

It is therefore recommended that the Councils further explore Option 3 by gathering their ICT requirements, producing an ICT specification and allowing Serco to conduct a Full Business Case study and produce a costed proposal for delivering ICT services to the Councils that meet their requirements.

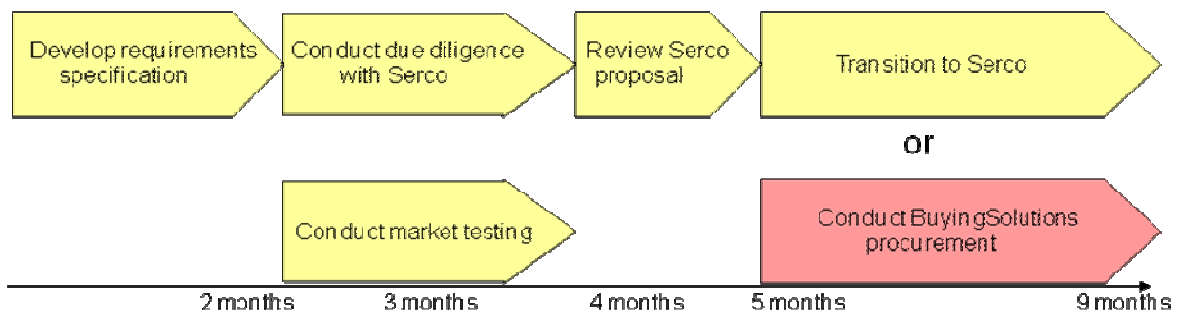
This proposal can then be reviewed by the Councils’ senior management teams and the Joint Committee in order to make a decision on outsourcing ICT services.

It is also recommended that the Councils discuss options around asset transfer with Serco if this Option is progressed. It is possible that total ICT costs to the Councils can be further reduced if the ICT supplier is able to make use of shared infrastructure and data centres to host the ICT services, and hence realise larger economies of scale for this service. It is difficult to say what impact this may have on ICT costs to the Councils as this stage as it would depend on what services Serco proposed.

It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

If this proposal fails to meet with the Councils requirements for any reason, it is recommended that the Councils proceed to implement Option 4a: Outsource all ICT services and runs a procurement through the BuyingSolutions framework in order to minimise any procurement delays. It should be noted that the relevant BuyingSolutions framework ends in August 2012 and so any procurement would need to be concluded before that date.

The figure below shows an indicative timeline for implementing ICT outsourcing and procuring ICT services to support the Councils. The timeline starts once the recommendation has been agreed by the Councils.



Timeline for ICT sourcing

The likely benefits of implementing this recommendation are:

- Lower total cost of ICT provision than current in-sourced service;
- Improved ICT service monitoring and reporting;
- Increased ability to innovate and improve ICT services;
- Increased visibility and transparency of ICT costs;
- Increased ICT flexibility through opportunities to make better use of hardware.
- reduced delivery timescales over other options.

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1 Introduction

1.1 General

1.1.1 This document presents the findings and recommendations arising from a strategic review of the outsourcing options for Information and Communications Technology (ICT) within Watford Borough Council and Three Rivers District Council (the Councils) undertaken by Actica Consulting Ltd.

1.2 Background

1.2.1 ICT refers to the technologies and services that enable information to be assessed, stored, processed, transformed, manipulated and disseminated, including the transmission or communication of voice, images and data.

1.2.2 WBC has always provided its own IT infrastructure and services, growing its ICT capability in line with demand. Its ICT servers are based at Watford Town Hall and the support team, originally also based in the Town Hall, is now split between there and the TRDC building, Three Rivers House.

1.2.3 TRDC has taken a different approach and has chosen to outsource its ICT requirements over the past ten years to a number of different suppliers. Most recently, the service has been provided by Steria, who took over the contract in 2005.

1.2.4 In November 2009, WBC and TRDC established a shared ICT service for both councils to provide a number of common applications. They are currently planning to continue to harmonise the ICT infrastructure and front-line applications in order to realise benefits such as:

- a. reduced costs;
- b. improved performance;
- c. increased resilience.

1.2.5 This shared service is fully in-house following the end of the TRDC contract with Steria in March 2010. It is based at TRDC under a single Head of Service, and provides the following services:

- a. operating a single helpdesk;
- b. implementing new IT projects including business process re-engineering;
- c. providing application administration, web development and IT implementations;
- d. managing the separate network infrastructures of each council.

1.2.6 The ICT shared service currently provides 36 applications to both Councils.

1.3 Corporate plans

1.3.1 Both councils have published corporate plans covering the next three to four years. These plans focus on the delivery of services to the public, the green agenda, safety and the environment.

The plans also maintain that the successful delivery of these strategic objectives is underpinned by council governance, the effective and efficient management of resources and by forming effective partnerships with other public sector organisations. The specific objectives of both councils are listed below.

Watford Borough Council

1.3.2 Watford Council's stated objectives are:

- a. Improve the health of the town and enhance its heritage;
- b. Enhance the town's 'clean and green' environment;
- c. Enhance the town's sustainability;
- d. Enhance the town's economic prosperity and potential;
- e. Supporting individuals and the community;
- f. Securing an efficient, effective, value for money council;
- g. Influence and partnership delivery.

Three Rivers District Council

1.3.3 Three Rivers stated objectives are:

- a. We will work with partners to make the district a safer place;
- b. We will provide a safe and healthy environment;
- c. We want to provide equal access to services and facilities for the public within the district and surrounding area and in particular address the needs of vulnerable residents such as elderly, disabled and young people;
- d. We want to maintain a high quality local environment and reduce the eco-footprint of the district;
- e. Customers – We will deliver our services to a standard that meets the needs and expectations of all of our customers;
- f. Governance – We will manage our resources to deliver our strategic priorities and service needs.

1.4 Objectives for the development of the ICT outsourcing options

1.4.1 This ICT Sourcing Strategy lays out how the Council's ICT components are procured, managed and run. The basic objective of ICT sourcing is to deliver the best level of support for business requirements in the most cost-effective way.

1.4.2 In developing this strategy the key objectives for the consultancy team were:

- a. to define the key business objectives for ICT particularly in relation to current and future demands, and to confirm the business needs and directions;
- b. to identify the current portfolio of internal and external ICT service providers and what is being delivered;
- c. to identify the evaluation and selection criteria for options analysis;
- d. to identify the outsourcing options and select the optimum solution;

- e. to set out the action plan for proceeding with the current Councils ICT service to move to the selected solution;
- f. to use detailed benchmarking data to inform the ICT outsourcing options;
- g. to ensure that the ICT outsourcing preferred option supports the Council's transformation agenda

1.4.3 This options appraisal therefore reviews where the Council is now, where it wants to be and then assesses a number of options in terms of the requirements for the outsourcing of the Councils' ICT service.

1.5 Approach

1.5.1 The approach used to deliver this options appraisal consisted of three phases: information gathering; analysis and reporting. The information gathering phase involved reviewing the information about the Councils ICT services gathered during the ICT review conducted by the same team in early 2011; holding discussions with a number of key ICT managed services suppliers on an anonymous basis; and holding discussions with Serco about their framework contract with Hertfordshire County Council.

1.5.2 The discussions with potential suppliers (except Serco) were held without revealing which organisation the Actica consultants were working for – the information given was that a local government organisation was looking at options around outsourcing their ICT provision and rough metrics were supplied. This was done to prevent prejudicing any future procurement.

1.5.3 Benchmarking was carried out through interviews and telephone conferences with other Local Authorities, using information from previous projects in addition to this work to provide as broad an information set as possible.

1.5.4 The analysis phase involved reviewing the information previously gathered from the Council and reviewing it to identify key issues and common themes. This information was then used to generate the high level requirements and other options assessment criteria. A number of options were then developed and assessed against the criteria, using the information from the supplier discussions to inform various elements including the likely costs.

1.5.5 The final reporting phase consists of delivering a draft version of this options document and then updating that to a final version which includes any comments made on the draft version by Council staff.

1.6 Document status

1.6.1 This is the final version of this document following review and comment by Council staff. It has been updated to include all comments received.

1.7 Document Structure

1.7.1 The remainder of this report is structured as follows:

- a. Section 2 details the current position with regards to the provision of ICT in the Council;
- b. Section 3 details the market analysis and benchmarking done to support this ICT outsourcing assessment;

- c. Section 4 identifies a number of possible ICT outsourcing options, assesses them against a set of criteria and identifies the preferred option;
- d. Section 5 presents the conclusions and recommendations from this work;
- e. Appendix A has a complete list of the assumptions used to generate the representative costs of each option;
- f. Appendix B contains the complete cost model for the options;
- g. Appendix C
- h. Appendix D
- i. Appendix E details the possible procurement options for the Councils.

2 Current Situation

2.1 Introduction

2.1.1 This section outlines the current situation for providing ICT services to the Councils.

2.2 Costs

2.2.1 The current cost for delivering ICT services to Watford and Three Rivers Councils are as follows:

- a. Operating costs (revenue) are approximately £1.4m p/a. This is split approximately 60/40 between Watford and Three Rivers respectively. This has been reduced from approximately £1.8m from 2010/11 due to the in-sourcing of the Three Rivers IT service from Steria. The major portion of this cost (circa £1m) is for employees;
- b. There is a capital investment of £190K in 2010 to fund the new SAN implementation, of £30K p/a for hardware replacement for the shared services and £70k p/a for hardware replacement for WBC. A budget for hardware replacement for TRDC has been requested for 2011/12 onwards.

2.3 Applications

2.3.1 The information systems that are used by both of the Councils can be split into three categories, namely:

- a. desktop PCs, with standard desktop applications and network connectivity (including internet access). There is a mixture of thin and thick client used to provide applications on desktop PCs;
- b. applications which are provided to both Councils as a shared service;
- c. applications which are hosted centrally and used by an individual Council. These could be supported by the ICT team or one of the Council client services.

2.3.2 Currently, the majority of the applications used by both Councils are managed and supported by the ICT team. A small number of applications e.g. Three Rivers Uniform are supported on a day to day basis by staff within the business areas rather than the ICT team. ICT provide regular additional support when required. There are also some applications hosted by external suppliers e.g. Atrium Property Asset Management, E-Petitions.

2.3.3 There are plans to harmonise applications across the two councils in order to reduce duplication. A roadmap for this is currently being produced.

2.4 Project management and business analysis

2.4.1 The Councils ICT team also includes a number of project management and business analysis staff who are responsible for managing ICT projects, and the ICT element of larger business change projects and programmes.

- 2.4.2 There are a significant number of projects proposed and taken forward by business services each year, these need to be prioritised in order to ensure that the ICT team is capable of delivering them within current resource levels. This prioritisation process is relatively new, and is owned and managed by the Joint ICT Steering Group, chaired by the Head of ICT.
- 2.4.3 This team also has a capability for limited in-house application development, including web development. These capabilities are used to support the business objectives as needed, and offer a reduced cost alternative to seeking third party application development support.
- 2.4.4 The application development, project and business analysis staff report to the ICT Business Manager, who reports to the Head of ICT. The IT Business Manager, Infrastructure Manager and Head of ICT share the responsibility of maintaining relationships between ICT and the Council business services.

2.5 Servers

- 2.5.1 The Councils have approximately 150 servers in total, housed across the three server rooms. They are primarily small Windows-based servers which are either mid-cycle or reaching end of life.
- 2.5.2 Currently, the majority of WBC business application servers are provided and supported on the basis of dedicated servers per application.
- 2.5.3 The majority of TRDC business application are provided on single servers, with multiple applications per server.

2.6 Network overview

- 2.6.1 The main Ethernet network used by the Councils' connects Watford Town Hall, Three Rivers House, Apsley and a number of other Council buildings. The network currently has sufficient bandwidth and performance to meet user requirements and can support Quality of Service (QoS).
- 2.6.2 The external network (WAN) includes a mixture of physical and wireless links as described in Figure 2-1 below.

