POLICY & RESOURCES COMMITTEE	Agenda Item **159**
	Brighton & Hove City Council

Subject:		ICT Investment Plan 2013 - 2016
Date of Meeting:		21 March 2013
Report of:		Director of Finance
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Ward(s) affected:		All

FOR GENERAL RELEASE

1.   SUMMARY AND POLICY CONTEXT:

1.1   The purpose of this report is to set out proposals for the use of an ICT Investment Fund for 2013-16. The fund will contribute to the delivery of the council's agreed ICT Strategy and help it to meet growing demands from unprecedented social, environmental and economic challenges. The proposed investment in core technology infrastructure will mitigate identified risks and secure future long term business process improvement and the development of the innovative services that will be essential to the city and its citizens. The overall aim is to move our ICT from a traditional approach where all services are behind a prison wall protecting buildings and data, to one where ICT acts as a hub through which service flows safely between the authority, partners and customers.

2.   RECOMMENDATIONS:

That the Policy & Resources Committee:

2.1   Approves the proposed ICT Investment Plan as set out in this report for 2013-16.

2.2   Approves the use of an ICT Investment Reserve and the associated revenue and capital expenditure for 2013/14 which are funded by resources approved by Full Council on 28 February 2013.

2.3   Notes that expenditure after 2013/14 will be subject to available funding and approval of fully funded annual Capital Investment Programmes by Full Council.

3.   RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.2   Public service organisations, including Brighton & Hove City Council, face unprecedented social, environmental and economic challenges. This places huge demands on Local Authorities to respond with creative and innovative services. The ICT Strategy, approved by Cabinet in October 2011, sets out the rationale for investment in the council's technology platforms and describes, at a strategic level, the information technology and architecture that will be needed to

deliver the council's Corporate Plan outcomes. It articulates why information provided increasingly through technology is now essential to the delivery of day to day services and enables ICT to focus on delivering shared and reusable data and solutions across the council, particularly where there are shared requirements. Further, the strategy sets out how investment in core technology infrastructure provides the foundation stone for future long term business process improvement and the development of the innovative services that will be essential to the city and its citizens

3.3   This strategic approach is built upon the assumption that the underlying infrastructure components will be managed and maintained through their lifecycle and appropriate capacity and support provided through a medium term investment plan. Critically, this will enable ICT to avoid short term tactical and often reactive investments that do not always represent the best value for money in the longer term. The approach will therefore allow a shift to longer term planning to maximise value.

3.4   While this report sets out the key areas of investment, detailed spending decisions will be subject to approval by the ICT service's internal Change Advisory Board. This is a critical project management discipline which ensures that a sound options appraisal and business case is in place and the resourcing requirements and interdependencies are properly understood. The service has a presumption in favour of collaboration with other partners in the South East 7 (SE7). This means that before undergoing any significant investment decision we consider whether this could be done alongside other local authorities in the region. For example the council's investment in a new wide area network is being undertaken through the Sussex Link alongside East Sussex County Council and other public sector partners. In many cases the council can also access national and regional procurement frameworks for some of this investment which can provide a quick and cost effective route to achieving value for money from aggregated purchasing power.

3.5   It is in this context that significant reinvestment in the core infrastructure is now required. The council's ICT Service has, in its stewardship role, extracted maximum value from the previous rounds of limited investment. However, further investment is now required across all the core services as much of the infrastructure is reaching the end of its productive life and must be replaced. The investment will ensure that core services are maintained, remain resilient and fit for purpose and will also provide the foundation for future development to meet the needs of the major modernisation programmes.

3.6   Failure to invest at this critical point will not only place the already stretched current infrastructure and core technologies at risk (with the consequent impact on day to day service delivery) but also undermine the council's future ability to grow and meet increasing demand for technologies that deliver services safely and securely, while protecting the integrity of personal and sensitive information. This will lead to unacceptable levels of risk to the authority in terms of:

- Information security (robustness against malicious attack which is becoming increasingly sophisticated);
- Business continuity and customer service (threats to availability of services as the architecture ages);

- Actual or opportunity cost (slow, unresponsive, legacy architecture that won't allow the authority to maximise benefits and savings from its investment in modernisation e.g. the Workstyles Programme and may reduce staff productivity).

3.7 The investment profile set out below covers the asset and security technologies associated with ICT's provision of core services across BHCC and is set over a 3 year period. It is primarily focused on replacing aged and unsupported components in the architecture, updating and expanding those which continue to deliver value and creating a core information and technology infrastructure that can adapt to evolving user, business and security assurance needs.

