



# London Borough of Tower Hamlets

## Strategic Partnership Midterm Review

Final Report

10<sup>th</sup> February 2016

© Atos IT Services UK Limited 2016.  
All rights reserved. No part of this document may be  
reproduced in any form without the prior written  
permission of Atos IT Services UK Limited.

## Executive Summary

In May 2012, the Council ("LBTH") appointed Agilisys as Strategic Partner to provide a range of ICT (and potentially additional) services to the Council over a 7-year period. Since the contract was set up much has changed in the Political, Economic, Sociological and Technical climate. LBTH was keen to understand if the original agreement serves the Council's current need as best it can.

Following a competitive tendering exercise, Atos Consulting was appointed in November 2015 to undertake a midterm review of these arrangements, to test if the objectives of the Partnership OSA and SPA agreements are being met and to determine the appropriate course of action for the remainder of the contract.

The Review was to consider 7 areas – objectives, performance, governance, perceived pain points, operating model and technology architecture, value for money and Spirit of Partnership.

A 3-phase approach was used:

1. Current state analysis
2. Options analysis
3. Final Reporting and Presentation of recommendations

Over a 5-week period, Atos interviewed 90 stakeholders from across the directorates, Councillors and Agilisys, reviewed contractual, service and other relevant documentation and analysed the findings against commercial, service, technology and relationship frameworks.

The current state analysis identified that, whilst the perception of the end to end IT service was generally poor, particularly for projects, Agilisys are in general meeting all contractual KPIs and the service management arrangements appear sound. However, there are some fundamental weaknesses in communications, governance and the underpinning commercial arrangements that mean that expectations are unclear and/or misaligned with delivery and the desired behaviours for both parties are not clear, monitored or incentivised.

A series of options was taken to the Corporate Management Team (CMT) on 20 Jan 2016. CMT selected the "fix" option (fundamentally review and re-set arrangements) to be further developed and set the following direction:

- ▶ Expectation that the Partnership can be made to work, with commitment and willingness to adapt and change from both the Council and Agilisys
- ▶ Demonstrable improvements from Feb 2016 onwards
- ▶ Put new arrangements in place by May 2016 with a view to moving to "fantastic IT service" within 18 months
- ▶ Recognition that technology is key to LBTH achieving its goals; there may therefore be a case for investment.

This option and direction was further developed into a set of recommendations and a delivery roadmap. These were presented to LBTH and Agilisys senior management on 1 Feb 2016 and accepted, upon which the Council and Agilisys commenced a programme comprising 5 key workstreams to define and negotiate new arrangements within the May<sup>1</sup> target timescale.

---

<sup>1</sup> It should be noted that this target was subsequently adjusted to June 2016

# Contents

<b>Executive Summary</b>	<b>ii</b>
<b>Contents</b>	<b>iii</b>
<b>1 Purpose of this document</b>	<b>1</b>
<b>2 Context</b>	<b>2</b>
2.1 Background	2
2.2 Objectives	2
2.3 Scope	2
2.4 Outcomes Expected	3
2.5 Approach Taken	4
<b>3 Baseline Findings</b>	<b>5</b>
<b>4 Options Assessment</b>	<b>6</b>
<b>5 Recommendations</b>	<b>7</b>
<b>Disclaimer and confidentiality</b>	<b>12</b>

# 1 Purpose of this document

This document is the final report from the Strategic Partnership Midterm Review, conducted by Atos Consulting from November 2016 to February 2016.

The document is structured as follows:

- ▶ Context:
  - Background, explaining the context of the Midterm Review
  - Objectives, explaining what the Midterm Review set out to achieve
  - Scope of the Midterm review, including exclusions
  - Desired outcomes
  - Approach taken.
- ▶ Baseline, summarising the findings of the baseline assessment
- ▶ Options, summarising the options analysis, the selected option and the rationale for this selection
- ▶ Recommendations, outlining the recommended way forward for the Council.

## 2 Context

### 2.1 Background

In 2010, the then new Information Management Strategy (IMS) identified that the Council's ICT Service was not 'fit-for-purpose' from a capability, systems and procedures perspective. It also recommended that the technology landscape and information sharing protocols were disparate and it acknowledged a need for investment to support the wider transformation requirements of the Council, such as supporting the Smarter Working Programme.

