

The Executive
General Purposes Cttee**On 25th July 2006**
On 19th July 2006Report Title: **Proposal of New High Level Structure for Information Technology Services**Report of: **Chief Executive**Wards(s) affected: **All**Report for: **Decision****1. Purpose**

- 1.1 To propose a new organisational structure for the Council's IT Services (ITS) function,
- 1.2 To seek delegated authority to finalise the structure within the envelope specified in the report.

2. Introduction by Leader

- 2.1 I am determined that we have an IT service which is able to support Council services to deliver excellent and accessible services for our residents.
- 2.2 This proposal is designed to meet this objective and has been thoroughly scrutinised. I commend the report to you.

3. Recommendations**Both General Purposes and the Executive**

- 3.1 To note the drivers for this restructure as set out in section 7 and that the timescales for the implementation are necessitated by the high cost and risks associated with the current temporary staffing situation.
- 3.2 To note the external challenge to which these proposals have been subject, as set out in section 12.

The Executive

- 3.3 To approve the Senior Management and Functional ITS structure proposed within this report, and set out in full in Appendix 4, in so far as it pertains to Executive functions in relation to, *inter alia*, service delivery and financial issues and to

delegate authority to the Head of Paid Service, in consultation with the Leader, to finalise the structure within the parameters specified in paragraphs 11.1 and 11.2.

General Purposes

- 3.4 To delegate, subject to the decision of the Executive, to the Head of Paid Service, in consultation with the Chair of General Purposes, authority to implement the staffing aspects of the restructure.

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4. Executive Summary

- 4.1 The Executive in December 2005 and January 2006 decided to bring the support of the majority of the infrastructure in-house with Networks and Security support outsourced to a new specialist provider.
- 4.2 Two of the key factors behind that decision were
- The need for IT Services to deliver a higher quality and more aligned service to the business; and
 - The need to support a radically different infrastructure requiring new skill sets, processes and procedures.
- 4.3 Delivering the insource decision has a number of elements:
- Outsourcing of the elements of the infrastructure associated with the highest risk – Networks and Security (now successfully completed)
 - Transfer in of staff from NIS, the former provider of Infrastructure Services (now completed)
 - Development and revision of all processes and procedures to ensure IT support best practice is implemented within the organisation
 - Identification of the organisational structures required to deliver the new and existing services with greatest benefit to the Council
 - Transition of knowledge from the development contractors to the recruited salaried staff to minimise loss of continuity and knowledge
- 4.4 Therefore it has been necessary to review the entire IT Services organisation and develop a functional structure to achieve all of these key elements. This report sets out the product of the review.

5. Local Government (Access to Information) Act 1985

- 5.1 The following were used in preparation of this report:
- ITS Restructure Report Council Executive July 2003

- IS/IT Strategy Report Council Executive July 2003
- Project and Programme Management – Response to the Audit Commission Review 21st February 2006
- IS/IT Infrastructure Arrangements – Options 20th December 2005
- IS/IT Infrastructure Arrangements – Options 18th January 2006
- IT Insourcing: Budget Issues Council Executive 13th June 2006
- SOCITM Insight – The Technology Challenge in 2006
- Butler Group – IT Service Management 2006
- Forrester IT Organisational Design – June 2005
- Computer Economics Ltd – Staff salary benchmarking reports November 2005/
May 2006 results

7 Background and introduction

7.1 This report sets out the thinking behind and proposed structure for the IT service. The full background is set out in Appendix 1.

7.2 There are a number of issues facing the Council that necessitate a new organisational structure, regardless of the decision to insource. Issues such as:

- A radically different architecture to support where centralisation dictates more complex, but more efficient and scalable support activity with a shift to proactive rather than reactive maintenance;
- Demand from the business for more reliable levels of service;
- The increasing demand for technical expertise to support business lead projects;
- The need for hands on IT strategy expertise to drive value from the infrastructure investment and to maintain architectural standards;
- The need for project and programme management capacity that spans the major projects rather than existing within them; and
- The need for more effective communication with the business to deliver a more service orientated approach.

These issues require a substantial organisational response across the whole service.

7.3 It is in this context that for the purposes of this report, the term 'insource' is encompass all the changes and activities required to provide a 'fit for purpose' IT service.

7.4 To undertake this activity a new project was initiated. The Programme Initiation Document (PID) was formally approved on 27th April 2006 defining a scope which sought to address the full scope of providing a fit for purpose organisation. The high level objectives of the Insource Programme are:

- To grasp the opportunity of the expansion of in-house services and to use the lessons learnt from the previous outsource arrangements to improve the business focus, service delivery and culture within IT Services. This will include adoption of recognised best practice, honest and open inspection of current issues and behaviours and implementation of a revised and revitalised organisation.
- To transition support of the infrastructure delivered by the Tech Refresh from the project team to permanent staff.
- To outsource the Networks and Security element to a new managed service provider and to purchase 3rd party software tools as required by the service management design via a competitive tender in accordance with public sector procurement rules and best practice.
- To design an organisational structure and processes based where applicable on ITIL (Information Technology Infrastructure Library – the leading IT service delivery standard) recommendations to deliver the service.

- To recruit skilled resources to enabled the support and maintenance of the infrastructure.
- To deliver this programme of work in accordance with Haringey's Project Management Framework(PMF) and with adherence to the recommendations of the 2005 Audit Commission report and subsequent Haringey PMF enhancements agreed by the Council Exec on the 21st Feb 2006.

7.5 To help mitigate and manage the risks associated with Insourcing, which were set out in the reports to the executive in December 2005 and January 2006, plans to implement a new functional organisational structure and recruit into new roles have been developed within a short time frame. The process could not start until the middle of May, when all the staff became Council employees, and the driver is the need to move from support arrangements which are heavily dependent on agency staff to having permanent staff. The additional cost of using agency staff, compared with permanent staff, is estimated at over £100k per week and slippage on the timescales set out in the following table are likely to result in additional costs. This approach does bring its own risks however the benefit of establishing in-house salaried capability within this financial year is believed to outweigh the risk.

Date	Milestone
19/07 and 25/7	Approval of functional structure
26/07	Create Phase 2 consultation pack containing: <ul style="list-style-type: none"> • Cover presentation • New organisation structure • Role descriptions, numbers and teams • Ringfencing details, including ringfenced groups and process
27 and 28 July	Consultation Presentations
31/7	Publish Phase 2 consultation pack
18/08	Deadline for comments on the Phase 2 consultation pack
25/08	Delegated Authority given for Phase 2 detail
01/09	Start ringfencing process for relevant roles
30/09	Start external recruitment process for other roles

7.6 This report contains a functional overview of the proposed structure and the senior management posts required. The design and implementation of the detail below this level is continuing in parallel with the approval process for the functional structure.

7.7 External challenge is an inherent feature of the insource programme. 5 independent challenges have been arranged. This number was necessary due to the diverse skill sets required across the programme. The overall view will be challenged by the independent executive appointed to sit on the project board. The challenge to date is set out in section 12.

