

# London Borough of Hammersmith & Fulham

CABINET

7 MARCH 2016



## ICT TRANSITION PHASE 3 - THE TRANSITION TO THE INFORMATION TECHNOLOGY AND COMMUNICATIONS SERVICE DELIVERY MODEL AND NEW SERVICE PROVIDERS

Report of the Cabinet Member for Finance – Councillor Max Schmid

### Open Report

A separate report on the exempt part of the Cabinet agenda provides exempt financial information.

### Classification - For Decision

**Key Decision: Yes**

**Wards Affected: All**

**Accountable Executive Director: Nigel Palace, Chief Executive**

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## 1. EXECUTIVE SUMMARY

1.1. H&F Bridge Partnership (HFBP), a joint venture company owned by Agilisys and LBHF, currently provides all ICT services to LBHF. The HFBP service contract expires on 31 October 2016, at which time Cabinet has determined that one of the following four strategic outcomes must have been achieved for all 20 services provided by HFBP:

- move to a new supplier via an existing procurement route (such as a framework contract);
- move to a new supplier via a new procurement;
- move to the Shared Services' ICT service (provided by officers shared by three shared service councils);
- the council ceases to use a particular service.

- 1.2. A previous paper entitled “ICT Transition phase 2 transition of the ICT service desk, data centre services and desktop computing from HFBP to new service provider” dealt with the first three service towers to move.
- 1.3. This paper deals with the service delivery model for the fourth service tower, information technology and communications, which covers data networks, unified communications and telephony.
- 1.4. All principal local authorities are Category 1 (core) responders under the Civil Contingencies Act 2004. As such, they are, alongside the emergency services, some health bodies and the Environment Agency, subject to the full set of civil protection duties in the Act and must ensure that LBHF remains resilient and able to respond to emergencies.
- 1.5. These ICT services are business critical. Residents calls to and from the council; all staff calls to and from business and other service users are via the telephony and the unified communications service and amongst the most vital services the council expects. The other main element is the data network which is the underpinning mechanism for the entire council’s ICT service.
- 1.6. The key success factors for this element of the ICT transition programme are the continuity of telephony and data network services post October 2016 and maintaining or improving network performance compared to current levels.
- 1.7. There are several considerations for the council in deciding how data networks, unified communications and telephony will be delivered in the future. They are the council’s drivers for change; the options for procurement; the ongoing management, renewal and transformation of current environment; and the choice of a service delivery model.
- 1.8. On November 3rd 2015, RBKC awarded a pan-London single supplier contract for the Information Technology and Communications Framework to BT. The framework is based on a service catalogue from which the council can choose to call-off a full managed service, delivering outcomes, or individual commodity items, or any service in between.
- 1.9. Within LBHF there are a number of key drivers for change, apart from the end of the service contract, which include:
  - Completely outdated equipment, particularly at the heart of the telephony service, which risks compromising all phone calls including residents’ telephone calls to and from the council plus some end of life network equipment which again threaten service disruption and must be replaced soon;
  - The opportunity for exploitation of unified communications linked to the proposed Office 365 deployment; and,
  - Major business change, the Hammersmith town hall (HTH) refurbishment, which demands modern technology to deliver future-proof services and a further significant increase in mobile working.

