

Report for: ACTION



Contains Confidential or Exempt Information	NO – Part I except for Appendix A-Part II - Not for publication by virtue of paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972.
Title	Delivering Differently – Future of IT Provision
Responsible Officer(s)	Simon Fletcher, Strategic Director of Operations, 01628 796484
Contact officer, job title and phone number	Simon Fletcher, Strategic Director of Operations, 01628 796484
Member reporting	Cllr Hill, Lead Member for Customer & Business Services (including IT)
For Consideration By	Cabinet
Date to be Considered	24 November 2016
Implementation Date if Not Called In	Immediately
Affected Wards	All

REPORT SUMMARY

1. This report is a discussion paper and introduces proposals for the Council's approach to IT service provision over the next five years.
2. The proposal sets out, for a 'mixed economy' of in-house and bought in resource, reflects the current status (quality, size, issues and risks) of the service, and equally importantly the changing structure and nature of the Council's core services and how they are provided, including the already agreed AfC and Optalis operating models– i.e. ensuring the service is right-sized for the future.
3. The report also recognises we do not have appropriate skills in-house to deliver the changes proposed to the IT service, and that an implementation partner will be required if the approach is agreed.

If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit.	Dates by which they can expect to notice a difference.
Residents will benefit because services will be supported by a modern, reliable and fit for purpose IT service and infrastructure.	31 arch 2018

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Cabinet:

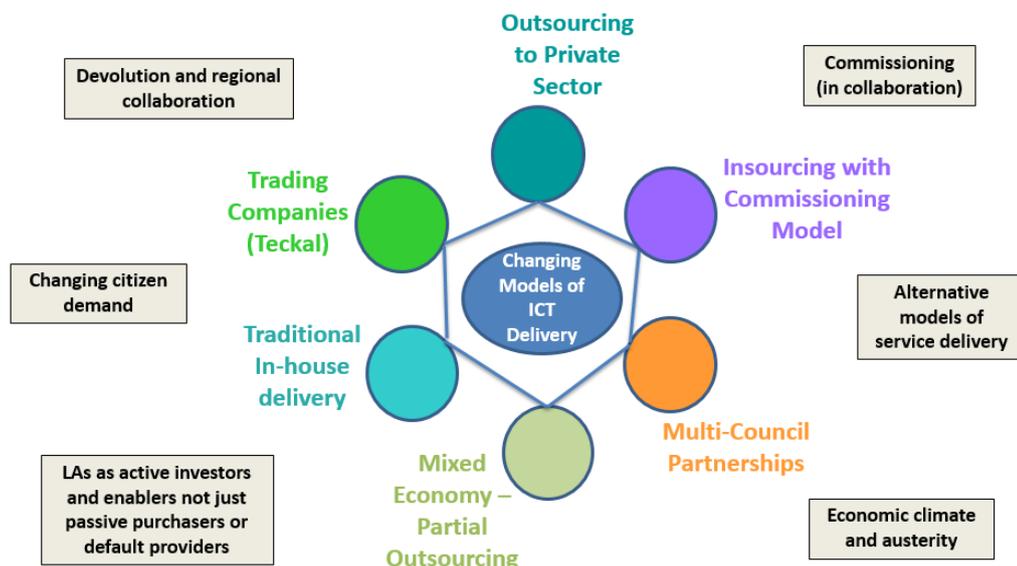
- i) **Notes the Entec Si report findings and recommendations in Appendix A;**
- ii) **Approves further work to develop an IT transformation programme, to be brought back to Cabinet in February 2017;**
- iii) **Delegates approval to the Strategic Director of Operations and Customer Services, along with the Lead Member for Customer & Business Services (including IT) to procure an implementation partner to assist in the development of an IT transformation programme.**

2. REASON FOR RECOMMENDATION AND OPTIONS CONSIDERED

- 2.1. Over the last ten years, there has been a fundamental shift across local government in the use of different delivery models for IT, and more broadly for other Council services, as set out in Diagram 1 below. A key driver for this change has been the changing landscape of central government funding and the demands of Council customers.
- 2.2. Innovation has emerged across the sector, leading to more private sector engagement, re-designed in-house operations and a hybrid of mixed economy resourcing approaches - with implementation and support partners. Alongside the landscape of IT solutions, over the last 5 years there has been a revolution in the use of technology, how applications and data are accessed, and from where. Significant Cloud migration has taken place for consumer applications across the private sector and is increasingly becoming relevant for the public sector.

