**Manchester City Council**
**Report for Information**

**Report to:**   Resources and Governance Scrutiny Committee - 30 June 2016

**Subject:**   ICT Update

**Report of:**   Bob Brown - Chief Information Officer

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## Summary

The Committee has requested updates on ICT to include:
- Operating Model;
- Key projects; and
- Financial position for the service.

## Recommendation

Members are requested to note the report.

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**Wards Affected:** All

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## Contact Officers:

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## Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.  Copies of the background documents are available up to 4 years after the date of the meeting.  If you would like a copy please contact one of the contact officers above.

Information & ICT Strategy, Finance Committee, 28th January, 2016
(http://www.manchester.gov.uk/download/meetings/id/20317/6c_-
_information_and_ict_strategy)

Capital Programme Monitoring and Capital Programme 2016/17, Executive, 1st June 2016

**1　　Introduction**

1.1　　This report is to provide an update on:

- Operating Model;

- review of key projects; and

- financial position for the service.

**2　　Executive Summary**

2.1　　Public Service Network (PSN) certification was achieved in March 2016 (see Appendix 1).  Whilst this represents a significant milestone for the council, it is appreciated that compliance to PSN and annual certification requires ongoing development work.

2.2　　A report outlining the new collaboration platform will be submitted to the July Resource and Governance Scrutiny Committee. The new collaboration platform will allow Council staff to interact in new and better ways with residents, businesses, partner organisations and other authorities without introducing additional risks or costs, this is especially important as we deliver the 'Our Manchester' agenda.

2.3　　ICT would also like to reference 'Our ICT Strategy' which alongside reference papers on Collaboration and ITSM  will be submitted to the Executive in July 2016 for approval.

**3　　Update on the ICT Operating Model**

3.1　　Recruitment of permanent staff remains a priority for the service. Since the last update, recruitment has progressed through a combination of direct advertisement and an increased social media presence. There are now 134.46fte roles recruited of the total 164.46fte.

3.2　　Currently ICT have 30 vacancies, predominantly in the Service Operations area (21 vacancies). The remaining 9 are spread across the rest of ICT Delivery & Test (6 vacancies), Enterprise Architecture (1 vacancy) and PMO (1 vacancy). Hays, a specialist IT recruitment partner, have been engaged via a procurement exercise to fill the remaining vacant posts.

3.3　　Recruitment to the structure will continue in partnership with Hays until September 2016 with a number of external appointments anticipated over the next few months. Although the number of contract staff is decreasing as vacancies are filled, contract resource will still be required to support the ICT service until permanent staff are recruited; all recruitment activity is expected to conclude by the end of September 2016.

**4　　Update on the ICT Portfolio and Project Review**

*ICT – Public Service Network (PSN) (Part of the Compliance Programme)*

4.1    Since the last update, in March 2016  Public Service Network compliance, part of the wider Compliance Programme, was achieved (Appendix 1). The remedial activity and measures introduced by ICT assured the Cabinet Office that the Council's infrastructure is sufficiently secure, allowing Council services continued access to welfare data. Continued engagement with the Cabinet Office will allow for a sustained review of progress and plans.

4.2    Recruitment of project resources to implement the next phase of activity required to maintain the Compliance Certification is complete. The '3 Month Post CoCo Submission Plan' is outlined below;

- Migration from Windows XP to Windows 7, managed by the Windows 7 project team

- Application of the latest security patches to the server and desktop estate

- The upgrade of network firewalls

- The migration of users from the legacy remote access gateway

- The application of anti-virus to all devices and servers

- The implementation of various network monitoring and logging tools

4.3    The remaining budget for the 3 Month Post CoCo Submission Plan in 2016/17 is c£0.5m. A business case is being prepared to drawdown from the ICT Capital Investment fund to maintain continued compliance.

**_ICT - Digital Workplace Strategy (DWS, Windows 7 Migration Project)_**

4.4    The DWS Programme, Windows 7 Migration Project will, in a phased approach, replace all non-compliant desktops, laptops and Wyse terminals with a new PSN compliant device and a supported operating system. Phase 1, the replacement of all windows XP desktops, laptops and Wyse terminals is due to be complete by the end of August 2016.

