

	<h2>Performance and Contract Management Committee</h2> <h3>7 January 2016</h3>
<p style="text-align: right;">Title</p>	<p>ICT Operations – ITIL Methodology Assessment</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Jenny Obee, Head of Information Management jenny.obee@barnet.gov.uk, Tel: 020 8359 4859</p> <p>Micailah Fleming, IT Director micailah.fleming@capita.co.uk</p>

<h2>Summary</h2>
<p>At the Audit Committee meeting on 30 July 2015 the committee resolved to request the Chief Operating Officer to look into whether Capita Customer Support Group (CSG) followed ITIL (Information Technology Infrastructure Library) methodology and to provide a report to the next meeting. Accordingly, a report was provided to the Audit Committee meeting on 5 November. At that meeting officers undertook to provide responses to questions arising from the committee’s discussion. These answers were circulated amongst members of both the Audit Committee and Performance and Contract Management Committee (PCMC) to facilitate further discussion of the matter in the context of CSG performance monitoring at the PCMC meeting on 17 November.</p> <p>This report provides updated information on the original Audit Committee report, taking into account further questions raised at PCMC on 17 November.</p>

Recommendation

That the Performance and Contract Management Committee:

- a. **consider and comment on the content of this report; and**
- b. **note the council intends to instruct an Internal Audit to assess Capita Customer Support Group's alignment to obligations in relation to ISO20000 (being an international certified standard that sets out service management requirements for IT organisations) in the final quarter of 2015/16.**

1. WHY THIS REPORT IS NEEDED

- 1.1 At the Audit Committee meeting on the 30 July 2015 the committee resolved to request the Chief Operating Officer to look into whether Capita Customer Support Group (CSG) follows ITIL (Information Technology Infrastructure Library) methodology, and to provide a report to the next meeting. The report was requested following three IT incidents which occurred in April 2015 impacting on the collection of income by Barnet Homes for tenants.
- 1.2 ITIL is a set of best practices for IT service management that allows organisations to align their IT services ensuring they meet the current and changing requirements of a business.
- 1.3 ITIL processes are often used to underpin and support ISO20000, which is the international standard for IT service management.
- 1.4 Within the CSG contract, Capita were committed to achieving alignment to ITIL version 3 ICT processes and procedures. This commitment was intended to ensure the transition of ICT services continued to progress towards ITIL alignment, as had been initiated by the council prior to the CSG contract.
- 1.5 This commitment was changed (after the contract was signed) to deliver ISO20000 standard ICT service delivery. CSG requested this change, which the council agreed, as it meant that the council would gain improved ICT audit options which were more closely aligned to an industry standard formal framework.

Context

- 1.5.1 In April 2015, three IT incidents occurred which impacted the collection of income by Barnet Homes for tenants. These involved:
 - a) the failure of the direct debit run for rental payments on 1 April 2015 which had to be subsequently collected on 20 April;
 - b) Paypoint income transactions not passing through correctly from the cash management system to the rent and service charge system; and
 - c) the Department for Work and Pensions (DWP) income transactions not passing through correctly from the cash management system to the rent and service charge system.
- 1.5.2 It was following the discussion of the paper explaining these incidents that the Audit Committee on 30 July 2015 requested further information on the

adherence to ITIL best practice within IT, as these incidents partly arose through errors not being picked up at the IT Change Advisory Board (which is a best practice component within ITIL).

