North Somerset Council

Options Appraisal

Procurement Advisory

ICT Replacement Arrangement

11 March 2024

Contents

Executive Summary

Executive summary

Options appraisal

The intention of this Options Appraisal is to:

- Identify and summarise the options being considered for a replacement IT services contract

- Establish the assessment criteria against which the options will compared, including **strategic** drivers, **tactical** drivers and **feasibility** to deliver for the Council

- Provide an independent assessment of the options being considered, making a recommendation on the preferred option based on the pros and cons for each

In summary, the report concludes that, based on the agreed assessment criteria, a **shared service** model aligned to a **Local Authority Trading Company** offering is the preferred option, though the overall differences between the options are marginal.

Options appraisal

Options for Appraisal

The options to be assessed for the replacement of the Agilisys full scope ICT contract have been agreed by the North Somerset Council stakeholders and defined as:

Option 1

A commercial outsource solution

Include consideration of single outsource and multi-source options

Option 2a

A Local Authority Trading Company (LATC) shared service model

Include consideration of partnership / shareholder options for current and future service requirements

Option 2b

Generic shared service model offerings

Include consideration of partnership / shareholder options for current and future service requirements

Assessment Criteria

Each of the options identified will be assessed against the following criteria, the aim being to determine which option will best align the North Somerset Council requirements.

Financial assessment

The extent to which the option is viable from an affordability perspective, including the funding sources available

How

- ❑ Financial Assessment

Strategic / Political

The extent to which the option is viable from an affordability perspective, including the funding sources available

How

- ❑ Corporate Objectives
- ❑ Political alignment

Tactical Alignment

The extent to which the option meets tactical and business needs of the Council, and its customers

How

- ❑ Tactical Driver Assessment

Feasibility

The extent to which the external market factors, resource availability and timeline makes each of the options feasible to undertake

How

- ❑ Resource Availability
- ❑ Time Availability
- ❑ Technology & Services Availability
- ❑ Sourcing Strategy Viability
- ❑ Political Alignment

For overall assessment purposes, each criteria will receive the following weighting:

| Financial assessment – **35%** | Strategic / Political – **25%** | Tactical Alignment – **20%** | Feasibility – **20%** |

High Level Pain Points

Pain Point	Consideration for Options Appraisal	Area
Project Management in ICT to support change	Suppliers' capability will need to include strong, and available, project management skills	Service provision / requirements
Training for End Users to adopt technology	Suppliers must be able to promote the adoption of new technologies by conducting user training and supporting the council with potential cultural change	Service provision / requirements
Perception of IT – keeping the lights on, not driving improvement	Suppliers to ensure IT is an enabler and help the council realise benefits by driving valued change	Tactical alignment / service requirements
Current supplier is lacking proactive suggestions and developments to encourage constant enhancements.	Suppliers to promote and help deploy collaborative ways of working, utilising MS-based infrastructure.	Service provision / requirements
Inconsistent integration between applications leading to manual workarounds and no single point of truth	Option needs to include suppliers that will have the experience and knowledge to develop and maintain integrations and change processes to realise benefits	Service provision / requirements
Poor feedback and tracking of incidents, issues and problems	Option needs to include suppliers that will deploy effective, digital, customer focused service management function	Service provision / requirements
Supplier lacking the strategic influence to drive changes. Agilisys tend to focus on their commercial opportunities.	Option needs to include suppliers that place customers first, use digital solutions to enhance user experience and have the capability to implement technology and cultural change	Service provision / requirements
Lost momentum in driving transformation and service improvement initiatives	Option needs to include suppliers that are forward thinkers, passionate about ICT as an enabler and have a proven record of change, transformation and implementation	Tactical alignment / service requirements
Financial pressures on the Council requires savings / cost reductions	Option needs to include service offerings that are effective, efficient and value for money, offerings that can adopted and not need adapting, that provide opportunities for savings against the current revenue expenditure run rates	Financial assessment

Options - Considerations

- Defined a high-level service description that enable an applicable market search to be conducted

    Full scope ICT service encompassing:

• ICT Support & Management (Including Telephony and Web) • Hosting and Networks Infrastructure Management • Business Applications Support • Innovation & Transformation Services	• Data & Security Management • ICT Procurement • Training • Project management

- Conducted a review of the current market to understand how the council's ICT service requirements could be met.

    1. **Commercial Solution:**

        - The market offers two primary solutions to meeting the councils full scope ICT service requirements:

            - A complete full scope outsource arrangement with a single supplier

            - A multi-source arrangement where the council purchases services from subject matter experts with either the council or one of the suppliers acting as the service integrator (usually the Service Desk operator)

        - Crown Commercial Services (CCS) and Government Digital Services (GDS) advocate multi-source arrangement, making use of the applicable frameworks CCS have set up for access to qualified and capable suppliers.

