

# Finance and Resources Committee

10.00am, Thursday 26 November 2015

## ICT Services Procurement: Transition Progress Update

<b>Item number</b>	7.12
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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This report provides the Finance and Resources Committee with a comprehensive update on the progress of the transition of ICT services to CGI by 1 April 2016 including:

- details of the transition governance arrangements;
- progress on the transition plan deliverables;
- key project activities and early stage benefits;
- supplier facilitation activities; and
- change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.

### Links

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<b>Coalition pledges</b>	P7, P15, P16, P28
<b>Council outcomes</b>	CO08, CO25
<b>Single Outcome Agreement</b>	S01, S03

## ICT Services Procurement: Transition Progress Update

### Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1 notes the partnership governance arrangements which have been put in place to ensure the scope of the transition and transformation, and their accompanying risk factors, are managed through a formal process with weekly monitoring and reporting ;
  - 1.1.2 notes progress on the programme to transition ICT services from the incumbent ICT provider to CGI by 1 April 2016; delivering a range of contracted improvements and wider benefits to staff and citizens;
  - 1.1.3 notes facilitation activities underway to ensure effective cooperation between the incumbent ICT provider and CGI in relation to the BT exit planning and activities;
  - 1.1.4 notes change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems; and
  - 1.1.5 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### Background

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- 2.1 The current contract for ICT services is due to expire in March 2016 and consequently the Council approved, in 2013, the procurement of a new contract through a competitive dialogue process.
- 2.2 Following an evaluation process on receipt of final tenders from bidders, in August 2015 the procurement project board made a recommendation to Finance and Resources Committee to notify CGI IT UK Ltd (CGI) as the preferred bidder and move to contract signature. The Committee agreed this recommendation.

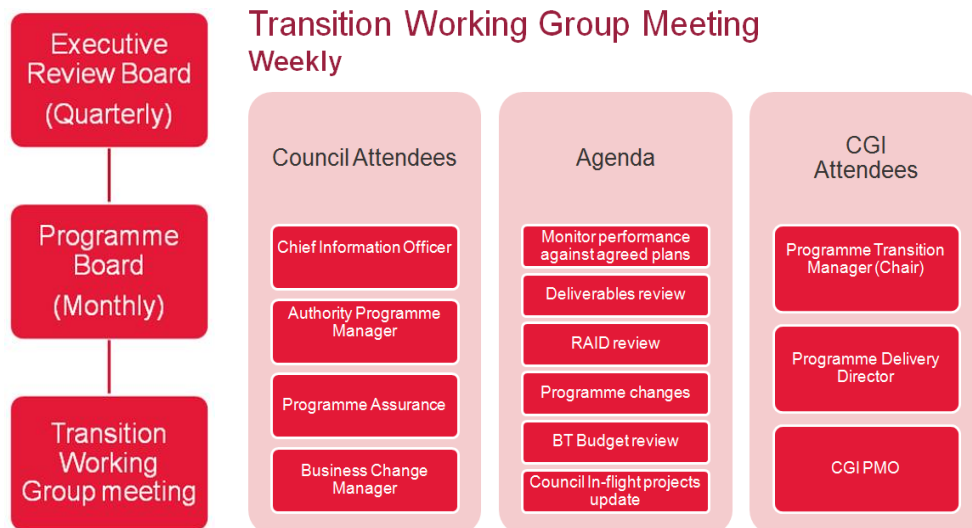
- 2.3 The new contract will deliver an ICT solution that best meets both the current and future needs of the Council in the digital age within an overall finite resource level. The sum involved is £185.7m over seven years, resulting in a minimum saving of £45m against the current budget. Additionally, CGI had committed to a range of Community Benefits including the provision of 221 new jobs and 60 modern apprenticeships in Edinburgh.
- 2.4 Following contract signature on 21 August 2015 the project entered into the service Transition phase whereby CGI undertook activities to plan the move from the incumbent ICT supplier BT. There will be minimal service transfer to CGI until the agreed service cutover date (1 April 2016). Transition milestone payments are payable on achievement of key milestones during this time, and are outlined within the agreed Transition Plan.
- 2.5 Progress against the Transition Plan, will be reported at three month intervals to the Finance and Resources Committee.

