Report No: 97/2016
PUBLIC REPORT

SCRUTINY PANEL

21 April 2016

OVERVIEW OF IT SERVICES - UPDATE

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information		
Cabinet Member(s) Responsible:	Cllr O Hemsley	
Contact Officer(s):	Debbie Mogg, Director for Resources	01572 758358 dmogg@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS
1. That the Panel notes the contents of this report and provides feedback to the Director on a) the proposed actions and b) any areas where further information is required.

1 PURPOSE OF THE REPORT

1.1 This report has been prepared at the request of the Resources Scrutiny Panel, following the presentation of report 165/2015 which provided an overview of IT service.

2 MAJOR PROJECTS AND UPDATE ON PROGRESS

2.1 Following the report to Resources Scrutiny Panel in September 2015 a number of significant projects have commenced that both inform the panel on progress within IT, help explain the role of IT within the authority but also start to set a strategy for the delivery of IT.

2.2 The Council operates a model of ICT servers and applications delivered from our main Catmose site and managed by our staff (not necessarily from the ICT Service). A project has commenced to move the Unit 4 (commonly called Agresso) application (used for finance, HR and payroll) from an on premise, self-supported and self-developed application to an off-site hosted and managed service set an important new operating model for the Council. This hosting will be provided by Hoople Ltd.

2.3 As reported in the Cabinet Report 52/2016 this will reduce the ongoing costs by £24,000 and also reduces the operational risks of the delivery of the application and service to users.

2.4 The new operating model of hosted systems seeking to reduce costs of ownership (which include areas such as staffing, training, server costs, server management, business continuity) is an important step towards an overall cloud hosting model.

2.5 In a similar way a significant project is nearing completion in the delivery of a new system for the People Directorate for Adults and Children Social Care. This is a complex project requiring the data transfer from the current system to LiquidLogic. This is also a hosted type model provided by the supplier.

2.6 To continue the move towards externally hosted systems and the removal of the on premise costs, the Development Control, Building Control and Land Charges suite of software is being moved to a hosted platform provided by the supplier, Swift Data Pro Ltd.

2.7 Following market testing and analysis of framework costings, in March the Council moved the corporate mobile estate from Vodafone to EE. This created a consolidated platform with one model of mobile phone for staff and the removal of the Blackberry estate. The new phones were based on the Microsoft Windows 10 platform.

2.8 Wireless facilities have been provided to key NHS locations in particular the Rutland Memorial Hospital. This is designed to provide flexible working for staff so that they can deliver their service.

2.9 Linked to ICT, although primarily a customer services project, ICT are supporting the development of the new website and currently identifying options for both new web design and also the application used to manage the content and functionality of web pages – called a Content Management System (CMS).

3 OVERALL ICT STRATEGY

3.1 The Council does not yet have a formal ICT strategy in place however the projects identified above start to provide some elements of a strategy.

3.2 A key area for consideration is the transfer from systems and applications that are run from the Council offices to a hosting model. This can take a number of forms:

- Hosted by a supplier – the application is owned and managed by the supplier and delivered as a managed service, usually including costs of upgrades and management.

- Private Cloud – A ‘self contained’ set of dedicated RCC servers with applications that are hosted by a third party that could be managed by a third party or RCC that have line of business applications.

- Full public cloud – The sharing of cloud infrastructure that run alongside other users again that could be managed by a third party or RCC, this market is dominated by Amazon and Microsoft.

3.3 The delivery of applications to users is normally based on two different technologies:

- Thick Client – this refers to the use of desktops and laptops where applications are installed locally on the device and all the processing is carried out locally.

- Thin Client – This is usually delivered with a low value device (such as a dumb terminal) and the users are presented with a screen of applications but the processing is carried out on centralised servers. Web applications where the results are processed on the server and results presented back to users is a good example of a thin client type technology.

3.4 The Council has made an investment over the last few years in providing modern laptops and desktops, which is a thick client technology and a significant further investment would be required to change to a thin client approach and at this point in time it is very unlikely an ICT strategy would seek a change to this model.

3.5 The Council, as with many other organisations especially in the public sector, remains reliant on Microsoft for both server and desktop delivery. This is because there is not enough competition and choice within the line of business applications to support alternatives such as Linux and so most line of business applications are built on the Microsoft platform. Whilst there is a move towards web based applications there is no compelling reason to move away from a Windows based infrastructure.

