

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Overview and Scrutiny Management Board
Date:	28 April 2022
Subject:	Options for the Future Delivery of IMT Services

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on the Options for the Future Delivery of IMT Services, which is due to be considered by the Executive on 04 May 2022. The views of the Board will be reported to the Executive as part of its consideration of this item.

The Corporate Support Services contract with Serco, which includes the provision of IMT services, is due to expire at the end of March 2024 and cannot be extended further.

The Corporate Support Services Review (CSSR) programme was commissioned in June 2020 to explore options for the delivery of support services following this date.

The attached Options Appraisal report will enable the Council to make an informed decision about the best way forward for the future delivery of IMT services and to seek authorisation from the Executive to go out to procurement.

Actions Required:

The Overview and Scrutiny Management Board is invited to:

- 1) consider the attached report and to determine whether the Board supports the recommendations to the Executive as set out in the report.
- 2) agree any additional comments to be passed on to the Executive in relation to this item.

1. Background

The Executive is due to consider a report on the Options for the Future Delivery of IMT Services on 04 May 2022. The full report to the Executive is attached at Appendix 1 to this report and a summary is set out below:

1. The majority of the Council's IMT service delivery is currently provided by Serco through the corporate support services contract. This contract is due to expire at the end of March 2024 and cannot be extended further.
2. Since the start of the contract in 2014, there have been considerable changes not only in how the Council operates and what services it needs, but also in the IMT service delivery options and technologies available. There is also growing need for agility and the ability to manage ongoing and accelerating change.
3. These drivers and the changing nature of IMT services are compelling reasons to change our IMT service delivery model in 2024. The recommendation is to move to a 'multi-source provider' model with the following services delivered by external specialist IT providers:
 - a. Support Desk and Operations (including device security services); and
 - b. Managed Cloud and Enhanced Security Services.
4. As part of this 'multi-source' delivery model, the following services would be delivered by in-house teams:
 - a. Service Integration and Management (SIaM)
 - b. Application Support
 - c. VIP Support
 - d. Technical Operations (datacentres)
 - e. Vendor and Licence Management
5. Market engagement was undertaken in 2021 through both an Expression of Interest exercise and a separate Soft Market Test with those suppliers who responded. Overall the response rate was good and there was strong market support for the shape of the services being outsourced. Feedback from the suppliers indicated they were used to operating in a multi-source type arrangement.
6. The Technology Services 3 (TS3) framework provides an appropriate procurement route and the G-Cloud framework may also be a suitable route to procure services, particularly for some of the third-party support contracts that will be required. Early indications suggest the TS3 and G-Cloud frameworks are both viable options and the final procurement route for each requirement can be decided at a later date.

7. The design principle is that the proposed service design will be delivered, without causing a step change in the overall IMT budget and the Council is optimistic this can be achieved. The existing 2021/22 expenditure for IMT, which covers the cost of the IMT services delivered by Serco, has been used in the design. The charge for Serco IMT services, adjusted to take into account the impact of ongoing programmes of significant IT change, is expected to be in the order of £6.5m per annum, and this figure has been used to guide the modelling of costs for the proposed service design. However, it is difficult to forecast if the current inflationary pressures will affect the cost of services.
8. The programme has also considered a number of other options as follows:
 - a. A single large strategic partnership contract (prime provider model) with limited services managed in house. This would be a contract similar to that which is in place with Serco today i.e. the majority of IMT services provided by a single supplier.
 - b. A full insource. This would result in all IMT services provided by Serco today being delivered by Council employed staff. Only maintenance contracts e.g. hardware maintenance, would be provided by third parties.
9. The report has considered all main insourcing and outsourcing options and the recommendation is that the ongoing delivery of the IMT services would be best achieved through a multi-source arrangement: a combination of in-house Council delivery teams and external suppliers who are specialists in specific areas of IMT service delivery.
10. This future service delivery model for IMT services is recommended as the most effective design to enable the Council to respond to the rapidly changing technical and information security environment; to be agile in the way it responds to business needs and priorities; and to support its digital ambitions.
11. Market engagement has provided assurance that there are sufficient capable suppliers expressing an interest who can deliver the required services, and that those suppliers thought the proposed service design and approach was a sound solution.
12. Engagement with other councils who have undertaken similar exercises has identified that their sourcing strategies also reflect market trends. The prime provider delivery model is no longer best placed to serve the interests of local authorities and there is a clear shift to a hybrid model of in house delivery and specialist suppliers to provide the agility, access to technical specialists and improve speed of change required.
13. A single large strategic partnership with a prime provider with limited services managed in-house is not recommended. The market is limited, such suppliers are

not necessarily specialists in all areas, and it is hard to see how they would add value rather than cost.

14. A full insource is not recommended. Tooling costs for monitoring and managing the full scope of IMT services would be significant; management overheads would be higher; recruitment and retention across all IMT service areas would be difficult; and the team would not be large enough to provide depth and resilience across core disciplines or be able to flex to dynamic demands.

2. Conclusion

Following consideration of the attached report, the Board is requested to consider whether it supports the recommendations in the report and whether it wishes to make any additional comments to the Executive. Comments from the Board will be reported to the Executive.

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 04 May 2022.

a) Risks and Impact Analysis

Risks and Impact Analysis are included in Appendix 1.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Options for the Future Delivery of IMT Services to be presented to the Executive on 04 May 2022

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Phil Johnson and John Wickens, who can be contacted at john.wickens@lincolnshire.gov.uk.