



## **BUSINESS CASE**

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## Document Control

### Changes History

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0-01	16-Oct-2012	Initial draft for review and comment
0-02	18-Oct-2012	Include initial review amendments
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0-04	29-Oct-2012	Amendments following informal Gate Review
0-05	6-Nov-2012	Revised timetable and financial figures
0-06	20-Nov-2012	Amendments following Gate Review
0-07	27-Nov-2012	Include amendments from Project Board
1-00	27-Nov-2012	Approved by Project Board

### Changes Planned

Changes in next issue will incorporate comments from review of this issue.

### References

- [1]. ICT Service Directory, version 1.0 – 25 May 2012
- [2]. Shared ICT Working Strategy, version 3.0 – 9 October 2012
- [3]. Scrutiny Task Group Report – ICT Review – September 2012
- [4]. ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012

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## 1. Introduction

### Background

- 1.1. Along with the rest of the Public Sector, Cheltenham Borough Council is undergoing a significant reduction in its operating budget. The challenge facing all Councils is how to continue to provide good quality services to customers with ever decreasing resources. In this respect, it is well acknowledged that back office efficiencies can significantly reduce operational costs for frontline services.
- 1.2. The ICT service, like all other parts of the Council, has been under pressure to reduce spending over recent years. This has led to under-investment in the corporate ICT infrastructure (PCs, laptops, operating systems etc) which is now becoming apparent through increased ICT service interruptions.
- 1.3. Coupled with this, the ICT Service has experienced a high turnover of staff in the last twelve months and, although there has been successful delivery of high profile projects such as the Support & Hosting Centre of Excellence provision to the GO Shared Services programme, overall the Service is under pressure.
- 1.4. However, as Cheltenham Borough Council is a commissioning authority, the current situation presents an opportunity to review what is required from the ICT service, and to assess options for its provision.

### ICT Services – value for money (vfm) comparisons

- 1.5. During 2010 data was collated as part of a SOCITM value for money benchmarking assessment for all Local Authorities. Their report highlighted that:
  - (a) The ICT Service was not expensive overall – 5.34% of revenue spend on ICT (median was 9.18%) but had a higher cost for PC acquisition and support
  - (b) The ICT investment per user was £1,317 – the median was £2,695
  - (c) End user satisfaction levels were high – score of 5.19 (median was 5.15, on a scale of 1 to 7)
  - (d) Fault resolution – 80% within 4 hours (median was 69%); and
  - (e) Competence of employees was 5.56 against a median of 5.01
- 1.6. According to SOCITM the ICT service levies a low recharge to the authority, but it was unclear how accurate this statement is when the underinvestment over the years is taken into account. The current infrastructure is showing signs of age, with system downtime happening more often. It is not critical at this stage but does indicate a need for investment.
- 1.7. The service is generally good and fit for purpose; however the results of both ‘single status review’ and the loss of any ‘market supplement’ have had a detrimental effect on staff morale.
- 1.8. There has been a reduction in senior ICT management numbers from three to one since the departure of Assistant Director CAST and with the ICT Business Support Manager moving to the Commissioning division and this has meant some lack of direction.
- 1.9. In addition, four key technical staff - responsible for databases, servers, telephony and the network - have left in the past 12 months, primarily as a result of reductions

in their salary due to single status and the market rate review. Furthermore, the ICT Manager has recently resigned and will be leaving at the end of this calendar year.

- 1.10. The pressures faced by the Council trying to do more for less, together with the loss of key personnel, has simultaneously put ICT Services under great pressure.
- 1.11. In addition to staff savings, the ICT Service has contributed towards costs saving through the use of new technologies and efficiencies. Overall savings totalling £346,000 per annum have been generated both directly from the ICT budget and from corporate wide budgets since 2008/09, as per the table below.

	Savings per annum
2008/09 savings:	
– Staffing (3 posts)	£75,000
– ICT infrastructure (PC replacement)	£45,000
Single Status – reduced salary bill	£42,000
Removal of market forces supplements	£20,000
Restructure – Business Support Manager relocated to Commissioning Division	£52,000
Server virtualisation	£60,000
ICT systems thinking	£30,000
BT phone lines review	£3,000
Mobile phones – divert to landline	£10,000
Follow me printing	£9,000
<b>TOTAL</b>	<b>£346,000</b>

**Table 1-1: Annual savings achieved from ICT Services**

- 1.12. Recent steps have been taken to relieve the pressure on the current ICT service and to reduce the future escalation of ICT infrastructure costs (networks / storage) and out of hours support – for example a one-off payment of £139,000 to enable Cheltenham Festivals to buy its own IT equipment, allowing the council's IT team to concentrate on its authority-specific work - but it is clear that a substantial investment in the ICT infrastructure is now required, as is a review of the ICT staffing structure.

## Business drivers

- 1.13. These drivers have been identified as:
- (a) The ICT estate has been under invested over the last few years - service levels, resilience and project support are suffering as a result.
  - (b) The resource pool in the organisation is not sufficiently sized or skilled to deliver the ICT needs of the Council.

## Strategic Outcomes

- 1.14. As part of the service review a workshop was held with Members, Senior Leadership Team (SLT) and Service Members to identify their needs and outcomes. These were defined as:
- (a) **An up to date ICT infrastructure which meets business needs**  
 The current ICT infrastructure is in urgent need of updating, and a request for funding for an infrastructure investment programme will be taken to Council. The preferred option must be capable of planning and successfully implementing these new technologies (e.g. Windows 7, Office 2010 etc) in the most cost-effective manner.

The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) has taken into account the Accommodation Strategy, and wherever possible is specifying equipment that will be portable between different locations.

- (b) **Resilience** – both in terms of the systems and technologies supported and in the depth of staff numbers providing this support.

The current ICT service is not resilient in that typically there is only one person looking after a service component (e.g. servers etc) or a business application (e.g. cash receipting). This can lead to service interruption should that person not be available.

- (c) **Secure** - ensuring that systems are secure and that tested ICT disaster recovery/business continuity plans are in place.

It is essential that any solution has tested ICT disaster recovery/business continuity plans in place. This relates only to what is under the control of ICT (the technology, escalation procedures etc) and not the business processes (i.e. what happens within service departments).

- (d) **Flexibility/Agility** – ability to refocus resources etc as situations change and opportunities arise.

One of the benefits of the current in-house service is the ability to reschedule staffing resources at very short notice, to respond to urgent requests or new priorities. This flexibility/agility needs to be retained at no additional cost.

- (e) **Modern and innovative** - an ICT team that understands and responds to the complex needs of the Council and its partners' business requirements.

Better business-partnering with service managers and partners (e.g. GOSS, Ubico etc) is required in order to understand their current and future business plans and to advise how ICT can assist.

- (f) **Providing the opportunity for formal ICT support outside of normal office hours in the future**

Some service areas work outside of normal office hours, including weekends (e.g. Leisure@) and have asked for ICT support during these periods. The impact on ICT staffing levels required to deliver this extended service, plus the financial implications, are currently being evaluated.

- (g) **Continuous improvement** – ensuring that ICT continues to provide an excellent service to Cheltenham Borough Council and to our partners (e.g. GO shared services etc).

It is important that the preferred option is always exploring ways to improve the service it provides.

- (h) **Horizon-scanning** – ability to identify emerging technologies and assess their relevance for services and achievement of outcomes.

At the moment the ICT Service is not able to be proactive in advising departments how emerging technologies (e.g. smart phone technologies) can assist them in providing improved services.

1.15. The overall ambition for ICT can be summarised as:

***A modern, in touch and innovative ICT service which is an integral part of the business that understands and responds to the complex business needs of the***

***Council and its partners enabling delivery of services in innovative, effective and efficient ways.***

- 1.16. These strategic outcomes have been used to assess each of the possible service delivery models being reviewed within this Business Case - refer to Annex D: Evaluation of service delivery models for a comparison of the three service delivery models being reviewed.