4.5    Phase 2 – Children's and Families directorate laptop mobility. Led and coordinated by ICT, 900 laptops have been purchased and fully deployed to colleagues in Children's and Families Directorate. This will allow staff to better meet the needs of service, accelerate the delivery of growth and reform strategies; whilst maximising the opportunities through health and social care integration and transforming Children's Services. There are a nominal number of laptops being retained for any newly recruited staff in the directorate. The cost for the laptops was £548k and has been funded by the ICT Capital investment fund. In addition, new video conferencing equipment has been deployed in the MASH to help officers communicate with greater effectiveness with partners. Utilising new technology is a key enabler in driving forward both the reform and improvement programmes for this service.

4.6    Phase 3 – Desktop and laptop upgrades to Windows 7. The deployment of desktop and laptop upgrades to 500 machines is now complete. Operational teams continue to support the transition of services and present options for

any applications not compatible with Windows 7. This work will continue throughout June and July.

4.7     The current Virtual Private Network (VPN) solution, which provides a way for some remote users to access local and shared files without the need to use the Citrix Access Gateway solution, is not PSN compliant. The planning for a PSN compliant VPN solution is under way with a view to rolling out the solution to 50 remote Revenue and Benefits home workers as soon as is practicably possible. If successful, this solution will then be transitioned to Service Operations and the solution will be made available to all VPN users.

### *ICT - Platform Hosting – (Part of the Disaster Recovery and Compliance Programmes)*

4.8     The Council has one primary data centre located in at the Sharp Project Campus, a building which is not owned by the Council nor is it purpose built. All the equipment at Sharp is owned and maintained by the Council.

4.9     Following the electrical fire in December 2015, it was clear that the Council needed to improve the resilience of ICT infrastructure. This includes a disaster recovery solution to prevent any future outages from disabling the whole estate. It is now critical that a programme of works is undertaken by ICT to protect key systems, services, documentation and data to enable business continuity.

4.10    The key objectives for this project are to:

- Define and agree the long term hosting platform strategy with built in disaster recovery provision.

- Complete any outstanding remedial action required to improve the resilience of the current data centre solution.

- Design and implement future proofed sustainable solutions for underpinning network infrastructures at both the data centre and all working sites.

- Agree disaster recovery process in the event of a major incident while the wider strategic work is completed.

4.11    It is proposed that the programme is split into five workstreams:

- Hosting platform – consider the various industry standard data centre models and provide a recommendation by December 2016.

- Data centre improvements - This project is already in progress and will complete any short term actions required to improve the resilience of current infrastructure and applications and will complete December 2016.

- Renegotiate the Telephony and Wide Area Network (WAN) contracts to deliver a value for money, fully managed service as well as an upgrade of the existing aged estate.  (November for contract change and FY 17/18 for upgrade of Telephony/Contact Centre Estate).

- Review and design the current network architecture to provide a fit for purpose network. This is an enabler project for the Collaboration implementation (March 2017 for initial works to key sites. FY 17/18 for wider re-design to be implemented across the estate).

4.12 Funding to deliver this programme of work in 2016/17 will be drawn from the existing £9.5m capital funding. An additional capital resource for ICT infrastructure and revenue investment will be included in the 2017/18 3 year budget forecast.

### *Collaboration Platform*

4.13 Manchester City Council has set out an approach for purchasing a new set of collaboration applications and tools. These applications and tools will allow Council staff to interact in new and better ways with residents, businesses, partner organisations and other authorities without introducing additional risks or costs, this is especially important as we deliver the 'Our Manchester' agenda.

4.14 In addition the new applications will improve current performance and deliver a much updated email and file sharing service for staff, enabling functions such as video conference from their devices and instant message facility, this will increase productivity and reduce the need to travel. By delivering this new platform and by procuring additional equipment we will be able to fully exploit the new technology. The phased approach to rollout this platform is anticipated to start in September 2016 starting with a new email and calendar service, file sharing and greater mobile flexibility.

4.15 The tools include:

- email and calendar;

- online areas where documents can be shared by groups of people to update and maintain version control;

- ability to work while mobile; and

- video links for meetings. (See above note)

4.16 To this end a thorough review of the market options has been undertaken to identify the best option for an enterprise-wide collaboration platform, which is an integrated set of online tools that allow people and communities to work together and to communicate online.

4.17 An assessment of available technologies has completed allowing ICT to select our preferred technological approach. ICT will bring a paper to the July Resources and Governance Scrutiny Committee confirming the technology choice and implementation approach.

4.18 Roll out of a new Samsung smart phone estate to replace the 2000 BlackBerry handsets has commenced and should be complete in October 16. ICT have worked hard to obtain these handsets with no additional cost to the Council.