        - Adopting a single source solution would provide the council with a simpler structure with one primary contact point for all ICT services and all sub-contracted services managed by that one prime supplier. That option could limit a client's choice of supplier as it is the larger, more established Service Integrators with the ability and experience of providing full scope services who are lower in numbers than SME's

        - Adopting a multi-source arrangement could have a greater impact on the council's inhouse ICT team, potentially creating the need for a service integrator role to sit alongside the strategy lead

2. Shared Service Solution:

- There are two generally accepted business models for shared services:
  - Shareholder Customers: where public sector organisations can become partners in a shared service arrangement
  - Commercial client: where a council may consume services provided by a shared service on a commercial basis without having to invest in becoming a partner of the shared service organisation
  - These two models are offered by generic shared service providers and Local Authority Trading Companies:
    - Generic shared services where a number of local authorities consolidate IT infrastructure and back-office services to a single, common shared service to be consumed by the local authorities within the group
    - Local Authority Trading Company where a number of local authorities combine to form a limited company to provide IT infrastructure and back-office services under a commercial model, recognising the sovereignty of the council's involved in the partnership
- Becoming a shareholder of an existing shared service organisation will allow a council greater involvement in decisions and the direction of ICT as the partners will have influence.
- Becoming a partner will require an initial investment, however, that may entitle each partner to receive a distribution of any surpluses made by the shared service.
- A commercial client will only be entitled to consume the services being offered by the shared service and have minimal influence over direction and change (commercial clients can account for a maximum of 20% of a shared service organisations revenue stream)
- Charges for a commercial client arrangement will be based on a fee for business-as-usual services plus any project charges for changes or upgrades. There is no distribution of surpluses under this model

Overview of other considerations

Hybrid BAU/Transformation Services Model:

- A hybrid solution would combine inhouse BAU services and external Transformation services.
- This would mean that the council would need to bring its BAU ICT services inhouse with the available internal capabilities and resources taking on the running and management of those applicable ICT services.
- Recruitment of skills to provide BAU resources will be a challenge based on Skills v market rates for the council.
- An external Transformation partner would need to be procured, to provide the council with the knowledge and capability to provide support and lead on service innovation and transformation to meet its strategic and tactical drivers.
- Supplier relationship management would remain key to ensure delivery alignment across inhouse and external service delivery teams.

Inhouse Model:

- This requires the council to bring all of its currently outsourced ICT services back inhouse and to ensure that each service area is fully resourced with the right skills and capabilities required to maintain services ensuring a high level of continuity of service to its users from day 1.
- Recruitment resources with the skills required will be a challenge based on Skills v market rates for the council.

The Socitm Advisory engagement with NSC has been focused on the Commercial and Shared Services Offerings only.
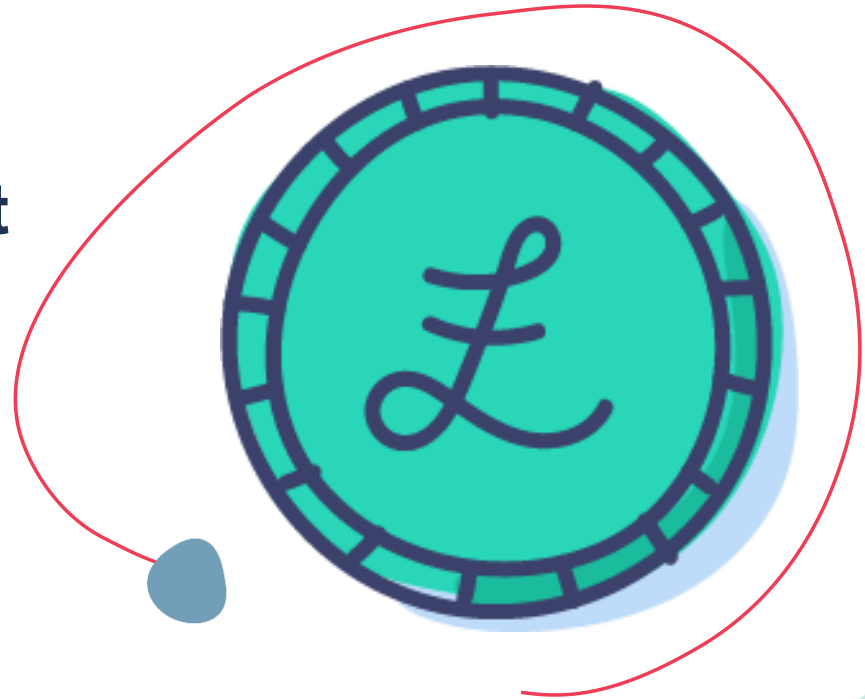
Options Appraisal Criteria Scoring

Each of the assessment criteria will be assessed using the following scoring approach:

5	Meets all the objectives
4	Meets most of the objectives
3	Meets some of the objectives
2	Meets a small number of the objectives
1	Does not meet the objectives

Financial Assessment

Financial Assessment

The council have identified the need for 15% savings against the current revenue expenditure baseline.