The LBTH Future Sourcing (FS) Project examined the option of establishing a Strategic Partnership to meet these needs and in addition the support needed to achieve significant organisational savings, which could be met through initiatives such as reducing existing third party contract costs and through the economies of scale that come from a single supplier. It was also very important that any Partner was able to promote and support the Mayor's priorities.

It was through an assessment of various models that the LBTH FS Project Team in discussion with key stakeholders developed the full scope and approach to establishing the Partnership. The formal procurement exercise started with an OJEU notice being published on 12 May 2011. Alongside this was a Memorandum of Information that set out the Mayor's vision for the Council and its residents, as well as his ambition and requirements from a potential Partner for the Council.

On the 4th April 2012, Cabinet agreed Agilisys as the Preferred Bidder on the basis of a number of contractual commitments. The contract is to provide the ICT service for 7 years to 31 March 2019'.

Since the contract was set up much has changed in the Political, Economic, Sociological and Technical climate and LBTH was keen to understand if the original agreement serves the Council's current need as best it can.

### 2.2 Objectives

As the Council approached the half-way point of the contract with Agilisys it decided to undertake a Midterm Review of the arrangements. Following a competitive tendering exercise, Atos Consulting was appointed to undertake this review.

The intention of the Midterm Review was to test if the objectives of the Partnership OSA and SPA agreements are being met and to determine the appropriate course of action for the remainder of the contract.

The objective of the Midterm Review was to assist the Council in their decision-making process on how to achieve the best outcomes from the Strategic Partnership and confirm that Value for Money has been delivered and will continue to do so in the future.

### 2.3 Scope

The review was to consider:

- ▶ **Objectives** - Whether the original objectives of the Partnership have been met and the identification of constraints in achieving further benefits for the Council
- ▶ **Performance** - against the agreed Key Performance Indicators (KPIs) and recommendations for changes in these performance measures:
  - **Operational Services Agreement (OSA)** - understand if the current service delivery is performing satisfactorily and delivering a predictable service in line with the contract. Make recommendations to address any deficiencies to align with the OSA deliverable and further improvements needed to improve customer satisfaction in this area.
  - **Strategic Partnering Agreement (SPA)** – identify if the current contractual arrangements best suit the Council’s current requirements with specific focus directed at New Projects Approval Process (NPAP); Business & Management Support Services (BMSS); Strategic Partnership Objectives (SPOs) and Business As Usual Service Support (BAUSS).
- ▶ **Governance** - A subjective review of the governance mechanisms to determine their effectiveness and potential improvements
- ▶ Perceived pain points for the Council and clarify whether these are contractually derived
- ▶ A review of the **Operating Model and Technology Architecture** to develop a set of recommendations for improvement
- ▶ A **value for money assessment** in line with the original LBTH Future Sourcing Project, in addition to any current LBTH VFM and performance criteria. This should result in a list of detailed contractual, process and investment recommendations to address any shortfall.
- ▶ **Spirit of Partnership** – understand how the contract is perceived. Anecdotal feedback is important to understand how informed the council staff, at all levels, are of what the contract should deliver as a contrast to what they would like the contract to deliver – are Agilisys a good supplier and are LBTH a good customer.

## Scope Exclusions

The midterm review did not include any estimation or costing of implementation activities or construction of a business case to support the option(s) selected by the Council. The Technology Architecture review was to be high level only, as the Council was undertaking a parallel initiative to look at technology roadmaps.

## 2.4 Outcomes Expected

A successful outcome was viewed as a jointly-developed and clear understanding of those elements of the OSA and SPA that are meeting or exceeding expectations and where improvements can be made.

Where areas for improvement were identified, the review was to propose credible, pragmatic and achievable improvement plans to rapidly deliver enhanced value and return on any associated investment while also ensuring that the people, processes and tools employed in LBTH for these purposes are set up for successful execution of the plan.

## 2.5 Approach Taken<sup>2</sup>

To achieve the objectives of the Midterm Review a three-stage methodology was used:

- ▶ Stage 1: Current State Analysis
- ▶ Stage 2: Options Analysis
- ▶ Stage 3: Final Reporting and Presentation.

