

Leicester City Council
ICT Services Delivery
Business Case

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1.Document Control

1.1 Control Details

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1.2 Document Amendment Record

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V3	Initial draft for comment by Mark Noble	May 06
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v7	Glossary added and changes for clarity following first consultation session	July 06
v8	Changes from consultation feedback	August 06
V9	Changes from discussions with Director's Board	August 06

2. Management Summary

2.1 Background

Leicester City Council ('the Council') is undertaking a Business Improvement Programme covering all departments and support services. The ICT Review is an element of a broader Support Services Review, and this broader review has a number of objectives:

- To achieve business improvement
- Enhance the focus on the customer
- To deliver £ 2 million cashable efficiency savings.

The present Leicester City Council ICT structure is a complex mix of centralised and devolved services. Central ICT services are provided by the Resources, Access & Diversity (RAD) department. The Social Care & Health (SC&H) and Education & Lifelong Learning (ELL)¹². departments obtain the majority of their ICT services through Central ICT. Regeneration & Culture (R&C) and Housing (HSG) have their own virtually autonomous IT sections and some support activities are carried out in the other departments. This has resulted in a hybrid ICT delivery approach.

It is recognised that it is unusual to deal with role prior to function in the normal run of affairs. However the "As Is Assessment" found that there was no consolidated ICT strategy for the Council and that a significant contributing factor was the current organisational structure and that without a change to those arrangements the Council was unlikely to improve (*As Is Assessment paragraph 1.3.4*)

Our analysis of the current structure of Leicester City Council's ICT service delivery model suggests there is a high probability of the Council being able to deliver cost savings by reforming ICT provision. Initial cost benchmarking indicates that the current total cost of ICT provision (i.e. central ICT plus departmental managed ICT) is in excess of the average for similar local authorities. This is based on the full cost of ICT provision across the organisation, of which central ICT is just one component.

In addition the current delivery model does not seem to perform particularly well under a variety of other assessments including user satisfaction. This view is supported by conclusions reached by the Audit Commission and the SOCITM benchmarking report and the considerable majority of users we have interviewed.

2.2 Project Scope

The project includes all areas of ICT activity within the Council including both centralised and decentralised functions. The only exception will be for specific external customer facing end-user computing services, which are normally specialised activities performed by a particular directorate. An example of such an excluded function would be curriculum support for schools.

¹ It is recognised that since this review started there has been a restructure of SC&H and ELL

² Curriculum Support provided to schools is outside the scope of this review.

2.3 Proposed changes

This Business Case recommends a new model of service delivery, which is primarily centralised but maintaining locally delivered specialist expertise and having some level of outsourcing to provide a “best fit” to the Council’s need.

A summary of the criteria rated as most important to the Council, which was used to determine the organisation model best suited to meet the Council’s needs, is shown below:

Organisational ICT Assessment Criteria	Critical	High	Medium	Low
Business system functionality	3	2	0	0
Value For Money	3	2	0	0
Quality of customer experience	3	2	0	0
Departmental Business Knowledge	3	2	0	0
Consistent Information management	3	1	1	0
Security	3	1	1	0
Unified council for customers	3	1	0	0
Support Responsiveness	2	3	0	0
BCP/DR	2	3	0	0
Infrastructure stability	2	2	1	0
Project Management	2	2	0	0
Efficiency	2	2	0	0
Strategic vision	2	1	1	1
One call to all	2	0	1	1

The development of the proposed delivery model was undertaken as part of the Options Appraisal stage of the review. This appraisal showed that this new model would provide the optimum arrangement to address the Council’s requirements and priorities and was also consistent with both and public and industry best practice. (See *ICT Services Delivery Options Appraisal Sections 3 and 4*).

Full outsourcing of the service was not considered appropriate as attaining improvements through outsourcing requires overcoming a number of significant obstacles, and benefits accrue over longer time periods. Moreover, a review of associated literature suggested that outsourcing without first addressing underlying organisational issues can result in problems being moved rather than being resolved. In addition, a recent SOCITM study has suggested that moving to a fully outsourced model can actually decrease customer satisfaction scores. It was therefore not recommended that the Council consider moving to a fully outsourced centralised model at this present time. (See *ICT Services Delivery Options Appraisal paragraphs 1.3 and 3.7.3*)

The key features of the proposed delivery model:

- ICT services will be corporately managed under a new ICT function
- The new ICT function will have three distinct areas, with a separation of strategy/development from support, operations and infrastructure.
- An appropriate governance structure will be put in place to oversee ICT within the Council
- Corporate management of common ICT infrastructure and support, including helpdesk, data centres, infrastructure management and business continuity
- Local ICT teams with direct reporting to corporate ICT and dotted line reporting to their departments. These teams will be responsible for

specialist departmental application support/training and the relationship between the Department and corporately managed ICT.

- A corporate ICT procurement function
- ICT projects and the ICT elements of wider business change programme/projects will be managed by corporate ICT.
- New ICT recharging and budgeting
- New performance regime
- A corporate contract management function
- Selective use of outsourcing in particular non-strategic areas where there is a proven cost case.
- A new ICT information dissemination approach

2.4 Consultation on the Proposed Model

The Options Appraisal report produced as part of this project outlined an alternative model based on increased centralisation, but maintaining locally delivered specialist expertise, would be preferable to the existing model and this was evaluated through further workshops drawing on the expertise of practitioners and managers.

