

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	12 APRIL 2021		
TITLE:	DIGITAL FUTURES FOUNDATIONS (ICT FUTURE OPERATING MODEL) UPDATE		
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SERVICE:	DIGITAL & ICT	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The current Information and Communications Technologies (ICT) contract with Northgate Public Services ends on 31 March 2021 and has no option within it for further extension. The successor arrangements are known as the ICT Future Operating Model (FOM); the project implementing that model has been named “Digital Futures Foundations” to help communicate to staff the role of the new model in enabling digital transformation.
- 1.2 In June 2020, Policy Committee endorsed the preferred option in the Outline Business Case (OBC) and granted delegated authority to the Executive Director of Resources, in consultation with the Chief Digital and Information Officer, the Assistant Director for Procurement and Lead Member for Corporate and Customer Services, to proceed with procurement and implementation of the preferred option, subject to delivery remaining within the financial envelope set out in the OBC, and a satisfactory report on progress being made to the Policy Committee in September 2020. Such a report was presented, as was a further report in December 2020.
- 1.3 This report summarises progress to date and the further progress that is expected to have been made by the time of the April Policy Committee. It also sets out the current financial projections for the project. Both capital and total revenue costs over the MTFS period are projected to be under the OBC estimate.

2. RECOMMENDED ACTIONS

1) That Policy Committee notes:

a) the progress made by the project to date;

b) that a post project completion report on the outcome of the transition and benefits realisation arising from the implementation of the new operating model, including

suppliers' social value commitments, will be made to Policy Committee in September 2021.

2) That Policy Committee approves the carry forward of the capital underspend into 21/22 noting that this funding will be needed to complete planned work that was intentionally deferred to avoid conflict with the transition to the new model and to upgrade infrastructure in areas where the transition project has identified issues (para 3.5.4 refers).

3. PROGRESS UPDATE

3.1 Agreed Future Operating Model

3.1.1 In summary, the Future Operating Model for the Council's ICT service comprises five elements:

- a **Hosting** provider, which provides cloud hosting of applications and data (equivalent to a data centre);
- a **Unified Communications** provider, which provides communications capabilities such as telephony (including a move for most users from the use of a physical desk phone to a computer-based "softphone", also available as a mobile app) and the services needed by our contact centre;
- a **Network Management** provider, which manages the provision of both wide area networks (eg Internet connectivity) and local area networks (eg WiFi);
- an **End User Workspace** provider, which provides the physical devices (eg laptops) needed by users, the service desk, and the overall service management toolset;
- an enhanced **internal ICT organisation** providing ICT policy, strategy and architecture; managing the integration and performance of the service providers; and ensuring that business requirements are being met coherently and effectively.

3.1.2 The OBC set out the approach and plan for implementing those five elements. The subsections below set out overall progress against that plan and report on the current financial position.

3.2 Progress against plan

3.2.1 At the time of writing (30 March), the project is currently on track to achieve transition to the new model on 1 April 2021. The table below sets out the progress made against each workstream, and the further progress expected prior to the Policy Committee meeting on 12 April 2021.

Workstream	Progress summary
Hosting	<ul style="list-style-type: none">• Contract with Agilisys signed 3 October 2020.• All applications and services migrated with the exception of data stored on user's "home drives" on file servers hosted by NPS. The volume of this data is so great that it could not be physically transferred by the deadline. Agilisys has arranged a one month extension with Northgate for the continued hosting while the transfer is completed. (Note that our Smarter Working project includes work to reduce the volume of such data and ensure that proper information management controls are in place around it for the future.)

