



ICT contract review and novation to support strategic aims



The challenge

The London Borough of Tower Hamlets are driving significant change through its 'Smarter Together' programme which has three main stated ambitions:

- Partnership: Collaboration with residents, businesses and partners at the earliest stage, with the new Town Hall bringing people together to achieve it
- Outcomes: Services delivered by organisations that offer the best outcomes for our residents. That means measuring the difference the Council are making in people's lives. We will become agile in responding to issues and finding solutions inside and outside the Council
- Digital: Accessing most council services feel similar to the best online experiences. Smart technology will allow people to transact, feed back on, and measure services with ease

Tower Hamlets recognised ICT as a strategic enabler of change that allows the Council to create distinctive value for its residents by improving public services and reducing costs; rather than previously, a commodity, back-office cost to the organisation.

The Council's ICT management arrangements are being developed to reflect these changes by in-sourcing the parts of the ICT service which provides strategic value and extending, and then recommissioning, support for the infrastructure which requires specialist technical capabilities.

As part of its transformation the ICT service has been reshaping the services it receives from its strategic partner - Agilysis - and in 2018, began the process of returning 130+ supplier contracts to the Council. Socitm Advisory was commissioned to support the commercial aspects of the programme.



The approach

Our approach included:

- Supporting the Council in developing the Future Operating Model (FOM) to move from a single outsourced arrangement to a multi-sourced model, and the subsequent re-negotiation to extend and significantly reshape the existing outsourcing contract without incurring contract penalties
- Continued work with Tower Hamlets to deliver a range of high priority transformation programmes of work to fix the foundations across the ICT service alongside the transition programme of bringing procurement and project management back within the Council
- This included a large contract novation programme, where we worked closely with the outsourcer to carry out a commercial review of the 130+ contracts in the portfolio against category, monetary and criticality criteria
- We re-negotiated and consolidated many of the contracts leaving the Council with a 5-year forward plan and contract management approach
- The primary objectives were to ensure continuity of supply and take a commercial approach to the portfolio, to identify opportunities for commercial and delivery improvement; market advantage; streamlining; and cost entertainment
- With a governance structure already in place for the Transition programme, which included the Council and strategic partner, we were able to develop and agree a programme plan and have this signed off by the Board at an early stage
- The role of the strategic partner was also clearly defined to mitigate against barriers and managed throughout the programme via established governance
- Throughout working with the IT team in engaging with the services at all stages in the programme we built



a picture of the current and future requirements of the Council and used this to inform the strategy in the approach to suppliers

- To drive the novation itself required the development of a local process and supporting documentation which was signed off between Council, the strategic partner and suppliers to ensure a smooth transition through the stages of the novation. This aspect of the programme is critical to delivery and was agreed in the very early stages
- We also used the data and supplier engagement to assess the level of risks posed by actions and decisions which might impact service delivery or delay the novation of the contracts
- Mitigation of the risks required effective governance and accountability through cross-working between Tower Hamlets and the strategic partner; and continuous communication and reporting to the Senior Leadership Team



The outcome

There was limited time to achieve everything before the start of the re-shaped arrangement with the outsourcing provider. Which also meant there was limited time to fully change and rationalise the portfolio. However, the objective was also the transfer of skills and create a foundation for further change once the contracts had novated back to the Council.

The systematic approach we took resulted with the novation and assignment of all contracts and meeting the strategic direction of Tower Hamlets by:

- A review of contractual arrangements meeting the Council's FOM by reducing the overall portfolio to circa. 40 contracts from 130+ by negotiating with the suppliers to either termination or consolidation as appropriate leading to efficiencies for future contract management
- The use of the information gained from the review of the contractual arrangements and close working across the Council were able to rationalise duplicate systems where possible and develop the plan for further work to complete this post-transition
- Meeting the FOM Operating Model and strategic direction by negotiation with suppliers, we were able to:
 - Transfer a number of contracts to a hosted delivery model e.g. Software as a Service (SaaS)
 - Terminating contracts where support was no longer required
 - Review major contracts and reshaped to deliver improvements
 - Deliver initial savings in the region of 8 - 10% and identifying potential further savings
 - Streamlining contacts allowing a more strategic approach and establishing a platform to align to future plans
 - Develop a 3 - 5 year forward plan which incorporated close, more informed relationships with suppliers