The financial assessment provides indicative insight to the potential impact on the council's revenue budget and an indication on how capital expenditure will be impacted

Capital Expenditure – Transition
Assessing the potential capital expenditure requirements for implementing a new solution

Capital Expenditure – Ongoing
Assessing the potential impact to ongoing capital expenditure for hardware, project and change activities

Revenue Expenditure – ongoing
Assessing the potential impact to revenue expenditure following the implementation of a new solution

The current baseline 'As-Is' revenue expenditure for the proposed ICT scope of services is £6.15m as defined by 'Contract 3' within the SSP MTFP Savings targets and budgets file

Financial Assessment – Option 1

	Weighting	Option 1 - Commercial	
Capital Expenditure – Transition & Implementation	10%	3	Commercial organisations will look to transform the ICT environment during transition to migrate clients to the suppliers' infrastructure, to realise efficiency benefits. Cost is likely to be higher than simply taking the services on, though there is potential for larger supplier to spread some investment costs over the life of the contract
Capital Expenditure - Ongoing	10%	4	Migration to SaaS based solutions will move expenditure from capital to revenue as services are charges as subscriptions
Revenue Expenditure - Ongoing	80%	4	Likely to offer savings as part of the contract commitment though that is likely to drive adoption of the supplier service to help realise savings for the supplier – may feel like being done to, not done with.
Weighted Scoring		3.9	

Financial Assessment – Option 2

|	Weighting	Option 2 – Shared Service	
		'LATC' Model	**Generic Shared Services**
Capital Expenditure – Transition & Implementation	10%	**5** In addition to transition costs, council will be required to make an investment in a partnership – <£250. Initial transition will be take-on services as-is and, therefore, minimal upfront transformation, lowering initial capital investment	**5** In addition to transition costs, council may be required to make an investment in a partnership. Initial transition will be take-on services as-is and, therefore, minimal upfront transformation, lowering initial capital investment
Capital Expenditure - Ongoing	10%	**5** Dedicated transformation team for change that benefit from education and training to enable transformation which could make change more effective and efficient to deliver services	**4** Transformation projects to migrate council infrastructure to share service providers way of working will be charged as projects, increasing ongoing capital budget requirements
Revenue Expenditure – Ongoing *	80%	**4** No initial commitment to make savings against as-is costs. Partnership model likely to return benefit through dividend distribution. Ways of working and cultural changes will show service improvement for 'same' cost. Short term benefit to cost will be related to avoidance of supplier markup on 3rd party agreements and hardware (currently 10%)	**4** Long term potential for cost reductions if/when services are migrated to adopt common shared services infrastructure. Short term benefit to cost will be related to avoidance of supplier markup on 3rd party agreements and hardware (currently 10%)
Weighted Scoring		**4.2**	**4.1**

* Shared Service likely to produce a year-end dividend. Consider 1st year baselining

Strategic / Political Assessment
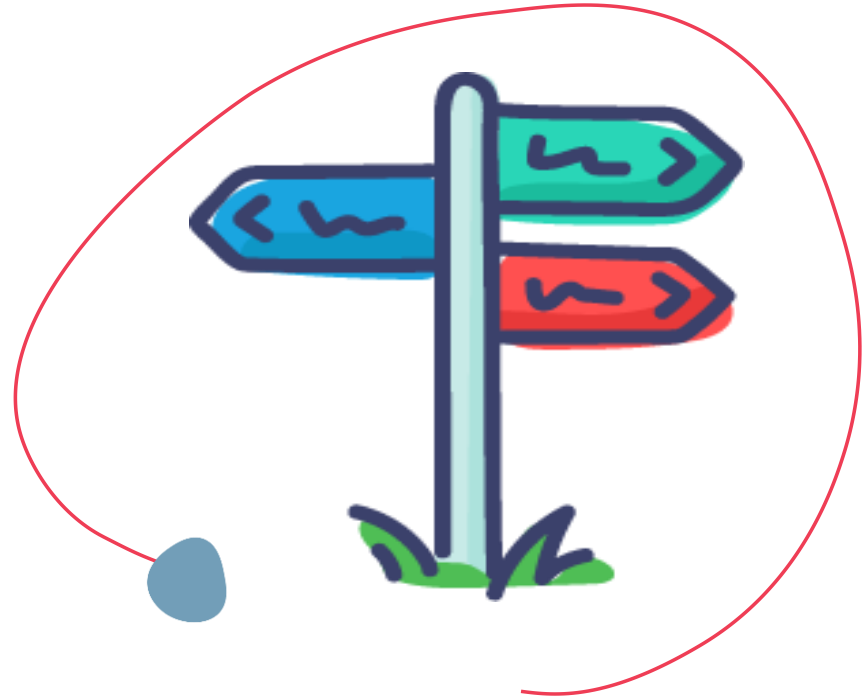
Strategic / Political Criteria

Why the Strategic / Political Criteria is important

- At the outset of the options appraisal process, we sought to understand the corporate priorities and political drivers that the options must align with to be considered for down selection

Corporate Objectives
The alignment of the options with the council's vision, values and ambitions

Our vision

Open
You told us open means being honest and transparent. It means listening to you and your views on the decisions we make. It means being accountable for how we spend your money and ensuring we provide the very best value we can.

Fair
You told us fair means being accessible and inclusive in how we work. It means listening to the views of all groups and acting on local issues. It means ensuring equity in access to services.

Green
You told us green means we take our responsibility to respond to the climate emergency seriously. It means we do all we can to understand the impact our actions have on the environment and mitigate them where possible.

