

Scrutiny Board (Strategy and Resources)
Scrutiny Board Statement: ICT Resources
Formal Response

Scrutiny Board Recommendation	Agreed (Yes/No)	Initial Response	Recommendation Tracking
<p>Recommendation 1 –That corporate challenge should be carried out at CLT level and that projects are assessed/ reviewed/ rejected/ agreed at this level. Provision should also exist for projects to be paused or stopped in order to direct resources to new, more important projects.</p>	Yes	<p>This recommendation was discussed between the Chair of Scrutiny (Strategy & Resources) and the Deputy Chief Executive in early 2016 outlining the need for Corporate challenge.</p> <p>This has also been incorporated into the planned peer review (Recommendation 2).</p> <p>In addition to the existing prioritisation at Directorate Leadership Teams and nominated IM&T steering groups, a newly constituted member/officer IM&T steering group (Recommendation 3) will also review the portfolio of projects.</p>	

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<p>Recommendation 2 – That ICT arrange a peer review of the governance arrangements in place for project management.</p>	<p>Yes</p>	<p>Discussions were held with colleagues in Equalities team regarding their experience of peer reviews and contact was then made with Local Government Association in April 2016 regarding options for a peer review of our governance arrangements.</p> <p>The brief given to LGA was to undertake a review of our current arrangements for prioritising Council projects and for guidance on best practise approaches to:</p> <ul style="list-style-type: none"> • Ensure resource is focussed on Council priorities • Make recommendations on how we review the live portfolio of work and make decisions to delay or halt projects based on changing priorities or changing requirements of existing projects. • Ensure there is specific consideration of the IT resource implications <p>Discussions highlighted that LGA do not specifically undertake this type of review however, with a wider peer review planned for Leeds City Council in July 2016 using LGA services we have agreed with the Chief Officer Strategy & Improvement to incorporate the review of project prioritisation within this wider peer review.</p>	

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<p>Recommendation 3 – That a member group be established as a forum for officers to share the challenges and opportunities facing ICT. This to cover ICT, Information Governance, Digital and City agendas.</p>	Yes	<p>At present there is no Members Steering group for ICT.</p> <p>A Cross Council IM&T Steering Group exists to consider cross cutting initiatives, overall priorities, challenges and opportunities, this is in addition to directorate specific steering groups all of which are part of the governance arrangements for ICT/IM&T. Attendance at this cross Council IM&T Steering group has dwindled and its original purpose is not being adequately fulfilled.</p> <p>It is therefore our plan to create a combined Member and cross Council IM&T Steering group. This will give Members the opportunity to directly comment on Directorate/cross council priorities and Member attendance is also likely to raise the profile of the group and assist in securing regular directorate senior officer attendance.</p> <p>Outline terms of reference and agendas are to be drafted and the new steering group will be in place by 3rd Qtr 2016/17.</p>	
<p>Recommendation 4 – That a clearer indication is given on the resources available to achieve the place based initiative and the timescales involved.</p>	Yes	<p>The scope of the place based initiative is still being developed. Once this is complete, a report will be provided by the ICT Chief Digital Officer.</p>	

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<p>Recommendation 5 – That the Council continues to develop strong graduate and apprentice schemes to resolve its long term recruitment problems within ICT.</p>	<p>Yes</p>	<p>ICT continue to use graduate/trainee and apprentice schemes.</p> <p>Three trainees from the first two cohorts of the ICT developer scheme are now in permanent roles, the two other trainees continue to progress well (commencing their second year in Sep 2016). A third cohort of the trainee developer programme will start in September 2016 with 3 new trainees.</p> <p>Discussions are underway with Leeds City College to take students on under placements within our ICT Service Centre with a view to these developing the skills to then apply for permanent entry level roles.</p>	
<p>Recommendation 6 – That the family friendly terms and conditions of working for the Council continue to be emphasised in order to attract a more diverse workforce.</p>	<p>Yes</p>	<p>ICT continue to stress the family friendly terms and conditions however this has not increased number of applicants for positions.</p>	

