

REPORT TO: THE POLICY COMMITTEE ON 5 MARCH 2008

SUBJECT: OUTCOME OF THE BEST VALUE REVIEW OF THE ICT SERVICE

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To report the outcome of the best value review of the Council's ICT service.
- 1.2 This report is submitted to Policy Committee in terms of Section A (39) of the Council's Administrative Scheme relating to information technology.

2. RECOMMENDATION

- 2.1 **The Committee note the successful completion of the best value review of the ICT Service and its findings detailed in section 4.**
- 2.2 **The Committee consider the options arising from the review as outlined in Section 5.**
- 2.3 **The Committee note that implementation of the improvement plan has had to be deferred at this time to allow the ICT Section to focus on the transfer of the ICT Service to schools from Fujitsu to the in-house team, support for the service efficiency review project and other priorities within the ICT Action Plan. A further report to Policy Committee will follow in the autumn detailing the time scales for the improvement plan.**

3. BACKGROUND

- 3.1 Information and communications technology (ICT) is a significant but limited resource that requires careful management to ensure that it is used efficiently and effectively. As well as supporting Council services, ICT has a major part to play in the Government's modernisation and efficiency agendas as well as helping to transform the business of government itself around the needs of its citizen's rather than the needs of the provider.
- 3.2 The challenge for ICT is therefore not just about doing ICT better but also about doing IT differently to support this next phase of public service reform. The overall aims of the best value review were therefore not just about establishing whether the service is performing well but also about establishing whether it has the capability and the capacity to support the organisation in making better use of technology to transform service delivery in the immediate future and beyond.
- 3.3 The best value review of the ICT service started on 1 April 2006 and was due to be completed by the end of March 2007 but this slipped into 2007-8 mainly due to the fact that a full benchmarking of the whole service was carried out and this was not completed until February 2007.

- 3.4 The review was carried out as a full blown review according to the old style template-driven corporate best value framework that was being used at that time. This comprises the following strictly defined steps :
- Scope of the Best Value Review
 - Specify the service
 - Cost the service
 - Assess and Benchmark the service
 - Analyse Competition for the service
 - Research Customer Satisfaction
 - Interim Challenge
 - Option Appraisal or Improvement Plan
 - Final Challenge
- 3.5 An extract from the Scope of the review is given in **Appendix I**. An organisational chart for the Moray Council is given in **Appendix II** showing the position of the ICT Section. An organisational chart for the ICT Section is shown in **Appendix III**.
- 3.6 The ICT Section collected a vast amount of information about its service from a number of different sources
- 3.7 Firstly, the ICT Section carried out two major independent benchmarking exercises that were conducted by the Society of Information Technology Management (Socitm). One was an in-depth review of customer satisfaction measuring effectiveness while the other was a study of its performance and efficiency.
- 3.8 Secondly, the review made use of a wealth of feedback gathered during the annual EFQM self assessment of the service where strengths, weaknesses and areas of improvement were identified by the ICT staff themselves.
- 3.9 Thirdly, the other areas of improvement identified by External Audit reviews of the ICT service were also fed into the process.
- 3.10 Fourthly, information was gathered from risk management of the ICT service and fed into the review.
- 3.11 Finally, information was gathered from the ICT Account Managers who liaise closely with the service departments on all aspects of ICT support and development and receive valuable feedback about the ICT service.
- 3.12 An interim challenge was carried out by the Best Value Review Scrutiny Group in April/May 2007 and a report was submitted to the Efficient Government Working Group on 31 May 2007. The group acknowledged that the ICT Section service was performing well and delivering a cost effective service and so therefore recommended that the review should proceed directly to an improvement plan rather than carry out a full option appraisal.

- 3.13 The final challenge to the review was carried out by the Efficient Government Working Group on 29 November 2007 and Service Development group on 10 December 2007.

4.0 **FINDINGS**

- 4.1 The two Socitm benchmarking exercises together demonstrated that the ICT Section in Moray is an extremely low cost yet cost effective service that compares extremely well with other local authorities in terms of performance and quality.
- 4.3 The following table summarises the key financial indicators from benchmarking showing that Moray is well below the average on the first two indicators.

