

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

Report to:	Executive
Date:	04 May 2022
Subject:	Options for the Future Delivery of IMT Services
Decision Reference:	I025179
Key decision?	Yes

Summary:

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 purpose of this report is to enable the Council to make an informed decision about the best way forward for the future delivery of IMT services and to seek from the Executive approval for the mix of insourced and outsourced services as part of the future model of delivery and authority to commence a procurement for the proposed outsourced services.

Recommendation(s):

That the Executive:

1. Approves the future IMT services design and sourcing approach as follows:
 - a. The implementation of a multi-supplier IMT service delivery model involving external suppliers who are specialists in specific areas of IMT service delivery, supplemented by some in-house delivery.
 - b. The outsourcing of the following IMT services to external suppliers:
 - i. Support Desk and Operations (including end user device management and device security services)
 - ii. Managed Cloud Services and Enhanced Security Services
 - c. The insourcing of the following IMT services:
 - i. Service Integration and Management (SIaM)

	<ul style="list-style-type: none"> ii. Application Support iii. VIP Support iv. Technical Operations (datacentres) v. Vendor and Licence Management
2.	Approves the carrying out of the necessary procurement processes to secure the services of external suppliers referred to in recommendation 1b.
3.	Delegates to the Executive Director responsible for Commercial, in consultation with the Executive Councillor for Highways, Transport and IT, the authority to take all necessary decisions and steps to progress the in-sourcings referred to in recommendation 1c and to progress the procurements referred to in recommendation 2 up to and including the award of contracts.

Alternatives Considered:	
1.	<p>Full insource of all IMT services</p> <p>For an analysis of this option see paragraph 59 of the Report</p>
2.	<p>Full outsource of all IMT services to a single provider (prime provider model)</p> <p>For an analysis of this option see paragraph 59 of the Report</p>
3.	<p>A different combination of insourced and outsourced services</p> <p>For an analysis of the different considerations in relation to this option see the main body of the Report</p>

Reasons for Recommendation:	
<p>The Council's growing need for agility and the ability to manage ongoing and accelerating change, particularly the rapidly changing technological landscape and the growth in Cloud service offerings.</p>	
<p>To facilitate the Council's operations and service delivery, supporting the shift to becoming increasingly digital to meet residents' expectations and also for efficiency.</p>	
<p>A need for specialist suppliers, particularly in areas such as IT security where depth of knowledge, skills and expertise is needed to respond to the growing cyber-threat and also in managing our Cloud environments which are becoming increasingly complex.</p>	
<p>The market has changed – gone are the multi-year, single-sourced prime provider type contracts and this is seen across local government organisations and in the UK government as a whole.</p>	

The proposed future IMT service delivery model is recognised by the market and suppliers have indicated they will bid when procurement activities commence.

1. Background

1. On the 24 March 2014 the Council entered into the corporate support services contract with Serco for a range of corporate support services covering:
 - a. People Management including HR Administration and Payroll;
 - b. Finance including Exchequer Services and Adult Care Finance;
 - c. Customer Service Centre (CSC);
 - d. Information Communications and Technology (IMT).
2. The bulk of the Council's IMT service delivery is currently provided by Serco through this corporate support services contract. The contract is due to expire at the end of March 2024 and cannot be extended further.
3. The expiration of the contract provides the Council with an opportunity to consider the implications for future delivery of our IMT services. Given the length of time the contract has been in place, there have inevitably 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. We can already see this reflected in the approaches being adopted by other Councils.
4. One of the major changes in IMT delivery is the move towards 'Cloud' services. The term 'Cloud services' refers to a wide range of IT services delivered on demand over the internet. These services are designed to provide easy, affordable access to applications and resources, without the need for internally owned and managed infrastructure or hardware. Software as a service (SaaS) is a type of Cloud service that allows users to connect to and use cloud-based apps over the Internet. Common examples are email, calendaring and office tools (such as Microsoft Office 365 which is currently being rolled out across the Council).
5. The Council is already pursuing a 'Cloud first' strategy - adopting Cloud service provider and Software as a Service solutions as the primary method of delivery - for many of its IMT services. The key benefits of a 'Cloud first' approach include cost savings, scalability and reduced management overhead. A programme of work is currently underway to implement Microsoft Office 365 (a Cloud service) for all staff and many of the Council's IT services are in the process of being migrated from a Serco-managed datacentre to the Microsoft Cloud (Azure). There has also been a notable shift over the last 2 – 3 year towards utilising 'Software as a Service' solutions for business applications. Examples are our IMP document management system and Highways Confirm application.
6. Recognising the growing utilisation by the Council of Microsoft products and services, the Council recently entered into a Unified Support agreement with Microsoft. This agreement provides ready access to Microsoft experts to support both the

management of our BAU estate and delivery of our strategic objectives. The services provided by Microsoft under this agreement include:

- a. Reactive support for all Microsoft services with enhanced response times for critical incidents
- b. Unlimited access to On Demand Assessments used to assess the health of our IMT services
- c. Access to a Support Technical Advisor – a Microsoft cloud expert who can be assigned to support programmes of work
- d. Access to a defined number of workshops run by Microsoft experts to support training, implementation and optimisation
- e. A bespoke engagement to focus on a specific Council strategic objective where Microsoft's services are utilised

Both the Council, through its IMT function, and Serco currently have access to this Microsoft agreement and ongoing consumption of Unified Support is seen as a key mechanism for helping to reduce risk and facilitate delivery, particularly for the Council's digital transformation initiatives and eventual transition to new supplier arrangements once the contract with Serco ends.

7. Given the changing nature of IMT services in the market since 2014 and the need to support the Council's clearly stated digital ambitions, there are compelling reasons to consider changing our service delivery model when the current contract expires in 2024. These include:
 - a. **Operational drivers** - our growing need for agility and the ability to manage ongoing and accelerating change (see paragraph 17 below);
 - b. **Technical drivers** - such as the shift to the cloud, our requirement for services, not technology, coupled with a requirement for technical specialism and expertise;
 - c. **Commercial drivers** – the market has changed: there are limited 'prime providers' and those that remain act as a broker and are in danger of adding cost but not value.
8. In exploring the kind of new model that might be appropriate for IMT service delivery beyond 2024, we believe the following principles are important to the Council:
 - a. Deliver IT that works and ensure service quality with value for money principles, without a step change in the overall cost of IT service delivery;
 - b. Enable agility in provision and delivery of business solutions;
 - c. Facilitate the Council's operations and service delivery, supporting the shift to becoming increasingly digital to meet residents expectations and for efficiency (see paragraph 12 below);
 - d. Focus on buying services, not technology, from experts in each field;
 - e. Be open to IT specialists who do not typically offer non-IMT services.

