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| **REPORT TO:** | **FINANCE & MANAGEMENT COMMITTEE** | **AGENDA ITEM: 7** |
| **DATE OF MEETING:** | **12th OCTOBER 2017** | **CATEGORY: OPEN DELEGATED** |
| **REPORT FROM:** | **DIRECTOR OF FINANCE and CORPORATE SERVICES** | |
| **MEMBERS' CONTACT POINT:** | **KEVIN STACKHOUSE (01283 595811)** kevin.stackhouse@south-derbys.gov.uk | **DOC:** u/ks/it/it strategy/2017/it and digital strategy cover paper Oct 2017 |
| **SUBJECT:** | **INFORMATION TECHNOLOGY AND DIGITAL STRATEGY 2017 TO 2020** | **REF:** |
| **WARD(S) AFFECTED:** | **ALL** | **TERMS OF REFERENCE: FM 10** |

## 1.0 Recommendations

1.1 That the Information Technology and Digital Strategy, together with the associated work plan for 2017 to 2020 as detailed in the report, is approved for implementation.

## 2.0 Purpose of Report

2.1 To detail an updated strategy and work plan for the development and use of ICT.

## 3.0 Detail

### Background

3.1 Following the ending of the Corporate Services Contract with Northgate Public Services in February 2017, the IT service was transferred back to the Council. As part of that transfer, the establishment and budget for IT was approved by the Committee.

3.2 Since February, IT work has concentrated on stabilising operational services, together with ensuring the infrastructure has remained compliant with the Government's Public Service Network (PSN) requirements. This has included enhancements to security and business continuity functionality. The stabilisation programme is on-going and is planned to be fully completed by March 2018.

### Development of a Future Strategy

3.3 The Committee has previously approved an overall vision for IT based on "cloud based" technology. In July, the Council commissioned an independent IT expert to review the Council's position and to draw up a strategy to deliver the overall vision.

3.4 This has culminated in the document appended to this report, which is a proposed Information Technology and Digital Strategy, together with a

technology roadmap or work plan. This has been drawn-up to cover a medium-term period to 2020.

**The IT Environment**

3.5 Expectations for IT and the Digital Agenda continue to increase. The purpose of the Strategy is to provide direction for how technology can enable the Council to provide better services that meet these expectations. It is also intended to draw out efficiencies in service provision through transactional processing in particular.

3.6 Effectively, the Strategy is intended to provide a blueprint for IT service delivery and sets priorities for the next three years. It identifies the systems and services required and how these will contribute to the overall development of the Council.

**The Approach Taken**

3.7 The review considered the Council's current infrastructure and the phases required to migrate to the "Cloud". It also reviewed governance arrangements and the current mix of service provision.

3.8 As part of the review, consultation took place with corporate management, principal officers, Members and IT service staff.

3.9 The review identified areas to be developed in the Council's base infrastructure and these are effectively being dealt with as part of the current stabilisation programme. This will provide the foundation to migrate to cloud based solutions, together with the basis to deliver better customer interface and opportunities for mobile working - requirements identified during the review.

**The Proposed Strategy**

3.10 The Strategy is based on 4 principles:

- **Technology Infrastructure** – a cloud first approach to improve resilience, business continuity and reduce future capital costs. In addition, standardisation of end user devices and to enable mobile working where required.

- **Service Transformation** – functionality to enable a move towards greater digital based services for customer interface.

- **Governance and Security** – adhering to IT security standards and controlling project based work through a formal appraisal and sign-off process.

- **IT Services** – a mixed economy of service provision using in-house resources supported by external service providers as appropriate.

**A Phased Implementation**

3.11 It is proposed to deliver the Strategy through a series of phases and key projects. The “roadmap” or work plan is detailed in **Sections 6.3 and 6.4 of the Strategy Document.**

3.12 The key projects are detailed in the Appendices to the Strategy and include:

- Upgrading to Windows 10 operating system universally and implementing Office 365 cloud solution for email, messaging and collaboration.

- Upgrading telephony to cloud.

- Gradual movement towards Microsoft Azure cloud based services including back-up solutions.

- Reviewing digital technology on a case-by-case basis. This would include customer portals, integration tools to link systems, document management and a digital mail room.

**Risks and Opportunities**

3.13 The Council’s base infrastructure is generally fit for purpose but its end user environment (laptops, PCs, etc.) is becoming out-dated. The proposed programme is ambitious but is one which many other organisations have or are embarking on.

3.14 Microsoft Azure and Office 365 are becoming the favoured solution for many councils and central government. Microsoft is currently investing in technology for public services in order to overcome the added security functionality required by the public sector.

3.15 The risk of not developing IT is that the infrastructure will become outdated and inefficient; the Council could also fail to make better use of modern day technology, so the proposed strategy sets out a clear programme to improve.