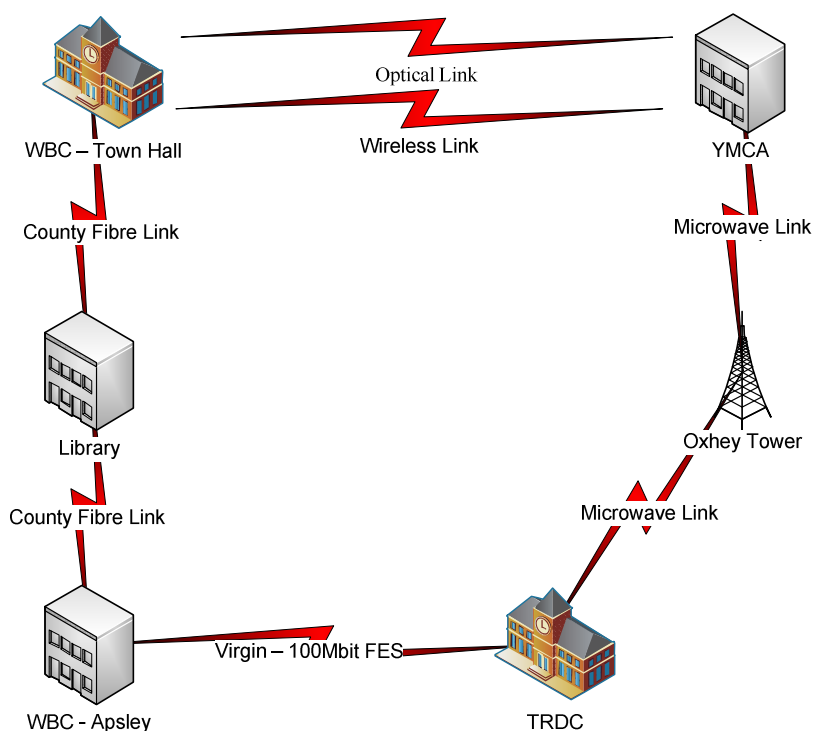


Figure 2-1: WBC and TRDC WAN connections

2.6.3 Provision is also made for wireless access to the network at a number of places in the Council building at Three Rivers.

2.6.4 There are three server rooms used by the Councils: dedicated rooms are in place at Watford Town Hall and Three Rivers House, and the Council makes use of the 3rd party data centre in Apsley for a number of the test servers and servers within the DMZ, until the Watford server room is relocated.

2.7 Desktops, laptops and printers

2.7.1 The Councils mainly use desktop PCs rather than laptops. There is no set or documented hardware refresh cycle for these, however the average age at replacement is approximately four years. There is a budget set aside for hardware replacement, but it is not currently used on a defined replacement cycle and there are no clear plans to do so. It is used on an ad-hoc needs basis, addressing issues when they arise.

2.7.2 The Councils also make use of a number of different printers, including black&white, colour and large format devices.

2.7.3 The provision of IT is underpinned by some generic Service Level Agreements (SLAs) for shared services and desktop services. The aim of these is to ensure that all client services and users get the same level of service for Desktop, and appropriate service levels for business applications.

2.8 Governance

- 2.8.1 The Councils' combined their IT governance as a result of the shared service initiative in 2009. An ICT strategy exists in the form of the ICT Service Plan. This is aligned to the strategic objectives of both Councils and is a detailed strategy that shows the costs and risks associated with the provision of ICT and details the projects and other improvements to be made over the strategy period.
- 2.8.2 ICT for both Councils is managed by a single Head of ICT who reports to the WBC Executive Director, and manages the IT teams that provide the ICT infrastructure, desktops, laptops and printers and both the shared and the individual applications.
- 2.8.3 The ICT structure changed in Jan 2011 such that the Head of ICT has three direct reports, an Infrastructure manager, a Service Desk manager and a Business manager. The Infrastructure manager is responsible for the day to day running and management of the ICT services provided to both Councils and to the public. The Service Desk manager is responsible for dealing with queries and problems reported by users, and for directing problems to the appropriate teams as needed. Previously the service desk role was the responsibility of the IT/Contracts Manager, with a high level of support required from the Business Team. The ICT Business manager is responsible for maintaining business systems and relationships between ICT and the Council client services, as well as for the delivery of ICT projects.

2.9 Service Provision

- 2.9.1 The ICT service is provided to both Councils by the ICT team that reports to the WBC Director. This team is based in Three Rivers House and has recently been restructured to include three teams – the infrastructure team, the service desk and the business team.
- 2.9.2 ICT service provision and performance is regularly discussed with the Heads of Service from both Councils by the Head of ICT. There are plans to formalise arrangements for these meetings and to share the responsibility between the Head of ICT, the ICT business team manager and the ICT infrastructure manager.
- 2.9.3 The Head of ICT reports to Leadership Team, Corporate Resource and Governance group, Shared Services Management Team, Joint Committee, Joint Management Board and on occasion TRDC Management Board.
- 2.9.4 The Head of ICT also chairs a regular Joint ICT Steering Group which is attended by many of the Councils' service heads and occasionally Council executives. The Joint ICT Steering Group is responsible for setting ICT technical standards, prioritising ICT projects and helping to develop Council ICT strategy.

3 What are other organisations doing?

3.1 Introduction

3.1.1 This section outlines the external situation in regards to Public Sector ICT outsourcing. Information has been gathered about Local Authorities to understand what they have been doing or are doing with regards to ICT outsourcing and from potential suppliers to understand what makes them interested in providing ICT services and how they might respond to any future procurement notices. Research was also undertaken on what other Public Sector partners were doing in terms of collaborative procurement for ICT.

3.2 Local Authorities Perspective

3.2.1 Local authorities within London employ a variety of approaches for the provision of their ICT services. For example, 23 London Boroughs recently took part in the annual SOCITM ICT Benchmarking study. This identified that 10 of the 23 participating boroughs used in-house staff to deliver their ICT services, while the remaining 13 participants outsourced all or part of the delivery of their ICT services.

3.2.2 In addition, outline details of the ICT provisioning for all of the London Boroughs shows that they all source their ICT services and applications from multiple vendors. Some elements such as Desktop provision and support are often combined and outsourced whilst others such as revenue and benefit systems are supplied by niche companies such as Northgate or SunGard.

3.2.3 As part of the development of this ICT outsourcing options study, information was gathered about a number of London Boroughs and other local authority bodies. These include the London Boroughs of Bromley, Lewisham, Greenwich, Hammersmith and Fulham, Newham and Enfield, and with Westminster City Council. The information gathered is discussed below.

Local Authority Feedback

3.2.4 All Local Authorities contacted, except for the London Borough of Newham, have outsourced ICT with all Authorities using a mix of providers for applications provision and support.

3.2.5 The desktop PC population across this group of Authorities ranges from 2500 up to 7000 units (compared to about 800 and 200 laptops across Watford and Three Rivers).

3.2.6 Internal ICT staff support numbers range from 2.5 in Hammersmith and Fulham to 80 in Hertfordshire. However, there does not seem to be a consistent way of counting ICT staff and the councils quoting the lowest numbers have not included staff spending some of their time on ICT related activities that are not within the IT department.

3.2.7 Bromley & Lewisham have recently undertaken a joint procurement with the following scope:

- a. Core ICT services (both Councils):
 1. Lot 1: Core IT services (Includes a prime contract/managing agent role for Lot 2);
 2. Lot 2: Voice and Data Networks;

-
- b. Data Centre services (Lewisham only);
 - c. Revenues & Benefits, Payroll & Pensions administration (Bromley only).
- 3.2.8 They have harmonised contract start dates and have agreed common specifications and contract documents. They have not undertaken to award joint contracts but are willing to consider shared services in the future.
- 3.2.9 Hammersmith and Fulham transferred all but 2.5 people from their IT department into a Joint Venture owned 80% by Agilysis and 20% by the Council five years ago. The joint venture either provides or manages all of the ICT services that the Council uses and also provides services such as application hosting and service desk provision for other public sector clients, including the London Borough of Kingston.
- 3.2.10 The London Borough of Enfield has awarded a five year contract to Serco to provide its ICT services, including transformation services. The Council has the option to extend the contract from 5 years to 9 years one year at a time. The contract has been developed so that other councils can use it to obtain ICT services on a framework basis, in a similar fashion to the Serco contract with Hertfordshire County Council. Several other London Boroughs are exploring the use of this framework, but they are at a relatively early stage. The contract and pricing is defined in terms of a number of detailed services to ensure cost transparency and includes a service credit regime to motivate the supplier. The definition of transformation services only relates to ICT transformation – for example the transformation services include migration from Lotus Notes to Exchange which in most other contexts would not be seen as a transformation service.
- 3.2.11 Westminster's current ICT services are provided by Capgemini who act as a sub contractor to Vertex who themselves run a number of the Council's services including;
- a. Contact Centres (the main one plus a dedicated one for Social Care);
 - b. One stop shops;
 - c. Reception and transport services;
 - d. Parking services (not the on-street staff).
- 3.2.12 Westminster has adopted an 'end user' computing model with Capgemini, which is based on a 'cost per user per annum' and is scalable up or down. The renegotiation has reduced the support charge from £3.25k per desktop to £1.5k per desktop. Their current contract with Vertex has a break/extend option in November 2012 and they would be keen to explore shared services with other Local Authorities.
- 3.2.13 All Local Authorities contacted would consider shared services if the business case justified it. All interviewed felt that future investment in ICT would have to be justified and that reviews of how to make better use of ICT and how to best procure ICT would continue to be a priority.

3.3 Other Public Sector Organisations

- 3.3.1 The majority of Public Sector organisations such as the Police, NHS and MoD procure their ICT through multiple suppliers with some elements being combined into lots.
- 3.3.2 The MoD outsources the majority of its ICT infrastructure, desktop and core applications provision to the ATLAS consortium under a Public Private Partnership (PPP) arrangement. Line of Business applications for activities such as command and control, intelligence and logistics

are sourced from best of breed suppliers. Communications are delivered via a number of separate PPP arrangements, and consultancy support is procured via a number of MoD consultancy frameworks.

- 3.3.3 The NHS has been undertaking a national programme called NPfIT to consolidate and share server architecture and applications across the whole of the NHS (although this programme has now been cancelled, the aspiration still exists, and is being more fully explored at a local level by individual Health Informatics Services).
- 3.3.4 The Police service has generally allowed each individual police force to procure its own ICT. A number are now looking at outsourcing, with Avon & Somerset Police combining their ICT provision with that of Somerset Council with a contract with IBM known as Southwest One. More recently the National Policing Improvement Agency (NPIA) has mandated that all new procurements will have to consider the potential of sharing that contract across all forces. So if one Police force wants to procure a managed desktop service then the contract has to be written in such a way that it would be possible for others to sign up to the same service without going out to tender, thus forming a framework agreement with the supplier.

Conclusion

- 3.3.5 Many Public Sector organisations have put in place contractual arrangements for ICT services that can be used by other Public Sector organisations, with the majority of all new tenders stating that they are open for other organisations to use. However, there is no registry or index of all of the available contracts, which means that it is very difficult to actually identify and use such contracts.

3.4 Suppliers

- 3.4.1 Actica have held discussions with the following companies over the last 18 months, specifically about the Councils requirements as well as other similar projects. They are representative of suppliers working in the local authority market:
- a. Agilysis;
 - b. Serco;
 - c. Capgemini;
 - d. Capita;
 - e. Fujitsu;
 - f. IBM;
 - g. Logica;
 - h. Northgate.

Supplier Feedback

- 3.4.2 It is not surprising that the general feedback from suppliers was that they preferred a standard OJEU tendering process with the opportunity to engage with the Council(s) during the pre tender phase, a well defined specification, coupled with an opportunity to refine solutions and service specifications during the procurement process. Serco advised that they would prefer to make use of their existing framework, but would be happy to respond to an OJEU should the Councils prefer to run a full procurement.

- 3.4.3 With the exception of Northgate, who do not have any large scale ICT outsourcing contracts, but possess a range of appropriate lines of business, the remainder preferred to act as a prime contractor with an ability to sub contract services that were not core to their own offerings. Equally, the general response was that the wider the service scope and the longer the contract length the better. The exception here was Northgate who liked the idea of bidding for individual lots/work packages with three year plus contract terms.
- 3.4.4 The main issue affecting the desired contract length was the amount of investment that the supplier was expected to make with regard to contract transition, transformation and ICT refresh.
- 3.4.5 Supplier views varied as to the volume/amount of risk that they were willing and/or expected to carry with regard to transformation programmes/projects:
- a. some suppliers expected full upfront payment for transformation projects with no indication of a success fee;
 - b. one company (Logica) was willing to consider a fee refund arrangement if forecast benefits did not materialise;
 - c. Northgate expressed a willingness to implement a payment profile over a period of three years as financial benefits were secured;
 - d. Agilysis would be happy to adopt a benefit sharing based approach where the benefits are clearly measurable and a good baseline exists.
- 3.4.6 A common theme was that if Councils expected a supplier to take financial risk on the delivery of transformation benefits then they must also be prepared to accept and implement recommendations from suppliers. Capita in particular expressed a strong interest in owning the end-to-end process so that it had full control that enabled it to deliver promised benefits/savings.
- 3.4.7 Further details on the procurement options available to the Councils are given in Appendix C.