**Scrutiny Task Group**

- 1.17. Following a request from the Overview and Scrutiny Committee, a Scrutiny Task Group was set up to review the council's current ICT provision and to provide input into this review of ICT services.
- 1.18. The Scrutiny Task Group produced a report Scrutiny Task Group Report – ICT Review – September 2012 (see reference [3] above) containing a number of agreed recommendations, seven of which were to be addressed within this review of ICT Services:

Recommendation	Action
i. the Senior Leadership Team ensure the necessary strategic lead is given to the service and its staff.	The Director of Resources attends Senior Leadership Team (SLT) meetings and acts as a champion on behalf of ICT Services.
ii. a long-term ICT infrastructure investment plan is put in place as part of the current budget cycle and as an essential element to support the ICT commissioning review.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) details the required investment plan, and the approval of that strategy is a pre-requisite to this Business Case.
iii. the impact of GO, and other IT applications on the council's current ICT infrastructure, and network performance, be reviewed and fully understood as part of the ICT commissioning review.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) considers all relevant ICT requirements to ensure the infrastructure is sound and performs as expected. The approval of that strategy is a pre-requisite to this Business Case. In considering the various service delivery models available, the ability for the provider to support the ICT infrastructure was assessed.
iv. the impact of the council's accommodation strategy on any decisions regarding expenditure (or delay in expenditure) on ICT infrastructure are fully understood	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) considers the impact on the accommodation strategy, and wherever possible is utilising solutions and technologies that are portable between different locations. The approval of that strategy is a pre-requisite to this Business Case.
v. the cost and operational impact of the requirements of Government Connect should be assessed by the Director of Resources and if significant then the Cabinet Member should consider making higher representations to government.	This assessment will be completed by the Director of Resources.

vi. the options for disaster recovery should be reviewed in discussion with our GO partners to ensure the best long-term solution is adopted as part of the commissioning review and the council continues to review and enhances its plans on an ongoing basis.	In considering the various service delivery models available, the ability to provide disaster recovery capabilities and long-term solutions was assessed. The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) includes costs associated with disaster recovery plans
vii. requirements for members ICT support are fully specified as an outcome from the commissioning review and that any services offered to members are fully compliant with data security requirements relating to Government Connect.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) details the required investment for the provision of members ICT support. The ability to provide and support compliant and secure ICT services was a consideration when assessing the various service delivery models

**Table 1-2: Scrutiny Task Group recommendations**

## Scope

- 1.19. A Service Directory has been compiled (see Annex A: Services in Scope for ICT Services) which details all components of the required ICT Service.

The Directory is divided into four sections:

Service Operation	The activities required to deliver 'business as usual', such as fault resolution, support and maintenance.
Service Strategy	The governance arrangements and decision-making processes that align service offerings to business needs. This includes ICT strategy, service delivery, standards, performance, portfolio (applications) and financial management.
Service Design	Building structural service integrity into the infrastructure, systems software and applications deployed to advance the strategy. This includes identification of service requirements, design of technical solutions, service level management and service assurance.
Service Transition	The activities that support the preparing for, and management of, change, including transition planning, asset and configuration management, and change management.

**Table 1-3: ICT Services Directory**

- 1.20. Annex B: Services out of Scope for ICT Services details the ICT functions supported by the Council but which will not form part of the scope for this project. The teams / divisions responsible for these services are also detailed.
- 1.21. It is understood that all of the service delivery models reviewed within the remainder of this Business Case are able to fulfil the scope of the ICT service required.



## Stakeholders

- 1.22. For the development of this Business Case the following groups of stakeholders (individuals or groups who will feel the impact of the project) have been identified and a Stakeholder Mapping completed. This categorises stakeholders into the following groups:

Group A	These are the people with whom we must fully engage and make the greatest effort to satisfy. We will need to construct good working relationships with these stakeholders to ensure an effective coalition of support for the project.
Group B	We will put in enough work to keep these people satisfied, but not so much that they will become bored with our message. With high influence, they can affect the project outcomes, but their interests are not the target of this project. These stakeholders may be a source of significant risk, and they will need careful monitoring and management.
Group C	We will keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of our project. They will require special initiatives if their interests are to be protected.
Group D	We will monitor these people, but not bore them with excessive communication. They are unlikely to be the subject of project activities or management.

**Table 1-4: Stakeholder Mapping Groups**

- 1.23. See Annex C: Stakeholder Mapping for the completed ICT Review stakeholder map which is based on these groupings.
- 1.24. Through this mapping a communications plan will be developed to ensure the correct level of engagement is obtained with each group of stakeholders. As the project continues and develops, new stakeholders will be identified and the categorisation of stakeholders may change to reflect the level of their involvement at that time.
- 1.25. The aim of the communications plan will be to promote and publicise the introduction of an ICT shared service, based on a shared team with Forest of Dean District Council. The communication activities will be based on maintaining open dialogue with all of the stakeholders identified, informing them of the shared service, detailing the impact of the new service and highlighting key dates within the project timetable.

## 2. Options Appraisal

### Long and short list of options

- 2.1. The Council's *Commissioning Nine Model Options Definitions Paper* identifies the following service delivery options:
- (a) Outsourcing
  - (b) In-house provision
  - (c) Hosting / Shared service
  - (d) Wholly owned companies
  - (e) Joint Ventures
  - (f) Charitable Trust
  - (g) Social Enterprise
  - (h) Parish Council
  - (i) Closure / Part closure
- 2.2. Options (a) to (c) are considered to be viable means of providing an ICT service, and are considered in detail in the following sections.
- 2.3. Options (d) to (i) have been discussed by the Project Team but discounted for the following reasons:
- (d) Wholly owned LA companies for a stand alone service – this would not generate savings, making it an uncompetitive option.
  - (e) Joint Ventures – there are some examples of public/private sector joint ventures, such as SW1, but it is unlikely that a large private company (e.g. Capita, IBM etc) would be interested in a joint venture with just the Council.
  - (f) Charitable Trusts – to be a charity an organisation must have purposes which are exclusively charitable and must be set up for the benefit of the public. ICT Services do not fall within the broad areas of potentially charitable activities set out in the Charities Act 2011.
  - (g) Social Enterprise and Parish Council – will not have the infrastructure capabilities to provide ICT services to the Council.
  - (h) Closure / Part closure – ICT is a key support service to the Council, therefore closure or part closure of ICT services is not feasible.

### Gloucestershire County Council

- 2.4. Discussions took place earlier this year with Gloucestershire County Council and their outsourcing partner (Capita) to investigate possible opportunities for shared working. A new state-of-the-art computer centre was planned, as was the roll-out of new technologies. However, as everything was at the planning stage, it was felt that a high level of risk would be associated with this option. Also the offering appeared to be more like outsourcing than shared working.

## Assumptions

- 2.5. When evaluating the different service delivery models available, it has been assumed that the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 (see reference [4] above) has been approved for the funding of the required improvements to the council infrastructure.

## Service Delivery Options

- 2.6. When reviewing the three viable options it was determined that no matter which option (outsourced; improved in-house; shared service) was chosen it would require the similar level of investment to update the infrastructure to what would be considered appropriate for servers and storage hardware.
- 2.7. Refer to Annex D: Evaluation of service delivery models for a comparison of the three service delivery models being reviewed against each of the identified Strategic Outcomes (see page 5).