The change to contractual commitment T3-118

- 1.5.3 Under the commitments in the CSG ICT Contract, the following commitment (T3-118) was originally made: “The Service Provider will, on or before 5 months [i.e. February 2014] following the Service Transfer Date achieve alignment to ITIL version 3 IS processes and procedures within the IS Service operation as set out in Schedule 2, Service Delivery Plans, IS Service.”
- 1.5.4 The wording of this commitment (T3-118) was changed (Change Request CR045) to allow CSG to demonstrate best practice in ICT operations, and to be able to provide evidence of alignment. The commitment wording was therefore changed to: “The Service Provider will, on or before 16 months [i.e. January 2015] following the Service Transfer Date achieve adoption of Capita’s ISO20000 standard within the IS Service operation as set out in Schedule 2, Service Delivery Plans, IS Service.”
- 1.5.5 The change in timescales for the commitment to be achieved (from within the first 5 months of the contract to within 16 months) was in recognition that the IT service was focussed on delivering a number of transformation projects, such as the implementation of a new data centre for the council. While this delayed the overall timescale for achieving the commitment, progress in this area did not remain static as IT continued to implement ITIL processes in continuation of the work which had been initiated before the initiation of the CSG contract.
- 1.5.6 Changes to commitments (and other contract changes) are reviewed for their operational aspects by the council’s Senior Responsible Owner (SRO) for that service and the council’s Commercial Team for contractual impacts. Change requests are tracked and agreed by both sides of the partnership and are listed quarterly as part of the published performance reports.
- 1.5.7 ISO20000 is the first international standard for IT service management, and is modelled on the principles of ITIL. The purpose of ITIL is to provide advice on best practices in IT service management. It includes options that may be adopted and adapted by organisations according to business need and local circumstances. While ITIL qualifications are available for individuals, ISO20000 was conceived as a way to fill the gap for organisations to prove that they are working towards ITIL best practice. ISO20000 therefore sets the standards that service management processes should aim for and ITIL sets out good practices that, if adopted, would assist service management to achieve the quality defined in ISO20000.
- 1.5.8 The wording of the ICT commitment has been changed to allow the council a better approach for showing alignment with the commitment. The council is now in a strong position to conduct both internal and industry standard formal audits for ITIL and ISO20000 alignment.

Internal Audit Plan

- 1.5.9 It had been planned to instruct an Internal Audit to assess CSG's alignment to obligations in relation to ISO20000 as part of the Internal Audit plan for 2016/17; this has now been brought forward to the final quarter of 2015/16 and will be undertaken by a specialist IT auditor. While IT service management has not been party to an internal audit over the last three years, other aspects of the IT service have been audited. This includes audits on IT access controls, SAP data migration and information security.
- 1.5.10 The following staff within the IT team hold ITIL qualifications: IT Director; IT Operations Manager; Service Delivery Manager; Technical Applications Manager (Head of Application Support); Incident and Major Incident Manager; Service Desk Manager; Change Manager; Infrastructure Manager; Security Manager; and Desktop Team. In terms of personnel within these roles, CSG have had four IT Directors since the start of the contract – one on an interim arrangement (now permanently in the Director of Operations role) and one who quickly found alternative employment in a new external role. All other individuals have been the same since before the contract began with two of these being new roles since the contract was initiated (Operations Manager and Incident and Major Incident Manager).
- 1.5.11 Following the incidents which occurred in April 2015, it has been questioned why the same person completed the development release cycle from 'sandpit' to test and then to the live environment, as this seems to invite errors. Depending on the complexity and criticality of the system and the nature of the change, it is often required that a subject matter expert oversees the end to end implementation process. In the example of the issues experienced in April, testing, peer reviews and sign off were carried out by all key stakeholders including representatives of the business. CSG IT currently have a peer review process in place; however this will be reviewed going forward with the intention of passing on the recommendation received by Councillor Cooke around securing different resource when performing similar changes.
- 1.5.12 Furthermore, Councillor Cooke has questioned what systems analysis procedures are in place, in particular relating to understanding dependencies and stakeholder engagements when making changes to systems. Subject matter experts covering each system, IT service or infrastructure make up the relevant IT technical teams including, in this example of the April incidents, the application support team.
- 1.5.13 There are a number of processes and working practices in place which ensure dependencies between systems and their environments including data is clearly defined and understood. Some examples include support documentation identifying all dependencies between systems and their environments including the data workflow. Where a change request is raised against a system the change management process will identify all dependencies and trigger engagements with the relevant stakeholders (system / business owner) who are required to be part of the change approval process.

1.5.14 All identified stakeholders remain involved during the life cycle of all changes through to implementation, testing and sign off (or roll back if required). There is a dedicated Change Manager overseeing and ensuring change management procedures are followed and the correct stakeholders are engaged with.

Overview of Compliance to ISO20000

1.5.15 The table below sets out the elements of ISO20000 and supporting ITIL processes, and the status of CSG’s IT Service Management alignment.

