Leeds City Council

Review of ICT Services

Final Report v1.0

April 2011

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1 Introduction

1.1 Overview

This document forms the final report of a Review of ICT Services, carried out in March 2011 by Mouchel Management Consulting for Leeds City Council.

1.2 Purpose

The purpose of this report is to provide a review of ICT Services within Leeds City Council and to provide answers to the seven key questions asked. These questions were:

i. *Review of the existing infrastructure (Including Birthright Workplace Tools) to determine whether the infrastructure and generic ICT provision currently in place is appropriate and fit for purpose*

ii. *Are the resource levels in ICT appropriate to support the existing environment and develop it further? This includes ICT support for business applications*

iii. *Does ICT have the appropriate level of knowledge, skills and expertise (Skill balance) to support the environment and move forward?*

iv. *Does the Council (i.e. Business Areas) have the right skills and knowledge to realise the benefits from ICT in the following areas: Change management expertise; ICT knowledge of managers\leaders; ICT skills and competencies of staff (i.e. employees)*

v. *Does ICT (including ICT Sourcing) provide a value for money Service to the Council?*

vi. *Provide an external review of the recently updated ICT Strategy 2011- 2015.*

vii. *Provide a recommendation to the Corporate Leadership Team on the top 3 activities the Council needs to undertake in order to implement the optimal ICT service to meet the transformational ambitions of the Council.*

1.3 Structure

The findings from this review are contained in two accompanying appendices:

Appendix I Strategic ICT Effectiveness Assessment v1.0

Appendix II ICT Infrastructure Review v1.0

Our conclusions are presented in Section 2, in the form of responses to questions (i) to (vi).

Our recommendations are presented in Section 3, as a response to question (vii).

2 Conclusions

2.1 Review of the existing infrastructure (Including Birthright Workplace Tools) to determine whether the infrastructure and generic ICT provision currently in place is appropriate and fit for purpose

The ICT infrastructure currently in use in LCC is fit-for-purpose and appears to be providing an adequate level of service. Much of the infrastructure (including desktop and BWT) is ageing and in need of replacement, however, with numerous issues and risks affecting many areas. These are recognised and understood by ICT, with plans in place to refresh all infrastructure areas as part of the Essential Services (and related) Programmes:

- Overall, the quality of server hardware, the number of servers and the type of build is appropriate for the organisation, delivering good performance for application hosting. Versions of server O/S vary across the estate with legacy servers running versions as old as NT & 2000, through a good deal of 2003 versions to the latest 2008 offerings. The strategy is to now deploy only 2008 (where possible) and the Active Directory / Domain Controller implementation has been built on a 2008 platform.
- Much of the current ageing and silo-based data storage is approaching the end of its lifecycle. Although still fit for purpose, some of the assets within this area will need replacing within the short-term. This will assist ICT in achieving the overall strategy of a single storage model with centralised management. The much needed replication and resilience for storage and the servers that utilise the SANs can also be addressed during transformation
- The network is generally in good shape and the design is continuously evolving to cater for project and user demands. The distributed infrastructure is difficult to manage but with the level of inventory documentation and knowledge of the staff we spoke to in this area, it left us with no significant doubt about the management and development of the WAN, LAN and Voice infrastructure.
- Overall securing the ICT Infrastructure and its data has been carried out to a high standards and in-line with what would be expected of an organisation of this size. Further projects currently planned or being delivered will enhance this situation and leave LCC well placed to increase flexible working and centralise data stores
- It is clear that the desktop service has reached a crucial time for investment. Build creep and lack of control over the end point has resulted in an inconsistent desktop and the ageing BWT software included within the current build means that the ability to deliver certain solutions is now compromised. Although the current BWT are adequate and generally still fit for purpose, due to their stage in the product lifecycle they are now likely to be restricting what end users can achieve, require higher levels of support and constraining improvements in productivity.