- f. Free up IMT resources (skills) to concentrate on business problems and solutions

9. In pursuing this new model, we have followed these design principles:

- a. There will be no step change in the overall IMT budget between 2023/24 and 2024/25 - this requires “Best of Breed” suppliers to be restricted to critical services;
- b. Many suppliers’ business models do not provide embedded staff and where the Council requires some services to be delivered locally that would best be dealt with internally;
- c. The market for the ‘prime provider’ model has contracted and we need to be realistic about what the market has to offer Lincolnshire.

10. With the above principles in mind, we have developed the proposed design of this future service delivery model based on the following assumptions:

- a. We are looking for service specialists;
- b. We are not looking for a one-stop transformation partner, we require suppliers who can effectively manage our BAU services;
- c. Off the shelf is often fine - we may need to modify process rather than seek to bespoke IT;
- d. The operating model is likely to include remotely delivered services where that is the optimum delivery method.

Council’s needs / demands

11. The Council’s Digital Strategy sets out a number of strategic objectives to enable the Council to achieve its Digital Vision across a number of areas: Digital by Design, Digital Working, Digital Capabilities and Data-driven Digital.

12. IMT is already in the process of making internal changes so that it has the capabilities in place to support the Council in the realisation of this Digital Vision and it is expected that the IMT service design will continue to evolve over time as the digital landscape and business demand changes.

13. The increasing complexity and risk associated with certain IMT services requires the Council to seek specialist partners to deliver them. This is of particular relevance for the following areas:

- a. The increasing sophistication of cyber attacks, particularly in the form of high-profile ransomware campaigns, demands specialist 24x7 monitoring, response and resolution. It is not realistic for the Council to build its own IMT security capability and an expert partner in this area is the only practical solution.

- b. Similarly, as organisations continue to move IMT services to the major public Cloud providers, managing information, maintaining security and protecting data integrity all become more challenging. With the rollout of Microsoft Office 365 and the shift of core IMT services to the Microsoft Azure Cloud, partnering with one of the many specialist suppliers in this area will be far more cost effective than building an internal capability.
14. The pace of technology and market change is also accelerating, driven by innovation and product development particularly by global market leaders such as Microsoft, Amazon and Google. Gartner has identified that four new trends in cloud computing – Cloud ubiquity, regional cloud ecosystems (to accommodate local regulatory requirements), sustainability and automation - are continuing to expand the breadth of cloud offerings and capabilities, accelerating growth across all segments in the public cloud services market. Cloud has proven itself during times of uncertainty with its resiliency, scalability, flexibility and speed.
15. As a result, global cloud adoption will continue to expand rapidly with Gartner predicting spend on public Cloud services to exceed \$480 billion next year. With Microsoft quadrupling its cyber security investment to \$20 billion over the next 5 years, there is a clear commitment to the Cloud both by global leading providers and customers. Microsoft continues to evolve and mature its portfolio of products and services and the adoption of relevant offerings will mean the IMT service design will continue to change. This further highlights the need for agility both within the Council and also with its IMT service delivery partners.
16. In a separate report, Gartner also highlighted that “change is accelerating, the technology landscape is vast, cybersecurity, privacy and talent acquisition are increasing challenges. The need for agility has resulted in building greater in-house capability. Local government is moving to highly flexible and adaptable vendor relationships separating into two modes of operation:
- i. Mode 1 – the traditional stable, transactional, high volume/low value activities
 - ii. Mode 2 – agile digital services needing innovative, strategic, high value citizen/user centric services.”
17. In light of these disruptive changes in technology and the market, the end of the contract with Serco provides an opportunity both to ensure core IMT services continue to be effectively delivered but also to consider how best to support the move to a Digital Council. For clarity, the latter is outside the scope of this IMT services delivery model appraisal.
18. The contract with Serco covers the provision of the following core BAU IMT services:
- IT Support Desk
 - Service Integration and Management (SIAM)
 - End User Computing (including VIP support)

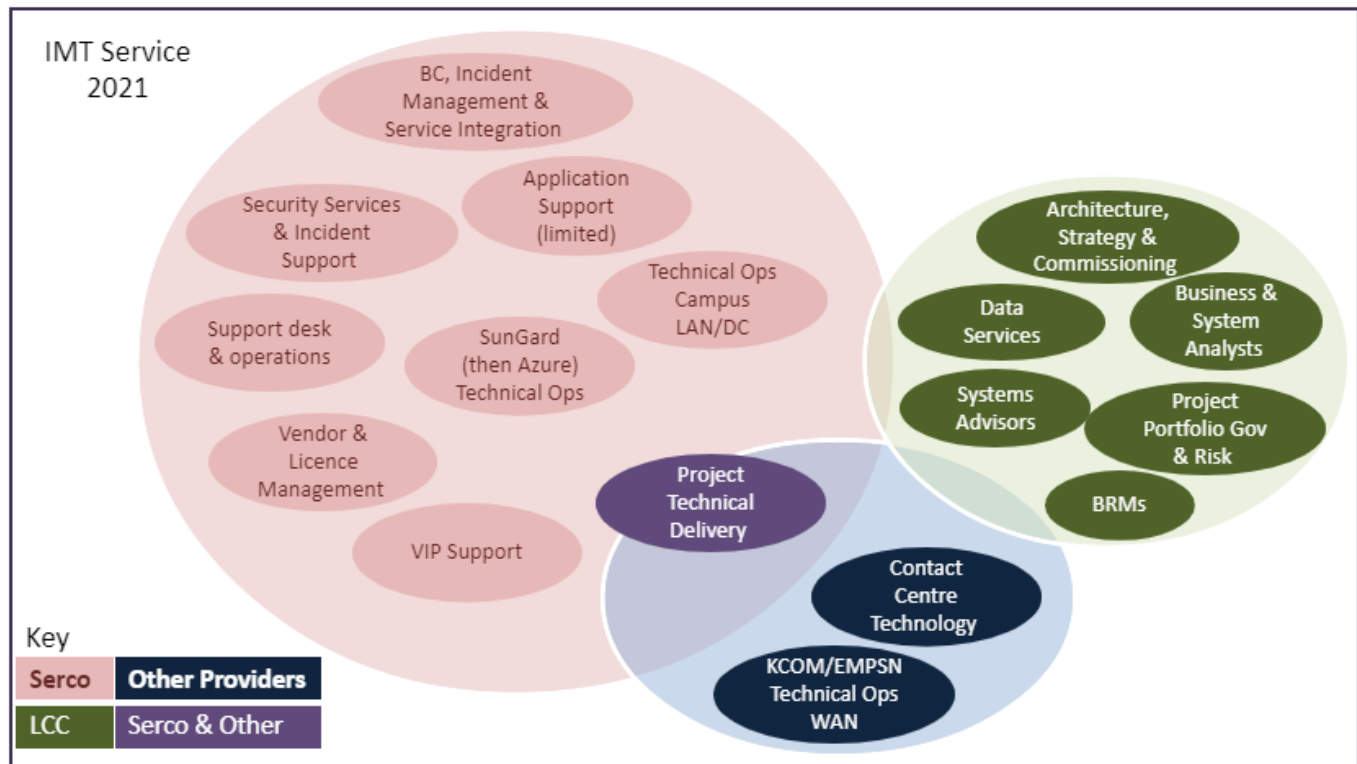
- Application Support
- Local Area Network (LAN) and WiFi
- Infrastructure Support (DataCentres)
- IT Service Management e.g. Incident and Technical Change Management
- Security Operations
- Vendor and Licence Management