ISO 20000 category	Alignment to ITIL	Compliance	Continual Service Improvement areas
<p>Design and transition of new or changed services:</p> <p>Plan new or changed services</p> <p>Design and development of new or changed services</p> <p>Transition of new or changed services</p>	<p>Service strategy, Service design, Service transition processes</p>	<p>Service reporting and service level management procedures are in place.</p>	<p>Future projects are being designed with a greater emphasis on business change with a focus on the benefits intended for the users, rather than more of a technical IT delivery.</p>
<p>Service delivery processes:</p> <p>Service level management</p> <p>Service reporting</p> <p>Service continuity and availability management</p> <p>Budgeting and accounting for services</p> <p>Capacity management</p> <p>Information security management</p>	<p>Service level management, Continuity management, Availability management, Financial management for IT services, Capacity management, Demand management, Information security management</p>	<p>The following procedures and/or working practices exists:</p> <p>Service level management reporting,</p> <p>Budgeting and accounting process,</p> <p>Capacity management process</p> <p>Security incident management policy.</p>	<p>The IT Service Level Key Performance Indicators are being reviewed to ensure they continue to be appropriate (to be concluded Q4 2015-16)</p>

ISO 20000 category	Alignment to ITIL	Compliance	Continual Service Improvement areas
Relationship processes: Business relationship management Supplier management	Business relationship management Supplier management	Business relationship management and supplier management processes exist.	It has been agreed to review current relationship and service review meetings to improve the level of communications and breadth of engagement with the Council. This includes having regular Service Delivery meetings with the Council's Delivery Units. The value and benefits of these meetings will be regularly reviewed and amended where necessary. (to be concluded Q4 2015-16)
Resolution processes: Incident and service request management Problem management	Incident management, Service request fulfilment Problem management	The following procedures and working practices are in place: Incident management. Major incident management. Problem management.	Communications are to be reviewed in relation to Problem Records, ensuring a greater visibility to key stakeholders in the Council. (to be concluded Q4 2015-16)
Control processes: Configuration management Change management	Service asset and configuration management Change management Release and	The following procedures and working practices are in place Configuration management, Change management Release. Configuration management database	The Configuration Management Database will be loaded into the IT service desk management system (ServiceNow) (to be concluded Q4 2015-16)

ISO 20000 category	Alignment to ITIL	Compliance	Continual Service Improvement areas
Release and deployment management	deployment management	The Change Advisory Board meets weekly, with Emergency Change Advisory Boards as required. A forward schedule of change exists and releases will be marked where appropriate.	

2. REASONS FOR RECOMMENDATIONS

- 2.1 The report is intended to address questions raised by members about a change to a commitment contained within the CSG contract.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 The council intends to instruct an Internal Audit to assess CSG's alignment to obligations in relation to ISO20000 in the final quarter of 2015/16.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 ITIL aligned IT service management processes and procedures help to ensure the efficiency of IT service delivery. This supports the Corporate Plan priority of ensuring that services are delivered efficiently to get value for money for taxpayers.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 None

5.3 Social Value

- 5.3.1 Not applicable.

5.4 Legal and Constitutional References

- 5.4.1 The [Council's Constitution, in Part 15 Annex A, Responsibility for Functions](#), states the functions of the Performance and Contract Management Committee include (amongst other responsibilities):

- a) Overall responsibility for quarterly budget monitoring, including monitoring trading position and financial strategy of Council Delivery Units.
- b) Monitoring of Performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group (Including Barnet Homes and Your Choice Barnet); HB Public Law; NSL (Parking Contractor); Adults and Communities; Family Services; Education and Skills; Streetscene; Public Health; Commissioning Group; and Assurance.
- c) Receive and Scrutinise contract variations and change requests in respect of external delivery units.
- d) To make recommendations to Policy and Resources and Theme Committees on relevant policy and commissioning implications arising from the scrutiny of performance of Delivery Units and External Providers.
- e) Specific responsibility for the following function within the Council:
 - a. Risk Management
 - b. Treasury Management Performance
- f) Note the Annual Report of the Barnet Group Ltd.

5.5 Risk Management

5.5.1 None

5.6 Equalities and Diversity

5.6.1 None

5.7 Consultation and Engagement

5.7.1 None

5.8 Insight

5.8.1 None

6. BACKGROUND PAPERS

6.1 None