3.6 The reliance on Microsoft extends to corporate end user applications such as Word, Excel, Powerpoint and Outlook and the Enterprise agreement signed in May 2015 provides a subscription model for these applications.

3.7 Linked to both a reliance on Microsoft and also a move towards hosted models, work has commenced to use Office365 for the initial delivery of Email to users and then to extend to applications such as instant messaging, video calling and presence management.

3.8 It is important when considering any move to a hosted environment that all the costs of the on premise solution are established and a business case for the move developed. The running of an on premise data centre has a number of costs not always directly charged and visible to the ICT service and budget. Areas such as electricity, air conditioning, alarms and monitoring are not in the core ICT budget but are direct costs to running applications. Identifying time spent managing individual servers is not always easy and the calculating the costs of mitigating risks of failure can be difficult.

3.9 This can result in individual decisions on cloud models being difficult to develop a business case but when taken as a holistic view the rationale is clearer. In a cloud model there is also a shift from an initial purchase costs and then a smaller maintenance cost to a rental type model. This change of costing model can provide a challenge for the development of business cases.

4 APPLICATION REVIEW

4.1 The report 165/2015 provided a breakdown of the key software maintenance contracts that the Council has and this totalled £434,000

4.2 Around 60% of this spend is based on the delivery of 4 key business applications

- Capita – Education and early years related services.
- Civica – Council tax, NNDR, Benefits
- Unit 4 - Financial and HR Management System
- Microsoft - All licences in respect of Microsoft products such as Windows, Microsoft Office etc.

4.3 With such a significant budget for ongoing maintenance there is clearly an opportunity for cost savings (discussed further in section 8) and a number of methods for this to be delivered, for instance:

- System Consolidation – Situations where instead of having two (or more) systems one is used
- System Removal – the removal of a system that is providing no value and simple alternative is available
- Procurement – where a new procurement process could deliver a reduction in costs and, ideally, provide an improved efficiency for end users.

4.4 Many of the key systems within the Council have been installed for a number of years and are subject to annual support and maintenance contracts. This does provide a compelling reason to look for tender processes to ensure that the Council has best value from the assets it is using. It is also clear that there are hidden costs in any move of system, not least the change management with staff and the other transition costs.

4.5 At the moment there is no clear plan for application review. Recently an ICT steering group has been commissioned to start to provide both input to an ICT strategy but to also look at opportunities for system rationalisation. This steering board will include the portfolio holder for IT.

4.6 Within ICT there are number of areas for review of IT systems without affecting end users. For instance we expect to:

- Replace helpdesk software – We can reduce/remove the costs of the helpdesk software used to record support calls
- Use Open Source software – this can potentially eliminate costs of software
- Consolidate systems – as new features are added to IT applications often we can reduce the number of systems. So for instance instead of having a firewall to protect the network and a separate solution to check email for viruses there is an opportunity to have one firewall that also checks emails.

5 ICT AS AN ENABLER

5.1 Over the next few years it is likely that we will see an emerging of pressures

between ICT and business areas. On the one hand ICT will seek to identify costs savings for the delivery of ICT and at the same time business areas will seek solutions from ICT to help them deliver savings.

5.2 ICT should be an enabler for change within business areas and develop invest to save solutions. The most significant challenge has been the tracking of savings and to ensure that these savings have a material effect on the overall budgets.

6 AUDIT RECOMMENDATIONS

6.1 In May 2015, at the request of the Director for Resources, an internal audit review was undertaken in respect of IT Asset Management. This review provided limited assurance over the adequacy of the controls in place and made a number of recommendations to address these weaknesses.

6.2 Other outstanding audit recommendations remained from previous audit covering areas such as helpdesk and ICT system administration.

6.3 In January 2016 progress on these actions it was reported to the Audit and Risk Committee and all outstanding actions had been completed.

6.4 In order to ensure that processes are embedded and working as required, it is likely that Internal Audit will be asked to review areas of ICT covered by previous audits. It is also expected that Internal Audit will review the Hoople arrangements.

