



Author/Lead Officer of Report:
Mark Gannon, Director Business Change and Information Solutions

Tel: 0114 273 6818

Report of: Executive Director of Resources
Report to: Cabinet
Date of Decision: 20th June 2018
Subject: Technology Strategy and Sourcing Approach

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Cabinet Member for Finance and Deputy Leader		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 289		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
Appendices 8 to 13 are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) in that they include information relating to the financial or business affairs of any particular person (including the Council) and the balance of public interest is in the information not being released.		

Purpose of Report:

The report is seeking to gain approval to invest in the implementation of the Technology 2020 Strategy which is required to improve the Council's ICT and bring it up to standard. The report is also seeking approval to commence negotiations with Capita plc to bring the ICT element of the current partnership agreement to a close early and instead bring in-house and/or recommission the ICT services.

Recommendations:

That Cabinet:

- Notes and approves the Technology Strategy and Sourcing Approach (Technology 2020 Strategy) outlined in this report and in particular that:
 - a detailed assessment of which specific elements of the Service are more appropriate to be contracted out, rather than directly delivered by the Council will be undertaken, what the impact of this will be and how that will need to be managed;
 - arrangements will be made to monitor the performance and delivery of the new service arrangements;
 - insourcing and recommissioning will be based on the proposals, principles and assumptions described in Section 1.6 of this report, and taking into account the risks and mitigations as set out;
 - it includes the development of an in-house ICT service;
 - this will necessitate early termination of the ICT and Partnership elements of the Programme Agreement with Capita Business Services Ltd (Capita); and
 - there may be a transfer of staff from Capita into the Council that will require a formal consultation with staff affected and the Trade Unions.

- To the extent not covered by existing delegations grants delegated authority to the Executive Director of Resources in consultation with the Cabinet Member for Finance, the Director of BCIS, the Director of Commercial Services and the Director of Legal and Governance as necessary to:
 - approve the procurement strategies and contract awards for the various procurements required to deliver the Technology 2020 Strategy;
 - utilise the appropriate contractual mechanisms to give notice to Capita to terminate the ICT service and Partnership elements of the Programme Agreement; and
 - take such other steps as he feels necessary to achieve the outcomes in this report.

- Gives its approval for the budget required to cover the costs of delivering the Technology 2020 Strategy including the one-off implementation and set-up costs, as set out in the financial implications of this report.

- Requests that a further report is presented to Cabinet if the underlying strategy for the future of the Service as outlined in this report cannot be achieved.

Background Papers:

- None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: David Hollis
		Equalities: Michelle Hawley
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Eugene Walker
3	Cabinet Member consulted:	Olivia Blake
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Mark Gannon	Director Job Title: Director of Business Change and Information Solutions
	Date: 11 th June 2018	

1. PROPOSAL

1.1 Strategic Context

1.1.1 Sheffield City Council has come through several years of significant change over which we have had little control in terms of the scale and nature of that change. This has had a big impact on the Council's budgets and we continue to face major challenges including demand growth in social care and increasing expectations from our citizens and businesses for a style, look and nature of service that is driven by the best experiences in other areas of their lives.

1.1.2 We are moving into a new era of increased collaboration, a requirement to be flexible and adaptable, to be ICT and digitally enabled with a workforce that understands how to use technology to deliver the best services possible.

1.1.3 The Council is currently embarking on a programme of change projects that are focused on improving our capability and capacity in a number of key areas. These include:

- Improvement and Recovery Plans for Adults, Children's and Inclusion which will ensure that we can meet the demand challenges in these areas, deliver good quality care and do so with financial sustainability;
- A Place Change Programme focused on improving a range of 'place-based' services so citizen experiences are better;
- A Customer Experience Programme that is fundamentally changing how we design and deliver end-to-end services, based on citizen engagement and exploitation of digital tools; and
- A Workforce Strategy that is based on developing a workforce that can thrive in the digital era.

These change programmes rely on us having a modern ICT infrastructure to support their delivery as efficiently and effectively as possible. For some of these programmes, this is a pre-requisite.

1.1.4 Effective ICT is a fundamental tool that every modern organisation needs, be it for working collaboratively with partners, supporting new and more efficient ways of working or making services more accessible to citizens. As well as enabling the delivery of better public services, effective ICT can release savings by increasing productivity, removing complexity and improving efficiency.

1.1.5 There are also a number of key drivers that are shaping our thinking on the technology environment we need:

- *National drivers:* The changing shape of the UK public sector and wider economy are driving us to change how we deliver our services and work with others – technology is key to this shift;

- *Changing markets:* Technology markets are constantly changing and the Council needs to be fully engaged with the market and understand how to exploit new types of technology and provision and drive cost and delivery value;
- *Increasing scope of change:* The Council is moving into a period of fundamental change which requires modern technology to support it;
- *Rising staff (and citizen) expectations:* Expectations on what good technology looks like are heightened as most people now use technology in their private lives. This includes staff and citizens; and
- *Staff demands:* Allied to this, council staff need and are asking for the right tools to enable them to be efficient, agile and responsive.

1.1.6 Having a modern ICT environment that enables staff to be productive, and enables the kind of customer experience that can meet these demands and expectations will be essential to helping the Council address our challenges into the future so we can deliver the best outcomes for the people of Sheffield. The current ICT environment does not meet these expectations and has not kept pace with the needs of staff or the needs of our citizens.

1.2 Current Delivery of ICT Services

1.2.1 The Capita Partnership Agreement commenced in 2009, under which Capita is responsible for the delivery of various Council services until January 2022. In 2016, Capita and the Council agreed to insource the Customer Contact Centre and in 2017, the Human Resources Service was insourced. The Council's ICT services are currently delivered under this agreement, which also includes the provision of Revenues and Benefits and some Financial Business Transactions. The contract budget for these services in 2018/19 is £20m; the detail is shown in Table 1.

Table 1: Contract Budget for Capita Services 2018/19

Service	Contract Budget £'000
ICT Services	11,082
Revenues and Benefits	6,036
Financial Business Transactions	339
Partnership Management	2,570
Total	20,027

1.2.2 The scope of the ICT Services provided by Capita is as follows:

- Hardware supply (desktops & laptops);
- Software (implementation and support);
- System maintenance and access including database administration;
- Managed Print Services;
- Networking including - Local Area Network, Wide Area Network, Wi-

- Fi and Internet Service Provision;
- Data Storage;
- Telephone Communication (landline, mobile and contact centre);
- Systems and Internet Security;
- Help Desk Service; and
- Backup and recovery.

1.2.3 The services are currently divided into 5 'Towers'. These are groupings of services:

- *Datacentre* – covering support and management of the Council's services hosted in West Malling and the Town Hall, along with some infrastructure-as-a-service provision from Capita, network and telephony support and maintenance;
- *Application* – support and maintenance along with database management;
- *Backend Services* – provision of integration technologies for exchange of information between Council applications including file transfer and interface management;
- *Service Desk* – dealing with incident, change and problem management across the ICT estate;
- *Desktop* – providing implementation and ongoing support for end user computing devices such as laptops, PCs, tablets and mobile devices. This area also covers third party vendor management and the full range of service management disciplines such as business continuity, capacity management and security.

1.2.4 Our current model of delivering ICT services via a single supplier has had some challenges:

- The Council has encountered service issues, most notably, a prolonged period in 2017 when none of the Council's ICT services were available due to a failure of Capita's West Malling Data Centre – this also affected other Capita customers;
- Issues with achieving value for money on ICT changes through the partnership agreement remain unresolved, although we have been testing the market in a number of areas where these opportunities arise;
- The Council has not benefitted from the innovation that we would have expected from a company with the breadth of Capita;
- There continues to be limited ability to influence 3rd party ICT suppliers in order to enhance and shape Council strategy; and
- Change takes longer to achieve due to complex organisational arrangements within Capita.

1.2.5 An independent assessment undertaken in April 2017 showed that across most parts of the current ICT operation, we are in the lower quartiles for the maturity of the technology, pointing to a need to make big changes in our ICT environment. These big changes form the core of our Technology 2020 Strategy.

1.3 Technology 2020 Strategy and Sourcing Approach

1.3.1 The Technology 2020 Strategy is included in Appendix 1. It is about creating the step change we require in our ICT environment to enable us to deliver on the programme of change activity set out earlier. At the same time, it is about us becoming a digitally-enabled organisation that is agile and adaptable enough to respond to whatever future changes the Council faces.

1.3.2 Our Technology 2020 Strategy is fundamental to delivering a digitally-enabled council and sets out an ambitious set of plans to significantly enhance our technological capabilities. Our strategy is based on delivering this through a multi-vendor model, which we think increases innovation, reduces risk and enables suppliers of different sizes to engage with us.

1.3.3 Our vision for Technology 2020 is as follows;

- We will give all staff and Members the technology, skills and information appropriate to their role, enabling them to focus on doing their job as effectively and efficiently as possible;
- Staff and Members will have the latest (and regularly updated) laptops or desktops as part of a refresh programme and access to the latest Microsoft productivity and communication tools so they can work flexibly;
- They will be able to access systems and information from wherever they are within an IT environment that is always connected, available and with effective business continuity built in as standard; and
- They will be provided with the skills and confidence to use these tools and the Council will be working towards joining up information and data so this is easier to find, use and share.

1.3.4 Our strategy is to focus on 2020 as a staging point rather than an end point and to ensure that we have the foundations in place by then to enable the Council to respond to whatever challenges and opportunities may emerge. It is about building the right capability and capacity to enable us to do this.

1.3.5 Technology 2020 is built on seven strategic themes which will ensure we are covering all the aspects needed to deliver a sustainable technology environment:

- *Collaboration* – we will be focusing on how we use technology to work with others and providing the right tools, skills and environment to maximise this;
- *Mobility* – we will give people the tools to enable them to work in a flexible and agile way whether in remote locations or on the road;
- *Sustainability* – we want to build a technology environment that is socially, economically and environmentally sustainable;
- *Resilience* – making sure that our technology is designed to provide

continuity by default will be a key aim of the strategy;

- *Optimisation* – ensuring that we make the most of what we have and exploit new investments will ensure that we are using our investment as wisely as possible; and
- *Sourcing* – building a multi-vendor approach that encourages innovation and competition and reduces risk will drive how we deliver the strategy.

