WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead – People & Technology

Corporate Services Committee: 13 February 2019

Subject: ICT Update and Contract Spend 2019-20

1. Purpose

1.1 The purpose of this report is to provide the Committee with a detailed breakdown of the planned Information and Communication Technology (ICT) capital and revenue spend on new and existing contracts in excess of £50,000 and seek approval to procure and contract for the required goods and services.

2. Recommendations

2.1 The Committee is asked to:

2.1.1 note the ICT Revenue and Capital spend detail included in this report, including the anticipated procurement method. The projects to deliver this spend will be included in the 2019-20 ICT Operational Plan which is currently under development;

2.1.2 delegate authority to the Corporate Procurement Manager in consultation with the Strategic Lead – People and Technology to instruct the award of contracts for the planned revenue and capital spend detailed in this report to suppliers providing the most economically advantageous offer to the Council for all spend purchased from existing National Framework agreements; and

2.1.3 note that spend not on National Framework agreements and, where the value is in excess of £50,000, will be submitted to the Tendering Committee for approval.

3. Background

Capital

3.1 In line with the ICT Asset Management Plan 2017-22 agreed at Corporate Services Committee in August 2017, the Council continues to make a substantial commitment to improving the ICT infrastructure and processes to support service delivery through capital investment.

3.2 Table 1 below shows the Capital plan as agreed by Council on 5 March 2018 and includes recurring capital budget for ICT.

Table 1 – ICT 2-Year Capital Plan

Capital allocation	2019/20	2020/21
ICT Core Infrastructure (including Security & Resilience)	£200,000	£482,000
ICT Modernisation / Infrastructure (£575k in total)		
• ICT Modernisation / Infrastructure ICT	£420,000	£625,000
• ICT Modernisation / Infrastructure HSCP	£155,000	£155,000
Total	**£775,000**	**£1,107,000**

3.3 Subject to the Capital Plan being approved, Table 2 below shows the proposed re profiling of the agreed ICT capital which is included in the Council's 2019 Capital plan report. The proposal is to:

3.3.1 include an additional £160,000 for replacement of audio visual equipment in schools;

3.3.2 include and additional £123,240 for ICT resources to support a range of corporate projects for example rebuild and refurbishment projects and new technologies and developments to support service transformation; and

3.3.3 re-profile the ICT Core Infrastructure more evenly across financial years.

Table 2 - Planned ICT Capital Spend 2019/20

Description	Estimated Capital	Estimated Revenue Impact (Year 2)	Planned Procurement Route
ICT Core Infrastructure (Security & Resilience) £390k			
• Servers & Infrastructure • Security compliance works and solutions • Resourcing	£390,000	£30,000	Existing Contract / Tender / Framework
ICT Mod / Infrastructure £575k			
• Device replacement	£300,000	£20,000 *	Existing Contract / Tender / Framework
• ICT Service Modernisation	£120,000	£10,000 *	Tender / Framework
• ICT Modernisation / Infrastructure HSCP	£155,000	£15,000 *	Existing Contract / Tender / Framework
Audio Visual(AV) Modernisation Education £160k	£160,000	£15,000 *	Framework / Tender
Resources to Support a range of Corporate projects £123,240	£123,240		
Total	**£1,248,240**	**£90,000**	

* The revenue estimates identified in Table 2 will be included in future budget setting processes as they are dependant on the outcome of each procurement and whether revenue spend can be off set by decommissioned systems and infrastructure. They are included here for indicative purposes only.

3.4 The scope for each project will include some spend flexibility in each area and allows for spend on smaller value works and the appropriate procurement route will be selected.

3.5 The investment projects for ICT capital spend as detailed in Table 2 above includes the procurement route options and the potential year 2 revenue implications for each project. The revenue impact of technology spend (estimated as £90,000) will form part of ongoing revenue planning process in future years based on the actual spend.

Revenue

3.6 In addition to the planned Capital spend outlined above, the Council has annual ICT revenue spend of approximately £1,800,000 covering a range of goods and services for example corporate and service applications, telephony lines and licenses, network connectivity (wide area network, local area network, wireless network), security and application licenses. The detail included in Appendix 1 of this report lists estimated spend over £10,000 per system service.

