

Notice of NON KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it relates to exempt information within the meaning of paragraph 9 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the supply of services, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Update on one source IT Transition Programme as at 31st July 2023
Decision Maker:	Dave McNamara
Cabinet Member:	Cllr, Ray Morgon Cllr. Paul Middleton
SLT Lead:	Dave McNamara
Report Author and contact details:	Dave McNamara
Policy context:	A Better council
Financial summary:	The report notes the work done to date on the IT Transition programme, and the appointment of TVI for the sum of £259,036
Relevant Overview & Scrutiny Sub Committee:	Overview and Scrutiny Board
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision

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The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place. X

Part A - Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This report covers the progress of IT transition up to 31st July 2023. An ICT separation model jointly agreed with LB Newham is now being followed by the development of a detailed road map for the return of IT to each borough. The IT programme includes the internal restructure of IT (as part of IT stabilisation), prior to the return of IT to each borough.

The approach that officers are pursuing is to undertake initial cloud migration to an Azure multi-tenant solution that reduces the cybersecurity risks of maintaining services on-premise, whilst expediting the establishment of sovereign IT services. Following that, the councils will use Partner/s to lead technical modernisation to cloud services on sovereign tenancies.

Members are asked to note:

- the progress made on the transition and stabilisation programmes for ICT;
- the appointment of Third Value Impact (TVI) to support the first three stages of the transition procurement programme at a cost of £259,036 (shared across both boroughs @ 50% each);
- Procurement Strategy to be presented to members in October for their consideration;

AUTHORITY UNDER WHICH DECISION IS MADE

In April 2023, the Cabinet, alongside the Cabinet of the London Borough of Newham took the decision to return a number of one source services, including ICT to sovereign control.

The section 151 officers of both councils, in consultation with the respective chief executives, were authorised to make all necessary arrangements to give effect to that decision

STATEMENT OF THE REASONS FOR THE DECISION

Whilst the report is simply to note the progress of the transition programme, the level of delegation warrants a report that updates on the progress made. It also sets out the direction of travel and the appointment of TVI through a direct award to support the project in advance of a September Cabinet report that will propose a procurement strategy for members' consideration. This will be done alongside a comparable report to the cabinet of LB Newham who will be the contracting entity for the projects as they are likely to bear the majority of costs of the procurement.

Stabilisation Programme

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As the transition programme will take some time there is a need to ensure that the ageing IT infrastructure is maintained and is accompanied by an improvement in performance. There are a series of projects that have been set out and are being progressed alongside preparation for transition. This will require increased capability within the one source IT team, and an organisational change proposal is being developed for consultation

Transition Programme

In order to support the aspirations of both boroughs it is essential that appropriate care and attention is given to establishing the right approach, careful consideration of a detailed plan and the appropriate technical support.

Approach

The various options to transition IT services back into each borough have been explored, and the recommended approach has been informed by the following key factors

Technology

Each council will need to split the technology to achieve sovereignty over their IT services and enable their Digital Strategy. However, the existing shared infrastructure is largely on premise, complex and in significant need of investment and modernisation. Investing in and splitting the current infrastructure will be high risk, time consuming and wasted investment due to the future strategy to move to cloud services. A modernisation programme will therefore be needed to migrate each council onto their own modern cloud platforms to enable the split to occur.

Risk and Speed

Each council would like the split to occur as soon as possible to enable more freedom to enact their digital strategy, with risk to council services minimised. There is insufficient capability and capacity in the current IT operational teams to deliver this extensive level of modernisation so partner support will be needed to deliver the modernisation and reduce the risk, with procurement undertaken through procurement frameworks to minimise the time taken to select and choose the strategic partner that will undertake this work.

IT Services Management

The move to modern cloud platforms and services will require new IT skillsets and capabilities to effectively manage and configure these ever-evolving services, with these skillsets often proving challenging to recruit into council IT teams. For this reason, the recommendation is that some of the transactional cloud services will be partner managed, with investment in council teams focussing on those capabilities to enable the digital agenda.

Cost

All options considered had outline business cases produced for the modernisation costs, as well as the impact on ongoing operational run costs over the next 5 years. The recommendation to undertake initial cloud migration to an Azure multi-tenant and the procure Partner/s to lead technical modernisation to cloud services on sovereign tenancies had the optimal business case. The development of this

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approach and formulation of the detailed plan has been led by the Client IT Director and supported by specialist advisers, TVI.