7.8 The report is structured as follows:

- 8 Considerations for the new structure
- 9 Gap analysis of the current structure against future needs

10	The proposed functional structure
11	Resourcing
12	External challenge

8. Considerations for the new ITS Functional Structure

The combination and organisation of all of the functions within an IT organisation are influenced by external trends and best practices (“what should or could we do”) as well as some internal realities (“what can we do”).

The need for restructuring within ITS is driven by the need to:

- take into account of developments in ITS Service required and advancing industry practices;
- Support a new TR infrastructure requiring new skills and a new way of operating;
- gain maximum benefit from the technology investment made
- continue the efforts of the 2003 restructuring to align ITS more with the business;
- address overlaps and gaps between the roles of the transferred staff and the roles in the existing ITS organisation (less than half the required staff transferred across from NIS with only a few of the required processes);
- transform ITS to enable it to provide Infrastructure support in house for the first time, rather than managing a provider; and
- address some of the recognised shortfalls of the current ITS resourcing.

With this in mind we have analysed the following in reaching our proposals for the new structure:

- Internal Analysis:
 - Previous restructuring recommendations
 - Audit Commission Review recommendations
 - Feedback from IT staff
 - Feedback from IT users and service stakeholders
- External influences
 - ITIL service management best practice
 - Industry reports

The remainder of this section summarises this analysis.

8.1. Recommendations from previous restructuring proposals

8.1.1. The last ITS restructure was undertaken in 2003 and while there have been some significant changes within ITS since this review, many of the organisation design principles developed and applied in this report remain valid. Many of these roles now need to be strengthened and enhanced. The following table shows the applicability and continuity of these design principles:

Design Principles (2003)	Applicability in 2006
There should be a clear interface between IT Services and customers	Need to retain and strengthen the Business Partner group. This interface can be made clearer with the establishment of a new functional area to raise the profile of the Business Partner group
There should be a clear interface between IT Services and suppliers	Service Management function should be retained and renamed to Supplier Management having a more strategically focused outlook
There should be a clear distinction between application development and support	Maintain the separation between Development and Operations
There should be roles which bridge the gap between IT and the business	Refer above to Business Partner recommendations
There should be adequate cover on operational support roles	With the creation of a highly skilled Service Desk, the role of Service Desk Analysts will be created taking ownership of the call and aiming to resolve the incident at the first point of contact. During peak hours all Service Desk Analysts will be made available, where possible to cover the volume of calls expected.
Support activities should converge wherever possible	Service delivery will now combine the functions of supplier management, procurement and finance to make sure they all work closely together.

8.2. Recommendations from the Audit Commission review

- 8.2.1. The Council's response to the Audit Commission's review of the Tech Refresh project sets out changes to be introduced to strengthen programme management processes and procedures within the Council. One of the recommendations was to set up a dedicated Programme Management Office (PMO) in the Improvement and Performance Team. The report also refers to an IT Programme Management Office that would work alongside the Corporate PMO to ensure synchronisation and control of major IT related initiatives.
- 8.2.2. The IT PMO function was originally established to support the delivery of the Tech Refresh and Capital Programme and so has not been a part of the historical establishment headcount. Hence this report will provide for the formalisation of this role with the IT PMO established as a direct report into the Head of IT. As the IT PMO is established and staffed, this group will need to

continue with the requisite relationships with the Corporate PMO to ensure appropriate demarcation and coordination of duties

8.3. Feedback from Staff within ITS

8.3.1. All ITS staff were surveyed as an input into this process and site visits were undertaken to IT functions in other Local Authorities to understand their views and recommendations. It is recognised that consultation is a very important part of making the new ITS organisation successful to obtain staff, trade union and stakeholder feedback. Consultation is planned to run to the end with Phase 1 currently in progress focusing on explaining and gathering feedback on the new functional organisation structure. Phase 2 consultation will commence once this structure has been approved and will look to share and obtain further feedback on the detailed roles and positions required. As part of staff consultation, regular question and answers sessions are being held with staff to address their concerns and take their feedback onboard. Questions that are not personal in nature are being consolidated and shared with all staff in regular staff bulletins.

8.4. Feedback from IT Users and Stakeholders

8.4.1. Feedback is being obtained from stakeholders, that is anyone with an interest in our IT Services whose knowledge, views and actions can affect the outcome/success of this review and/or is affected by its outcome/success (such as end users, members, etc). It is vital to understand their views on the current level of services provided by the ITS organisation and what they expect from ITS in the future.

8.4.2. A user survey is in progress to obtain feedback on the services provided by ITS. Findings will be included in the proposed functional structure to ensure the new model is fit for purpose and delivers the quality of IT services users require at a cost that is acceptable as well as continues to improve the process of prioritisation. Initial high level results from the survey is included below

- There are mixed overall views of IT Services. Nearly two thirds of users agree that IT Services proactively seek to improve the quality of technology provided to the business, but only 49% agree that IT Services provide an effective consulting service to the business.
- This is further emphasised by the feedback regarding IT development projects, where only 51% of those involved in IT projects agreed that the project was successful, and only 42% of these respondents stated that IT Services proactively sought to understand the IT needs of the business area.
- Feedback regarding the IT Support available to users was also mixed – less than half of users agreed that the waiting time for support was acceptable, but the majority of users stated that IT Support staff were both helpful and knowledgeable.

8.4.3 The survey provides a baseline for assessing improvements (or otherwise) in the perception of the performance of the service.

8.5. ITIL Service Management Best Practice

8.5.1. The IT Infrastructure Library, "ITIL" is a best practice framework for IT service management developed by the Office of Government Commerce (OGC) and endorsed by the British Standards Institute (BSI). ITIL is now the de facto worldwide standard for Service Management and the introduction of these principles is expected to provide real service benefits for IT users within the Council. The ethos behind the development of ITIL is the recognition that organisations are becoming increasingly dependent on IT in order to satisfy their corporate aims and meet their business needs. This leads to an increased requirement for high quality, cost effective IT services.

8.5.2. Having previously invested in the Project Management Framework and reaped the benefits of having controls and boundaries to work within for IT projects, ITS is looking to continually improve and refine its ways of delivering services to the business and is looking to invest in a new ITIL Service Management capability to create repeatable, measurable processes which focuses on delivering:

- IT support (keeping the IT environment running by resolving problems and performing to service levels)
- IT services (providing new and enhancing existing IT services to meet the increased demand of the business by managing changing priorities and looking ahead by undertaking capacity and contingency planning).

Although ITIL provides processes across the range of IT functions it is most commonly applied across Service Management and Service Delivery functions rather than Development or Strategy. This is exactly how we plan to implement it at in ITS so it complements but does not duplicate the Project Management Framework (PMF) used in development and across the Council.

ITIL also reinforces and strengthens many of the measures introduced during the last ITS re-organisation in 2003, the key one being the separation of proactive and reactive roles within ITS. Roles are aligned to the services and urgency of service required, for example quick help or fixes to incidents separated from continuous improvements/expansions & progression of longer running problems. This will provide users with a more dedicated service in each area.