3.8 This report therefore seeks approval for the total proposed expenditure of **£5.930m.** The breakdown is shown below

FUNDING SOURCE	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Capital	1.000	2.000	2.000	5.000
Revenue	0.490	0.385	0.055	0.930
Total investment over 3 years	**1.490**	**2.385**	**2.055**	**5.930**

3.9 The following paragraphs set out in more detail the investment aims across the major themes. The investment profiles are set out in more detail within Appendix A. The themes are interlinked and are interdependent to the delivery of the core aims and objectives as outlined above. The split between capital and revenue funding is indicative at this stage. The sourcing and pricing models for ICT investment vary enormously and it is critical that the council is able to assess and respond to the best market offers available at a particular moment in time. As an example the council could move more strongly into a revenue based model where investment is secured through a subscription model (like a pay as you go mobile phone). The council is facing resource constraints both on capital and revenue funding and therefore there is no clear preference and a flexible approach is likely to be beneficial.

3.10 The investment aims to move staff away from a situation where currently they waste time waiting for core systems to start and respond, searching across multiple locations for information and are tied to a limited set of council buildings and devices. The aim is to ensure that staff and partners can access, update and share the information they need, quickly, easily and safely and communicate effectively and efficiently with customers, partners and other staff.

3.10.1 **Enterprise Content Management and Records Management** - This is about investment in managing information, a valuable asset, and associated records management. Investment in this area has two major aims:

i) To allow the authority to better govern and secure its valuable information assets, while simplifying and increasing the efficiency in the way it is used and shared.

ii)   To enable a more sustainable approach to the amount of information held. Reducing the volume of duplicated and inappropriately held information will contain costs, storage need and reduce its environmental impact.

This will also help to mitigate the strategic risk around Information Governance, including the potential for significant fines by the Information Commissioner's Office.

3.10.2 **Follow Me Desktop and Replacement Operating System Delivery** - Like many other large organisations, Brighton & Hove City Council delivers a stable and familiar ICT experience to its staff via their workstation or other devices. However, the significant age of the network and operating systems means that much of it needs replacing over a short period, as it will be unsupported by suppliers and is already beginning to impact on staff's ability to work efficiently. With the significant changes facing staff and services, it is important that the investments over this period deliver a fast, simple, easy to use operating environment, allowing staff to concentrate on their use of information and delivery of service rather than being frustrated by the unresponsiveness of the technology.

3.10.3 **Identity and Access Management and Customer Accounts** - The authority's duty of care and legal responsibilities are to ensure and assure that people and organisations can only see the information they have a legitimate right to access. As more information becomes digital and more partners are engaged in delivering services, this task increases in complexity. In order to ensure the authority can carry this out, there is a requirement to provide the tools, processes and technologies to manage who can see, supply, share and act on what and where. This includes ensuring that our customers can safely and with confidence transact with us through digital channels such as the council's web site.

3.10.4 **Core Telephony Infrastructure and Unified Communications -** The investment in the authority's core telephony infrastructure expands the existing successful investments across the remaining business areas. This will address the need to remove the current dependency on non-standard technology which hampers flexibility, and prevents the reduction of costs and delivering new efficiencies for staff and services, fully supporting the approaches developed through the Workstyles VFM Programme.

3.10.5 **Local Area Network, Network Security and Core Site Wireless -** There is a need to redesign network access in council buildings. This will enable access to their own systems by partners and flexible working arrangements for staff. This need is further driven by the changes introduced through the external network connections with partners and the Information & Records Management approach. The aim of this investment is to improve speed of access, the way in which information is protected, access is controlled and the management of the increasingly complex mix of suppliers, users and partners is maintained. This will also support the new opportunities to safely source technology from public and private providers (including both cloud and shared service options). This is a particular frustration for many staff at the moment who are experiencing significant delays in accessing the systems they need.

3.10.6 **Data Centre and Utility Computing -** The proposed investment in data centres recognises that the authority's computer rooms and equipment are coming to the end of their life. Investment in this area will allow us to exploit the major, sustainable investments already made by other public and private sector providers (for example other South East 7 and Link partners). This competitive supply market will therefore enable the authority to access and drive excellent value, while maintaining and improving the reliability and availability of core services.

4.   COMMUNITY ENGAGEMENT AND CONSULTATION

4.1   This report supports the high level objectives set out in the ICT Strategy 2011–2016 approved by Cabinet at its meeting on 11th October 2011.

5.   FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1   The overall allocation of funds for the Capital Investment Programme and General Fund revenue budget was presented to Policy and Resources Committee on 14 February 2013 and Budget Council on 28 February 2013. These allocations included capital contributions of £1.0m in 2013/14 and £2.0m pa for 2014/15 and 2015/16 alongside up to £1.0m revenue to support the modernisation of ICT across the authority in line with the ICT investment strategy. It should be noted that expenditure after 2013/14 will be subject to the availability of capital resources and the approval of a fully funded annual Capital Investment Programmes by Full Council.

5.2   The Investment Plan 2013-2016 will utilise an ICT investment reserve to manage the profile of revenue expenditure over the plan period. This reserve will be added to from time to time from relevant ICT income sources and recharges where the related expenditure on investments is to be undertaken in a later financial period. As described in the body of the report a variety of potential procurement routes may be used (eg national frameworks or working with SE7 partners) to achieve value for money. The split of revenue and capital funding is indicative at this stage, particularly for years 2 and 3 and dependent on an assessment of the most cost effective sourcing and pricing model for individual investment decisions.