Workstream	Progress summary
	<ul style="list-style-type: none"> The migration has improved the performance of some applications, notably the Capita Academy Revenues and Benefits application. In an independent move in parallel with the Agilisys work, the Mosaic social work casework and finance application was migrated from Northgate hosting to a cloud hosting arrangement offered by its provider Servelec on 28 March. Some users experienced performance issues in the immediate aftermath of this migration. Good progress is being made, at the time of writing, on resolving these users' issues. <p><i>Expected by Policy Committee meeting</i></p> <ul style="list-style-type: none"> Migration of "home drive data" complete. Mosaic performance issues resolved.
Unified Communications	<ul style="list-style-type: none"> Contract with Virgin Media Business signed 15 December 2020. Pilot successfully completed. All known users - including contact centre users - transferred to new 8x8 telephone system; a transfer of all remaining numbers is in progress at the time of writing. Snagging issues were encountered in the migration. Most - such as the correction of telephone directory information where this had been out of date - were rapidly resolved. The most persistent issue relates to the need to adjust security settings on laptops to allow the new headset we have procured to operate. This adjustment cannot currently be done automatically unless the user is connected to the office network, meaning that home-based staff who wish to use the headset we have procured have had to come into the office to collect it and update their laptop. <p><i>Expected by Policy Committee meeting</i></p> <ul style="list-style-type: none"> Cutover complete.
End User Workspace	<ul style="list-style-type: none"> Contract with Agilisys signed 17 December 2020. Phased cutover in progress, with the Agilisys service desk now being the first point of contact for all calls raised by both telephone and email. Knowledge transfer to the incoming team is complete. Active calls have been reviewed and are being closed wherever appropriate; any cases still open will be transferred to Agilisys to resolve. <p><i>Expected by Policy Committee meeting:</i></p> <ul style="list-style-type: none"> Full cutover on 1 April, including the launch of an online portal to allow users to raise service requests and issues and track their progress.
Networks	<ul style="list-style-type: none"> Contract with North (formerly Pinacl and not related to Northgate) signed 5 February Discovery and assessment stages complete, including identification of areas where technology refresh and/or extended service arrangements will be needed; these have been provided for in forecasts. <p><i>Expected by Policy Committee meeting:</i></p> <ul style="list-style-type: none"> Full cutover of support on 1 April
Internal ICT Organisation	<ul style="list-style-type: none"> Following the completion of consultation on 30 November 2020, the new structure was communicated and vacancies advertised. The launch of recruitment was delayed by discussions over the application of TUPE, which was complicated by the radical difference between the new multi-supplier model and the previous arrangements. In cases where TUPE was applicable, staff are

Workstream	Progress summary
	<p>transferring from NPS to RBC or the relevant new supplier.</p> <ul style="list-style-type: none"> • However, recruitment is now in progress, with all but four roles filled with permanent staff. Interim arrangements are in place for those four roles while recruitment for permanent staff continues. • Annex 1 shows the current organisation structure, and indicates where there are currently unfilled vacancies covered by interim arrangements.

3.3 Procurement update

3.3.1 Since the last report to Policy Committee in December 2020, the final procurement, that of the Network Management provider has completed as reflected above. Bids were received from North (formerly Pinacl Solutions) and one other bidder.

3.3.2 Both bids were credible and met our key requirements. The bid from North was evaluated as providing the greater value for money, demonstrating:

- a cohesive solution;
- the ability to integrate effectively between North's service management tool and the main service management tool being employed by Agilisys;
- a strong understanding of the current network environment;
- a commitment to collaboration with other suppliers in the new model;
- a transition plan that instilled confidence in North's ability to achieve transition by the 31 March 2021 deadline.

3.4 Social value update

3.4.1 Significant social value commitments were made by the suppliers as part of our procurement. These include:

- funded places on skills development programmes for young people from socially deprived backgrounds;
- support for charitable and social initiatives, with a particular focus on digital inclusion;
- funding for equipment and connectivity;
- coordinated access to volunteer skills;
- support for digital transformation experimentation.

3.4.2 Officers are currently working with the suppliers and developing governance arrangements to ensure that the maximum value is realised from these offerings and that it is focused on areas where need and potential are greatest. Proposals will be reported to the September 2021 Policy Committee.

3.5 Finance update

3.5.1 This section shows how the current estimated costs of ICT services in the Final Business Case (FBC) vary from the Outline Business Case (OBC). The FBC estimates reflect the results of the Hosting, Unified Communications, End User Workspace, and Managed Network procurements, and forecasted licensing, application, transition programme and ICT establishment costs.

Capital

3.5.2 Table 2 shows that the FBC position remains within the OBC estimate.

3.5.3 The shift of spend from this year to next reflects the fact that some work that was to be delivered by Northgate has been moved to Agilisys to avoid conflict with transition, and also that the Managed Network procurement has identified the need to upgrade some infrastructure elements after the transition. The cost of these latter changes has been offset by savings in transition costs elsewhere. The Policy Committee is asked to approve this carry-forward of capital underspend from 20/21 into 21/22.