The overall direction for ICT at LCC is sound, both in regard to the technology refresh undertaken by the current ESP programme and the longer-term intentions in areas such as use of Cloud services and the Public Service Network.

See also Appendix I Section 3.5 and Appendix II ICT Infrastructure Review.

2.2 Are the resource levels in ICT appropriate to support the existing environment and develop it further? This includes ICT support for business applications

The ICT department has seen significant reduction in its staffing levels over recent years, reducing from over 380 to around 270 with further cuts planned for future years. This has been achieved through reduction in the overall staff budget, as well as a recruitment freeze over in the past year, which has resulted in a very high number of vacant posts.

Managers from across ICT report that they are struggling with current levels of resources, not helped by the large volume of project work currently underway. Most affected are the technical teams, which tend to be at most at risk from staff turnover. This has meant a need to hire external contractors into some teams, to ensure sufficient technical skills are in place.

Despite this, the department has managed to maintain service levels over the past year, with service statistics indicating a steady improvement in performance. This demonstrates a strong commitment to customer service from ICT staff, a view echoed by the majority of Chief Officers and other ICT customers interviewed for this review (with the notable exception of Council Members). Of greater concern is the ability of the department to maintain such service levels over the coming year, as well as deliver high volumes of change projects, including the Essential Service Programme (ESP).

ESP will deliver a major refresh to ICT infrastructure, addressing many of the issues referred to earlier and delivering an improved user experience. While improvements in infrastructure should reduce requirements for support resources, looking one or two years ahead, the programme will consume a significant amount of development resource over the coming year. The scale and complexity of the programme, coupled with staff reductions in many areas, suggest that there is a risk of ESP not delivering successfully within the planned timescale. If this were to happen, the department is unlikely to achieve the efficiencies desired, while maintaining current levels of service.

In regard to the support and development of business applications, the ICT department does not have a prioritised, strategic plan of projects covering the next few years, on which it might base estimates of resources required. Despite exercises like the ICT Strategy to anticipate what developments will be needed, the thinking is not sufficiently advanced (across all Directorates) to provide an understanding of all ICT solutions envisaged and therefore the projects, investments and internal resources needed to put these in place.

Without such a plan, it is not possible to determine whether current or planned resource levels will be sufficient. However, given the scale of ambition indicated by the ICT Strategy, it is unlikely that planned budgets reductions can be achieved without affecting the ability of the department to deliver existing and future change programmes.

See also Appendix I Section 2.5 Organisation and Sourcing.

2.3 Does ICT have the appropriate level of knowledge, skills and expertise (Skill balance) to support the environment and move forward?

Overall, the ICT department has a very comprehensively defined organisation, covering the majority of capabilities one would hope to see in a first-class ICT Services organisation, covering:

- Business relationship management
- Project and programme management
- Technical strategy, solution architecture and design authority
- Infrastructure development and support
- Applications development and support
- Service management, service desk and operations
- Planning, financial management and procurement.

Capabilities are strongest in the technical and service management areas, characteristic of an ICT function focused on the delivery of day-to-day infrastructure and support services. Internal processes are generally in line with ITIL best practice, demonstrating a clear commitment from managers to continuous service improvement over a number of years. Customer service skills are also very strong, with many positive comments received from Chief Officers relating to business relationship, development and service support staff.

The skills and experience exhibited by the technical staff interviewed for the Infrastructure Review (see Appendix II) was very high and consistent. There was a good user focus in evidence, even amongst the more technical members of staff we spoke to. Provided they are backed with the investment needed and programme control is evident, they would appear to have the capabilities needed to deliver the current technology strategy to the benefit of users and the council as a whole.

The ICT department is less strong in relation to the “Business ICT” arena, including:

- Business ICT Strategy and Planning (in relation to business applications)
- Enterprise architecture (business / application / information architecture)
- Business Change Management
- User Support and Training.

In regards to Line of Business applications, the responsibility for such activities currenlty lies with the various business departments, supported to some extent by ICT. It appears, however, that neither the business nor ICT have strong capabilities in any of these areas.