1.3.6 We have been developing Technology 2020 with staff and Members over the last 6 months and have a draft delivery plan in place for this which is included in Appendix 2. It has been essential to work collaboratively on coming up with this strategy to make sure that it fully reflects the needs of the whole organisation now and into the medium term.

1.3.7 The delivery plan shows that a significant amount of procurement activity will be happening over the next year to put the foundations in place for the delivery of Technology 2020. The key investments will be:

- Purchase of a Microsoft Enterprise Agreement so the Council has access to the latest software versions and range of other benefits, plus the ability to get new versions without additional cost as they become available;
- Migration of our existing server estate from West Malling to a mixture of Microsoft Azure, Application Providers (i.e. Software-as-a-Service) and the Town Hall so our data is more reliable and more accessible;
- Migration of our current Microsoft Exchange email from on premise to online as a prerequisite for moving to full Office 365;
- Implementation of Microsoft Skype for Business to enable officers and Members to work more flexibly and enable us to decommission our current telephony;
- Implementation of Direct Access to enable officers and Members to log on to the network remotely and much more easily;
- Implementation of new telephony for the contact centre, built on the Microsoft Skype for Business platform to bring additional benefits such as the ability to create a virtual contact centre in the event of an emergency;
- Commencement of a device refresh programme so that we can replace old and poorly performing laptops and desktops with updated equipment. This will have a big impact on staff productivity – the current ICT environment creates issues for staff in being able to be as efficient as they want to be;
- Implementation of Office 365 to enable officers and Members to work more flexibly and collaborate more effectively; and
- Strengthening ICT business continuity arrangements by default so that we understand our recovery needs and have arrangements in place to deliver in the event of an emergency.

1.3.8 The ICT supply market has, for some considerable time, been awaiting an opportunity to support and trade with Sheffield City Council. A recent

ICT supplier day was very well attended and the supply chain is anticipating engagement with immediate effect. The market is stable, responsive, innovative and communicative. Opportunities have been identified to engage and support local and smaller organisations to work in consortia and engage in a potential future supply chain. Many of these local companies attended the supplier day.

1.3.9 Following the review of the Council's ICT services, and in line with the Technology 2020 Strategy, comprehensive commercial options are being appraised to determine and inform the make or buy decision. The routes to market will demonstrate the most economically advantageous outcomes for the Council. Where a third party supply is identified as the best value option, the overarching procurement strategy will detail the route to market and will include calling off from frameworks and running formal open tenders via Yortender.

1.3.10 Tendering activity will be governed in accordance with the Council's Contract Standing Orders and within the Public Contract Regulations 2015. The Council has set out its Ethical Procurement Framework. It is our clear commitment to maximise the Council's ability to use its discretion to apply ethical standards to behaviour throughout its supply chain and using the money we spend to increase the social value and benefits for local people and businesses. We expect that that IT supply chain will share our desire to create a city economy that works for all by paying their taxes, respecting workers' rights and equal opportunities, and invest in the talent of their employees through good training and healthy, safe working conditions.

1.4 **Funding Requirements**

1.4.1 There are two components to the funding required to deliver Technology 2020:

- The first is the establishment of an ongoing technology refresh fund to enable us to implement a rolling equipment refresh scheme which will enable us to fund the replacement of equipment on a 4 year cyclical basis. The exact cycle will be defined and agreed as part of the detailed assessment prior to implementation; and
- The second is investment in the core building blocks needed to bring our ICT environment up to standard, which are primarily the things listed in 1.3.7. There will be front loading of this investment to enable us to deliver some significant benefits in the first 12 months of the strategy.

1.5 **Implications of the Sourcing Approach**

1.5.1 We have a clear strategy to deliver Technology 2020 through a multi-vendor model, which we think increases innovation, reduces risk and enables suppliers of different sizes to engage with us.

1.5.2 As already outlined earlier in this report, the Council has had a

partnership agreement with Capita since 2009, which is due to end in 2022; there is also a break point in 2020. Under this partnership agreement, Capita deliver ICT on our behalf. In order to deliver the scale and pace of change we require, we need to be a more nimble, agile and responsive ICT-enabled organisation. We also need the support of partners from both public and private sectors that are also nimble, agile and responsive and share our strategic aims.

- 1.5.3 The Council recognises that relying on a single supplier to deliver all of its ICT services and equipment does not encourage competition or bring new innovation and can increase cost risks through reliance on that single supplier. A strategy of engaging with multiple suppliers provides a better balance of value for money and risk management for the people of Sheffield. This has been our stated strategy in relation to ICT services, for the past 12 months.
- 1.5.4 In response to the challenges of working with a single supplier, this has meant that whilst Capita may still run some of our ICT services, we are also engaging with the wider supplier market, including local suppliers, to understand what is available and to commission services, where they are required, from a wider pool of suppliers.
- 1.5.5 It is also clear that the market for large outsourced arrangements in the public sector, particularly local government, is changing. Many public sector organisations are moving away from these kinds of contract, as are a number of the traditional suppliers of them.
- 1.5.6 During 2017, officers and Members shaped the Technology 2020 Strategy and what was needed to deliver it. They also explored aspects of our relationship with Capita. Through this process, it became increasingly clear that in order to deliver the Technology 2020 Strategy at the pace we require, the current model of ICT delivery by Capita was no longer tenable. Some of the challenges with this agreement are described earlier in this report but the fundamental challenge with the current model is that it is unable to facilitate the change we need at the pace we need within the financial envelope that we know is possible. A detailed options analysis was undertaken to inform a recommendation.

1.6 **Options Analysis**

1.6.1 Long List

An initial long listing of potential delivery options was undertaken. The following options were considered through a SWOT analysis to judge their viability and produce a shortlist of realistic change options. The options that were shortlisted and those not taken forward for detailed analysis are outlined in the following list and detailed in Appendix 3.

Short listed

1. 'Do nothing' and allow the contract to run until 2022;
2. Insource all ICT services with the Council providing them directly;

3. Recommission all ICT services externally from other suppliers and retain the same contract management model; and
4. Insource some services and recommission others but retain control of all aspects.

Not shortlisted

5. Recommission a new single supplier for all ICT services – discounted as this would provide no significant benefits over current arrangements;
6. Renegotiate existing arrangements with the current provider – discounted as the Council has already been attempting to do this and there is limited scope for improvement and savings on current arrangements;
7. Enter into a shared service with local partners – discounted as there is no specific demand from other partners and this would be complex and risky to establish if there was;
8. Create a mutual organisation to deliver the ICT services – discounted as would introduce large risk for critical IT services to be delivered by a new organisation with few if any comparator models elsewhere;
9. Set up and Arm's Length Management Organisation – discounted as this would be lengthy to establish and would not enable the Council to have the level of direct control it requires;
10. Decommissioning the Service in whole or in part – discounted as ICT services are critical and it would not be possible to eliminate ICT services and the Council to still operate effectively;
11. Transfer some or all responsibilities to the community, trust, charity, service user group or other body (Including Social Enterprises) - discounted as would introduce large risk for critical IT services to be delivered by a new organisation with few if any comparator models elsewhere;
12. Create a public-private partnership, through a strategic contract or joint venture company – discounted as this would essentially be recreating a similar arrangement to what is currently in place and would, therefore, not deliver any significant benefits.

1.6.2 Recommended Option

The recommended option is to take back direct control of the ICT services and insource some elements and recommission some elements using the multi-vendor approach to benefit from innovation, greater transparency of costs and greater flexibility with terms and conditions. Some elements of the ICT service, such as the datacentre, are critical to the Council's overall service delivery and so are considered too high risk to insource and attempt to directly deliver, given the limited operational experience the Council has in such technical areas and the high cost of provision. Table 2 lists the potential advantages and disadvantages of this option.

Table 2: Advantages and Disadvantages of the Recommended Option

Advantages	Disadvantages
Flexibility to make quick decision on different elements of service delivery.	Synergies between service areas may be lost.
Operating costs savings from best value supplier for each option.	Economies of scale across the current contract could be lost.
Specialist providers deliver where SCC lack capability.	A greater level of contractual management will be required in a multi-vendor model.
Greater innovation from new variety of suppliers' ideas.	Increase in Supply Chain and contract management required.
Sufficient contractors in the market, providing competition to secure value for money through procurement.	
Can build in contractual & performance guarantees through negotiation.	
Operational management experience included as an evaluation criteria.	

This option is expected to deliver the best value for money to deliver current ICT services, with around a £1.6m reduction in ICT service spending and an additional £1.5m reduction in partnership cost savings. It increases the exit costs by approximately £1.6m above the do nothing option to cover exit costs; this estimate is based on currently available information and will be subject to contract negotiation.

- 1.6.3 The current partnership agreement has a break clause in 2020 which would enable the Council to end the contract then and avoid the full impact of the termination costs and some of the exist costs. We have considered this option and discounted it because it would prevent us from making progress with our Technology 2020 Strategy in the required timescales. It would also mean that we would be continuing to pay for the ICT Service at the contractual rate for at least another year and we would miss the opportunity to take the savings earlier. Making a decision now would also impact the assessment of the remaining services (see paragraph 1.10).
- 1.6.4 The commissioning preferences for each of the ICT Towers in line with this recommended option are as follows:
- *Applications* – This will be brought in-house and the Council will be responsible for managing 3rd party contracts and the delivery of application support;
 - *Datacentre* – The management of the datacentre will be

commissioned externally. We have already commenced migration to Microsoft Azure and we will have some applications and data hosted in Azure, by other providers in their own data centres and in the Town Hall. We will procure a partner to help manage our Datacentre Tower;

- *End User Computing* – This is the build, deployment, refresh, repair and decommissioning of equipment such as laptops and desktops. We will commission an external partner to deliver this;
- *Service Desk* – This is the part of the service that has most direct contact with users. This will be brought in-house and the Council will run this;
- *Network* – We are already a member of the Yorkshire and Humber Public Services Network and can commission network connectivity via that framework. We will procure a partner to help us manage our network; and
- *Service Integration and Management (SIAM)* – The Council will manage this in-house. This is a ‘wrap’ provided by the Council’s new ICT function to ensure that the multi-vendor approach works effectively and accountabilities between suppliers are well managed.