Supplier Conclusion

- 3.4.8 Contract length:
- a. Minimum quoted 3+ years;
 - b. Middle ground 5+ years;
 - c. Ideal 7+ years.
- 3.4.9 Preferred Process:
- a. OJEU (Restricted Process) or Buying Solutions;
 - b. Serco would prefer to use their existing ICT framework with Herts County Council, but would be happy to bid against an OJEU if required;
 - c. Agilysis believed that with a single source prime contract with a large transformation element, a Competitive Dialogue approach would be necessary (this is unlikely to be the case with the Councils' requirements);
 - d. All wanted to engage pre tender;
 - e. All would like the opportunity to refine requirements via the process;

- f. All wanted contracts with gain share or bonus mechanisms¹ to motivate good performance, not just service credits or equivalent mechanisms to penalise poor performance.

3.4.10 It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

3.4.11 Scope:

- a. The larger companies (Agilysis, Serco, Capgemini, Capita, Fujitsu, IBM & Logica):
 1. would all like the contract to have the widest possible scope and the inclusion of front and back office solutions would be preferable;
 2. would be happy to include business process outsourcing (BPO) as part of the contract, i.e. taking full responsibility for core processes, including taking the existing staff via TUPE;
 3. would all like control of the end-to-end process, including transformation and like the idea of pre contracted days, although they would also be happy to provide consultancy on a call off basis;
 4. would prefer a single contract with the ability to subcontract non-core services;
 5. would not prioritise bidding for single elements such as desktop or datacentre contracts if there were alternative contracts to bid for with a wider scope;
- b. Northgate:
 1. are happy to bid for lots/work packages. This approach reflects their Line of Business structure and current positioning in the market;
 2. are happy to bid for business case led programmes/projects.

3.4.12 Attitude to Risk:

- a. The major companies expressed caution about the risk reward model where they are not controlling the end-to-end process;
- b. Logica seek consultancy led projects to underpin the lower margin core ICT business and given true partnership working are prepared to offer a 'cash-back/credit' regime when promised benefits are not forthcoming;
- c. Northgate appear to be prepared to take their consultancy transformation revenue over three years against delivered savings/benefits.

3.4.13 To deliver effective change programmes, there was general agreement that there should be:

- a. Joint boards;
- b. Joint implementation teams;
- c. Joint and shared risk registers.

¹ Gain shares and bonus mechanisms are often used to drive a suppliers approach to innovation and cost-reduction. Suppliers can be given a share of the benefits (amount of cost reduction) or an agreed bonus if a reduction in costs is achieved through work they have done or supported

3.4.14 The information obtained from the larger companies is consistent with the comment from Capgemini that they could not make their target level of margin on commodity services such as desktop support and data centre operations and therefore looked to make a higher margin on changes and transformation tasks. The Councils are likely to achieve greater flexibility and agility if one organisation provides the full set of ICT services required by the Councils (either including or excluding assets) as the relatively small size of the Councils' requirements mean that multi-sourcing is unlikely to be of interest to suppliers due to the very small margins available.

4 Options identification and assessment

4.1 Introduction

4.1.1 This section provides details on the individual options being considered for providing ICT services to Watford and Three Rivers Councils. It describes the assessment criteria for the options and then gives overview information on how well each option meets these criteria.

4.2 Options assessment criteria

4.2.1 Criteria

4.2.1.1 Based on the information gathered during the previous ICT strategy work, the following option selection criteria were identified for the ICT Sourcing Strategy:

- a. It must be capable of delivering improved value for money for the ICT services that the Councils use, both initially and throughout the period covered by the outsourcing agreement – does the option mean that the Councils' ICT costs will reduce?
- b. Satisfaction of requirements:
 1. It must be capable of providing the full range of current ICT services, as described in Section 2 – will the option deliver as a minimum an improved set of ICT services?
 2. It must be capable of delivering continuous service improvements such as an improved ability for Council staff to remotely access services from remote and customer sites – will the option continue to improve the Councils ICT services and customer experience over the life of the contract?
 3. It must be capable of delivering an improved ability for Council staff to work from home or from any Council office – will the option better enable Council staff to work remotely?
 4. It must be capable of delivering an improved ability to integrate and harmonise Line of Business applications – will the option better enable and reduce the timescales for application harmonisation?
 5. It must be capable of delivering an improved ability to work with partner organisations – will the option help ensure that the Councils' ICT service uses the same or similar standards to other Public Sector organisations to enable integrated working as needed?
 6. It must be capable of supporting increased customer access to on-line transactional services – will the option help drive channel shift?
- c. It must be capable of delivering improved flexibility and agility, for example:
 1. improved ability to scale the volume of services provided up or down;
 2. improved ability to introduce changes to the services provided, rapidly if needed – how quickly and easily can the ICT services change to reflect updated or new business requirements?

- d. It must be procured and delivered in acceptable timescales – can the option be delivered in 18 months or less?
- e. It must be capable of driving and delivering an improved ability to innovate and transform, i.e. to rapidly identify and introduce new technologies, new market offerings, new processes, etc. that offer efficiency or effectiveness improvements to the Councils – will the option help drive continuing ICT service improvement and implementation of best practice?
- f. It must be capable of transitioning to and delivering the required ICT services at an acceptable level of risk – will the option subject the Councils ICT services to unacceptable levels of risk?

4.2.1.2 While it is critical that any ICT outsourcing strategy delivers savings when compared on a like for like basis with the existing ICT arrangements, it should be noted that ICT is a key enabler to achieving value for money and effectiveness improvements across all Council services. For example, enabling Council staff to work while on the move offers the potential for significant productivity improvements in areas where Council staff engage with citizens and businesses in the community, such as Housing and Planning.

4.2.2 Option scoring

4.2.2.1 In order to identify a preferred option, the options presented below are individually scored against the assessment criteria so that their suitability can be quantified. The scores given for each element range between 0 and 3 where:

- a. 0 means that the option does not meet the criterion;
- b. 1 means that the option slightly meets the criterion;
- c. 2 means that the option mostly meets the criterion; and,
- d. 3 means that the option fully meets the criterion.

4.2.2.2 Generally, the higher the score the better that element meets the assessment criteria.

4.2.2.3 Table 4-2 consolidates the individual scores given to all of the options in order to total them and to identify the preferred option.

4.3 Identified options

4.3.1 The options identified for outsourcing the Councils' ICT services are:

- a. Option 1: Do nothing;
- b. Option 2: Make additional investment in internal ICT team;
- c. Option 3: Outsource all ICT services using HCC agreement with Serco;
- d. Option 4;
 - 1. Option 4a: Outsource all ICT services;
 - 2. Option 4b: Outsource a specific set of ICT services;
 - 3. Option 4c: Outsource all ICT services, including hardware;
- e. Option 5: Public sector partnership.

4.3.2 These options are further discussed and assessed in the remainder of this section.

4.4 Option 1: Do nothing

4.4.1 Summary

4.4.1.1 This option involves making no changes to the current arrangements for providing ICT services to both Councils. ICT will continue to be provided wholly by the ICT team based in TRDC, with support from 3rd parties bought in as needed.

4.4.2 Overall impact on the Councils

4.4.2.1 Option 1 would mean that the Councils continue to use their existing internal ICT team to deliver all ICT services to the Councils. This team would continue to implement the existing ICT change programme (focusing on back-ups, thin client hardware improvements and SAN implementations across both Councils).

4.4.2.2 The team would then need to continue implementing the recommendations made in the recent ICT review, including:

- a. Continuing to address the infrastructure risks;
- b. Improving relationships with the business;
- c. Implementing new ICT processes;
- d. Developing standards and guidelines for the ICT architecture and applications.

4.4.2.3 Users across both Councils would be likely to see gradual improvements to the current ICT services, such as speed and reliability improvements. It is also likely that ICT resources would continue to be stretched, particularly where changes to ICT services are required. The recently implemented Joint ICT Steering Group will continue to help manage the use of ICT and to prioritise ICT projects and this will need to be supported by improved ICT processes and improved ways of working between the Council ICT team and the Council business services and management teams. The current working relationships between ICT and the Council management will need some initial focus in order to ensure that they remain mutually supportive and focus on successful delivery of ICT services to the Council and to the public.

4.4.3 Benefits

4.4.3.1 There are few benefits of this option, the main benefit being that there is no cost or risk of transition to a new ICT arrangement. Additionally, existing ICT staff will not be affected by change and the Councils will not have to deal with any negative impacts of this.

4.4.3.2 This option would also mean that currently vacant posts in the Councils ICT team will be filled.

4.4.4 Requirements

4.4.4.1 This option is likely to meet some of the Councils' high-level requirements as listed above, in that it is already in place and delivering services to Council staff and other users. However, it is clear that the current arrangements struggle to meet the expectations of users around service and project delivery, for a variety of reasons.

4.4.4.2 This is likely to mean that the existing ICT service will continue to struggle to meet expectations, without a large investment in process change and hardware as proposed in the recent ICT review. It is likely that the gap between the requirements of the Council business services and the ability of ICT to deliver will widen over time.

4.4.4.3 Score = 1 due to low likelihood of being able to deliver change on a par with business requirements

4.4.5 Timescales

4.4.5.1 There are no timescales associated with the implementation of this option, as no changes are being made.

4.4.5.2 Score = 3 as this option is already in place so needs no time for delivery

4.4.6 Flexibility

4.4.6.1 This option will not significantly improve the flexibility of the current ICT arrangements as their management would not be fundamentally changed. However, it is noted that the ICT team is currently progressing a number of changes to the infrastructure that will have an impact on flexibility, and it is also expected that the Council will continue to implement the additional recommendations made in the recent ICT review under this option.

4.4.6.2 Score = 1 as the changes currently being implemented, together with the ongoing impact of the Joint ICT steering group will go some way towards helping improve flexibility.

4.4.7 Innovation

4.4.7.1 This option will not significantly improve the Councils' ability to innovate and make best use of ICT. It is noted that the current ICT team has capabilities in this area, and that the Council's now have governance in place to enable innovation to be discussed. These are reflected in the scoring.

4.4.7.2 Score = 1 due to the current technical competency of the ICT team and ongoing low level of engagement with the business areas to help discuss objectives.

4.4.8 Risks

4.4.8.1 The likely risks associated with this option are:

Ongoing risk

- a. The risk that the Council ICT team will not have the full support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;
- b. The risk that Council ICT services will not keep pace with new technologies and public expectations due to the lack of resource available to support developments;
- c. The risk that the ICT budget has to rise in order to ensure that the ICT team is able to deliver and support a disparate set of ICT services;

Transition risk

- d. There is no transition risk associated with this option, as no step change occurs.

4.4.8.2 Score = 1 for ongoing risk as this option relies on the current levels of resource in the ICT team to identify issues and address them. It is likely that recruitment would be conducted to replace current temporary staff with permanent staff which would give more consistency and stability to the service, however the low levels of resource will continue to conflict with project requirements. There is therefore likely to be a continued risk to the ICT service.

4.4.8.3 Score = 3 for transition risk as no change is being made and hence no risk.

4.4.9 Costs

4.4.9.1 The costs for this option are based on the current ICT budget for the ICT shared service. These costs are detailed in Table 4-1.

4.5 Option 2: Make additional investment in internal ICT team

4.5.1 Summary

4.5.1.1 This option is similar to Option 1 in that the Councils' existing ICT team is retained to provide all ICT services. In this option, additional investment is made in the ICT team and the ICT infrastructure in order to ensure that resource levels in ICT are able to meet the demand for change from Council business services, and to invest in ICT hardware to ensure it is fit for purpose, flexible and scalable to meet any future requirements, including the provision of services to other public sector organisations.

4.5.1.2 It is recommended that the level of additional resources required under this option is:

- a. 3 more staff at level 7/8: 2 technical support and 1 project manager;
- b. An additional £50,000 per year investment in hardware.