Our ambitions

1. Our children and young people are cared for, safe, supported, and are given equality of opportunity to thrive
2. Our communities are caring, healthy and safe, where people help each other to live well
3. Our towns and villages are thriving and sustainable places to live, work and visit
4. Our council delivers consistently good services and value for money to support our community

Our values

- We act with **INTEGRITY**
- We **RESPECT** each other
- We **INNOVATE**
- We **CARE**
- We **COLLABORATE**

Political alignment
How the options align with the council's political requirements for social, economic and environmental factors, promoting local employment and engagement

Social contribution to the local community that promotes social interaction, health and wellbeing
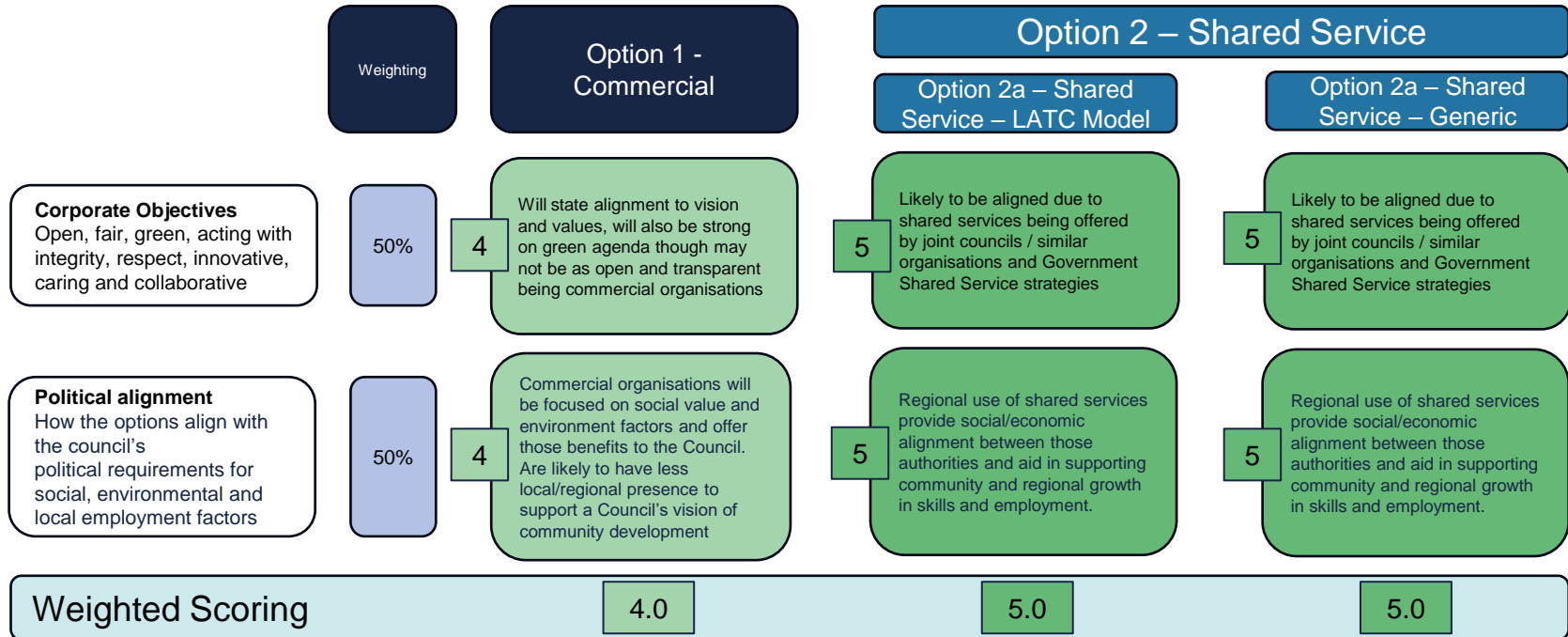
Economic progress occurs in harmony with nature to ensure residents enjoy prosperous and fulfilling lives

Support local employment, promoting access to facilities and natural **environment**

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Strategic / Political Assessment

	Weighting	Option 1 - Commercial	Option 2 – Shared Service	
			Option 2a – Shared Service – LATC Model	Option 2a – Shared Service – Generic
Corporate Objectives Open, fair, green, acting with integrity, respect, innovative, caring and collaborative	50%	**4** Will state alignment to vision and values, will also be strong on green agenda though may not be as open and transparent being commercial organisations	**5** Likely to be aligned due to shared services being offered by joint councils / similar organisations and Government Shared Service strategies	**5** Likely to be aligned due to shared services being offered by joint councils / similar organisations and Government Shared Service strategies
Political alignment How the options align with the council's political requirements for social, environmental and local employment factors	50%	**4** Commercial organisations will be focused on social value and environment factors and offer those benefits to the Council. Are likely to have less local/regional presence to support a Council's vision of community development	**5** Regional use of shared services provide social/economic alignment between those authorities and aid in supporting community and regional growth in skills and employment.	**5** Regional use of shared services provide social/economic alignment between those authorities and aid in supporting community and regional growth in skills and employment.
Weighted Scoring		4.0	5.0	5.0

Tactical Alignment Assessment

Tactical Drivers

Why Tactical Drivers are important

- At the outset of the options appraisal process, we sought to understand the corporate priorities and key tactical drivers that the future service, and its provision, needs to meet.

- The tactical drivers are used throughout the options appraisal to support the identification of the right services from the right source to meet your organisation's needs for the future.

Support the Workforce
Right tools, systems and accesses for office and remote working, promoting self-service, improving IT perception

Development and Change
Drive service improvement and support 'horizontal' service development and change

Control and security
Digital, data and technology strategies defined by the Council in a secure and compliant manner

Information Management
Optimise the Microsoft environment, improving information flow and shared working practices (data strategy?)