NB The Wide Area Network (WAN) is provided by KCOM (recently acquired by Nasstar) and is subject to a separate procurement exercise already underway. Within the specification there is the option for the management of the Council’s LAN services (including WiFi) at a later date. Should this option not be exercised for whatever reason, then in the short-term the management of the LAN would move to the Technical Operations team. In that respect, the provision and management of the WAN and LAN is out of scope of this appraisal.

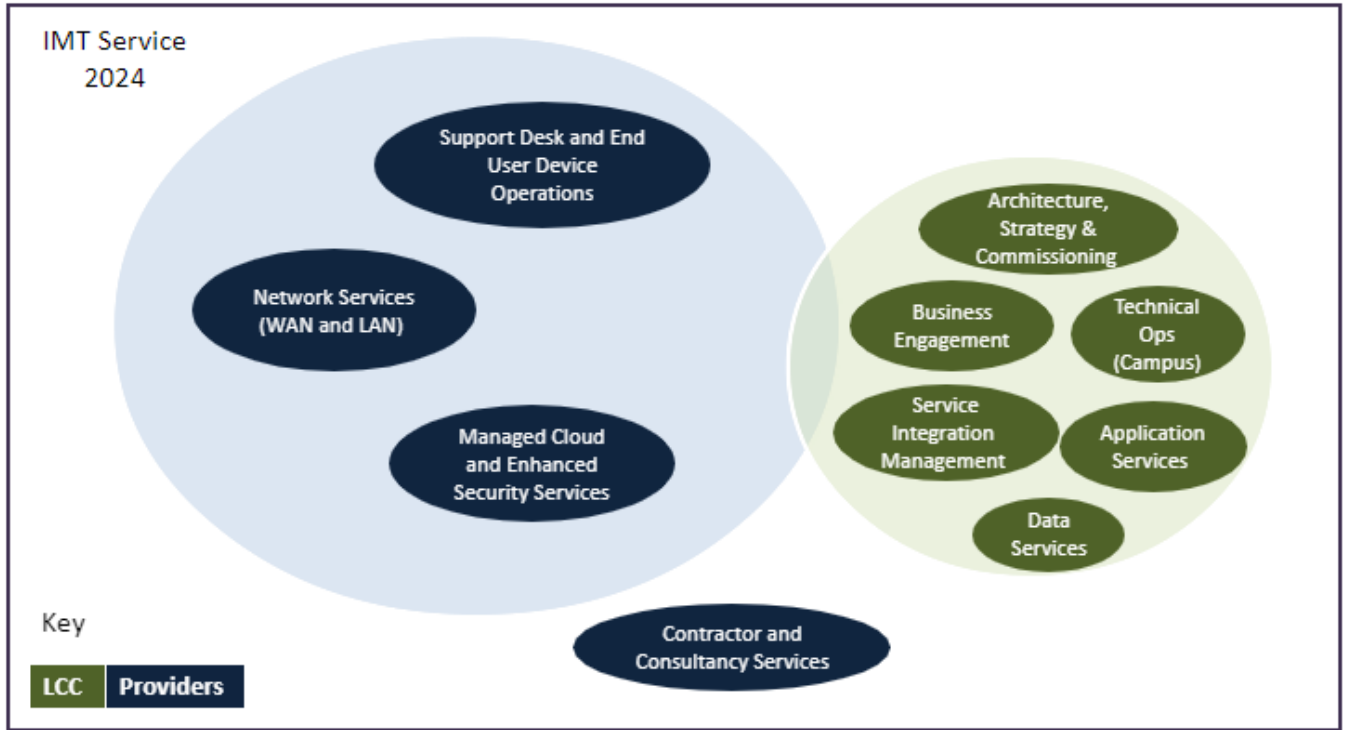
19. The Council needs to ensure that all of the IMT services listed above continue to be provided through either in house delivery, external suppliers or a combination of the two.

20. The proposed service design and how it compares to the current service delivery model is shown below:

- Current Service Delivery model (2021)** - We currently operate through a ‘prime provider’ model, with Serco providing the bulk of our IMT service delivery.



- b. **Proposed Service Design (2024)** - We are seeking to move to a 'multi-source provider' model, where the Council commissions services from specialist IT providers. This would address the drivers for change and achieve our principles for future IMT services.



21. This Service Design has been shaped further following engagement with the market through an Expression of Interest exercise and subsequent Soft Market Testing. The outputs of these market engagements are documented later in this paper.

22. In line with the drivers and principles outlined earlier in this document and having observed the market trends and how other local authorities are sourcing their IMT services, the recommendation is that the ongoing delivery of the IMT services currently provided by Serco would be best achieved through a combination of a multi-supplier model involving suppliers who are specialists in specific areas of IMT service delivery and some in-house delivery.

23. Microsoft has recently announced an enhanced Managed Desktop service. This is an exciting development and one that IMT is currently investigating to understand the benefits for the Council. A move to an enhanced Managed Desktop Service has the potential to impact on the detail of the outsourced Support Desk and Operations Services but not on the principles of the service model being proposed.

Council's commissioning objectives / outcomes and measures

24. The following criteria have also been used to determine whether a given IMT service is best served by an in-house team or external supplier. These criteria were previously

used during the commissioning process in 2012 when Serco were originally engaged and continue to be relevant:

- In house – for those services that are strategically important or have a statutory role; are of high risk or complexity; are political priority services; or where decision making needs to be retained by the Council;
- Outsource – for those services that are transactional, routine advisory; are low risk; or are low complexity. In addition, those services where specialist skills are required are best served by an external supplier.

25. More recently the Institute for Government in its Government Outsourcing report 2020 and the Government Commercial Function in its Delivery Model Assessments Guidance Note published in May 2021 has indicated the following circumstances where outsourcing would add value:

- Leverage greater scale and efficiencies from a market operating at scale;
- Draw on innovative new approaches and expertise;
- A lack of specialist resources and subject matter expertise within the Council;
- Where the Council cannot or is not ready to deliver the service and where there is a market available.