See also Appendix I Section 2.5 Organisation and Sourcing.

2.4 Does the Council (i.e. Business Areas) have the right skills and knowledge to realise the benefits from ICT in the following areas: Change management expertise; ICT knowledge of managers\leaders; ICT skills and competencies of staff (i.e. employees)

ICT skills and competencies of managers and staff vary greatly across the Council. The more office-based staff, such as are found in Central and Corporate functions, tend to be more ICT-literate and better able to make good use of the services provided. Equally, their managers are more experienced in the management of change and the application of technology within a business environment.

The more community-based staff, such as Social Workers, are much less ICT-literate, and in many cases positively resistant to the use of ICT systems. This is due partly to the attitude of many older staff towards technology – a factor that will diminish as more from the 'Facebook generation' enter the profession. It is also related to the use of an ICT system which is not aligned to an agreed business process and does not help staff to do their jobs more easily. A further factor is a lack of formal responsibilities to ensure that staff are trained and motivated to use the systems provided, that the business process is being correctly followed and that the information held within a system is kept up to date.

These are the kind of factors which the change manager on an ICT project would aim to prevent or manage, in such a way that the full benefits of the system may be realised.

This review found that there is good awareness amongst the CORSs (Chief Officers for Resources and Strategy), and other Chief Officers interviewed, of the importance of effective business change management as part of any major ICT project. There was also a good understanding of how a lack of business change on previous projects has resulted in systems that are not well used and have not delivered the improvements envisaged. Many were keen to suggest how projects would be managed in future, demonstrating a good grasp of the challenges associated with organisational, process, people and culture change.

It was suggested there the same awareness does not extend to senior levels in the Council - that many Directors do not recognise the complexities involved in the planning, delivery and management of ICT systems. This includes the importance of change management and the active realisation of benefits; the significant difficulties and risks involved in achieving these; and the time it takes to successfully implement a large business application.

We did not have the opportunity to speak to Council Directors to validate this point of view. However, the common understanding of such issues by the CORSs was encouraging. Less encouraging was their acceptance that the Council does not currently possess the levels of expertise and resources needed to succeed in this regard. Despite pockets of expertise, such as the BPR team in Audit, it was felt in many areas that the Council does not have a good understanding of business change and does not have the resources to do it properly.

Of equal concern to this review is whether the Council has the organisational capability to ensure it maximises benefits from its investments in ICT. Does it, for example, ensure that ICT investments are prioritised according to their likely return on investment and their support for Council priorities? Is there sufficient governance over large ICT projects to ensure they follow best practice and to stop any project that may fail to deliver the benefits envisaged? And when a project has completed, is enough done to ensure that the systems are used in a way that does realise benefits, as well measuring the value gained from each investment and

ensuring lessons are learned. This review found reasons to doubt the Council's capabilities in regard to each of these questions.

See also Appendix I, Sections 2.1, 2.3, 3.1 – 3.4 and Section 5.

2.5 Does ICT (including ICT Sourcing) provide a value for money Service to the Council?

While this review has not included a detailed benchmarking against similar organisations, there is clear evidence that the cost of the ICT service as a whole is significantly below average for the public sector (per user) and much lower than that of the private sector. In regard to external sourcing of products and services, the evidence available suggests that ICT is able to gain highly competitive prices for commodity items when compared to market rates.

Overall, the ICT department appears to be providing good value for money for the services it provides to the Council at this current time. Since much of the technology in place is aging and in need of replacement, it is not surprising to find a variety of grumbles from users relating to the service provided on their desktop and their ability to respond quickly to requests for change. Indeed, it would be a concern if this was not the case, given the large investment in a major refresh of the ICT infrastructure which is planned for the next 12 months.

With the delivery of the ESP programme, LCC should see improvements in the user experience, along with reductions in support requirements for what is currently an ageing and distributed desktop. This will enable the department to provide greater support for business ICT initiatives, as well as enabling some of the proposed reductions in ICT budget levels. Looking long-term, therefore, we would judge the ICT department to be well positioned to provide very good value for money, for the services it is currently delivering.