Flexibility and agility
Agility to adapt commercially and technically, able to expand scope 'vertically' over contract lifetime

Tactical Drivers – Option 1

	Weighting	Option 1 - Commercial	
Support the Workforce Right tools, systems and accesses for office and remote working, promoting self service, improve IT perception	20%	5	Forefront of technology, innovation, AI (automation), efficient deployment to provide an effective and efficient workplace for the workforce
Control and security Digital, data and technology strategies defined by the Council in a secure and compliant manner	20%	5	Commercial organisations will align to the Council's strategy, vision and ambitions, allowing the council to set direction and strategy. Commercial organisations offer Security Operations Centres (SOC) as a standard offering to enhance security standards.
Development and Change Drive service improvement and support 'horizontal' service development and change	20%	5	Forefront of technology, innovation, AI (automation), efficient deployment to provide an effective and efficient infrastructure with readily available skills and resources to deliver transformation and change. Often hold budgets for innovation and product development which clients benefit from
Information Management Optimise the Microsoft environment, improving information flow and shared working practices	20%	5	Commercial organisations provide solutions within a management service to optimise information management, and the transformational activities need to deploy them. Likely to be Partners of MS to provide access to skills, support and funding
Flexibility and agility Agility to adapt commercially and technically, able to expand scope 'vertically' over contract lifetime	20%	4	Will offer flexibility and agility, both commercially and technically, though it may come at a cost. Innovation is likely to be more viable. Commercial terms under CCS frameworks can limit service and commitment periods but provide council's will greater commercial control. Standard services provided under standard T&C make exit easier for clients providing the ultimate flexibility to move supplier
Weighted Scoring		4.8	

Tactical Drivers – Option 2

Option 2 – Shared Service

	Weighting	'LATC' Model		Generic Shared Services	
Support the Workforce Right tools, systems and accesses for office and remote working, promoting self service, improve IT perception	20%	5	Council will retain control of refresh timing and product/service and supplier will provide access to tools and expertise to support deployment and development	4	Potential limitation to available products and services as shared services will offer the services, they operate rather than what's available in the market
Control and security Digital, data and technology strategies defined by the Council in a secure and compliant manner	20%	5	Clients will retain strategy / architectural roadmap ownership and shared service will support the service requirements of the council. Operational decisions can be made quickly to implement change in a secure and controlled manner, often proactively, in line with the council's focus areas	4	Shared Services likely offer the services they are consuming rather than align to the client's strategy and ambitions. Full understanding of the control environment, legislation and regulation. Appreciation of both Data Owner and Data Processor responsibilities in a Local Authority setting
Development and Change Drive service improvement and support 'horizontal' service development and change	20%	5	Through strong education and learning, resource capable of supporting wide range of products and services. Transformation team driving service improvement and supporting clients to adopt new technologies / services and by TUPE'ing existing resource, drive cultural change for improved services, customer and employee satisfaction	3	Potential limitation to available products and services as shared services will offer the services, they operate rather than what's available in the market. Some will offer change and transformation services in addition though not as well as commercial organisations. Council's often working with limited funds, therefore, product development and change can be restrictions
Information Management Optimise the Microsoft environment, improving information flow and shared working practices	20%	4	Allow clients to retain existing infrastructure and have access to skilled resource for architectural assessments to propose and develop improved shared working practises. Allows clients to maximise use of existing Microsoft environment, though won't be MS Gold Partner.	3	A shared service provider that is based on a Microsoft environment will be able to optimise the council environment, though, again, potential limitations for product development due to funding. Not going to be MS Partner aligned
Flexibility and agility Agility to adapt commercially and technically, able to expand scope 'vertically' over contract lifetime	20%	5	The council owns strategy and direction, the supplier will offer commercial and technology flexibility to deliver change and vertical scope expansion for each council's portfolio. Greater flexibility afforded over the generic shared service model as the council will retain their existing, standalone services, albeit the resources are owned by the shared service provider	4	Likely to offer a standard Shareholder or Joint Agreement to offer standard services. Even as a shareholder, changes to the infrastructure/services would require approval by the shareholder/partner committee as joint owners. Uniqueness of service offerings will make contract/service exit more complex, limiting ultimate flexibility (hence the 'amber' shading)
Weighted Scoring		4.8		3.6	

LATC - Local Authority Trading Company

Feasibility Assessment

Feasibility Assessment

Why the Feasibility Assessment is important:

- In down selecting to a preferred option, is it key that a potential solution can be delivered by the Council

- The criteria used to assess feasibility review the timeliness of a procurement, the ability to implementation the solution and the access to the right products and services over the potential life of a contract

Resourcing – Transition and Ongoing
The level of resource required to deliver transition and the impact on the BAU team ongoing

Sourcing strategy & routes to market
How the different routes to market affect the procurement approach and future flexibility

Time to conduct a procurement
The length of time each option will take to complete a procurement and how that may impact interdependencies

Technology products and Services availability
The availability of, and the ease of adoption of products and services aligned to the council's requirements