Key outcomes from these workshops were:

- Broadly staff recognised the issues with the current structure and were mostly supportive that change was required;
- However, there were string concerns and reservations from Housing in moving away from their current delivery structure;
- A number of other issues were also raised, including the need to ensure that users currently obtaining service from a local team do not see performance or service drop as a result of a move towards a corporate helpdesk; and
- Practitioners recognised the advantages of the proposals in terms of increased team performance and improved opportunities for staff development.

A key part of each workshop involved asking practitioners and managers to consider which part of the organisation each ICT activity should best be performed. This led to the development of the present key proposals in terms of change from the status quo³:

- Corporate management of strategy, policy and architecture management, and of key functions such as procurement, networks, telephony and IT disaster recovery;
- Creation of a corporately managed primary helpdesk, moving away from the existing three teams; and
- Creation of new local delivery teams, which would be corporately managed but located in departments. These would be led by departmental ICT managers and deliver functions such as specialist application support, maintenance and development as well as provide

³ Note: None of the proposed changes affect the existing EDISS service to schools at this time, which will continue as before. Information management is also excluded from the scope of the review. Web development is within the scope of this review but not web publishing, i.e. generation of content.

business input into the corporate strategy. The existing teams in Housing and R&C would lose some responsibilities for their first line helpdesk, desktop/server support and procurement. This model is often referred to as Centrally Managed Locally Delivered or CMLD.

The majority of participants in the workshops agreed with these proposals, although this was not true in Housing where the majority of participants preferred the existing arrangements - stating grounds that Housing ICT faces unique or particularly time pressured business requests, or that corporate ICT would be unable to meet the business requirements of the department. Whilst we accept there have been issues over ICT delivery and trust in the past we also believe it should be possible to set up a new structure which does meet the needs of all departments whilst delivering a service more cost-effectively than at present. Long term, the authority will find an ICT structure based on multiple autonomous units is not a cost effective way of delivering ICT across the organisation.

The following key issues will need to be taken into account when delivering the proposals suggested:

- The new ICT delivery structure must be seen to be new and different to the existing structure;
- Further discussion and evaluation of changes will need to take place with across the organisation to gain full commitment to the new operating model; and
- The changes will need to be led by a project team which has the support of all parties involved and is adequately resourced to be able to deal with all the implications and challenges, for example the development and revision of job descriptions, appropriate selection processes, increased training requirements in the corporate helpdesk and to develop and organise additional training for staff whose roles are most affected by the changes.

Based on the conclusions of the above consultation, an outline business case has been prepared under the assumption that the proposed changes outlined above are made. Estimates for the financial impact show an up front cost of executing the changes, but then rising savings over time accompanied by an increase in ICT performance.

2.5 Benefits

The benefits that will be derived from the proposed ICT Services Delivery model are as follows:

- Delivery of a consolidated and co-ordinated ICT function across all departments which is better able to develop and support the long term business requirements and future strategic objectives of the Council, ultimately improving the service provided by the Council to its customers.
- A corporate strategy development and management function will be created which will cover all activities both corporate and departmental. This function will ensure ICT direction is fully aligned with departmental and corporate business requirements, but also that these business needs are satisfied using the right IT, converging platforms and standards to drive down costs.
- Improved ICT service performance, particularly relating to the removal of the current confusion around ICT support operation and the ability to focus on the needs of users.

- Redesign of senior roles and separation of responsibility for strategic thinking and design from operations and infrastructure. Customer contact and change management for new arrangements also likely to be separate roles.
- Creation of a formal design and technical role within the strategy function to perform the research and analysis required to choose the right technology for the Council, and put the right plans in place to make sure the technology chosen can be maintained and supported at a high performance level but whilst controlling costs.
- Development of an improved ICT strategy, which will act as a 3-5 year masterplan for the ICT within the Council.
- Efficiency savings of between £0.5M and £0.7M per annum, arising from:
 - Reduction in the current duplication of ICT strategy, management and support functions across the multiple ICT departments - leading to a reduced overall headcount requirement by 07/08. The reduction in headcount is likely to be comparatively small due to the requirement to also increase ICT service performance levels – and there must be recognition of the cost/performance trade-off. There would need to be some element of reorganisation due to the creation of new/changed posts in the proposed arrangements.
 - Application of a consolidated procurement function for ICT generating economies of scale and supplier sourcing savings.
 - Reduction in expenditure from introducing consistency and commonality across all activities and infrastructure, looking to consolidate platforms over time to reduce support and maintenance costs.

2.6 Costs

The estimated implementation costs are £150,000, which includes project management, change management, consultancy support, training and administration.

3. Introduction

3.1 Purpose of this Document

This document constitutes the Business Case for the creation of a new ICT Services Delivery model at Leicester City Council. The purpose of this Business Case is:

To document the justification for the undertaking of the project, based on the estimated cost of development and implementation against the risks and anticipated business benefits and savings to be gained.

3.2 Background

A key objective from this project is to develop a clear ICT organisational model which will allow the Council to deliver higher quality services at a reduced cost. The development of the model is expected to be driven by Public Sector and Industry Best Practice, as well as objective cost reduction, as opposed to building on existing organisational assumptions.