4.5.2 Overall impact on the Councils

4.5.2.1 Implementation of this option would allow the Council to make best use of the existing human and technological resources whilst improving the areas that need attention to ensure that effective and efficient ICT services are delivered to all Council business services and to the public.

4.5.2.2 The Councils would see improvements in the way that ICT worked with the business services, leading to improved relationships and a more supportive partnership as a result of the improved processes and of the extra resource provision. The Councils would also see improvements to the quality of the ICT services delivered, in terms of access speeds, availability and potentially ease of use. These would result from the focus and spend on improvements to ICT hardware.

4.5.2.3 The Councils would also be likely to find it easier to request changes to existing ICT services and to implement new ICT services as a result of the improved relationships and improved ICT hardware which combine to bring greater flexibility to the ICT service provision.

4.5.2.4 One of the further advantages of this option is that the Councils would directly retain the existing ICT team and so staff would not need to get used to new ICT staff or have to spend time ensuring that a new ICT team fully understand their services and requirements.

4.5.2.5 Implementing this option would involve increasing the current ICT budget to support the increased resources – this is discussed further in the costs section below.

4.5.3 Benefits

4.5.3.1 The likely benefits of implementing this option are:

- a. Improved ICT service monitoring and reporting;
- b. Increased ability to innovate and improve ICT services;
- c. Potential for increased visibility and transparency of ICT costs;
- d. Increased ICT flexibility through opportunities to make better use of hardware.
- e. No significant contract management requirement;

4.5.4 Requirements

4.5.4.1 This option is likely to meet all of the Councils' high level requirements as identified in Section 4.2. These requirements depend on the ICT service being able to make use of best practice technologies and ICT processes and the increased ICT budget will enable the existing ICT team to procure and implement better technologies and spend time and resource on implementing best practice ICT management processes, possibly based on ITIL standards.

4.5.4.2 These changes, combined with the current ICT teams existing knowledge of the Councils business services and ICT infrastructure are likely to mean that the ICT service is able to meet the requirements of Council staff, members and the public.

4.5.4.3 Score = 2 as the improvements made to ICT services as a result of spend on the ICT hardware and resources will allow the ICT team to improve both relationships with the business and the adequacy of the ICT hardware and hence meet the majority of the Councils requirements. The score is reduced as the internal ICT team will not be able to take advantage of the experience and resources available to large ICT managed services vendors in order to identify and drive opportunities for innovation and change to improve services and reduce ICT cost.

4.5.5 Timescales

4.5.5.1 The timescales for this option are also based on the timescales detailed in the ICT review document. It is likely that this option will take up to 24 months to fully implement – driven mainly by the timescales for implementation of new processes and for developing and implementing a robust architecture framework. It is noted that some of the architecture framework design has already begun to support the SAN implementations, but it is also understood that no work has started on new ICT management processes for valid resource reasons.

4.5.5.2 Score = 1 as it is likely that a large proportion of the improvements could be delivered in reduced timescales on the basis that investment in the ICT services is made quickly, enabling the ICT team to start planning and implementing changes well in advance of any of the other options as no procurement is required. However, it is still anticipated that it will take 24 months until the ICT services delivered are on a par with an externally sourced option, which is outside the 18 month expectation.

4.5.6 Flexibility

4.5.6.1 This option will potentially provided increased flexibility and agility for the Councils' ICT systems, however this is dependent on the skills within the ICT team being appropriately used and managed in order to ensure that the architecture framework is fit for purpose and that the

hardware chosen is implemented and configured correctly – this may involve further training and or recruitment to ensure that the team has those skills.

4.5.6.2 The flexibility will also be dependent on successful relationships being created between the ICT team and both Councils’ business service teams to ensure that they operate in partnership and that ICT is able to drive and advise business services use of ICT as well as align themselves with the business objectives.

4.5.6.3 Score = 2 as the improved ICT infrastructure and processes are likely to enable the Council teams to work closely together to make ICT plans, and improved architecture standards are likely to enable quicker and easier changes. The score is only marked down as the Council will not be able to take advantage of large scale ICT infrastructures in order to further improve flexibility through access to enterprise level hardware and infrastructure services.

4.5.7 Innovation

4.5.7.1 This option may improve the Councils’ ability to innovate and make best use of ICT depending on what skills the new ICT resources have and how the new processes enable those to be used. It is likely that the ability to innovate and help improve services and lower costs will be higher than Option 1 due to the reduced pressure on resources.

4.5.7.2 Score = 2 due to the increased technical competency of the ICT team based on access to additional resources and likely improved level of engagement with the business areas to help discuss objectives.

4.5.8 Risks

4.5.8.1 The likely risks associated with this option are:

Ongoing risk

- a. The risk that the Council ICT team will not have the full support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;
- b. The risk that Council ICT services will not keep pace with new technologies and public expectations due to the lack of resource available to support developments;
- c. The risk that increased ICT spend is not sustainable and that budgets and quality reduce over time;

Transition risk

- d. The risk that the changes to ICT hardware affect service due to migration issues;
- e. The risk that staff do not support improved ICT processes.

4.5.8.2 Score = 2 for ongoing risk as this option provides improved hardware and processes to enable support for ICT services to be better managed, including improved service monitoring and planning. The score is reduced due to the potential that the lack of ICT management change may mean that buy-in from all Council management stakeholders is not achieved and hence impacts ICT planning and management.

4.5.8.3 Score = 2 for transition risk as the ICT team is experienced in migrating services and no ICT management change is required.

4.5.9 Costs

4.5.9.1 The costs for this option are based on the recommendations made in the recent ICT review, with allowances made for work that is already been undertaken by the Council ICT team. These costs are detailed in Table 4-1.

4.6 Option 3: Outsource all ICT services using HCC agreement with Serco

4.6.1 Summary

4.6.1.1 This option involves Watford entering into a contract with Serco to make use of the framework contract already in place with Hertfordshire County Council for the provision of ICT support and management services. The Council would need to keep a small, retained layer of ICT staff in order to ensure that the ICT provider was easily able to liaise with the different council services, to manage the supplier and to help manage the Council services use of ICT. The Councils would also remain responsible for the provision of hardware.

4.6.2 Overall impact on the Councils

4.6.2.1 Implementation of this option would mean transferring responsibility for the management of the ICT infrastructure and applications to Serco. Ownership of the hardware would remain with the Councils and as such the infrastructure would remain in the Councils datacentres.

4.6.2.2 The Councils would need to retain some level of ICT team internally in order to manage the relationship with Serco, and to help manage the relationship between ICT and the Councils business services. The internal element would ensure that the ICT services retain a good understanding of the Councils business drivers and objectives, and would help to coordinate ICT requirements across all Council areas. It is anticipated that this retained layer would consist of three staff at management level. Further details on this are provided in Section 4.11 below.

4.6.2.3 The rest of the existing ICT would be given the opportunity to move into Serco under TUPE regulations, or may be offered redundancy or alternative positions within the Council if appropriate. The costs for this are factored in to this option.

4.6.2.4 The day-to-day management of ICT would then become the responsibility of Serco and they would expect their ICT service management staff to be invited to relevant Council meetings in order to ensure that ICT was properly engaged and to advise on ICT issues or possible changes as needed.

4.6.2.5 The Councils would need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose. The refresh cycle and investment required would be advised by Serco, and this would include support for the recommendations made in the recent ICT review.

4.6.2.6 It is likely that users would see quicker responses to ICT problems under this option, and also likely that the Council would be able to implement existing ICT strategy, such as application harmonisation, more quickly due to the increased resource that Serco would be able to provide to support these aims.

4.6.2.7 However, the Council would also need to recognise that implementation of this option would lead to a step change in ICT management processes, and that the Council management and business service heads would need to get used to a new way of working with ICT.

4.6.3 Benefits

- 4.6.3.1 The likely benefits of this option are:
- a. Lower total cost of ICT provision than current in-sourced service;
 - b. Improved ICT service monitoring and reporting;
 - c. Increased ability to innovate and improve ICT services;
 - d. Increased visibility and transparency of ICT costs;
 - e. Increased ICT flexibility through opportunities to make better use of hardware.
 - f. reduced delivery timescales.

4.6.4 Requirements

- 4.6.4.1 This option is likely to meet the majority of the Councils' high-level requirements as identified in Section 4.2, based on the ability of Serco to deliver best-practice ICT services and experience in providing ICT services to local government. Serco have delivered similar services to HCC and to the London Borough of Enfield and, although both of these contracts are in their early stages, the indications are that the Councils are happy with the services to date. It is also clear that Serco has access to a wide range of experience in implementing technologies to support services such as remote working, and they have stated that they would look to use these to support the Councils requirements.
- 4.6.4.2 This adherence to the Councils ICT needs will need to be confirmed by clearly documenting the requirements and conducting a due-diligence exercise to confirm that the proposed ICT services will meet these detailed requirements.
- 4.6.4.3 This alignment between the ICT services and the Councils' requirements will need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.
- 4.6.4.4 Score = 3 based on Serco's documented abilities to deliver ICT services and specific references to meeting the Councils existing and future requirements in the current outline business case.

4.6.5 Timescales

- 4.6.5.1 The delivery timescales for this option are likely to be lower than those for an externally procured option as the Council is likely to be able to conduct a single supplier tender using the existing framework with HCC. This process would involve generating a requirements specification for the Councils ICT services and asking Serco to produce a full business case based on this specification – this would include detailed costs as a firm offer. If this offer is acceptable to the Councils contracts could be produced using the existing service catalogue and implementation could begin relatively quickly.
- 4.6.5.2 It is anticipated that this option could be delivered in 6 to 12 months from the start of the procurement.
- 4.6.5.3 Score = 3 on the basis that this option is likely to be quick to implement, well within the 18 month expectations.

4.6.6 Flexibility

4.6.6.1 This option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems. There are ways in which the flexibility can be improved such as increasing the use of virtualisation and harmonising operating systems, but the infrastructure will always be a limiting factor.

4.6.6.2 Score = 2 as the flexibility of ICT will be improved, but not to the levels that could be attained if new hardware was implemented.

4.6.7 Innovation

4.6.7.1 This option is likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.

4.6.7.2 The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by Serco should enable the Council to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that. This may still be impacted by the existing infrastructure in its ability to deliver quickly, but this option is likely to give greater access to skills and knowledge to support change in comparison to previous options.

4.6.7.3 Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.6.8 Risks

4.6.8.1 The likely risks associated with this option are:

Ongoing risk

- a. The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;
- b. The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;
- c. The risk that the contract value for money will decrease over time;
- d. The risk that effective change management is not conducted and that ICT customer expectations are not managed;
- e. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;
- f. The risk that ICT change may take longer due to different supplier change processes;
- g. The risk that the ICT management processes do not provide the correct level of engagement to easily support the Council as business requirements change;

Transition risk

- h. The risk of other potential suppliers questioning a single supplier tender, leading to difficulties in finalising the contract;
- i. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;
- j. The risk that important information about the current ICT services is not transferred to Serco on a timely basis, leading to problems during migration;
- k. The risk that transition takes longer than planned, leading to increased costs to the Council;
- l. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

4.6.8.2 Score = 3 for ongoing risk as Serco are likely to drive improvements to the ICT management processes, and are likely to manage the ICT services according to a risk-based industry best practice approach.

4.6.8.3 Score = 2 for transition risk as the change in ICT management and staff movement may lead to information gaps that lead to ICT service problems. It is not anticipated that the likelihood of this is high and so the score is still close to the maximum possible.

4.6.9 Costs

4.6.9.1 Costs for this option have been provided by Serco in a business case presentation, and have been discussed further with Serco to confirm their feasibility. These costs are presented in Table 4-1.

4.6.2 It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

4.7 Option 4: Outsource ICT services to a 3rd party

4.7.1 Summary

4.7.1.1 This option involves outsourcing ICT services to a 3rd party through an open procurement such as an OJEU or using the government BuyingSolutions frameworks. This option is divided into three sub-options: Option 4a looks at outsourcing all of the current ICT support services to 3rd parties; Option 4b looks at outsourcing some of the current ICT services to 3rd parties and Option 4c looks at outsourcing all ICT services, including hardware provision.

4.7.2 Option 4a: Outsource all ICT services

4.7.3 Summary

4.7.3.1 This option involves outsourcing all of the Councils ICT support services to a single provider. This is a similar option to Option 3, however the ICT provider would be procured through the normal procurement process rather than making use of the existing HCC framework.