1.6.5 This recommended option will require a new operating model for the delivery of the ICT service. The responsibility for this sits within the Business Change and Information Solutions service; however, this is currently configured based on managing a single outsourced contract. If this recommendation is accepted, work will be undertaken to put in place a new ICT service delivery model. We have already started work on this. Existing Capita staff for transferring services could be subject to TUPE and would form part of the new operating model. This high level functional model for the new ICT service is in Appendix 4.

1.6.6 Governance for a transition project has been established and has been undertaking detailed planning so that if the recommendation is approved, we can mobilise very quickly. We have developed a high level transition plan (see Appendix 5). The plan is subject to refinement once we enter into formal discussions with Capita. Our current target is to have responsibility for all ICT services back under the Council’s control, as per this recommended option, between December 2018 and March 2019.

1.6.7 Our strategy will be based on:

- *Transition* – move ICT services back under the Council’s direct control and recommission the replacement services where they are required. At the same time, we will be procuring the new solutions as part of Technology 2020;
- *Stabilisation* – deal with any issues that we discover post-transition, put in place the initial ICT operating model and agree the priority areas for transformation; and
- *Transformation* – we will start the work of optimising and developing the ICT service, planning for our long-term operating model and exploiting the new solutions we have procured under Technology

2020.

1.6.8 There are some risks with the recommended option. These are included in Appendix 7. The primary risks and their mitigations are:

- *Service delivery disruption* – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery between multiple vendors then broader service delivery could be disrupted across the council. To mitigate this, SIAM principles will be used to coordinate the different functions within an ICT multi-vendor model. The initial operating model will be focused on prioritising service continuity rather with transformational improvements aimed for after transfer, as outlined in the previous paragraph.
- *Information accuracy and availability* – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to setup transferring services may not reflect the way they need to operate and this could lead to service delivery disruption for BCIS and other council services. To mitigate this, we will liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate HR resource are available.
- *Access to ICT delivery staff* – If the project team and relevant services do not have access to employees to undertake meaningful consultation and gain a deep understanding of operational delivery then the tools and processes setup for the point of transfer may not be appropriate for effective delivery. To mitigate this, we will liaise with Capita at an early stage and agree consultation timescales. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations.
- *Third Party TUPE challenge* – If 3rd party suppliers claim TUPE applies for any of their staff, because they believe they are mostly or wholly assigned to this contract, then more staff may transfer to the Council than are needed to run the service. To mitigate this, we will seek legal advice at an early stage after any claim to assess TUPE rights and assess the service staffing needs.
- *Financial impact not fully visible* – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option. To mitigate this, we have based our modelling on conservative estimates and used actuals from previous impact assessments.

1.7 Financial Impact of the Recommended Option

1.7.1 Detailed financial modelling has been undertaken on the recommended option. In order to protect the Council's negotiating position and not prejudice the delivery of the benefits in this proposal, this information is included in the closed Appendices of the report

because it is commercially sensitive.

1.7.2 This strategy aims to generate full year savings of over £3m per annum on the current ICT budget from 2019/20 onwards. After paying back the one-off upfront investment costs, there should be a 0.7m per annum benefit to the Council’s Revenue Budget from 2022/23.

1.7.3 This is a long term investment which aims to bring the Council’s ICT up to modern standards. The strategy will require an investment of up to £25.8m over the next six years. The investment comprises two parts:

- An initial investment of £8.4m in one-off costs over three years to deliver the project and transition from the existing arrangements to the new sourcing strategy; and
- £17.4m over six years to address the problems created by the out dated infrastructure and software described above at 1.2 in this report.

The anticipated investment and savings profile is outlined in the following table.

Table 3: Anticipated Investment and Savings Profile

Funding Table	Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/4
	£m	£m	£m	£m	£m	£m	£m
Costs							
Core Investment	17.4	2.6	4.6	2.8	2.5	2.4	2.5
Delivery & Transition Costs	8.4	1.6	6.8				
	25.8	4.2	11.4	2.8	2.5	2.4	2.5
Funded by							
Annual Contract Savings	-16.6	-0.7	-3.1	-3.1	-3.2	-3.2	-3.3
Existing Revenue Budgets	-1.2	-0.6	-0.6				
Existing money set aside	-9.4	-2.9	-7.7	0.3	0.7	0.1	0.1
Contribution to Revenue Budget	-1.4	0	0	0	0	-0.7	-0.7

1.7.4 The one off costs include the cost of a project team to deliver the change quickly in order to realise the benefits as soon as possible. Adoption of this strategy will require a fundamental change in the way the Council manages its ICT and this will require proper investment in a transition team to ensure the changes are brought in successfully. For example, instead of dealing with one single supplier for all ICT needs, the Council will need to increase its procurement team to deal with multiple suppliers. There will need to be some upfront increase in resource to make this happen successfully in the short project delivery timescale.

1.7.5 The report above has already described the qualitative benefits from the change in strategy. It will also produce direct financial benefits of

over £3m per annum in a full year. These savings will be used to repay the initial one-off up-front investment and ultimately contribute approximately £0.7m saving to reduce Council's Revenue Budget from 2022/23. There will also be indirect benefits through increased productivity of Council staff because the current inefficiencies experienced by service users will be reduced.

- 1.7.6 The overall funding of the project will come from three sources:
- The anticipated £16.6m of savings from introducing the revised strategy;
 - Existing revenue budgets; and
 - Money prudently set aside in reserves, enabling the Council to mitigate the consequences of a future contract expiry.
- 1.7.7 The adoption of the proposed strategy does carry some financial risk for the Council because of the uncertainty relating to:
- Project delivery and transition costs which will be dependent on the stance taken by the existing supplier. This may affect the delivery timescale and any extension will increase the project delivery costs;
 - the cost of the revised sourcing strategy which is subject to the outcome of the tender exercises; and
 - the cost of TUPE obligations which are yet to be identified.

1.8 **HR Impact of the Recommended Option**

- 1.8.1 At this stage, it is not possible to provide a complete assessment on all HR implications that could result from the proposals in this paper. However, the immediate apparent implications include TUPE.
- 1.8.2 TUPE could possibly apply if staff that currently work on the Capita contract for the Council were transferred to the Council's employment. These staff may include ex-Council employees who have transferred multiple times as the service has been provided by different organisations.
- 1.8.3 Although TUPE could apply, the proper assessment of whether TUPE will apply and which staff would be in scope of TUPE will require employee information from Capita that the Council does not have access to at this stage. If TUPE does apply, the Council will need to have sufficient time in the implementation period to make an assessment of the implications of this and undertake meaningful consultation on the transfer in accordance with the TUPE Regulations 2006 (Amended).
- 1.8.4 Staff working within the Capita ICT service are understood to already be paid above the foundation living wage.

1.9 Other Options Considered

1.9.1 Three other options were shortlisted for detailed analysis:

- 'Do nothing' and allow the contract to run until 2022.
- Insource all ICT services with the Council providing them directly.
- Recommission all ICT services externally from other suppliers and retain the same contract management model.

1.9.2 Do nothing option

This is the default option that other options are compared to. The delivery of ICT services would continue in the current manner and therefore no benefits would be realised.

Advantages	Disadvantages
Focussed contract management with one relationship to manage	Less control over service delivery
Business Continuity across all parts of service delivery	Limited ability to address current service delivery issues
No implementation cost	No financial savings to fund technology investment
No additional commercial or service cost or effort	Limited innovation
Provider has operational management experience	Limited transparency
Greater resilience as part of a larger organisation	Contractual barriers constrain flexible delivery
	Difficult to address and resolve issues with supply chain

1.9.3 This option would not generate any savings and termination costs of £4.5m would be due at the end of the contract for decommissioning and transfer activity.

1.9.4 Insource all ICT services with the Council providing them directly

This option would transfer all ICT services to be directly operated by the Council. An ICT supply chain would still be needed for any activities that could not be practically done by the Council e.g. manufacturing laptops.

Advantages	Disadvantages
Full control of service delivery	Significant risk to service delivery from lack of technical knowledge and experience
Easier to focus services around the Council's priorities	Recruiting and retaining specialist staff difficult for the Council

Enables integration and better partnership working with other Council services	Significant time and resources required to manage the transfer
Some budget savings versus current contract	Large implementation costs
More control and flexibility in managing the services	Culture change for TUPEd staff could disrupt service delivery
Faster and simpler governance arrangements	Limited resource flexibility to deal with peaks in demand
Greater transparency of operations to assure compliance	Short term disruption during transition activities
Greater flexibility to adopt and implement innovation and change	Staff costs may increase following any future move to Council pay structure

1.9.5 This is forecast to generate operating cost savings of £14.9m, with one off costs of £6.4m to implement, largely due to the costs for the Council to construct and implement its own datacentre. This would result in a £8.4m net savings at the end of the 6 year period.

1.9.6 Recommission all ICT services externally from other suppliers and retain the same contract management model

This option would recommission all ICT services from multiple third party providers. This would follow the Council's multi-vendor approach for ICT services and separately procure specialist organisations for each element of delivery.

Advantages	Disadvantages
Flexibility to make quick decision on different elements of service delivery	Synergies between service areas may be lost
Operating costs savings from best value supplier for each option	Economies of scale across the current contract could be lost
Specialist providers have greater capability	Some contractual constraints would be expected
Greater innovation from new variety of suppliers' ideas	Increase in Supply Chain and contract management required

Good operational management experience	
--	--

1.9.7 This is forecast to generate operating cost savings of £11.9m, with one off costs of £4.6m to implement, resulting in a £7.2m net savings at the end of the 6 year period.