## Main report

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### Partnership Governance

- 3.1 Partnership governance arrangements which have been put in place to ensure the scope of the transition and transformation and accompanying risk factors are managed through a formal process with weekly monitoring and reporting. The aim is to ensure a smooth transition with minimal operational business disruption, delivering service improvements and transformation in a staged and controlled manner.
- 3.2 Over the transition phase an Executive Review Board, attended by the Chief Executive of the Council and Senior Executive representation from CGI, will meet at 3 month intervals to oversee progress on transition planning and delivery including reviewing progress on exit activity relating to the cut over from BT to CGI.
- 3.3 Management of the transition is governed through a monthly programme board which has overall responsibility for execution of the Programme Plan. Programme board responsibilities include reporting on performance against the plans, agreeing actions, resolving issues and disputed items and change management relating to approval of formal change controls.
- 3.4 As outlined in the governance diagram below the programme board is supported by a Transition Working Group that meets on a weekly basis and coordinates activities and manages risks and issues across the programme workstreams.



- 3.5 To ensure the Council realises the full potential of the new contract - investment has been made to set up an Intelligent Client function supported by suitably qualified and experienced subject experts over the transition and transformation period.

### Transition Progress Update

- 3.6 To assist management and coordination of interconnected projects the programme has been partitioned into 17 workstreams which capture delivery activities relating to the 93 segment-specific Output Based Specifications. A high level summary of the master programme plan illustrating the structure, and key activities and timelines for each workstream is set out in Appendix 1.
- 3.7 The programme currently remains on schedule with the master transition milestone plan set out in the supplier's tender submission. In particular - over the period (August to October 2015) seventeen key project milestones were achieved, and a wide range of project activities undertaken including:
- 3.7.1 Delivery of contract milestone on 30 September 2015 for CGI to take over technical support for the Council's online transactions and integration to back office feeder systems.
  - 3.7.2 Set-up of project boards for early stage transformation projects including ERP (Enterprise Resource Planning) covering Finance, Procurement and HR; WAN (Wide Area Network); Enterprise Integration / Web supporting channel shift through new ranges of customer self service functions.
  - 3.7.3 Technical collaborations and developments between BT and CGI including the installation of CGI data backup equipment within the BT

datacentre.

- 3.7.4 Completion of a system baselining pilot to capture “current state” performance and test scenarios in preparation for transition cutover during April and May 2016.
- 3.7.5 ERP design workshops to capture “future state” business requirements and process improvement opportunities - directly addressing the challenge of the Transformation programme to improve efficiency and performance.
- 3.7.6 WAN implementation work began including Council building surveys and street cabling installations to deliver a new 150 kilometre gigabit fibre network across the city.
- 3.7.7 CGI activities relating to its SME “Accelerate” programme to promote the use of SMEs in the supply chain.
- 3.7.8 Delivery of community benefits through the funding of two new Council roads posts to support the WAN project.
- 3.7.9 Delivery of Test and Security Strategies for Council review.

### **Supplier Facilitation**

- 3.8 Tripartite arrangements have been set up to assist cooperation between the incumbent ICT supplier, the Council and CGI in relation to service transition activities including; contract transfers, infrastructure and application migrations, knowledge hand over and staff transfers. The arrangements include daily communications between BT and CGI, weekly progress reviews attended by the project assurance manager, and the creation of a shared Change Advisory Board (CAB).

### **Business Engagement and Change Management**

- 3.9 Extensive change management activities are underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.
- 3.10 The programme will be supported by a comprehensive communications campaign designed to address stakeholder needs through targeted communications activities including presentations to management teams and

ICT workgroups, user forums, roadshows, monthly ICT newsletters, and the creation of new intranet content.