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<p>Recommendation 7 – That ICT undertake an exercise in relation to the cost benefits of introducing higher grades and the potential savings this might generate if this resulted in the use of fewer agency staff.</p>	Yes	<p>A cost comparison has been undertaken on five key posts within ICT which are hard to fill and where agency contract resources are used. This demonstrates a cost saving to the Council through employing staff on higher salaries as opposed to paying agency contract rates. Details are contained in Annex A.</p> <p>The Chief Officer HR provided input to the Scrutiny Board advising that potential blanket increase in salaries paid would not necessarily resolve the issue and would more likely have a detrimental impact on pay scales across the authority.</p> <p>ICT ask that Scrutiny acknowledge that without a salary/grade structure which allows for higher rates to be paid to staff filling technical posts, then the situation will not improve and agency staff will continue to be used.</p>	
<p>Recommendation 8 – That internal processes for monitoring contracts are reviewed and specifically in conjunction with legal services, a review as to whether Vodafone was in breach of its contract and if so what remedial action could and should be taken.</p>	Yes	<p>This review has been completed and a report was issued to the Chair of Scrutiny (Strategy & Resources) on 29 April 2016.</p> <p>The report was produced in conjunction with Council solicitors in the Projects, Programmes and Procurement Unit (PPPU).</p> <p>A copy of the report is contained in Annex B.</p>	

Annex A – Cost Benefit analysis of higher graded posts versus cost of contractors. (Recommendation 7)

Current Permanent Market Job Rates v LCC Salaries v Contractor Costs

Role	LCC Salary	Salary based on similar roles Recruitment Agencies are working in the West Yorkshire region	Daily Contractor Cost	Annual contractor cost based on working 46 weeks per year	Cost Difference per year
Senior IT Infrastructure Officer (Solaris System Admin)	PO2 - £30,178 - £32,778	£40,000 - £45,000	£440	£101,200	£61,200
Senior IT Infrastructure Officer (SharePoint System Administrator)	PO2 - £30,178 - £32,778	£40,000 - £42,000	£350	£80,500	£40,500
Principal Technical Lead (Applications Integration)	PO4 - £35,662 - £38,405	£47,000 - £50,000	£580	£133,400	£86,400
Principal Technical Lead (MS SQL)	PO4 - £35,662 - £38,405	£45,000 - £50,000	£350 - £450	£80,500 - £103,500	£35,500
Developer (C#/.NET)	PO2 - £30,178 - £32,778	£37,000 - £42,000	£350 - £550	£80,500 - £103,500	£66,500

Appendix B - Contract management and Vodafone report (Recommendation 8)



Leeds
CITY COUNCIL

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Report of Head of Service Delivery (ICT)
Report to Scrutiny Board (Strategy and Resources)
Date: 29th April 2016
Subject: ICT Contract Management

Are specific electoral wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary of main issues

1. Following the scrutiny enquiry into ICT Resourcing by Scrutiny Board (Strategy and Resources), the Board made recommendation that the internal processes for monitoring contracts are reviewed and that a review in conjunction with Legal services as to whether Vodafone was in breach of its contract (in relation to their data centre outage during the flooding) and if so what remedial action could and should be taken.
2. This report provides an update on the actions taken.

Recommendations

1. Scrutiny Board (Strategy and Resources) is asked to note the updates provided.

1 Purpose of this report

- 1.1 This report provides an update to Scrutiny Board (Strategy and Resources) following the Board recommendation that the internal processes for monitoring contracts are reviewed and that a review, in conjunction with Legal services be done, as to whether Vodafone was in breach of its contract in relation to their data centre outage during the flooding.

2 Background information

- 2.1 Scrutiny Board (Strategy and Resources) has undertaken an inquiry into the capacity within ICT Services.
- 2.2 During the flooding in December 2015, the Council's main internet connection became unavailable as our providers primary and secondary data centres were both located within the affected area.
- 2.3 The board have made a recommendation that the internal processes for monitoring contracts are reviewed and that a review be done as to whether Vodafone was in breach of contract in relation to their data centre outage during the flooding. This review has been done in conjunction with Council solicitors in the Projects, Programmes and Procurement Unit (PPPU).