5.3   Progress on the delivery of the strategy will be monitored through the Targeted Budget Management (TBM) process and will be reported through the TBM reports to Policy and Resources Committee.

Finance Officer Consulted: Rob Allen   Date: 21/02/13

Legal Implications:

5.2   Policy & Resources Committee has authority to approve the proposed ICT Investment Plan, as the Committee has responsibility not only for ICT functions but with matters which have corporate budgetary or policy implications, of which the Plan is an example.

Approval of recommendation 2.2 is predicated on Budget Council (28.2.13) having approved the requisite funding.

Lawyer Consulted: Oliver Dixon   *Date: 20/02/13*

Equalities Implications:

5.3   An Equalities Impact Assessment (EIA) will be conducted against any part of the programme which results in a change to user functionality. Service and or customer service impacts will be addressed by relevant services where identified.

Sustainability Implications:

5.4   This investment enables a work programme that supports a number of initiatives (such as mobile & flexible working and consolidated infrastructure) which in themselves support the wider corporate commitment to sustainability and the reduction of carbon emissions.

5.5   Introducing more modern ICT hardware will reduce the energy required by the council to run both its infrastructure and desktop hardware

Crime & Disorder Implications:

5.6   None

Risk and Opportunity Management Implications:

5.7   Each scheme identified within the programme will be subject to appropriate risk assessment. The investment over three years enables proper capacity planning to support the delivery of the major transformation projects and strategic outcomes. The allocation of this funding also underpins business resilience which helps manage the inherent risks to services dependent on IT for their day to day operation. The investment also addresses the strategic corporate risk covering Information Governance Management.

Public Health Implications:

5.8   There are no Public Health implications.

Corporate / Citywide Implications:

5.9   This report sets out the required levels of funding to deliver the services which support the council's Corporate Plan priorities and commitments.

6.   EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1   An alternative option would be to not invest in the core assets and services. This is not considered a viable or safe option as it would lead to critical service failure over the life of this investment period, significant contractual and financial risk and interruptions (potentially severe) to the authority's ability to deliver its services. Not investing would also severely limit the council's ability to derive savings from other programmes and services or result in increased costs over the plan period including:

- The Workstyles VFM Programme – ICT investment enables the 'Workstyled' accommodation areas to be maximised through flexible working increasing available savings;
- Business Process Improvement – ICT investment is critical to enabling services to improve productivity and customer service;
- ICT Infrastructure and information security (which are also likely to increase further without investment);
- Council-wide ICT costs (services will increasingly find routes to purchase their own solutions as core services fail or become outmoded);
- Inability to maximise value from other ICT investments including 'the Link' public sector network investment with ESCC, planned rationalisation of voice services and contracts, and/or potential to exploit Data Centre facilities provided by others.

6.2   Given the high demands on investment and the challenging financial situation over the foreseeable future, the level of investment recommended has been set at the minimum recommended level to enable the authority to mitigate and manage the risks identified in the body of the report. The investment will also enable the authority to achieve the necessary service modernisation and improvements to lever in productivity and efficiency savings. These will support the substantial savings requirements set out in the Medium Term Financial Strategy.

6.3   There are a wide range of choices with regard to the design and procurement of the services and technology proposed in the Investment Plan and also the pricing models. We will utilise proven, cost effective procurement routes or buying frameworks, supported by the council's category management expertise and our technology partner, to obtain optimum value for money from the proposed investments. This will include exploiting new opportunities across shared services, cloud/utility services and working across partnerships. Where appropriate, common elements will be packaged, sourced and resourced together to ensure maximum value is obtained. Brighton & Hove is working closely with partners in the City and across the South East region to deliver these opportunities collectively where this is of benefit.

7.   REASONS FOR REPORT RECOMMENDATIONS

7.1   The ICT industry and the patterns of public service provision are changing rapidly, presenting both new opportunities and challenges. This Investment Plan seeks to put in place a design which allows the authority to safely exploit the new opportunities across shared services, cloud/utility services and work across partnerships. Crucially this requires renewed investment in delivering safe and secure mechanisms for sharing information.

7.2   The investments are scheduled to mitigate the risks of contracts, assets and software reaching the end of their useful life. Year one will deliver on the urgent replacements and ensure initial designs and sourcing approaches are developed for those elements to be delivered in years two and three.

7.3   Care will be taken to ensure that this will be done in line with the Accommodation Strategy, maximising the flexibility of staff and partners to work from multiple locations.

SUPPORTING DOCUMENTATION

Appendices:

1.   ICT Investment Profile by Theme

Documents in Members' Rooms

1.   None

Background Documents

1.   ICT Strategy 2011-2016