26. An assessment of all the in-scope IMT services was carried out with reference to the above commissioning principles and sourcing criteria. The outputs of this assessment showed that the IMT services comprised of elements in different categories indicating a hybrid sourcing model.

IT sourcing trends

27. In early 2020, the Council engaged Gartner, a global company providing insights and expert guidance, to inform the development of a new IMT service design. This engagement has provided the Council with access to industry trends, market analysis and research material pertinent to IMT delivery in the public sector. A Gartner executive business partner – a former CIO of a County Council - has also provided dedicated support over the last 18 months, supporting the development of the IMT strategy and also authoring the assurance report referenced in paragraph 28, by drawing on his experience and that of other authorities.

28. In February 2021, Gartner was commissioned to carry out an independent review of the proposed IMT service design. The subsequent report - 'Strategic Technology Sourcing Review' - analysed the various environmental factors impacting local, regional and central government organisations and the general trends in terms of the IMT design and sourcing strategies being adopted in response to these threats and opportunities. It then analysed how closely the Council's proposed approach aligned with these overall trends and, where deviations were identified, provided commentary in the context of the Council's specific needs.

29. The report provides an analysis of the proposed sourcing strategy for the Council's future IMT services. A summary of this analysis is as follows:

- a. The proposal to outsource Support Desk and Operations, Managed Cloud Services and Enhanced Security Services, is in line with Gartner's recommendations for these service towers.
- b. For SlaM, Gartner recognises that there are a number of ways this can be managed either by insourcing, outsourcing or a hybrid arrangement. The report recommends either insource / outsource and acknowledges the proposed service design aligns with this.
- c. For Application Support, Gartner's recommendation in general is to outsource this capability, but qualifies this as being in the context of general digital services. The Council's reason for insourcing is that many of the Council's portfolio of business applications are bespoke to the local government market meaning the support of these is a niche service not generally available in the market.

Though it is expected that a proportion of these applications will be replaced by Software as a Service (SaaS) solutions, there will still be a number that will require specialist knowledge to support. Due to the critical nature of many of these applications, the intent is to manage these in house and support the business in developing application strategies to remove them from the estate.

- d. For Technical Operations, Gartner notes that this is typically outsourced as a commodity service and their recommendation is to outsource. The remaining Technical Operations in the context of the proposed service design are primarily focused on the management of the application services and related infrastructure hosted within the Council's datacentres. In many instances these services operate on legacy infrastructure and as a result cannot be readily migrated to the Cloud and require ongoing specialist knowledge to support. In that respect, these Technical Operations cannot be considered a commodity service and need to be insourced to effectively manage the risk. However, it is envisaged this footprint will reduce significantly over the life of this contractual period.

30. Overall, the report validates the proposed service design. Where there are minor deviations from Gartner's recommended approach, there are valid reasons for doing so as stated above. These are mostly due to previous generation technologies within specialist vertical market software solutions and where local resources have built up expertise in the maintenance of these.

Market Engagement

31. During July and August 2021 suppliers on the Crown Commercial Service TS3 framework (lots 3a and 3b) were contacted through an Expression of Interest (EOI) engagement to gain their views on LCC's approach to running a series of procurements to replace the Serco IMT contract. A further Soft Market Test was carried out in October and November 2021 to explore the suppliers' responses in more detail. The Market Engagement showed strong market support for the shape of the services to be outsourced, support for the use of the preferred framework, and useful information about how to manage key issues in the procurement and the contract. For further details on the Market Engagement, see Appendix A.

What other authorities are doing

32. There is a clear trend among local authorities of moving away from prime-provider contracts to multi-source models. This is evidenced from publicly available papers as well as discussions with IT directors of local authorities who have recently gone through a similar procurement programme. See Appendix B for further details.

Service Integration and Management (SlaM)

33. SlaM has been an area of focus as the service design has evolved and has been discussed in depth with the prospective suppliers during the Soft Market Test exercise. This section provides further detail on SlaM and how it can be delivered as part of the proposed move to a multi-supplier environment.

34. Service Integration and Management (SlaM) refers to the provision of technology consulting, project implementation and operational management services related to overseeing service delivery of multiple internal and external IT and business process service providers. The goal is to achieve seamless end-to-end service outcomes with a single point of accountability in a multi-sourced IT services environment or ecosystem.

35. SlaM can be delivered in a number of ways:

- a. Fully insource the capability
- b. Use an external specialist to deliver SlaM only
- c. Bundle the role with an existing supplier (typically the first-level support desk provider)
- d. A hybrid model: a combination of insource and an existing supplier

36. As part of the post-Serco service delivery model design, IMT is proposing that the governance and strategic elements of SlaM will be delivered by an in-house team and that the same SlaM team will work with the Support Desk and Operations supplier to oversee the operation of key service management processes. This allows the Council to take advantage of the supplier's capabilities and experience in managing these

processes but recognises there are limitations to the supplier's ability to leverage or influence the performance or engagement of other suppliers as they do not own the commercial relationships.

37. IMT is not starting from a 'zero base' with respect to SlaM. IMT already owns strategy and governance and has made changes to the IMT service design, particularly over the last couple of years, to manage more effectively the relationship with Serco in order to drive an improvement in the quality of service delivery. This is more than just vendor management and the skills and experience the team has gained will provide a strong foundation for the internal SlaM capability needed to manage a multi-supplier environment.

38. There are certain aspects of SlaM, where the Council would benefit further from delivery by an in-house team:

- a. The Council's ownership of the commercial relationships with the suppliers gives the Council the ability to leverage contracts to address performance issues and incentivise suppliers to collaborate effectively. This is not so easily achieved by a 3rd party SlaM function without these commercial levers in place.
- b. IMT through its business partnering team is able to build the relationships with business stakeholders so that it has the knowledge and understanding of the business' objectives, plans and challenges to ensure synergy between the delivery of business improvements and the supporting technical changes. An internal SlaM function, being naturally close to this team, is better placed to articulate requirements and changing priorities with suppliers and work with them to get a coordinated response. This 'context aware' service provision is best achieved by an in-house team.
- c. The Council is best placed to commission new services involving multiple providers. Suppliers are dealing with the commercial owner and service transition from project to multiple suppliers is effectively coordinated.
- d. Objectivity is essential so that the SlaM function can act as, and be seen to be, the advocate for the Council. A supplier of SlaM services will have their own commercial objectives and this may lead to actions which do not necessarily result in the right outcomes for the Council.