---

<sup>2</sup> Further detail is available in the project plan: Strategic Partnership Midterm Review, Project Plan, 19 Nov 2015



### 3 Baseline Findings<sup>3</sup>

The key findings of the current state assessment are described in the table below:

LBTH Objective	Observations
<b>Meeting original objectives of the Partnership:</b> <ul style="list-style-type: none"> <li>▶ Nurturing people</li> <li>▶ Driving Change</li> <li>▶ Reliable and efficient services</li> </ul>	<ul style="list-style-type: none"> <li>▶ 2 separate contracts – Operational Services Agreement (OSA) and Strategic Partnering Agreement (SPA) – not good practice</li> <li>▶ The OSA does not clearly define LBTH ICT objectives</li> <li>▶ Lack of visibility/consistency about the aims of the joint Strategic Partnership</li> <li>▶ Objectives set out in the SPA are outdated</li> </ul>
<b>Performance against KPIs and recommendations for changes in these performance measures</b>	<ul style="list-style-type: none"> <li>▶ Reported performance is generally good</li> <li>▶ KPI performance does not always accurately reflect customer experience</li> <li>▶ KPI measures are too narrow</li> <li>▶ KPIs are not supporting the desired behaviour</li> </ul>
<b>A subjective review of the governance mechanisms to determine their effectiveness and potential improvements</b>	<ul style="list-style-type: none"> <li>▶ Simple governance model with two formal boards only – best practice is three-level</li> <li>▶ Gap in access to correct levels of authority in Council for a two year period</li> <li>▶ Terms of Reference lack clear definition of purpose</li> <li>▶ A number of impromptu governance bodies have been set up to address issues</li> </ul>
<b>Perceived pain points for the Council and clarify whether these are contractually derived</b>	<ul style="list-style-type: none"> <li>▶ Poor project request &amp; delivery</li> <li>▶ Remote access/working problematic for users</li> <li>▶ Perceived (Agilisys) high staff turnover / lack of consistency</li> <li>▶ Sense of lack of proactivity</li> <li>▶ Historic lack of client leadership</li> <li>▶ Contention regarding Schedule 25</li> <li>▶ Contract restricts streamlined delivery</li> </ul>
<b>A review of the Operating Model and Technology Architecture to develop a set of recommendations for improvement</b>	<ul style="list-style-type: none"> <li>▶ Delivery aspects follow good practice</li> <li>▶ Fragmented application support across LBTH/Agilisys</li> <li>▶ Lack of clear responsibilities throughout Operating Model</li> <li>▶ Project commissioning overly complex</li> <li>▶ Ageing estate with no agreed road map</li> <li>▶ Inconsistencies in software maintenance &amp; upgrades</li> </ul>
<b>A value for money assessment in line with the original LBTH Future Sourcing Project</b>	<ul style="list-style-type: none"> <li>▶ Rate Card prices are lower quartile</li> <li>▶ Core service is fixed price (guaranteed savings delivered)</li> <li>▶ Lack of clarity of boundary between Projects and Service</li> <li>▶ VfM is not apparent to Customer and causing friction in new projects</li> </ul>
<b>Spirit of Partnership</b>	<ul style="list-style-type: none"> <li>▶ Mixed views amongst LBTH stakeholders</li> <li>▶ Lack of trust in projects</li> <li>▶ Does not deliver against current Council expectations</li> </ul>

<sup>3</sup> Further detail is available in the baseline report: Strategic Partnership Midterm Review, Baseline Report, December 2015

## 4 Options Assessment<sup>4</sup>

Atos facilitated a session with CMT on 20 Jan 2016. CMT was issued a data pack in advance describing the options and criteria. The following options were considered:

1. **Do nothing:** Continue with current arrangements
2. **Do minimum:** Tactical / point fixes to address priority issues
3. **Fix:** Fundamentally review and re-set arrangements
4. **Exit:** Exit current arrangements with Agilisys (and move to appropriate alternative)

The following set of criteria was used to assess the Options presented:

1. Enables clarity of joint partnership objectives and links to achievement of LBTH Corporate priorities - Enables **strategic, political and cultural fit**
2. Enables effective delivery of day to day operations and performance measurement
3. Enables effective technology change and Digital transformation through improved project delivery
4. Provides an effective method to demonstrate on-going value for money
5. Enables **reduction in cost** of IT service provision
6. **Enables Innovation** in IT service provision and technology
7. Delivers effective governance and informed decision making
8. **Optimises the Operating model** (Client Team, Directorate IT / IT Partner roles and responsibilities)
9. **Promotes desired behaviours** from both Council and IT Partner
10. Minimises **cost/risk/duration** of transition to future state

During the session, CMT prioritised success criteria and identified relative weightings. The options were then debated and scored.