1.10 Impact on the Remaining Services

1.10.1 As described earlier in this report, there are two other services provided by Capita under the current agreement. The largest of these is the *Revenues and Benefits Service* which provides the largest customer service of any part of the Council, comprising the administration and operation of the Council's Council Tax, Business Rates and Benefits services. These services include housing benefit and council tax support to over 50,000 residents, council tax billing and collection to over 240,000 households and business rates billing and collection to over 17,000 businesses.

1.10.2 In providing these services our aim is to:

- Help support some of our most vulnerable residents through housing benefit and council tax support;
- Demonstrate our commitment to customer service;
- Maximise two crucial sources of income through council tax and business rates; and
- Contribute to the Council's priorities of tackling poverty and increasing social justice.

Our challenge is to deliver these objectives in a way that is responsive to the challenges of welfare reform, including the introduction of Universal Credit, as well as providing support to our residents and businesses at a time of economic uncertainty.

1.10.3 The other service provided by Capita is *Financial Business Transactions Services* which provide a crucial role in ensuring that the council meets its responsibilities for paying its suppliers and other creditors. Through modern and efficient processes, its objectives are to ensure that payments are made quickly and accurately and to provide prompt and appropriate responses to creditor or service enquiries.

1.10.4 In deciding on the strategic priorities for the Revenues and Benefits Service, there is a key link with our ongoing work on responding to welfare reform, including the replacement of Housing Benefit for those of working age with Universal Credit. The outcome of this review will shape the future service requirements of Revenues and Benefits. Fully understanding the best service operating model, how this will impact on the customer journey and the commercial and financial implications of a

particular approach in relation to these is a complex task.

- 1.10.5 Further detailed work therefore needs to be completed to understand the best overall solution for the delivery of the Revenues and Benefits and Financial Business Transactions services. A detailed options appraisal is currently being undertaken, including financial modelling of the various alternatives. This will enable the cost impact to be weighed against the strategic pros and cons of the different operating models.
- 1.10.6 A further report will be brought back to Cabinet during 2018 when this work has been completed, setting out further detail on the options and their implications and the recommended course of action.

HOW DOES THIS DECISION CONTRIBUTE?

The Council's current Corporate Plan contains five priorities that capture the organisation's ambitions for Sheffield. These proposals support the priorities in the following ways:

- **An in-touch organisation:** Having modern and efficient ICT will help the Council to make the best use of information and improve business intelligence to enable it to deliver better services to the people of Sheffield. It will help staff to be more agile in responding to the needs of customers and to be more efficient in how those needs are met.
- **Strong economy:** Diversifying the ICT supply chain should have a positive impact on Sheffield's economy. We will be procuring more, and smaller, lots so this should increase the opportunities for smaller, local business to compete. We will apply our Ethical Procurement principles throughout.
- **Thriving neighbourhoods and communities:** Implementing Technology 2020 will lead to a significant increase in the digital skills of our workforce which will benefit the communities our staff live and work in. From a service delivery perspective, this will also increase our staff skills in identifying opportunities to provide digitally-enabled services which will benefit neighbourhoods and communities.
- **Better health and wellbeing:** Improved ICT will enable us to collect and use data better to influence decisions on health and wellbeing. It will also create the platform for the Council to innovate in wearables and other digital tools for personal health and wellbeing.
- **Tackling inequalities:** Opportunities to increase the number of Apprenticeships that are offered as part of the new ICT supply chain arrangements will be explored.

HAS THERE BEEN ANY CONSULTATION?

There has been ongoing consultation on the development of the Technology 2020 Strategy including staff, Members and Trade Unions. A

staff reference group has been established to provide ongoing informal consultation on the implementation of the Strategy.

RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

The risks associated with the recommendations in this report are outlined Appendix 7.

Equality of Opportunity Implications

A full Equalities Impact Assessment (EIA) has been undertaken to assess the potential impact of the recommendations in this report in terms of equal opportunities. The following is a summary of the findings.

There will be staffing implications as a result of the TUPE transfer of Capita staff into the Council. However, there is not expected to be any disproportionate impact on staff with a particular protected characteristic.

The Council has a wide range of policies and procedures already in place to support employees reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council.

There is a small risk that some transferring staff may not be fully included in the consultation process due to their characteristics - in particular those staff on pregnancy / maternity / paternity leave, or those absent from work due to illness or disability. Managers will be expected to ensure that these staff are involved wherever possible in consultation arrangements in a manner appropriate to their needs.

It will also be important to ensure that staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics.

There is not expected to be any negative impact on customers as a result of these proposals, as the Service largely will deliver positive changes and improvements in the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment, and any proposals to change this service will be developed in partnership with customers and will take account their diverse needs.

The EIA has assessed the overall impact of the project as 'low', and a copy of the full EIA document is attached in Appendix 6.

Financial and Commercial Implications

The financial and commercial implications are outlined in the report at Section 1.7.

Legal Implications

There are no direct legal implications from this report other than that in reaching the decisions cabinet will need to have regard to the Public Sector Equality Duty under the Equality Act 2010.

The implementation of the proposals and decisions under the delegations will pick up any necessary legal implications at that stage and these will include the following;

- Best Value Duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness” as well as the published guidance;
- Public Services (Social Value) Act 2012;
- The Public Contracts Regulations 2015 the Regulations) – Many of the procurements will be caught by EU procurement law as codified in the Regulations and will need to be compliant. The Capita Programme Agreement provides provision for the termination of services but the operation of this will still need to be compliant, in particular with Regulation 72 in respect of modifications and the requirement they must not change the economic balance of the contract in favour of the contractor in a manner which was not provided for in the initial contract; and
- Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended.

Other Implications

Any other implications are outlined in the report.

ALTERNATIVE OPTIONS CONSIDERED

For Technology 2020, the Strategy and investments outlined in the report are the minimum required to provide the level of ICT service that the Council requires.

Very detailed work was undertaken on the alternative options relating to the provision of the ICT services which included a long listing and a shortlisting exercise. The considered options and the outcomes of the work are included in the report at Section 1.9.

REASONS FOR RECOMMENDATIONS

The detailed rationale for the recommendations is set out in the report. For Technology 2020, it is essential to invest in the Council’s ICT infrastructure to prevent the Council falling further behind and to enable us to provide the technology that can enable staff to be productive and

help deliver positive outcomes for the people of Sheffield.

In order to deliver Technology 2020, the Council needs to be in control of the ICT services, which is why the recommendation is to end the ICT part of the Capita contract earlier than anticipated. Doing this will give the Council direct control over the ICT and will enable the Council to implement Technology 2020 more quickly and more cost-effectively.

Technology 2020

Digitally enabling the Council.



Context



'Technology 2020' is the 'brand name' for our strategy to support the delivery of a digitally-enabled Council through the exploitation of existing and new technology. It is one of three strategies that will collectively make up our Digital Strategy.



Drivers



- **National drivers:** The changing shape of the UK public sector and wider economy are driving us to change how we deliver our services and work with others and technology is key to this shift.
- **Changing markets:** Technology markets are constantly changing and the Council needs to be fully engaged with the market and understand how to exploit new types of technology and provision and drive cost and delivery value.
- **Increasing scope of change:** The Council is moving into a period of fundamental change which requires modern, flexible technology to support it.
- **Rising staff (and customer) expectations:** Expectations on what good technology looks like are heightened as most people now use technology in their private lives. This includes staff and customers.
- **Staff demands:** Allied to this, council staff need and are asking for the right tools to enable them to be efficient, agile and responsive.

Vision



- We will give all staff and Members the technology, skills and information appropriate to their role, enabling them to focus on doing their job as effectively and efficiently as possible.
- Staff and Members will have the latest (and regularly updated) laptops as part of a refresh programme and access to the latest Microsoft productivity and communication tools so they can work flexibly.
- They will be able to access systems and information from wherever they are within an IT environment that is always connected, available and with effective business continuity built in as standard.
- They will be provided with the skills and confidence to use these tools and the Council will be working towards joining up information and data so this is easier to find, use and share.

Design Principles



These principles are key in ensuring that this strategy can be delivered and achieve the desired outcomes:

- Design for a predictable total cost of ownership
- Re-use, buy then build (as a last resort)
- Rationalise where appropriate
- Open standards and enterprise applications by default
- Cloud by default
- Always be in mainstream support and think about product lifecycle
- Think about data and information
- Build security and resilience
- Deliver business solutions not technical solutions
- Allow no exceptions

Strategic Themes



This strategy is built on seven key strategic themes which will ensure we are covering all the aspects needed to deliver a sustainable technology environment.

- **Collaboration** – focusing on how we use technology to work with others;
- **Mobility** – using tools to enable us to work in a flexible and agile way;
- **Sustainability** – building a technology environment that is socially, economically and environmentally sustainable;
- **Resilience** – making sure that our technology is designed to provide continuity by default;
- **Optimisation** – ensuring that we make the most of what we have and exploit new investments; and
- **Sourcing** – building a multi-vendor approach that encourages innovation and competition to drive value to us.

Collaboration:

What We Will Do



- We will provide the tools to enable staff across the organisation need to work effectively and securely with colleagues both internally and elsewhere.
- We will roll out Skype for Business which will allow staff to communicate with colleagues more easily.
- We will give all staff and Members Office 365 to enable them to collaborate more easily and to access their productivity tools and key documents from anywhere.
- Collaboration with partners will be carried out through Yorkshire and Humber Public Services Network (YHPSN) including access to GCSx, and the Health and Social Care Network (HCN)
- Information security is a key part of any decision to provide tools to support collaborative working and we will equip staff with training to enable them to collaborate securely and safely.

Collaboration:

Postcard From The Future



“ My team operates over such a broad area, it's not easy for us to come together in the office on daily basis. One simple thing we now do is a weekly group Skype call to cover off any issues the team might have. This is so easy to do now and works much better than email ping pong or long calls. I also use this with staff individually; my OT's can share photographs or even a video of customer's accommodation to discuss options for equipment and adaptations. We work closely with and share an Equipment provider with Health.

“ Up until recently my team had log on to multiple systems to raise equipment orders. The new changes mean that when my OT's require Equipment as part of a support plan, all they need to do is add the equipment detail on our system, this then starts process with our equipment provider with no double keying.