Diagram 1.

Changing Landscape for ICT Service Provision



**Key objective is to deliver more efficient and effective ICT services at a lower cost base
BUT THIS WILL REQUIRE CHANGES**

- 2.3. The challenge facing Councils is that many of the new service vehicles being introduced need a very different IT service than currently exists within traditional Council IT structures. For example, a new Council trading company with 20 employees has more in common with an SME, with a significantly reduced ongoing IT requirement and limited budget to spend on IT.
- 2.4. A move to a new operating model for the provision of IT services, in order to meet these challenges, is a key element of the findings and recommendations of an IT Rationalisation Review commissioned in the summer and completed by Entec Si for the Council. Entec Si has a growing reputation in the public sector for this type of review work. They suggest the Council simplifies the operational running of IT and creates capacity to move the service forward through a mixed economy resource model – i.e. choosing the right form of provision for each element of what the service does. Furthermore they find that this change, if supported, would need to commence quickly to meet financial targets but could create the basis for a future IT service company, operating and competing across the Council delivery vehicles (alternative operating models) such as AfC and Optalis, and potentially for other Councils.
- 2.5. This report then is intended as a discussion paper, to enable debate about the future provision of IT services to the Council (and potentially other organisations). It introduces the key findings of the Entec Si commissioned review and a potential future “designed for Windsor and Maidenhead” approach to deliver the change required, in contrast to the more traditional “in-house” or “full outsourcing” models which have been considered but would both, it is believed, struggle to meet the needs of emerging Council operating models.
- 2.6. This report also recognises that the current team, where the Head of Service post is vacant, does not have all of the capacity, skills and expertise required to implement a new operating model for the service, and that therefore, an implementation partner should be sought to enable it (which would be achieved through a competitive process).
- 2.7. For clarity, this report does not necessarily accept all of the Entec Si findings and recommendations, but it does accept the need to think and agree a strategic plan for the future of this service.
- 2.8. The full Entec Si report is set out as Appendix A; much of the text for this report is pulled from that Appendix.

Windsor and Maidenhead Transformation Programme – new operating models

- 2.9. The Royal Borough has embarked on a major programme of Council wide change, entitled “Delivering Differently”, which has the aspiration of continued / greater financial self-sufficiency and aims to transform the organisation at all levels.
- 2.10. This transformation will significantly reduce the number of staff working directly for the Council, with service delivery resources engaged through new

operating vehicles and partnerships, such as AfC and Optalis. The key drivers which underpin this change, and which the future approach for IT must be aligned with include:

- New service vehicles designed to deliver better value for money for residents.
- Increased private / public / 3rd-sector collaboration and new internal operating models rapidly emerging.
- New joint ventures, commercial partnerships, outsourcing and internal service re-design which will impact the future needs for IT services.
- A refreshed transformation programme, based on customer focus and services to the community, which must be IT enabled.
- For Information Technology, an optimisation and potential third party provider programme to deliver efficiencies over three years.

2.11. Entec Si was engaged to provide the Council with:

- Investigation and analysis into the current IT provision,
- Key recommendations to deliver future efficiencies,
- The basis for a rationalised IT service, and
- Future programme to support the change required as the Council changes its operating model.

2.12. The emphasis of the commission was placed on capturing the strategic business objectives, the IT drivers, understanding the current cost model, and developing future options based on a clear set of assumptions.

2.13. The key findings of the Entec Si work can be summarised as follows:

- Elements of the current IT infrastructure, systems and service delivery approaches require a “step-change” to adapt to the latest technology.
- A commissioning and commercially led IT service delivery approach is required; delivered in a pragmatic, phased and flexible way, and
- The current and future Council operating model and service demands will require this change in IT alongside a much greater alignment between service transformation, new partner developments and IT.

2.14. In developing their report, Entec Si reviewed previous IT Strategies (including the Cloud strategy) to assess the extent to which change has been planned and delivered. They recognised that progress has been made with our IT service but that a further step-change is now required to meet the future aspirations and fiscal targets of the Council over the next three years. They also found that progress has certainly been made across some key elements of the IT landscape including agile working, server virtualisation, desktop refresh, schools IT services and delivering the Multi-Agency Safeguarding Hub (MASH).