## Outsourcing

- 2.8. There are a number of examples of local authorities outsourcing their ICT departments to private companies; and there are a number of companies that now specialise in providing those services highlighting benefits in resilience, service performance and cost savings.
- 2.9. Outsourcing is defined as an arrangement in which a supplier would provide services for the Council that could also be, or usually have been, provided in-house.
- 2.10. There are various types of outsourcing. For example, it is possible to outsource part of an ICT service, such as the management of the servers. Even within this part-outsourcing example there are further options. Servers can be owned by the Council and a supplier manages them on the Council site or moves them to a data centre, or the Council no longer retains its own servers and rents server space at the supplier's data centre to run its business applications (a form of "Cloud Computing").
- 2.11. Informal discussions have been held with one of the leading outsourcing companies with experience of working with local authorities. They were provided with details of the ICT infrastructure components including the number of servers utilised, the business applications, the number and type of service desk calls, and the number of full time equivalent posts with job descriptions and grading.
- 2.12. They summarised the challenges facing the current ICT team as:
- (a) The ICT estate has been under invested over the last few years.
  - (b) The resource pool in the organisation is not sufficiently sized or skilled to deliver the ICT needs of the Council.
  - (c) Service levels, resilience and project support are suffering as a result.
- 2.13. They recommended that the existing server room within the Municipal Offices is used to host the required infrastructure, as it represents a more cost effective approach for the Council rather than utilising an external hosting facility.
- 2.14. It is also recommended that staff be based locally but supplemented by remote resources – this will provide the reassurance of personnel on site whilst benefiting from the cost savings of resources operating remotely.

- 2.15. Whilst the majority of current ICT staff would be part of the outsourcing arrangement it will still be necessary for the council to employ a full-time ICT Manager and a full-time ICT Client Officer.
- 2.16. The ICT Manager would be responsible for ensuring the effective and efficient delivery of service through the outsourced contract, and duties would also include:
- (a) the ongoing development of an ICT strategy that aligns with the Corporate Business Transformation Strategy and of a service delivery plan that puts the strategy into action;
  - (b) the management of the primary ICT out-sourcing contract, and monitoring against Key Performance Indicators, including action to tackle underperformance; and
  - (c) ensuring probity and compliance with the Council's constitution, financial regulations and information security policy in managing all aspects of the ICT service.
- 2.17. The ICT Client Officer would be responsible for managing the day to day running of the ICT Facilities Management (FM) contract and act as the point of contact between the FM company and Council staff. Other key responsibilities would include:
- (a) the research and evaluation of new products;
  - (b) co-ordinating infrastructure enhancement projects; and
  - (c) ICT purchasing.
- 2.18. Refer to Annex E: Analysis of outsourcing for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the outsourcing option.
- 2.19. ICT outsourcing is a mature and well established method of service delivery. Over the years, a number of councils of all sizes have chosen to outsource their ICT services. There is no reason to suspect that outsourcing would not be achievable. Outsourcers are able to provide evidence of similar projects, and reference sites can be contacted for assurance.
- 2.20. However outsourcing ICT Services now will inhibit the possibility of partnering in a shared service in the future. At the moment there is an opportunity to develop a shared service with one, or possibly three, local districts – partners in GO Shared Services.
- 2.21. A number of Local Authorities (including Cotswold District Council) are now bringing ICT Services back “in-house” having previously been outsourced. Amongst the issues being cited leading to this decision are:
- (a) Loss of managerial control – when outsourcing the management and control of that function is handed over to another company. Whilst there will be a contract the outsourcing company will be driven to make profit and not necessarily driven by the same standards as the Council.
  - (b) Hidden costs – the contract with the outsourcing company will cover the details of the service that they will be providing. Any thing not covered in the contract will be the basis for the Council to pay additional charges.
  - (c) Lack of flexibility – as with (b) above, changes to the contract (e.g. the need to implement a new system or even amendments to agreed processes as a result of legislative changes) will be subject to Requests For Changes, and will need to be scheduled with the outsourcing company.

### **In-house Provision**

- 2.22. In-house provision will mean that the ICT Service will be provided by Cheltenham Borough Council employees, as is currently the case, but enhanced so that it can meet the service specification and achieve the stated outcomes.
- 2.23. In addition to the investment required to update the existing infrastructure, this option will also require additional expenditure in order to bring in the necessary skills and experience to install and configure the next equipment and systems.
- 2.24. To address the issue of resilience there will need to be an increase in the size of the existing ICT team, and the provision for this has been included in the costs associated with this option.
- 2.25. Finally this option will not allow for any future rationalisation or savings from ICT services in the future.
- 2.26. Refer to Annex F: Analysis of in-house service for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the in-house option.

### **Shared Service - partnership**

- 2.27. The GO Shared Services programme has demonstrated that it is possible for a number of councils to work co-operatively on a shared service which will bring about savings and enable more efficient ways of working. Shared working on an ICT service also has the potential to increase the resilience of ICT support services in terms of staff resource.
- 2.28. It will be building upon a successful track record of commissioning smaller shared services with partner councils (e.g. Legal, Building Control and Audit) which have delivered service resilience and retained savings within the partner councils.
- 2.29. Refer to Annex G: Analysis of shared service for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the shared service option.
- 2.30. With the ICT service within the council provided by a single organisation, accountable directly through the management structure of the council, this is an opportunity to provide an enhanced service and to reshape ICT support and development according to the needs of the business, without the constraints imposed by a long-term outsourcing contract.
- 2.31. The shape of Cheltenham Borough Council is also evolving rapidly. It is likely that, over the lifetime of this strategy, the services offered directly by Cheltenham Borough Council, and the balance between which services are commissioned by third parties and which are devolved to community ownership or management will change significantly. It is important that the ICT Services are flexible and responsive enough to manage these changes and downsize accordingly.
- 2.32. In reviewing the shared services option, discussions have been held with:
  - (a) Gloucestershire County Council (refer to paragraph 2.4 above).
  - (b) Forest of Dean District Council together with both Cotswold District Council and West Oxfordshire District Council (the other three partners in GO Shared Services).

### **Forest of Dean District Council**

- 2.33. The ICT Service at Forest of Dean District Council has recently changed its staffing structure after gaining a better understanding of the needs of its service users and in order to make it as efficient as possible, however Forest of Dean District Council is

still looking to find more savings. It is difficult to see where additional revenue savings can be made, therefore the Forest of Dean District Council is actively exploring opportunities for sharing with other local councils.

- 2.34. Working initially with the Forest of Dean the focus will be to standardise the infrastructure and applications, decommissioning duplicated and redundant equipment and investigating hosted services (“cloud computing”) and other technologies where it makes sense to do so.
- 2.35. As noted earlier, Cotswold District Council have recently brought their ICT Services back under the control of the council, and are now actively working towards a Shared ICT Service with West Oxfordshire District Council. There is currently a shared ICT Manager, and a number of other positions within the ICT Team are shared between the two councils.
- 2.36. The ICT managers at Forest of Dean District Council and Cheltenham Borough Council have met on a number of occasions to compare ICT business processes, staff resourcing and infrastructure technologies.
- 2.37. In addition to these meetings there have also been ongoing discussions at Director level and an ICT Shared Working Strategy has been agreed between all the councils.

#### **ICT Shared Services Working Strategy**

- 2.38. It has been identified that through collaborative working there is a roadmap for the wider sharing of ICT services across all of the partners within GO Shared Services. This will involve Cheltenham Borough Council partnering with Forest of Dean District Council and Cotswold District Council partnering with West Oxfordshire District Council.
- 2.39. The roadmap has been documented in the Shared ICT Working Strategy, version 3.0 – 9 October 2012 (see Reference [2] above) and summarised in Annex H: Roadmap for ICT Shared Services.

#### **Non-financial Recommendation**

- 2.40. Having reviewed the three viable options (also refer to Annex D: Evaluation of service delivery models) the recommended options are:
  - (a) Shared service with Forest of Dean; or
  - (b) Outsourcing.
- 2.41. Both of these options will provide the required strategic outcomes:
  - (a) An up to date ICT infrastructure which meets business needs
  - (b) Resilience
  - (c) Secure
  - (d) Flexibility / Agility
  - (e) Modern and innovative
  - (f) Providing the opportunity for formal ICT support outside of normal office hours in the future
  - (g) Continuous improvement
  - (h) Horizon-scanning.
- 2.42. However the shared service route also provides a roadmap for the wider sharing of ICT services across all of the partners within GO Shared Services.
- 2.43. In conclusion, a Shared Service is the preferred non-financial recommendation.