- 1.10. On November 27th 2015, the lead Cabinet Member for Finance approved in a report entitled "ICT transition phase 3 - transfer of the Information Technology and Communications service from HFBP to new service providers" these recommendations:
- a) the council call-off from the Information Technology and Communications Framework supplier, BT, via the shared service procurement, in order to provide an option for the supply of commodity items and services, with officers to begin now ordering commodity items, where required to achieve the transition from HFBP.
  - b) any new service provider, BT or another, would deliver the management of steady state and transform or renew some services during and after the transition from HFBP.
- 1.11. The decision still to be made is the choice between two service delivery options:
- Option 1 - Procure the information technology and communications services as fully outsourced and managed services from an agreed supplier, including service management and commodity items where the supplier provides the entire set of outcomes the council needs; or,
- Option 2 – In-house ICT services deliver the services through a partnership model working collaboratively with both external and internal service providers.
- 1.12. The council has now carried out an assessment of the two options. The recommendation is that the in-house ICT services team should provide the service. In this option, shared ICT services can buy commodity items or services from any appropriate framework agreement, including the Information Technology and Communications Framework agreement with BT.
- 1.13. The shared ICT services team, which already manages these services in RBKC, would need to expand, through the hire of new LBHF-employed staff, to ensure sufficient capacity and capability is available to both LBHF and RBKC, firstly to manage the transfer of service and then to assure service quality post transfer. This would include delegation of authority to flex service resource to meet business requirements.
- 1.14. Post-transition, the in-house ICT services would manage the existing environment, renewing the end of life telephony at point of transfer and over a longer period of time work with the HTH programme to transform the service over the following 18 months to three years.
- 1.15. Benefits of this service operating model are a strategic approach; proven experience; agility and flexibility; the opportunity to leverage existing components, assuring the service; and savings. It would be a mutually beneficial approach which will deliver improved, transformed and more cost effective services for the councils.

## **2. RECOMMENDATIONS**

- 2.1 To approve the new in-house delivery model that will work in partnership with both external and internal service providers to deliver data networks, unified communications and telephony services, working collaboratively to deliver the management of steady state in the short term.
- 2.2 To delegate to the Chief Information Officer (CIO) approval of appropriate Section 113 and inter-authority agreements for staffing and service delivery to enable the growth of a team that would consist of shared ICT services staff employed by LBHF and RBKC providing services to both councils in line with their respective telephony strategies.
- 2.3 That the shared ICT services assist the HTH refurbishment programme with the transformation of key services, some during and some after the transition from HFBP.

## **3. REASONS FOR DECISION**

- 3.1. This report's recommendations seek to balance the mitigation of risk with the need to achieve the substantial level of savings required.
- 3.2. The council has business critical services which it has to continue to provide post the end of the service contract with HFBP. These include among other services the platforms for all inbound and outbound calls to residents.
- 3.3. The council needs to have the capacity to deliver the HTH refurbishment to a high quality with good ICT.

## **4. BACKGROUND**

- 4.1. The council has a number of drivers for change and additional requirements which need to be delivered as the service transfers to the new provider.
- 4.2. At the end of the HFBP contract, to manage steady state and replace end of life equipment, the council needs to:
  - Bring end of life equipment up to date and replace it ahead of its failing.
  - Manage and plan the level of disruption to service to keep it to a minimum
  - Design and plan for future transformations, taking account the requirements of the other councils and partners
  - Align contract renewal with other partners, allowing better value for money through aggregation of demand and economies of scale
  - Consider resilience levels and base them on those determined by the LBHF's SRG
  - Meet customer expectations both short and longer term.
- 4.3. The HTH plan which the council can, to a certain extent at this point, anticipate, based on the member and senior officer vision, combined with the use cases in the Information Technology and Communications' Invitation to

Tender, would see the council maximising mobility, availability and the productivity of staff, as described in the original outcomes and requirements for the procurement. Based on this there is a high likelihood the council will want to share some of its office space with partners and/or local residents and businesses.