Mobility:

What We Will Do



- We will provide remote, flexible and mobile working tools to support staff to carry out their roles.
- We will review the way staff access the SCC network to ensure that they have the most appropriate method of access for their role.
- We will seek to remove the dependency between a user and a device, giving them access to information and systems where and when they need it.
- Focus will move to securing information and data rather than locking devices, allowing users to benefit from functionality.
- BYOD – Bring Your Own Device capabilities will be provided for those that require this facility.
- GovRoam will be implemented to support mobile working across the public sector.
- We will improve Wi-Fi coverage in Council buildings to support agile working.

Mobility:

Postcard From The Future



“ As part of a small specialist team of health and safety professional our areas of work often bring us into direct conflict with business owners, since having the tracking system on our devices and the ability to immediately alert the authorities when threats of violence occur it makes me feel protected when working alone and demonstrates the organisations commitment to my safety. We also have body worn video surveillance equipment, which not only helps with prosecutions but has lowered the number of violent incident just by its presence.

“ I regularly work at Health sites, I use their Wi-Fi to connect to council services, just like been in a council building. This was big problem a few years ago but the new solutions were put in place that has made it easy to work on Health sites.

Sustainability:

What We Will Do



- Environmental impact will become a formal part of technology selection process.
- We will favour infrastructure free 'As a Service' approaches to ensure maximum efficiency of our architecture.
- Utility and commoditised ICT solutions will be the first choice.
- We will adopt an enterprise-wide view of technology – supporting business capabilities rather than focusing just on systems.
- Whole life cycle costs will be well understood and managed to avoid legacy issues preventing business change and transformation.
- Commercial models for procurement will be reviewed and alternative revenue based predictable financing will be included in the MTFP.

Sustainability:

Postcard From The Future

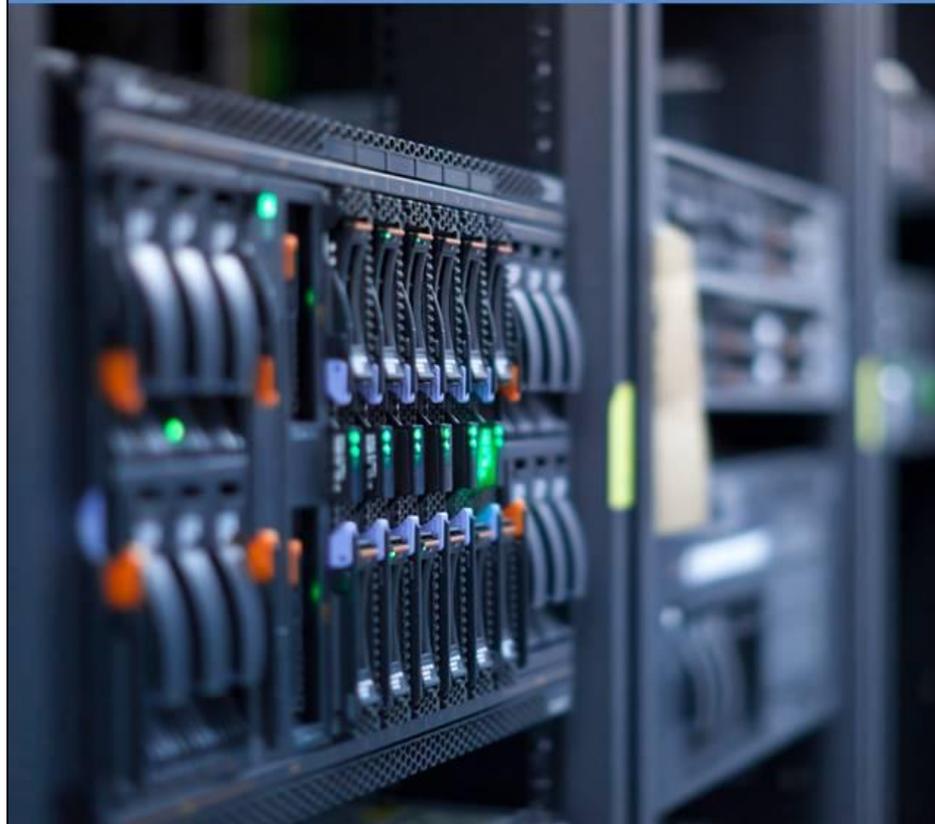


“ We now have a good handle on the costs of our technology and there are no more ‘surprises’ where we need to find money that we hadn’t previously budgeted for. We also have greater confidence that we are getting good value for money. We now have a much smoother investment profile in IT rather than the spikes in investment that we used to have because we didn’t keep the infrastructure up-to-date on an ongoing basis.

“ We have a much better handle on the energy usage of our IT infrastructure and can make better decisions because we have good consumption data. This means that we can be confident that we are providing technology that is good for the environment and can focus on specific areas of our IT where we are not performing well. Previously, we just weren’t able to do this.

Resilience:

What We Will Do



- We will have a clear Business Continuity and Disaster Recovery plan for all IT services.
- We will ensure that our underlying infrastructure is resilient and work with colleagues to ensure that it meets the organisation's business continuity needs.
- We will ensure that we have backup arrangements in place which facilitate recovery and continuity in line with the Council's resilience plan.
- We will provide the Council with the ability to continue its own business in times of disaster or emergency.
- We will make our services more mobile and less reliant on geographical locations or specific sites.
- We will use the technology available to the Council to support local communities in times of greatest need.

Resilience:

Postcard From The Future



“ We generally don't have any downtime anymore which means we can now spend more of our time worrying about 'keeping the lights' on and instead focus on doing more innovative stuff. We've managed to free up costly data storage space which is now being used as an Innovation Space for engaging with startups. Because we have utility IT services, we are now more able to align our IT with the continuity needs of the Council which was previously very hard and very expensive.

“ Our new tablet devices allow us to access crucial information on the move about the business owners and any previous interactions we have had with them, allowing us to easily identify business owners in the event of a disaster, this is far better than the multiple systems we used to have to access to try to confirm identities in the past.

Optimisation:

What We Will Do



- We will implement continuous improvements to our core infrastructure.
- We will simplify and standardise the applications we have available and get better value from them.
- Our order of preference will be to reuse, buy or rent and only develop as a last resort.
- We will identify opportunities for providing applications on a shared and hosted basis in all project appraisals.
- We will ensure that we have a technology forward plan in place and a clear funding strategy.
- We will understand our assets and ensure we are getting best value from them.
- We will ensure we have structures and process in place to manage change and transition effectively.
- We will deploy cloud based services wherever possible.

Optimisation:

Postcard From The Future



“ We now have a consolidated customer experience platform which enables us to worry less about knitting systems together and focus more on dealing with vulnerable customers. Because it is hosted in the cloud, we have been able to allow customer service operatives to work from anywhere with a good Internet connection. This has improved staff morale and overall productivity.

“ We used to have to worry about upgrading our social care system which was really expensive and very complicated. Because of the way this is now provisioned, it just kind of happens without anyone really having to do anything – at least that’s how it feels for us. The reliability of the system allows us to see more children and ensure they are safe.

Sourcing:

What We Will Do



- We will proactively develop a multi-vendor approach.
- We will design services based on outcomes required.
- We will understand and engage with potential suppliers/providers.
- We will manage contracts with service providers to assure outcomes and benefits.
- We will integrate different services to ensure a coherent overall ICT service for the Council.
- We will market test services to ensure we continue to achieve value for money.
- Systems will be open to allow potential integration, based on our integration strategy.
- Services will be defined on an outcome-based approach rather than specifying inputs.

Sourcing:

Postcard From The Future



“ We have a multi-vendor approach to procuring and commissioning our technology. This means that we are always getting the latest innovations rather than ending up having to make massive upgrade decisions because we haven't kept up-to-date with key systems. Our new approach means we are also able to engage more often with local, innovative technology companies whereas before we didn't do this as much as we would have wanted.

“ Rather than developing separate apps for licensing, traffic enforcement and other areas, we now consume common components that are in place across the Council. This means we get technology improvements more quickly and it is done as part of a more consistent approach for the whole organisation. It's also cheaper for us and means we can do more for customers.

Governance



We will implement governance to ensure that the roll out of this IT Strategy and its further developments are fully owned by the organisation. This cannot just be seen as something owned by IT. It is key that we adopt a **One Council** approach to the development of our technology environment. This will involve two main parts:

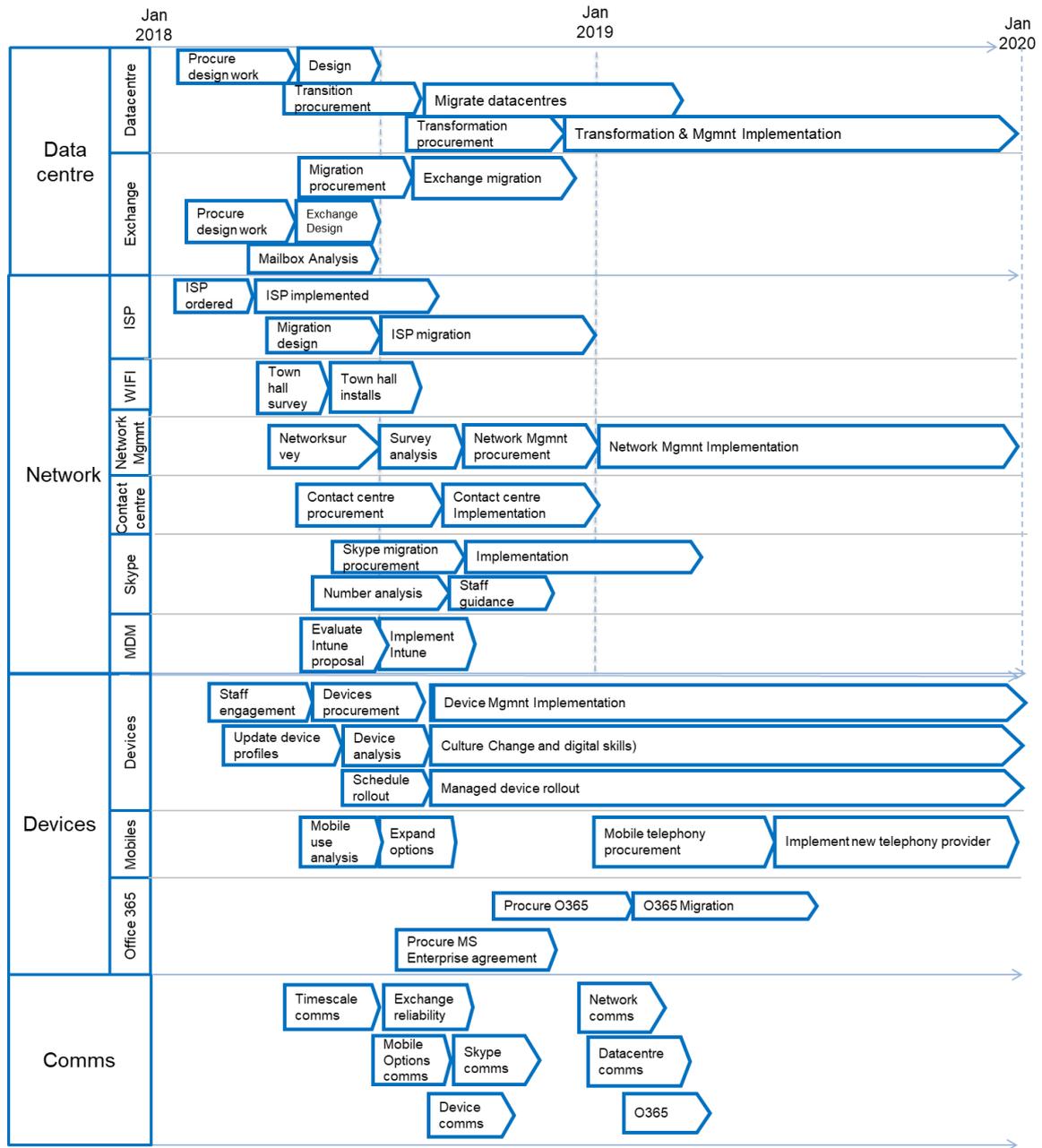
- **Technology 2020 Strategy Board** – corporate board to oversee the strategy and make recommendations and approvals on future direction and investments. This will be Chaired by the Director of BCIS and will have organisational-wide representation; and
- **Technical Design Authority** – this is described in the following pages but will be crucial in maintaining the integrity of the Council’s technology environment.

Key Projects



Strategy Theme	Project
Optimising	Datacentre transformation and migration to Microsoft Azure or alternative hosting services.
Optimising	Upgrade Enterprise Agreement to add software assurance to support migration to the Microsoft cloud product set.
Collaboration	SharePoint upgrade and migration to O365
Collaboration and Mobility	Migration from Microsoft Exchange to Microsoft hosted Office365.
Collaboration and Mobility	Replacing existing Avaya telephony platform with Microsoft Skype for Business.
Mobility	End user computing refresh including upgrade from Windows 7 to Windows 10.
Mobility	Replace existing remote access with Microsoft Direct Access.
Collaboration	YHPSN new network and connection to HCN.

Appendix 2: Technology 2020 Delivery Plan (DRAFT)



‘Do nothing’

Strengths	Weaknesses
<ul style="list-style-type: none"> • Lower procurement effort and expense needed • Less ongoing contract management with one single contract • Running costs of this option are known already • No, or very little, additional cost in terms of procurement or implementation. • There would be complete service continuity, and the experience which Capita has of working with the Council and with our tenants would be retained. • No Equal Pay risk to the Council • Council Tax Single Persons Discount and Home Owners Single Person Discount Benefits guarantees in current contract • Staffing levels are responsive and flexible 	<ul style="list-style-type: none"> • Less control over the Service, less flexibility, and much more distant links to corporate objectives. • Limited ability to address issues with current service delivery and limited opportunity to improve the service • More difficult to generate any revenue savings. • Fewer / reduced opportunities for integration with other Council Services, and for a more joined-up approach. • Likely to be less transparent than direct delivery • perceived disconnect between SCC strategy and partners delivery objectives • contractual and supply incentives not aligned to SCC priorities
Opportunities	Threats
<ul style="list-style-type: none"> • Likely to avoid service disruption through transition and change 	<ul style="list-style-type: none"> • Capita may serve notice if more services are procured outside the contract due to services dissatisfaction with current arrangements

Insource all ICT services, with the Council providing them directly.

Strengths	Weaknesses
<ul style="list-style-type: none"> • More control, flexibility and accountability for the Council in managing the Service, • Enables the service to be fully integrated into the Council and to work in close partnership with other relevant key Council Services. • Would make it easier to structure the Service around the Council's priorities. • Greater democratic control and oversight of delivery. • Reduction in partnership costs 	<ul style="list-style-type: none"> • Significant time and resources needed to manage the transfer • Lack of technical knowledge and experience within the Council to manage specialist services within the contract • Difficulty in recruiting and retaining specialist staff within the council's pay & reward structure • Potential negative Financial impact for R&B • Limited flexibility within the R&B resource • Managing potential system changes R&B • Short term disruption during transition activities • Limited operational management experience in some areas • Largest volume of change activity and resource required to manage a major change
Opportunities	Threats
<ul style="list-style-type: none"> • Could generate sustainable year-on-year revenue savings, • Longer-term opportunities to reduce duplication, join-up procurement with other Council services and increase efficiency within the Service. • Could directly link the service into the Council governance, enabling internal and external customers to more easily have direct influence on how the Service is shaped and delivered in the future • potential to run the Service as an externally-trading Council function in the future – for example processing Council tax payments on behalf of other authorities • Would likely have greatest impact on local economy, as jobs would be Sheffield based • Opportunity to review and maximise operating model e.g. joining up debt collection activities • Opportunity to align with SCC strategies for e.g. in relation to Business Rate growth • Could reshape service delivery to meet changing needs and priorities • Option to cross skill staff for greater flexibility and resilience 	<ul style="list-style-type: none"> • Potential financial impact of transfer to SCC pay scales and terms and conditions • Moving the current Capita workforce into the Council may impact on staff motivation and so lead to reduced productivity and reduced customer satisfaction. • If at the point of transfer staff resource levels do not match service demand there could be significant budget implications for the Council in terms of potential redundancy costs or key specialist employees do no transfer • More vulnerability to the impact of market forces, meaning increased uncertainty regarding the cost of support services, equipment • Possible delays and increased costs • The shift in culture for TUPEd staff could cause disruption and may mean more work to support staff to adopt the council's culture

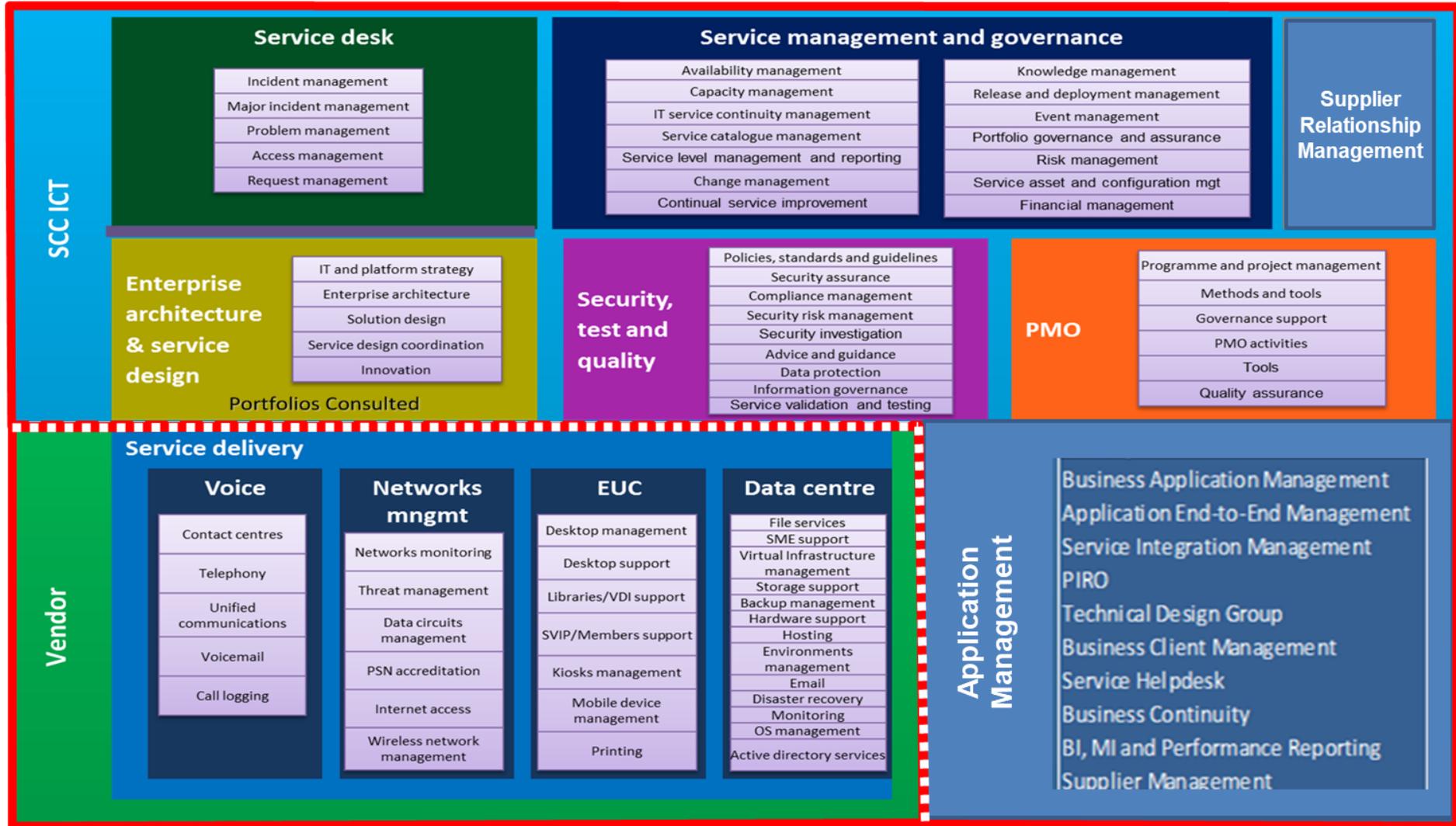
Recommission all ICT services externally from other suppliers and retain the same contract management model.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Specialist providers can deliver each element of the service to improve quality • More flexible delivery with different suppliers • Greater innovation from new suppliers' ideas • Good operational management experience from suppliers • Flexibility to use resource across supplier organisations to cover peaks in demand. • Greater resilience as through using larger providers of these services • Implementation costs largely covered by new providers (though likely priced into bids) 	<ul style="list-style-type: none"> • More contract management activity needed for a greater volume of contracts • Greater client effort needed to coordinate activities • Some contractual constraints would be expected • Procurement activity would require some resource costs • Large amount of procurement and supplier on boarding needed • Overhead costs would remain (profit elements)
Opportunities	Threats
<ul style="list-style-type: none"> • Improved performance from specialist providers • Stronger local economy supply chains • Potential cost savings • Could restate contractual requirements to reduce constraints around change and flexibility 	<ul style="list-style-type: none"> • Cross subsidies and synergies between service blocks may be lost, however services blocks with strong links can be kept together • Risk of loss of local knowledge or expertise if staff don't transfer • Potential service disruption from coordination of multiple new services • Potential drop in performance during exit to current arrangements

