REPORT

SUBJECT	**SRS Progress Report**
DIRECTORATE	
MEETING	**Economy & Development Select Committee**
DATE	**11th April 2016**
DIVISIONS/ WARD AFFECTED	

1. PURPOSE

The purpose of this report is to present an SRS progress update for Member scrutiny.

2. KEY ISSUES

2.1 Admission of new partners into the SRS

2.1.1. Since the last SRS update the SRS has made significant progress in admitting new partners into the organisation. The SRS ambition has always been to expand the provision of services to other Public Sector partners. Blaenau Gwent County Borough Council (BGCBC) has completed and agreed a business case through its own authorisation and committee processes, and all the existing partners have agreed to invite BGCBC to join the SRS. This is a milestone in the SRS journey, and one to celebrate the expansion of the collaborative service model.

2.1.2 The SRS Strategy (2016 – 2020) is focused on consolidating the demand of multiple partners and brokering the supply of single ICT solutions. The SRS strategy is scalable to support Welsh Government public sector objectives.

2.1.3 The SRS operates with 5 strategic aims to:

1) Deliver effective ICT services from a single combined unit
2) Provide a solid foundation upon which partner organisations can operate in order to improve service delivery
3) Ensure the investment in ICT is focused on delivery of the corporate priorities of the partner organisations.
4) Develop a capable, professional workforce that can meet the challenges within ICT over the coming years
5) Provide a collaborative platform for public sector organisations to share digital capacity and capability through shared platforms.

2.1.4 BGCBC has a business need to develop and implement a sustainable service improvement model for its ICT provision that:

- Supports the Welsh Government's objectives for collaboration
- Addresses some of the financial issues that affect the Authority
- Responds to the Authority's growing delivery needs and previously identified issues and

- Future proofs the service.

2.1.5 The SRS Public Board has agreed that accepting a new partner is in line with its strategic aims to grow the business. With the addition of new partners the SRS is able to further achieve economies of scale and realise savings through the equal share of strategic and service management costs.

2.1.6 The challenges experienced by BGCBC offer an opportunity to the SRS to showcase ability, supported by its strategic vision, to realise its potential for public sector collaboration in line with WG aspirations.

2.1.7 The acceptance of this proposal will generate additional revenue of £163,665 into the SRS to invest in service improvement that will generate efficiency savings for the existing partners.

2.1.8 The SRS is now in negotiations with other Greater Gwent local authorities to further expand the company in line with its objectives and in line with the SRS Strategy 2016/20 referenced below.

3. WAO RECOMMENDATIONS

3.1 The SRS Strategy

3.1.1 MCC's iCounty strategy and plan is the subject of a separate report to this committee. The SRS strategy is integrated with MCC's strategy and with the strategies of its partners. The WAO have undertaken a review of the SRS and have recommended that:

"The SRS Board should develop a new strategy post 2015, which takes account of the changing public service landscape and opportunities this presents. The strategy should be:

a. Fully informed by all partner organisations;
b. Drafted and subject to consultation before the end of September 2015;
c. Approved by the SRS Public Board before the end of November 2015;
d. Aligned to the SRS Performance Framework"

3.1.2 The SRS COO has discharged his responsibilities in responding to recommendation and the SRS board has formally signed off the strategy which is attached in appendix 1.

3.1.3 In summary, the SRS board agreed that the SRS will continue with its strategic direction to build:

- The technology stack
- A shared identity Active Directory design(One Wales)
- A cloud structure design in Microsoft Azure

The SRS will work with MCC and its other partner organisations to develop a roadmap of line of business applications they wish to collaborate on, and this has been encompassed within the MCC strategy and business plan.

3.2 SRS Governance

3.2.1. *The WAO recommended that the SRS Board should improve its governance and accountability arrangements by:*

- *Communicating clearly to all stakeholders the role of the board.*

Improving decision making by:

- *Ensuring that agreed action points have timescales attached to them and those actions are reviewed at subsequent board meetings;*
- *Ensuring that attendees' roles, their responsibilities and which organisation they represent are recorded in minutes;*
- *Ensuring that risk registers are regularly reviewed and mitigating actions are delivered on time;*
- *Ensuring that management information is presented regularly and subject to robust challenge; and*
- *Reviewing and updating the scheme of delegation.*

The SRS board has since approved a revised governance document (Memorandum of Understanding). A communication has been released explaining the role of the Board and it is included on the SRS Web site and partner intranet sites.