- 3.11 Business change champions have been appointed within each Directorate to drive employee engagement, assist communication, and take on the role of advocate in relation to ICT enabled business change and transformation opportunities.

## Measures of success

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- 4.1 The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. The outcomes with respect to each of the objectives set out above, and others, are set out in the A agenda report relating to this procurement presented to the Committee on 3 August 2015.
- 4.2 The success of this programme will be measured on delivery against the transition and transformation plans.

## Financial impact

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- 5.1 There will be an average of £6.4m saving per annum, post March 2016. This supports an important assumption of a £6m pa saving included within the Council's Long Term Financial Plan.
- 5.2 The essential improvements and enhancements included within the ICT contract are critical to the Council future operation and would have cost the Council an estimated £46m over seven years delivering significant value in addition to the substantial cashable savings noted above.

## Risk, policy, compliance and governance impact

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- 6.1 Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them. These impacts are potential unintended consequences which will require managing.

Theme	Potential impact	Comments / mitigating action
Citizens & service users	Positive	The new service will provide an enhanced experience for citizens and service users.
Small & Medium-Sized Business	Positive	SMEs will be used as part of the overall supply chain.

Theme	Potential impact	Comments / mitigating action
Council staff	Positive	It is fully expected that there will be an improvement in the service quality and functionality of the ICT service.
The environment	Positive	CGI is committed to reducing and preventing pollution through energy, waste and resource management best practices and seeks to minimise travel by promoting tele-working, or alternative commuting options, where possible to reduce energy consumption. From a technology perspective, CGI is recognised as an industry leader in power usage effectiveness.

## Equalities impact

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- 7.1 CGI has a strong and well-established policy for Equality and Diversity. The presence and application of these policies was an important aspect of the Pre-Qualification Questionnaire stage of the process. The Corporate Policy and Strategy Manager has conducted dialogue with CGI.
- 7.2 CGI supports the principle of equality in all its employment practices, policies and procedures and fully comply with The Equality Act 2010. CGI regards diversity as a priceless resource and is committed to achieving and maintaining a workforce which broadly reflects the relevant local or national catchment area within where it operates.

## Sustainability impact

- 8.1 CGI has strong and well-established corporate social responsibility policies in key sustainability areas such as travel, waste and procurement. The CGI policy of sustainable procurement extends to its partners and suppliers and takes into account the environmental impact of the products and services procured. It selects only partners/suppliers that comply with internationally recognised human rights standards and applicable legislation; it selects local suppliers where possible, leveraging its SME Accelerate programme which assesses and promotes the use of SMEs in its supply chain.

## Consultation and engagement

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- 9.1 To ensure the success of the transition programme a business change manager has been appointed to lead service area engagement and communication activities. Additionally local change champions have been nominated from each

directorate and service area representatives appointed to key workstream project boards,

## Background reading/external references

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### Relevant internal references include:

ICT Services and Transformation Procurement – Final Stage Report – Confidential Commercial Information, 3 August 2015

[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[ICT Update, The City of Edinburgh Council, 13 December 2012](#)

[ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014](#) This report was referred to [GRBV](#) on 13 November 2014

[Review of contract procedures relating to the Council ICT procurement process, report to Finance and Resources Committee, 15 January 2015](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources 13 May 2015](#)

ICT Procurement Project – Capital Funding (B agenda item), [Finance and Resources Committee](#), 4 June 2015

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## Links

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<b>Coalition pledges</b>	<p>P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers</p> <p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors</p> <p>P16 - Examine ways to source new funding to support small businesses</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city</p>
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<b>Council outcomes</b>	CO8 - Edinburgh's economy creates and sustains job opportunities CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
<b>Appendices</b>	Appendix 1 – High Level Programme Plan

## Appendix 1: Procurement Governance and Project Board

A high level summary of the master programme plans illustrating the key activities and timelines for each of the workstreams is set out below:

### Programme Schedule