- 4.4. There are a number of differing elements of the existing service and the council's requirements which are changing, making it difficult to build a like-for-like business case. The analysis of the business case is not solely based on delivering the service at a cheaper cost, a key consideration. It also factors in the changing environment, both physical and technological that the service needs to ensure continued service delivery.
- 4.5. The conclusion of the HFBP contract means not just procurement of new services, but also a requirement to replace key ICT servers and hubs based in Hammersmith Grove, HFBP's office. This necessitates a re-design of the existing data network, and the build and deployment of a new communications hub, which is likely to be based on a very different technology than the previous communications hub. The complexity of this task is increased as the council migrates to new data centres during the same period.
- 4.6. The HTH refurbishment poses a number of logistical issues for the ICT service including maintaining services to remote and decanted staff. However, it does present opportunities as well, for example the chance to future-proof LBHF infrastructure within the building ensuring that staff can work flexibly and collaboratively.
- 4.7. A previous paper considered how the council wants to manage the current and future service and determined that the aim was to manage steady state and transform or renew some services during the transition and some after. This incremental approach to transformation would enable the emerging HTH programme requirements to be met.
- 4.8. The ability to flex resources to aid development of ICT solutions during the design phase of the HTH refurbishment programme is also critical. A lack of agility and responsiveness in designing, testing and rolling out solutions that enable the refurbishment will likely lead to the council incurring additional cost and/or not realising potential benefits. This is a key consideration that has informed the choice of the preferred option.
- 4.9. It is likely that new ICT solutions will need to be designed and tested with users during 2016, to enable the HTH programme to brief the architect, and to deliver ICT related changes when required. It is possible that an HTH model office will be established in the first half of 2016 for piloting furniture, ways of working and potential ICT solutions. Details will be confirmed once the design team is on board, and the timetable is developed. The rollout of some new ICT solutions, to some users, during the next 6 – 18 months may be necessary to enable delivery of the HTH programme.
- 4.10. Key dates related to the HTH programme have not yet been agreed. Current estimates are noted below and will be firmed up once the design team for the

HTH refurbishment has been appointed, and site surveys and design work for the HTH have commenced, expected during the first quarter of 2016.

- 4.11. The council's current preference is for construction works in the HTH to be carried out in phases, whilst H&F staff continue to occupy parts of the building. Further detail on the HTH programme timelines are included in **Appendix 1**.

## **5. OPTIONS AND FINANCIAL CONSIDERATIONS**

- 5.1. Options analysis of the two possible delivery models is in **Appendix 2** (contained in the exempt report on the exempt Cabinet agenda). The recommendation, based on analysis and financial considerations, is that the information technology and communication services be delivered through Option 2, the shared ICT services.

## **6. RISK MANAGEMENT**

- 6.1. Several strategic risks, all relating to the timeliness and proximate risk, of decision-making need to be managed. A timely decision is essential or legal and procurement impact, staffing impact and service failure are all likely. These would impact negatively, if realised, on the following risks, listed in the Shared Services risk register, 1. Managing in year and medium term budgets, risk 4 market testing and achieving the best possible services at lowest possible cost to the local taxpayer, Service Resilience, risk number 6 and risk 12, decision making and the consequential impact on the reputation of services. A further risk is that of the complexity and risk in the programme generally.
- 6.2. If the council cannot decide on the level of call-off or pushes back the timeline any further, this will increase the risk to a major extent. It would call for potential contract extensions to current major contracts, which over the life of the contract would exceed the EU Procurement Regulations threshold (£164k) and could lawfully therefore not be extended.
- 6.3. Furthermore, an urgent upgrade to telephony equipment is needed. Without this the LBHF telephony switches are beyond end of life. Unless the council plans and implements renewal soon, it is likely that there will be a service failure where members of the public potentially would not be able to call into the council. This service failure would have significant reputational risk to the council and would incur extra cost to deliver the service, perhaps through differing resources whilst the issue is resolved.
- 6.4. The council is also at risk of losing key staff, who should transfer to any new service provider under TUPE regulations, meaning that the experience, understanding and knowledge of the council's services would be lost as staff, due to future uncertainty, would choose to pursue alternative career options.
- 6.5. The programme is full of complexity and risk, and it has key interdependencies with other programmes such as the contact centre, HTH refurbishment and O365. Fully outsourcing at this point may give the council

more risk than it can possibly manage, in the sense that it could lose control, not be quick enough about decision-making, and not be able to be responsive enough to the changing environment.

## **7. CONSULTATION**

- 7.1. This paper has been discussed with members and the chief executives of LBHF and RBKC as well as the CIO and the shared ICT services DLT.

## **8. EQUALITY IMPLICATIONS**

- 8.1. There are no direct equality implications arising from the recommendations of this paper. There is some risk of indirect equality impacts on age and disability resulting from telephony service failure if the current telephony system is not upgraded and improved (see 10.3). Service failure would negatively impact in a disproportionate way on the protected characteristics of age and disability as those groupings are more reliant on telephony than face to face for their interactions with the council. It is important therefore that this channel is effectively maintained.
- 8.2. Understanding the Equality implications for HFBP employees and their options relating to TUPE will require a full EIA as part of the Human Resources process of setting up the shared ICT services partnering model.