4.7.3.2 These ICT support services could be procured through the existing BuyingSolutions IT Managed Services framework or could be procured via an OJEU should the Councils choose to involve more suppliers than those on the framework.

4.7.4 Overall impact on the Councils

4.7.4.1 Implementation of this option will have a very similar impact on the Councils to that of Option 3. The only differences are that the Councils will need to conduct a procurement process before a supplier can be selected – this is likely to involve setting up a procurement project and may impact on the already stretched ICT team, and the chosen supplier may have a different approach to TUPE costs to Serco and hence the transition team may need to spend time on these.

4.7.4.2 This option will also have the same requirement for a retained Council ICT team, as described in Section 4.11, and for continuing to invest in ICT hardware.

4.7.4.3 Once a supplier is selected, the transition and subsequent ongoing running of ICT services is likely to be very similar to that described in Option 3, except that the ICT managed service provider may be different.

4.7.5 Benefits

4.7.5.1 The likely benefits of this option are:

- a. Lower total cost of ICT provision than current in-sourced service;
- b. Improved ICT service monitoring and reporting;
- c. Increased ability to innovate and improve ICT services, including improved access to leading edge ICT services and technologies;
- d. Increased visibility and transparency of ICT costs;
- e. Increased infrastructure flexibility.

4.7.6 Requirements

4.7.6.1 This option is almost identical to Option 3, except for the procurement process, hence the end implementation is also likely to meet the majority of the Councils' high-level requirements as identified in Section 4.2, based on the ability of the chosen supplier to deliver best-practice ICT services and their documented adherence to the ICT specification developed for the procurement.

4.7.6.2 This alignment between the ICT services and the Councils' requirements will need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.

4.7.6.3 Score = 3 based on the chosen suppliers likely close match to the detailed requirements as presented in the ICT specification used for the procurement.

4.7.7 Timescales

4.7.7.1 The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.

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- 4.7.7.2 The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 9 months.
- 4.7.7.3 The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 9 months. Therefore the total timescale for implementation of this option is 9 to 21 months, based on the chosen procurement method.
- 4.7.7.4 Score = 2 as it is possible for the Council to procure and implement this option in relatively quick timescales, dependent on the procurement route chosen.

4.7.8 Flexibility

- 4.7.8.1 In common with Option 3, this option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems. There are ways in which the flexibility can be improved such as increasing the use of virtualisation and harmonising operating systems, but the infrastructure will always be a limiting factor.
- 4.7.8.2 Score = 2 as the flexibility of ICT will be improved, but not to the levels that could be attained if new hardware was implemented.

4.7.9 Innovation

- 4.7.9.1 In common with Option 3, this option is likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.
- 4.7.9.2 The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by the chosen supplier should enable the Council to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that. This may still be impacted by the existing infrastructure in its ability to deliver quickly, but this option is likely to give greater access to skills and knowledge to support change in comparison to previous options.
- 4.7.9.3 Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.7.10 Risks

- 4.7.10.1 The likely risks associated with this option are:
- Ongoing risk*
- a. The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;
 - b. The risk that the contract value for money will decrease over time;
 - c. The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;

- d. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;
- e. The risk that effective change management is not conducted and that ICT customer expectations are not managed;
- f. The risk that ICT change may take longer due to different supplier change processes;

Transition risk

- g. The risk that a limited number of suppliers bid for the contract given its relatively small size;
- h. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;
- i. The risk that important information about the current ICT services is not transferred to the new supplier on a timely basis, leading to problems during migration;
- j. The risk that transition takes longer than planned, leading to increased costs to the Council;
- k. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

4.7.10.2 Score = 3 for ongoing risk as the new supplier is likely to drive improvements to the ICT management processes, and are likely to manage the ICT services according to a risk-based industry best practice approach.

4.7.10.3 Score = 2 for transition risk as the change in ICT management and staff movement may lead to information gaps that lead to ICT service problems. It is not anticipated that the likelihood of this is high and so the score is still close to the maximum possible.

4.7.11 Costs

4.7.11.1 The costs for this option are based on publically available information on ICT providers commercial rates, BuyingSolutions rates and the authors' database of benchmarking information. These likely costs are presented in Table 4-1.

4.8 Option 4b: Outsource a specific set of ICT services

4.8.1 Summary

4.8.1.1 This option involves outsourcing some of the Councils' ICT services and retaining a number for continued delivery in-house. The outsourced ICT services would be split into elements, and some of these elements would then remain in-house rather than all of them going to tender.

4.8.1.2 The likelihood is that the Councils' would want to retain the in-house support for elements that are core to Council services, such as line of business applications. It is therefore assumed that, for this option, the Council would retain responsibility for:

- a. Line of business applications;
- b. First line helpdesk;
- c. 50% of project management requirement, acknowledging that the ICT outsourcing partner will also need to manage some of the ICT infrastructure elements;

d. Desktop support.

4.8.1.3 This option would be likely to be procured in the same way as Options 3a and 3c. However, it is also possible that the Councils' would be able to source a smaller service set from Serco using the HCC framework – this would need to be explored directly with Serco.

4.8.2 Overall impact on the Councils

4.8.2.1 The likely impact on the Councils of implementing this option is broadly similar to that of Options 3 and 4a. However, because of the services retained in the Councils ICT team the user impression would be closer to that of an in-house service rather than an outsourced capability. Users would contact Council staff to report issues rather than a third party helpdesk, and business service heads would speak mostly to Council ICT staff about ICT service and projects, rather than third party staff.

4.8.2.2 The Council would also retain responsibility for supporting applications, further removing the ICT managed service supplier from contact with the Council staff and other users.

4.8.2.3 This could be seen as a best of both worlds option, in that the ICT infrastructure would be supported externally and would benefit from best practice IT management processes but the ICT plans and strategies, as well as day to day management would remain the responsibility of the Council. This would mean that current relationships between ICT and the business would remain largely unchanged, and that the ICT management would have to take on different responsibilities around managing an outsourcing partner instead of managing hardware.

4.8.2.4 The Councils would need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose. The refresh cycle and investment required would be advised by the ICT outsourcing partner for servers and the internal ICT team for desktops. This would include support for the recommendations made in the recent ICT review.

4.8.2.5 The Council would have to retain their current ICT management team, and would also need to retain the majority of the application support staff and helpdesk staff in order to deliver this option. This would be likely to mean splitting the ICT team in order that some staff stayed with the Councils to deliver application support whilst others were given the option of transferring to the ICT outsourcing partner to help support the ICT infrastructure.

4.8.2.6 There would also be occasions where the third party supplier would need to attend Council management meetings, as in other options, in order to help deliver some key areas of the contract such as innovation.

4.8.3 Benefits

4.8.3.1 The likely benefits of this option are:

- a. Lower total cost of ICT provision than current in-sourced service;
- b. Increased helpdesk understanding of Council services and requirements;
- c. Increased visibility and transparency of ICT costs;
- d. Increased infrastructure flexibility.

4.8.4 Requirements

- 4.8.4.1 This option is likely to meet a number of the high level requirements identified above through making good use of the existing knowledge and skills of the Councils ICT team. These will help deliver continuity of service and help make sure that the ICT services are delivered according to the Council expectations.
- 4.8.4.2 However, the scale of the Councils ICT operations does not lend itself easily to a multi-supplier ICT service as described by this option, and there are likely to be a number of issues around managing the delivery of ICT, allocating actions and issues and project management responsibility. There may also be areas where projects cannot be delivered on time or to budget due to difficulties scoping the involvement of the Council and third party supplier.
- 4.8.4.3 It is likely that the Council ICT team will be able to forge a good working relationship with any supplier and so the likelihood of these problems occurring will reduce during the length of the contract, but this does mean that the option is less likely to meet requirements than a fully outsourced ICT managed service.
- 4.8.4.4 Score = 2 based on the likelihood that gaps in knowledge, skills or project scope may impact the delivery of ICT services.

4.8.5 Timescales

- 4.8.5.1 The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.
- 4.8.5.2 The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 9 months.
- 4.8.5.3 The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 9 months. Therefore the total timescale for implementation of this option is 9 to 21 months, based on the chosen procurement method.
- 4.8.5.4 Score = 2 as it is possible for the Council to procure and implement this option in relatively quick timescales, dependent on the procurement route chosen.

4.8.6 Flexibility

- 4.8.6.1 This option is likely to improve the ICT flexibility through improved ICT management processes due to the third party provision, but may not lead to improved relationships with the business services as the existing user-facing support services will stay in place. Additionally, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems as with the options above.
- 4.8.6.2 Score = 1 as the flexibility of ICT will be unlikely to be improved over the levels currently expected.

4.8.7 Innovation

- 4.8.7.1 In common with Option 3, this option is likely to improve the Councils access to infrastructure innovations in ICT which may lead to improved infrastructure provision and reduced costs.

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- 4.8.7.2 It may prove difficult to implement any identified changes due to the disconnect between the ICT managed service supplier and the Councils executives, however this situation can be avoided if a good relationship is built between the third party management and Council executive teams with the support of the Councils ICT team.
- 4.8.7.3 It is likely that the Council will be able to benefit from changes to ICT management best practice, but will remain reliant on the internal ICT team and their resources to make best use of ICT infrastructure changes to deliver applications. This dual responsibility will need to be well managed to ensure that innovation can be utilised as effectively as in the previous options.
- 4.8.7.4 Score = 2 based on ease of access to ICT best practice and Council business knowledge, but potential implementation difficulties.

4.8.8 Risks

- 4.8.8.1 The risks associated with this option are:

Ongoing risk

- a. The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;
- b. The risk that the Council staff will not be able to work effectively with the third party staff, or that processes do not integrate effectively;
- c. The risk that the Councils and ICT services provider do not work in partnership at a management level, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;
- d. The risk that effective change management is not conducted and that ICT customer expectations are not managed;
- e. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;
- f. The risk that ICT change may take longer due to different supplier change processes;

Transition risk

- g. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;
 - h. The risk that transition takes longer than planned, leading to increased costs to the Council;
 - i. The risk that relevant Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.
- 4.8.8.2 Score = 2 for ongoing risk on the basis that it is more difficult to integrate ICT services provided by two separate organisations. This presents a more risky service than a single, integrated provision.
- 4.8.8.3 Score = 3 for transition risk as the risk is lower than the other sub-options here as less of the ICT service is being migrated.

4.8.9 Costs

4.8.9.1 The costs for this option are based on publicly available information on ICT providers commercial rates, BuyingSolutions rates, information from the authors' benchmarking database, and on the current Councils ICT services costs. These likely costs are presented in Table 4-1.

4.9 Option 4c: Outsource all ICT services, including hardware

4.9.1 Summary

4.9.1.1 This option involves outsourcing all of the Councils ICT support and hardware provision services to a single provider. This would mean transferring the assets to the ICT provider and allowing them to fully support and manage all aspects of ICT provision to the Councils.

4.9.1.2 These ICT support services could be procured through the existing BuyingSolutions IT Managed Services framework or could be procured via an OJEU should the Councils choose to involve more suppliers than those on the framework.

4.9.2 Overall impact on the Councils

4.9.2.1 Implementation of this option would mean transferring responsibility for the management and provision of the ICT infrastructure and applications to a third party through a procurement. Ownership of the hardware would be transferred away from the Councils and as such the infrastructure is likely to eventually be transferred to the third party's datacentres.

4.9.2.2 The Councils would also need to retain some level of ICT team internally in order to manage the relationship with the third party, and to help manage the relationship between ICT and the Councils business services. The internal element would ensure that the ICT services retain a good understanding of the Councils business drivers and objectives, and would help to coordinate ICT requirements across all Council areas. It is anticipated that the retained layer for this option would also consist of three staff at management level. This team is described further in Section 4.11.

4.9.2.3 The rest of the existing ICT would be given the opportunity to move into the third party under TUPE regulations, or may be offered redundancy or alternative positions within the Councils if appropriate. The costs for this are factored in to this option.

4.9.2.4 The day-to-day management of ICT, including hardware, networks, platforms, desktops and laptops and applications would then become the responsibility of the selected third party and in common with other options they would expect their ICT service management staff to be invited to relevant Council meetings in order to ensure that ICT was properly engaged and to advise on ICT issues or possible changes as needed.