This review has considered the many factors that contribute towards LCC's ability to maximise the value it gains from using ICT (see Appendix I: Strategic IT Effectiveness Review). The results are expressed in the form of a balanced "SITE Scorecard", where Red indicates that issues exist which are having a significant impact upon the value gained, and Amber indicates that issues exist that are likely to be impacting upon value gained.

The first scorecard below considers these factors in relation to just ICT Infrastructure services, ignoring whether LCC gains good value from its business application systems. By focusing only upon the services which the ICT department currently has full control and accountability over, it helps us to see whether the ICT department is providing a value for money ICT service. These results support the view that the ICT department is providing value for money and provide pointers to where best practice processes are in place. It also points out some of the areas where improvements could be made in the value provided.

The second diagram provides the full SITE scorecard for LCC. This indicates the overall value for money that the Council achieves from ICT, including all application systems (both Line of Business and Corporate Shared Applications). This picture reflects many of the concerns discussed in this report, in the areas of Business ICT Strategy, Business Change Management and ICT Exploitation. See Appendix I for further explanation of these scores.

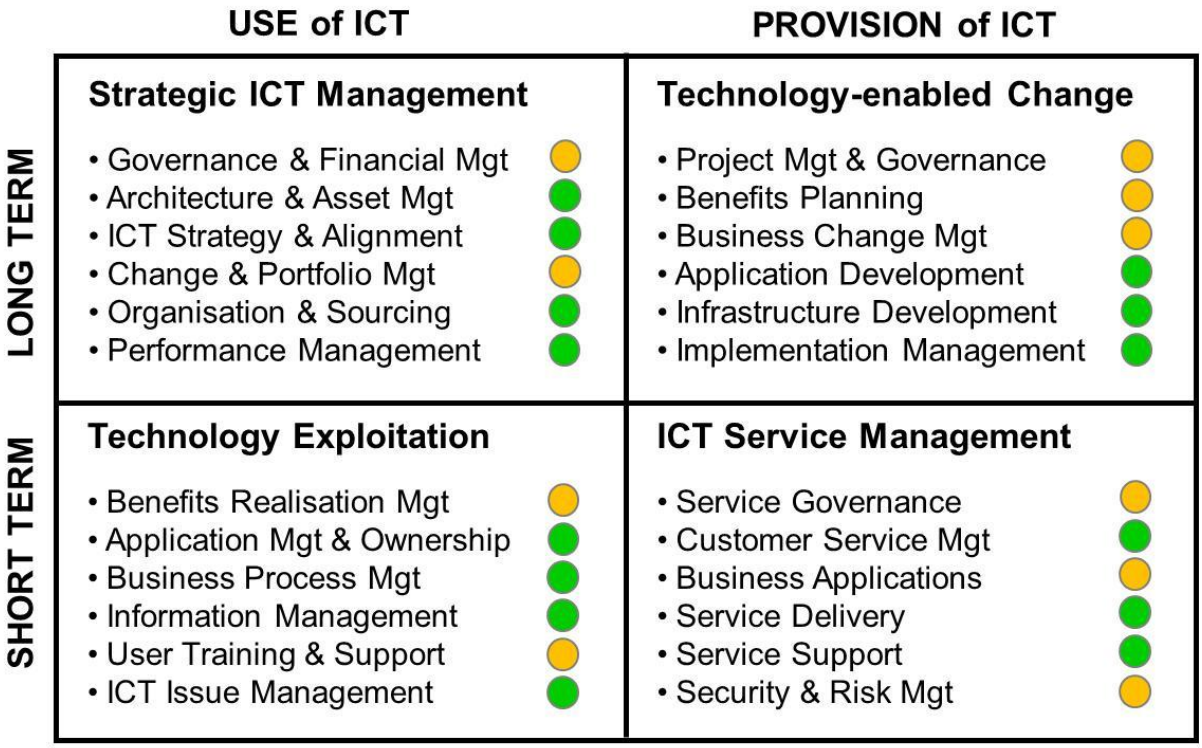

Figure 1: SITE Scorecard, indicating value for money from ICT Infrastructure Services

