POLICY, FINANCE AND ADMINISTRATION

30 SEPTEMBER 2014

REPORT OF HEAD OF CENTRAL SERVICES

ICT DELEGATED SERVICE

1.0 **PURPOSE OF REPORT**

1.1 The purpose of this report is to update Members on the current Shared ICT Service Delegation and the proposed future Tender for an Outsourced Provider; and to advise of the Transformation Challenge Award Bid.

2.0 **RECOMMENDATIONS**

2.1 **It is recommended that Members:**

A - confirm their commitment to the delegation of the IT service to Hinckley and Bosworth Borough Council and confirm that the Council will take a full and active role in the consultation on the future of the service and the proposed procurement exercise through the Head of Central services as the lead officer;

B – recommend to Full Council that the current delegation agreement be updated in line with legal advice.

C – acknowledge the Transformation Challenge Award Bid for ICT and Electronic Customer Services.

3.0 **KEY ISSUES**

3.1 **Shared Service ICT Contract**
In May 2013 Melton Borough Council delegated its ICT Service to Hinckley and Bosworth Borough Council (HBBC) and joined a wider ICT Shared Service with Hinckley, Blaby and Oadby Councils. The ICT Service to all four councils is provided by Steria Ltd and a Client Team from Hinckley.

3.2 The current contract with Steria expires on 31 March 2015 and a procurement exercise will need to commence shortly.

3.3 The Shared Service ICT Strategy Group represented by all four Councils met on 12 August to discuss the forthcoming procurement process. A number of key actions were identified, the first of which was to establish a firm commitment from the partners to enable the procurement process to commence. Committing to the Partnership would then:

- provide partners with the opportunity to shape the contract, SLA Targets and benefits allocation, and

- secure the best commercial agreement from suppliers and a more

advantageous financial model.

3.4   The remaining actions then start to prepare for the Procurement by reviewing the current contracts including :

- the Service Levels and Support arrangements;

- the role and structure of the ICT Client Team; and

- the hardware support.

These will be reported back to the ICT Strategy Group in December at which point the 'Committed' Partners will commence the Procurement Process.

3.5   The high level timescales in respect of this project are set out below.

Activity	Dates
Tender Preparation Work	Oct – Dec 2014
Agree High Level Tender / SLA's	Dec 2014
Commit to Procurement / Partnership	Dec 2014
Produce Tender	Jan – Mar 2015
Tender for Services	Apr – Oct 2015
Award Contract	Oct 2015
Commence take – on	Oct – Mar 2016
Start new Contract	Apr 2016

3.6   **Alternative Options**
There are two broad alternatives to the Shared Service option described above. The service could be brought back in-house or Melton could procure the service directly.   Both options have significant implications and would require senior management, procurement and legal resources to deliver.

3.7   Insourcing of the Service would involve TUPE transfer of staff, and the recruitment of staff to cover management and helpdesk functions. Procuring a contract directly would provide Melton with greater ownership of the contract although without the economies of scale that the partnership brings, it is likely to be more expensive.

3.8   The current arrangement (Shared Service with HBBC) followed a lengthy review by SOCITM Consultants in 2013. SOCITM considered the options available including insourcing and direct procurement; and concluded that the Shared Service Arrangement offered the best option for Melton.

3.9   **ICT Shared Service Performance**
The ICT Shared Service has been operating for fifteen months. Since its inception regular formal reviews have taken place on a monthly and quarterly basis. A summary of the service against its Key Performance Indicators is shown below.

KPI	Target	Actual
(KPI 1) Call Resolution – Percentage of calls fixed within Target.	95%	95.88 %
(KPI 2) First Time Fix – Percentage of calls fixed on first contact	50%	84.11 %
(KPI 3) Response by Phone – Percentage of calls answered with 20 seconds	90%	96.7 %
(KPI 3) Average time to answer – Average length of time before calls answered	20 sec	6.38 sec
(KPI 4) Configuration Management – Accuracy of the Asset Database	90%	96.12%
(KPI 5) Datacentre and Applications Support – Percentage time the systems are available	97%	99.97%
(KPI 6) Incident Management – 4 outages per month	100%	100%
(KPI 7) Data Network Availability – Percentage of time the Network is available	97%	99.73%
(KPI 8) Customer Satisfaction – Percentage of Users satisfied with work done.	80%	94.89%

All targets have been, and continue to be met, with Customer Satisfaction and First Time Fixes being particularly high.