39. The success of a SlaM capability in managing an ecosystem of internal and external suppliers is dependent on a number of critical success factors. These have been identified both through research carried out by Gartner but also through the Soft Market Sessions and engagements with other Local Authorities:

a. Suitably skilled and experienced resources

A broad knowledge and understanding of IT and ITIL-aligned IT Service Management processes are essential for an effective SlaM operation. However, an effective SlaM capability needs people with skills and knowledge in the following key, non-technical areas:

- i. Relationship management
- ii. Vendor management
- iii. Influencing and negotiating
- iv. Communications
- v. Conflict resolution
- vi. Awareness of business operations and culture

b. Strong governance

Effective performance management of suppliers complemented by cross-supplier governance boards focusing on strategy, innovation and end to end service performance, are key to ensuring overall effective service delivery and business value creation.

c. Clear boundaries of responsibility between suppliers

Essential to prevent inefficient process execution and ‘boundary’ disputes, RACI matrices or equivalent will ensure clarity on who governs, operates and assures each element of IMT service delivery.

d. Aligned service level targets

Making sure all links in the chain have aligned service targets in place. Greater cohesion and collaboration can be achieved if suppliers have common or aligned targets to work towards.

e. Collaboration agreements

Having a collaboration agreement in place that all suppliers sign up to provides a foundation for good supplier cooperation. The Nuclear Decommissioning Authority has successfully implemented such an agreement with its ecosystem of suppliers with its “Behaviours and Principles of Collaboration” agreement covering such areas as commitment to end users, prevention and delivery as a priority, a ‘fix first’ approach and a ‘one team’ approach.

Evidence of the effective use of collaboration agreements can also be found within the Council. The Highways department uses a similar construct to facilitate cooperation among its key suppliers. There are KPIs

relating to public perception and Health and Safety performance that require all suppliers to work together to achieve.

40. The general risk profile for introducing a SlaM capability within the Council has reduced. The Soft Market Testing clearly demonstrated that suppliers are familiar with and experienced in either providing SlaM services or in being a provider within a SlaM managed ecosystem. Aligning Enhanced Security Services with the Managed Cloud Service tower also reduces the number of primary suppliers that the Council would need to manage and this in turn reduces the complexity of managing end-to-end delivery of services.

41. The primary risk that remains is the ability for the Council to recruit and retain suitably skilled SlaM staff. Ideally a SlaM capability needs to be in place to support Transition with the aim of having continuity of staff through Transition and in to BAU. IMT expects to achieve the desired blend of skills through 3 primary channels:

a. Direct recruitment from the external market

Direct recruitment may be needed for certain roles in the SlaM function. For more senior roles e.g. Head of Service Integration, there may be challenges in attracting suitably skilled and experienced people as the jobs market is competitive. It may be that Serco colleagues would apply and their detailed knowledge of LCC's service would be advantageous.

However, the ability to attract and recruit the right people is an issue that currently affects many recruiting managers in the Council and is not unique to SlaM. The service design places less emphasis on senior technical resources and more on management resources which have proved easier to recruit. In the short term this risk may be further mitigated by accessing the contractor market and supplementary consultancy services.

b. TUPE

It is expected that some members of the existing Serco service management team with SlaM experience will be in-scope of TUPE regulations. This may provide an immediate 'ready to go' capability if Serco staff chose to transfer to LCC with the additional benefit that these staff will have excellent knowledge of the LCC business and its IT services.

However, TUPE resources are unlikely to be available until the formal Serco contract end date. As establishing the SlaM function is a necessary precursor to transitioning services, other options will need to be explored so that an interim capability can be stood up (see below).

c. Upskilling of existing staff

Upskilling of existing staff will be required particularly for those staff in a technical or service delivery type role. This will be achieved through training via existing external training partners and / or through the 'Contractor and Consultancy Services' tower.

The preferred option – Multi-source model

42. Drawing on feedback from the market and informal guidance from the Corporate Leadership Team, the Executive Councillor for Highways, Transport and IT and the Leader of the Council, the CSSR programme has considered all main insourcing and outsourcing options.

43. In line with the drivers and principles outlined earlier in this document and having observed the market trends and how other local authorities are sourcing their IMT services, the recommendation is that the ongoing delivery of the IMT services currently provided by Serco would be best achieved through a combination of in house delivery and a multi-supplier ecosystem involving suppliers who are specialists in specific areas of IMT service delivery.

44. Where the Council draws the line between in-house and procured services is critical to exploit the benefits of a multi-source provider model. Where service delivery is contracted out, the Council sets the direction, retains ownership of strategy, remains responsible for quality and performance, and ensures both agility and coherency of the overall service.

45. The following table lists the core IMT services currently provided by Serco and recommends how these services would be best delivered in the future:

Service	Sourcing Option	Proposed Service Tower	Comments
IT Support Desk	Outsource	Support Desk and Operations	With increased automation and a shift to self-help for users, Support Desks are evolving into the provision of transactional and routine advisory services. there is a ready market of experts in this field. Procurement route: TS3 framework, Lot 3a
End User Computing	Outsource		End user device management is becoming an increasingly commoditised service. There are natural synergies with the IT Support Desk.

			Procurement route: TS3 framework, Lot 3a
Managed Cloud Services	Outsource	Managed Cloud Services and Enhanced Security Services	<p>With the increasing complexity of public cloud services, we need expert partners in this area with specialist knowledge and capability to manage these Cloud services on the Council's behalf and ensure they represent good value.</p> <p>Procurement route: TS3 framework, Lot 3b</p>
Enhanced Security Services	Outsource		<p>A provider with access to the latest threat intelligence as well as the skills and technology needed to respond quickly and effectively to a cyber attack. This is not something the Council can do for itself.</p> <p>Enhanced Security Services will form part of the Managed Cloud Service procurements.</p> <p>Procurement route: TS3 framework, Lot 3b</p>
Local Area Network (LAN) and WiFi	Outsource	[Option within the WAN contract]	<p>LAN and WiFi support are included as an option within the ongoing WAN procurement</p> <p>Procurement already under way and therefore out of scope of this options paper.</p>
Service Integration and Management (SlaM)	Insource – strategic SlaM and governance	SlaM (Internal Council owned) –	<p>Overall ownership of processes and governance of the SlaM model would sit with the Council. The Support Desk and Operations supplier will operate key Service Management process with the Council SlaM function providing oversight.</p> <p>See paragraphs 33 to 41 for further details on SlaM.</p>
Application Support	Insource	Application Services (Internal Council owned) –	<p>Should retain this service to mitigate the support risks for legacy systems and ensure responsiveness to changing business needs whilst developing/ sourcing new cloud based solutions.</p>

Technical Operations (DataCentres)	Insource	Technical Operations (Internal – Council owned)	<p>The management of legacy infrastructure presents commercial risk to the market and suppliers will price accordingly.</p> <p>Insourcing this capability will ensure continuity of support for legacy IT services and preserve local knowledge of those platforms. An in-house team will also be able to respond quickly to changing requirements and priorities.</p> <p>3rd party maintenance contracts will provide the specialist support for the hardware and software as per current arrangements.</p>
Vendor and Licence Management	Insource	Vendor and Licence Mgmt (Internal – Council owned)	The optimal model is for vendor management to sit with the service integrator.
VIP Support	Insource	VIP Support (Internal – Council owned)	VIP support requires local knowledge and an on-site presence. Best provided by an internal team.

