Cabinet 25 July 2017	 **TOWER HAMLETS**
Report of: Zena Cooke – Corporate Director of Resources	**Classification:** Unrestricted
Improvement and Transformation of Information Communications and Technology	

Lead Member	**Councillor David Edgar, Cabinet Member for Resources**
Originating Officer(s)	Adrian Gorst Divisional Director of IT
Wards affected	All
Key Decision:	Yes
Community Plan Theme	**One Tower Hamlets**

Executive Summary

The Cabinet has recognised the need to invest in the Council's Information and Communication Technology (ICT). As part of Medium Term Financial Strategy from 2017/18 to 2019/20 a £25m reserve was earmarked for this. Cabinet now needs to formally approve the application and use of this reserve and delegate authority to officers to agree and approve expenditure against the sum held.

The report seeks authority from Cabinet to release **£16.35m** from the earmarked reserve and to delegate authority to the Corporate Director, Resources or their nominated officer after consultation with the Cabinet Member for Resources to approve expenditure against this reserve in order to refresh and transform ICT.

This investment will improve reliability of ICT for staff and service users by replacing the aging infrastructure; provide new mobile services enabling staff to be more productive. Also for staff to work away from council offices and closer to citizens; reducing the demand for desk space in the new Civic Centre; and to move to cloud based services to maintain and enhance information security while facilitating easier sharing with partner organisations.

The investment in ICT unpins improved access to services, including online and self-service for citizens and businesses, while reducing operational costs for the Council

Recommendations:

The Mayor in Cabinet is recommended to:

1. Release up to £16.35m from the ICT Transformation Reserve to improve and transform ICT within the Council.

2. Delegate authority to the Corporate Director, Resources or their nominated officer, after consultation with the Cabinet Member Resources to approve expenditure against the £16.35m,

3. To note that progress on this improvement and investment programme will be reported to the Cabinet through existing performance monitoring and reporting.

1. REASONS FOR THE DECISIONS

1.1 The reasons for the decision are to commence the improvement and transformation of ICT across the Council to deliver the benefits and improvements set out in the Medium Term Financial Strategy and the Council's Smarter Together Transformation Programme.

2. ALTERNATIVE OPTIONS

2.1 The Cabinet could decide not to release the funding or to release a lower level of funding, but these options are not recommended. .

3. DETAILS OF REPORT

BACKGROUND

3.1 The Council has identified and recognised that there is a need to invest in the Information and Communications and Technology (ICT) employed by the Council and its partners. This has been formally reported to the Cabinet and is reflected in the reallocation of £25m of earmarked reserves:

3.3 Although the Council has allocated the resource to invest in ICT, it was agreed that an ICT strategy would be produced to set out the detail of the investment required. This report provides further detail. Work with the Councils ICT partner, Agilisys has continued to assess and determine the programme of improvement required. Based upon work completed to date the estimated cost is £16.35m to finance the transformation and improvement of ICT for the Council. The breakdown of which is shown below:

Component	Estimated one-off cost (£m)
Early Works	0.25
Enabling Works	0.40
ICT Core Transformation	13.00
ICT Project Team	1.20
Other ICT Improvements	1.50
Total	**16.35**

It is noted that that the values above are estimated based upon outline assumptions as at June 2017 and that these may change.

Further detail on the components in the table above is set out in the Appendices to this report.

Benefits of investment

3.4 This investment in ICT unpins the five pillars of Smarter Together programme which aims to revolutionize the relationship with residents and drive operational savings:

- Achieve the best outcomes for our residents by integrating services across the council and partners to make the most of the money we have.

- Become a modern council with new ways of working and an agile workforce that is supported by the necessary infrastructure now and at our new home in Whitechapel

- Use technology and information to provide better services and empower our citizens so they take a more active role in their area, co-design services and become less reliant on the council

- Reduce future demand on the council through measures including better forecasting of need, supporting independent living and providing early intervention to prevent problems escalating in later life

- Harness economic growth that benefits our residents by making it simple for businesses to set up and invest in our borough

At a practical level, throughout 2017 staff and citizens and businesses will experience less wasted time and disruption due to ICT failures and from 2018 will be benefit from up to date ICT services specific to their roles and needs.