Deloitte was selected to support this review due to a requirement for the review to be performed by an impartial third party able to provide an objective assessment and recommendations.

The key deliverables from this project are:

1. An **As Is Assessment**. A report providing an assessment of the current ICT structure, costs and performance which concluded that the Council's current ICT delivery structure is not optimal, that ICT service costs are above those expected and that overall delivery performance is below that of peer groups.
2. A **Delivery Options Appraisal**. A report which assesses delivery options against Council requirements, determines the best fit and outlines the preferred option for the Business Case. The Delivery Options Appraisal established the Council's priorities for any new delivery structure. Based on these, a preferred option of a corporately managed delivery model with local delivered key elements, with the flexibility for outsourcing components built into the structure was discussed.
3. A **Business Case**. This report, developing the preferred option with its associated benefits, estimated costs and risk analysis.

4. Option Selection

4.1 Background

Six alternative ICT Service Delivery structure models were proposed, and analysis was undertaken as to the suitability of each based on priorities identified by Strategic Resource Directors across the council, as well as from the key findings of the 'As-Is' report and current common practice in UK local authorities. Initially the six potential models were reduced down to three, and then down to two. At this stage full out-sourcing of ICT was excluded for the following key reasons:

- Mixed evidence of successful outsourcing in this area;
- Not appropriate to outsource a sub-optimal service; and
- ICT on its own would not be a very attractive proposition to the market.

Finally, a preferred model based on a combination of the final options has been proposed for this business case. Below is a summary of the analysis of the preferred model from the Options Appraisal (section 4):

- The In-House centralised model scored highest against the Council's priority criteria, and addresses some of the critical issues raised by the departments. By consolidating IT functions, duplication of effort is reduced and economies of scale can be obtained, thereby providing value for money. A centrally managed function will be more straightforward to administer and use, as well as reduce the likelihood of security breaches. Consolidation will also result in improved collaboration and sharing of information, thereby improving overall customer experience.
- Maintaining locally delivered specialist expertise and discrete ICT teams within each Department will ensure there is the optimum balance between departmental business requirements, knowledge and business system functionality and corporate priorities
- The application of partially outsourcing ranked most highly of all the possibilities using the priority alignment scoring approach, suggesting it addresses the majority of the Council's requirements. By selectively selecting outsourcing contractors, the Council can gain access to crucial skills that will enable it to deliver improved services to its customers. A recent SOCITM report supports this conclusion and shows that on average, selective outsourcing can improve user satisfaction.

The Options Appraisal found that proposed model is best placed to meet the Council's priorities and demands for the following reasons:

- It will allow for proper standards of information management – a prerequisite for wide-scale sharing of data. At present it is difficult to share data within the Council due to a lack of integrated systems and inconsistent platforms
- It is a prerequisite for sharing services with other external bodies
- It will allow for the flexibility needed to adapt to change and through an enhanced contract management function, with the ability to selectively select outsourcing contractors, the Council can gain access to crucial

skills that will enable it to deliver improved services as well as providing value for money.

In order to develop the preferred model the following requirements were taken into account:

- The preferred model must recognise that the **value of ICT** to the Council in both service delivery and efficiency terms is increasing and will continue to increase. It is therefore extremely important to the Council that it maximises all the potential opportunities provided by the effective use of ICT. These opportunities include:
 - mobile technology and flexible working;
 - more effective document and information management;
 - information sharing and working collaboratively with partners;
 - improved customer service and responsiveness.

To facilitate this the corporate ICT strategy needs to be developed corporately and driven by the Council's vision and business direction, and should guide:

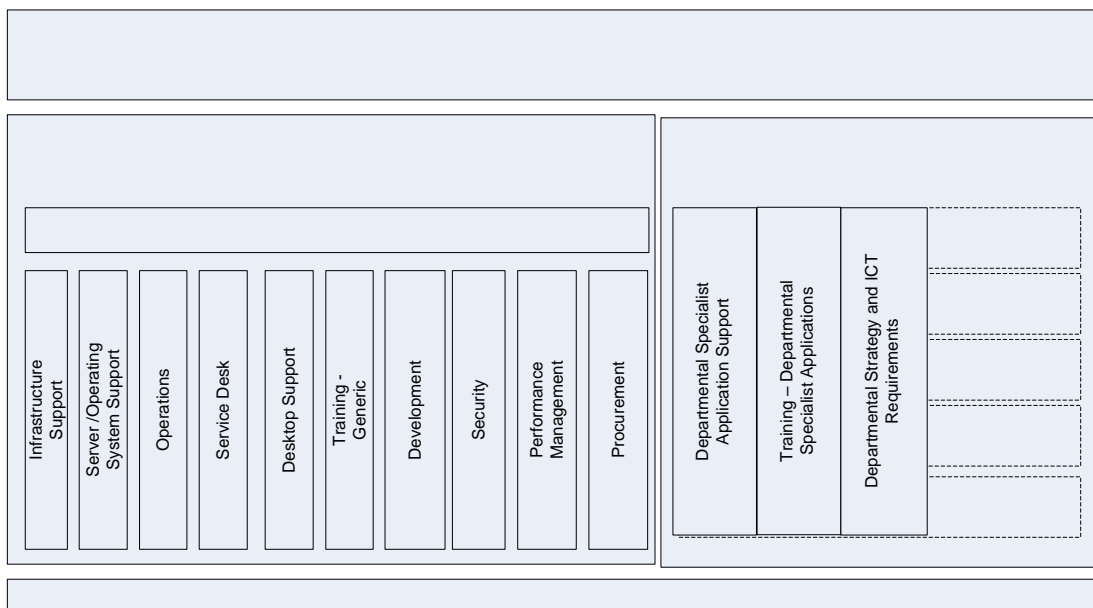
- System development and deployments;
- Technical direction;
- Research and development in the use of ICT;
- Ongoing support and management of ICT; and
- Identification of resource requirements and funding.