Feasibility – Option 1

	Weighting	Option 1 - Commercial
Resourcing availability and transitioning services	25%	**5** — Set up programme team to include, Programme Manager, PMO/Project Manager, Architect, BA, Procurement & Comm, Legal, HR, Training/Learning – key to confirm if can be provided inhouse. Transition will be chargeable activity and in suppliers' interest to complete early so will be driven by the supplier
Time to conduct a procurement	25%	**3** — 21-23 weeks. Time for ICT procurement not a limiting factor (contract expires 30 Sept 2025), however, interdependencies of other services (R&B, contact centre) and cost of running a longer procurement make this less attractive as an option
Technology product & service availability	25%	**5** — Forefront of technology development and deployment, key product partnerships (MS Gold), not necessarily tied to one product/service. Access to skills for specialist areas can be bought in (contractors). Standardised products and services bought under standard T&C's, mean exiting a supplier and transitioning to new suppliers is simpler
Sourcing strategy / route to market	25%	**4** — Full tender process via CCS framework or Open/Restricted procedure via ITT which would include evaluation, moderation, negotiation and award. CCS frameworks offer standard terms and conditions that all suppliers have signed up to. Greater choice of suppliers available in the market to provide services. Open/Restriction procedure likely to adopt supplier terms and conditions
Weighted Scoring		**4.25**

Feasibility – Option 2

Option 2 – Shared Service

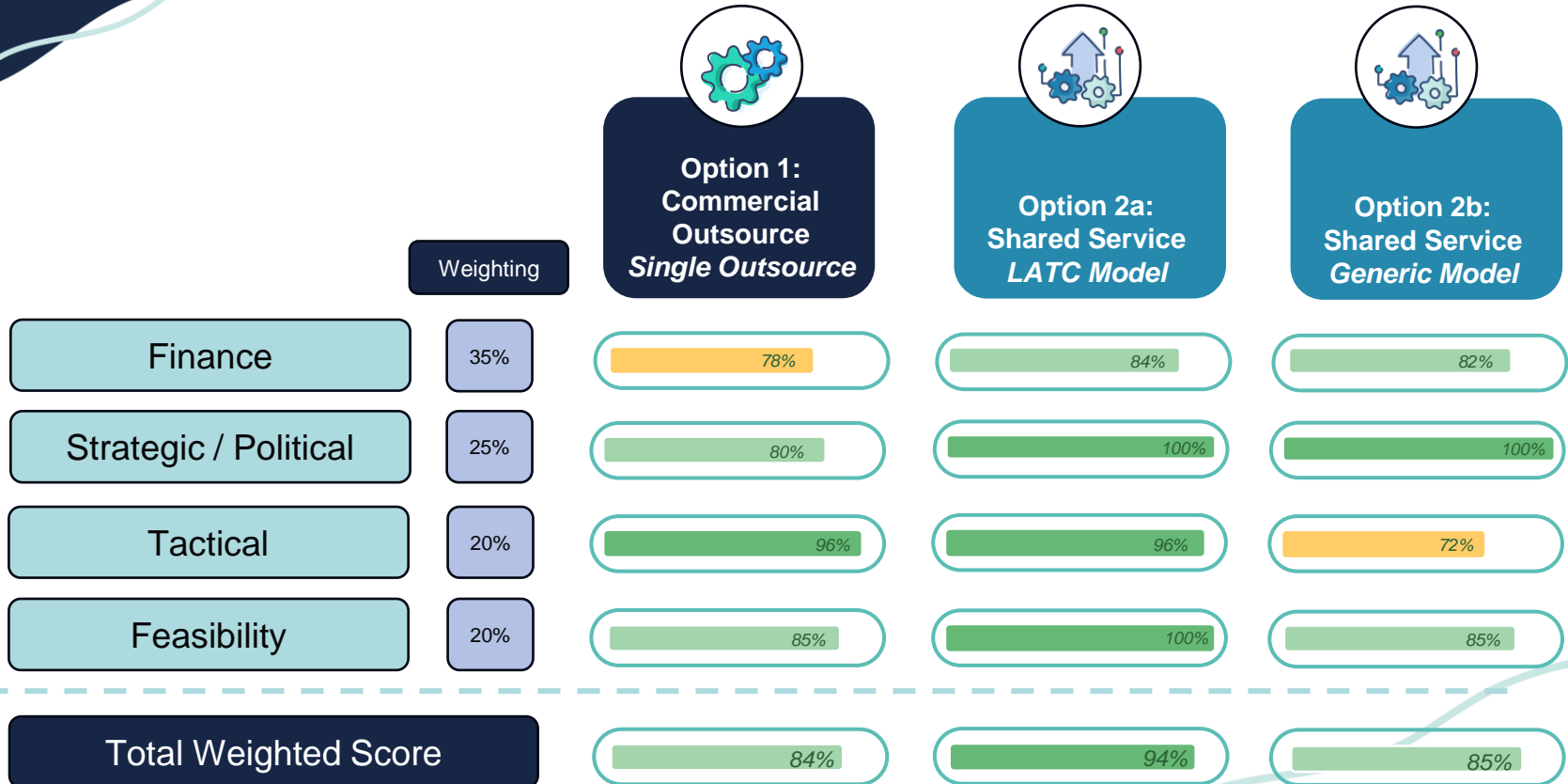|	Weighting	'LATC' Model	Generic Shared Services
Resourcing availability and transitioning services	25%	**5** — Set up programme team to include, Programme Manager, PMO/Project Manager, Architect, BA, Procurement & Comm, Legal, HR, Training/Learning – key to confirm if can be provided inhouse. Transition resources will include skilled shared service resources as well as TUPE'd staff to provide support and service continuity. Speed and extend of transition and transformation will be set by the CA's ability to meet the timescales (typical transition between 3 to 6 months)	**4** — Set up programme team to include, Programme Manager, PMO/Project Manager, Architect, BA, Procurement & Comm, Legal, HR, Training/Learning – key to confirm if can be provided inhouse. Speed and extend of transition and transformation will be determined by how different NSC services are to the target shared service and the difficulty in adopting a single solution
Time to conduct a procurement	25%	**5** — 10-12 weeks. Preparation of service requirements / outcomes and early engagement with shared service providers to assess alignment will be critical to achieving the timeline	**5** — 10-12 weeks. Preparation of service requirements / outcomes and early engagement with shared service providers to assess alignment will be critical to achieving the timeline
Technology product & service availability	25%	**5** — The Shared service model here remains agnostic to products and services that the council choses to adopt as the Clients will retain strategy / architectural roadmap ownership and shared service will support the service requirements of the council. Operational decisions can be made quickly to implement change in a secure and controlled manner, often proactively, in line with the council's focus areas	**3** — All core services required by the council are available from Shared Services. Would be tied to product set / infrastructure being used by the Shared Services. Access to skills for specialist areas can be bought in (contractors). Unique setup of a shared service could result in a complex exit process at the end of a contract (or for early termination)
Sourcing strategy / route to market	25%	**5** — Aligned to the UK Governments drive for increased use of shared services, to improve efficiencies. PCR2015 Shared Service Teckal exemption allows for direct contracting under a shareholder/joint agreement for common services following evaluation and value for money assessments. Council will be required to sign up to the existing shareholder terms and conditions.	**5** — Aligned to the UK Governments drive for increased use of shared services, to improve efficiencies. PCR2015 Shared Service Teckal exemption allows for direct contracting under a shareholder/joint agreement for common services following evaluation and value for money assessments. Council will be required to sign up to the existing shareholder terms and conditions.
Weighted Scoring		**5.0**	**4.25**

