

Report of the Director of Finance to the meeting of Governance and Audit Committee to be held on 23rd January 2015.

AF

Subject:

IT Transition Programme Plan

Summary statement:

This report provides an update to the Governance and Audit Committee on the Council's plan to transition the IT service from an outsource model to an in-house delivered service. The Strategic Partnership contract ends Friday the 4th September 2015 at midnight.

Stuart McKinnon-Evans
Director of Finance
Report Contact: David Cawthray
Phone: (01274) 432560
E-mail: david.cawthray@bradford.gov.uk



1. SUMMARY

Ten years ago the Council entered into a strategic partnership with IBM to outsource its IT service (Bradford-i contract). The current IT strategy identifies that the service will be transitioned to an in-house service at the end of the partnership with the aim of achieving significant cost savings, simplification and rationalisation of services and a more agile response to the needs of the Council. This report details the work done so far in developing the 'IT Transition Programme Plan' and outlines the projects activities and risks.

2. BACKGROUND

The Bradford-I contract commenced in September 2005, the initial benefits of the contract included large scale hardware and software investments. The costs of these investments were amortised over the 10 year duration of the contract.

IBM subcontracted operational delivery of the IT Service to Serco, the corporate IT staff employed by the Council were seconded to Serco for the duration of the contract.

In addition to the services delivered by the seconded staff, Serco provide some additional elements such as an external help desk and 2nd and 3rd line SAP technical support. IBM provided limited input from a strategic management perspective. Where services are provided solely by Serco and IBM these will be identified by the IT Transition Programme and alternative arrangements put in place for the end of the contract. The strategic partnership with IBM will end at midnight on 4th September 2015.

Under the existing strategic partnership a lack of centralised control of the IT function, cost and resource constraints have led to large infrastructure growth and growth of IT outside of the Bradford-i contract.

The client side team is resource constrained with only 5 people managing contract, with the remainder of the client side team delivering project and technical support.

Progress to Date

The lessons learned from education and health transfer programmes have been reviewed and applied to the IT Transition Programme where appropriate. The programme methodology is based upon the standard corporate programme / project management methodologies.

The Programme governance Structure has been developed (Appendix A). The First IT Transition Programme board meeting took place in December. The programme is comprised of a project portfolio of the following project work streams:

- HR / Staffing
- Information Technology (IT)
- Legal
- Procurement and Commercial



- Finance
- Estates

Activities to create a draft programme plan have been undertaken with each of the project workstream leads (Appendix B).

Initial engagement with the seconded staff regarding the transition has started.

Programme Outcomes

The programme outcomes are identified as:

- To deliver a 'successful transition' from the current strategic partnership agreement with IBM to a model of 'in house' provision of IT Services.
- To deliver an in-house IT organisational structure which provides a foundation to support IT strategic vision - "Deliver a valued IT Service to the Council, the district and its citizens"
- To deliver a transition which is seamless and where there is no degradation in service levels.

The Programme strapline is 'Defining the Future of IT'.

3. IT TRANSITION PROGRAMME PLAN

The draft IT Transition Programme Plan (Appendix B) provides the detail on the specific milestones and deliverables required to be achieved to successfully deliver the IT Transition Programme. The key activities of the plan are outlined in this section of the report.

HR / Staffing

The majority (circa 80 FTE) of the staff delivering the IT service on a daily basis are former Council staff which are seconded to Serco, these staff will revert to being Council employees at end of the contract. There are a small number of IBM and Serco staff (circa 12 FTE) who may have TUPE rights, these will be identified as part of the transition plan and managed in accordance with advice HR and Legal services.

The intention is to implement a new organisational structure in line with strategic operating model identified in the IT strategy, consultation regarding this new structure will be in accordance with appropriate HR / IR procedures. The aspiration is that this new organisational structure will become effective from the date of the end of the current contract.



Communications / Business Change.

A communications strategy and plan will be developed as part of the IT Transition Programme, which will ensure that appropriate communications are undertaken with all key stakeholder groups via a number of different channels.

The engagement of staff, participation and ownership is crucial to the successful delivery of the IT Transition Programme. This is recognised in the Programme governance with a series of activities to be covered by a Business Change team.

In addition dialogue with all Council Services will be required to communicate new ways of engaging with the IT Service and to highlight service improvements.