The SRS board agenda, papers and minutes are circulated through the partner organisations governance arrangements.

3.3 SRS Value for Money

3.3.1 The Wales Audit Office review of the SRS identified that there should be a strengthening of the value for money demonstration from the SRS.

"The SRS should complete its unit costing research with a view to strengthening the demonstration of value for money"

The value for money proposition of the SRS in response to the Wales Audit Office recommendation is shown below:

The SRS Public Board agree that the SRS Chief Operating Officer has discharged his duties with regard to demonstrating value for money, and that service level work be implemented as follows:

a) Service levels to be reviewed
b) A new corporate commercial grade SLA to be agreed and signed off at the SRS Board
c) 'Service Point' to be configured with the appropriate agreements.

3.3.2 The SRS contributions from the partner organisations over the past three years are shown below:

	2013-14	2014-15	2015-16
Police	3,011,619	3,091,199	3,034,279
Monmouthshire	2,495,849	2,243,149	2,076,969

Torfaen	3,113,799	3,106,378	2,793,713
Total	8,621,267	8,440,726	7,904,961

We can see from the reducing budgets that the SRS is driving down cost, but more importantly, how do we demonstrate that we are delivering value for money from the use of those budgets?

3.3.3 Summary Findings of the VFM review:

A table summarising the key points are shown below. Some indicators are built from one input whilst others are calculated from multiple inputs. To show all of these would simply be replicating the SOCITM benchmarking documents embedded in this paper. Therefore, the below is a selection of the key indicators used in this paper.

	G (O1451)	T (W1452)	M (W1453)	Lowest	Highest
User satisfaction based upon a full survey of all users	4.5	4.54	4.38	4.33	5.37
Percentage operational incidents when a service is restored within the agreed service levels (in the SLA)	76	77	67	75	99
Average cost of PC (£)	315.53	315.53	315.53	315.53	708.21
Percentage operational incidents resolved within 04 hours	70	61	69	16	72
Percentage operational incidents resolved at point of contact	62	56	57	15	68
ICT spend per user (£)	555	496	728	555	5499
Percentage total expenditure spent on ICT		0.874	0.734	0.734	2.809
Devices supported per support specialist	232.2	409.7	312.2	232.2	2365.1
Number of users supported per ICT staff member	69.6	68.1	46.6	38.7	69.6

3.3.4 Issues Findings and Impact

The partner organisations require savings targets be placed upon the SRS each year at differing amounts. The SRS has continually achieved those savings targets, however, reducing budget on its own is not a demonstrator of value for money.

The SRS had no mechanism for demonstrating value for money to the organisations other than its own performance data which required an independent view to support.

3.3.5 Why did it need to be resolved?

The SRS Board members must provide each of their organisations with a view on the value for money position of the SRS in a way that allows for open scrutiny and challenge. The demonstration needs to be of an industry standard and comparable against multiple organisations and multiple sectors.

In addition, the Chief Operating Officer of the SRS requires the market test as a tool to use for improving services against a standardised, national bench mark.

3.3.6 What action did the SRS take?

A widely accepted method of demonstrating value for money of an ICT service is to compare it against many other organisations.

The SRS Public Board, on the advice of the COO, agreed to engage the nationally recognised Society of Information Technology Managers (SOCITM) to market test the ICT service they receive from the SRS.

The market test is against thousands of other ICT services across the country in 2014. SOCITM holds the performance data for a large bank of organisations that cross all sectors and all professions. This allows the SRS Public Board to market test the SRS not only against other Public Sector organisations, but against Private and Third Sector organisations.

The measures that SOCITM use to demonstrate the value for money position of an ICT service are split into two categories. These categories are cost measures and service performance measures.

These below cost measures provide a view of how cost effective the service is when compared to other organisations and generally the lower cost delivers a better value for money service.

3.3.7 What is the evidence of the action taking place?

The full benchmark documents for all SRS partner organisations from SOCITM are embedded below and clearly demonstrate that the SRS achieved the below results.

3.3.8 What has the impact been of taking the action?

The cost measures in the benchmarking document are split into many different costs which combine to give the overall answer. A summary of those answers is provided below in an easier to understand format that shows the impact to the SRS partner organisations.

