



OVERVIEW AND SCRUTINY COMMITTEE

Subject Heading:	IT Service Repatriation Update
SLT Lead:	Kathy Freeman
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Policy context:	N/A

SUMMARY

Provision of an update on the approach to the Repatriation of IT Services as requested on the O&S Forward Plan.

RECOMMENDATIONS

Reporting for noting only.

REPORT DETAIL

1. Background

- 1.1. The informal agreement to repatriate a range of services from the oneSource shared arrangements was made by the Boroughs in November 2022.
- 1.2. A decision to repatriate the IT Service from oneSource shared arrangements to Borough sovereign control was formalised by Cabinet in April 2023.
- 1.3. The informal decision on approach to meet the objectives of the IT Service Repatriation to enable plans to be developed and presented for formal Cabinet Decision was agreed at ELT and Theme Board.

2. Activity Pre-Business Case

- 2.1. In December 2022, the oneSource CIO developed an outline plan to undertake the safe repatriation of the IT Service.
- 2.2. Once the IT Client Leads were established in posts, an Advisory Partner was appointed to help evaluate options and approaches that could be undertaken to achieve IT Service Repatriation.
- 2.3. In May 2023, agreement was reached between the two IT Client Leads on a way forward to achieve the oneSource IT Repatriation. This was agreed on the basis of;
 - Utilise an interim multi-tenancy approach to enable the Boroughs to continue to deliver their Digital Transformation agenda throughout the intervening period prior to full split
 - Joint Operations and Portfolio (Change Delivery) Boards were set up to enable the IT Client Leads to jointly set direction and priorities for the oneSource IT Service
 - An Applications Insight Discovery project was commenced to enable a full analysis on the scale and challenges of a full 'cloud migration' to be undertaken
 - Joint funding and prioritisation of an 'IT Stabilisation' Programme of work which would focus on easing any blockers to cloud adoption, reduce cyber security risks and improve service delivery in the intervening period
 - Continue to support an IT Restructure to address Management issues, and to provision funding for the additional required posts
- 2.4. The need for additional support to develop the procurement approach and supplier requirements was recognised. As a result, a further scope for the Advisory Partner was received to include specification development and procurement support.
- 2.5. During the period of May to October 2023, the two Borough IT Client Leads worked with the Advisory Partner, Procurement colleagues and oneSource IT Team to develop a plan to undertake the IT Service Repatriation.
- 2.6. Market Engagement was conducted during September 2023 to confirm decisions on approach and cost estimations to enable the plan to be tested, and predicted scope and timescales to be established.

2.7. A formal plan to undertake the IT Service Repatriation was due to be presented for Cabinet Decision in November 2023.

3. The Need for a Business Case

3.1. In October 2023, the Havering s151 Officer requested for the Interim Director of IT, Digital and Transformation to pause the procurement of the Managed Service Provider as the future service delivery model for the borough.

3.2. A Business Case to be developed putting forward the options available for the provision of IT Services post the oneSource separation due to the following reasons:

- Some significant decisions, such as outsourcing and scale of outsourcing was not subject to a formal business case. Therefore, there was a lack of options to be evaluated, and the cost/risk/time implications of the options could not be considered.
- Both Boroughs have a difficult financial position, therefore the need for elevated due diligence and consideration of all financial decisions was required.
- There have been significant changes in personnel and delegated leads during the period of November 2022 and October 2023, and this provided an opportunity to ensure the current approach and objectives was accepted by the current delegated authority.

3.3. An oneSource Joint Committee meeting was convened to discuss the approach in October 2023. At this meeting the Borough confirmed that it wished to review the options via a Business Case prior to agreement to the proposed approach.

3.4. The main alternative option to be analysed was to include;

- Not undertaking joint procurements or joint specifications with the Partner Borough, and gaining sovereignty of outcomes
- Not seeking to undertake current or future activity utilising a single Partner, and to seek to adopt 'best of breed' for each element
- Not pre-determining the IT Service being outsourced en masse, and not to risk the off-shoring of key IT functions

3.5. The Borough agreed to inform the Partner Borough of its intentions 'at the end of October' to enable the impacts to be determined.

4. The Business Case

- 4.1. The Business Case set out three options for consideration in regards to the approach to Repatriate IT Services (**Appendix A**)
- 4.2. The financials within the Business Case were utilised to demonstrate that the costs between the options are broadly similar, rather than representing a fixed expectation, or being used as a confirmed cost differential. There is considerable ability for the financials to be impacted by future decisions in regards to service levels, scope and requirements for staffing.
- 4.3. This risk profiles for the options were presented at a high-level.