Planning & Technical Approach

The recommended approach is to procure an IT Strategic Partner to transition and modernise each borough's infrastructure to modernised cloud platforms

This will be a joint procurement between both Councils with LBN as the lead authority to appoint the partner, who will transition each council to their own cloud services platforms. (A joint procurement to appoint a single partner is required to reduce the risk and complexity of migrating two councils off shared legacy infrastructure)

The entire process to design and document the target IT architecture and services and undertake a competitive procurement for the strategic partner is expected to take approximately 12-14 months. The overall cost, including specialist procurement support, to run this process is estimated to be £450K for each borough, although the cost of the initial three stages will cost £259,036 in total.

During the 12-14 month procurement process, initial stabilisation projects will be agreed to address current technical risks and constraints and maintain business continuity. (Agreement for these projects will be undertaken separately)

The modernisation programme is then expected to take 9-12 months. It is currently estimated that no additional capital budget is required (in addition to that already allocated).

During the modernisation programme, the planning for the organisational split will be undertaken, with the one source partnership being split into various sovereign services supporting LBH or LBN

Third Value Impact (TVI) have been appointed to support both councils through this project and have led on the development of the plan in collaboration with officers from both Councils. Commercial details supporting the appointment of TVI are set out in exempt Agenda A. The value of the appointment for this stage of the work is £259,036

TVI have submitted a proposal for the first three stages of the procurement



Within these stages will be critical tasks of capturing current baseline and agreeing the target state including architecture configuration, workload & data locations. TVI will also lead on advising the procurement approach and detailing requirements specifications for consideration by council officers to given greater assurance.

TVI have also submitted a proposal for the final two stages of the procurement, the detail of which will be dependent on the approach agreed.

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GO TO MARKET

CONTRACTING AND
COUNCIL APPROVAL

Having constructed the options analysis, and been involved in the construction of the detailed procurement plan, it was important to ensure that there was an option for TVI's continued involvement should it be determined necessary to optimise the success of the project. However, this is a baseline against which the Councils are now able to consider other options to support the final, critical stage of the process.

The appointment for support for the final two stages of the project will be subject to separate decisions by both Councils.

Governance

Whilst LBN will lead on the procurement on behalf of both Councils, complementary Procurement Strategy reports will be presented for members' consideration at October cabinet meetings which will also include indicative costing arrangements.

Appropriate Governance has been established for the transition programme including procurement and the Stabilisation programme. This will include the Lead Client directors for both Councils and the respective Section 151 officers. This will run alongside the regular briefing session for the respective cabinet member for each council.

OTHER OPTIONS CONSIDERED AND REJECTED

The technical approach adopted was one of a number of options considered. The following is a summary of the options that were considered and rejected given consideration to the following 7 risks:

Delivery Risk	Technical Risk	Business Continuity Risk
Abortive Effort / Cost	Time To Value	Modernise Cost
Ongoing Operational Cost		

Option

Overview

1	Split organisational structures into two host boroughs. Both organisations then manage shared infrastructure and separately modernise off this shared infrastructure.
2	Split organisation and existing infrastructure. Both organisations then separately modernise this infrastructure
3	One council builds new in the cloud and the other council takes ownership of existing infrastructure, and upgrades/modernises this infrastructure
3a	Use one source to build new and migrate to cloud services, then hand cloud platforms over to council teams to support
3b	Use Partner/s to build new and migrate to cloud services, then hand cloud platforms over to council teams to support

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3c	Use Partner/s to lead technical modernisation to cloud services
4a	Use Partner/s to support technical modernisation to shared cloud services, then support split to individual council cloud services, then hand over to council teams to support
4b	Use Partner/s to support technical modernisation to shared cloud services

PRE-DECISION CONSULTATION

Whilst establishing the Council's new IT framework to support the delivery of the administration's aspiration is a sovereign concern, the process to transition services is a collaborative exercise with LB Newham. As such, governance arrangements have been established across the two Councils to ensure that consultation is maintained throughout the process and that sufficient oversight is in place to enable the cabinets of each Council can monitor the effectiveness and progress of the programme. TVI facilitate and support this process.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: N/A

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

There are no legal implications arising directly out of this report or its recommendations. Further legal implications will be considered when considering the procurement strategy for the project at Cabinet in October.

FINANCIAL IMPLICATIONS AND RISKS

The wider financial implications will be reported to Cabinet in October when considering the procurement strategy for the project.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no HR implications arising directly out of this report or its recommendations. Further HR implications will be considered when considering the procurement strategy for the project at Cabinet in October.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There are no Equalities and Social Inclusion implications arising directly out of this report or its recommendations.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no Environmental and Climate Change implications arising directly out of this report or its recommendations. These will be included when considering the procurement strategy for the project at Cabinet in October.