3.16 The Council is at an early stage in developing so-called “Digital Services”. The implementation of the new web-site and the functionality this now allows for greater transactional processing is perhaps the first move in that direction.

3.17 Although there is a growing demand for digitisation, this form of service delivery may not suit all residents. Therefore, traditional customer access points will need to be kept available whilst the Council encourages and supports this move.

3.18 In addition, the programme will inevitably lead to a change in working practices internally and this will need to be managed through the Council’s Change Management Programme.

**Resources**

3.19 A limiting factor could be resources to deliver the Strategy. Since the transfer of the IT Service back to the Council, on-going resources have been employed

(as approved) and the mix of service provision, as recommended in the Strategy, is being implemented.

3.20 In particular, a new service desk facility for end user support has been implemented and "3rd line" technical/analyst resources are in place.

3.21 These resources are intended to support operational delivery but are also available for project work. However, it is considered that the recruitment to the post of the IT and Business Change Manager will be a key element in delivering the proposed Strategy.

3.22 This post has been earmarked and will be dedicated to lead corporately, the delivery of the Strategy and to work with services to implement business change. The recruitment process is for this post has now commenced.

3.23 Besides staffing, the Council will need to provide capital investment and on-going budget provision to deliver the Strategy and this is detailed in Section 4 below.

## 4.0 Financial Implications

4.1 The proposed Strategy includes a costed plan and investment model. The Strategy is split into 3 phases as summarised in the following table.

| **Phase** | **Detail** | **Estimated Cost (£)** |
|---|---|---|
| 1 - 2017/18 | Stabilisation | 108,500 |
| 2 - 2018/19 | Project Investment | 417,500 |
| 3 - 2019/20 | Project Investment | 175,000 |

4.2 It is anticipated that there will be some cross-over. Not all identified projects proposed in the later stages of Phases 2 and 3 have been costed at this point. This includes projects such as a digital mail room and integration tools which will require separate appraisal.

4.3 As the table shows, the main cost is scheduled for 2018/19 which reflects the upgrade to Office 365 and replacement of end-user devices.

4.4 The total cost is estimated at £701,000. However, the investment will be delivered within budgetary provision and resources set-aside for IT.

4.5 The Strategy effectively guides how the budget should be deployed and in particular the use of the capital investment sum, together with the IT and Innovation Reserves.

4.6 The cost in 2017/18 is being met within the 2017/18 budget. Excluding this, the proposed investment in 2018/19 and 2019/20 is approximately £590,000. It is proposed to finance this investment as follows:

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| IT Reserve | £140,000 |
| Innovation Reserve | £80,000 |
| IT Capital Budget 2018/19 and 2019/20 | £270,000 |
| Investment Contingency 2017/18 | £100,000 |
| **Total Financing available** | **£590,000** |

4.7 The IT and Innovation Reserves are funds previously set-aside to finance one-off investment. In accordance with current policy, any underspends on day-to-day IT budgets will be transferred to the IT Reserve following confirmation of the budget-out-turn position each year.

4.8 The IT capital budget is £135,000 per year. This is utilised to fund infrastructure replacement and end-user devices.

4.9 The investment contingency is funding set-aside from the overall budget savings made from the transfer of Corporate Services. This contingency is on-going but could be used in 2018/19 and 2019/20 in other service areas.

4.10 The above investment excludes on-going IT costs for licensing, ad-hoc replacements, repairs and maintenance, etc. This is funded within separate revenue budgets. In addition, individual service areas hold separate budgets to fund the cost of annual maintenance and support for functional software.

4.11 It is likely that revenue budgets will increase in future years to pay for cloud services as these are calculated on a per user basis. However, as there will be no requirement to host and maintain infrastructure locally (servers in particular) future capital investment will reduce.

4.12 Finally, as a current Microsoft customer, the Council's upgrade to Office 365 and Azure services, will be cost effective under current licensing arrangements.

## 5.0 Corporate Implications

5.1 The potential opportunities for service delivery and change management are detailed in the Strategy and the report.

5.2 The proposed governance arrangements are detailed in Section 8 of the Strategy. These arrangements are designed and structured to support the implementation of the Strategy in order to prioritise and manage projects.

5.3 The methodology ensures that resources are directed to deliver the most important projects first which have the greatest benefits to the Council.

5.4 Projects will be prioritised for a Category 1 (most important) to Category 4. All projects will be reviewed and prioritised by an internal operational group chaired by the Director of Finance and Corporate Services.

## 6.0 Community Implications

6.1 The Council has a set of defined outcomes in its Corporate Plan. The Strategy is designed to support these outcomes by improving productivity, reducing costs, improving customer services and increasing the skills of the workforce through new technology.

## 7.0 Background Papers

7.1 None