7 ICT STRUCTURE

7.1 Following the appointment of the Head of ICT in October 2015, it has been recognised that there are a number of temporary contracts in place, either by agency support or short term casual contracts.

7.2 A proposal for a new structure has been made, based on a number of different models, and is expected to be implemented by the end of May 2016 although is draft and consultation may be required with staff.

7.3 Any new structure will need to provide some flexibility, for instance an apprentice role and potential temporary contracts, given the potential changes to the role of ICT moving forward.

7.4 From 1st April the Head of ICT has assumed responsibility for managing the Customer Services Team. This links well with the work commencing on the new website and also potential discussion regarding a CRM and rationalisation of applications.

8 ICT AND COST SAVINGS

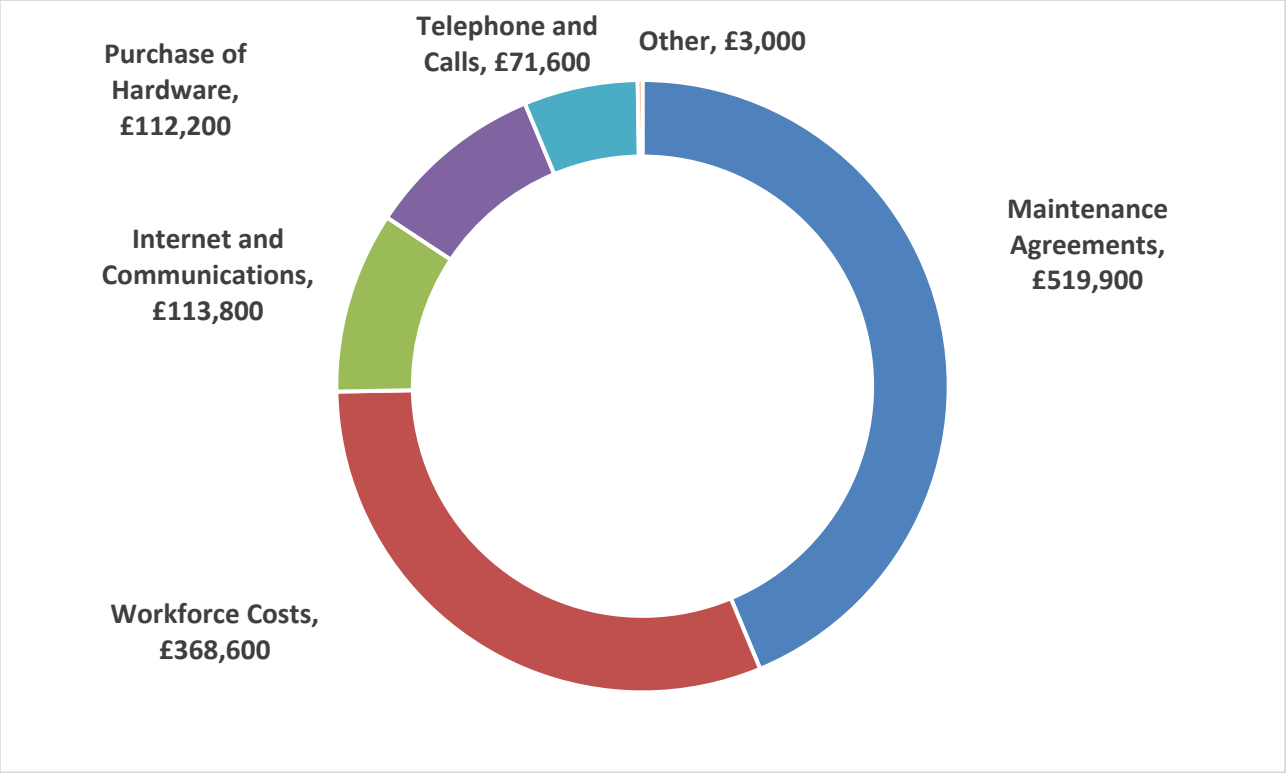
8.1 ICT as a support service and against the background of further budget constraints does recognise the need to make costs savings in its delivery.

8.2 The following table a graph show the breakdown of the costs of the ICT service based on the budget for 2016/17 (excluding the performance and application support team).