Developing this strategy and future investment plans is a key priority for the new corporately managed ICT function.

- There needs to be a **culture change** in the way the council delivers both ICT strategic development and operation, with more focus on the bigger issues. The strategy must be co-ordinated by the centre but driven by appropriate input from Departments.
- There is a need to provide an **appropriate and consistent level of ICT** across all Departments. There is currently a lack of Council wide ICT standards and procedures and this has led to a variation in the standard of ICT and support, due to some Departments applying what is considered to be good practice or required resource levels. This may not always be either best or appropriate practice.
- There should be **discrete ICT teams**, particularly within Departments, but also within the corporate ICT function to ensure operational excellence, business knowledge and responsiveness, with identity and visibility within each delivery line. Departmental application support specialists should be deployed in departments to ensure they are close to their users.

4.2 ICT Structure of the newly selected delivery model

The following diagram illustrates the planned ICT structure of the proposed ICT Services Delivery model:



4.3 Key features of the proposed delivery model

The following are the key features of the proposed ICT Services Delivery model, made with a direct comparison to the existing ICT delivery arrangements:

- ICT services will be corporately managed under a new ICT function. The new arrangements will focus on improving service delivery and driving efficiency savings through corporate management. Fundamentally, however, this must not be the centre simply absorbing departmental staff. It needs to be a whole service re-configuration and a fresh start for a corporately managed service.
- The new ICT function will have three distinct areas, with a separation of strategy/development from support, operations and infrastructure. The three areas proposed are :
 - Business Services – Responsible for the relationship between corporately managed ICT and Departments/Users. This will include ICT Performance Management, ICT Contracts and Procurement, Training and Departmental ICT Teams. *This is a key area for the successful introduction of the new model.*
 - Technology – Responsible for technical operations and maintenance of the Council’s infrastructure including networks, data centre operations and servers. *There should be some resource savings in this area due to corporate management.*
 - Strategy and Development – Responsible for the strategic development and implementation of ICT within the Council. There should be a very close working relationship with Departments and Departmental ICT managers. This function will ensure ICT direction is fully aligned with departmental and corporate business requirements, but also that business needs are satisfied using the right ICT. *This is a key area for driving future use and development of ICT in the Council and will require additional resources.*
- There needs to be an appropriate governance structure in place to oversee ICT within the Council.

Corpor

- Strategic direction and oversight needs to be provided by a group led and chaired by a Service Director (from a service department) with senior membership from all Departments (at Service Director level) and the Service Director for ICT. It is suggested that this group meets not more than four times per year.
- A “User Forum” within each Department at which day to day users issues are discussed and support performance reported. This should be Chaired by the Departmental ICT Manager and interested users invited to attend. It is suggested that this group meets not more than six times per year.
- There will be corporate management of common ICT infrastructure and support, including helpdesk, data centres, infrastructure management and business continuity.
- A single corporately managed helpdesk will be introduced for all support calls. To support this and to also reduce the number of calls to the helpdesk, a knowledge base of support materials should be made available including FAQs and training information. This will be used by both helpdesk staff and users alike. Users should be encouraged to access this information as a first step prior to contacting the helpdesk. This self-service approach should be encouraged, and access to the knowledge base be made available on an around the clock basis. The knowledge base will be developed over time and regularly updated. The knowledge base will contain user documentation, training material and FAQs. All users should be strongly encouraged to log all requests on the helpdesk and not contact departmental based staff directly. Obviously when this does happen a pragmatic approach needs to be taken and the request dealt with, however users should be asked to retrospectively record their request on the helpdesk. This will ensure that the level of calls and their resolution is recorded accurately for ongoing management purposes.
- There will be local delivery ICT teams with direct reporting to corporate ICT and dotted line reporting to their departments. These teams will be responsible for specialist departmental application support/training and the relationship between the Department and corporately managed ICT. Other activities could also be undertaken by these teams subject to the requirements of each Department. See Appendix B for the rationale for this approach.
- Formalisation of a corporate procurement function which will seek to drive economies of scale to secure better purchase prices for ICT equipment. All ICT procurement for the Council must be through this team. This team will perform corporately managed contract management with the right expert skills to create and maintain value with the private sector.
- ICT projects and the ICT elements of wider business change programme/projects will be managed by corporate ICT. This would mean that if a Department was implementing a new system that had a major impact upon its business this would be managed by a project or programme manager working for the department who would also work very closely with corporately managed ICT.
- Completely new ICT recharging and budgeting working on the following principles:
 - Single charging regime;