8.5.3. Appendix 2 provides more information on ITIL and shows an assessment of where we are now against the each ITIL category. The aim of the proposals set out in this report is to bridge these gaps.

8.6. Industry Reports

8.6.1. Latest research from Butler Group, Forrester and SOCITM Insight on high-performing IT organisations has also been taken into consideration.

- 8.6.1.1. Butler Group's findings recognise that IT Service Management is evolving from the discipline of managing the infrastructure based purely on perceived technical requirements to managing the same infrastructure based upon organisational requirements. Since organisational requirements change in a highly dynamic fashion, the related infrastructure usage requirements need to be catered for in an equally dynamic manner.

ITIL is required for key functions that are imperative in managing high-quality IT services such as change management, problem resolution, service levels, capacity and contingency planning and configuration management. It is important to get these key functions right as:

- Interruption of an IT service is expensive and can have disastrous consequences for an organisation.
- The speed of introduction of new technologies and continual change means that the complexities present in the IT environment cannot be successfully managed without dedicated toolsets.
- Running IT as a business means that financial management of IT is essential including asset management and charging applications.
- IT departments and business lines need to reduce the costs of operations and maintenance (keeping the lights on) so that an increasing share of the IT budget is available for IT and business improvements.

- 8.6.1.2. Findings from SOCITM Insight show that effective IT Service Management demands repeatable and measurable processes and that ITIL offers a public domain, non-proprietary framework for processes and service management for heterogeneous environments. They recognise that ITIL shows the goal, general activities, inputs and outputs of the various processes, but it does not cast in stone every action that needs to be performed on a day-to-day basis leaving flexibility for the organisation implementing it.

SOCITM also recommends that ITS should not wait for others to inform them how IT Services can contribute to the business but should be extending their reach deeper into the business to get involved in identifying issues with IT solutions as early in the process as possible. It also identifies the need for project management to become an operational competency and for project managers and their management to be supported by an organization wide approach to capacity planning

- 8.6.1.3. Forrester in its paper on organizational design within IT identifies several trends:

“Process-orientated infrastructure using the ITIL framework become mainstream. ITIL provides a set of best practices for IT infrastructure groups. The framework has reached tipping point of acceptance in North America and Europe. The next step is the reorganization of infrastructure groups into the functions of ITIL”

“New Structures reinforced to execute cross divisional projects. Program and project offices have been around for a while, and they will increase in number and power. Furthermore, internal consulting groups that loan out their services across the enterprise will grow in importance. Finally, the planning function will assume greater enterprise focus as it exercises more control over prioritization of large cross divisional projects”

Forrester also recommends active management of communications from IT to improve perception as improving this is critical to taking a more proactive role in planning with the business - “The planning function needs to ensure that the business strategic plans are in line with IT’s capabilities. A critical but difficult step is to prioritise projects across the business units. Strong leadership is required to tackle this contentious issue”.

9. Gap Analysis of the Current ITS Organisation Structure and Future Needs

- 9.1. Having scanned the environment, an analysis was undertaken of the current ITS organisation structure following the completion of Tech Refresh and the bringing in-house of ex-NIS roles against the needs of the future ITS organisation to deliver a quality, cost effective IT services to the business. The current organisational structure is set out in Appendix 2.
- 9.2. Key areas for development are highlighted in two groupings: (1) operational and service delivery issues and (2) development and long term planning.
- 9.3. The key operational and service delivery issues are:
 - There is a gap between our current capacity and structure and that required to deliver to the **ITIL** standard. This is set out in section 8.5, above;
 - There is a lack of dedicated resource able to provide **technical guidance** the business requires to select and implement the appropriate solution. This impacts the service that Business Partners can offer the business and results in both Business Partners and Project Managers having to use 3rd line support resources to obtain the information they require. This in turn has an impact on the timeline and quality of work that 3rd line resources are responsible for. Because the demand outstrips supply the business often progress IT dependent projects to a solution stage without any input from IT, which results in rework, delays and frustration; and
 - **Continual improvement in IT service delivery** to end users with the first point of contact being a highly skilled Service Desk Analyst who will take ownership

of the call until the incident or new service request is delivered with the goal of resolving incidents at the first point of contact.

9.4 The key development and longer term planning issues are:

- It has been recognised that ITS suffers from a **lack of internal business analysis expertise** required to extract detailed user requirements to deliver business projects. One of the key aims of a more service orientated ITS is to develop a better understanding of the customer's requirements. This has been recognised in the industry as one of the most cost effective ways of improving business satisfaction;
- **Business partnering** – the Business Partners play a valuable role as the liaison between the different Council constituencies and ITS. This role needs to be further strengthened as ITS aligns its IT strategy to the business strategy to meet the increased demand and changing priorities for IT services. Operations and Development are the two primary deliverers of service into the business with a natural tension between the development activities and the support activities required. Hence Business Partners should not sit within either of these areas. It makes sense to have them reside in their own area so that independence and objectivity is maintained;
- ITS recognises a need **to improve communication and performance** reporting to business stakeholders, IT users and ITS staff. This restructure provides an opportunity to make a dedicated resource accountable for bringing about improvements in this area;
- We lack permanent expertise within the **ITS PMO** which controls and de-risks major IT activities and makes sure they are joined up with the protocols required by the Corporate PMO; and
- The need for a hands-on **Design and Strategic Services** function that can guide the activities of the business partners, work with the technical project managers and business systems analysts has been recognised. ITS is in a phase of consolidating and driving value out of it's recent infrastructure investment thus the emphasis is on 'practical maintenance of architectural integrity' rather 'blue sky architecture strategy'. This function will also action as a valuable point of knowledge transfer and technical interface when ITS require external specialists on bigger projects.

10. Proposed Functional Structure

10.1. The proposed functional structure aims to evolve ITS from managing the infrastructure based purely on perceived technical requirements (for example, simply ensuring bandwidth is available) to managing the same infrastructure based upon organisational requirements (for example, ensuring bandwidth is available for those applications that are mission critical, and where necessary throttling bandwidth for non-essential applications or usage). Refer to Appendix 4 for a representation of the proposed functional structure.

10.2. It has 6 main functions (4 core business focused functions and 2 inward-facing functions) which are described in more detail below along with the anticipated changes.

10.3. Operations

10.3.1. The purpose of the operations function is to provide the day to day support to the infrastructure and users: keeping the lights on. The major changes proposed are set out below.

10.3.2. The current Security team would move from within the Strategy and Architecture function to sit within the Operations area. The Security team is currently quite operationally focused (handling mail filtering, browser restrictions, etc) and so this is a good fit in the new model – this function is therefore given the title Operational Security for clarity.

10.3.3. Application Packaging will be established as a new function replacing application deployment required for the old technology (this role is currently performed by contractors). It provides consistency of deployment when changes are made to the new infrastructure. Note that this is considered an “operations” type activity rather than a “development” type activity hence establishing the team within the Application and Infrastructure Support function.