8.3 Budget for ICT 2016/17

Area	**Budget**	**Percentage of Total Budget**
Maintenance Agreements	£519,900	44%
Workforce Costs (Staffing, NI, pension, Professional Services)	£368,800	31%
Internet and Data Communications	£113,800	10%
Purchase of Hardware	£112,200	9%
Telephony and Call handling	£71,600	6%
Other	£3,000	0%
Total	**£1,189,100**	

8.4 Budget for ICT 2016/17 as pie chart:



8.5 In order to achieve savings over the medium term financial strategy each of these areas offers opportunities to reduce costs.

8.6 Maintenance agreements, 44% of total budget, cover the costs from suppliers of releasing updates, fixes to applications and the costs of raising support calls where there are issues with the application. The majority of the costs in this area relate to service applications and therefore a detailed discussion is required to make any cost savings. However this areas represent both the most significant area of spend and also the area with the most flexibility of where costs can be reduced and can be delivered through:

- Opportunities to renegotiate contracts e.g. longer term contracts, reduction in level of support.
- Opportunities for testing the market procurement. Whilst there are transition costs, there may be a business case for a change of system.
- Consolidation of applications, so where we have 2 applications these could be combined into 1 system.
- Removal of maintenance from applications that do not require maintenance.
- Use Open Source software – where there are no or very reduce costs of the support.

- Remove the application being used and replace with alternatives

8.7 Workforce Costs are 31% of the total budget for the ICT service and covers the costs of staff within the service delivering and supporting the IT systems. The ICT structure identified above could lead to some cost savings (current estimates of costs are based on expected job evaluation outcomes). As the Council moves towards a cloud based solution it is likely that workforce costs should reduce.

8.8 It is likely that costs savings for the areas of Internet and Data Communications (10% of total), purchase of hardware (9%) and telephony and calls (6%) should emerge as technology advances and could include cost savings covering:

- Data Connections – The costs of data connections are likely to reduce (on a like for like basis)

- Cloud/Hosting costs – The costs of public cloud have reduced over a period of time and as there is more competition and more users are using cloud then we should see further reductions.

- Telephony and Mobile costs – these costs continue to reduce and are expected to continue.

- New technology for telephony and the joining up of land lines and mobiles – it is expected the costly ISDN lines for incoming calls could be changed to new cheaper technologies.

- Hardware – devices such as laptops, tablets, desktops have reduced over the recent history and could be expected to reduce further. At the same time devices are less likely to need to be changed (for instance Windows 10 runs well on machines more than 4 years old)

9 ACTION PLAN

9.1 The following table lists some of the key actions that IT will support and develop over the period 2016/17.

Area	**Action**	**Dates**
Governance	Implement Steering Board	From May 2016
Strategy	Develop agreed ICT strategy	July 2016
Governance	Audit Recommendations – Review audit recommendations to ensure embedded and new audits	Ongoing in 2016/17
ICT Structure	Implement new ICT Structure	May 2016 (internal staff) July 2016 (for any external recruitment completed)

Area	Action	Dates
Application Review	Review critical business applications to identify cost savings and develop action plan	August 2016
Application Review	Implement action plan	Post August 2016
Application Review	Renew Microsoft Enterprise agreement and implement Office365	May 2016
Application Review	Hosting of Agresso/ Unit 4 with Hoople Ltd	September 2016
Application Review	Hosting of Development Control, Building Control, Land Charges	April 2016
IT Review	Develop action plan for internal IT systems (firewalls, switches, servers) – to identify areas of cost savings and investment	September 2016
Telephony/ Data/ Hardware	Develop action plan for IT telephony, data communications and hardware – to identify areas of cost savings and investment	September 2016

10 FINANCIAL IMPLICATIONS

10.1 This report provides an overview of the Council's budget in respect of IT. There are no direct implications arising from this report. Cost savings opportunities are dealt with in the report.

11 LEGAL AND GOVERNANCE CONSIDERATIONS

11.1 There are no implications arising from this report.

12 EQUALITY IMPACT ASSESSMENT

12.1 An Equality Impact Assessment (EqIA) has not been completed because this report simply presents information to Members to aid understanding of the Council's IT Services. No decisions are required.

13 BACKGROUND PAPERS

13.1 Report 165/2015.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.