- Simplified charging structure;
- Transparency of costs;
- Perceived as 'fair' by the majority of user budget holders; and
- Move towards corporately managed ICT development budgets.
- New performance regime based on clear performance metrics and linked to the recharge regime with reporting meetings back to key user representatives.
- A contract management function, to add the ability to be able to outsource specific ICT functions. No recommendation is made as to the desirability of which functions, as this would need to be decided through a market tested business case, but the model is designed to be sufficiently flexible that this can be accommodated later if required. Potential areas that should be reviewed include. This should include in-sourcing areas already out-sourced:
 - Infrastructure support and maintenance.
 - Server hosting/support/operations.
 - Service desk.
 - Desktop support.
 - PC maintenance (already outsourced).
 - Training.
 - Procurement and installation.
 - Development - implementation specific activities.
- Design of a new ICT information dissemination approach to recognise the fact that some ICT staff will be located in Departments ICT. This need not be particularly sophisticated in terms of technology but needs to keep everyone up to speed about ongoing projects or ICT issues across the organisation.

5. Costs and Benefits

5.1 Background to the cost calculation

Implementing the proposed model will clearly incur costs. Although the exact nature of these will depend on the output of the employee consultation and the implementation approach, an estimate of the likely costs has been made below.

5.2 Costs Summary

The table below illustrates the breakdown of costs relating to the implementation of the newly selected model for ICT service delivery:

Source	Potential estimate for cost
One-off implementation costs – based on a change/project manager, consultancy support, training and admin support.	£150,000

In addition to this, there will also be some requirements for internal resources to:

- Govern and manage the process;
- Recruit staff; and
- Training and development.

5.3 Background to the benefits calculation

The 'As Is' assessment of ICT service provision at Leicester City Council concluded that the current ICT delivery environment is not optimal for the Council's requirements and there is a strong case for change. The main issues raised by the assessment are:

- The current ICT Organisational structure is not optimal for the Council - Duplications between ICT functions exist between departmental and corporately managed ICT services. Roles and responsibilities are unclear, service delivery is inadequate and the ICT service is failing to engage with its users. There is a strong backing for organisational change.
- Total cost of ICT provision is above average for similar local authorities - Council ICT costs have been compared to SOCITM benchmark figures, and found to be above the average for similar local authorities as a percentage of revenue expenditure and the average cost per user.

5.4 Benefits

The savings derived under the new model will depend on a number of factors including:

- The output of a job mapping exercise resulting in a confirmed calculation of how many posts will be released;
- The speed with which technology can be consolidated to reduce support and maintenance costs; and
- The current efficiency of procurement across the organisation.

5.5 Quantifiable benefits

The table below contains indicative estimates made on the basis of current information available:

Source	Current Base	Basis of Saving / Cost	Potential estimate for saving/cost £000
Staffing	194 posts	An overall reduction of between 10 - 12 staff mainly resulting from corporate management. A significant number of these are currently contract staff.	£220-260⁴
Computer equipment procurement savings ⁵	£2.5m	4% of expenditure	£85-100⁶
Infrastructure/Software consolidation savings – technology expenditure	£8.3m	3% of expenditure, though growing over time.	£210-250⁷
NET SAVINGS ESTIMATE PER ANNUM			£515-610

5.6 Non-quantifiable benefits

The primary benefits non-financial benefits of the proposed model are as follows:

- Improved ICT service performance, particularly relating to organisation wide support and user satisfaction.
- Consistent and transparent level of service across all departments and to all users.
- Ability to focus resources on research and development activities to provide the Council with the opportunity to fully maximise the business benefits that can be delivered by ICT - especially if appropriate budgets are consolidated. This should improve the level of service the Council provides to its customers.
- Removal of the current confusion around ICT operation and the opportunity to start a new way of working on a clean slate without the 'baggage' of the past.
- Delivery of a consolidated and co-ordinated ICT function across all departments which is better able to support the long term business requirements of the Council whilst minimising conflict.
- Improved opportunities for all staff to develop as they are part of a larger organisation.
- Reduced risk of ICT infrastructure failures or security issues.

⁴ This figure includes NI, Pension and Insurance on-costs.

⁵ Additional work will be undertaken in this area under the Procurement Project within the Business Improvement Programme. Care should be taken not to double count these figures.

⁶ Range is the difference between actual and budgeted expenditure; i.e. in our TCO calculation actual was 15% more than budget

⁷ Range is the difference between actual and budgeted expenditure; i.e. in our TCO calculation actual was 15% more than budget

6.Risk Analysis

This section contains an initial risk analysis of the risks facing the authority in implementing this new ICT model. For each risk we have identified ways in which the risk can be partly or wholly mitigated, and have assessed the likelihood and potential impact of each risk.

In comparing the implementation of this model to change projects typically implemented by local authorities, the risk level is moderate. The project will involve changing support services, which support important business functions, but only a small proportion of employees within the organisation will be affected, and is expected that only a minority of ICT staff will experience a considerable change in their day to day activities.