10.3.4. Introduction of a highly skilled Service Desk function which aims to consolidate 1st and 2nd line support activities to provide greater ownership of incidents with the goal of resolving incidents at the first point of contact. Users will get the assistance they require quicker, more often without being passed around and will not have to explain their request/problem more than once. The higher percentage of fixes by the first point of contact will mean lower average fix times and a lower volume of open calls at any point in time.

10.3.5. Introduction of a dedicated Problem Management capability to identify trends associated with incidents and to be able to resolve the underlying cause of the problem. This role has not been previously formalised and has traditionally consumed excessive amounts of management time. This will reduce the impact of problems on the rest of the service provision. The business working with IT on projects and development will see the resources they interact with being distracted less and being able to plan better and those awaiting problem fixes will experience a more dedicated service.

10.3.6. Introduction of a dedicated Technology Change Management capability to control changes to the IT environment reducing the resourcing overhead required as changes will be made in a planned and structured way. It combines the functions of:

- Configuration Management
- Change Management
- Release Management

This will allow ITS to implement change with less impact on critical services, which is increasingly important as the requirements for project related changes continue to grow. Users will experience a more reliable service. Projects may experience less flexibility in the timing and application of their changes but they will also benefit from less need to back-out and reverse changes with unforeseen impacts.

- 10.3.7. The Asset Management function (including stores – software and hardware management) will be formalised and will sit alongside the Change Management function given the areas of overlap between the two areas

10.4. Service Delivery

- 10.4.1. The purpose of the service delivery function is to provide medium term, proactive management of the infrastructure and to manage the various suppliers required to make services work. The key changes are set out below.

- 10.4.2. Service Management will be renamed to Supplier Management and will sit within the Service Delivery area which emphasises the need for this function to become more strategic in nature. Procurement sits alongside as these two functions will work closely together to manage suppliers. Structurally this also means that Supplier Management is separated from both Operations and Development and is more likely to take a holistic view of supplier spend and relationships across all of ITS. It will be supported by a new recharging model providing transparency of costs.

- 10.4.3. These functions will also be strongly supported by the Finance function to ensure robust charging and reporting mechanisms are in place.

- 10.4.4. Introduction of a dedicated capability within Service Delivery to look ahead at future availability and capacity requirements combining the following functions:

- Availability Management
- Capacity Management
- IT Service Continuity Management.

- 10.4.5. Introduction of a Technical Project Management/Co-ordination capability providing technical guidance to Project Managers and Business Partners who currently use multiple 3rd line resources to provide them with the technical information that they require detracting from their operational responsibilities. This will result in a much more efficient interface, freeing up Operations to focus on service delivery and ensuring Business Partners have faster and more reliable access to the technical advise and Haringey architecture knowledge when required.

10.5. Development

- 10.5.1. The purpose of development is to build enhancements to existing or new systems and business processes. Permanent business and systems analysis expertise is required to be able to elicit detailed user requirements and ensure that the implemented solution is for purpose.

10.6. Planning and Relationship Management

- 10.6.1. The purpose of this function is to develop strong relationships with the business to ensure the IT strategy is aligned to the business strategy. The key changes are set out below.
- 10.6.2. The Design and Strategic Services function will bring relevant technical and application knowledge into the group to ensure full advantage is taken of the current infrastructure and to align the IT strategy to the business strategy. However it is also recognised that Haringey's current capacity in this area may need to be augmented by selective procurement of external services as demand for ITS services evolves
- 10.6.3. The Business Partner group moves from Development to this new function and takes on additional responsibility for service level management with the business once the IT service management framework is in place.
- 10.6.4. Member and Executive Support moves to sit alongside the Business Partner function recognising that this is a key aspect of relationship management for ITS and this function operates in a similar capacity to the Business Partners. The Member and Executive Support will maintain a close working relationship with the Service Desk to ensure Member and Executive related incidents get resolved in a timely and appropriate fashion.
- 10.6.5. The Business Unit Information Centre is a new function that will take responsibility for ITS communication and performance reporting to key stakeholders, being Members, business customers, IT users and external suppliers.

10.7. PMO

- 10.7.1. The purpose of the PMO is to control major IT activities and synchronisation with the Corporate PMO.
- 10.7.2. Building up and elevation of the PMO function so that it sits as a direct report into the Head of ITS providing the necessary visibility of all project related activity across the department. This was referenced in the Audit commission findings and will link up with the corporate PMO as suggested. The PMO will highlight how the project portfolio in ITS supports Council plans and what interdependencies and gaps exist
- 10.7.3. It will also take on a quality assurance role looking after the DPA and other standards (such as BS7799)

10.8. ITS Business Support – HR co-ordination, internal ITS communication and education

- 10.8.1. The current Executive Support group is re-named to differentiate between the Member and Executive Support group. The majority of activities in this area will remain the same with strengthening of the communications within ITS and

HR co-ordination roles. This function will be closely aligned to the Business Unit Information Centre.

10.9. Summary of proposed structure

- 10.9.1. The proposed ITS organisation aims to align and evolve IT services to meet the changing demands and priorities of the business by continually improving and refining the services it delivers. Investing in ITIL service management best practices is the next step in the evolution following on from the benefits obtained from adopting the rigour and controls recommended by the Project Management Framework. The proposed structure is set out in full in Appendix 3.
- 10.9.2. The next section of the report considers the resourcing required to make this functional structure effective.

11. Resourcing

- 11.1. The available funding is set out in the following table, comprising three elements, the current permanent headcount, the additional funds forecast in the January report to members and capital funds that are currently allocated to permanent staff or long term contractors in ITS.

ITS Resourcing	Headcount	Cost/Funding (£000's)
Existing Permanent Staff Budget (incl allowance for overtime)	70	3,600
Insource model provision (excluding the helpdesk)	30	1,250
Base Capital commitment (1)	ca. 6	500
Sub-total	106	5,350
Base resource not allocated in December and January reports (2)		710
Total		6,060

Note 1 – Charge to Capital referenced represents some capacity built in to deliver capital projects

Note 2 – The December/January modelling which aimed to provide a like for like comparison with the services being offered by NIS rather than aiming for service capability appropriate to business demand. Members agreed to hold this resource in base budgets for potential application in the revised arrangements for IT services.

- 11.2. If members agree the proposed functional structure, it is proposed that delegated authority is granted to finalise the structure. It is proposed that this authority is given within the parameters set out in the following table, with an aggregate financial cap of £6,060k. The parameters are defined in terms of headcount and financial limits on each of the functional groups within the structure.

Group	Headcount		Total on-cost
	Min	Max	Max
Senior Management	5	5	£526K
Operations	53	59	£2,712K
Service Delivery	10	14	£787K
Development	19	24	£1,336K
Planning and Relationship Mgmt	10	15	£974K
External design & Strategic Services	n/a	n/a	£200K
PMO	5	7	£362K
ITS Business Support	4	5	£180K

11.3. This is a similar level to the funding provision in previous years. However. As indicated above, indicated on a like for like basis that savings of £700k would be possible against this. In January members accepted that it would be imprudent to take these savings.