Summary

Option Appraisal

Summary Assessment of the down-selected Options

	Weighting	Option 1: Commercial Outsource *Single Outsource*	Option 2a: Shared Service *LATC Model*	Option 2b: Shared Service *Generic Model*
Finance	35%	78%	84%	82%
Strategic / Political	25%	80%	100%	100%
Tactical	20%	96%	96%	72%
Feasibility	20%	85%	100%	85%
Total Weighted Score		84%	94%	85%

Options Down-select

Option 1: Commercial Outsource
Single Outsource ✓

Pros
- Potential sector experienced managed Service could provide a wrap for most as-is services
- Standard supplier approach would be to transform services to achieve efficiencies at point of transition to the new contract, however this would mean an additional up-front cost and could add complexity and risk to BAU services
- Early transformation of services would aim to bring efficiencies through investment, for long term gain

Cons
- Procurement framework and contract would limit the future flexibility of services provided and may require further procurements to accommodate future needs.
- Multiple Framework procurements maybe required for any services that sit outside of the framework permitted service scope e.g. Print and Mail, and may result in more than one supplier
- Early transformation of services would mean an additional up-front cost and could add complexity and risk to BAU services

Option 1: Commercial Outsource
Multi-Outsource ✗

Pros
- Potential market leading products and service, providing innovation and a high level of skills
- Standard supplier approach would be to transform services to achieve efficiencies at point of transition to the new contract
- Early transformation of services would aim to bring efficiencies through investment, for long term gain
- Early transformation of services would aim to bring efficiencies through investment, for long term gain

Cons
- Would require multiple procurements for each service package adding demand and cost to the process
- Increased supplier relationship management and service integration needed within NSC
- Early transformation of services would mean an additional up-front cost and could add complexity and risk to BAU services

Options Down-select

Option 2a: LATC Shared Service Model ✓

Pros
- Teckal Exempt service route with no procurement cost implications
- NSC retains control of its ICT strategy and goals
- Strategic influence and direction as an equal shareholder
- Ability to use additional available shared services under its shareholder agreement
- Regional services providing skills and employment within the SW region
- Likely to see more rapid cultural improvement as a result of TUPE'd staff moving to a LATC model

Cons
- Cost would expect to remain in line with the as-is costs from day 1, until any transformation triggers efficiencies
- Savings might only be realised through any dividend payments at the end of each year to the shareholders.
- May not be at the forefront of new technology and innovation

Option 2b: Generic Shared Service Model ✗

Pros
- Council Mutual or MoU shared service model agreement outside of procurement process as per PCR2015 regulation.
- Ability to use additional available shared services
- Regional services providing skills and employment within its own geographic location.