ID	Risk	How to mitigate this risk	Likelihood	Impact
1	ICT staff resist the change and continue to work in the same way	Clear two way communication agreeing the necessity for change and addressing issues brought up. Clear senior management agreement and direction. Timetable of change with clear and measurable deliverables.	High	High
2	Fear surrounding job losses and change may reduce morale, leading to an associated reduction in productivity with a resulting impact on operational performance.	Early communication with ICT staff regarding new roles and structure, emphasising improvement in opportunities and minimal forced redundancies. The Council currently has a number of agency staff who should be impacted first.	Medium	Medium
3	Risk of poor ICT and departmental relationships due to history of occasional non-collaborative working	Use appropriate project implementation governance and management arrangements. Ensure departmental management function is close to departmental requirements, and has regular contact with senior Departmental and corporate ICT management. Define SLAs in combination with departments. Adopt customer-focused stance.	Medium	High
4	Departmental and corporate responsibilities not fully understood, some tasks left in grey areas	Analyse and map each current function to corresponding role in new structure. Communicate new responsibilities and job descriptions	High	medium
5	Confusion surrounding new roles and responsibilities	Communicate new responsibilities and job descriptions and processes for engagement	High	Low
6	Realisation of the full benefits may not be achieved if there are no suitable rewards / recognition of changes to behaviours.	Produce benefits realisation plan. Map progress of change using measurable deliverables, ensure good performance is recognised.	Low	Low
7	Downtime / data loss as departmental and corporate systems are harmonised	Clear and agreed plan of system migration identifying potential risks and implementing contingencies	Low	High
8	Loss of knowledge of departmental systems due to staff loss	Retain departmental staff in new corporately managed structure. Ensure all customised applications have full documentation regarding support and configuration	Medium	High
9	Previously decentralised departments may have a poor perception of the central ICT service (e.g. caused by historical suspicion)	Significant communication in advance of transition. Communicate new corporate ICT contact points, description of change and why.	Medium	Medium

10	Lack of buy in by senior management	Engage with senior managers regarding plans, ensure issues are addressed agree joint SLAs	Medium	High
11	Transitory impact on current projects	Perform impact assessment of proposals on current projects as part of implementation.	Medium	High
12	Consolidation savings achieved may be lower than that expected if consolidation required capital expenditure which has not been budgeted.	Business case to take pessimistic view of savings in early years to give time for consolidation to impact on future ICT purchases / replacements	Medium	Medium

7. Implementation Approach

7.1 ICT Activity Location - Gap Analysis

The table below illustrates where ICT activities are currently being delivered, changes for the proposed model. In the to-be model we have started the processes of assigning roles and responsibilities using the RACI framework which is as follows:

- R - Responsible -The individual(s) who performs the task, responsible for the action/implementation. The degree of responsibility is defined by the Accountable person. "R's" can be shared. *The 'Doer'*
- A - Accountable - The individual who is ultimately accountable. Has Yes/No power, as well as power of veto. Only one "A" can be assigned to a process step/activity. *"The Buck stops here"*
- C - Consulted - The individual(s) to be consulted prior to an action being taken or a final decision made. Encourages two-way communication. "C's" can be shared - *"Provides all the Facts"*
- I - Informed - The individual(s) who need to be informed after an action has been taken, or a decision is made "I's" can be shared. *"Keep in the Picture"*

This will need to be further refined and developed as part of the implementation but at this stage provides an indication of where and who will be responsible for activities.

Service Area	As Is		To Be	
	Central	Departmental	Corporately Managed	Locally Delivered
Strategy ⁸	✓	✓	R A	RC
Research & Development		✓	R A	RCI
Operations	✓	✓	R A	
Procurement	✓	✓	R A	C
Helpdesk				
• 1 st	✓	✓	R A	CI
• 2 nd	✓	✓	R A	CI
Applications Support				
• Corporate applications	✓	✓	R A	I
• Departmental Applications	✓	✓	R	R ACI
PC Maintenance	✓	✓	R A	CI
Hardware Support	✓	✓	R A	
Network Support	✓	✓	R A	
User Administration ⁹	✓	✓	R A	R A
Business Continuity Planning – ICT elements only	✓	✓	R A	CI
Development				
• Corporate Systems	✓		R A	
• Business Applications	✓	✓	R A	CI
Security	✓	✓	R A	R
ICT Project Management	✓	✓	R A	
Reporting		✓		R A
Training – Generic	✓	✓	R A	
Training - Business Applications		✓		R A
Performance Management	✓	✓	R A	

= Indicates change R – Responsible A – Accountable C – Consulted I - Informed

In addition, each department will have a 'client' function – for example someone from the management team in each department who takes on the overall signoff accountability for ICT in the business.

7.2 Implications of Staff Changes

Due to the impact the changes may have on the Council's employees, the transformation process must follow established processes, including a full employee consultation process and extensive liaison with trade unions.

⁸ The Strategy needs to be agreed Corporately.

⁹ Accountability will be application specific.

7.3 Illustrative implementation plan

The proposed transformation from the current ICT service delivery model to the new model described in this business case will consist of several phases. The first of these is to obtain approval of this business case from the Council's elected members.