Proposed externally sourced services

46. The service design has taken into account the changing technical landscape such as the shift to Cloud services, zero-touch deployment of devices (through increasing automation and facilitated by the evolution of Microsoft’s cloud services in this area) and the ever-increasing Cybersecurity threat; but also the changes in the way in which staff are now working with a much larger proportion of staff working from home on a near-permanent basis.

47. Natural synergies between some of these IMT services have emerged following the market engagement and business benefits can be derived from having suppliers bid for particular bundles of services. The following bundles are proposed as part of the service design:

- Support Desk Operations (including end user device management and device security services)
- Managed Cloud Services with Enhanced Security Services

Proposed internally sourced services

48. As also identified in the table above, it is proposed that a number of services currently provided by Serco will move in house. These services are:

- Service Integration and Management (SIaM)
- Application Support
- VIP Support
- Technical Operations (Datacentres) including 'hands on' support
- Vendor and Licence Management

The following sections outline the reasons why it is considered that the Council would benefit from having these services provided by an in-house team.

Service Integration and Management (SIaM)

49. This is covered off in paragraphs 33 to 41 in this document.

Application Support

50. An in-house Application Support team would provide application management support for legacy business applications. Primarily these are applications which cannot yet be replaced with Cloud provisioned equivalents due to their bespoke nature, dependency on legacy infrastructure or a need to be located on Campus. The market for these types of services is very limited and likely to be commercially unattractive to potential suppliers.

VIP Support

51. This is specialist IT support for the Council's directors and Members. In order to be able to respond quickly to emerging issues or to rapidly changing priorities, it is proposed that this capability would be best served by an in-house team. This would offer the control of resources and agility needed to provide the optimum overall service. However, some suppliers could embed staff locally into the Council and this option will be kept under review.

Technical Operations

52. This team would provide maintenance, monitoring, patching and updating of servers, storage devices and LCC owned network resources hosted at LCC's datacentres and corporate sites. The team would include a 'Field Service Engineer' team supporting equipment hosted at other LCC locations and acting as 'hands and eyes' for the datacentre equipment under the guidance of outsourced partners as required

Vendor and Licence Management

53. The management of all suppliers in the ecosystem excluding certain 3rd parties engaged directly by the ecosystem suppliers to deliver their services, will be the responsibility of IMT. Vendor management services will cover such areas as contract change, compliance, escalations, service improvements, risks and issues management.

54. There are also a number of Serco owned third party support contracts, 40 in total, which are integral to the delivery of IMT services. These will need to be re-procured separately in line with the expiration of the current arrangements with the Council as commercial owner. The G-Cloud framework offers an efficient procurement route for the vast majority of such services.

55. The licence management team will maintain an inventory of all LCC licences ensuring optimal licence allocation and compliance. This includes supporting licence audits by software vendors in collaboration with relevant ecosystem suppliers. This function will also identify upgrade and consolidation opportunities, as well as forecasting future software needs.

56. IMT also currently provides a number of services which sit outside the scope of the existing Serco contract. These are:

- Enterprise architecture, strategy and commissioning
- Governance and Risk Management
- Data Services
- Business Engagement
 - Business Partners
 - Business Analysts
 - Systems Advisors
- Project portfolio management

57. These services will continue to be provided by IMT in alignment with the proposed service design, but the sizing of these teams does not change as a result of implementing this design.

Other options considered

58. Clearly it would be possible to put in place a wide range of alternative mixes of outsourced and insourced provision of the different elements that make up the overall IMT service. The reasons for the particular combination being recommended in this Report are set out in the previous sections.

59. 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 3rd parties.

The pros and cons for each of these options are set out in the following table:

Option	Pros	Cons
<p>Preferred option</p> <p>A multisource model with some services managed in house.</p>	<ul style="list-style-type: none"> • Can target specialist suppliers for the required IMT services • Greater agility and responsiveness • No longer need to pay provider profit on all services 	<ul style="list-style-type: none"> • Higher vendor management overhead because of the required SlaM activity • Reduced accountability clarity
<p>Other option A</p> <p>A single large strategic partnership contract (Prime Provider model) with some services managed in house.</p>	<ul style="list-style-type: none"> • A single point of accountability for the delivery of services 	<ul style="list-style-type: none"> • The market for these types of contracts has significantly declined • Prime providers are not necessarily specialists in all the relevant IMT services and therefore hard to see how they might add value rather than cost • The market leading global Cloud vendors (e.g. Microsoft, Amazon) are concentrating on their strategic partners, not on vertical market players such as Local Government prime suppliers
<p>Other option B</p> <p>A full insource.</p>	<ul style="list-style-type: none"> • Greater control and flexibility 	<ul style="list-style-type: none"> • Higher management costs • Difficulty in attracting

		<p>and retaining staff with relevant skillsets</p> <ul style="list-style-type: none"> • Significant costs associated with all the tools required to manage the full IMT estate • No track record of successfully delivering some services • The team would not be large enough to provide depth and resilience across core disciplines or be able to flex to dynamic demands • Will rely fully on local resources and therefore a less resilient overall service
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Budget

60. The design principle is that the proposed service design will be delivered, without causing a step change in the overall IMT budget. 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. The projected cost of the services procured is within the budgeted figures for these elements of the IMT service.

61. The Council is optimistic that the proposed service design for the future delivery of IMT services can be achieved within the overall IMT budget as of 2023/24. However, it is difficult to forecast if the current inflationary pressures will affect the cost of services.

62. It is expected that a number of Serco staff will transfer to the Council under TUPE arrangements for the insourced services and an assumption on the number of staff likely to transfer has been made when modelling the future IMT organisation design as of 1 April 2024. Based on this assumption it is expected that an additional 4 staff will be required, primarily to operate key service management processes that are outside the scope of Serco staff fully dedicated to the LCC account.

63. During the 12 - 18 month period subsequent to the inception of the new contracts, there will be a period of stabilisation as the new suppliers and ways of working are fully embedded into BAU. As part of continual improvement activities, opportunities will be identified to further improve services.

Risks

64 Risks here are included for completeness but are not thought to have a material impact on the option decision as they are more or less equivalent across the options.