CMT selected the "fix" option to be taken forward to the next level of detail. Objectives directed by CMT were:

- ▶ Expectation that the Partnership can be made to work, and of commitment and willingness to adapt and change from both sides
- ▶ CMT agree that this is not about reducing cost of IT service provision
- ▶ Put in place the new arrangements by May 2016
- ▶ Move to "fantastic IT service" within 18 months; demonstrable improvements from this point forward
- ▶ Given cost pressures on the Council, any increase in revenue spend would need substantial justification
- ▶ Recognition that digital technology is a fundamental enabler – technology is key to LBTH achieving its goals; there may therefore be a case for investment

<sup>4</sup> Further detail is available in the options report: Strategic Partnership Midterm Review, Options Review – CMT Session, 20 Jan 2016

## 5 Recommendations<sup>5</sup>

Atos developed a set of recommendations to address the issues and gaps identified in the baseline review and support the CMT direction. The key recommendation was to rapidly mobilise an intensive 3-month programme to achieve the May<sup>6</sup> target set by CMT. A set of principles was established to define the approach for this programme:

- ▶ The fix option should be managed as a cohesive programme, with a dedicated programme lead to give cohesion across work streams
- ▶ Governance through a steering group (chaired by Zena Cooke) and Supervisory Group (chaired by Sean Green).
- ▶ The right capabilities and behaviours need to be in place. Required capabilities identified include specialist expertise in:
  - assurance
  - legal and commercial advice
  - IT service
  - IT strategy and transformation
  - Facilitation and workshop management.
- ▶ Transition to new arrangements through execution of Contract Change in line with the May timescale
- ▶ Actively seek “quick wins” pre-May
- ▶ Moving to the new commercial arrangements should be done through a single CCN:
  - get to negotiation & CCN as quickly as possible
  - agreed level of granularity appropriate for May timescale
  - central negotiation team – intense 2-way collaborative and open dialogue to define and agree contract changes.
  - working groups to work up individual solutions in an agile manner
- ▶ The programme should integrate existing in-flight initiatives:
  - TOM (Socitim)
  - Tech roadmap
  - Digital strategy
  - Project process review.
- ▶ Programme scope should **not** include operational delivery of projects / technology change.

The delivery roadmap, shown on the following page, comprises 5 streams of work and 3 phases – design, preparation and negotiation.

---

<sup>5</sup> Further detail is available in the recommendations report: Strategic Partnership Midterm Review, Recommendations Workshop, 1 Feb 2016

<sup>6</sup> It should be noted that this target was subsequently adjusted to June 2016

Work Package		Dependencies	Description	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>1</b>	<b>Governance &amp; Engagement</b>										
1.1	Re-define SP objectives	-	This should be scoped in WG session then Zena / Sean to ratify.								
1.2	Define new governance / relationship model	2.4	Clear R&R - Council & Agilisys								
1.3	Implement new governance model	1.2									
1.4	Define comms strategy / Comms & engagement plan	1.1	Incremental agile delivery - 2 week sprints using Intranet site as primary medium.								
1.5	Ongoing comms	1.4									ongoing
1.6	Re-set relationship (CMT, Mayor etc.)	1.3	CMT, Mayor etc.								
1.7	"Cement the deal" - re-launch new SP	1.6,(2,3,4,5)									
<b>2 People, Operating Model &amp; Behaviours</b>											
2.1	Operating model review	-	In-flight (SOCITIM). Proposal mid-April								
2.2	Implement operating model "quick wins"	2.1	Detail to be defined by 2.1								
2.3	Implement Future Operating Model	2.1	Detail to be defined by 2.1								ongoing
2.4	Define desired Council & Agilisys behaviours	1.1									
2.5	Define Council Policy/Process changes required	2.4									
2.6	Implement Council "quick wins" & monitoring	2.5									
2.7	Implement Policy changes etc.	2.5									ongoing