2.15. However, they identified that there are still significant challenges to be overcome both in terms of strategic IT development, day to day operational running of the service, and in assimilating modern approaches to service delivery based on a sustainable transition to a ‘mixed economy’ of hosting and cloud based operations. In 2010 the ICT Strategy presented a potential reduction of £1m on IT baseline expenditure of £3m over a period of 4 years - today, this remains the target.

- 2.16. The review revealed that several Cloud migration initiatives have been developed, approved and, in some cases, progressed, but then put on hold or ceased completely after considerable investment of time and money. There are significant lessons from this experience which must be applied to a re-shaped strategy.
- 2.17. In some respects, the Council IT strategy developed in 2010 (and updated in 2014) was ahead of the market maturity, but was subsequently not aligned with the emerging future direction of local government with hybrid Council structures, where internal services exist alongside “alternative delivery vehicles”.
- 2.18. Finally, Entec Si identified issues with the operational IT service today; including:
- Traditional service design with high staff numbers for size of organisation;
 - Heavy reliance on ‘technical specialists’ – internal resource model;
 - High resource costs with a need to re-align roles / salary levels of new structure;
 - Current ‘culture’ and practice based on traditional Council IT provision;
 - Engagement with services and new delivery models is critical;
 - Issues with the deployment and operation of the virtual desktop;
 - Management of change is poor with service outages;
 - Call management needs to be more responsive to users; and
 - “Silo-working” in the service.
- 2.19. The primary changes to the way IT is provided at the Royal Borough proposed through the review include:
- Migration to a new external data-centre provision;
 - Common business platforms;
 - Refined wide area network;
 - Streamlined applications suite with phased cloud migration;
 - Re-designed IT service – a new operating model - with new governance supported by a robust financial business plan for the service.
- 2.20. Furthermore, five key outcomes which will be critical to the Council in moving the IT service to a new operational level with a significantly reduced cost base were identified, as shown in table 1.

Table 1.

	Outcome	Description
1.	Flexible Infrastructure Model	This would mean working to minimal in-house systems, and a scalable (up and down) architecture.
2.	Rationalises Applications Portfolio	This would mean replacing, consolidating, externalising and streamlining business applications.
3.	Fit for purpose IT Service design.	This would mean working towards an IT Service designed to align with the Council target operating model with the potential to operate within a Teckal based trading company.

4.	Streamlined and adaptable cost model	This would lead to sustained efficiencies through service consolidation and cost effective external commissioning.
5.	Commercially 'ready' service culture and design.	This would mean the establishment of a mixed economy model with 'modular' outsourcing and 'value add' IT business practices.

- 2.21. The changes recommended are not possible through minor adjustments, limited investment and by simply reducing headcount. A fundamental shift would need to take place through a sustained IT transformation programme which addresses both the infrastructure design and deployment, along with the service design itself.
- 2.22. It would be necessary to design the new IT service from scratch, based on the future Council operating model, and from this establish the applications and systems mapping requirements. In simple terms, a directly employed Council workforce reduced from 1,200 to 300 - 500 (and discrete partners) will demand a very different IT operation, one that is fully streamlined.
- 2.23. Entec Si set out a proposed 'vision for the IT Service' at the Royal Borough and this will need to be reviewed, amended where appropriate, and recommended to Employment Panel, if this strategic direction for the Council's IT Service is supported by Cabinet. Likewise, indicative investment proposals suggested through the review will need to be appropriately set out and discussed through subsequent Cabinet papers.
- 2.24. This report then introduces the concept of a move away from a traditional, wholly in-house service to new forms of IT delivery, as and where appropriate, through a gradually phased evolution, supported by appropriately skilled external partners.

Option	Comments
<p>Agree to develop a sustained IT transformation programme to ensure a modern fit for purpose service reflective and supportive of the changing structure and operating model for the Council.</p> <p>This is the recommended option</p>	<p>This option is recommended because:</p> <ul style="list-style-type: none"> • It enables significant cost reductions overall. • Creates a modern, more effective and future appropriate IT service.
<p>Outsource the IT service and rely on an IT provider to undertake the change process needed.</p> <p>This is not a recommended option</p>	<p>This option is not recommended because:</p> <ul style="list-style-type: none"> • It will lead to a sharing of financial savings, with the provider – reducing the Council's ability to make savings and creating the potential need to save more, putting the service at risk. • Savings for the Council will likely be 'paid back' to the provider over the life of the contract through ongoing chargeable change controls.