Area	Risk Description	Mitigation
Resources	Loss of non-Cloud technical resources before the Council has removed its dependencies on such services	Establish a clear development pathway
Resources	Difficulty in attracting / recruiting / retaining SlaM resources	Use of 'Contractor and Consultancy Services' tower to provide temporary resources Utilise the SlaM services of successful bidders to support SlaM function
Resources	Key existing Serco staff move to non-LCC account roles either prior to or on contract end date	Engage early and effectively Identify key roles Source temporary alternatives through additional contractors, consultants of shared service arrangements
Transition	Risk of impacting BAU services during transition to new supplier arrangement - the fragmentation of the services into smaller units of delivery has the potential to increase the transition risk for a multi-supplier models.	A lot of experience on the supplier side in managing transition Phasing of services to reduce impact Build transition team early (min. 18 months in advance) to prepare and plan SlaM resources involved in Transition and subsequent BAU management
Exit	Lack of engagement from Serco during Exit	Ensure Serco are held to Exit commitments in the contract Work with Serco on a jointly owned

		<p>exit plan</p> <p>Engage Serco's ongoing engagement through formalised and funded projects up until the end of the contract</p>
Procurement	Insufficient time and resources allocated to re-procurement of existing 3rd party contracts	<p>Identify novation options from incumbent to the Council</p> <p>Re-procure contracts in Council's name as part of BAU vendor management in the lead up to Serco exit</p> <p>Dedicated support from procurement category lead and officers</p> <p>Re-evaluate required number of contracts</p>

2. Legal Issues:

Procurement

Given the value of any proposed outsourcing the Council will be required to comply with the Public Contracts Regulations 2015. Two options for procurement in accordance with the Regulations have been considered.

The first is a full tender process, approaching the market as a whole to respond to the Council's requirements. This approach is useful where the Council is looking for innovation or to choose between a number of different ways of meeting the Council's requirements. However it can be lengthy process and can lead to a range of tenders including from providers who may not be specialists in the area we are looking for. It is labour intensive requiring significant amounts of Council resource.

Given that the services sought are increasingly commoditised and delivered by specialist suppliers the best way to access those suppliers is through the second potential approach – i.e. the use of an established framework. This is a legally compliant option which can be concluded more quickly and is less demanding on the Council's resource.

The Crown Commercial Service TS3 framework has been set up to secure value for the public sector. There are c 40 specialist suppliers on the framework and through market engagement we have established that there is a lot of interest in our procurement from those on the framework which should provide a high level of competition. It is a framework used by other authorities, will speed up the procurement and uses a contract

balanced in favour of the public sector which we are familiar with. The G Cloud framework is also available to the Council and offers similar benefits to the TS3 framework depending on the nature of the services or commodity required.

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified

consideration must be given to measures to avoid that impact as part of the decision making process.

There are not considered to be any Equality Act implications arising out of the choice of delivery model for future IMT services. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the Council in supporting its residents and communities in a way which meets the Equality Act requirements.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

There are not considered to be any direct JSNA or JHWS impacts of the decisions required by this Report. Indirectly, the Council's IMT infrastructure underpins all the work of the Council and the way it interacts with its customers and communities. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the aspirations of the Corporate Plan which directly contribute to the achievement of JHWS objectives.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

There are not considered to be any direct impacts of the decisions required by this Report on the section 17 considerations. Indirectly, the Council's IMT infrastructure underpins the work of the Council in fulfilling its crime and disorder functions. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the Council and its partners in that work.

3. Conclusion

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.

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.

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.

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.

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.

A full in-source 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.

4. Legal Comments:

The Council has the power to adopt the model of IMT provision set out in the Report.

The proposed procurement process is consistent with the Council's legal duties.

The decision is consistent with the Policy Framework and within the remit of the Executive.

5. Resource Comments:

Accepting the recommendation for the future design of the IMT service, will not have a direct impact on the budget approved for this function. Any future service delivery will look to be delivered within the funding envelope available and any changes required to the construct of this budget will need to be reflected in our future budget setting process.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The development of the options, the preferred model and progress on the project has been reviewed by the Overview and Scrutiny Management Board at their meetings in December 2020, March 2021, August 2021 and January 2022.

This report will be considered further by the Overview and Scrutiny Management Board at its meeting on 28 April 2022 and the comments of the Board will be reported to the Executive

d) Risks and Impact Analysis

See the body of the Report

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Market Engagement
Appendix B	Outsourcing Trends in the Public Sector

8. Background Papers

The following Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of the Report.

Background Paper	Where it can be viewed
Corporate Support Services Review Scope, Prime Provider Update and Draft IMT Model	Agenda for Overview and Scrutiny Management Board on Thursday, 17th December, 2020, 10.00 am (moderngov.co.uk)
Corporate Support Services Review Update and Emerging Draft IMT Model	Agenda for Overview and Scrutiny Management Board on Wednesday, 17th March, 2021, 10.00 am (moderngov.co.uk)
Performance of the Corporate Support Services Contract	Agenda for Overview and Scrutiny Management Board on Thursday, 26th August, 2021, 10.00 am (moderngov.co.uk)

Performance of the Corporate Support Services Contract	Agenda for Overview and Scrutiny Management Board on Thursday, 27th January, 2022, 10.00 am (moderngov.co.uk)
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Appendix A – Market Engagement

- 1 During July and August 2021 suppliers on the Crown Commercial Service TS3 framework (lots 3a and 3b) were contacted through an Expression of Interest (EOI) engagement to gain their views on LCC's approach to running a series of lots to replace the Serco IMT contract. Seventeen responses were received from a cross section of IMT suppliers. This was a response rate of 40% (of those suppliers who had acknowledged the EOI document) which the Crown Commercial Service considered a good response and indicates a clear interest from the market in our proposed service design and sourcing approach.
- 2 The EOI described the current IMT set up and detailed the proposed new structure based around an in-house governed Service Integration and Management (SIAM) capability which would see the IMT service evolve from a prime supplier model currently delivered by Serco to a model delivered by multiple suppliers.
- 3 The desired main outcomes from the EOI were:
 - a. To ensure that the design was considered sensible from a market perspective and that suppliers would bid for the lots when procurements were issued;
 - b. That sufficient time has been allowed for transition from the current arrangements to the new multi-supplier model;
 - c. To seek the market's view on pricing models, service credit regimes, service tool ownership and level of detail to include in procurement documentation to ensure accurate market pricing;
 - d. To understand where each supplier would propose the location of the Support Desk if not specified in the procurement.
- 4 A number of questions were asked of the suppliers in order to establish their view on the various points covered above. A summary analysis of their responses showed that:
 - a. All thought that the service design and approach was a sound solution and that the TS3 framework was an appropriate route;
 - b. Many suppliers expressed an interest in more than one tower. This could provide some small efficiencies and would reduce the amount of SIaM effort.
 - c. The majority of suppliers thought that there was sufficient time allowed in the proposed timetable for transition with only one respondent thinking that transition should be shortened;
 - d. Suppliers favoured volume based pricing (i.e. price per support desk ticket, price per user supported etc.) so as volumes changed so would the pricing up or down and would clearly reduce the risk on their part;

- e. The contract term proposed in the EOI document for each of the Support Desk and Operations, Security and Managed Cloud towers was 3 years +1 +1 and suppliers indicated they were happy with this proposed contract term. However, taking into account that the initial contract term also covers time needed to transition services, it is proposed that a 5 years +1 +1 contract term would be preferred to allow sufficient time for stabilising the new arrangements.