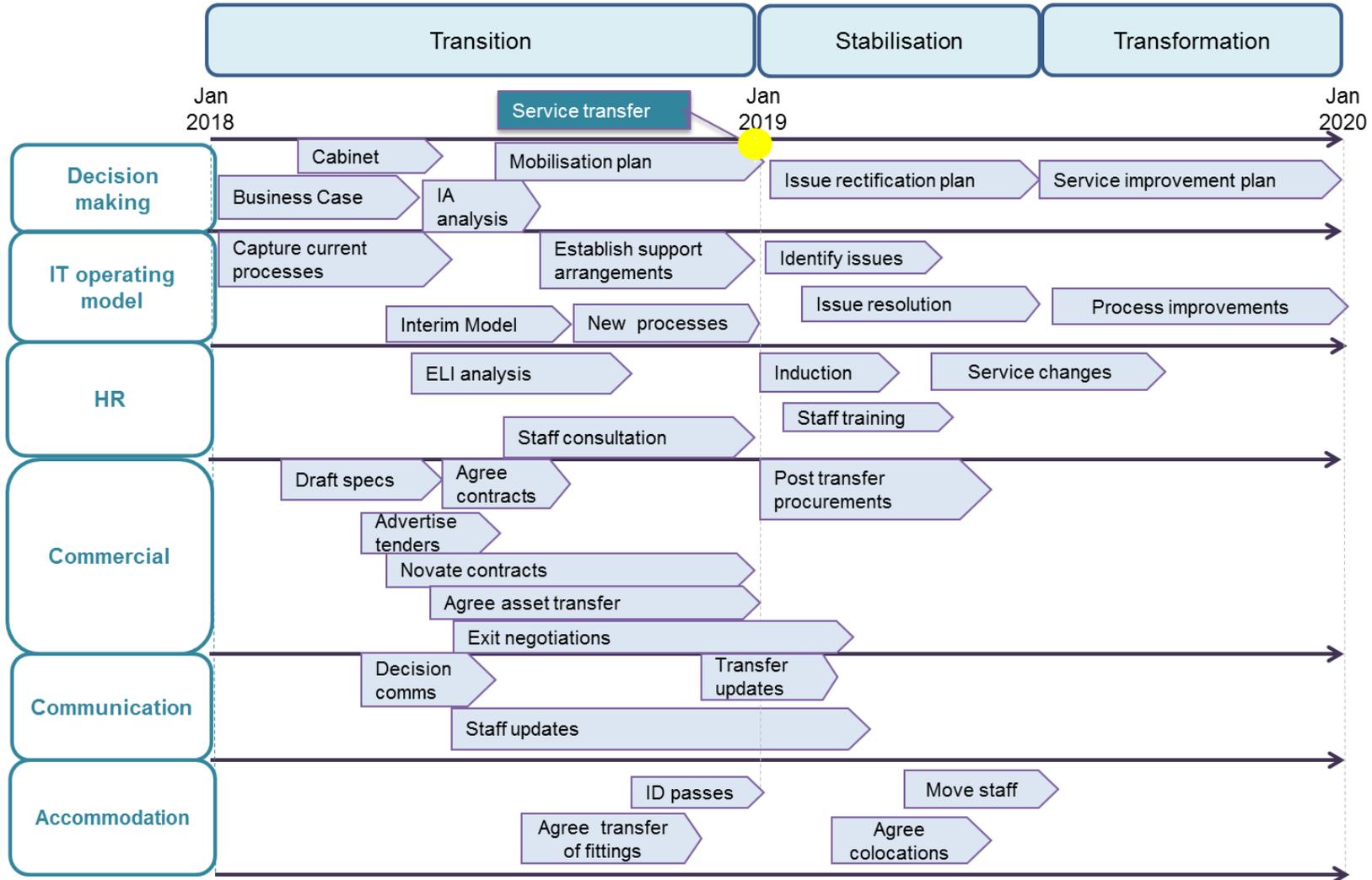
Insource some services and recommission others but retain control of all aspects.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Flexibility to make quick decisions on different elements of service delivery • Sustainable cost savings, primarily from the profit elements • Services which SCC does not have experience in delivering can be procured from specialist providers. • Greater delivery flexibility • Improved service integration, enabling greater quality, innovation and user satisfaction • Greater innovation from new suppliers' ideas • Greater resilience for datacentre and end user computing as part of a larger provider of these services 	<ul style="list-style-type: none"> • Ongoing contract management needed for a greater volume of contracts • Implementation of increased supply chain • Cost to change and implementing new services and mobilising contracts • Not all profit would go to SCC • Introduces cross organisation dependencies • Prevents cross skilling across service areas • Only partial transparency for the Council to perform assurance and compliance activities
Opportunities	Threats
<ul style="list-style-type: none"> • Improved performance and governance • Stronger local economy supply chains • Increased revenue from Council resources 	<ul style="list-style-type: none"> • Cross subsidies and synergies between service blocks may be lost, however services blocks with strong links can be kept together • Risk of loss of local knowledge or expertise if staff don't transfer • Risk of employment issues and additional liabilities for the Council from 3rd party TUPE challenge. • Potential decrease in performance due to fragmentation of service delivery

Appendix 4: ICT Functional Model (DRAFT)



Appendix 5: High Level Transition Plan for Recommended Option



EIAs - Tech 2020 strategy Page 1 of 9

 Equality Impact Assessment » EIAs: Tech 2020 strategy  |  | 

[Print this page](#)

Equality Impact Assessment and Consultation

Approved

Approved by Hawley Michelle

Equality Impact Assessment

Introductory Information

Reference number
289

Proposal type
 Budget Project

Project name
Tech 2020 strategy

Decision Type

Type of decision

- Cabinet
- Cabinet Committee (e.g. Cabinet Highways Committee)
- Leader
- Individual Cabinet Member
- Executive Director/Director
- Officer Decisions (Non-Key)
- Council (e.g. Budget and Housing Revenue Account)
- Regulatory Committees (e.g. Licensing Committee)

Lead Cabinet Member
Blake Olivia (LAB CLLR)

Entered on Q Tier
 Yes No

Year(s)

EIA date
17/05/2018

EIA lead
Hawley Michelle

EIA contact
Markham Rob (NCC)

Lead officer
Gannon Mark (CEX)

Lead Corporate Plan priority
An In-Touch Organisation

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.as...> 01/06/2018

Portfolio, Service and Team**Cross Portfolio**

Yes No

Portfolio**Resources****Resources service(s)**

- Business Change and Information Solutions
 Finance and Commercial Services

Resources team(s)**Is the EIA joint with another organisation (eg NHS)?**

No Yes

Brief aim(s) of the proposal and the outcome(s) you want to achieve

The overarching purpose of this strategy is to create a step-change in our technology environment that enables the flexible, sustainable, digital transformation of the Council's business. This will be built on a deep understanding of and engagement with customers, both internally and externally, improving the overall experience of customers who access our services. Our technology will move from doing the basics or 'keeping the lights on' to enabling real business innovation by adding value to every part of the organisation. We will proactively engage with the supplier market to build a multi-vendor model, helping drive greater value to the Council. This change is expected to require changes to the council's internal structures and operations as well as changes in the ICT supply chain.

Impact

Under the [Public Sector Equality Duty](#) we have to pay due regard to the need to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- foster good relations

More information is available on the [Council website](#) including the [Community Knowledge Profiles](#).

Note the EIA should describe impact before any action/mitigation. If there are both negatives and positives, please outline these - positives will be part of any mitigation. The action plan should detail any mitigation.

Overview

Overview (describe how the proposal helps to meet the Public Sector Duty outlined above), Supporting Evidence (Please detail all your evidence used to support the EIA)

The proposals will be managed to include detailed consultation with affected staff and regular communications to keep people informed of changes and their impact.

Impacts

Proposal has an impact on

Health

Does the Proposal have a significant impact on health and well-being (including effects on the wider determinants of health)?

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/display.aspx...> 01/06/2018

Yes No

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The transfer of staff in the ICT supply chain between employers could be a cause of concern and uncertainty for staff both working in the ICT supply chain and within potentially affected services like BCIS.

These concerns could negatively impact on the mental and physical health of affected staff in both areas and they may also be concerned over how their new employer will support them with any health issues.

Affected staff within the ICT supply chain and potentially affected Council services will be consulted with to understand and identify any concerns they have around service transfers and the impact this may have on them and their health. This will include explaining to them the policies and support mechanisms that the Council offer to support them with any health issues and will identify any reasonable adjustments the Council will put in place ahead of them transferring to the council.