- The business case has now been reviewed by the Business Improvement Programme Board.
- The business case has been subject to an employee consultation exercise.
- The business case will now be taken to the Council's Cabinet.
- Once the consultation process has been completed and formal Council approval obtained, the project can be fully initiated. This will involve a kick-off workshop, where the project roles, scope and deliverables will be defined. The project governance must include representatives from key departments and be chaired at director level.
- Three separate project streams are likely to be required.
 - Process Redesign Stream
 - Human Resources Stream
 - A Technology Stream
- In addition to these specific project streams particular attention will also need to be focused on the cultural change that will need to take place. This will need to develop a culture within the new corporately managed ICT service that is :
 - Customer focused – meeting the needs of internal users and recognising external customers needs;
 - One organisation - addressing the current “them and us” attitudes in some areas;
 - Encourages innovation – Develops new ideas to meet and address the business requirements of the Council and Departments. Constantly challenges the Council to take full advantage of ICT in all areas; and
 - Finally within the Council ICT needs to be recognised **as an asset which can improve service delivery not an overhead.**
- The Process Redesign Stream will undertake the following activities:
 - As Is process mapping;
 - Workshop on which processes will need to change in order to meet requirements of To-Be service delivery model;
 - Re-engineer relevant business processes, e.g. helpdesk.
 - Determining and designing SLAs required to support new business process.
- The Human Resources Stream will undertake the following activities:
 - Assess the people needs requirements of the new service delivery structure;
 - Assess the differing workload envisaged in different areas for the new delivery model;
 - Map out the new ICT organisational structure in full with reporting lines and salary levels;

- Describe team roles and responsibilities.
- Write job descriptions for team members
- Perform a skills gap assessment for existing staff transferring to new roles;
- Develop a training plan in order to bridge the skills gaps identified;
- Develop a recruitment plan identifying where it will not be possible to bring existing gaps into new roles, and how these positions will be filled.
- The Technology Stream will undertake the following activities:
 - Split out short term technology changes required to implement the new structure from longer term technology changes such as standardisation of infrastructure.
 - Analyse the Council's current network infrastructure, and how this will need to be modified to meet the requirements of the new delivery model (e.g. relocation of servers, consolidation of directories).
 - Plan the upgrade and reconfiguration of the Council's infrastructure to support the new delivery model.
 - Procure any new hardware or software that may be necessary for the infrastructure upgrade (no budget has been estimated or allocated for this).
 - Upgrade and reconfigure the Council's infrastructure.
 - Test the new configuration.
 - Document the new configuration.

8. Appendix A – Staff workshops

Purpose of Workshops:

To review the As IS findings and consider Options Appraisal report

Number of Workshops and Participants:

- 1 Workshop for Heads of ICT and Service Director Resources > 7th April
- 1 Workshop for all ICT staff – this workshop was run 6 times to accommodate staff numbers > 10th, 12th, 26th April & 4th May

Invite to ICT Review Workshops

“As you know over the last few months we, with the support of specialist consultants Deloitte, have been collecting information on how the current services are delivered, how much we are spending, looking at the strengths and weakness of current arrangements. This information has now been consolidated into one report which we have called "ICT Services Review As Is Assessment" and is attached.

We have also been looking at options for delivering the service in the future to address weakness in current arrangements, build on strengths and also find ways of making efficiency savings. The DRAFT Options Appraisal report is, at this stage, still very much a working document and is not finalised. However we would like to use the workshops we have planned with staff to help shape the final Options report and therefore this DRAFT report is attached”.

Total number of Attendees:

135 from all departments

Workshop Agenda:

- General Introduction
- As-Is Findings:
 - Structure inappropriate
 - Duplication
 - Technology divergence
 - Costs are high
 - Strategy not defined
 - User satisfaction levels not improving and varied
 - Staff working hard to delivery good service despite the above
- Options for future organisation:
 - Service Delivery
 - In house
 - Outsourced
 - Partially Outsourced
 - Structure
 - Centralised

- Hybrid
 - De-centralised
- Evaluation Criteria
 - Strategy
 - Service Delivery and Customers
 - Business Process
 - Costs
 - Risks
 - Performance Management
- Can we use the best of each model?
 - From Centralised: Efficiency, consistency, strategy and standards
 - From Hybrid: Department based business knowledge, specialist application knowledge
 - From Partially Outsourced: The ability to outsource defined areas if there is a business case
- Next Steps

Comments – consolidated from all workshops.

- Issues / Concerns
 - How will this link into efficiency activities going forward?
 - Will ICT have board level representation?
 - Will budgets still be devolved?
 - What communication links need putting in place
 - How can communications be made more compulsory?
 - Need clear decision making
 - How can we avoid being stuck in Limbo?
 - What command and control structures need to be put in place?
 - How to bring back 'native' staff
 - What is process going forward – implementation plan – staff consultation etc.
 - Staff want to know impact as soon as possible.
 - Need accountability structures
 - Communication
 - Potential for job losses
 - Willingness to change
 - Risk of drift / continuation of departmental model
 - Need for strong management
 - Difficulties in decision making
 - Planning around staff levels and speed of change
 - Is this one service or one service with outposts?

- Clarity of ICT roles
- Keeping hold of skills
- User education key
- Don't make an industry out of performance management
- Conflict resolution / priorities important.
- Useful information for implementation
 - There is no organisational wide UAT approach at present – sometimes significant upgrades go live without testing.
 - Need new recharge arrangements.
- Strengths of new approach
 - Savings – time & money
 - Better for end users
 - Clarity of structure
 - Better customer service
 - More proactively
 - Avoid single point of failure around one person

9. Appendix B – Local Delivery ICT Team Management Options

There are two possible options for the management and control of locally delivered ICT Teams either:

- Option A - Corporately managed with a dotted line to respective departments – As proposed for new HR model; or
- Option B - Locally managed with a dotted line to corporate ICT.

