

Future ICT Services

Summary of Strategic Business Case October 2016

Overview

An options appraisal has been completed and a Strategic Business Case has been prepared for committee consideration.

The options appraisal recommends continuing with external provision of ICT bringing a number of essential improvements for an indicated £100m less than a comparable in house model over 7 years.

Approval is being sought to:

- Develop an Outline Business Case on an external supply model/testing all assumptions against Edinburgh/CGI contract
- Report back in early 2017

Challenge

“To dramatically improve the value the Council receives from its investment in ICT and maximise business agility from that investment”

ACCESS

- In 2008 the Council entered into a 10 year contract with the private sector (Serco) for the provision of the Council's ICT services
- This contract has saved £73m from base budget throughout the 10 year life of the contract through efficiencies and commercial procurement
- Consolidated multiple IT teams
- Refreshed and modernised GCC infrastructure in 2008
- Added schools in 2010-11 and consolidated ICT into one contract
- As a private company secured access to external companies and technical experts at speed to support projects, e.g. Future Cities project
- The Council cannot extend this contract

Current ICT Spend

	2013/14	2014/15	2015/16
Via Access	£50m	£57m	£52m
Direct	£6m	£6m	£6m
Total	£56m	£63m	£58m

Annual affordable ICT spend is estimated to be £57m giving budget availability of £399m over 7 years

Note, costs above includes all ICT costs for ALEOs including City Building

The new ICT Service

Must address the known investment requirements in the **ICT infrastructure** and provide a **Digital Foundations ICT service** that,

- is **business/ customer driven**, focusing on the needs of all its customers and stakeholders
- recognises the **diversity of need** across the Glasgow family and has both the **capability & capacity to ensure it delivers well for all**
- is **resilient, secure, quick to deliver, flexible and scalable**
- is agile and responsive enough to **support the transformation** of the Council
- **proactively offers up innovation and ICT market knowledge** to the business
- works to a **Digital & ICT Strategy and plans** that are aligned to those of the Council
- ensures **risks are owned by the party that can best manage them, is commercially flexible** and **costs are transparent & predicible**
- can be **measured and continuously improved**
- **protects Staff terms and conditions**

Essential Improvements

- Support the Council & its partners to **improve the success rates in early intervention** by providing data analytics for Health & Social Care
- Improve the **ability of our vulnerable people to live independently** by deploying assistive technology



- Provide greater support for **“Raising Attainment and Achievement”** by providing all of the Council’s schools with the best network infrastructure in Scotland and allowing all learners to use their own devices
- Use technology to **transform learning by creating two continually evolving “classrooms of the future”** to facilitate innovative teaching

Essential Improvements

- Support residents' desire to have **libraries at the heart of their communities** by providing all of our libraries with excellent network and Wi-Fi infrastructure
- **Reduce the City's digital divide** by providing devices every year to digitally deprived/ third sector
 - Support the drive to achieve a “**sustained and permanent decrease in youth unemployment**” by sponsoring 100 long term unemployed citizens through accredited software development training every year
 - **Reduce the cost of processing transactions with more automated and on line**
 - **Contract with SMEs – min 25% annual spend**
 - Provide a budget to **invest in Digital Services to facilitate Council Transformation**



Options reviewed

Category	Option Description
Deliver IT in-house	Take the whole ICT service in-house and create a new GCC ICT Department
	Convert ACCESS to a wholly owned LLP that only delivers core Business As Usual (BAU) ICT services, and deliver the change & transformation work in-house
	Convert ACCESS to a wholly owned LLP for the full scope of service
Keep a JV Model	Extend the term of the contract with Serco/ACCESS for the full service
	Retain a JV model (similar to ACCESS) but go to market to procure a new JV partner (with secondment model)
	Retain a JV model (similar to ACCESS) but go to market to procure a new JV partner (without secondment model)
Mixed IT Delivery Model	Convert ACCESS to a wholly owned LLP that only delivers core BAU services, and procure an external party to deliver the change & transformation work
	Use the Systems Integration & Management (SIAM) model, use City of Edinburgh Council framework to provide some services and go to market to procure multiple new service providers to provide other services
	Use the SIAM model and go to market to procure multiple new service providers
	Extend the contract with Serco/ACCESS for only core BAU services, and procure an external party to deliver the change & transformation work
	Extend the term of the contract with Serco/ACCESS for only core BAU services, and deliver the change & transformation work in-house
External provision IT Delivery	Use the City of Edinburgh Council framework to procure a new ICT service provider
	Go to the market and procure a new single service provider using a traditional outsourcing contract
	Go to the market and procure a new single service provider using a flexible output based outsourcing contract
	Go to the market and procure a new single service provider using a flexible output based outsourcing contract but with the restriction that the current GCC and ACCESS employees would be seconded
Do nothing	As is standard with business case methodology a “do nothing” option requires consideration at SBC stage
	This option cannot be taken forward as we have to continue to provide ICT services to the Council and Council family.

Summary of Options

	In-house	JV	Mixed	External
Variance from budget (over 7 yrs)	Extra £100m	Extra £107m	Extra £114m	Within budget
Risk of future ICT cost increases	High	Medium	High	Low
Risk of other costs	High	Medium	High	Low
Ability to support business agility	Low	Medium	Medium	High
Ability to deliver innovation	Low	Medium	Medium	High
Time to implement change	15-18 months	28-31 months	28-31 months	15-18 months
Ability to deliver 25% to SMEs	Low	Medium	Low	High

Advantages of external option

- Large external ICT companies have already made significant investments in Infrastructure investment that are leveraged by all clients, significantly cutting down the costs of the services to the end customer
- An external arrangement provides access to pools of specialist technical skills (eg SAP developers) as you need them rather than having to pay for specialists to wait for work
- Significant cost can be saved with the ability and flexibility to do either public or commercial procurement exercises
- Specialist ICT companies will bring low cost innovative solutions being used on other clients, such as 'Digital Front Door' from Sweden which is being implemented in Edinburgh and provides digital services to social work providing electronic keys to clients homes and intelligent rostering

Required Staff Protection

Any contract will include the following protection for staff:

- Terms and Conditions, including pensions, protected
- No compulsory redundancies
- No compulsory relocation from Glasgow

Elected Member/Officers are meeting with Trade Unions
Staff Forums have been set up

Finding/Next Steps

Continuing with external ICT provision is the option that allows the Council to improve its core infrastructure and access vital digital enhancements **within existing budget affordability**.

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- Report back in February 2017