11.4. The report has set out the rationale for the proposed structure. This section of the report sets out clearly the additional functions and services included in the proposal over that considered in January:

- the January report recognised, but for reasons of comparability, did not address, a deficit in technical expertise within the IT department. This was further highlighted in the June report to the Executive. We have made provision for two functions to address this – **Technical Project Managers** and **Design and Strategic Services**. This will help to ensure:
 - good management of infrastructure expansion to optimise the benefit from and extend the life of the current infrastructure;
 - quality technical and design advice to projects, reducing the risk of delay, technically de-risking projects earlier in their genesis and allowing the operational technicians to concentrate on their core roles; and
 - a strong technical design authority that is not dedicated to projects but can guide the activities of the business partners, the technical project managers and the business systems analysts. This function will also action as a valuable point of knowledge transfer and technical interface when ITS require external specialists on bigger projects. Provision has been made within the envelope limits to resource this function and to fund some external assistance which can be more efficiently procured as required.
- the Audit Commission report has reinforced the value of the **Programme Management Office**. As the functional groups show this function has been elevated to report direct to the head of ITS in the proposed structure and provision has been made in the envelope above to strengthen this area.
- we have conducted a full review of the service against **ITIL** and recognise the value in separating various functions. In particular, the proposal enhances the resource available for asset management, configuration

management (maintaining the blue print and allowing proposed changes to be evaluated more effectively) and problem management; and

- we have focussed some additional resource on the **Service Desk**, to focus on service improvement.

12. External Challenge

At the time of writing, we have received external challenge from two sources: from the independent board member and the IT Service Management Forum. It is anticipated that further comments will be available prior to the formal executive meeting.

- 12.1. **itSMF - The IT Service Management Forum** (itSMF) is a not for profit organisation. It is a prominent player in the on-going development and promotion of IT Service Management "best practice", standards and qualifications and has been since 1991. They have discussed our plans with us and were impressed by the knowledge, self assessment and risk awareness across the team. They commented that our timetable for the implementation of implementing Configuration tools was aggressive but this can be mitigated the Service Desk is aware of the status and resourced for any additional work.
- 12.2. The **Independent Board representative felt that the** proposal was clear and well presented. The conclusions reached are based on a thorough analysis of the current situation and appropriate research of "best practice", suggested that we had incorporated most of the key elements required in an ITS organisation. A number of detailed comments were made which were or are being addressed.

13. Legal Implications

- 13.1. The Head of Legal Services has been consulted on the content of this report. The budget and service delivery implications of this report are an "executive" side function. The appointment of staff and changes to terms and conditions of service are a "non-executive" function. If more than 20 posts are affected then this is a matter within the remit of the General Purposes Committee (GPC). GPC will therefore be asked to meet and consider the staffing aspects of this restructure before The Executive meets on 25 July to consider the main operational issues for the enlarged Service. It is open to both GPC and The Executive to delegate decisions on the final details of the new structure to the Head of Paid Service in consultation with the Leader.
- 13.2. Given the cost implications to the Council of any delay in implementing this structure, Members are asked to agree that there is a strong case for such a delegation. The serious budgetary implications of any delay are also a reason for treating The Executive's decision as an urgent one
- 13.3. The non-executive Remuneration Committee (RC) has within its remit decisions on the remuneration of posts covered by the Senior Management Performance Appraisal Scheme. In accordance with the existing Protocol approved by RC, the Head of Personnel will progress grade evaluations in consultation with the Chair of

RC, the Executive Member ODP and appropriate officers. Outcomes will be reported to the next meeting of the RC.

- 13.4. The outline proposals concerning the future structure and organisation of IT Services indicate a substantial change in the current organisation of the service. Compliance with the Council's policies and procedures regarding organisational change, redundancy and redeployment will be necessary to ensure that the restructuring exercise is fair and reasonable and complies with the Authority's duties as an employer. Consultation with the staff affected by the proposals has already commenced. Meaningful consultation with staff and their representatives is necessary both in terms of the statutory duty under Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 and the responsibilities of an employer under common law.
- 13.5. The provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) place restrictions upon the dismissal of staff where the reason is connected with a transfer under TUPE. Such a dismissal will be unlawful unless it is for an economic, technical or organisational ("eto") reason entailing changes in the workforce. The reasons set out in this report as requiring the restructuring of IT Services would appear to be capable of constituting such an "eto" reason or reasons in this context.

14. Equalities Implications

- 14.1. There are no direct equalities implications of this report. It is worth noting however, that the restructure will be implemented in line with the Council's full procedures and that the IT service will be better able to support frontline services in providing their services to the community.

15. HR Implications

- 15.1. The Head of Personnel has been involved in the preparation of the proposal to restructure IT Services. The proposals in the report are in accordance with the Council's various Personnel policies. Normal Council arrangements will be applied to effect the organisational change including staff & union consultation; job evaluation; and the recruitment, ringfence and redeployment of staff. The evaluation of Senior Management graded jobs will be progressed in accordance with the Terms of Reference of Remuneration Committee.

16. Comments of Acting Director of Finance

- 16.1. Executive on 18 January 2006 agreed to proceed with bringing this service in-house. In my comment in that report I noted the inherent uncertainty in cost estimates of this nature and recommended that the projected full year saving of £700k after the transition period was not assumed in budget assumptions from 2008/09 onwards. This proposal reports that a structure can delivered within that initial budget assumption, but that in order to obtain the maximum benefit and performance an enhanced structure is put forward for Members consideration.

16.2. If Members agree to utilise the £700k, the assumption is that this contribution to balances in 2007/08 can be contained within the revised position after the 2005/06 out-turn and will still be in line with the planned reserve target in the medium term.