3.7 In addition to ICT revenue budget there are some ICT related budgets within service areas, mainly for printing and telephony.

3.8 While many of the annual maintenance and license payments and arrangements have been in place for several years, the category management approach to procurement continues to provide the opportunity to examine ICT spend such as licensing to deliver improved and/or collaborative approaches. The aim is to secure better contracts, and deliver cashable and non-cashable benefits and improved supplier management practices and monitoring.

4. Main Issues

Procurement

4.1 Consideration will be given to multi-year contracts where recurring capital / revenue has been approved and where this would deliver efficiencies and the authority sought in Paragraph 2.1 includes the option to enter into such multi-year arrangements including beyond the second year for those items listed in Section 3 and the appendix to this report.

4.2 The procurement strategies for each of the revenue and capital projects will be developed on a project by project basis and will include consideration of market testing of existing collaborative framework agreements, running mini competitions as well as full tender processes.

4.3 In the event that the proposed re-profiled ICT Capital plan which seeks to continue the ICT capital investment agreed in March 2018 is not approved by

Council on 27 March 2019, an amended ICT spend plan will be submitted for approval.

Increased Demand for Technology to Improve Service Delivery

4.4 There is an overall increase in the use of technology across the Council to deliver services. Consequently there are an increased number of devices and systems requiring support. To date there has been no increase in the ICT resourcing levels to deliver the support demands. While a small number of short-term temporary appointments have been made for specific project-related tasks, the ratio of devices per Support Analyst will be closely monitored to ensure sustainability of expected service levels.

4.5 In addition to monitoring the need for additional resource to support the growing IT estate, there will be a related increase in the financial resources needed for

- licenses;
- mobility;
- security where emerging threats and changes in the security landscape may require additional investment;
- system resilience where ongoing discussions with services to review their business continuity and resilience requirements may result in increased demand in this area; and
- device replacement.

4.6 In addition to the above, the Council has an ambitious Digital Strategy and established close links with the National Digital Office. In this respect, it is reasonable to expect that new technologies will be required to continue to deliver more digitally enabled services to our citizens and workforce.

5. People Implications

5.1 Existing framework agreements will be used where best value can be demonstrated as this will reduce both project timescales and staffing resource requirements.

5.2 The ICT team has an established review and service/improvement process to ensure resources are allocated to the highest priority work. Improvements made during 2018 are proving to be successful with an increase in service availability. For example, in December the HR system was identified as unavailable during the 7am daily checks and the issue fixed by 7.30 am with no impact to users. In addition a change was subsequently made to prevent the issue recurring.

5.3 Some of the identified projects are expected to include design, implementation, skills transfer and project consultancy services, as specialist knowledge is required when introducing new technologies. It is expected that ICT employees will gain knowledge and skills during the project to ensure

they can deliver the on-going operational services.

6. Financial and Procurement Implications

6.1 Revenue budget currently exists for all licenses and maintenance spend identified in the Appendix and this is included within the draft revenue budget for 2019/20 (subject to Council approval in March 2019). However many suppliers apply inflationary increases and these are captured as future revenue burdens.

6.2 ICT work with Services when introducing new IT systems so that technology, procurement and security issues can be identified during the procurement and evaluation stages and prior to contract signing and also so that related savings and spend can be identified and planned for appropriately in future budget processes.

6.3 The cost estimates for capital spend are based on high level research and may vary but will remain within the capital plan due for approval by Council in March 2019 as outlined in Table 2. The projects specified can be scaled up or down.

6.4 All procurement activity carried out by the Council in excess of £50,000 is subject to contract strategy. The contract strategy shall include but not be limited to; options appraisals, contract scope, service forward plan, market condition, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and on-going contract management. Some of the options considered include for example;

6.4.1 Do nothing – for many IT components this option is not viable because of the security implications. For example, non-replacement of end of life devices would result in unsupported equipment which would then put Council at risk of virus and malware attacks.

6.4.2 Where a purchase is required, options as to type of equipment or license, e.g. most suitable device for primary school versus high school versus corporate use will be reviewed. In the case of licenses, options such as perpetual versus subscription licensing will be considered and is often dependant on the product and supplier.