Option	Comments
Do nothing, or allow a gradual transition as other operating models take shape. This is not a recommended option	This option is not recommended because: <ul style="list-style-type: none"> • Modernisation will be slow – risks will increase. • Costs will at best remain the same and may rise. • The service will not meet the future needs of the Council

- 2.25. The recommended option is to develop a fully costed IT transformation programme to enable a transformation of the service operation and progress with the externalisation of infrastructure and application support services, but also to create a service based “arms-length operation” to provide IT services across the council, for partners and other potential Council customers where the opportunity to do so exists.
- 2.26. This should deliver elements of ‘pay as you go’ services, streamlined IT, limited on-site hardware, targeting reduced cost of ownership and Cloud technologies, through a pragmatic and phased approach, resulting in a new commercially ready IT service.
- 2.27. Phase 1 of this work would see the development, definition and preparation of an IT transformation programme, setting out in greater detail the elements of changes to the way IT should be provided at the Royal Borough over the next five years and beyond, reflecting the changing nature and structure of the Council. Alongside this will be a detailed implementation plan with associated timeframes, costs and efficiencies.

3 KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Fully costed IT transformation programme developed and brought back to Cabinet.	After February 2017	February 2017	January 2017	-	February 2017

4 FINANCIAL DETAILS

Financial impact on the budget

- 4.1 Approval of this discussion paper for the future provision of IT Services itself requires no additional funding, however, there is a cost associated with the external support proposed. This will be funded by Operations and Customer Services within existing budgets. Phase 1, the IT Transformation Programme

will be brought back to Cabinet in February 2017 and set out in more detail individual changes which may require some funding.

- 4.2 The Entec Si report identifies indicative efficiencies of £1,150,000. These are profiled in the table below:

2017-18	2018-19	2019-20	Total
£400,000	£500,000	£250,000	£1,150,000

5 LEGAL IMPLICATIONS

- 5.1 This report has no legal implications.

6 VALUE FOR MONEY

- 6.1 The report proposes a review of the IT service, with the aim of making it fit for purpose in the future. The intention will be to improve the quality of the service whilst reducing the cost.

7 SUSTAINABILITY IMPACT APPRAISAL

- 7.1 N/A

8 RISK MANAGEMENT

Risk	Uncontrolled Risk	Controls	Controlled Risk
The IT service is not able to support the changing structure and functions of the council.	High	Develop an IT Transformation Programme to manage this process.	Low
The IT service is unable to contribute to the financial savings required.	High	Develop the service into a fit for purpose, more responsive and value for money service.	Low

9 LINKS TO STRATEGIC OBJECTIVES

- 9.1 The recommended option strongly supports the council's strategic objectives of value for money and equipping ourselves for the future. The purpose of the proposed review is to develop a service which is suitable for the future needs of the council, more efficient and at a lower cost. It also supports delivery of other new operating models.

10 EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

- 10.1 N/A

11 STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

- 11.1 There are no staffing / workforce or accommodation implications associated with the discussion paper.

12 PROPERTY AND ASSETS

- 12.1 N/A.

13 ANY OTHER IMPLICATIONS

- 13.1 N/A

14 CONSULTATION

- 14.1 N/A – this paper is in itself a consultation document which will be considered by Overview & Scrutiny and Cabinet.

15 TIMETABLE FOR IMPLEMENTATION

November 2016	Cabinet decision
February 2017	Fully costed IT transformation programme developed and brought back to Cabinet.

16 APPENDICES

Part II - Appendix A – Entec Si report

17 BACKGROUND INFORMATION

None other than that contained in the report.

18 CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Hill	Cabinet Member for Customer & Business Services (including IT)	26/10/16		
Alison Alexander	Managing Director/ Strategic Director Adults, Children and Health	26/10/16		
Russell O'Keefe	Strategic Director Corporate and Community Services	26/10/16		
Mark	Finance Partner	26/10/16		

Lampard				
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REPORT HISTORY

Decision type:	Urgency item?
For information	No

Report author	Job title	Full contact no:
Simon Fletcher	Strategic Director of Operations & Customer Services	01628 796484