17. Staff Side Comments

17.1. Comments from Unison are shown in Appendix 5.

18. Appendices

Appendix 1 – Background

Appendix 2 – ITIL Key Historical Activities

Appendix 3 – Current ITS Functional Organisation Structure












Appendix 4 – Proposed Functional ITS Structure

Appendix 5 – Unison comments

Appendix 1 - Background

- 1.1 In June 2003, the Executive agreed a project to refresh the Council's infrastructure. This was a planned replacement of the Council's entire IT infrastructure and was planned and commissioned as a joint exercise with Deloitte (as architects), Northgate Information solutions (NIS) (as builder and deployment agent) and the Council.
- 1.2 The infrastructure contract was let in 2002 to NIS, as part of the desegregation of our outsourcing arrangements from the previous large contract with ICL/Fijitsu. The terms of this contract included provisions to cover the refresh of the Council's infrastructure, but precise terms could not be established as the nature and timing of any refresh were, by their very nature, uncertain. The contract was due to run to 2009, with a potential extension to 2012.
- 1.3 It was envisaged that NIS would play the substantial role in managing the deployment and, therefore, the transition of support from the old infrastructure to the new one. In parallel with the project, revised contractual terms would be agreed with NIS to cover their support of the new infrastructure.
- 1.4 Members will recall that the refresh project faced substantial difficulties. In the Spring of 2005 it was recognised that the project would overspend by approximately £10 million and the decision was made to bring the project in house. The project management arrangements were reviewed by the Audit Commission, who reported to the Executive in January 2006. The project is now completed and the Council's infrastructure has been refreshed.
- 1.5 As reported to the Executive in December 2005, it proved difficult to reach acceptable terms with NIS for them to provide the support to the new infrastructure. The Council was presented with a stark choice: to continue with NIS or to deliver the service in house. The two options were considered by the Executive in December and appraised against three headings: cost/price, risk and contractual/commercial issues.
- 1.6 The in house option, which actually included the outsourced provision of certain key and high risk elements, was assessed to be substantially cheaper than the NIS offer but members were advised not to take account of this saving in coming to a decision due to (a) the inherent uncertainty in our cost projections as the Council has not run this service in house before and (b) the need to review our overall approach to IT support, in particular the recognition under either option that we were short of technical/architectural expertise. The expertise issue is addressed in this report. The appraisal against the other criteria was finely balanced and centred on the risk to good service delivery from the option. It was decided to insource the service and seek a negotiated exit from the contractual arrangement with NIS.
- 1.7 Settlement was reached with NIS in mid March 2006 with outcomes and relevant funding consequences agreed by the Council Executive in June 2006.

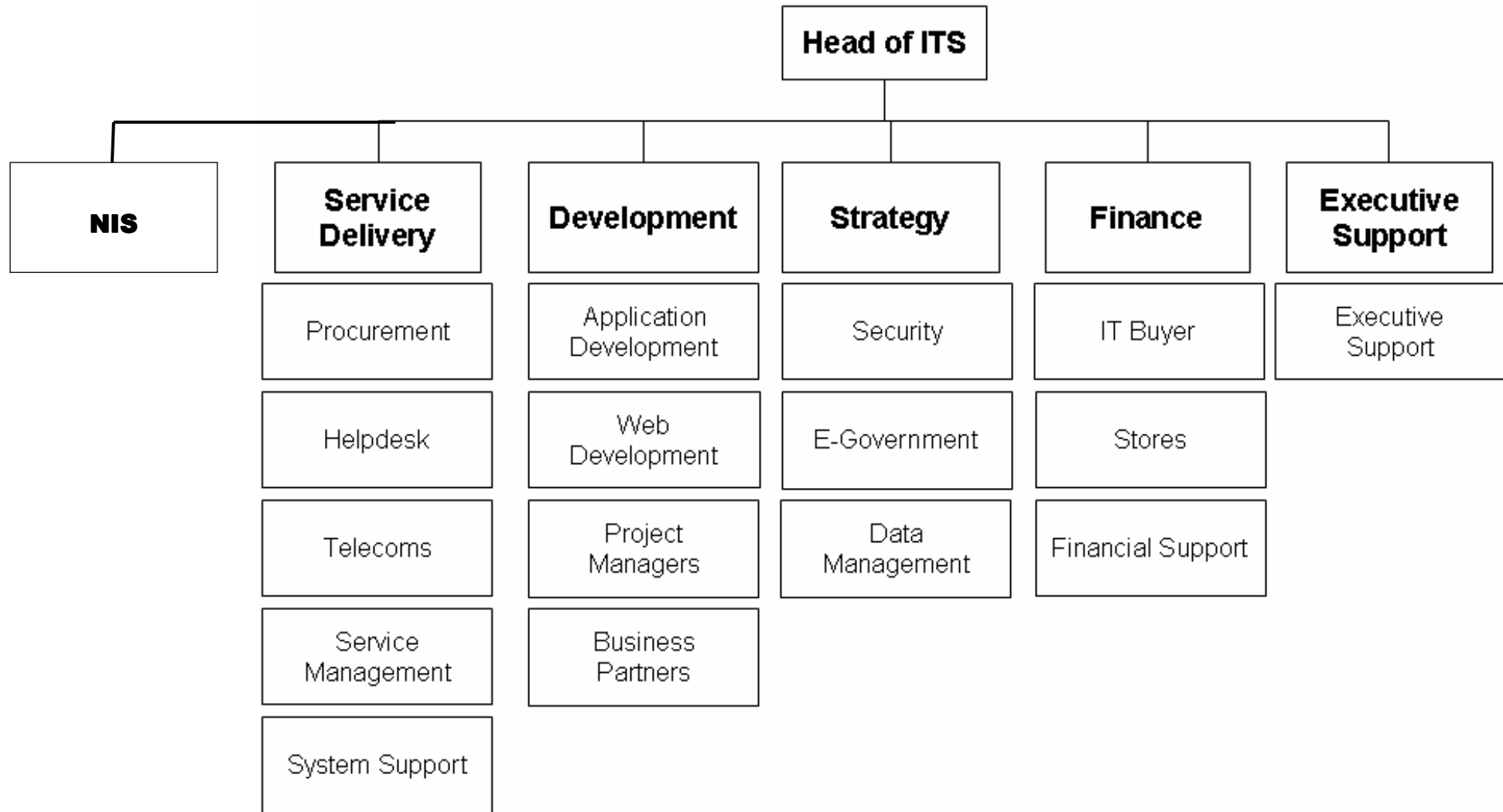
Appendix 2 – ITIL Key Historical Activities - This model depicts the ITIL roles being considered for the new ITS organisation and shows which elements ITS has traditionally done.

Change Mgt	<ul style="list-style-type: none"> Oversees the quality and timeliness of all changes to the ITS environment 		<ul style="list-style-type: none"> Some Change Mgt carried out by HC and some by Northgate. Not fully mature & inconsistently applied
Configuration Mgt	<ul style="list-style-type: none"> Ensures accurate data is held relating to the IT environment 		<ul style="list-style-type: none"> Configuration Management was minimal – only Asset Mgt conducted by HC with Altiris
Release Mgt	<ul style="list-style-type: none"> Oversees the release of significant or complex changes (i.e. releases) 		<ul style="list-style-type: none"> There was no Release Mgt function; some release activity from Change Mgt & 3rd line support
Service Desk	<ul style="list-style-type: none"> First point of contact for all incidents and queries relating to ITS – Skilled staff attempt to resolve call on FPOC 		<ul style="list-style-type: none"> No Service Desk existed. Two helpdesks one Northgate and one HC undertook limited SD activities
Incident Mgt	<ul style="list-style-type: none"> Involves the ongoing management of incidents / service failures to restore normal service as quickly as possible 		<ul style="list-style-type: none"> Low level incident management conducted by each Helpdesk – mostly ad hoc approach
Problem Mgt	<ul style="list-style-type: none"> Focuses on the reduction of Service Desk incidents through the resolution of the underlying cause of the errors 		<ul style="list-style-type: none"> No problem management function existed. Little focus on pro-active prevention or incidents / problems
Availability Mgt	<ul style="list-style-type: none"> Monitors availability of key systems and services, and plans to ensure appropriate levels are maintained 		<ul style="list-style-type: none"> No Availability Function or Manager – some activities undertaken on ad hoc basis but these are fragmented
Capacity Mgt	<ul style="list-style-type: none"> Monitors capacity of key systems and services, and plans to ensure appropriate levels are maintained 		<ul style="list-style-type: none"> No Capacity Function or Manager – some activities undertaken on ad hoc basis but these are fragmented
IT Service Continuity Mgt	<ul style="list-style-type: none"> Undertakes planning and testing to ensure IT Service Continuity 		<ul style="list-style-type: none"> Function does not exist. Contingency Plans are reasonable but rigorous process is not in place
Service Level Mgt	<ul style="list-style-type: none"> Manages performance against internal and external SLAs and 3rd party agreements 		<ul style="list-style-type: none"> Bus. Partners & SDMs offer clear accountability. Lack of formalised processes, policies & structures
Finance Mgt	<ul style="list-style-type: none"> Financial Management for IT Services provides the basis for developing a "cost conscious" ITS organisation 		<ul style="list-style-type: none"> Relatively mature compared to other processes and new Chargeback models is defined

 Haringey  Northgate

Appendix 3 - Current ITS Functional Organisation Structure

The current ITS organisation structure can be represented functionally as follows.