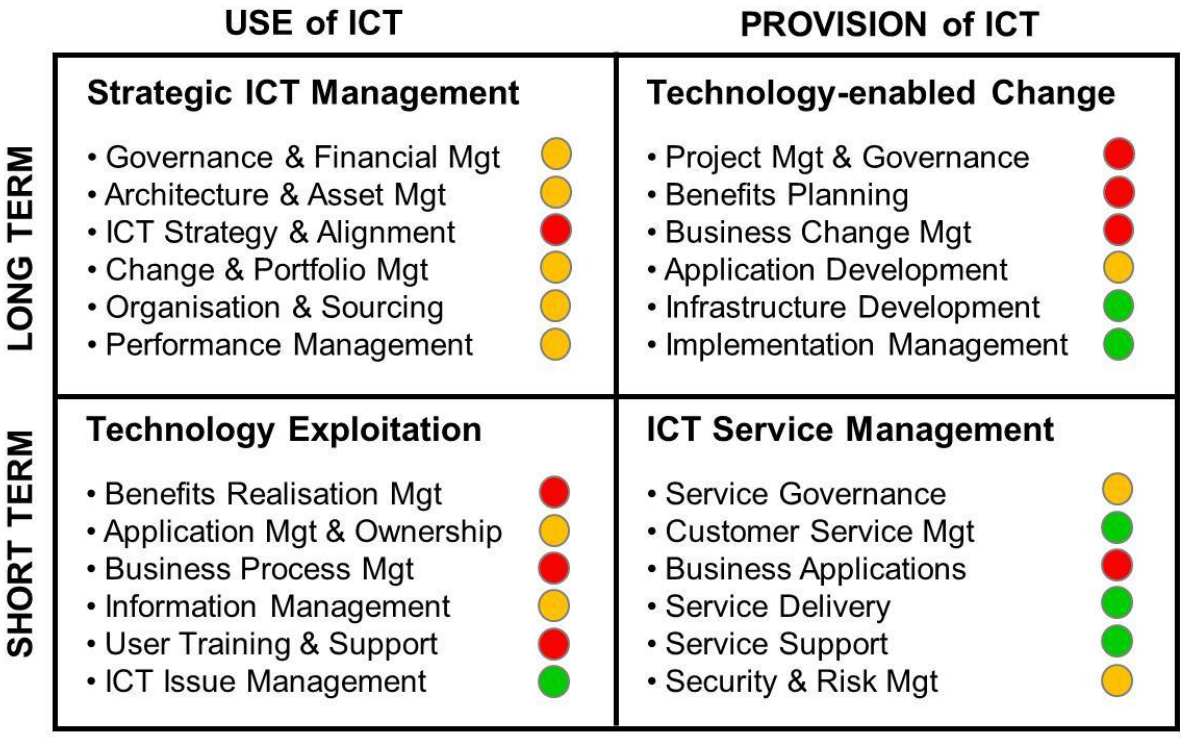

Figure 2: SITE Scorecard, indicating overall value for money achieved by LCC from ICT

2.6 Provide an external review of the recently updated ICT Strategy 2011- 2015.

The **ICT department's strategy** for delivering the ICT Service is clear, comprehensive and is appropriate for supporting the ongoing needs of the Council.

- Sections 2.5 and 2.6 of the ICT Strategy 2011 – 2015 document cover the technology and infrastructure services aspects of the ICT strategy, and provide an outline plan for the Essential Service Programme. There are a number of excellent themes within it including increasing flexible working and home working, reducing server numbers through further virtualisation and ultimately reducing service desk calls and visits through the introduction of a modern set of Birthright Workplace Tools (BWT).