No	Key Financial Measures	Moray	Non-Outsourced Authorities			Outsourced Authorities		
			Min	Average	Max	Min	Average	Max
1.	% Council Revenue Budget spent on ICT	1.58%	1.3%	2.35%	3.35%	0.98%	3.22%	12.79%
2.	ICT Spend per user	£1,566	£1,267	£1,948	£2,841	£1,247	£2,966	£4,882
3.	ICT Spend per workstation	£1,941	£1,212	£2,033	£2,866	£1,286	£3,044	£4,470
4.	ICT Spend per Head of Population	£31	£10	£33	£50	£11	£39	£77

- 4.4 Further comparison with two Scottish local authorities who have outsourced their ICT to the private sector showed that they spend 2.89% and 3.22% of their overall budget on ICT (excluding support for schools), that is, around twice as much as Moray in relative terms.
- 4.5 These figures clearly show that Moray is spending substantially less than the majority of other local authorities. While this could mean that the ICT Section in Moray is very efficient (as shown by other indicators), it may also mean that Moray is not investing enough in ICT.
- 4.6 The table below summarises the rankings of Moray in the group of 33 local authorities that took part in the same exercise against the headline indicators.

No.	Description	Moray
1.	ICT Spend as a % of Total Revenue Budget	3 rd Lowest
2.	ICT Spend per User	4 th Lowest
3.	Number of ICT Staff	2 nd Lowest

4.	Cost of Managing Help Desk	2 nd Lowest
5.	Number of PCs Supported per ICT Staff	2 nd Highest
6.	Support Costs per PC	5 th Lowest
7.	Acquisition Costs per PC	3 rd Lowest
8.	Number of Users Supported by Technical Specialist	3 rd Highest

- 4.7 In terms of quality of service, the Socitm user satisfaction survey of the ICT service scored Moray 4.74 out of 7, placing it in the top 40% of Councils. A report commissioned by the Moray Council stated that a score of 5.0 would be achievable in a relatively short period of time, a score that would place Moray in the top 10% of Councils.
- 4.8 The best value review also used a wide range of detailed comparator information gathered as part of a feasibility study which involved Moray, Aberdeenshire and Aberdeen City Councils. This information found that all three Council's ICT Sections support roughly the same number of servers and applications systems as shown in the table below :

Servers	Moray	Aberdeenshire	Aberdeen City
Windows Servers	117	90	90
Unix Servers	6	26	16
TOTAL Servers	123	117	106

- 4.9 Another Socitm study found that the ICT work associated with these servers is the **same** irrespective of the size of authority and accounts for 50% of the overall workload of an ICT section. The current ICT staffing compliments for the three authorities are : Moray 30, Aberdeenshire 145 and Aberdeen City 137. The number of Council staff supported by one ICT member of staff in Moray is 95, when adjusted by an additional 10 staff to support schools, compared to 65 and 62 respectively for Aberdeenshire and Aberdeen City Councils, that is Moray supports 50% more staff than our neighbours.
- 4.10 The impact of having a small ICT section has been to stretch the staffing in Moray in terms of capacity and capabilities with staff having to wear a number of "hats" and be experts in a number of specialist areas at the same time. This also limits the level of cover that is possible with such a small number of staff attempting to support the same number of technologies as a much larger authority with much more staff.
- 4.11 In conclusion, the review has demonstrated that the ICT service is a low cost, cost-effective service. The review has also shown that it is difficult to get much more out of the service as there is limited room for manoeuvre in terms of the breadth of service currently provided from a relatively small staffing structure.

5.0 **BEST VALUE IMPROVEMENT PLAN**

5.1 Two options have been identified within the best value improvement plan :

Options	Implications
The status quo.	The ICT service remains a cheap but cost effective service which is operating at maximum capacity and where staff are fully stretched. Some limited progress could be made through the service improvement plan proposals. Accept the risks and areas of weakness that result from operating with a small pool of staff.
Service Improvement Plan.	Select from a list of service improvements. These address the identified risks and areas of improvement arising from the best value review process. Some will require additional resources unless the level of ICT service provided to departments is reduced.

5.2 Status Quo

5.3 It has been demonstrated through benchmarking that the ICT service and the staff themselves are operating at full capacity most, if not all, of the time. This means that careful prioritisation of its workload is critical at all times and priority is always given to operational tasks at the expense of non-urgent tasks so that the service departments can receive an uninterrupted service. The result of this way of working is that non-critical tasks, like business continuity planning or adherence to best practice and documentation may be delayed and so take time to complete or, in the worst case, are not carried out at all as they never achieve sufficient priority. Any change to this way of working would severely increase the risk of service failure impacting on those Council services that rely heavily on ICT to deliver their services.