Furthermore the new service is cheaper, provides unlimited phone calls, increased data provision and greater network coverage.

4.19   The next phase of this project will see the roll out of Samsung Tablets which are approximately half the price of existing IPads. The last phase will look to replace the voice-only phones across the Council estate.

*IT Service Management Tool (ITSM)*

4.20   The IT Service Management Tool will allow the department to proactively manage workflow, identify trends, manage the hardware and software estate and streamline the processes currently in place for self service.

4.21   The contract for the existing Service Management software has expired which present the department with an opportunity to secure a supplier of more sophisticated software with higher capability.

4.22   ICT have been considering the options available in terms of a product and an implementation-partner and can confirm the new ITSM tool will be a solution called ServiceNow. Proposals for implementation by two different suppliers are being considered and ICT should be in a position to assess which one to move forward with by end of June 2016.

4.23   In parallel to this there is already activity to mobilise resources for the implementation; the project should commence in the autumn and take 6 months to fully implement.

## 5      Budget – Revenue Position 2015/16 Outturn Position

5.1    The 2015/16 approved ICT revenue budget was £12.431m. At year end the overall net expenditure was £12.410m, resulting in a year end under spend of £21k. It is worth noting that early into 2015/16, ICT was forecasting an overspend of **£823K**.  The table below provides a summary of the year end position:

| Description | Budget 2015/16 £000's | 2015/16 Outturn Position £000's | Year end Variance 2015/16 £000's |
|---|---|---|---|
| Employees | 5,798 | 5,998 | 200 |
| Premises | 452 | 406 | -46 |
| Telephony | 1,083 | 1,071 | -12 |
| Contracts | 3,451 | 2,974 | -477 |
| Other Operating Costs | 160 | 206 | 46 |
| Maintenance & Refresh | 1,440 | 1,440 | 0 |
| Third Party Payments | 330 | 598 | 268 |

| | | | |
|---|---|---|---|
| Oracle Licenses | 60 | 60 | 0 |
| External Income | -343 | -343 | 0 |
| **Net Budget Position** | **12,431** | **12,410** | -21 |

5.2 The overall under spend position is made up of the £200k staffing overspend due to costs associated with the strengthened senior management structure, along with £268k overspend on approved contractor support brought in to assist with the reconfiguration and development of the ICT service. The large overspends are offset by in year contract savings of around £477k.

5.3 The Maintenance and Refresh budget was spent in line with the approved budget of £1.440m and the break down of the 2015/16 actual expenditure is provided below:

- £494k  - ICT staff costs in support of systems development
- £50k   - Emergency break fix cost
- £359k - Server platform and infrastructure
- £105k - Application upgrades required for Digital Workplace Strategy (DWS)
- £265K - Ongoing licensing costs
- £114k - Equipment for data centre flood
- £53k -  Daisy Mill exit costs

**2016/17 Budget Update**

5.4 ICT has a savings target of £435k within the 2016/17 budget. It was initially intended that the savings will be delivered, predominantly, through ongoing contract savings following the contract reviews.

5.5 Due to completion of the move from Daisy Mill to Sharp there is forecast to be savings on energy costs, this is a combination of lower usage and also more energy efficient equipment at the Sharp data centre. The full year energy saving is forecast to be around £180k and this has now been reflected in the 2016/17 premises budgets.

5.6 The remaining £255k is expected to be found from ongoing contract savings, work is still ongoing with suppliers in order to achieve the contract savings. In order to mitigate the risk in the current year the maintenance and refresh budgets have been reduced by the £255k until the savings have been identified. This will remain under review through the year.

5.7 ICT suppliers and partners continue to play a critical role in ICT and across the Council and more value can be leveraged from these relationships. Supplier days continue to be held quarterly with the last session occurring on May 17th.

More than £1mil of value has so far been achieved by improved working with our partners and suppliers.

5.8 As part of the approved 2016/17 budget the following growth has been agreed:-

- £2.0m – Disaster recovery and data governance

- £523k – Additional staffing budget to support senior management resources for a new ICT operating model

- £400k – Additional software licence costs

5.9 The approved growth is to be held corporately and will be drawn down once a business case has been prepared and agreed via the Revenue Gateway Group. This will then lead to a budget vehement and these will be reported during the year as they occur.