Equality implications verified by David Bennett – Head of Change Delivery (Acting) – 0208 753 1628.

## **9. LEGAL IMPLICATIONS**

- 9.1. As set out in the exempt report on the exempt Cabinet agenda.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. Cabinet on 6th of July 2015 approved funding to implement the transition of ICT services to new suppliers. The costs identified within this paper are to be funded from this approved budget.

Verified by: Gary Ironmonger, Finance Manager – Strategic Finance 020 8753 2109.

## **11. BUSINESS IMPLICATIONS**

- 11.1. Previous papers on the ICT procurement strategy and approach have dealt with the social value aspects of ICT procurement. This paper is at the final stage of the IT and communications procurement and largely deals with the implementation of a service delivery model.

Verified by Antonia Hollingsworth, Principal Business Investment Officer, Economic Development Learning & Skills, Planning & Growth. Telephone 020 8753 1698.

## **12. PROCUREMENT IMPLICATIONS**

- 12.1. There are no immediate procurement related implications contained in the recommendations.
- 12.2. Consideration may, at some future date, to the establishment of a formal legal entity between the participating councils. This would allow the councils to enter into a formal contractual arrangements under Regulation 12 of the Public Contracts Regulations 2015 without going through a formal procurement exercise.

Verified by: Alan Parry, Interim Head of Procurement (Job-share). Telephone 020 8753 2581.

## **13. IT STRATEGY IMPLICATIONS**

- 13.1. The report is aligned with the current shared services ICT strategy and vision of converging software and infrastructure, whilst enabling better collaboration and productivity amongst staff. It is a key enabler to a range of critical council initiatives, including the realisation of savings in excess of £4.7m from 2017/18.

Verified by: Ed Garcez, CIO, 020 8753 2900.

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1	<b>Background Paper: EDR ICT Phase 3 IT and comms service model review (published)</b>	Jackie Hudson East Wing Hammersmith Town Hall, ext 2946	FCS

## **LIST OF APPENDICES**

**Appendix 1 Hammersmith town hall refurbishment draft timelines.**

**Appendix 2 Proposals and options analysis 9** (contained in the exempt report on the exempt Cabinet agenda).



## **Appendix 1 Hammersmith town hall refurbishment draft timelines**

1.1. At the same time as the HTH refurbishment programme is responsible for the HTH works, the King Street development project is responsible for the design and construction of the council's new civic accommodation on Nigel Playfair Avenue. The HTH refurbishment programme and King Street development project are being managed as separate, though dependent, pieces of work.

1.2. An architect has been appointed to design the new civic accommodation as part of the King Street development project and it is anticipated that they will work to the same architects' brief as for the HTH, as far as is possible. Key dates for detailed design work for the new civic accommodation are awaiting confirmation.

1.3. Estimated key dates for the HTH refurbishment programme are noted below, to be confirmed following appointment of the design team and commencement of design work:

- Development of high level vision for HTH refurbishment programme: Dec 2015 – Feb 2016
- Appointment of design team: Quarter 1, 2016
- Appointment of programme manager: Jan 2016
- Development of detailed Blueprint, including ICT requirements: Quarter 1 – Quarter 3, 2016
- Detailed design work and procurement of principal contractor: Quarter 1, 2016 to Quarter 1, 2017, HTH construction commences: Quarter 1 or 2, 2017.
- There is an ambition for all construction phases for the HTH to be complete before the Council needs to deliver vacant possession of HTH Extension.
- H&F receives completed new civic accommodation from developer: Quarter 3 or 4, 2018
- H&F deliver vacant possession of HTH extension, and hands site to developer: Quarter 3 or 4, 2018 (minimum 12 weeks after LBHF receives new civic accommodation)

1.4. There are a number of imminent activities in HTH:

- August 2016: Parking relocate CCTV from the ground floor;
- October 2016: ICT relocate new comms hub should be up and running, including new telephony routers.