4.9.2.5 The Councils would not need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose as this would be included in the ICT outsourcing contract. However, some investment to support the recommendations made in the recent ICT review may be required during the transition period.

4.9.2.6 It is likely that users would see quicker responses to ICT problems under this option, and also likely that the Councils would be able to implement existing ICT strategy, such as application harmonisation, more quickly due to the increased resource that the third party would be able to

provide to support these aims. This may be improved further due to the agility that will be available on the new infrastructure.

- 4.9.2.7 The Councils will also be likely to see a changed approach to ICT projects driven by the new ICT hardware arrangements. This will provide additional opportunities to Council business services due to the increased flexibility and agility of the infrastructure, but may also mean that costs of provision are more transparent and thus business services may find that their ICT costs associated with projects change.
- 4.9.2.8 This option would mean that the Councils no longer have any direct responsibility for ICT, just to manage the contract with the third party and to work with them to drive and support the best practice use of ICT across the Councils. However, the Councils would also need to recognise that implementation of this option would lead to a step change in ICT management processes, and that the Councils management and business service heads would need to get used to a new way of working with ICT.
- 4.9.2.9 It is likely that the ICT assets would be transferred over a longer period than the initial transition. The third party is likely to take over management and ownership of the Councils current ICT infrastructure initially, and move ICT services across to its own ICT infrastructure and datacentres as opportunities present themselves due to service change or hardware going end of life.

4.9.3 Benefits

- 4.9.3.1 The likely benefits of this option are:
- a. Lower total cost of ICT provision than current in-sourced service;
 - b. Improved ICT service monitoring and reporting;
 - c. Increased ability to innovate and improve ICT services, including improved access to leading edge ICT services and technologies;
 - d. Increased visibility and transparency of ICT costs;
 - e. Increased infrastructure flexibility and agility;
 - f. Increased resilience.

4.9.4 Requirements

- 4.9.4.1 This option is similar to Options 3 and 4a, except that the service provided also includes supply of all ICT hardware such as servers, storage, printers, desktops and laptops. This means that the end implementation is also likely to meet all of the Councils' high-level requirements as identified in Section 4.2, based on the ability of the chosen supplier to deliver best-practice ICT services and their documented adherence to the ICT specification developed for the procurement. The additional provision of hardware will give the Councils more scope to provision ICT services according to individual business service requirements, and to change quickly as needed.
- 4.9.4.2 This alignment between the ICT services and the Councils' requirements will still need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.

4.9.4.3 Score = 3 based on the chosen suppliers likely close match to the detailed requirements as presented in the ICT specification used for the procurement.

4.9.5 Timescales

4.9.5.1 The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.

4.9.5.2 The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 12 months.

4.9.5.3 The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 12 months. Therefore the total timescale for implementation of this option is 9 to 24 months, based on the chosen procurement method.

4.9.5.4 Score = 1 as it is possible for the Councils to procure this option in relatively quick timescales, dependent on the procurement route chosen, however the implementation is likely to take longer than other options because the ICT hardware is also being changed.

4.9.6 Flexibility

4.9.6.1 In common with Options 3 and 4a, this option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, this option will also provide access to a larger infrastructure, most likely provided from a shared datacentre with access to a large number and variety of enterprise ICT hardware solutions.

4.9.6.2 This will allow the Councils to take advantage of ICT infrastructure and platforms being delivered as a service, and the flexibility and agility that this provides.

4.9.6.3 Score = 3 as the flexibility of ICT will be improved, allowing the Councils to make use of flexible and agile ICT infrastructure and application services.

4.9.7 Innovation

4.9.7.1 This option is also likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.

4.9.7.2 The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by the chosen supplier should enable the Councils to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that.

4.9.7.3 Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.9.8 Risks

4.9.8.1 The likely risks associated with this option are:

Ongoing risk

- a. The risk that the Councils retained ICT layer will not have the support of the Councils business staff resulting in ICT services not meeting requirements, or being poor value for money;
- b. The risk that the contract value for money will decrease over time if infrastructure provision costs decrease but this saving is not passed on to the Councils;
- c. The risk that costs increase as the Councils business services look to make more changes or use additional functionality available on the new infrastructure;
- d. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;
- e. The risk that effective change management is not conducted and that ICT customer expectations are not managed;
- f. The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;
- g. The risk that ICT changes may take longer due to different supplier change processes;
- h. The risk that the new infrastructure does not provide to be suitable for all Council applications, increasing costs;
- i. The risk that the Councils have to continue paying for their existing datacentre facilities for some time, adding to the total cost of ICT;

Transition risk

- j. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;
- k. The risk that important information about the current ICT services is not transferred to the new supplier on a timely basis, leading to problems during migration;
- l. The risk that transition takes longer than planned, leading to increased costs to the Councils;
- m. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.
- n. The risk that existing services do not port easily on to the new infrastructure, increasing timescales and potentially affecting the delivery of ICT services.

4.9.8.2 Score = 3 for ongoing risk as this option means that the entire ICT services will be provided by a third party under clear service targets, and operating best practice ICT management processes.

4.9.8.3 Score = 1 for transition risk as this option requires the largest amount of change to the Councils existing ICT infrastructure and services. A large change such as this is likely to lead to higher risk than the previous options.

4.9.9 Costs

4.9.9.1 The costs for this option are based on publicly available information on ICT providers commercial rates, BuyingSolutions rates and information from the authors' benchmarking database. These likely costs are presented in Table 4-1.

4.10 Option 5: Public sector partnership

4.10.1 Summary

4.10.1.1 This option involves the Councils looking for other Public Sector organisations to partner with for the procurement or delivery of ICT services. This would either involve the Councils joining with the other Public Sector Organisation to undertake a joint procurement for ICT services, or agreeing with another Public Sector Organisation or Organisations that they will form a customer / supplier relationship and one will provide ICT services to the other(s).

4.10.2 Requirements

4.10.2.1 This option is likely to meet the Councils' requirements for ICT services as the delivery will be very similar to either Option 4a or Option 4c. However, this option is not likely to meet the requirements for delivery timescales as discussed below.

4.10.3 Timescales

4.10.3.1 This option is likely to take the longest to deliver as the Councils will need to identify and hold discussions with other Public Sector Organisations and form an agreement with any identified partners before proceeding to procurement. This procurement is then likely to follow the timescales identified in Option 4.

4.10.3.2 The total timescale for this option is therefore likely to be 18 to 33 months if the Councils allow 6 to 12 months to identify and form an agreement with other Public Sector Organisations.

4.10.4 Conclusion for Option 5

4.10.4.1 On the basis that this option is not likely to be delivered for a minimum of 24 months to allow for appropriate identification of potential partners, negotiations and procurement activities to take place, it is excluded from further analysis.

4.11 Retained layer

4.11.1 The Councils are likely to require an ICT retained layer (client function) for all of the outsourcing options in order to effectively manage the relationship with the supplier, and the ICT relationship with the Councils business services. The inclusion of this team is in line with current outsourcing best practice, in both the public and private sectors.

4.11.2 It is anticipated that this team will consist of three management-level staff – a Chief Information Officer (CIO) and two ICT relationship managers. This is based on the current ICT team structure where there are three managers who are responsible for managing the overall relationship with the business services. This number also allows the team to be split easily between the two Councils, with one relationship manager allocated to each Council and the CIO reporting to both management teams equally.

4.11.3 The CIO is broadly equivalent to the existing Head of ICT but ideally would be at an executive level. The CIO would have overall responsibility for setting ICT strategy for the Councils, for managing the relationship with the ICT outsourcing partner and for procurement of ICT hardware (as needed depending on the outsourcing option chosen). Responsibilities would include influencing executives and heads of service to help harmonise ICT requirements,

liaising with the ICT outsourcing partner to ensure that they understand and are aligned with Council business strategy and continuing to review the ICT outsourcing value for money.

- 4.11.4 The two ICT relationship managers would be responsible for managing relationships with the Council heads of service on a day to day basis, for ICT project management activities and for managing ICT service improvements in conjunction with the ICT outsourcing partner.
- 4.11.5 The cost for this team is based on the current pay scale for two band 10 employees and one executive level, including on costs.
- 4.11.6 The proposed team structure is shown in Figure 4-1 below.

Figure 4-1: Retained layer structure

- 4.11.7 Example job descriptions for the CIO and ICT relationship managers are given in Appendices C and D respectively.
- 4.11.8 If the Councils do not put this team in place, reducing the Councils ICT team to either one resource to manage the ICT contract or no resources, then the likelihood is that the ICT requirements of the Councils and the ICT services as delivered by the ICT outsourcing partner will start to diverge, and costs start to increase. This will be due to the suppliers level of knowledge of Council operations and requirements reducing over time through a lack of drive to engage regularly and positively with Council service teams, and potentially due to a lack of resource.

4.12 Cost comparison

- 4.12.1 Table 4-1 below presents detail on the likely costs of all options. These costs are based on publically available information such as BuyingSolutions frameworks, on information provided by Serco to WBC and TRDC and on costs of other similar procurements conducted by the authors of this document. At this stage these costs are likely to be accurate to +/- 50% on the basis that a detailed specification has not been provided to any potential suppliers and hence the costs are theoretical based on available information. More accurate costs will be generated through conducting procurement and/or market testing with suppliers based on a detailed specification.
- 4.12.2 Detailed information on the assumptions used to generate these costs is given in Annex A.
- 4.12.3 The costs are split into transition costs and ongoing costs in order to easily compare the likely initial investment requirement and the ongoing cost separately.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Ongoing cost (annual)	£1,410,000	£1,580,000	£1,150,000	£1,440,000	£1,050,000	£1,400,000

Transition cost	£0	£0	£63,000	£193,000	£128,000	£235,000
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Table 4-1: Options cost comparison

4.13 Options assessment

4.13.1 Table 4-2 below presents a consolidated view of the scores assigned to the assessment criteria for each option. These are then totalled to present an overall view of the quality of each option, and hence identify a preferred option.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Ability to meet requirements	1	2	3	3	2	3
Timescales	3	1	3	2	2	1
Improves flexibility	1	2	2	2	1	3
Innovation	1	2	3	3	2	3
Ongoing risk	1	2	3	3	2	3
Transition Risk	3	2	2	2	3	1
Cost reduction (value for money)	0	0	3	1	2	1
Total score	10	11	19	16	14	15

Table 4-2: Options scoring

4.13.2 It can be seen from Table 4-2 that the highest scoring option is Option 3: Outsource all ICT services using HCC agreement with Serco.

4.13.3 It should be noted that this model awards equal weighing to each identified criterion – this is recommended as the most suitable model for ensuring that a balanced assessment is made where business requirements are given equal priority over cost.

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5 Conclusion and Recommendation

5.1 Introduction

5.1.1 This section details the conclusion reached through the analysis in the previous sections, and the recommendation made to the Councils. The recommendation includes a preferred option for outsourcing the Councils' ICT, a recommended action plan for implementing the preferred option and the likely benefits of implementation. This section also includes a number of further recommendations aimed at allowing the Councils to make best use of the ICT services included in the preferred option.

5.2 Conclusion

5.2.1 The outcome of the options assessment in Section 4 is that Option 3: "Outsource all ICT services using HCC agreement with Serco" is the preferred option, primarily based on the value for money that it offers together with the likelihood that it will meet all of the Councils' ICT requirements.

5.2.2 Option 1 is concluded not to be a viable option due to the cost and likelihood that the ICT service will increasingly fall behind in its ability to meet the Councils needs, particularly around flexibility. Option 2 is discounted because it fails to reduce the Councils ICT cost, and increases the budget requirement instead.

5.2.3 The options assessment scores for Options 4a and 4b which covered outsourcing to a different third party were close to the score for Option 3. However, it is likely that those options will take longer to implement than Option 3 due to the more involved procurement. Option 4b is additionally unlikely to be viable due to the likely lack of interest from quality third party suppliers based on the small size of the Councils managed service requirement under that option.

5.2.4 Option 4c is discounted due to the increased risk to the Councils of migrating both its ICT hardware and services – this increased risk is not justified by a suitably decreased cost.

5.3 Recommendation

5.3.1 It is recommended that the Councils further explore Option 3 by gathering their ICT requirements, producing an ICT specification and allowing Serco to conduct a Full Business Case study and produce a costed proposal for delivering ICT services to the Councils that meet their requirements. This should be conducted in parallel with a market testing exercise to ensure that the price offered by Serco is consistent or lower than equivalent providers. This would be done by sending the specification to all suppliers on the BuyingSolutions IT managed services framework and asking them to provide a guide figure for the price they would be likely to charge.