3.10 **Transformation Challenge Award**
The Shared ICT Service has submitted a bid for Transformational Challenge Award Funding. This Award is open to Local Authority's that are working together to improve services to the local community. If successful the Bid will enable Melton, Hinckley, Blaby and Oadby Councils to work together to improve its ICT Infrastructure and electronic Customer Services. This has been a long term aim of the Shared Service and was expected to be delivered as part of the new Contract (as above). However, this opportunity has arisen which will potentially enable these improvements to be delivered earlier.

3.11 This Bid does not directly affect any decision to commit to the Shared Service although it does demonstrate the on-going benefits of working together as a Partnership.

4.0 **POLICY AND CORPORATE IMPLICATIONS**

4.1 The on-going commitment to the Partnership aims to improve the running of the ICT Service through a new contract. It aims to provide a more efficient service by working together with neighbouring Authority's. These aims are consistent with the corporate aim to be a well run Council and to provide good services that are value for money.

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 The Shared Service ICT Strategy Group has agreed to maximise the service levels within current budgetary levels. On this basis it is considered that there will be no

impact on budgets. However, it is still expected that savings will be delivered through the procurement process.

5.2   If there is no on-going commitment to the partnership, then we will need to make our own arrangements for the ICT Service, and if as part of this process we decided to re-join a partnership it would, at best, be on less advantageous terms, and at worst, more expensive.

5.3   A budget of £10,000 has been set aside to fund any external assistance that the Partnership requires to produce the Tender during 2015/16.

5.4   The Transformation Challenge Award Bid covers the entire cost of the Infrastructure and Customer Services Improvements. As a result there will not be any financial costs to the Project.

6.0   **LEGAL IMPLICATIONS/POWERS**

6.1   The current delegation of service offers both HBBC and MBC the option to exit the agreement with twelve months notice once the 'initial' contract period has passed (March 2016). It is recommended Officers negotiate for this option to be removed and a new 'initial 'period defined for the new contract. This will provide Melton with the assurance that once a new agreement is entered, HBBC as lead Authority cannot unilaterally change the arrangements. In addition it will provide partners with the certainty they need to enter into a procurement exercise and to obtain the best price possible. Any change to the delegation agreement will require approval by full Council.

7.0   **COMMUNITY SAFETY**

7.1   The proposals have no direct impact upon Community Safety, although any project that improves the ICT Infrastructure, will indirectly improve system availability to colleagues in this area.

8.0   **EQUALITIES**

8.1   An equalities impact assessment will be undertaken before the Procurement commences in April 2015.

9.0   **RISKS**

9.1   The risks associated with the commitment to the Shared Service are two fold. The first set of risks are associated with any future deterioration of the Partnership and the second set to do with Melton needing to source alternative arrangement should we not commit to this process..

9.2   The specific risks are set out in the table below*: -*

Probability

	IV	III	II	I
Very High A				
High B				
Significant C			3	
Low D		2.	4	
Very Low E			1. 5	
Almost Impossible F				
	IV Neg-ligible	III Marg-inal	II Critical	I Catast-rophic

Impact

Risk No.	Description
1.	Partnership Deteriorates
2.	New Supplier fails to deliver Levels of Service
3.	Fail to commit by December 2014
4.	Fail to determine direction of ICT by March 2015
5	Problems created by a change of supplier following the new contract commencement

10.0   CLIMATE CHANGE

10.1   The new ICT Support Contract will include a proposal to reduce energy consumption by sharing Melton's data centres (subject to agreement by all committed Partners).

11.0   CONSULTATION

11.1   Management Team and Programme Board will be fully consulted before any final commitment is made.

12.0   WARDS AFFECTED

12.1   Wards are not directly affected by these projects but all people living in the Borough will benefit from more efficient delivery of IT.

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