- Further planning documents add more detail to the ESP and related programmes. These are supported by detailed technology strategies and plans, which are managed by Solution Architects as part of the ongoing work to develop the solutions. The strategy documents are of a high quality and are easy to follow. This gives an overall assurance of the quality and completeness of the definition of technology direction and a confidence in what will be delivered.

LCC's strategy for using ICT to support its business vision and priorities is not as comprehensive or well defined:

- Sections 1.2 (Priorities and Values) and 3 (Business Aspects) describes how the current ICT delivery plans of each Directorate support the Council's business priorities and outcomes over the next 3 to 5 years. These priorities have recently changed, however, suggesting that this section will need to be rewritten (already underway)

- The level of detail provided by Sections 1.2 and 3 varies considerably. This suggests that while some areas are fairly advanced in their strategic planning, there are others where the thinking is very high level, with little clarity around the ICT solutions that will be required.

- It is reported by ICT managers that the majority of developments on a Directorate's pipeline do not become projects as planned. The validity of using "Current Development Plans" as formal statements of the Council's ICT strategy is therefore questionable.

- There is no explicit link between Council priorities and ICT Infrastructure plans or technical strategies. This raises the possibility that the planned ICT infrastructure investments are not clearly driven by current business priorities and strategies.

Taken as a whole, the ICT Strategy 2011 - 2015 document does not provide a comprehensive Business ICT Strategy which includes:

- a clear future ICT vision across all application systems / services, aligned with the future corporate strategy

- a realistic strategic plan for achieving the ICT vision, including the business ICT projects and overall level of investment that will be required / provided.

Despite the many references to development plans in the ICT Strategy document, these have not been combined into a single, comprehensive, costed, prioritised and scheduled plan, which has gained commitment and funding from Directors.

The lack of a strategic plan of Business ICT developments means that the ICT department is reactive to business requests, rather than pursuing a coherent strategy and plan.

See also Appendix I, Section 2.3 ICT Strategy and Alignment.

3 Recommendations

3.1 Provide a recommendation to the Corporate Leadership Team on the top 3 activities the Council needs to undertake in order to implement the optimal ICT service to meet the transformational ambitions of the Council.

We recommend that Leeds City Council takes steps to address the issues highlighted in this report and described in more detail in the Appendices I and II. In particular, it should undertake the following three activities:

3.1.1 Develop and agree a comprehensive ICT Strategic Plan

To ensure best use is made of the funds available for ICT investment, LCC should develop an ICT Strategic Plan, covering the next 3 – 5 years. The plan should define the major ICT-enabled business change projects / programmes to be delivered, and should be:

- **comprehensive**, covering all categories of ICT applications and infrastructure;
- **clearly-defined**, including a high-level understanding of the solution to be delivered;
- **realistic**, avoiding solutions which may be impossible to deliver;
- **owned**, with clear business accountability for each investment identified;
- **aligned** to the Council's stated plans, priorities and business strategies;
- **coherent,** with each solution consistent with a clear long-term strategy and vision for ICT application systems and service provision
- **costed**, with high-level estimates agreed for each identified investment;
- **prioritised**, according to return on investment and/or support for Council priorities;
- **filtered**, to exclude lowest priority investments (assuming funds are limited)
- **scheduled**, according to urgency/priority or to align with other business plans;
- **agreed**, by key governing and other stakeholder bodies; and
- **funded,** to ensure it has gained the commitment of the Council, rather than being merely the aspiration of Chief Officers.

Each investment project should be governed by existing approval processes, and therefore should still be subject to a compelling business case and credible plan for delivery. However, having a strategic plan in place will enable the Council to ensure that limited funds are targeted in the right areas and will enable the ICT department to better plan its resources and enable value for money to be obtained.