Work Package		Dependencies	Description	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2.8	Ongoing behaviour monitoring	2.6, 2.7	Council & Agilisys								ongoing
2.9	Define commercial mechanisms to incentivise desired Agilisys behaviours	2.4									
<b>3 Process &amp; Information</b>											
3.1	E2E projects & demand management review	2.4	In flight - expand to contract (inc. PMO, pre-paid work, 5-day rule, rate card, exclusivity etc.) & Council commissioning								
3.2	Implement projects "quick wins"	3.1	Changes that can be delivered without contract change e.g. process, comms								
3.3	ITIL process review	3.1	Prioritise service strategy, problem, capacity, incident, service request & "red" areas								
3.4	Implement & stabilise new processes	3.3									
3.5	Continual monitoring & improvement	3.4									ongoing
<b>4 Technology &amp; Products</b>											
4.1	Digital strategy	-	In flight (Sean, Nadira) - delivery mid April								
4.2	IT strategy	-	In-flight (SOCITIM). Proposal mid-April								
4.3	Technology Roadmap	-	In flight (Agilisys / Methods assurance) - delivery Feb. Outcomes should be defined as projects. Detailed design & delivery as a project.								

Work Package		Dependencies	Description	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
4.4	Portfolio review	1.3	E2E review of the projects portfolio (utilising new governance model) - identify those to be prioritised for visible benefit delivery pre May								
4.5	High priority project enhanced delivery	4.4	Deliver visible benefit prior to the re-launch in May								
<b>5 Contracts, Commercial and KPIs</b>											
5.1	Review SPA provisions	-	Briefing note on SPA provisions; Zena to obtain political direction; agree changes to provisions								
5.2	Review performance mechanism & KPIs	-									
5.3	Review 3P contract approach (Schedule 25)	-									
5.4	Review funding model E2E		Transparency; understand Agilisys model; Payments process; Capital/Revenue								
5.5	Define negotiation plan	1.2, 2.1, 2.9, 3.1, 5.1, 5.2, 5.3, 5.4	c3 weeks in Mar/Apr once initial workshops held								
5.6	Negotiate & agree CCN content	5.5	Take inputs from all streams & manage as an overall negotiation - will need proposals & financial impact from Agilisys & ongoing collaborative negotiation. Needs to be within bounds of original OJEU Needs to have right level of team and behaviours								
5.7	Implement CCN - move to new contract	5.6									

Work Package		Dependencies	Description	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
5.8	Develop User Friendly Contract Guide	5.6									

## Disclaimer and confidentiality

The information contained in this document is strictly confidential and proprietary to Atos IT Services UK Limited together with its affiliate entities ("Atos") and London Borough of Tower Hamlets ("LBTH") and must not be disclosed to any other person by either party or by any of its employees without the prior written consent of both parties. Similarly, the information must not be further reproduced and must only be used by LBTH for the purpose of this review.

Both parties are permitted to disclose the information only to those of its employees and/or professional advisors who need to have access to it and only to the extent required to enable them to agree the review. LBTH will notify such employees and/or professional advisors of the terms of this understanding and shall procure that such employees and/or professional advisers comply with it.

In the event that any request for information disclosure of all or any part of this document is made under the Freedom of Information Act 2000, both parties shall seek permission with prior consultation in accordance with OGC Guidelines. Both parties must acknowledge that, without prejudice to being able to make representations in respect of all or any part of this document, either party can object to the disclosure of those parts of this document marked 'Highly Confidential'.

This document has been prepared in good faith in reliance upon information provided by LBTH. Therefore, Atos can accept no liability for any consequence arising out of reliance on any such information that proves to be inadequate, inaccurate or incomplete. No representation or warranty, express or implied, is given as to the accuracy or completeness of the information contained in this document and its attachments or as to the reasonableness of any assumption upon which any such information may be based. Furthermore, Atos gives no warranty or representation that any business case of LBTH can or will be met. Atos shall have no liability to LBTH based on or relating to the use by LBTH of any of the information contained in this document.

Unless otherwise stated, this document is indivisible and therefore it may only be accepted as a whole.

Atos IT Services Limited  
4 Triton Square  
Regent's Place  
London  
NW1 3HG

Atos, the Atos logo, Atos Consulting, Atos Worldgrid, Worldline, BlueKiwi, Canopy the Open Cloud Company, Yunano, Zero Email, Zero Email Certified and The Zero Email Company are registered trademarks of Atos. ©2016 Atos. Confidential information owned by Atos, to be used by the recipient only. This document, or any part of it, may not be reproduced, copied, circulated and/or distributed nor quoted without prior written approval from Atos.