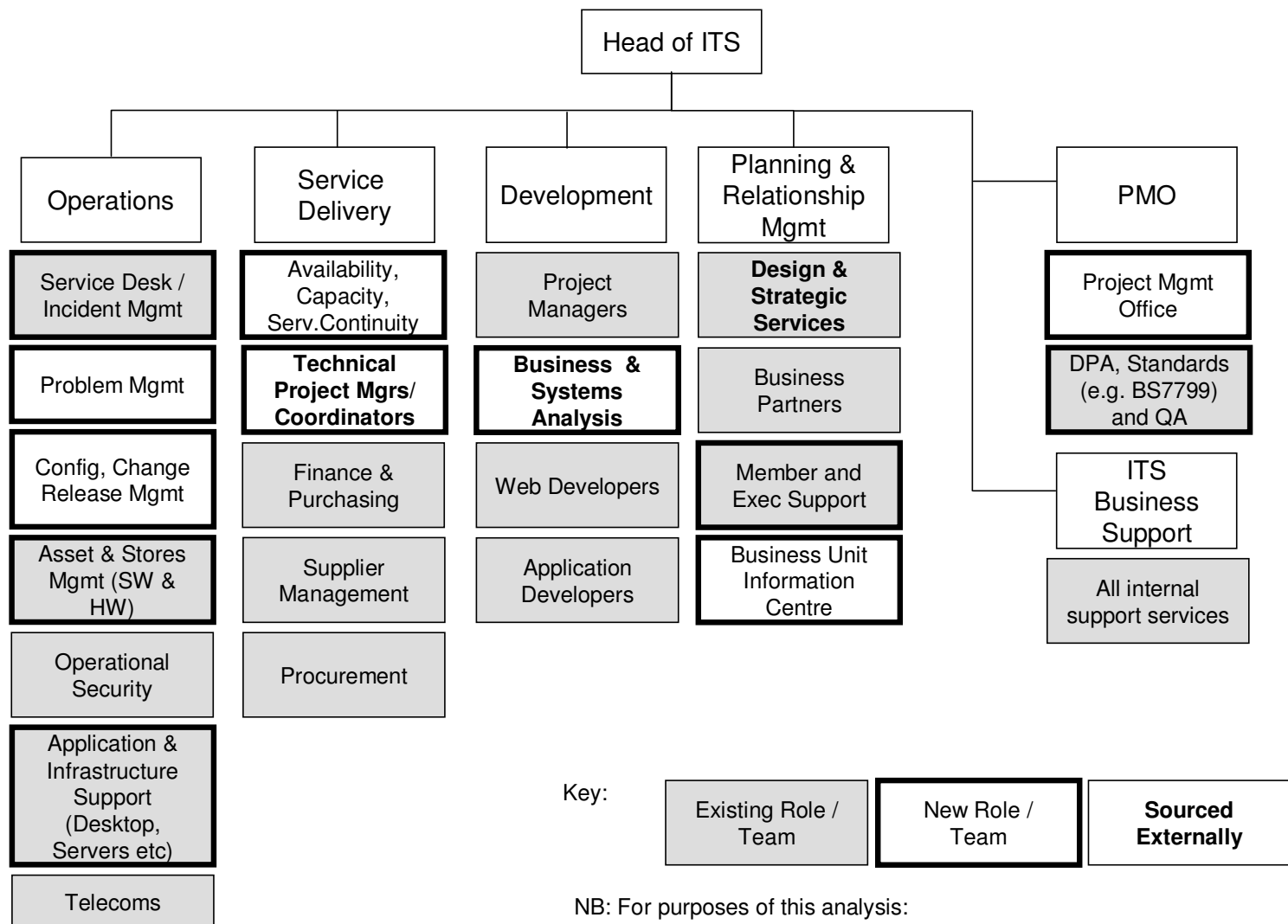
Descriptions of these functional areas are as follows:

Functional area	Key Responsibilities
Finance	<ul style="list-style-type: none"> • Produce and maintain budgets for the overall IT department, and individual IT projects • Promote effective control of spend on IT projects • Produce forecasts • Keep an up to date log of all hardware and software resources within Haringey Council • Purchase all hardware and software required • Recharge Management • Conduct periodic IS “Audits” • Provide financial Support to the PMO, Project Managers and Business Partners • Maintain financial visibility of managed services • Provide financial approval for, and management of, business cases • Contract Agency Management
Strategy	<ul style="list-style-type: none"> • Responsible for the integrity of the Haringey IT technical architecture • Define and maintain the Data Management strategy, ensuring compliance throughout Haringey • Ensure that eGovernment targets are incorporated into Haringey’s business and IT strategies • Monitor BVPI statistics • Define systems, policies and procedures required to maintain the security of Haringey’s information assets • Maintain and update network security policies • Responsible for the security of all electronic data held, and adhering to data protection legislation • Ensure physical security of all IT equipment, media and networks • Manage ITS BS7799 registration • Manage the security of internal and external emails, including “spam” filtering and handling exceptions
Development	<ul style="list-style-type: none"> • Development, end-user acceptance testing and installation of all applications needed for IT projects • Work with Business Partners to ensure the most appropriate solutions are developed • Work with external suppliers where appropriate to install applications • Responsible for managing and delivering specific IT projects. • This includes, where appropriate, defining project scope and timeline, requirements capture, issues and risks, budgets, meeting project milestones • Manages team members from appropriate sources, e.g. development team, contractors, business unit members • Performs regular project reviews, and post-project review • Primary point of contact between the business and ITS • Responsible for ensuring a 2-way, effective relationship