5.4 The status quo would also mean that the ICT Section would be given little scope to make additional efficiency savings or service improvements of the ICT service itself.

5.5 Finally, the status quo would also mean that the ICT Section will continue to be unable to respond as quickly as it would like to major new initiatives or advances in technology.

5.6 In summary, the status quo would mean that the ICT will continue to operate as at present and the Council may not be able to make the most effective use of modern technology or fully exploit the opportunities for efficiency improvements that this can bring with it.

5.7 Service Improvement Plan

5.8 The service improvement plan has been designed to address the reasons that the review was undertaken at the outset and what it was intended to deliver.

These are documented in the commentary of the scope of the review (Appendix 6 of the corporate best value framework) the relevant excerpts of which are shown in **Appendix I**. The service improvement plan has therefore addressed the need for change to the ICT service itself to enable it to better support the changing needs of the service departments as they respond to the efficiency and transformation agendas. The plan is therefore a plan to transform the ICT service by facilitating :

- Continuous improvement
- Modernisation
- Efficiency Savings
- Responsiveness
- Flexibility
- Innovation
- Customer focus

5.9 The service improvement plan has also been designed to address all the areas for improvement arising from the two benchmarking studies as well as the gaps that are known to exist as a result of operational work taking precedence over non-urgent tasks.

- Service users expressed a clear desire to work more closely with the ICT Section and be more involved in new ICT developments
- ICT to bridge the gap in awareness and understanding of what ICT can do for the service departments
- Improve user satisfaction of service managers and supervisors as they rated the ICT service significantly lower than operational and administrative staff
- Improve corporate governance of the ICT Action Plan to enable more flexibility for service departments to cope with changing requirements
- Service users feel inadequately trained in ICT as expressed strongly through the user satisfaction survey
- Improve asset management planning of ICT investments to ensure that the Council's ICT infrastructure is future proofed and remains fit for purpose
- Streamline staffing structure to make it more efficient and effective and clarify individual roles and responsibilities of staff
- Improve communication and inter-team working within the ICT Section also addressing the barriers created by accommodation that is not fit for purpose
- Relieve the pressure points and bottle-necks in ICT service provision where cover arrangements are weak
- Allocate time to document policies, procedures and processes as this is lacking
- Allocate time to Research and Development to ensure that the ICT Section stays at the forefront of the latest technology where this could benefit Council services

5.10 The service improvement plan is shown in detail in **Appendix IV**.

5.11 While the plan is a complete list of actions required to improve the service, it can only be implemented in stages over a longer period of time due to limited resources. Furthermore, implementation time scales have been omitted from

the plan at this point in time in order to allow the ICT Section to focus on the transfer of the ICT Service to schools from Fujitsu to the in-house team, support for the efficiency review project and other operational priorities in the ICT Action Plan. Another report to Policy Committee will follow later this year detailing the time scales for the plan.

- 5.12 The actions of reviewing the workload of the Section and addressing the lack of adequate cover arrangements and over reliance on a small number of key staff in specialist areas may identify the need for additional staff. If this is the case, then a separate report on this will follow. Enlarging the service to cover schools may go some way to addressing some of these difficulties.

6.0 SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

This project is covered within the Corporate Plan in the following Priorities :

- i) Providing easy access to services
- ii) Improving social inclusion in the digital environment.
- iii) Providing infrastructure to support the local economy
- iv) Partnership working to improve services

(b) Policy and Legal

No policy or legal implications.

(c) Resources (Financial, Risks, Staffing and Property)

None

(d) Consultations

The Service Development Group and the Efficient Government Group have been consulted on the Best Value Review.

7.0 CONCLUSION

- 7.1 The Best Value Review of the ICT service has clearly demonstrated that ICT is performing well and is a low cost, efficient and cost effective service. The review has also demonstrated, however, that the service is working at the limit of its capacity and capabilities with limited resources and limited room for manoeuvre.
- 7.2 A number of areas of improvements have been identified during the review and these have been used as the basis of an improvement plan to address these. However, it will be very difficult to carry out the improvement plan within the existing resources as there is little capacity to undertake this work.

- 7.3 A further report on the implications for the delivery of the improvement plan will be provided later in the year following the transfer of the schools support service to the ICT Section.

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Background Papers: Supporting Documentation on the Best Value Review (Copies in the Members Library)

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