Information Technology

Overall the current IT infrastructure is in good shape with the Council having a new data centre, DR site, virtualised server estate and 'virtual desktop infrastructure' (VDI) project currently in delivery. The Council's core back office system (SAP) has also recently been upgraded.

Serco currently provide a Help / Service desk function from Birmingham, the intention is to create a new help / service desk in Bradford. Potentially using a blend of resources from the Council's internal call centre and staff from within the IT Service.

In addition there are a number of key IT replacement projects, which need to be undertaken ahead of the end of the contract, the key projects are

- Replacement of WebSphere by Microsoft SharePoint
- Replacement of existing employee self-service (ESS) and / manager self-service (MSS) functionality with SAP Standard Portal
- Replacement of the existing help / service desk application 'Remedy on Demand'
- Replacement or continuation of existing hardware and software maintenance agreements.

Legal

The legal workstream will confirm transfer of ownership of hardware and software assets (All IT assets will return to Council ownership for a notional £1).

It will manage the novation of all current 3rd party contracts (circa 270 contracts) from IBM and Serco to the Council.

In addition this workstream will clarify any intellectual Property Rights arising at the end of the contract and the associated costs.

Consideration will also be given to any new contractual arrangements arising for any 'in flight' projects at the end of the contract.



Procurement and Commercial

The Procurement and Commercial workstream will work with the IT Service to ensure that an effective procurement process is in place for the end of the contract.

Finance.

The finance workstream will create a new IT budget needs to enable the Council's new in house IT Service to deliver the IT Strategy.

This workstream will also monitor and report on the delivery of the proposed savings which will arise at the end of the contract (see section 5 below).

Significant activity will also be required in relation to the payments associated with the 3rd party contracts which will novate at the end of the contract.

Finance will also and ensure closure of the IBM loans.

Estates

The estate project workstream will ensure the removal of any property passes and access rites which are held by strategic partner staff.

In addition the workstream will check office space previously occupied by the strategic partner is returned back in a fit for purpose state which complies with Council H&S requirements.

Programme Risks

The initial key programme risks have been identified as:

- Organisational transfer
- Intellectual Property Rights (IPR) – yet to be quantified.
- Management of the novation of 3rd party contracts.
- Delivery of the proposed savings
- Successful implementation of new service / help desk and completion of replacement technology projects
- Resource constraints

4. OTHER CONSIDERATIONS

Not applicable.



5. FINANCIAL & RESOURCE APPRAISAL

The IT transition programme will deliver significant savings in 2015-16 (£0.8M) and 2016-17 (£3.95M).

Any one off programme transition costs will be met from the IT Service revenue budget for 2015-16. Activities to quantify these will be contained within the overall Programme plan.

6. RISK MANAGEMENT AND GOVERNANCE ISSUES

The programme governance is detailed in Appendix A.

The programme will adhere to the corporate risk management methodology as defined in the standard corporate programme / project management methodologies.

7. LEGAL APPRAISAL

Not applicable.

8. OTHER IMPLICATIONS

8.1 EQUALITY & DIVERSITY

Any organisational changes will follow the workforce change process and ensure an Equality Impact Assessment is conducted.

8.2 SUSTAINABILITY IMPLICATIONS

Not applicable.

8.3 GREENHOUSE GAS EMISSIONS IMPACTS

Not applicable.

8.4 COMMUNITY SAFETY IMPLICATIONS

Not applicable.

8.5 HUMAN RIGHTS ACT

Not applicable.

8.6 TRADE UNION

Any future changes to the IT organisation will follow appropriate procedures and union engagement.



8.7 WARD IMPLICATIONS

Not applicable.

8.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

Not applicable.

9. NOT FOR PUBLICATION DOCUMENTS

Appendix B – Draft IT Transition Programme Plan is Not for publication and is exempt from disclosure in accordance with paragraph 3 of schedule 12a (financial or business affairs) of the Local Government Act 1972. It is considered that in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

10. OPTIONS

There are no options to be considered, the purpose of the paper is to provide an update to the Governance and Audit Committee on the Council's plan to transition the IT service from an outsource model to an in-house service.

11. RECOMMENDATIONS

The views and comments of members are sought with regards to the Council's approach to transition the service back to an in-house delivered service.

12. APPENDICES

Appendix 1 – IT Transition Programme Governance.

Appendix 2 – Draft Transition Plan (Not For Publication)

13. BACKGROUND DOCUMENTS

None.



Appendix 1 – IT Transition Programme Governance Structure

IT Transition Programme Governance Structure