The programme of work will not only significantly improve and modernise ICT, but will also provide a sound and robust platform upon which to build and transform the Council in the future. The investment will:

- Provide staff and members with robust and resilient IT by reducing significantly the risk of loss of service and issues faced by users by the end of 2017. This includes replacing all network switches and rolling out wifi to all council office sites.
- Ensure that infrastructure is fully supported by providers and is future-proofed. This includes software upgrades such as SAP business objects to improve reporting across all services.

- From 2018 it will enable staff to work in a mobile and flexible manner that will enable the Council to deliver the objectives of its accommodation strategy and its reliance on council offices and networks. This includes replacing static terminals with laptops, tablets and smart phones to enable staff to work closer to citizens.

- Provide the IT infrastructure to deliver the transition to a digital and agile enterprise. This includes adopting Microsoft 365 to support collaborative working across and beyond the Council, and providing cutting edge tools for managing information to enhance services.

- Move to the cheapest and most cost-effective access channels for customers, while supporting digital inclusion. This includes migration from aging, insecure, and unreliable on-site data centres to modern, secure and robust cloud hosted services.

- Provide access to and use of and sharing of data and information in a secure manner across the Council and with other key partners, that provides the opportunity for more cohesive and partnership working.

Governance Arrangements

3.5   It is proposed that the programme to improve and transform ICT is governed and managed through the IT Transformation Board chaired by the Divisional Director IT. The Board will include technical and business representatives to manage and control the programme and key projects within it. The outline structure:-
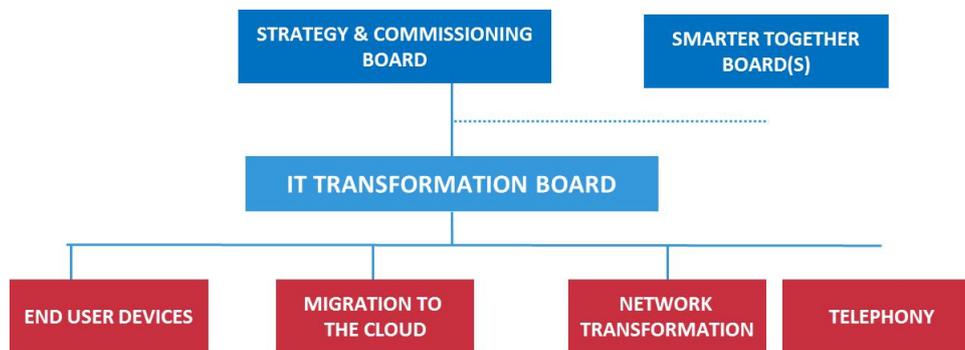
3.6   The IT Transformation Board will review all requests to commission work to deliver components of the programme and recommend approval or not to the Corporate Director, Resources, following review by technical and commercial leads for the Council.   It will also report into the ICT Strategy and Commissioning Board and the relevant Smarter Together Programme Board where there are dependencies between the ICT Transformation and Smarter Together Programmes.

3.7   Financial monitoring and reporting will be through existing budget monitoring processes.

4.   COMMENTS OF THE CHIEF FINANCE OFFICER

4.1   The cost of ICT Transformation detailed within this report will be funded from the Council's ICT Transformation Reserve (£25m) set aside as part of the 2017/18 budget process.

4.2   Any recurrent revenue implications arising from this will need to be contained within the current revenue base budget of £10.4m or alternative invest to save options will need to be considered.

5.   LEGAL COMMENTS

5.1   This report is asking for Cabinet to agree to the release of £16.35 million from a £25 million reserve that was set aside set aside as part of the 2017/18 budget process for investment in the Council's Information and Communication Technology (ICT).

5.2   On 22nd February 2017 Council agreed the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2017-20.   This is in

accordance with the Council's Budget and Policy Framework. Once the Budget has been agreed then it is the responsibility of the Mayor, the Executive and officers to implement it. The Mayor can therefore release monies from the reserve for investment in the Council's ICT.

5.3   The Council has a duty under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the best value duty"). Further the Council is obliged by section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is consistent with sound financial management, the Council's Best Value Duty and the Council's obligation under section 151 of the Local Government Act 1972 for the Executive to release monies for spending in accordance with the agreed Medium Term Financial Strategy from 2017/18 to 2019/20.