Option One (Joint Modernisation and Managed Partner)

4.3.1. To enter into three contracts (one joint with the Partner Borough, and one for each Borough), with a single supplier for;

4.3.2. A joint Modernisation Programme Contract to;

- Any residual activity not covered by Stabilisation to enable the Technology Split
- To implement a zero-trust Network Solution
- To decommission any remaining Shared Infrastructure or Services
- To complete the total Technology and Service separation of the Boroughs

4.4.2 A Managed Partner & Future Digital Contract for each Borough, but with the same supplier and specification, to;

- Deliver new outsourced services for Cloud Hosting, Telephony, Service Desk, M365 and Managed desktop (during or at the completion of the Modernisation Programme)
- Continue to deliver currently outsourced services for Security Operations Centre
- Provide a call-off contract capability for future Digital Services during the lifetime of the contract

4.4. Option Two (Borough-led Modernisation and In-House Service)

- 4.4.1. To undertake Modernisation utilising the continued oneSource IT Service by using a range of skilled Partner organisations, and gaining Partner Borough agreement to adopt this approach
- 4.4.2. To invest in a retained IT Service, with only consideration for outsourcing where there is compelling evidence to do so

4.5. Option Three (Joint Modernisation and Hybrid Service)

- 4.5.1. The original Business Case was sent to the Borough's Chief Executive, s151 Officer and the Portfolio Holder for IT & Digital for review which was limited to Option One and Option Two
- 4.5.2. Feedback was collated and presented in the Business Case as an Addendum.
- 4.5.3. Based on this feedback Option Three was developed as a hybrid option.
- 4.5.4. This option considers the continuation of the Stabilisation Programme and entering into a joint Modernisation Programme with the Partner Borough, as per Option 1.
- 4.5.5. The decisions on the best Target Operating Model for the IT Service, and the scope of any Managed Partner Services can be determined as part of the next phase of activity, without the constraints of needing to align with the Partner Borough's approach, as per Option 2.

5. Business Case Decision

- 5.1. As a result of the above factors, it is recommended that Option Three is the only viable approach to meet the stated needs.
- 5.2. Both ELT (3 November 2023) and Theme Board (6 November 2023) agreed to pursue Option 3 of the Business Case;
 - 5.2.1. That the Borough undertakes Option Three, as identified in the Business Case; specifically that the Borough will;
 - Enter into a joint Modernisation Programme with the Partner Borough
 - Seek to implement its own approach to future IT Service Delivery post-modernisation
 - Enter into new Advisory Service contracts for any procurement/specification support post-modernisation

5.2.2 That the Borough will continue to jointly fund and manage the IT Stabilisation Programme and honour the approaches agreed in May 2023.

5.3 The benefits of pursuing Option 3, can be summarised as;

5.3.1 The Modernisation Programme would need to complete to a fixed date that both Boroughs can plan for. A staggered split of 'Identity Management' is not possible due to the significant impacts on the Boroughs.

5.3.2 A joint Modernisation Programme offers a lower financial and delivery risk to deliver.

5.3.3 Not undertaking a joint Managed Partner specification enables the Borough to better determine its own approach to future staffing and investment, service levels, potential outsource scope and wider IT Service costs.

5.3.4 Not undertaking a joint Managed Partner specification reduces the risk of services being identified to be provided from off-shore resources, which was raised as a key concern of the Lead Member.

5.3.5 Not undertaking a joint Managed Partner procurement enables the Borough to determine its own supplier, rather than the best match to the blended needs of both Boroughs. The choice of Partner is at risk of being evaluated against criteria which may not match that of one of the Boroughs.

6. Impacts of the Decision

6.1. The Borough formally wrote its decision to the Partner Borough on 7th November, and a confirmation response was received the same day.

6.2. A more in-depth assessment of the impact of the Option Three decision has been undertaken to inform the oneSource Joint Committee meeting on 14th November 2023 ([Appendix B](#)).

7. Next Steps

7.1. Following confirmation of approach at the Joint Committee meeting on 14th November 2023, a formal plan will be created to cost and timeline activities needed to deliver to the end of the Modernisation Programme.

7.2. Revised Governance and Assurance will be implemented to ensure more detailed planning and activity tracking to be undertaken, as well as ensuring the correct levels of resourcing.

7.3. It is expected that Cabinet Papers will be presented in February 2024 to both the Borough and Partner Borough to enable a firm decision on joint approach and financing of the Modernisation Programme. Both Boroughs will need to simultaneously agree to the approach, timeline and costing, for the Modernisation Programme to be achievable.

7.4. A further Cabinet Paper will be developed for April 2024, which will detail the approach, costs and timeline for activity to prepare for the Repatriation of IT Services at the end of the Modernisation Programme. This will be a Borough-only decision, not impacted by the Partner Borough.

7.5. Indicative timelines at this stage suggest the Repatriation of IT Services is likely to be completed Q3 2025/26.

8. Last Minute Amendment

8.1. Newham have indicated they wish to undertake their own internal 'Business Case' assessment, which will delay the Joint Committee meeting by circa 2 to 3 weeks, and will impact the dates for the Cabinet Reports.

IMPLICATIONS AND RISKS

Financial implications and risks: None arising from this report

Legal implications and risks: None arising from this report

Human Resources implications and risks: None arising from this report

Equalities implications and risks: None arising from this report

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

None arising from this report

BACKGROUND PAPERS