6.4.3 Full year or part year license and support is considered and whether there is an option to decommission part of a system.

6.4.4 Increasingly ICT Suppliers are offering hosted/cloud services rather than on premise solutions.

6.4.5 ICT continue to work with Finance colleagues to assess the longer term financial implication of purchasing ICT as a service for example hosting/cloud services which changes the sustainability of the current revenue budget.

6.5 The tendering and contracting process will continue to identify potential future revenue implications for new capital contracts and where required these will be included as burdens in future ICT revenue budget estimates. An indicative value has been included in Table 2 above however as many of the purchases are for replacement technology, it is anticipated that the current revenue spend on maintenance will off-set some of this.

6.6 The ICT contracts will contribute to delivery of the Council's strategic priorities through the development of a robust contract strategy which will explore the inclusion of possible community benefits which improve economic growth and employability. Further opportunities to maximise the positive social, economic and environmental impact for West Dunbartonshire Council through the contracts will also be explored.

7. Risk Analysis

7.1 There is a risk that the capital project actual costs may exceed the capital project estimates as detailed in Table 2. This risk can be mitigated by a range of procurement strategy options being explored as well as building scalability into the tender for example reducing the number of devices being replaced or specification of the device. Ongoing regular Budgetary Control reporting will provide information on any significant adverse variance in cost and mitigating actions available.

8. Equalities Impact Assessment (EIA)

8.1 A screening has been carried out and there is no impact on any particular group.

8.2 The annual device replacement project will include delivery of specialist IT equipment/adaptations for staff and pupils with additional needs as required. This will also apply where public access devices are being replaced. The procurement process will be carried out in line with the Council's procurement and equality guidance, and implementation planning will consider equality issues.

9. Environmental Sustainability

9.1 Contract strategies for individual projects will consider a range of sustainability issues including the environmental implications of ICT equipment and services. Decisions on equipment specifications will take account of the need to minimise energy consumption, reduce CO2 emissions and minimise waste at the end of the life cycle.

10. Consultation

10.1 Legal, Procurement and the Section 95 Officer have been consulted on the content of this paper. It was not necessary to consult with our Trades Union colleagues on this report.

11. Strategic Assessment

11.1 High quality IT equipment and services contribute to the Council's strategic priority of delivering fit for purpose estate and facilities and delivers a positive response to employee feedback in the annual ICT Customer Satisfaction Survey.

11.2 The planned capital spend on improved security, resilience and mobility ensure that a fit for purpose ICT environment supports all of the Council service areas to deliver on their strategic objectives.

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Appendix: ICT Estimated Revenue Spend over £10,000 per System

Background papers: ICT Asset Management Plan

Wards Affected: All

Appendix 1 – Estimated Revenue Spend over £10,000 per System

Product	Cost
Wide Area Network	£270,000
Citrix	£170,300
Microsoft Corporate Enterprise Agreement	£87,300
Social Work System	£86,700
Education MIS	£81,300
Revenue & Benefits	£63,600
Local Area Network	£63,300
Microsoft Academic Enterprise Agreement	£55,400
Various - Server Maintenance	£48,300
RentSense License	£45,000
Library Management Software	£38,400
Finance Management	£34,000
Job Costing Interface	£28,500
Planning & Building Standards	£26,800
Cloud 2-factor Authentication Service	£24,800
Corporate Arrears System	£23,400
Profile Management	£23,400
Housing Management	£22,600
Asset Management	£22,000
Wireless	£21,300
CRM	£21,200
Local Area Network - School	£21,000
WDM Annual Licence Charge	£21,000
HR System	£19,300
Care Monitoring 2000	£19,000
Environmental Services	£17,800
Education Gateway	£17,600
Messaging Gateway	£16,200
Email and data Management	£15,500
Local Government Digital Transformation	£15,000
Election Management	£14,500
Housing Benefits and Allocations	£14,500
Performance Management System	£14,300
VMware Support Services	£13,800
Vehicle Management System	£13,500
Firewall Support	£13,400
Non Domestic Rates	£11,900