3 Main issues

Internal processes for monitoring contracts

- 3.1 Each contract has a named contract owner within the service area that is responsible for the management of the contract.
- 3.2 Within the ICT Service, each contract is also aligned to a member of the ICT Service Leadership Team and within other directorates / services each contract has an Information Management & Technology Business Partner aligned to it.
- 3.3 In 2014 a training course for those managing contracts was developed and this has been run four times with 42 attendees since September 2014. Further courses are planned for this financial year to ensure those managing contracts have the appropriate skills.
- 3.4 Contracts are managed in accordance with the overall cost and risk to the Council with those that have a lower cost / risk being managed using a light touch regime and key contracts having contract management plans and regular contract review meetings.
- 3.5 Additional support is available to Contract Managers when required from the ICT Strategic Sourcing team, which has staff with relevant commercial experience to provide advice, guidance and who provide a hands-on role in managing any particular issues that arise.

Vodafone potential breach of contract

- 3.6 At the time of the flooding, the contract with Vodafone had been allowed to expire in anticipation of the transition to Virgin Media Business.

- 3.7 However, having reviewed the original requirements specification and contract, there was a requirement for two diverse direct links from the Leeds City council network to two diverse points of presence.
- 3.8 There was no requirement as to where the points of presence (PoP) were located other than within the United Kingdom and Vodafone did provide two separate PoP's as required, albeit both within the area affected by flooding.
- 3.9 The contract was let under the Government Procurement Service Catalist framework and was subject to its terms and conditions. In line with most contracts, including the Council's standard terms and conditions, Force Majeure (extraordinary events beyond the control of either party and including Acts of God such as flooding) is explicitly excluded.
- 3.10 The contract did contain a requirement to use reasonable endeavours to continue to perform deliver the services in the event of Force Majeure. The use of "reasonable endeavours" is defined by reference to an objective standard of what an ordinary competent person might do in the same circumstances and implies a reasonable balance to be struck between a party's obligation to others and its own financial interests.¹
- 3.11 Vodafone initially continued to provide the service through the use of a battery backup system and generators, however, by 8:30am on 27th December these systems also failed. Vodafone started to reconnect customers from 7:00am on 30th December although as the Council had already confirmed its intention to transition our services to Virgin Media Business we agreed for our service not to be connected.
- 3.12 Given the extent of the flooding, damage it caused and the cost to replace equipment and effort that was involved, it is believed that Vodafone did use reasonable endeavours to restore the service. In the circumstances, it is felt that it would be difficult to prove any breach of contract and it is unlikely any formal action would be of benefit to the Council.
- 3.13 The contract has been reviewed by a Senior Project Solicitor in PPPU, who has confirmed this to be the case in relation to the Contract and the likelihood of any formal action being of benefit.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Individual service area managers, the ICT Service Leadership Team and key contract owners have been consulted as part of the review.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The purpose of this report is to provide an update on activity undertaken and as such has no direct impact on Equality and diversity / cohesion and integration.

4.3 Council policies and best council plan

¹ Rhodia International Holdings v Huntsman International [2007]

4.3.1 The effective management of ICT contracts supports our objective to become a more efficient and enterprising council.

4.3.2 In addition, reliable contracts for the provision of ICT Services support delivery of wider Council policies and the best council plan.

4.4 Resources and value for money

4.4.1 The ICT Services seeks to balance the resource requirements of managing contracts with the cost and risk of the contract to ensure value for money is obtained.

4.5 Legal Implications, access to information and call In

4.5.1 This report is provided for information and as such there are no legal implications.

4.6 Risk management

4.6.1 This report is provided for information and as such there are no direct risk management issues.

4.6.2 ICT Services will continue to manage contract risk and are mindful of the overall impact such risks have on the delivery of the Council's services.

5 Conclusions

5.7 The internal processes for monitoring contracts, processes are in place and contract managers are supported by other suitably skilled officers as required.

5.8 The review of the Vodafone contract demonstrates they were not in breach of contract and there will be no benefit in pursuing costs from them.

6 Recommendations

6.1 Scrutiny Board (Strategy and Resources) is asked to note the content of this report.

7 Background documents²

7.1 None.

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.