## 6 Capital Investment in ICT Systems

6.1 The ICT capital programme supports both existing priorities and investment of £9.5m for an initial phase of development which is designed to both secure the Council's systems and provide capacity to upgrade and expand. Attached at Appendix 2 is the outturn position for the ICT Capital programme for 2015/16, showing spend of £9.1m against £15.6m budget. This is the position that was reported to Executive on 1st June within the Capital Outturn report. It is a reduction of £6.5m on the budget previously reported to Scrutiny, predominantly due to slippage into 2016/17 and the end of the broadband voucher scheme, as discussed below. Appendix 2 also shows a revised budget for 2016/17 of £12m which re-profiles spend taking account of unspent budget from 2015/16.

6.2 The focus for capital works in the first part of the year was the exit of Daisy Mill, which can be seen in the relatively high spend compared to budget for this project as shown in Appendix 2. This focus had an impact on the rest of the programme and delayed the implementation of other major ICT schemes beyond the initial forecasts. Since the exit was achieved, work has continued on other aspects of the programme, with a focus on upgrading the systems that the Council currently uses, and the resource planning and sequencing of works required to achieve this.

6.3 On the broadband voucher schemes there has been spend of £4.5m against budget of £7m in 2015/16 as demand has been lower than anticipated. There is £1m in the budget for 2016/17 of which £200k relates to late voucher requests from 2015/16.

6.4 Business cases for the various project streams within the Infrastructure and Mobile Working programme are being developed, with some already approved. With £0.6m spent of the Infrastructure and Mobile Working programme in 2015/16, most of the expenditure will now be incurred in the

2016/17 financial year. This is due to a combination of factors including: capacity within the ICT service with work underway to fill the service part of the structure and following the recovery of the Data Centre to mains power, a number of residual issues required rectifying to bring services back on line further impacting on resources; and sequencing of the work required.

6.5 The sequencing of works is important, as in some circumstances, design decisions for one business case will be required to inform the technological design of other business cases. An example of this is that the Email element of the Collaboration project is dependant on the delivery of the Citrix 7.6 project.

6.6 The profile of spend for the £9.5m investment and the project streams involved are shown in the table below.

| Forecast Project Spend | Description | Progress to date |
|---|---|---|
| Compliance | A programme of activities to ensure that MCC meets its regulatory requirements | Business cases approved for Citrix (£0.984m) and Windows Migration and Upgrades (£2.289m) approved. |
| Upgrade Frameworki to MOSAIC | Upgrade the Children's and Families Case management system | Business case approved (£0.528m) and project in delivery. |
| Service Management | Service Management (A programme of activities to ensure that MCC ICT has appropriate service management tools to provide a proactive/management environment) | Draft business case to be resubmitted with final numbers and delivery partner in June (£1.1m). |
| Collaboration & Office Productivity (Email) | New Office Productivity and Collaboration platform to include new Email capability. | Decision expected June on product, this will then allow a resource plan and business case to be developed over the coming months. |
| Data Centre/Disaster Recovery | Data Centre/Disaster Recovery (To Ensure that MCC can provide Business Continuity in the event of a "disaster" with the Data Centre) | Hosting platform programme being scopes (See Section 4). High level business case requirements in development and an October target to complete the full business case. |
| Communications Room upgrades & rationalisation | Communications Room upgrades & rationalisation (To ensure the network | Business case approved (£0.140m) for initial scoping and the implementation |

| Forecast Project Spend | Description | Progress to date |
|---|---|---|
| | infrastructure meets regulatory & best practice requirements) | plan is being developed. |
| Laptops for Children's' & Families | £548k of approved ICT budget was used to fund Children's and Families Laptop Mobility procurement | See Section 4. |
| Infrastructure & Mobile Working | Infrastructure and Mobile working (A set of activities to support the ICT strategy) | Business cases being developed. Some funds used to support the Mobile Device Upgrade. |

6.7    For the remaining capital programme the details are included on the table in Appendix 2.  This spend profile has been changed to reflect slippage of £1.5m across several projects, caused by the need to prioritise business continuity and to review delivery in the light of design decisions for other projects. The projects affected are:

- PSN Compliance (£0.5m)
- Desktop Refresh (£0.1m)
- CRM-Phase 2 (£0.1m)
- Corporate Digital Telephony (£0.5m)
- Data Centre Provisioning (£0.3m)

6.8    The budget will continue to be updated as the Gateway requests for the unallocated element are received. Officers within ICT are submitting business cases for new projects, which are being thoroughly scrutinised by senior officers within the service and the finance team before being submitted to the Gateway process.  The progress of the existing capital programmed will be monitored as part of the overall capital programme monitoring, and reported to Executive.