Total Capital	Total	2020/21	2021/22	2022/23	2023/24	2023/25
OBC	£ 8,051,837	£ 5,838,587	£ 665,750	£ 537,500	£ 542,500	£ 467,500
FBC	£ 8,080,372	£ 5,123,502	£ 1,409,370	£ 537,500	£ 542,500	£ 467,500
Difference	£ 28,535	-£ 715,085	£ 743,620	£ -	£ -	£ -

Note: As was the case for the OBC, all figures exclude inflation. Green = improvement.

Table 1 - Overall capital variance from OBC

Revenue

3.5.4 The variance of the FBC position from OBC is shown in table 3. As a result of savings identified in procurement and organisation design, costs are lower than the OBC estimate in all years.

Total Revenue	Total	2020/21	2021/22	2022/23	2023/24
OBC	£ 25,146,609	£ 6,113,270	£ 6,604,313	£ 6,214,513	£ 6,214,513
FBC	£ 24,675,919	£ 5,847,427	£ 6,537,348	£ 6,192,284	£ 6,098,861
Difference	-£ 470,690	-£ 265,843	-£ 66,965	-£ 22,229	-£ 115,652

Note: As was the case for the OBC all figures exclude restructuring costs (see 3.5.5) and inflation. Green = improvement.

Table 2 - Revenue variance from OBC to FBC

3.5.5 Following our internal consultation and the application of TUPE, which was complicated by the radical change in delivery model, we incurred organisational restructuring costs of £347,200, which is being funded from the corporate reserve set aside for this purpose.

4. CONTRIBUTION TO STRATEGIC AIMS

4.1 The FOM is critical to the operation of the Council and therefore underpins all strategic objectives. In particular:

- It directly aligns to the corporate priority "Ensuring the Council is fit for the future".
- The Customer Experience Strategy approved at the January 2020 Policy Committee cited the FOM as a critical dependency.

5. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

5.1 There are no specific environmental or climate implications arising from this report. However, it should be noted that our hosting provider, which is proposing Microsoft Azure public cloud as its target hosting environment, with Crown Hosting (a Crown Commercial Services arrangement) as a fallback where public cloud is not immediately technically feasible, had the strongest response on energy efficiency across all bidders for that service. They quoted the lowest Power Usage Effectiveness

ratio (the ratio of total energy used by a data centre to the energy just used to power the IT equipment) (1.1), and public cloud (where computing power is shared across customers) is inherently efficient.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The Future Operating Model Business Case has been consulted on with key service stakeholders and through the Officer-led Digital Futures Board. In creating the Business Case, the consultants supporting the Design phase (Channel 3 Consulting) undertook market engagement to confirm market interest and obtain estimates to underpin the analysis in the Outline Business Case.

7. EQUALITY IMPACT ASSESSMENT

- 7.2 There are no direct Equality implications arising from this report. Equality aspects have been, and will continue to be, considered in the specification of goods and services (eg considering the needs of users with disabilities) to be procured, and in the implementation of organisational change.

8. LEGAL IMPLICATIONS

- 8.1 It was critical that this project was undertaken as the current contract with Northgate Public Services cannot legally be extended beyond the end of March 2021. (Provision did exist, as a contingency, for Northgate's involvement in transition activities to extend beyond that date, but it remained critical to have the new supply arrangements in place.)
- 8.2 All procurements were subject to Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. The contracts were let under the following Crown Commercial Service framework contracts:
- Hosting: G-Cloud 11
 - Unified Communications: Network Services 2
 - End User Workspace: Technical Services 2
 - Managed Network (which is focused on the management rather than the provision of network services): Technical Services 2

9. FINANCIAL IMPLICATIONS

- 9.1 Please see section 3.5 above, which describes the current financial position relative to the project budget that was set out in detail at the June 2020 Policy Committee. The current forecasts for both capital and revenue are within both that original project budget and within the current Council budget and medium-term financial plan.

10. BACKGROUND PAPERS

None

ANNEX 1 - DIGITAL & ICT ORGANISATION STRUCTURE