### 3. Financial Assessment

#### Summary savings / Payback

- 3.1. The infrastructure investment is required regardless of the option determined for service delivery. It is required to update the Council's ICT infrastructure rather than absolutely necessary to deliver savings in each option.
- 3.2. Refer to Annex I: Costs and Savings for a summary of the investment required and anticipated savings for each service delivery model being reviewed, however the following table provides an indication of the period over which savings offset the investment in the Council's infrastructure:

	Outsource *	In-House	Shared Service
	(£)	(£)	(£)
<b>Annual cost / (savings) by 2015/16</b>	£(11,800) to £(33,900)	£146,700	£(159,500)
<b>Accumulated cost / (savings) 2012/13 – 2017/18</b>	£(59,000) to £(169,500)	£733,500	£(516,200)
<b>Payback Period</b>	7 years 0 month	N/A	2 years 9 months

**Table 3-1: Annual / accumulated costs / savings (£)**

\* The costings for an outsourced service have been modelled on both a full time and part time Client Officer, hence the range of savings generated.

#### Infrastructure Upgrade Strategy

- 3.3. The following (taken from the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 – see reference [4] above) summarises the costs to upgrade the infrastructure for each service delivery model option, over the period of the MTFS:

Capital	Outsource	In-House	Shared Service
	(£k)	(£k)	(£k)
<b>Fixed costs</b>	743.4	743.4	743.4
<b>Variable costs</b>	307.0	335.7	323.0
<b>TOTAL</b>	<b>1,050.4</b>	<b>1,079.1</b>	<b>1,066.4</b>

**Table 3-2: 5 year capital costs (£k)**

Revenue	Outsource	In-House	Shared Service
	(£k)	(£k)	(£k)
<b>Fixed costs</b>	34.0	34.0	34.0
<b>Variable costs</b>	217.5	306.9	251.0
<b>TOTAL</b>	<b>251.5</b>	<b>340.9</b>	<b>285.0</b>

**Table 3-3: 5 year revenue costs (£k)**

## Savings

- 3.4. Savings are likely to arise from a number of areas.
- (a) The first being derived from the standardisation of the infrastructures, including the creation of common PC and laptop images across both councils.
  - (b) Further savings will be realised when rationalising staff into a shared service. No detail of future structures or staff numbers has been worked up at this stage.
- 3.5. Having so many applications is also expensive in licensing, and presents complex support issues. Working with the relevant service units, common business applications will be reviewed to see if they can be shared, or change how they are delivered (for example, through “cloud computing”) it is expected that these annual fees can be significantly reduced.

### Further Potential Savings

- 3.6. There are also additional areas where it is anticipated savings will be achieved:
- (a) Currently the server room at Cheltenham Borough Council accounts for 70% (nearly £45,000 per annum) of the Municipal Offices electricity usage. The rationalisation of this equipment will reduce this energy bill.
  - (b) The ability to utilise an existing server room at a partner council site will reduce the costs of the existing Business Continuity Plans
  - (c) The potential relocation of the council offices from the Municipal Offices will also be considered when standardising the council infrastructure.

## Funding

- 3.7. The financing of the overall project cost is addressed in the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 (see reference [4] above) which will require Council approval.

### Financial Recommendation

- 3.8. Although over the next five years, there will need to be a slightly larger investment made in the Shared Service option (an additional £16,000 capital and £33,500 revenue); the savings that will be made are significantly larger. From a financial perspective it is therefore recommended to proceed with the Shared Service option.



## 4. Recommendations

- 4.1. Based on the non-financial recommendation (see paragraphs 2.40 to 2.42) and the financial recommendation (see paragraph 3.8) it is recommended that delivery of ICT Services is initially through shared working with Forest of Dean District Council; and then, if appropriate, in a partnership with all four partners in GO Shared Services.
- 4.2. Once the shared ICT service has been established with Forest of Dean District Council it is recommended a feasibility study be commissioned to review the option of a 4 way partnership (with Cotswold District Council and West Oxfordshire District Council) and that the service delivery model (i.e. outsourcing; managed service etc.) be reviewed again.

## 5. Implementation

### Service delivery options – who will deliver the project?

- 5.1. The Shared Service with the Forest of Dean will be developed in accordance with the roadmap detailed in Annex H: Roadmap for ICT Shared Services.
- 5.2. During **Stage 1** (Jan. 2013 to Apr. 2013), there will be two shared positions:
  - (a) ICT Manager.
  - (b) Business Application Manager.

These two members of staff will be employed by Forest of Dean District Council. The costs for these two positions will be shared equally between Cheltenham Borough Council and Forest of Dean District Council.
- 5.3. The performance of the shared ICT service will be monitored through Service Level Agreements (SLA) and the standard appraisal process.
- 5.4. During Stage 1, work will be completed on any due diligence that may be requested by GO Shared Services in order for Forest of Dean District Council to be the provider of the Support & Hosting Centre of Excellence
- 5.5. Staff within the two ICT Services will be shared as required between the two councils. The experience and expertise of staff from Forest of Dean District Council will work alongside Cheltenham staff to assist with skills and knowledge transfer.
- 5.6. The principle has been agreed that there will be no recharging for skills / knowledge transfer, the allocation of staff will be monitored to ensure that the effectiveness of neither ICT team is impacted.
- 5.7. If the business case is approved, and the future ambitions realised, a more robust governance structure will be required.
- 5.8. During **Stage 2** (from April 2013 to July 2015) ICT staff will TUPE to Forest of Dean District Council. The work to complete the infrastructure standardisation will be run as a project managed by Forest of Dean District Council.
- 5.9. In terms of the Project Team structure it is expected that the Project Board will comprise the Project Sponsor (Forest of Dean District Council Group Manager (Customer Services)); the Senior Supplier (ICT Manager) and Senior User (Cheltenham Borough Council Director of Resources).
- 5.10. Forest of Dean District Council will appoint a Project Manager(s) to be responsible for the delivery of the project to standardise ICT infrastructures and the eventual restructuring of the ICT Team.
- 5.11. The performance of the Shared ICT Service will be monitored through Service Level Agreements (SLA) agreed as part of the Section 101 Agreement. The SLA will be monitored by a Joint Management and Liaison Group (JMLG) comprising the Head of Paid Service and a Cabinet Member from Forest of Dean District Council and an Executive Director and a Cabinet Member from Cheltenham Borough Council.
- 5.12. Suggested Key Performance Indicators (KPIs) for the monitoring of the Shared ICT Service are included in Annex J: Service Level Performance.
- 5.13. Once **Stage 4** is realised (January 2016) it will become a critical part of each council's working and therefore each partner will need to ensure it is managed and

monitored carefully and it is robust and resilient. A shared ICT service also requires the partners to align their working practices and agree on changes and developments on the system and the governance structure will need to be flexible enough to support swift decision making on priorities in circumstances where there are urgent issues to be resolved.

- 5.14. The options for the organisation structure to manage the enlarged ICT Shared Service into the future, and the legal implications of those options, will be reviewed during the next phase of the project.

## **Impact on ICT Customers**

### **Cheltenham Borough Homes (CBH) and Ubico**

- 5.15. The council currently provide ICT services to CBH and Ubico. These are managed through Service Level Agreements (SLA). The managers at CBH and Ubico will be consulted and, with their agreement, responsibility for the SLA will be transferred to Forest of Dean District Council in order that ongoing service provision can be maintained.

### **GO Shared Services**

- 5.16. The council is the Support & Hosting Centre of Excellence for GO Shared Services and has been delegated, under Section 101 Agreements, to provide GO related ICT services to the GO partner authorities.
- 5.17. Under the shared service proposal, the Joint Management and Liaison Group (JMLG) for GO would need to agree that the Forest of Dean will manage and be responsible for the Support & Hosting Centre of Excellence.
- 5.18. When Cheltenham Borough Council was selected as the Support & Hosting Centre of Excellence, the GO Programme Board completed a due-diligence exercise confirming that the ICT requirements for GO Shared Services could be satisfactorily delivered by the council. The JMLG and the GO Shared Services Management Team will need to:
- (a) Approve Forest of Dean District Council as the “lead authority” providing the required ICT services to the GO partner authorities;
  - (b) new Section 101 Agreements prepared (amendments to the existing Section 101 Agreements).