The ICT Strategic Plan (or ICT Strategy and Plan) should be developed in partnership between the ICT department and the rest of the Council:

- Overall **responsibility** for the process should lie with the ICT department, as should the format and consistency of the final deliverables. Responsibility for Line of Business application strategies and plans should lie with the CORS (or equivalent) of the Directorates concerned, with the CORSs collectively owning the strategies and plans for Corporate Shared applications. Responsibility for developing ICT Infrastructure and BWT strategies and plans should lie with ICT department;

- Overall ownership and hence **approval** to the completed ICT Strategy and Plan resides with the Council Leadership Team, with approval for funding provided through existing mechanisms;

- Chief Officers, managers and staff representatives from each Directorate, as well as other key groups of users such as Council Members, should be **consulted** as part of the process, to understand their current issues and future requirements; and

- Managers from across the Council should be **informed** of the completed ICT strategy, as should all staff within the ICT department.

3.1.2 Establish effective ICT Project Governance, including independent assurance.

To ensure all ICT investment funds are spent wisely, LCC should strengthen its existing arrangements for governing ICT projects and for managing the overall value gained from ICT investments. Without this, there remains a high risk that future investments in ICT systems will fail to deliver the benefits on which the investments were justified.

Key elements of a strengthened governance regime include:

- Accountability for the delivery of the overall ICT investment programme by **a single governing body**, with senior representation from across the Council;

- Clear **responsibility for delivering the benefits** described in the approved business case delegated to an appointed Project Board;

- A **requirement on the Project Board to maintain the business case** throughout the project (as estimates of costs, benefits and risk change), to ensure that business justification remains in place and that promised benefits will be achieved;

- A **gateway assurance process, to ensure that best practice is followed** at each stage of a project, including matters of business change and benefits realisation planning, and with explicit Project Board approval to proceed at key milestones;

- Independent project assurance, providing **expert advice and counselling** to project managers, as well as **independent assurance** to the Project Board that best practice is being followed to and that the business case remains achievable;

- The openness and honesty to recognise when a project runs into difficulties, along with the **willingness to stop any project** that may fail to achieve the benefits promised;

- The **monitoring of benefits achieved** following the completion of each change project or programme, to provide feedback on the success of the ICT investment programme, and enable lessons to be quickly learned.

Responsibility for managing the governance regime normally lies with the ICT department, supported by the relevant governing bodies.

3.1.3 Address the factors preventing exploitation of existing ICT applications.

To ensure that the value of previous ICT investments are maximised, LCC should more actively manage the usage of existing ICT applications and address the factors which are preventing benefits being achieved. As well as delivering benefits in the short to medium term, this should enable LCC to extend the life of some of its systems and so alleviate or delay the need for investment.

The factors preventing successful exploitation of systems will vary from department to department and from one system to another. Likely remedies will also vary, but are likely to include elements of the following:

- Creation of post-implementation **benefit realisation plans**, identifying the conditions that must be in place to enable benefits to be realised, along with the activities required to put these conditions in place
- **Standardisation of business processes** which involve the use of an application system, providing written guidance for users on both the use of the system as well as the process to be followed
- Roles embedded within business operations with **clear responsibilities for ensuring the correct operation** of an application system, including the monitoring of system usage and data quality and the encouragement of users to follow agreed processes
- Effective **user training and support**, combining formal and informal methods, cascade training and active monitoring of user competence, addressing training needs as they are identified
- Enhancement of **system functionality and performance**, to address the key problems experienced by users, take away the need for duplicate data entry and make systems more useful to staff in carrying out their jobs
- Active **management of data quality**, including matters of accuracy, consistency and timeliness, addressing the factors preventing data being up to date;
- Appropriate **user involvement and representation** in discussions surrounding ICT exploitation, recognising that application systems must serve users first and managers second;
- Ongoing **management of user issues**, ensuring problems are identified quickly and plans put in place to address them.

The exploitation of application systems is normally the responsibility of the business department / directorate that 'owns' the application concerned. Overall coordination of ICT exploitation activities across LCC would be best managed through the CORSs or equivalent forum.