6.9    There is an extra provision within ICT to ensure a project portfolio review is carried out by the end of June 2016 to establish which projects could be returning unspent capital funds.

[c1]

**Appendix 1**



Cabinet Office

**12** month

## PSN connection compliance certificate

This is to certify that

### Manchester City Council

has had its compliance reviewed and has demonstrated that its infrastructure is sufficiently secure to connect to the PSN during the following period

**01 March 2016**

**01 March 2017**

date issued

expiry date

For and on behalf of the Public Services Network

Mark Smith
PSN Head of Compliance

This Public Services Network (PSN) connection compliance certificate is issued following completion of the PSN compliance verification process. It shows that your organisation has successfully achieved PSN compliance by demonstrating to the PSN team that your infrastructure is sufficiently secure that your connection to the PSN would not present an unacceptable risk to the security of the network. Your certificate is valid until the expiry date shown above. It may be withdrawn at any time in accordance with the PSN Code of Connection (CoCo) if it is found that you no longer meet the agreed standards.

**Appendix 2**
**ICT Capital Budget 2015/16 – 2016/17**

| Project Name | Spend to 31/3/2015 | Budget 2015/16 | Spend 2015/16 | | Revised Budget 2016/17 |
|---|---|---|---|---|---|
| | £'000 | | | | |
| **PROGRAMME - ICT** | | | | | |
| **Exit Daisy Mill** | | | | | |
| Data Centre Provisioning | 4,562 | 1,777 | 1,471 | | 306 |
| Corporate Digital Telephony | 1,593 | 317 | -212* | | 529 |
| **PSN Compliance** | | | | | |
| PSN Compliance | 1,159 | 841 | 308 | | 533 |
| **Digital Workplace Strategy** | | | | | |
| Digital Workplace Strategy | 1,523 | 998 | 1019 | | |
| Desktop Refresh - DWS | 904 | 896 | 818 | | 78 |
| **Elections** | | | | | |
| Implementation of New Electoral Management System | 106 | 44 | 35 | | |
| **SAP New Functionality** | | | | | |
| SAP Roll Out | 1,977 | | | | |
| ESS/MSS | - | 147 | 154 | | |
| SAP BP&C | 243 | | | | 281 |
| SAP CLM_SLC | 69 | | | | 369 |
| **Broadband & Wi-Fi** | | | | | |
| Broadband Connection Vouchers (Pilot) | 1,015 | | | | |
| Broadband Connection Vouchers (Full) – Manchester** | 2,051 | 2,990 | 1,466 | | 8 |
| Broadband Connection Vouchers (Full) – Salford** | 324 | | | | |

| Project Name | Spend to 31/3/2015 | Budget 2015/16 | Spend 2015/16 | | Revised Budget 2016/17 |
|---|---|---|---|---|---|
| Broadband Connection Vouchers (Ph 3) – Manchester** | - | 4,040 | 3,076 | | 976 |
| Broadband Connection Vouchers (Ph 3) – Salford** | - | | | | |
| Wi-Fi in Public Buildings | 2,688 | 23 | 23 | | |
| **ICT Stand Alone Projects** | | | | | |
| Mobile Working (EziRosta) | - | 41 | 41 | | |
| Library Management System | 91 | 130 | 85 | | |
| Hybrid Mail | 244 | | | | 56 |
| Flexible & Agile Working | 151 | | | | |
| iBase Phase 2 | 121 | 65 | 8 | | |
| One System Upgrade | 78 | 20 | | | 47 |
| BMS Remote Access | - | 1 | 1 | | |
| CRM - Phase 2 | 1,091 | 64 | 1 | | 63 |
| THX & CL Service Transition | - | | | | 458 |
| All Services Hub Upgrade | 50 | | | | |
| Information Strategy Project | 629 | | | | 193 |
| Wider Area Network Redesign | 2,032 | 5 | 3 | | 57 |
| Solaris | - | 189 | 209 | | |
| ICT Transformation Funding – To be Allocated | - | 138 | | | 229 |
| ICT – Infrastructure & Mobile Working | - | 2,874 | 570 | | 7,830 |
| **Total ICT Programme** | **22,701** | **15,600** | **9,076** | | **12,013** |

*Duplicate creditor provision made
** Estimated based on split of budget, actual split still to be confirmed.