Decision Pathway – Report

PURPOSE: Key decision
MEETING: Cabinet
DATE: 03 July 2018

TITLE	IT Future State Assessment
Ward(s)	**None**

Author: Steve Somerfield	**Job title: Director of IT (Interim)**
Cabinet lead: Cllr Cheney	**Executive Director lead: Denise Murray**

Proposal origin: *BCC Staff*

Decision maker: Cabinet Member
Decision forum: *Cabinet*

Purpose of Report: This report details the components needed to build on the current IT platforms and ICT service delivery to ensure a modern, secure, flexible and service-aligned IT service in support of the Corporate Strategy and business drivers/outcomes.

Evidence Base: Over the past four months the Interim Director of IT has been undertaking a comprehensive root and branch review of the IT service to baseline the service performance and capability, as well as reviewing the technologies in use across the organisation. The Future State Assessment (FSA) review of IT has uncovered a number of areas where improvements can be made that will better support the ambitions of the organisation going forward as well as being able to better support service re-design activities underway across the organisation.

IT is used extensively across the whole organisation and its performance greatly impacts how the organisation can operate. Legacy systems are now proving to be restrictive for the business from Elected Members to Children, Adults, Housing and other services the council provides. It is vital we maintain appropriate focus on the core essentials of an IT service to ensure it is fit for purpose and provides appropriate functionality to all areas of our organisation.

We have worked closely with an independent agent, namely PwC, to provide a systematic and comprehensive review of the IT function, its capacity and capabilities and the systems in use today. This review has then gone on to identify what areas need improvement and change. The outcome of this work has been to develop an updated IT strategy that aligns to the business needs now and into the future. Additionally, this review has developed both a new Target Operating Model for IT as well as a transition programme aimed at bringing our systems up to date.

The IT strategy, the target operating model and the technology and service transition plan has been created along with the costs and benefits associated with the delivery of the programme. The costs to achieve this improvement programme exceeds the limits delegated to senior officers so we are now seeking consultation and approval by Cabinet to proceed in the delivery of this essential programme.

Recommendations:

That Cabinet:

1. Approves the council's IT Strategy, IT target operating model and the technology and service transition plan as set out in the report.
2. Approve an additional £7.3m to be incorporated into the Capital Programme over the period of the Medium Term Financial Plan, and transferred from the Council's corporate capital contingencies.
3. Assign £5.1m revenue resources over the period 2018-2021 as factored into the Medium Term Financial Plan

for delivery of the Council's transformation programmes.

4. Delegate authority to the Director IT in consultation with the relevant Cabinet Member and Chief Finance Officer to take all decisions to implement the IT Strategy and Target Operating Model up to the value of £500k for each decision.

Corporate Strategy alignment:
The Corporate Strategy identifies a need to work with back office services to identify what needs to change to be a more effective and efficient council to achieve our priorities (p7). The FSA and resulting IT Strategy is a core component of this, particularly contributing to two of the four Organisational Priorities outlined in the Corporate Strategy (p11):

- Redesign the council to work effectively as a smaller organisation
- Equip our colleagues to be as productive and efficient as possible

IT underpins all the council's work and, with a strategy that encompasses the council's outward-facing approach to digital, directly contributes to the Key Commitment of 'Make progress towards being the UK's best digitally connected city'.

City Benefits: There are no specific or direct benefits to the city however this service improvement programme supports the wider organisation's ability to deliver commitments in the city; there are no identified equalities impacts.

Consultation Details: No consultation is considered necessary.

Revenue Cost	£ 7.2m (Over 3/5 years)	Source of Revenue Funding	Reserve funds, service revenues realignment and service incremental growth bid.
Capital Cost	£ 13.1m (over 3/5 years)	Source of Capital Funding	Capital receipts and reserve funds
One off cost ☒ Ongoing cost ☒		Saving Proposal ☐ Income generation proposal ☐	

Required information to be completed by Financial/Legal/IT/ HR partners:

1. Finance Advice:

The report seeks approval to the IT strategy, target operating model, and approach to delivery as set out in the Future State Assessment appended to this report. This major transformation programme could deliver long term savings for the Council, however these will need to be re-assessed as business cases for each of the major improvement areas are developed. A number of key elements of the improvement plan will need to be brought back to Cabinet for approval.

The improvement programme will require significant additional capital and revenue investment to deliver, much of which represent essential improvements to the IT infrastructure, and which failure to improve and rationalise could expose the council to additional financial risk. That total investment, above existing capital and revenue budgets represents some £12.4m over the period of the current Medium Term Financial Plan.

With regard to the additional capital investment, £7.3m is sought above that set down in the capital programme approved by Full Council in February 2018. The likely profiling of that would be as set out in the table below, although these will be subject to review as part of the refresh of the Medium Term Financial Plan, capital programme and detailed business cases for each of the interventions set out in appendix B;

2018/19	2019/20	2020/21	2021/22	2022/23	Total
£000	£000	£000	£000	£000	£000
455	2,772	2,067	995	1,000	7,289

The capital programme incorporates corporate contingencies to the value of £49.2m over the 5 year period to 2023, and these would need to be reduced correspondingly in order to maintain within the Council's medium term financial strategy of no additional borrowing unless a clear investment return. Cabinet will need to be mindful of other potential capital investment calls on a reduced level of contingencies, including major infrastructure projects.