## **Strategic Risks**

- 5.19. The key strategic risks associated with this project can be grouped into three areas:
- (a) Risks associated with the development and implementation of the shared ICT partnership.
  - (b) Risks associated with the critical nature of ICT Services.
  - (c) Risks associated with the level of change required by the project.
- 5.20. Risks associated with the partnership arise principally from the fact that the project benefits are derived from aggregations of scale; initially sharing with Forest of Dean District Council and then a combined ICT Shared Service including Cotswold and West Oxfordshire District Councils. While all partners are fully committed at the start of the project, the main benefits will require a number of years of shared working before they materialise. It is important that the Business Case is valid for just sharing

with Forest of Dean District Council as well as the proposed larger ICT shared service.

- 5.21. Risks associated with the critical nature of ICT Services. Any failure to provide and support business critical applications, could have severe consequences for the councils concerned which will result at least in loss of money and effectiveness, or in the worst case loss of reputation and legal action.
- 5.22. Risks associated with the level of change required by the project arise if the councils cannot realise the benefits identified above because stakeholders are unwilling or unable to change the way in which they work.

### **Risk management strategy**

- 5.23. Clearly a project of this scale and nature will carry a number of significant risks and a comprehensive risk register will need to be developed along with accompanying risk strategy. These documents will be developed in compliance with a standard Risk management approach (PRINCE2 / Managing Successful Programmes (MSP)) for assessing and managing risk.
- 5.24. In compiling the project risk strategy there are some fundamental questions that will need to be addressed, including:
  - (a) what risks are to be managed.
  - (b) how much risk is acceptable.
  - (c) who is responsible for the risk management activities.
  - (d) what relative significance time, cost, benefits, quality, stakeholders have in the management of risks.
- 5.25. Possible risks to the success of the project in meeting its time, cost and scope targets will be identified, assessed and managed. A risk log (Annex I: Risk Log) has been generated to register and track the project risks in a simple and pragmatic way.

## 6. Annex A: Services in Scope for ICT Services

- 6.1. The document, ICT Service Directory, version 1.0 – 25 May 2012, reference [1] above, details the full range of ICT services provided for Cheltenham Borough Council.
- 6.2. The Directory is divided into four sections:
- (a) **Service Operation** – the activities required to deliver ‘business as usual’, such as fault resolution, support and maintenance.
  - (b) **Service Strategy** – the governance arrangements and decision-making processes that align service offerings to business needs. This includes ICT strategy, service delivery, standards, performance, portfolio (applications) and financial management.
  - (c) **Service Design** – building structural service integrity into the infrastructure, systems software and applications deployed to advance the strategy. This includes identification of service requirements, design of technical solutions, service level management and service assurance.
  - (d) **Service Transition** – the activities that support the preparing for, and management of, change, including transition planning, asset and configuration management, and change management.
- 6.3. Each section is subdivided into its individual elements (activities) listed below. Within the Service Directory for each element there is a service definition, deliverables and critical success factors to demonstrate how the success of the element will be measured.

### Service Operation (Business as Usual)

- |    |                                |
|----|--------------------------------|
| 1  | Processing                     |
| 2  | Equipment maintenance          |
| 3  | Systems software support       |
| 4  | Network management             |
| 5  | Network support                |
| 6  | Application administration     |
| 7  | Application support            |
| 8  | Application maintenance        |
| 9  | Database administration        |
| 10 | Data storage management        |
| 11 | Environmental management       |
| 12 | Service desk                   |
| 13 | Output distribution (printing) |
| 14 | Incident management            |
| 15 | Problem management             |
| 16 | Request fulfilment             |
| 17 | ICT training                   |

- 18 Telephony
- 19 Mobile and Smart Phones
- 20 Invoicing and recharging
- 21 Contract negotiation and tendering
- 22 Purchasing equipment and software

## **Service Strategy (Governance and Decision Making)**

- 1 ICT governance
- 2 Technology opportunity
- 3 Advice and consultancy
- 4 ICT strategy
- 5 Account/relationship management
- 6 Service delivery review
- 7 Standards management
- 8 Performance management
- 9 Portfolio management
- 10 Financial management

## **Service Design (Building Structural Service Integrity)**

- 1 Identification of service requirements
  - 1.1 Feasibility study
  - 1.2 Requirement definition
  - 1.3 Business justification
  - 1.4 Infrastructure planning
- 2 Design of technical solutions
  - 2.1 Option evaluation
  - 2.2 System design
  - 2.3 System purchase
  - 2.4 System customisation
  - 2.5 System development
  - 2.6 System orchestration
  - 2.7 Rapid application development
  - 2.8 System integration
  - 2.9 Application planning
  - 2.10 Application documentation
  - 2.11 Benefits realisation

- 2.12 Post-implementation review
- 2.13 Service level management
- 2.14 Service level management
- 2.15 Contract management
- 2.16 Production scheduling
- 3 Service assurance
  - 3.1 Security policy
  - 3.2 Security control
  - 3.3 Business continuity planning
  - 3.4 Disaster recovery
  - 3.5 Protection against malicious intent

## **Service Transition (Preparing for Change)**

- 1 Transition planning:
  - 1.1 Project management (currently outside the ICT remit)
  - 1.2 Management of user development
- 2 Asset and configuration management:
  - 2.1 Technology provision
  - 2.2 Asset management
  - 2.3 Supplier management
- 3 Change management:
  - 3.1 Installation and implementation
  - 3.2 Operational change management
  - 3.3 Acceptance testing
  - 3.4 Service Knowledge Management

## 7. Annex B: Services out of Scope for ICT Services

7.1. The document, ICT Service Directory, version 1.0 – 25 May 2012, reference [1] above, details the full range of ICT services provided for Cheltenham Borough Council. Not included within ICT Services are:

- |   |   |
|---|---|
| 1 | Web development – Internet / Intranet – <i>managed within the Communications team</i>     |
| 2 | Local Land and Property Gazetteer (LLPG) – <i>managed within Built Environment team</i>   |
| 3 | Geographical Information Systems (GIS) – <i>managed within the Commissioning Division</i> |



## 8. Annex C: Stakeholder Mapping

8.1. The Stakeholder Map for the ICT Review is as follows:

<b>Power / Influence</b>	<b>High</b>	<b>Group B</b> <i>Consult / Keep Satisfied</i>	<b>Group A</b> <i>Engage / Key Players</i>
	<b>Low</b>	<b>Group D</b> <i>Monitor / Minimal Effort</i>	<b>Group C</b> <i>Keep Adequately Informed</i>
		<b>Low</b>	<b>High</b>
		<b>Level of Interest</b>	

**Table 8-1: Stakeholder Mapping for the Review of ICT Services**

## 9. Annex D: Evaluation of service delivery models

9.1. A comparison of the three different service delivery models under consideration compared to the planned strategic outcomes is as follows:

Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
An up-to-date ICT infrastructure which meets business needs	<ul style="list-style-type: none"> <li>Similar level of investment required to update infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Similar level of investment required to update infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Similar level of investment required to update infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>No difference between any of the service delivery models.</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>Contractual. Outsourcing company would be expected to provide improved resilience</li> </ul>	<ul style="list-style-type: none"> <li>Need to increase size of team to improve resilience</li> </ul>	<ul style="list-style-type: none"> <li>Experience and expertise shared with Forest of Dean</li> <li>Shared resources increase resilience</li> <li>The alignment of infrastructure will result in duplication of knowledge across ICT teams</li> </ul>	<ul style="list-style-type: none"> <li>Most cost effective resilience provided by shared service. Will be aware of infrastructure and applications</li> </ul>
Secure	<ul style="list-style-type: none"> <li>Contractual</li> </ul>	<ul style="list-style-type: none"> <li>Data replication to Depot – would still present a risk due to close geographical location</li> </ul>	<ul style="list-style-type: none"> <li>Improved disaster recovery with data replication at different geographical location</li> </ul>	<ul style="list-style-type: none"> <li>Improved disaster recovery will be provided through shared service and outsourcing</li> <li>Outsourcing will transfer the risks associated with business continuity but this will be at a cost.</li> </ul>

Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
Flexibility / Agility	<ul style="list-style-type: none"> <li>• Would incur change control and additional costs</li> <li>• Would not necessarily have experience with all business applications</li> <li>• Would be able to draw upon specialist resources</li> </ul>	<ul style="list-style-type: none"> <li>• Able to respond but impact on support to other areas / changes to priorities</li> <li>• Lack of resilience in a small team</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resource pool increases ability to respond to urgent requests</li> </ul>	<ul style="list-style-type: none"> <li>• Shared service will provide most cost effective flexibility with staff experienced in infrastructure and applications</li> <li>• Contract with outsourcing company would need to reflect future commissioning opportunities for the council and the impact they may have on staffing levels</li> </ul>
Modern and innovative	<ul style="list-style-type: none"> <li>• Experience and expertise from broad base</li> <li>• Any changes would incur additional costs</li> <li>• May not necessarily consider implications of proposed change on service areas</li> </ul>	<ul style="list-style-type: none"> <li>• Recent experience of implementing GO Shared Services infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Recent experience of implementing new technologies at Forest of Dean District Council and GO Shared Services infrastructure</li> <li>• Improved service engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourcing will provide broad base of experience and potentially insight from private sector</li> </ul>
Providing the opportunity for formal ICT support outside of normal office hours in the future	<ul style="list-style-type: none"> <li>• Contractual – external support provided</li> </ul>	<ul style="list-style-type: none"> <li>• Additional resources required to extend support coverage – may require changes to existing Terms and Conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resource pool will enable improved opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourcing and Shared Service will provide most flexibility for out of hours support but will likely be at a cost to the business.</li> <li>• Shared service, with increased resource pool, improves flexibility to provide out of hours support</li> </ul>

Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
Continuous improvement	<ul style="list-style-type: none"> <li>• Would incur change control and additional costs</li> </ul>	<ul style="list-style-type: none"> <li>• Business Partnering – provision of strategic advice to business units on the use and future development of the ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Business Partnering – provision of strategic advice to business units on the use and future development of the ICT</li> </ul>	<ul style="list-style-type: none"> <li>• In-house and Shared Service will work with business units to develop and deliver business needs of ICT</li> <li>• Outsourced company will operate within terms of the agreed contract and maintain Service Level Agreements</li> </ul>
Horizon scanning	<ul style="list-style-type: none"> <li>• Experience and expertise from broad base</li> <li>• Niche business applications may not be addressed</li> <li>• Require business areas to lead and respond to change</li> </ul>	<ul style="list-style-type: none"> <li>• Require business areas to lead and respond to change</li> </ul>	<ul style="list-style-type: none"> <li>• Experience and expertise shared with Forest of Dean</li> <li>• Require business areas to lead and respond to change</li> </ul>	<ul style="list-style-type: none"> <li>• In all options ICT Services will be identifying emerging technologies and the appropriateness for the council; it will however be the business areas that need to lead and adopt those changes</li> </ul>

**Table 9-1: Evaluation of service delivery models**

9.2. Having evaluated the three service delivery models under consideration against the strategic outcomes required from an ICT Service, it is concluded that all three options are capable of supplying the required outcomes but the requirements will be best met by either outsourcing or through a shared service.

## 10. Annex E: Analysis of outsourcing

### 10.1. Analysis of the outsourcing option:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• External expertise – bringing new ways of thinking and working</li> <li>• Greater access to a pool of expertise e.g. network / server support</li> <li>• Guaranteed performance through Service Level Agreements (SLAs)</li> <li>• Can be for provision of a full ICT service, or part (e.g. the server room/data centre only)</li> <li>• Possibly better intelligence on ICT industry trends and exploitation/take-up of latest technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Would be outsourcing the problem for others to drive out any saving / increase profit</li> <li>• Time scale – may require a full procurement process</li> <li>• Potentially different solutions for staff in GO/Audit Partnership across different sites.</li> <li>• Lack of control / flexibility over work programme and budget – request for additional for additional work would require additional funding and the contract price could spiral (e.g. indicative days rates £400 -700 per consultant)</li> <li>• Would lose the opportunity for reciprocal Business Continuity back up arrangements</li> <li>• Would not be able to deliver initial / quick solution to CBC capacity issues, e.g. shared helpdesk, analyst and telephony support</li> <li>• Would lose opportunity for potential sharing across GO Partnership at later stage – CDC currently in sourcing and no appetite at FoDDC to outsource service.</li> <li>• Would lose potential to put ICT with GO shared service into a GO company</li> <li>• Would lose saving opportunity for shared solutions (e.g. GIS) savings</li> <li>• Would lose opportunity to share applications</li> <li>• Would still need to employ a CBC ICT Manager and Client officer – retained cost</li> </ul>

Opportunities	Threats
	<ul style="list-style-type: none"><li>• Contractually bound for (typically) five years, therefore cannot opt out if new opportunities for service provision arise</li><li>• The external provider withdraws from providing its service to the public sector during the contract period</li><li>• Contract value could remain the same, even if the number of users reduce due to new governance arrangements</li></ul>

**Table 10-1: Analysis of outsourcing**

## 11. Annex F: Analysis of in-house service

### 11.1. Analysis of the in-house service option:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Retains control / flexibility over work programme and budget</li> <li>• Leaves future options for shared service, outsourcing etc open</li> </ul>	<ul style="list-style-type: none"> <li>• No potential for savings</li> <li>• Still resilience issues as 'doubling up' in each area would be unaffordable</li> <li>• Same pool of expertise</li> <li>• No experience of implementing the new technologies required in the next 2 years</li> <li>• Additional costs for increasing staff levels</li> </ul>
Opportunities	Threats
	<ul style="list-style-type: none"> <li>• Continued negative perception of in-house ICT provision regardless of improvements</li> </ul>

**Table 11-1: Analysis of in-house service**

## 12. Annex G: Analysis of shared service

### 12.1. Analysis of the shared service option:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Cost savings from shared management / systems and staff.</li> <li>• Avoids duplication of processes / systems and results in shared solutions to problems</li> <li>• Allows for service resilience in a period of reduced resources and sharing of staff (e.g. GIS, DBA roles.)</li> <li>• Provides a higher service quality through simplified, standardised processes based on best practice.</li> <li>• Sharing of best practice improves service delivery (e.g. audit partnership)</li> <li>• Builds on the shared GO infrastructure and the investment made.</li> <li>• Retains control / flexibility over work programme and budget</li> <li>• Strong desire by FoDDC to progress quickly</li> <li>• FoDDC have already implemented the technological solutions required by CBC, therefore benefiting from their experience/expertise</li> <li>• Most cost-effective solution to CBC's capacity issues (e.g. shared helpdesk, analyst and telephony support)</li> <li>• This option most likely to provide the highest level of savings over the next 3-4 years</li> </ul>	<ul style="list-style-type: none"> <li>• Shared working arrangements with the FoDDC come to an end and the financial impact this would have in procuring and running a CBC standalone infrastructure, plus the additional staff required</li> <li>• ICT staff in FoDDC and CBC are on different terms and conditions</li> </ul>