The SRS has had a very positive impact on the costs of delivering services as they have dropped year on year due to:

- Having the lowest costs for equipment by buying the same equipment across all three organisations as demonstrated through “KPI 4 Acquisition costs of devices”. These items of equipment are all lower than the lowest benchmark score, meaning they are lower cost than the best value for money:
    - Desktops at over 10% lower cost
    - Laptops at over 15% lower cost

- Having costs 15-30% lower than the best value for money benchmark for our networks due to buying the same equipment across all three organisations and using a shared team as demonstrated through “KPI 17 Network costs per end user device”.

- Having costs that range from middle of the benchmark to 10% lower than the benchmark for support for all devices due to the use of a shared team across all three organisations as demonstrated through KPI 7 Device support costs”.

- Having the lowest cost of support per user ranging from 25% to 50% lower than the best value for money organisation due to the use of a shared team across all three organisations as demonstrated through “KP1 14 Investment in ICT per ICT user”

- Having the lowest cost of total spend on ICT ranging from 25% to 50% lower than the best value for money organisation due to the use of a shared team across all three organisations as demonstrated through KPI 18 Total cost of ownership”.

- Having the lowest cost of support per citizen equal to the lowest benchmark score due to the use of a shared team across all three organisations as demonstrated through KPI 90 ICT revenue expenditure per head of population”

3.3.9 The demonstration of the quality of the service has been possible due to:

- Scores demonstrating performance in line with the best value organisations due to restructuring services to deliver step change improvements demonstrated through KPI 2 Resolution of reported incidents.

- Speed and volume of fix under four hours at top of benchmark which has resulted in the service desk call times and resolution times dropping. This has returned 105 hours per week of productivity to the partner organisation demonstrated through “KPI 2 Resolution of reported incidents”.

- With a benchmark range of 4.3 to 4.9, the SRS scores range from 4.38 to 4.54 for “KPI 1 User satisfaction”. This demonstrates a low to mid-range result, as a result of this the SRS has instigated feedback scores on Service Desk calls as a matter of course.

- The successful implementation of large scale projects such as NATO, iLearnWales, Wisdom Bank and Menus Count to name a few as demonstrated through “KPI 3 Project governance and delivery”.

- The high percentage of time are our systems up and running in the middle of the range of the benchmark as demonstrated through “KPI 15 Service availability”.

3.3.10 What does this mean for the SRS partners?

The SRS Public Board can now assure the partner organisations, their Elected members and their Section 151 Officers that the SRS provides a service that has

been market tested and is value for money in comparison with other organisations across all sectors.

This market test process clearly demonstrates that the SRS is delivering value for money in a wide range of areas and we can focus on improving our value for money proposition.

The SRS will continue to improve its value for money proposition by :

- Improving the implementation of small scale projects demonstrated through "KPI 3 Project governance and delivery" which cannot currently be monitored in the same way as large scale project success. The SRS have, as a result of this, implemented an agile project methodology as part of the SRS Strategic Review which has resulted in very positive feedback from the partner organisations.

- Tightening up on the service level agreements the SRS has with its partner organisations. The benchmarking highlighted that the SRS should perform a review of the SLA between itself and the partner organisations. The time bands within which all system issues should be resolved need to be reassessed as the longest a call can be open in the current agreement is based on disaster recovery timings and that is 72 hours. This is an expectation that needs to be realistic and lowered due to the investment made in the service.

3.4 Performance Management

The WAO recommended that the SRS Performance Framework should be reviewed to ensure that it aligns to the SRS strategy and is fit for purpose. The framework should be:

- focussed on the outcomes of the SRS strategy;
- clearly identify value for money measures for all elements of the service;
- reported consistently and regularly to all partner organisations‟ scrutiny and/or audit committees;
- reported consistently and regularly to all users; and
- used to underpin staff management and development within the SRS.

The SRS were mid strategic review when the WAO assessment occurred and a number of the items that were raised were being resolved through the strategic review process. The review included a wide range of areas and it was felt that completing the review was the appropriate mechanism to answer the recommendation. The SRs now has a comprehensive performance management framework in place, in addition to a Performance Board.

4. COMMERCIAL GRADE SLA

As part of the WAO recommendations a new commercial grade SLA will be implemented in early 2016/17 following consultation with the SRS partners.

5. CONSULTEES:

Senior Leadership Team
Digital Programme Board

The SRS Board

6. BACKGROUND PAPERS:

The iCounty Strategy
The SRS strategy

7. AUTHOR:

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