5.4   Whilst at this stage it is not clear as to how the spend will be broken down in terms of size of contracts, the Council will need to subject each contract expenditure to an appropriate procurement methodology. This will be dependent upon the value of each contract and the Council must comply with the relevant constitutional provisions that relate to that value and where warranted by the value the Public Contracts Regulations 2015.

5.5   Subjecting spend to competition is also the principal way that the Council demonstrates that it is achieving Best Value.

5.6   It is notable that the appointment of the Council's ICT partner was a process that was subject to European competition which included the provision of the items broadly identified in this report. The ICT Partner was also appointed in a capacity as a Vendor Neutral supplier and therefore it is compliant with the relevant European Law to purchase goods software and equipment with the associated services directly from the ICT Partner without further competition.

5.7   However, where a purchase is direct from the ICT Partner the Council must still satisfy itself and be able to demonstrate that the purchase represents Best Value. Also, the Council must abide by the rules for purchasing that are included under the ICT Partner contract.

5.8   Howsoever formed, each contract must include appropriate clauses allowing for the proper monitoring of the delivery of each contract in order for the Council to ensure that the spend under the contract delivers its intended purpose and thereby satisfies the quality element of the Best Value determination.

5.9   The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to avoid discrimination and other unlawful conduct under the Act, the need to promote equality of opportunity and the need to foster good relations between people who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required in order to enable the

Council properly discharge this duty. More information about the discharge of this duty is set out in the One Tower Hamlets Considerations section below.

6.   ONE TOWER HAMLETS CONSIDERATIONS

6.1   The ICT Transformation Programme will provide the infrastructure to enable to Council to deliver its strategic priorities and its One Tower Hamlets' objectives.

7.   BEST VALUE (BV) IMPLICATIONS

7.1   The preparation of this report has taken account of the Council's obligations in relation to its Best Value duty. The expenditure proposals and decisions made will be based on securing best value.

8.   SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1   The sustainable action for a greener environment and implications of individual proposals will be taken into account.

9.   RISK MANAGEMENT IMPLICATIONS

9.1   The ICT Transformation Programme has a formal risk register identifying the key risks to the Programme and the actions to mitigate those risks. The delivery of the ICT Programme will reduce the level of risk currently experienced by the Council due to the age and reliability of the existing infrastructure.

10.   CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1   There are no crime and disorder implications arising from this report..

11.   SAFEGUARDING IMPLICATIONS

11.1   There are no safeguarding implications arising from this report.

Linked Reports, Appendices and Background Documents

Linked Report
NONE

Appendices

- Appendix A – Further Detail of Investment

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012
None
Officer contact details for documents:
Adrian Gorst – Divisional Director of IT.

Appendix A – Further Detail of Investment

In recognition that business and investment cases were outline in their nature and that the assumptions and values of these would change throughout the lifecycle of the programme, officers have commissioned Agilisys to carryout early and enabling works to further develop outline cases. .

Early Works

In order for the work-streams to progress early work was required by Agilisys to conduct due diligence, and technical design work that would support and direct the development of the proposal(s). This included technical evaluation, high level application compatibility, worker styles analysis and the development of a SharePoint pilot site. The estimated cost of these works is **£0.25m**

Enabling Works

In addition to the Early works stage, Agilisys have been commissioned to complete the next stage in order to build on the knowledge gathered through the Early Works and to deliver detailed analysis and design of all of the work-streams and provide final estimates on the investment and additional revenue implications. **The cost of these works is estimated to be £ 0.4m**

ICT Core Transformation

In December 2016, the ICT Strategic Commissioning Board (SCB), received and reviewed outline business cases, for four of the key work streams. These are shown below together with the key outcomes of each Indicative one off investment and additional revenue implications are shown in the table below:

Work stream	Key outcomes included	Estimated one-off investment (£m)	Estimated additional revenue implications (£m)
Networks (underlying infrastructure upon which data and voice traffic is managed)	• Upgrade and improve Local Area Network (LAN) • Upgrade and improve Wide Area Network using Multiprotocol Label Switching (MPLS) • Upgrade and improve Homeworker Network using Multiprotocol Label Switching (MPLS) • Provide Wi-Fi across all Council Sites	2.1	
Cloud Migration (move where data and systems are housed)	• To migrate, update server and server estate that improves capacity, sustainability and reduces risks currently faced. • To upgrade to a Windows 10 environment	2.5	0.65
End User Devices/Desk top (The device/kit that 4000 staff and users use to access system and data)	• To replace or introduce new devices used by users across the Council over the next four years • To implement Office 365 (O365)	8.0	
Telephony	• Replace and update current telephony and contact centre systems and hardware • Introduce technology to make and receive calls for PC/Laptop • Increase and update the current MAAS solution	0.5	
Total		13.0	0.65

The indicative timescales for completion of each stage for each of the key work streams are shown in the table below:-

Work stream	Early Works completed	Enabling Stage	Planned Delivery
Networks	May to July 17	-	During 2017 and early 2018
Cloud Migration	Jan to April 17	April to July 17	2017
End User Devices/Desk top	Jan to May 17	June to July 17	Late 2017 into early 2018
Telephony	n/a	n/a	July 17

LBTH Team to deliver transformation

In order to manage and deliver an ICT transformation programme of this scale within the timeframe set out in the Medium Term Financial Strategy and the Smarter Together Transformation Programme, the Council will need to create and resource an ICT project team to manage and support the programme. It is estimated that the cost of this team for two years will be approximately **£1.5m**

Other potential calls against the ICT Transformation Reserve

There are a number of other developments and improvements that are planned to commence from 2017-18 that will potentially have to be funded from the ICT Transformation Reserve. The estimated value of these is estimated to be £1.50m. Details are provided below:-

No.	Component	One off (£m)	Estimated completion date
1	To implement and upgrade reporting suite using SAP Business Objects for a number of business systems. This will enable improvements in management and delivery of services by improved reporting across a number of services including Social Care, Housing and HR Systems	0.56	Dec-17
2	Improve performance of a number of key systems used by number of services including Social Care and Housing Benefits systems by introducing system provided by QUADNET. This will result in improvement in response times experienced by users	0.09	Sep-17
3	Investment required to ensure that improvements in security of the Council's networks and core infrastructure and in line with and accredited with both the Payment Card Industry and Public Service Network Standards.	0.10	Dec-17

No.	Component	One off (£m)	Estimated completion date
4	To increase the availability and resilience of homeworker and other key components of the network to improve stability of these and reduce time/productivity lost.	0.03	Jan-18
5	To improve firewalls and other changes to increase the security and protection of Council networks. These improvements will increase protection against "cyber" and other malicious attacks to Council IT systems.	0.04	Oct-17
6	To complete implementation of system that presents data and information to public in an easier to understand way and form	0.01	Aug-17
7	To rationalise and improve the back up an restoring of systems and data that will also improve performance experienced by users	0.02	Nov-17
8	To provide ICT service relationship manager to Tower Hamlets Homes and other services	0.08	Aug-17
9	To continue to improve printing facilities and support across Council offices improving availability of equipment and quality of printing.	0.07	Aug-17
10	To migrate system to a SQL platform that will improve performance of a number of applications used by Directorates	0.05	Feb-17
11	To undertake and implement recommendations of how Information is managed across the Council. This will result in improvements in volume and size of data stored. This will result in release of storage space and improving system response times for users.	0.10	Jan-18
12	To improve archiving of email system which will result in improvements to the current email system and processes.	0.05	Sep-17
13	Investment in resource to manage and deliver ICT projects planned.	0.17	Jul-17
14	To improve access by the public to council services and information using technology and systems Public Access Deployment	0.04	Ongoing

No.	Component	One off (£m)	Estimated completion date
15	To finalise implementation of I:casework system that is used to record and respond to both Freedom of Information Requests and Enquiries to Members. This will result in reduced duplication and speed of response to requests.	0.01	Jul-17
16	To carry out and support work to power at Mulberry Place to reduce time/system/productivity lost	0.04	Feb-18
17	To carry out a project piloting a number of devices that staff could potentially use in the future. The results will be used to inform and influence decisions to be made on devices to deployed as part of ICT improvement programme	0.05	Oct-17
TOTAL		**1.50**	