The impact on employees who are away from work on sickness absence may be negative and again will be managed by including them in communications.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers

Yes No

Comprehensive Health Impact Assessment being complete

Yes No

Please attach health impact assessment as a supporting document below.

Public Health Leads has signed off the health impact(s) of this EIA

Yes No

Health Lead

Age

Staff Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

There are a minority of BCIS staff under the age of 35 (22%) and over the age of 56 (9%). The age profile of staff in the current ICT supply chain is unknown. For Capita staff transferring, they would join a workforce with a different age distribution and may experience difficulties integrating because of this. If any transferring staff have a more diverse age profile then this will increase the age diversity of the BCIS service, which existing staff may benefit from. If they do not then as part of service continuity planning the age profiles of staff and opportunities to bring in staff with a more diverse age range will be addressed.

Some Capita staff have already experienced a previous TUPE process from previous transfers. These changes may cause concerns for Capita staff, regarding places of work and line management.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No**Disability****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

10% of BCIS staff report that they consider themselves disabled. The proportion of staff in the ICT supply chain that consider themselves disabled is not currently known, if this is higher than BCIS then disabled staff transferring from Capita will join a service that has a lower proportion of disabled staff and so could be concerned over how well they will be supported by the Council.

Consultation with staff transferring to SCC will enable staff to raise and discuss concerns and to highlight any reasonable adjustments required to support staff in their work for staff that consider themselves to have a disability and these would be set up and applied following the standard SCC procedures. The Council is a member of the 'Two Ticks' scheme providing support and development opportunities for disabled people. Potentially affected staff that consider themselves to be disabled will still be able to access support and these will be considered as part of changes to how people work.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/display.aspx...> 01/06/2018

Race**Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

14% of BCIS staff are from a BME background, the ethnicity of the supply chain staff is unknown. If the Capita workforce that may transfer to SCC have a greater ethnic diversity in their staff then any ethnic minority members of their staff would transfer to be part of a less ethnically diverse workforce and this may cause concern around how this may impact how they are treated.

This representation of BME staff in the BCIS workforce will need to be considered further once staff transfer. The TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options

Customers Yes No**Sex****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

The existing BCIS service has an even split of male and female staff. The split of male and female staff in the ICT supply chain is unknown. If there are a greater proportion of male staff in the Capita workforce than in the BCIS service then female staff working in BCIS would experience a shift in the makeup of their service once Capita staff transfer in. This may cause them concern on what possible impact this may have on workplace culture and how they are treated.

If there is an under representation of female staff in the Capita workforce and options to reduce this disparity would need to be considered further if staff transfer to ensure there is not a disproportionate impact on women.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.as...> 01/06/2018

Sexual Orientation**Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

12% of BCIS staff report themselves as LGBT, with 8% unknown. There is not a more detailed breakdown available to identify the sexual orientation with this group. The proportion of staff within the Capita ICT service that identify as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as LGBT compared to the BCIS workforce then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers Yes No**Transgender****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

12% of BCIS staff report themselves as LGBT, with 8% unknown. There is not a more detailed breakdown available to identify which of these identify as transgender. The proportion of staff in the ICT supply chain that report as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as transgender compared to the BCIS workforce then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated, though the Council has been recognised by Stonewall as an employer that promotes equality and diversity.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers Yes No**Poverty & Financial Inclusion**

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.as...> 01/06/2018

Staff Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

5% of BCIS staff earn below £20,000. There is limited visibility of the IT supply chains current wage structure, however historic information suggests this issue is expected to affect very few staff as the majority are understood to be paid above Foundation living wage at this point.

Any staff that would transfer into the Council would be paid at least the Foundation living wage and any staff that move to new suppliers would also be expected to be paid Foundation Living Wage as part of the terms of ethical procurement used to setup new suppliers.

Furthermore any staff that transfer to the Council would be eligible to join the Local Government Pension Scheme and likely receive an increase in employer pension contributions. Any staff that transfer to new suppliers may also have this opportunity if the Council can negotiate with suppliers to obtain admitted bodies status with the South Yorkshire Pensions Authority.

Customers Yes No**Supporting Documentation****Cumulative impact****Proposal has a cumulative impact** Yes No**Proposal has geographical impact across Sheffield** Yes No**Local Partnership Area(s) impacted** All Specific**Action Plan and Supporting Evidence****Action plan**

Full consultation and communication with staff is paramount requiring managers and supervisors to remain open and honest with the staff. The idea of the change to SCC may be seen as negative by some staff. This impact and expectation from staff will be managed via thorough induction, consultation and induction for those that transfer.

Any changes identified as a part of any TUPE process will be subject to full consultation. Some of the changes may result in a positive impact where the SCC 'offer' as part of the transfer provides additional benefits. Any staff transferring into the service will be covered by the Council's 'Dignity and Respect at Work' policy or a transferred Capita equivalent policy, providing support for the resolution of any equality issues.

The TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

All staff will be made aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

This EIA will be reviewed once further staff demographic information is known.

Supporting Evidence (Please detail all your evidence used to support the EIA)

BCIS demographic information supplied by HR.
2015 contract restatement information on Capita pay structures

Consultation

Consultation required

Yes No

Consultation start date

03/09/2018

Consultation end date

30/12/2018

Details of consultation

As part of the TUPE transfer of staff the Council will consult on any changes. This will include a series of consultation meetings with Trade unions, affected Capita staff and potentially affected SCC staff. There will also be one to one consultations with individual staff.

Are Staff who may be affected by these proposals aware of them

Yes No

Are Customers who may be affected by these proposals aware of them

Yes No

If you have said no to either please say why

The proposal is not yet public, but will be communicated to the staff ahead of the cabinet decision. The customers of the service are also council staff so will be communicated to at the same time.

Summary of overall impact

Summary of overall impact

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.as...> 01/06/2018

There will be significant staffing implications as a result of the TUPE transfer of Capita staff into the Council. There is not expected to be any disproportionate impact on staff with a particular protected characteristic however the Council has a wide range of policies and procedures already in place to support employees reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council. There is a small risk that some transferring staff may not be fully included in the consultation process due to their characteristics - in particular those staff on pregnancy/maternity/paternity leave or those absent from work due to illness or disability. This risk is covered in the action plan and managers will be expected to ensure that these staff are involved wherever possible in consultation arrangements in a manner appropriate to their needs. It is important to ensure that staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics. This is also captured in the action plan attached to this EIA.

There is not expected to be any negative impact on customers as a result of these proposals and the intention is that the service will deliver positive service changes over the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment. Proposals to change this service will be developed in partnership with customers and will take account of their diverse needs. The aim of bringing the ICT service back into the Council is to improve the overall service to customers and enable future changes in technology.

Summary of evidence**Changes made as a result of the EIA**

The current action plan is based on the standard TUPE process. This will be amended once further information on transferring staff is obtained and this EIA reviewed.

Escalation plan**Is there a high impact in any area?**

Yes No

Overall risk rating after any mitigations have been put in place

High Medium Low None

Review date**Review date**

03/09/2018

If a review date is specified, it will appear in the 'Upcoming Reviews' view when the EIA review is within 30 days.

Approved

Appendix 7: Risk Assessment

Risk Description	Risk Owner	Before Mitigation			Risk Controls / Mitigation	After Mitigation		
		Probability	Impact	Level - RAG		Residual Probability	Residual Impact	Residual Risk RAG
<i>Service delivery disruption</i> – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery between multiple vendors then broader service delivery could be disrupted across the council.	Mike Weston	Likely	High	Red	Reduce - SIAM principles will be used to coordinate the different functions within an ICT multi-vendor model. The initial operating model will be focused on prioritising service continuity rather with transformational improvements aimed for after transfer.	Likely	Marginal	Amber
<i>Information accuracy and availability</i> – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to setup transferring services may not reflect the way they need to operate and this could lead to service delivery disruption for BCIS and other council services.	Mark Gannon	Likely	Moderate	Amber	Reduce - Liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate resources are available. Requests for information to be under contract exit arrangements and options to maintain a cooperative relationship between both parties will be considered as part of negotiations. Fall-back – additional resource to be available to identify and rectify issues during and after service transfer.	Possible	Marginal	Amber

<i>Access to ICT delivery staff – If the project team and relevant services do not have access to employees to undertake meaningful consultation and gain a deep understanding of operational delivery then the tools and processes setup for the point of transfer may not be appropriate for effective delivery.</i>	Mike Weston	Likely	Moderate	Amber	Reduce – discussion between both parties through transition governance arrangements will manage requests for access to staff. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations. This will include assessment of the impact on service delivery to ensure that disruption is minimised. TUPE consultation activity will be agreed in advance at an early stage including consultation timescales.	Unlikely	Marginal	Green
<i>Third Party TUPE challenge – If 3rd party suppliers claim TUPE applies for any of their staff, because they believe they are mostly or wholly assigned to this contract, then more staff may transfer to the Council than are needed to run the service.</i>	Linsey Linton	Possible	Marginal	Amber	Reduce – The Council will seek legal advice at an early stage after any claim to assess TUPE rights and assess the service staffing needs.	Unlikely	Marginal	Green
<i>Financial impact not fully visible – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option.</i>	Paul Schofield	Possible	High	Amber	Reduce – Cost modelling has been based on conservative estimates and wherever possible evidence of actual costs have been used to test modelling assumptions e.g. from previous impact assessments.	Unlikely	Moderate	Amber

<p><i>3rd party application novation</i> - If 3rd Party Vendors are unable to novate contracts in the required timescales, due to contractual complexity or resourcing, then control of the contract for applications and relationships with their suppliers would not be transferred by the point the ICT service transfers to continue the support delivered for other services.</p>	<p>Mike Weston</p>	<p>Possible</p>	<p>High</p>	<p>Amber</p>	<p>Identify critical applications and engage with suppliers at earliest opportunity to share timescales and plan necessary contractual activities. Ensure Capita have novatable arrangements in place before transfer. Fall-back - If necessary discuss contingency arrangements as part of the exit negotiations.</p>	<p>Unlikely</p>	<p>Moderate</p>	<p>Amber</p>
--	--------------------	-----------------	-------------	--------------	--	-----------------	-----------------	--------------