5.3.2 This proposal can then be reviewed by the Councils' senior management teams and the Joint Committee in order to make a decision on outsourcing ICT services.

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- 5.3.3 It is also recommended that the Councils discuss options around asset transfer with Serco if this Option is progressed. It is possible that total ICT costs to the Councils can be further reduced if the ICT supplier is able to make use of shared infrastructure and data centres to host the ICT services, and hence realise larger economies of scale for this service. It is difficult to say what impact this may have on ICT costs to the Councils as this stage as it would depend on what services Serco proposed.
- 5.3.4 It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.
- 5.3.5 If this proposal fails to meet with the Councils requirements for any reason, it is recommended that the Councils proceed to implement Option 4a: Outsource all ICT services and runs a procurement through the BuyingSolutions framework in order to minimise any procurement delays. It should be noted that the relevant BuyingSolutions framework ends in August 2012 and so any procurement would need to be concluded before that date.

5.4 Action Plan

5.4.1 Overview

- 5.4.1.1 A widely used approach to ICT outsourcing involves treating it as a lifecycle, accepting that the ICT outsourcing approach is likely to change on a periodic basis. There are four phases in the lifecycle:
- a. Phase 1: Build the case for change;
 - b. Phase 2: Agree the outsourcing strategy;
 - c. Phase 3: Undertake procurement;
 - d. Phase 4: Transition and manage.
- 5.4.1.2 The progress to date and next steps for the Councils have been aligned to these phases in the following sections.

5.4.2 Phase 1: Build the case for change

- 5.4.2.1 The case for change needs to be based on showing whether the current ICT sourcing arrangements meet the future needs of the business. The ICT review report delivered in mid-2011 shows that the current ICT provision is not always meeting the needs of the Councils' departments in terms of cost, innovation, timeliness and partnership working. This is largely due to issues around available resource, governance and business relationships. Section 4 of this report outlines a number of benefits that may be realised through changing the approach to ICT sourcing and moving to an outsourced ICT provision.
- 5.4.2.2 A financial business case is also needed to support any change in ICT sourcing strategy, and a high level appraisal of the likely cost savings is presented later in this section. Further work, in the form of a due diligence exercise with Serco and some external market testing will be needed to confirm the financial case. These should be done as part of Phase 2.

5.4.3 Phase 2: Agree the outsourcing strategy

- 5.4.3.1 The procurement strategy for the preferred option is relatively simple as the Councils are able to take advantage of an existing framework contract. It is recommended that the Councils confirm that their procurement departments are happy that they can pursue a single supplier tender on this occasion.
- 5.4.3.2 The recommended next steps for completing the business case and agreeing the outsourcing strategy are:
- a. Complete detailed requirements gathering for each ICT service, across all services;
 - b. Develop a detailed output-based specification for the ICT service;
 - c. Complete a Full Business Case (due diligence) study with the proposed outsourcing partner (Serco);
 - d. Complete market testing with other potential suppliers, based on the detailed specification.
- 5.4.3.3 This information will then be used to confirm whether the preferred option represents value for money and to ensure that the services offered by Serco meet the requirements of the Councils.
- 5.4.3.4 It is understood that the Councils are likely to require some support for the procurement phase of this work to ensure that any procurement or due diligence is conducted appropriately and that it meets the Councils requirements.

Requirements specification approach

- 5.4.3.5 The requirements specification for the ICT managed service will be constructed based on the information gathered during the recent ICT review and through conducting new interviews with agreed Council executives and heads of service. These interviews will be based on an agreed questionnaire and will focus on elucidating the specific requirements for the Councils ICT service including:
- a. Governance arrangements;
 - b. Managed desktop requirements;
 - c. Managed application requirements;
 - d. Support service requirements;
 - e. Non-functional requirements.

Due Dilligence process

- 5.4.3.6 The aim of the due diligence process with Serco will be to ensure that Serco fully understands the Councils current ICT infrastructure, management processes and ongoing service requirements. This will be achieved through sharing Council ICT documentation with Serco and through Serco holding a number of interviews and workshops with Council staff to ensure they have all relevant information. Serco will also have been provided with the ICT requirements specification. The output from this process will be a Full Business Case written by Serco that details their ICT managed service proposal for the Councils, including accurate costs.

5.4.4 Phase 3: Undertake procurement

5.4.4.1 The Councils will need to undertake the procurement of their ICT services once the sourcing strategy has been agreed.

5.4.4.2 It is anticipated that the next steps required to manage and undertake this procurement are:

- a. Undertake contract discussions based on the outcome of the Full Business Case study, including agreement of:
 - 1. Transition timescales and costs;
 - 2. Business as usual costs and SLAs;
 - 3. TUPE arrangements;
 - 4. Council ICT staff roles and responsibilities;
 - 5. Support for innovation;
 - 6. Project roles and responsibilities;
 - 7. Project costs;
 - 8. Reporting arrangements;
 - 9. ICT hardware ownership.

5.4.5 Phase 4: Transition and manage

5.4.5.1 Once a contract for ICT services has been agreed the Councils will need to undertake a transition of ICT services to the new supplier. This is likely to involve:

- a. Transition planning including Council processes and possible structure change and TUPE;
- b. Setting in place ongoing operation and supplier/contract support processes;
- c. Maintaining awareness of technologies and local and national initiatives and projects that could impact the Council’s ICT provision, such as the PSN.

5.5 Indicative timeline

5.5.1 Figure 5-1 below shows an indicative timeline for implementing ICT outsourcing and procuring ICT services to support the Councils. The timeline starts once the recommendation has been agreed by the Councils.

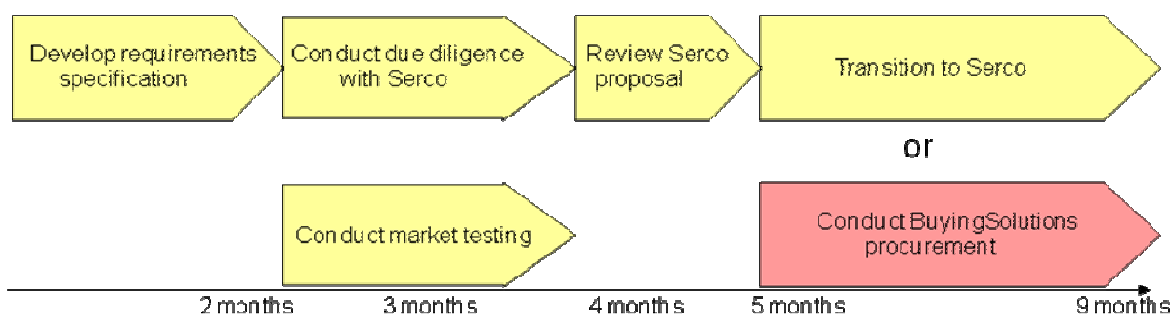


Figure 5-1: Timeline for ICT sourcing

5.6 Benefits

5.6.1 The likely benefits of implementing this recommendation are:

- a. Lower total cost of ICT provision than current in-sourced service;
- b. Improved ICT service monitoring and reporting;
- c. Increased ability to innovate and improve ICT services;
- d. Increased visibility and transparency of ICT costs;
- e. Increased ICT flexibility through opportunities to make better use of hardware.
- f. reduced delivery timescales over other options.

5.7 Costs

5.7.1 The likely costs associated with implementing the recommendations above are (to an accuracy of +/- 50% based on the current information available):

- a. Transition costs of £63,000;
- b. A potential cost of approximately £10,000 for Serco to produce the Full Business Case – this is only payable if the Councils do not proceed with the implementation;
- c. Ongoing ICT costs of £1.15m per annum.

5.8 Other recommendations

5.8.1 Exploiting outsourced contract to support and drive business change

5.8.1.1 Any outsourcing contract needs to be managed as a partnership in order to fully realise the benefits and ensure that the supplier is able to support the customers' business goals using their expertise. It is recommended that the opportunities that should be explored in the new ICT outsourcing process include:

- a. User access to authorised applications/functions from home and/or in-borough locations e.g. area offices, depots, etc;
- b. The development of mobile applications to integrate with applications used by front-line services;
- c. The integration of back end systems that facilitates single point of entry for mobile workers e.g. single sign-on;
- d. A secure communications infrastructure that allows professional users to access and update client records from remote locations;
- e. A secure communications infrastructure that allows application transactions to take place remotely;
- f. Extended help desk support both in time and the ability to support Council staff outside of the normal office environment.

5.8.1.2 These opportunities are likely to involve use of Council and IT outsourcing partner project resource to scope and deliver the changes, and hence are likely to be at additional cost to the base contract (subject to any inclusion of project days as discussed below).

5.8.2 Project days

5.8.2.1 It is recommended that the Councils look to procure a fixed amount of project days per year as part of the contract, reducing the cost of individual days against the published rates. The level of days required needs further discussion, but it is anticipated that a level of around 250 days per year will deliver a reasonable discount and also be low enough to ensure that they are used. This figure also assumes that the retained layer will conduct some of the project work currently done by the Councils ICT team.

5.8.3 Contracts

5.8.3.1 The majority of the ICT hardware support contracts held by the Councils have either already expired (and the hardware is supported on an ad-hoc basis) or will expire before the end of Q3, 2012. This aligns well with the likely timescales for procurement and implementation of an outsourcing solution, meaning that the Councils are unlikely to encounter difficulties with terminating or novating contracts.

5.8.3.2 It is recommended that the Councils do not enter into any further contracts or renewals until a decision regarding ICT outsourcing is made.

A Cost assumptions

A.1 Introduction

A.1.1 This annex details the information used to generate the costs associated with each option.

A.2 Assumptions

A.2.1 The scope of the ICT managed service provided in each option includes:

- a. 800 desktop and laptop PCs
- b. 150 resilient servers to host applications and databases
- c. 20Tb resilient data storage provided in a SAN environment
- d. Provision of a resilient WAN to link all relevant Council sites and the data centres, which will be an upgrade to the existing provision
- e. Provision of all helpdesk services
- f. Back-up services
- g. Disaster recovery provision
- h. Project support and delivery services

A.2.2 The retained layer for outsourced options includes 3 management level staff, 2 at band 10 and 1 at an executive level.

A.2.3 Existing ICT staff who are not part of the retained layer either TUPE across to outsourced provider, are found other positions in the Councils or are made redundant.

A.2.4 WBC and TRDC require a total of 250 project management days and 150 TDA/business analysis days per year from the outsourcing supplier. It is expected that the retained layer will undertake some of the project work currently undertaken by the ICT project and business analysis resources.

A.2.5 Pension strain or transfer costs are not included in the cost comparison as no numbers are currently available.

A.2.6 An equivalent of 4 FTE will be needed to support applications for Option 4a and 4c

A.2.7 The TUPE costs for Options 4a and 4c are based on an allowance of approximately 15% of total annual ICT salary bill for all staff below manager level (including on-costs of 30% of basic salary). This covers pay protection for staff moving to lower salary jobs (either in Council or TUPE to outsourced provider) and / or staff taking redundancy of 2.2 x statutory. This also assumes an average of 5 years service.

A.2.8 The TUPE costs for Option 4b are half those for Options 4a and 4b on the basis that 50% of the ICT staff will need some TUPE consideration and half are retained in the Councils.

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- A.2.9 Project management costs based on the support for transition provided by Council staff are not included in the transition figures.
- A.2.10 Transition for Option 3 will take approximately 50 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.
- A.2.11 Transition for Option 4a will take approximately 60 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.
- A.2.12 Transition for Option 4b will take approximately 30 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.
- A.2.13 Transition for Option 4c will take approximately 120 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements resulting from the ICT review recommendations.
- A.2.14 The infrastructure support cost for Options 4a and 4b based on 1 FTE per 40 servers for the platform and 4 FTE for applications = total of 8 FTE, at a rate of £50k p/a.
- A.2.15 Desktop support costs are calculated on a cost per call basis – industry average = approx £40 per call. Assume 800 users x average of 8 calls p/a (based on industry stats for non-expert users).
- A.2.16 The additional Council resource retained for Option 4b consists of 4 band 7 application support staff and 3 band 3 desktop support staff.
- A.2.17 Infrastructure platform costs for Options 3, 4a and 4b are based on the following refresh cycles:
- a. Servers replaced every 5 years
 - b. Desktops replaced every 4 years
 - c. SAN hardware replaced every 7 years – also includes a provision for disk replacement

B Detailed cost matrix

B.1 Attached below is a detailed cost matrix that shows how the costs in Section 4 were derived.