The report also seeks approval of some £5.1m revenue resources over the next 3 years to ensure delivery of the programme, whilst ensuring ongoing business requirements are maintained. £1.1m is required in the current financial year, and this is factored into existing resourcing assumptions utilising flexible use of capital receipts as agreed in the budget as approved by Council. Further resources, over the subsequent 2 years, will require reprioritisation of remaining resources for this programme of works within the resources assumed within the Medium Term Financial Plan, again primarily funded through flexible use of capital receipts. Whilst these costs can be contained within current resource assumptions, it will severely restrict the ability to fund investment required for other transformation programmes other than through additional savings.

Finance Business Partner: Chris Holme, 25th June 2018

2. Legal Advice: The FSA encompasses a wide range of initiatives, including procurement requirements, in relation to which specific legal advice and assistance should be sought in due course. In particular, every time the Council procures goods works or services over certain financial thresholds, it will need to comply with either the Council's Procurement Rules or the Public Contracts Regulations 2015 unless an exemption is available. The relevant officers will need to ensure that these obligations are met. Key areas for consideration following a review of the Digital Strategy and FSA pack slides prepared by PwC have been identified below and advice should be sought on these issues at the appropriate time. Legal advice may also be needed in relation to other aspects and the relevant officers should ensure this is obtained as the project progresses.

- Advice should be sought from HR and Legal Services in relation to the service redesign.
- The shift to the cloud will result in greater reliance on supplier standard terms and conditions and SLAs, which may need to be compensated for through the development of suitable council boilerplate / minimum terms that incorporate the supplier terms e.g. the G-Cloud model;
- The improved contract management framework may need to be facilitated through improved handover of legal documentation to contract owners e.g. identification of key terms, risks, notice periods etc;
- Legal and Data Protection Officer input should be sought in relation to the development of the key Bring Your Own Device policy, particularly in relation to key areas such as security rules, council access to personal devices, removal of data (including when the employee leaves), and possibly compensation for use of own device / upgrades etc;
- DPO consultation and, where appropriate, legal advice should also be sought in relation to setting up a council wide CRM system e.g. lawful processing and controlling rights of access to personal data etc;

Legal Team Leader: Sinead Willis (Solicitor Legal) 31st May 2018

3. Implications on ICT: FSA programme has been developed using independent PwC support and provides both a comprehensive picture of technology and process change needed to support the wider organisation in the delivery of services. Technology changes at a rapid rate and over time, the technologies in use by the council have become dated and some elements are now unsupported by suppliers. Additionally, new technologies allow new ways of working that at present remain out of reach with the current systems. Upgrading our systems will help to release new capabilities such as the mobilisation of social workers and housing support staff into our communities. More effective use of technologies will also help to improve our system security against cyber threat which is currently at its highest threat level for some time. Use of cloud-based systems will also help to reduce the need to continually refresh server-based systems over time providing a more effective and efficient core platform to support the wider business in its day to day service delivery. The next steps, subject to approval to proceed and the release of appropriate funds, will be to develop outline and detailed business cases for each project highlighted in the FSA programme to ensure we manage delivery effectively.

ICT Team Leader: Steve Somerfield – IT Service Director (Interim) 25th June 2018

4. HR Advice: The proposed Digital Strategy has substantial workforce and operational implications requiring the re-design of the service. The service should equip staff with the skills the Council requires in the future in order to mitigate the need for redundancies. Additional, temporary resource should be procured via Guidant (the Council's existing managed service provider) and should only be used to provide skills that will not be needed in the long-term or to bolster capacity in the short-term/while current staff develop the required know-how. Leaders in the service should encourage and facilitate the career development of existing staff as part of the change programme. Redundancy should be the last resort and voluntary severance should only be used in a targeted way where it is mutually-acceptable and alleviates the need for redundancy selection processes. HR will advise and support the programme, which will be clearly led and managed by the service.		
HR Partner: James Brereton (People & Culture Manager), 23rd May 2018		

EDM Sign-off	Denise Murray	23.05.2018
Cabinet Member sign-off	Cllr Craig Cheney	24.05.2018
SPB Sign-off	Cllr Craig Cheney	24.05.2018
For Key Decisions - Mayor's Office sign-off	Mayor's Office	04.06.2018

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Appendix A – Further essential background / detail on the proposal Further detail also contained within the BCC FSA Pack 31.05 – Cabinet report in appendix B	**YES**
Appendix B – Details of consultation carried out - internal and external	**YES**
Appendix C – Summary of any engagement with scrutiny	**NO**
Appendix D – Risk assessment	**YES**
Appendix E – Equalities screening / impact assessment of proposal	**YES**
Appendix F – Eco-impact screening/ impact assessment of proposal ''The environmental impacts of this proposal are minimal and as such a full eco IA is not needed. A full Eco IA has been produced for the migration of IT services to a cloud-based system, please refer to this in the event of these works taking place. The introduction of new hardware will likely cause a slight improvement as it will be more modern and efficient. ''	**YES**
Appendix G – Financial Advice	**NO**
Appendix H – Legal Advice Legal advice within this report	**NO**
Appendix I – Combined Background papers Combined appendix A & B	None
Appendix J – Exempt Information	**NO**
Appendix K – HR advice HR advice within this report	**NO**
Appendix L – ICT This is an ICT programme and is supported.	**NO**