Cons
- Adoption of joint technology, systems, infrastructure and strategies.
- Slow to limited strategic influence
- Unlikely to be at the forefront of product and process innovation
- Migration to a shared infrastructure would reduce exit flexibility resulting in possible penalty clauses being applied and higher cost of exit
- Potential strategic alignment outside of NSC's control

Resource Profiling

	As-Is Position	Commercial Offering Single Outsource	Commercial Offering Multi-source	Shared Service Partnership / LATC	Shared Service Client
Inhouse Team	1 internal FTE dedicated to ICT services	+1/+2 internal FTE to maximise the benefit from a new arrangement (Portfolio/Contract/Service Manager)	+2/+3 internal FTE to integrate services across all providers, manage overall security posture, set strategy and architectural direction	+1/+2 internal FTE to maximise the benefit from a new arrangement (Portfolio/Contract/Service Manager) plus representation at Partnership Board	+1/+2 internal FTE to maximise the benefit from a new arrangement (Portfolio/Contract/Service Manager)
External Team	Agilisys utilising 36 resources to the deliver ICT services - 27 providing BAU and project support - 6 providing support to Print and scanning - 6 management, commercial and governance	Agilisys resource would TUPE to new provider, potential for early reductions in FTE from transformation during transition would improve efficiency	Agilisys resource would TUPE to new providers, though potential for redundancies if team can't be allocated to new service/provider. Some duplication of roles across providers	Agilisys resource would TUPE to new provider, medium/long term reductions in FTE as ways of working improve and sharing of services across councils is implemented	Agilisys resource would TUPE to new provider, medium/long term reductions in FTE as services consolidate to shared service model

Recommendation

Option Appraisal

	Weighting	Option 1: Commercial Outsource *Single Outsource*	Option 2a: Shared Service *LATC Model*	Option 2b: Shared Service *Generic Model*
Finance	35%	78%	84%	82%
Strategic / Political	25%	80%	100%	100%
Tactical	20%	96%	96%	72%
Feasibility	20%	85%	100%	85%
Total Weighted Score		84%	94%	85%

Option Appraisal

Based on the agreed assessment criteria used within this options appraisal, the preferred option is a **Shared Service** utilising the **Local Authority Trading Company (LATC) model**.

A marginally higher score is awarded to the LATC model overall because:

- Greater alignment with all assessment criteria laid out by the council
- Allows the council to retain control of the IT environment and set architectural direction
- Minimises initial capital expenditure as an LATC would run the existing service as-is from day 1 and not insist on immediate transformational activity
- See cultural changes in the way IT is delivered faster than in other models as an LATC model will TUPE staff to the LATC who drive improvements in ways of operating, working environments and employee satisfaction which should improve the perception of IT within the council
- Is a long term 'partnership ethos' that is based on economic growth and enablement rather than a short-term focus on cost savings (savings are likely to be realised in the short/medium term, though are not committed to by an LATC)

Appendices

The top risks identified in conducting this options appraisal

Risk	Likelihood	Impact	Mitigation
Having selected a preferred option, the market does not provide access to a supplier that is aligned with the council on vision, technology and financial outcomes resulting in the need to reassess the sourcing option	Low	Med	Early review of the scopes of service provided by the suppliers in the market to confirm alignment. Contact with other councils that have engaged with an LATC to assess alignment, benefits realisation and financial outcomes.
NSC and a shared service provider do not come to an agreement on services and costs after all due diligence has been carried out on the as-is position	Low	High	Sharing all requirements and information to enable early due diligence to be carried out by the LATC on the as-is services and costs to establish any gaps. Potential to engage independent reviewer to assess any gaps and provide possible options to resolve and concerns
There is a risk that a shared service model would not provide the agility and flexibility required to meet the changing business (or IT) needs of the council impacting their ability to deliver on business strategy, customer satisfaction or financial targets	Med	Med	Develop and share digital, information and data strategies and, where possible technology roadmaps, that demonstrate the direction and timeline of change/development plans of the council. Understand the portfolio management approach of the shared service provider, how they prioritise and allocate projects etc before committing to a contract
A shared service provide may not commit to continual service improvements or financial savings over the life of a contract resulting in the council not achieving their strategic or tactical objectives	Med	Med	Guarantees are unlikely to be given for savings as these would be dependent upon transformation achieving the required efficiencies. Service improvements would be achieved via opportunities to consolidate resources and shared platforms and infrastructure and through transformation. This could be dependent upon NSC investment?
Adopting a shared service model results in the council having to enhance the inhouse team beyond expectation to manage the relationships, drive a change agenda at Boards with other Partners, manage a change portfolio, realise any benefits from the new partnership and generally improve the perception of ICT for Council employees	Low	Med	Appropriately plan the inhouse target operating model to manage a supplier. Obtain clear insight to shared service governance, portfolio management, partnership management expectations during the procurement phase. Engage the business is the collation and development of service requirements, expected outcomes and critical success factors to ensure buy-in and shared responsibility.

Option Appraisal

Summary Scoring Table

Criteria	Weighting	Option 1: Commercial Outsource *Single Outsource*		Option 2a: Shared Service *LATC Model*		Option 2b: Shared Service *Partnership*	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Strategy / Political	25%	4.00	1.00	5.00	1.25	5.00	1.25
Tactical	20%	4.80	0.96	4.80	0.96	3.60	0.72
Feasibility	20%	4.25	0.85	5.00	1.00	4.25	0.85
Finance	35%	3.90	1.37	4.20	1.47	4.10	1.44
Total Weighted Score	**100%**		**4.18**		**4.68**		**4.26**
% of Max score			*84%*		*94%*		*85%*

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Reference material

Feasibility

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Tactical

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