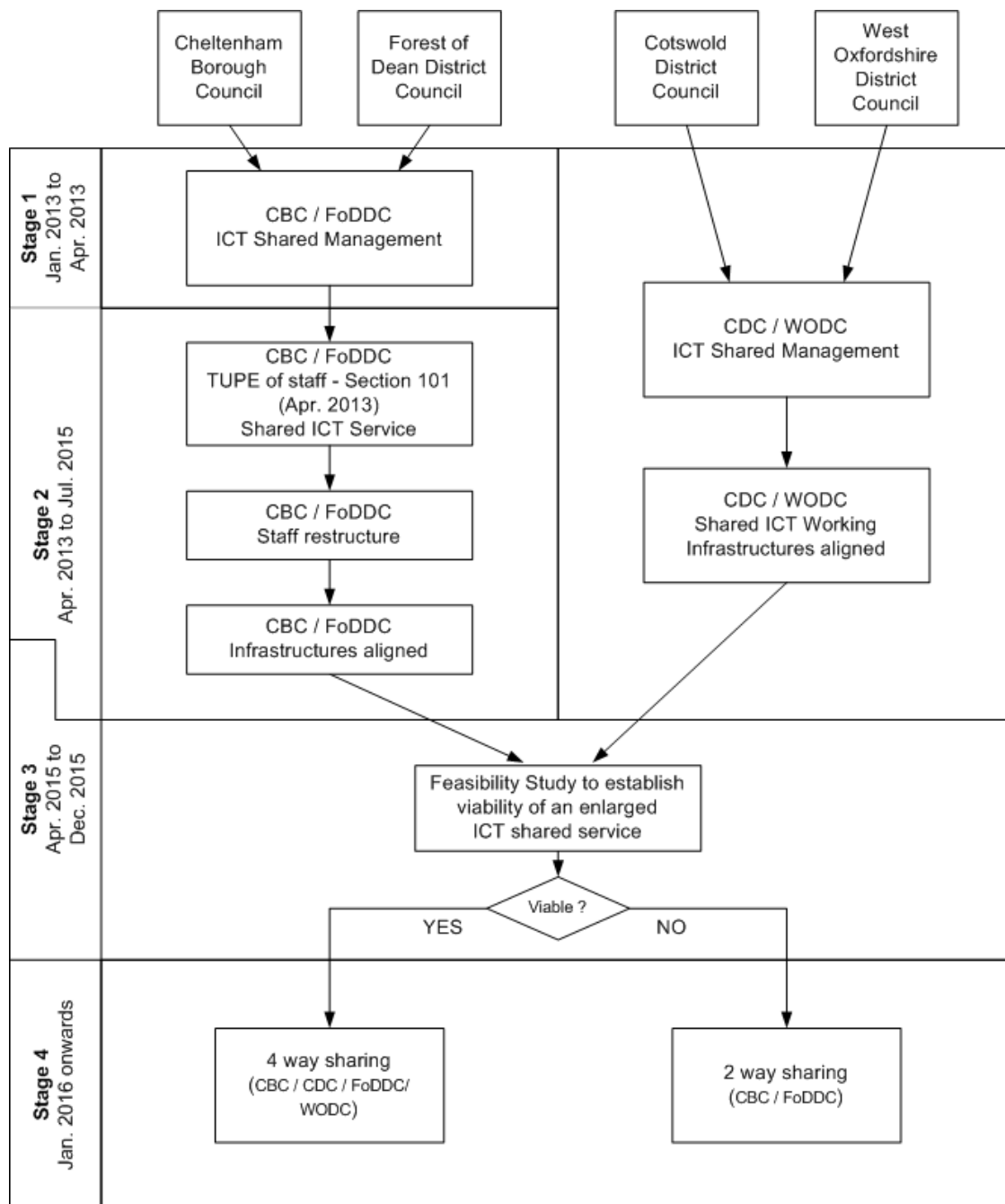


Opportunities	Threats
<ul style="list-style-type: none"> <li>• May lead to the potential for four-way sharing across the GO partnership, and the potential to enhance the offer.</li> <li>• Has the potential to enable more cost effect procurement of key systems and solutions.</li> <li>• Enhanced Business Continuity by introducing reciprocal data backup arrangements between sites</li> <li>• Potential for savings through shared project management (secondment arrangements already in place)</li> <li>• Potential to share Geographical Information System (GIS) solution, increasing resilience and saving money</li> <li>• Potential to share FoDDC's customer services technology</li> <li>• Potential to share a common Service Desk system and staff, increasing resilience and saving money</li> <li>• Potential to share more of our business applications (CBC has more than 60)</li> <li>• Potential to introduce common technology platforms to be used by all staff in GO, the Audit partnership etc</li> <li>• Virtualising servers, reducing the amount of power needed and realising carbon savings from decommissioning physical machines</li> </ul>	<ul style="list-style-type: none"> <li>• FoDDC will not engage unless there is an adequately funded CBC Infrastructure budget</li> <li>• Key ICT staff leave at critical points in the project</li> <li>• Projected cost savings and increased resilience not realised</li> <li>• FoDDC/CBC infrastructures not aligned, reducing initial identified savings for sharing in the future.</li> <li>• Shared working arrangements do not work effectively - i.e. different goals</li> <li>• Lack of willingness from employees to work across different sites</li> <li>• Trade Unions are not engaged with the project aims from the outset</li> <li>• Insufficient employee engagement during and after the completion of sharing services</li> <li>• Shared working arrangements with the FoDDC come to an end and the impact this would have in terms of loss of ICT skills and knowledge.</li> <li>• Shared working arrangements fail to deliver an acceptable level of service provision</li> <li>• FoDDC need to complete single status review which may impact on existing FoDDC ICT staff's existing salaries/morale</li> </ul>

**Table 12-1: Analysis of shared service**

### 13. Annex H: Roadmap for ICT Shared Services / Governance arrangements.

13.1. The roadmap has been documented in the Shared ICT Working Strategy, version 3.0 – 9 October 2012 (see Reference [2] above) and summarised in the following diagram:



**Figure 13-1: Roadmap for ICT Shared Services**

13.2. Stage 1 (January 2013 to April 2013)

(a) Shared ICT Management:

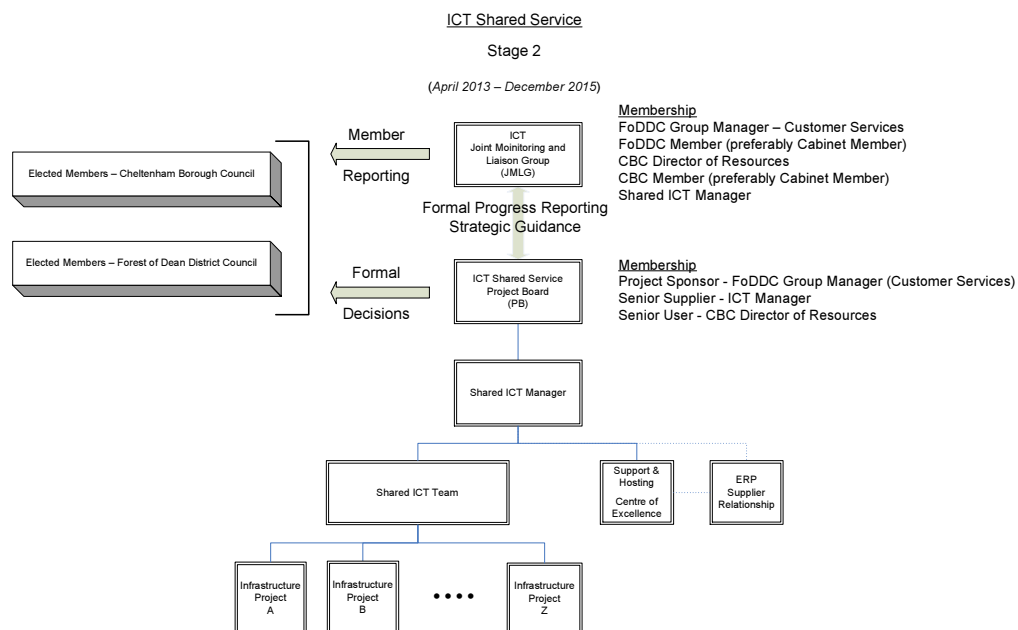
ICT Manager and Business Application Manager. The shared ICT Manager will report directly to Director of Resources (Cheltenham Borough Council) and Group Manager – Customer Services (Forest of Dean District Council).