The EOI exercise attracted a cross section of the market and the Assistant Director IMT is confident in the ability of the interested suppliers to deliver the services.

5 Following a review of the responses from the Expression of Interest exercise, it was agreed that a Soft Market Test would be carried out to seek further input from the market on the service design and explore in more detail the responses provided through the Expression of Interest exercise.

6 The desired outcomes from the soft market testing session were:

- a. To gather more detailed feedback on the feasibility and any challenges posed by our proposal model from a supplier perspective;
- b. To build on the information provided in the EOI response, with more detailed questions set;
- c. To ascertain the degree to which providers understand the proposed SLaM model and gather their feedback;
- d. To allow LCC to understand supplier's cost-drivers, approach to risk and appropriate mechanisms supporting change; and
- e. To understand what providers view as essential criteria to a successful SLaM model.

7 Some of the key highlights from this not covered in the report are summarised below:

Service toolset – modern, enterprise-class IT Service Management tools are readily integrated. Most suppliers suggested the use of a centralised toolset with other suppliers integrating with that tool as required.

- a. **Fire and Rescue** - There were no concerns raised by respondents in supporting a Blue Light service. Many referenced current service provision in to Blue Light services and highlighted data governance standards as being of particular relevance in this area. All recognised there maybe a need to differentiate the service e.g. expedited SLAs and specific operational needs such as dash mounted technology.

In-house VIP support – suppliers raised no concerns regarding the Council's proposal to manage this team in-house.

- b. **Implementation** – There was a range of differing responses regarding the timescales needed to complete transition, but on average suppliers interested in the Support Desk and Operations tower considered 6-9 months as being sufficient, whereas suppliers interested in the Managed Cloud Services tower quoted much shorter timelines to complete.

- 8 In conclusion, the soft market testing sessions have been beneficial in identifying the market view, recommendations and considerations for the Council in defining its requirements.

- 9 Furthermore, this engagement with suppliers, coupled with new services announced by existing vendors, has made it clear that the towers articulated in the Expression of Interest document can be further consolidated into two main towers:
 - a. Support Desk and Operations (including device management)
 - b. Managed Cloud Services and Enhanced Security Services

- 10 With ten of the suppliers indicating they were interested in bidding for both of the above service towers, there is a possibility that the same supplier could win both.

- 11 The Technology Services 3 framework remains an appropriate route and in its modular form of schedules provides a format in which the statement of requirements and the additional schedules of continuous improvement, governance and collaboration can help support the objectives of the SlaM model. CCS support will be utilised where appropriate to develop the procurement approach and documentation.

- 12 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.

Appendix B – Outsourcing Trends in the Public Sector

- 1 A comprehensive paper written by the Institute of Government in June 2020 looked at sourcing trends in the public sector across a number of service areas including IT. The paper noted that “several central government departments and public bodies have broken up large IT contracts and brought them partly or wholly back in-house in the last five years”. This included the HMRC, DWP and Ministry of Justice among others.
- 2 The paper also identified that “The strongest and most consistent interest in insourcing we found was in local authorities, where services were contracted out first and procurement is most prevalent”, but also that “the private sector will continue to have expertise, capability and a capacity for innovation that government does not”.
- 3 Gloucestershire County Council is one example of a local authority which has moved away from a prime provider Sopra Steria – originally contracted to provide BAU support, innovation and change - to a multi-sourced model. In July 2020, the cabinet approved the search for a mixture of in-house and third party contractors to deliver a new and improved digital operating model to replace the contract with Steria which was due to end in March 2021. Hosting Support, Systems Management, Telephony and Security Operations are provided by Cantium Business Solutions; LAN and WAN support with BT; and a number of services including Application Support, Support Desk and Deskside Support moved in house.
- 4 Croydon Borough Council also sought to change its IT service delivery model to allow for “increased flexibility and speed of change, the potential for reduced running costs and the ability to better utilise specialist technology expertise to improve key areas of performance”. Having originally outsourced its IT provision to Capita in 2014, the Council’s strategy was to “enhance the in house Service Integration and Management (SIaM) capability and contract management capability in order to manage a multi-source approach to the market”.
- 5 Barking and Dagenham moved from a prime provider contract with Agilisys to a mostly insourced model but with a distinct shift to externally delivered cloud services (Azure public cloud and Office 365). This was a two year programme of work with completion expected in early 2022.
- 6 Sheffield City Council (SCC) moved away from a prime provider contract with Capita to a multi-source model. Costly project management and innovation, limited transformation efforts and a lack of agility were cited as some of the main reasons for the exit from the contract and the change in service design. Application support remained in-house mainly driven by the kind of applications peculiar to local government and which cannot be migrated to the Cloud.

- 7 The Nuclear Decommissioning Authority (NDA) based in Sellafield are in the process of moving away from a prime provider contract with Atos, due to end in 2022, to a multi-supplier arrangement covering four main service towers. Though not as comparable to Lincolnshire County Council as Sheffield City Council, the following elements of their service design are noted:
- a. An in-house Intelligent Client Function and Integration and Management Service (i.e. SlaM) with both being established early in the process;
 - b. Cross-supplier governance boards focused on fostering collaborative relationships.
- 8 Reading Borough Council's prime provider contract with Northgate ended in March 2021 and was replaced with a multi-supplier arrangement which has many similarities with the proposed approach for Lincolnshire County Council. Support Desk and End User services, WAN / LAN (including WiFi) and Hosting Services have all been outsourced; Applications Support and SlaM have been brought in-house. The Council flagged that the integration of toolsets took longer than expected and this is something that the Council can mitigate when developing specifications.
- 9 West Sussex Council entered into a prime provider contract with Capita in 2010. In agreement with Capita, West Sussex exited the contract early as the constraints of the outsourced contract were not enabling the Council's evolving needs to be met. Contract exit was in 2021 with services disaggregated into smaller agreements managed overall by the Council, with service integration delivered in-house. Services moving to the cloud were managed by the internal team supplemented by staff TUPEing back from Capita. To date, Support Desk and End User Compute services, Cloud Hosting, and Telephony have all been outsourced to different suppliers. Further contracts are still to be awarded with procurement activities being finalised for network and application support.
- 10 The sourcing strategies of these Councils reflect the 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. Common reasons for moving towards a multi-supplier model were:
- a. Greater agility and flexibility
 - b. Access to technical specialists rather than generalist capabilities
 - c. Improved speed of change, particularly in supporting transformational type programmes of work

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