	Option 1: Do nothing	Option 2: Additional internal investment	Option 3: Outsource using HCC agreement	Option 4a: Outsource all ICT support services	Option 4b: Outsource some support ICT services	Option 4c: Outsource all ICT incl hardware
Ongoing						
Staff costs	£ 1,010,000	£ 1,130,000	£ 190,000	£ 190,000	£ 290,000	£ 190,000
Infrastructure						
Support (maintenance of hardware)	included	Included in platform	£ 130,000	£ 200,000	£ 200,000	included below
Platform (hardware)	£ 400,000 (currently supplies & services budget)	£ 450,000 As option 1 plus £50k investment	£ 180,000	£ 180,000	£ 180,000	£ 60,000
Storage	included	Included in platform	included	included	included	£ 30,000
Helpdesk	included	Included in staff costs	included	included in desktop	included	included in desktop
Network	Included above	Included in platform	£ 25,000	£ 40,000	£ 35,000	£ 40,000
Software						

Licences	Included above	Included in platform	£ 50,000	£ 50,000	£ 50,000	£ 50,000
Support	Included above	Included in staff costs	Included above	£ 200,000	£ 50,000	£ 200,000
Desktop						£ 600,000
Support	Included above	Included in staff costs	£ 270,000	£ 260,000	included	
Hardware	Included above	Included in platform	£ 90,000	£ 90,000	£ 90,000	Included above
Projects						
Project mgmt	Included above	Included in staff costs	£ 138,500	£ 150,000	£ 75,000	£ 150,000
TDA / BA	Included above	Included in staff costs	£ 73,650	£ 78,750	£ 78,750	£ 78,750
Total Ongoing (yr 1)	£ 1,410,000	£ 1,580,000	£ 1,147,150	£ 1,438,750	£ 1,048,750	£ 1,398,750
Transition						
Project management	£ -	£ -	£ 25,000	£ 30,000	£ 15,000	£ 60,000
TUPE (excluding pension transfer?)	£ -	£ -	£ -	£ 100,000	£ 50,000	£ 100,000
Hardware	£ -	£ -	£ 13,000	£ 13,000	£ 13,000	£ 15,000
External support for procurement	£ -	£ -	£ 25,000	£ 50,000	£ 50,000	£ 60,000
Total Transition	£ -	£ -	£ 63,000	£ 193,000	£ 128,000	£ 235,000

C Job Description for Chief Information Officer

C.1 Summary of Role

C.1.1 Implement and maintain ICT strategies, policies, programmes and schedules for ICT shared service including managed desktop provision, business application provision and data storage, computer services, network communications, and management information services to accomplish the Council's strategic aims and objectives.

C.1.2 Responsible for the relationship between the Councils and their ICT outsourcing partner(s).

C.2 Key Responsibilities

C.2.1 The key responsibilities of the role are:

- a. Ownership of the ICT strategy for the Councils, ensuring continued alignment with business needs and corporate strategy;
- b. Chairmanship of the Joint ICT Steering Committee;
- c. Responsible for managing the outsourcing partner that provides all ICT support infrastructure and data;
- d. Liaise with all Business Services across both Councils to deliver the ICT strategy;
- e. Responsible for development and delivery of ICT service plans which fully satisfy stakeholder needs with the Business Services;
- f. Overall responsibility for prioritising and delivering ICT projects, and ICT elements of larger Council projects;
- g. Engagement in Business Planning & Budget Forecasting;
- h. Manage the procurement of all ICT desktop and server infrastructure for the Councils;
- i. Management of the Councils retained ICT services team.

C.3 Key skills required

- a. Degree level qualification, ideally at Masters Level, and significant relevant work experience of developing and managing implementation of ICT strategies, preferably with Local Government;
- b. Significant operational responsibility within a technology environment;
- c. Significant experience of working on large scale projects in a senior project and programme management role;
- d. Programme and Project Management industry qualifications to Practitioner level (e.g. MSP, PRINCE 2, PMP);
- e. Liaising and influencing at board level.

C.4 Core Competencies:

- a. Changing with pace;

- b. Collaboration;
- c. Delivering in partnership;
- d. Making effective decisions;
- e. Making things happen;
- f. Leading and Influencing;

C.5 Role Specific Competencies

- a. Developing high performance;
- b. Thinking with vision;
- c. Delivering value for money;

C.6 Desirable skills of candidate

- a. ITIL service management principles;
- b. Ability to manage, communicate and develop working relationships with internal and external stakeholders;
- c. Experience of delivering business enabling processes in Local Government.

C.7 Reporting

- a. The Chief Information Officer will report to the boards and the Chief Executive / Manager Director of both Councils.

D Job Description for ICT Relationship Manager

D.1 Summary of Role

- D.1.1 To manage and support the alignment between ICT and the council business services, including advising on the best use of current ICT services, the development of new ICT services.
- D.1.2 To support the development and maintenance of a consolidated ICT strategy and service improvement plan for both councils.

D.2 Key Responsibilities

D.2.1 The key responsibilities of the role are:

- a. Day to day responsibility for the delivery and maintenance of the councils ICT applications to customer satisfaction, working with the ICT outsourcing partner;
- b. Liaison with business services across both councils to support the delivery and use of current ICT application capability;
- c. Liaison with business services across both councils to support the development of and planning for future ICT application capability;
- d. To support the development, maintenance and communication of a consolidated ICT strategy;
- e. Identification of opportunities for business process improvement utilising the ICT applications, including the provision of relevant management information;
- f. Management and delivery of approved ICT improvement projects;
- g. Engagement in ICT planning and budget forecasting for the business services;
- h. Support the Chief Information Officer in other roles, as required.

D.3 Key skills required

- a. Degree level qualification and a notable track-record of relevant work experience in consolidation and management of business information systems, preferably within the Local Government sector;
- b. Significant operational responsibility within a technology environment;
- c. Significant experience of working on large scale projects in a senior project and programme management role;
- d. Programme and Project Management industry qualifications to Practitioner level (e.g. MSP, PRINCE 2, and PMP).

D.4 Core Competencies:

- a. Changing with pace;
- b. Collaboration;
- c. Delivering in partnership;

- d. Making effective decisions;
- e. Making things happen;
- f. Leading and Influencing.

D.5 Role Specific Competencies

- a. Developing high performance;
- b. Thinking with vision;
- c. Delivering value for money.

D.6 Desirable skills of candidate

- a. ITIL service management principles;
- b. Ability to manage, communicate and develop working relationships with internal and external stakeholders;
- c. Experience of delivering business enabling processes in Local Government.

D.7 Reporting

- a. The ICT relationship managers will report to the Chief Information Officer, with dotted lines to the Chief Executive / Managing Director of both councils.

E Possible procurement mechanisms

E.1 Introduction

E.1.1 This section details the different procurement mechanisms that have been considered in this report. They cover all of the procurement routes available to Public Sector organisations for large contracts.

E.2 OJEU procurement options

E.2.1 It is a requirement of the EU Procurement Directive that all tenders for contracts for supplies and services in the Public Sector which are valued above a defined threshold must be published in the Official Journal (except where procured via an established framework). It is further required that the contracting authority should invite sufficient tenderers from the responders expressing interest in bidding to ensure adequate competition. For example the minimum number of candidate organisations to be invited to tender is three in the Competitive Dialogue Procedure and five in the Restricted Procedure.

E.2.2 **Procurement timescales:** Using the Buying Solutions contracting process, no statutory or other timescale obligations are imposed. Hence procurement timescales are defined only by practical considerations such as the time reasonably required for bidders to compose and submit a proper offer. Pursuing the OJEU route there are four award procedures as follows:

- a. **Open Procedure** – where a notice is placed in the Official Journal inviting applications which meet minimum criteria. All of those who meet these criteria must be sent an invitation to tender.
- b. **Restricted Procedure** – where the contracting authority may reduce the number of applicants selected to tender according to the procedures set out in the Directives.
- c. **Competitive Dialogue** – where, following an OJEU Contract Notice and a selection process, the authority enters into dialogue with potential bidders, to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender. This approach is generally considered to be ideal if the Contracting Authority does not have a clearly defined view of some aspect of the services to be provided and/or how they will be provided. Alternatively, it may be seeking to garner the best ideas from a number of bidders and thereafter capturing these in a common specification. This option can have a high cost for suppliers and for the customers if the areas to be negotiated are extensive. This approach can be made more cost effective if the areas of negotiation are tightly controlled.
- d. **Negotiated Procedure** – where the contracting authority may negotiate with one or more applicants, either via a tender or directly. In certain instances, the negotiated procedure is available without publishing a call for competition. However, its use is only available in very strictly defined and limited circumstances.

E.2.3 The legislation imposes minimum timescales as set out below to ensure that applicants are given a reasonable chance of making known their interest and of being able to submit a proper offer. It is important to remember that these are minimum periods. Generally speaking, where a requirement is complex or where there is a need for site visits or detailed negotiation of contract documents then additional time should be allowed. Note that the figures in brackets denote the

time allowed under the so-called ‘accelerated procedure’ whereby the contracting authority must make a valid case for the need to follow a fast track process.

Procedure	Date of Despatch Notice	Tendering Period
Open	52 (22) days	-
Restricted	37 (15) days	40 (10) days
Negotiated	37 (15) days	Not specified
Competitive	37 (15) days	Not specified

Table C-1: OJEU Procurement timescales

E.2.4 The stages that make up these procedures include:

- a. OJEU notice;
- b. Pre-qualification questionnaire (PQQ);
- c. Select participants;
- d. Invitation to participate in dialogue;
- e. Dialogue phase (including number of solutions and bidders);
- f. Final tenders;
- g. Evaluation of tenders (including clarification, specification and fine tuning);
- h. Selection of preferred bidder and notification to PB and other bidders (commence 10 day standstill);
- i. PB clarification and confirmation of commitment;
- j. Award of contract;
- k. Desired receipt of services – phased as required.

E.3 Use of Framework contracts

E.3.1 Buying Solutions frameworks

E.3.1.1 Buying Solutions is the national procurement partner for UK public services and works collaboratively with other Professional Buying Organisations on a regional basis; it was formerly known as OGCbuying.solutions. Buying Solutions has now withdrawn the Catalist and Managed Services sub brands although it continues to be an Executive Agency of the Office of Government Commerce. It has established procurement framework agreements based on standard contractual terms and conditions. Framework agreements are therefore a set of pre-tendered contracts established with a range of suppliers in a variety of categories from which Public Sector customers can purchase goods and services in a relatively straightforward manner. These agreements comply with the EC Procurement Directives and contracting authorities are legitimately entitled to apply them by contracting directly as an alternative to following the full tendering and contracting requirements defined by the EC Directive.

E.3.1.2 The BuyingSolutions framework that could be used by the Council for its procurement is the IT Managed Services framework (RM717).

E.3.1.3 Suppliers on this framework are:

- a. 2e2 UK Ltd;
- b. Bull Information Systems Ltd;
- c. Capita Secure Information Systems;
- d. Centerprise International Ltd;
- e. Civica UK Ltd;
- f. Computacenter (UK) Ltd;
- g. Getronics UK Ltd;
- h. ICM;
- i. Logica UK Ltd;
- j. Northgate Information Systems UK Ltd;
- k. Specialist Computer Centres (SCC) plc;
- l. Steria Ltd.

E.3.2 HCC framework

- E.3.2.1 The Hampshire County Council framework for ICT services was implemented in early 2011 and is currently delivering an ICT managed service to HCC making use of their existing hardware and datacentres.
- E.3.2.2 The procurement of this ICT managed service included discussions with other public sector organisations, including WBC and TRDC to ensure that their high level requirements for ICT were understood and included in the specification for the framework.
- E.3.2.3 The result of this work is that WBC and TRDC are able to take advantage of the HCC framework to procure and deliver an ICT managed service that meets their requirement, potentially with reduced procurement timescales based on a single supplier tender.
- E.3.2.4 The author of this report has not had sight of the service catalogue that details the ICT services available through this framework and as such is not able to comment further on its specifics.