- (b) Performance will be monitored through standard appraisal process.
- (c) Work will commence on:
  - (i) standardising infrastructure and applications – reducing the cost of licences and simplify support arrangements.
  - (ii) investigating new technologies as they develop and adopt them on their merit – investigate the opportunities presented by hosted solutions or “cloud computing”.
- (d) The advantages and risks of exploiting software-as-a-service will be considered. The Council has a successful track record of exploiting hosted solutions, for example the Choice Based Lettings system is accessed through the cloud. The Council website is also hosted externally.
- (e) No staff reductions are envisaged at either council as current staffing levels will need to be maintained in order to carry out the large amount of technical work required to standardise a range of different technologies.

#### 13.3. Stage 2 (April 2013 to July 2015)

- (a) ICT Services staff (16.8 FTE) TUPE to Forest of Dean District Council – the “lead authority” with effective from 1 April 2013.
- (b) A Section 101 agreement will be agreed for Forest of Dean District Council to provide ICT services to Cheltenham Borough Council.
- (c) There will be three reporting mechanisms in place:
  - (i) ICT Shared Service Project Board that will be managing the delivery of the standardised infrastructure within Cheltenham Borough Council
  - (ii) An ICT Joint Monitoring and Liaison Group (JMLG) that will be monitoring the performance of the Shared ICT Services at both Forest of Dean District Council and Cheltenham Borough Council
  - (iii) The GO Shared Services Joint Monitoring and Liaison Group that will continue to monitor the performance of the GO Support & Hosting Centre of Excellence as currently happens.

- (d) The S101 Agreement will be managed by the ICT Joint Monitoring and Liaison Group (JMLG). The following diagram illustrates the governance arrangements which will support the service delivery.



**Figure 13-2: Governance arrangements – Shared ICT Services**

- (e) Council Staff, Members and other stakeholders will have clear guidance on how and where to access ICT services. The increased pool of staff with their expertise and knowledge will enhance the current service to stakeholders. The ability to balance workloads will improve service response times.
- (f) Continue to rationalise the infrastructure and applications, decommissioning duplicated and redundant equipment. Investigate hosted services (“cloud computing”) and other technologies where it makes sense, or is cheaper, to do so.
- (g) Complete the infrastructure standardisation, enabling a reduction in the level of staff from October 2014.

13.4. Stage 3 (April 2015 to December 2015)

- (a) Develop business case for enlarged ICT shared service detailing cashable savings; efficient and resilient service delivery.
- (b) The advantages and risks of exploiting infrastructure-as-a-service will be considered.

13.5. Stage 4 (January 2016 onwards)

- (a) Depending upon the outcome of Stage 3, formalise the four-way sharing with Cotswold and West Oxfordshire District Councils.
- (b) A 4-way shared service will lead to a further restructuring and review of staffing levels.

## 14. Annex I: Costs and Savings

### Annual / Accumulated costs / (savings)

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	Rank	Pay back Period
Option 1a	Outsource – F/T	£0	-£11,800	-£11,800	-£11,800	-£11,800	-£11,800	<b>-£59,000</b>	2	7 yrs 0 mths
Option 1b	Outsource – P/T	£0	-£33,900	-£33,900	-£33,900	-£33,900	-£33,900	<b>-169,500</b>	n/a	n/a
Option 2	In-House Service	£36,700	£146,700	£146,700	£146,700	£146,700	£146,700	<b>£733,500</b>	3	n/a
Option 3	Shared Service	£9,200	£41,800	-£79,500	-£159,500	-£159,500	-£159,500	<b>-£516,200</b>	1	2 yrs 9 mths

### Incremental Medium Term Financial Strategy (MTFS) Savings

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	Rank	One-off costs
Option 1a	Outsource – F/T	£0	-£11,800	£0	£0	£0	£0	<b>-£11,800</b>	2	£80,000
Option 1b	Outsource – P/T	£0	-£33,900	£0	£0	£0	£0	<b>-£33,900</b>	n/a	£80,000
Option 2	In-House Service	£36,700	£110,000	£0	£0	£0	£0	<b>£146,700</b>	3	TBC
Option 3	Shared Service	£9,200	£32,600	-£121,300	-£80,000	£0	£0	<b>-£159,500</b>	1	£59,500

**Note:**

1. Outsourced modelling based on 2 scenarios – full time or part time client officer. Option 1a has been used for comparison purposes.

## 15. Annex I: Risk Log

ICT Shared Service – Initial Risk Assessment								
The Risk				Original risk score (impact x likelihood)			Managing Risk	
Risk ref.	Risk description	Risk Owner	Date Raised	I (1 - 5)	L (1 - 6)	Score	Control	Action
<b>Governance and General Issues</b>								
1	If there is a conflict of Interest due to the staff leading the project also having an interest in its outcome there is a risk that any restructuring of the Shared ICT Service would not be fair and equitable	Mark Sheldon	4-Sep-2012	1	3	3	Accept	Ensure effective scrutiny of roles via the Project Board and governance arrangements
2	If there is a loss of key staff within the shared service team during the project then there is a risk that it will not be delivered on time and to budget.	Mark Sheldon	24-Oct-2012	3	3	9	Accept	
<b>Project Management</b>								
3	If the project delivery plan does not recognise the importance of prioritising the sequence of tasks in relation to other projects then there is a risk that additional costs or reworking will be required.	Mark Sheldon	24-Oct-2012	4	1	4	Accept	
<b>Partnership</b>								
4	If the Shared ICT Service fails to recognise different corporate priorities and policies at each authorities there is a risk that the Shared ICT Service is not seen to be supporting the business units at each council	Mark Sheldon	24-Oct-2012	2	2	4	Accept	
<b>HR</b>								
5	If the trade unions are not fully engaged there is a risk that their opposition delays project or results in increased costs, prejudicing the business case.	Mark Sheldon	24-Oct-2012	3	2	6	Accept	Address within communications plan

ICT Shared Service – Initial Risk Assessment								
The Risk				Original risk score (impact x likelihood)			Managing Risk	
Risk ref.	Risk description	Risk Owner	Date Raised	I (1 - 5)	L (1 - 6)	Score	Control	Action
<b>Financial</b>								
6	If the project plan does not include effective Benefits Realisation monitoring then there is a risk the shared service will fail to achieve benefits of service efficiencies and reduction in support costs.	Mark Sheldon	24-Oct-2012	3	3	9	Accept	

The total risk score is the multiplication of *Impact* and *Likelihood*

Code	Risk Score	Risk Management View
Red	25 – 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 – 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 – 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 - 6	Tolerate and monitor within the division

## 16. Annex J: Service Level Performance

- 16.1. A formal Service Level Agreement (SLA) will be prepared as part of the Section 101 Agreement between Forest of Dean District Council and Cheltenham Borough Council regarding the provision of ICT Services.
- 16.2. The exact content of the Service Level Agreement will need to be confirmed, but it is suggested that Key Performance Indicators (KPI's) are specified to help ensure services provided are performing well.
- 16.3. Performance against the targets in the SLA will be reported for review on a regular basis to the ICT Joint Monitoring and Liaison Group (JMLG).
- 16.4. The suggested KPIs are as follows:
  - (a) KPI 1 – Support Desk Incident Reports
    - (i) Percentage of first time fixes
    - (ii) Summary report of incidents not classified as first time fix
    - (iii) Open incidents by location
    - (iv) Incidents opened by location and priority
    - (v) Incidents exceeding SLA by location
  - (b) KPI 2 – Availability of key systems
    - (i) This is a breakdown of the availability of individual systems during service hours
  - (c) KPI 3 – Unplanned outages
    - (i) Sum of the number of unplanned outages occurring per calendar month.
  - (d) KPI 4 – Data communications network availability
    - (i) The availability of the network measured across council infrastructure
  - (e) KPI 5 – Customer satisfaction surveys
    - (i) Every 12 months a customer satisfaction survey will be carried out.
  - (f) KPI 6 – Production of Management Information
    - (i) A single, or set of, document(s) containing the KPI information relating to the performance period

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