Functional area	Key Responsibilities
	<p>between ITS and the business is maintained</p> <ul style="list-style-type: none"> • Carry out requirements capture for IT projects, and ensure buy-in at senior management level • Provide project team with business knowledge as required • Escalate and resolve any strategic, operational and development issues as required
Service Delivery	<ul style="list-style-type: none"> • Provide ongoing management and support of applications currently in operation • Ensure all IT procurements provide good value for money and deliver on time • Define, maintain and formally close where appropriate all contracts • Maintain an up-to-date log of all hardware and software • Support all aspects of fixed and mobile telephones • Provide support and maintenance of all telecoms systems, working with external suppliers where necessary • Provide 1st line support • Respond to all calls within pre-defined timescale, and seek to resolve issues at first point of contact • Follow defined support processes, and escalate unresolved calls • Monitor resolution of calls, ensuring they meet established service standards • Management of Service Level Agreements • Ensure that continuity of service can be recovered within agreed timescales • Ensure a cost effective and sustained level of availability is provided to the business • Incident, problem and release management • Network, security and desktop maintenance
Executive Support	<ul style="list-style-type: none"> • Provides administrative support for ITS (managing diaries, scheduling events/meetings) • Document and presentation creation support, managing holiday/training schedules, etc) • Supports resolution of operational personnel issues • Manages internal ITS communications • Represents the face of ITS when dealing with stakeholders

Appendix 4 - Proposed Functional ITS Structure

The proposed functional ITS structure can be represented as follows:



NB: For purposes of this analysis:

- Business Partners : responsibility for managing internal business SLAs
- Supplier Management : management of external relationships & contracts

Changes to the existing organisation structure are can be summarised as follows:

Organisation Structure Change	Likely Staffing Impact
New Groups / Roles created	
Service Desk / Incident Managers – new roles created within the Service Desk area to improve fault resolution responsiveness with the goal of first contact resolution	Evaluation of current Help Desk personnel against new Service Desk roles plus external recruitment
Problem Management – new role established as part of ITIL service management practice to take a structured and pro-active approach to reducing the volume of Service Desk incidents by resolving the root cause of issues	Evaluation of current personnel and/or new recruitment may be required
Configuration, Change, Design & Release Management – grouping together of change related roles to manage the IT environment and ensure changes to it are handled in a disciplined fashion	Blend of new recruitment and existing personnel
Asset Management – team created to replace contract resource and take advantage of new tools introduced as part of Tech Refresh (Alteris)	Evaluation of current personnel and new recruitment will be required
Application & Infrastructure Support – New activities to be established such as Application Packaging and Citrix Server Management	Evaluation of current personnel and new recruitment required
Availability , Capacity and Service Continuity Management – formalisation of these planning related roles again as part of ITIL service management	Evaluation of current personnel and/or new recruitment
Technical Project Management – formal establishment of a capability currently provided in an ad hoc way by 3 rd line support detracting from their daily responsibilities	New recruitment required
Business and Systems Analysis – formal establishment of a function currently provided by contract resources, this group supports development effort with the analysis of business needs and processes and the specification of technical solutions requiring development or procurement	New recruitment will be required (team is also likely to be supplemented by external resources as demand dictates)
Design and Strategic Services – improvement required in the strategic planning capabilities of ITS, likely also to be a greater move to external support in this area	Blend of new recruitment and reassigned personnel
Member and Executive Support – Executive support added as further responsibility - in addition to Member support	Blend of new recruitment and reassigned personnel
Business Unit Information Centre – setting up of a dedicated team to improve ITS internal and external communications	New recruitment required

Organisation Structure Change	Likely Staffing Impact
PMO – formalisation of a role currently delivered by contract resource to track delivery of major change programmes within ITS	New recruitment required
Changes within Existing Groups / Roles	
Supplier Management – encourage and enable this team to take a more strategic, longer term view of ITS’ external supplier relationships (change in title from Service Management)	No headcount change
Business Partners – Moved from the Development area to ensure their actual and perceived independence from ITS service delivery groups and to put them closer to Design and Strategic Services. Will also be expected to take greater responsibility for owning service level management activity between ITS and its’ customers	No headcount change
Operational Security – Recognition that the current focus of the Security team is on operational issues and hence the move of this group into the Operations area	No headcount change



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UNISON COMMENTS ON THE HIGH LEVEL I.T. RESTRUCTURE

UNISON represents the majority of unionised staff within the IT department. In addition I have made myself available to non members albeit on a limited basis. We shall continue to fulfil this role during the remainder of the current process in accordance with the legal requirement under the Information and Consultation Regulation

We wish to start by confirming that we welcome the decision of the Council to return IT Services largely in house. This is an option we have advanced on two previous occasions when there have been difficulties with both performance and cost. We trust that the lessons of the past are now being learnt.

It is difficult for either staff or Employeeside to make detailed comments on the proposals as we are neither IT experts nor are we in receipt at present of the level of detail needed to assess the impact upon our members or the staff more broadly. We acknowledge the framework as a way forward but consider that the timetable outlined may be too ambitious to ensure that meaningful consultation as required under the current Employment Legislation can take place. We are also concerned that having adopted the "high level" structure members will effectively place the remainder of the implementation in the hands of Officers. This and the tight timetable will make it very difficult for Employeeside to raise issues of concern with Elected members, which would be our normal right in a restructuring situation.

We are concerned that staff currently in post are not unfairly disadvantaged by the new structure. In particular in the Service Desk area the ability to train and develop existing staff should be given serious consideration. Staff should not be penalised for over the years having been denied access to training and development as a result of the previous decision to outsource the large majority of the functions. Equally staff who do not wish to take this route should be offered other opportunities and if appropriate in individual case access to redeployment. It is our primary concern that the urgency of the need for change is not used as a reason to deny staff these opportunities and we would be strongly opposed to this approach.

We would make similar comments with regard to the other areas where new posts are being created and this area needs to be given serious consideration so as to ensure that long-standing and committed staff within the I.T. service are not disadvantaged.

We note that there is reference to a number of posts being graded outside of the remit of "Employeeside" we wish to advise that we shall require the job descriptions covering

these posts and the objective evaluation assessment to be used so as to ensure that these are compliant with equal pay legislation. We would also wish to comment that normally such grades are only used at first and 2nd tier of the organisation, we are concerned that if this is expanded to lower levels the council's commitment to consultation with trade unions and to pay transparency will be severely compromised.

Finally we wish to confirm that we shall require more full information and details and an opportunity to consult with our members on the implications. We are assuming that an incremental approach to the restructure will occur so as to ensure that staff and Unions can be consulted on each development. As such we shall require access to the full range of items provided in a normal restructuring process including Job descriptions, candidate specification, evaluation score sheets, ring-fence proposals and existing structures and job descriptions for comparison.

We note that an "Advance Notification of Redundancies" has been issued to the Department of Trade and Industry, which indicates a total of 33 potential redundancies. As such the Employer is clearly legally required (aside from its own policies) to issue a Section 188 notice, which has not been referred to in the report to members. We are somewhat surprised and disappointed that neither Personnel nor Legal have indicated in their comments to this report that such an approach is necessary. While we would not dispute that there has been consultation on the restructuring there is a distinct difference between that which has happened to date and the information required by legislation and the Council own redundancy and re-organisation procedure. We therefore request confirmation that such a notice and the appropriate period for formal response will be forthcoming if this report is passed. In addition that staff will be given access to their Trade Union Representative to enable this formal response to occur.

Sean Fox UNISON Branch Secretary 7th July 2006