This appendix includes the advantages, disadvantages and risk associated with each option.

Option A - Corporate Management

Advantages of this approach:

- Single point of responsibility for ICT within the Authority to develop and deliver an agreed ICT strategy for the Council;
- All ICT staff part of one service within the Council – providing the opportunity to change cultures and remove the “them and us” attitude in the way ICT is currently provided in some areas;
- Improved ability, capacity and resilience to cover unexpected issues and absences;
- Increased sharing of experiences, knowledge and expertise between all parts of the Council; and
- Improved career structure, training and development opportunities for staff that are currently part of smaller departmental teams.

Disadvantages of this approach

- Departments will lose some direct control over ICT and resources;
- Departmental specialist application support staff will not be part of the Department they support.

The risks associated with this approach

- Any future ICT budget issues have an adverse impact on support levels provided to different individual Departments;
- Conflicts between Departments and Central IT places staff in Departmental teams in an untenable position.
- Staff in departmental ICT teams feel continually removed from the department they support.

Option B – Locally Managed

This option continues with part of the current management arrangements of ICT:

Advantages of this approach:

- Departments would be able to manage the ICT support to freely meet their specific needs and priorities.

- ICT support staff would be fully integrated into the Department structures.

Disadvantages of this approach:

- Reduced ability to effectively strategically manage and plan ICT future developments at a Council wide level;
- The current 'them and us' culture between Central and some Departmental support will continue.
- Continued inflexibility in the use of the available ICT support resources.
- Fewer opportunities to share knowledge and expertise.
- Continued lack of career progression and structure.

Risks of this approach

- Departments develop their own approaches and do not comply with Central processes and procedures.
- Some staff becoming even more parochial and Departmentally focused.
- Continued poor communication between corporate ICT and some Departments impacting upon the future strategic direction and planning of ICT.
- Development of local and potentially inefficient and ineffective working practices including duplication of effort.

Preferred Option

Our preferred option would be Option A – corporate management. The main reasons being:

- the ability to develop and deliver an effective corporate ICT strategy for the Council;
- reduction of the risk of duplication re-appearing within the Council along with the introduction of inefficiencies.
- ensuring standards and consistency, providing an appropriate and consistent level of service across Council;
- improved career structure for ICT staff with more opportunities for progression and development.

The risks associated with this option need to be addressed:

- Relevant posts and budgets transferred from Departments to corporate ICT need to be ring fenced and appropriately protected;
- Processes need to be introduced to ensure differences of opinion between Departments and corporate IT are appropriately managed and resolved. It is anticipated the range of proposals within this report will reduce the number and impact of these issues.
- Staff in departmental ICT teams must be involved and included in Departmental management and other activities.

10. Appendix C – Glossary

Wherever possible industry standard definitions have been used - from SOCITM's publication Directory of ICT Services, Version 3, 2003.

(ICT) Strategy	Producing from business needs a design for the infrastructure framework for the organisation and the setting of policies for different layers of technology that will guide the investment in ICT applications and delivery.
Research and Development	Monitoring and investigating technology developments in anticipation of exploiting them to progress the organisation's business strategy.
Operations	Managing computer facilities on behalf of customers so that systems can be used to process data and perform business activities.
Procurement	The selection and acquisition of all forms of ICT equipment including hardware, software and services.
Helpdesk	Facility which provides support to service users of one or more ICT services so that operational problems and queries are resolved as quickly as possible.
Application Support – Corporate Applications	Supporting the software - computer applications - used across the authority, including helping users to understand the software, investigating and solving reported errors.
Applications Support – Departmental Applications	Supporting the software - computer applications – major business systems specific to one or two business areas, including helping users to understand the software, investigating and solving reported errors.
PC Maintenance	To maintain PC equipment, including both preventative maintenance and the investigation and resolution of reported problems found during use.
Hardware Support	To maintain all non-PC equipment, including both preventative maintenance and the investigation and resolution of reported problems found during use.

Network Support	To support and operate the network equipment and software for local or remote communications voice and data networks, including investigating and solving reported errors.
User Administration	Carrying out administrative tasks from a user perspective, for example creating and managing user access rights and profiles.
Business Continuity Planning	Planning how to resume operational (business) service from some potential disaster, of which ICT planning is one element.
Development – Corporate Systems	Constructing a new application or making modifications to an existing application in order to meet business needs – for systems used in many parts of the authority.
Development – Specialist Applications	Constructing a new application or making modifications to an existing application in order to meet business needs – for major business systems specific to one or two business areas.
Security	To control all aspects of security in an ICT environment at physical, logical and organisational levels, aiming to ensure that the operational environment is protected from deliberate or accidental breaches of security.
ICT Project Management	To plan, control and review projects, i.e. the procedures which overlay the project activity and which apply to all stages of a project, whatever its scale or complexity.
Reporting	Design and creation of reports analysing business data and/or performance.
Training – Generic	The provision of training in applying, using and managing ICT which is relevant to a broad range of users, for example Microsoft Office
Training – Business Applications	The provision of training in applying, using and managing ICT which is specific to particular business department(s)
Performance Management	To calculate and report on effectiveness and efficiency measures which may be ICT or business related.

Data Centre	Physical computer facility, typically a room containing hardware including servers, network and power supply equipment in a controlled environment.