BACKGROUND PAPERS

Cabinet Report April 2023 Future of one source
TVI's Proposal - Proposal to support the procurement process for a strategic partner for modernisation and managed services for LBH and LBN - EXEMPT

APPENDICES

Appendix A	Appointment of Third Value Impact	Exempt
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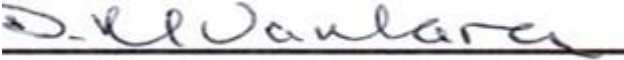
Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed 

Name: Dave McNamara

Section 151 Officer at 31st July 2023

Date: 31st July 2023

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

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Exempt Appendix A – Appointment of Third Value Impact (TVI)

Third Value Impact (TVI) have been appointed to support both councils through this project and have led on the development of the plan in collaboration with officers from both Councils.

The value of the appointment for this stage of the work across both boroughs is £259,036.

The decision was taken to appoint TVI as a direct Award via the Matrix Managed Marketplace for consultancy services. As with all direct awards it is important to identify the risks associated with the appointment and to ensure sufficient mitigation and transparency measures are in place.

It is important to ensure that all Direct Awards are compliant with governance procedures, which the appointment of TVI is, as it is consistent with the delegations to S151 officers to expedite the transition of one source services to sovereign state.

Direct awards raise the concern that by failing to competitively tender for works it becomes more difficult to demonstrate Value for Money. This is particularly the case in relation to start-up companies and Small and Medium-sized enterprises who might otherwise be presumed to struggle in an openly competitive environment. In addition, Direct Awards can leave officers exposed to allegations of favouritism in the selection of suppliers, particularly if there is repetition in favour of a particular supplier, or within a particularly service area.

Third Value Impact are a new company, formed by a number of experienced professionals who had previously worked with Agilisys in supporting a large number of local authorities, including the splitting of shared IT services.

Agilisys had previously been contracted to undertake an assessment of the shared IT environment operated by one source in support of both councils. The knowledge acquired in that exercise has been helpful in forming the options and the routed map to help shape the conversations around Procurement. This piece of work was undertaken by TVI.

The work produced thus far by TVI has ensured that the Councils have maintained impetus in seeking to establish sovereign IT services. The quality of work produced by TVI to date has been constantly reviewed by officers overseeing the project, a particular focus has been to ensure that aspirations of both Councils have been captured and all risks have been identified so that unanimity across both Councils with regard to support for the project plan can be maintained.

In determining how support for the Procurement stage of the project should be contracted various approaches were identified. Consideration was given to tendering the work. However, given the emphasis on progressing the project, confidence in the supplier based on work produced to date, particularly in

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working in a shared services environment and reasonably costed proposals, TVI have been contracted through a direct Award via the Matrix Managed Marketplace for consultancy services at a cost of £259,036.

TVI's proposal is for the first three stages of the procurement



Within these stages will be critical tasks of capturing current baseline and agreeing the target state including architecture configuration, workload & data locations. TVI will also lead on advising the procurement approach and detailing requirements specifications for consideration by council officers to given greater assurance.

TVI's proposal also includes an option for the Council to appoint TVI for the final two stages of the project, subject to appropriate Councils' governance.



Having constructed the options analysis, and been involved in the construction of the detailed procurement plan, it was important to ensure that there was an option for TVI's continued involvement should it be determined necessary to optimise the success of the project. However, this is a baseline against which the Councils are now able to consider other options to support the final, critical stage of the process.

The effort and timescales relating to the "Go to Market" and "Contracting and Council Approval" phases will largely be informed by the procurement approach and choice of framework. These costs have been estimated in this proposal and will be firmed up once the procurement approach and framework has been agreed.

The main variables which will impact on pricing are:

- Procurement approach and framework to be used – This will inform the timescales, number of suppliers and number of phases
- Procurement and commercial support – Whether costs should include a commercial and procurement specialist to lead the procurement.
- Legal support – Whether costs should include legal support for the procurement.

Costs for these two phases have assumed a 6-month tender process, following by a 3 month contracting and approval phase.

The following table outlines the key roles in the client-side team for these stages, and assumptions made on roles and responsibilities that have been costed in this proposal.

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Role	Days (estimated)	Charge
Account Lead	18	£ 25,650
Partner	145	£ 206,625
Procurement Specialist	151	£ 181,200
Programme Manager	90	£ 108,000
Solution Architect - Azure	16	£ 19,200
Solution Architect – LAN/WAN/Wi-Fi	16	£ 19,200
Solution Architect – M365 / Modern Mgmt./ SharePoint online & OneDrive	24	£ 28,800
Service Architect - SMT	12	£ 14,400
Service Architect - Managed Service desk	12	£ 14,400
Estimated Total		£617,475

The appointment for support for the final two stages of the project will be subject to separate decisions by both Councils.