

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 7th April 2022

SUBJECT: Initial ICT Improvement Programme

CHIEF OFFICER: Steven Mair: Director of Finance (s151 Officer)

CONTACT OFFICER: Vijay McGuire: AD Business Services

WARD(S): All

EXEMPT: No, except appendices 6 and 7, exempt under paragraph 3, Schedule 12A of the LG Act 1972

APPENDICES:

Appendix 1 – ICT Improvement Plan
Appendix 2 – ICT Modernisation Programme – Spending Breakdown
Appendix 3 – Digital Team Developments
Appendix 4 – Major ICT projects
Appendix 5 – Licensing & Contracts

Part 2

Appendix 6 – Cyber Security & Resilience Activities
Appendix 7 – DLUHC Cyber Treatment Plan

1. SUMMARY AND RECOMMENDATIONS

- 1.1 This report updates Members of the Overview & Scrutiny Committee on the current programme of work, as approved by Cabinet, which is in development to:
- start to stabilise and modernise the Council's ICT to begin to mitigate existing risks and
 - improve ICT capabilities to then enable it to realise future benefits in terms of cost savings and service delivery improvements.
- 1.2 This work will be continually developed and as such this report represents the first phase of a much longer term analysis, assessment, and improvement plan for ICT. Recovering from this situation will be a long term programme and is subject to a continuous review of the current assessment of the position of the service
- 1.3 The report also addresses one of the recommendations from the Department of Levelling Up, Housing and Communities (DLUHC) which requires an action plan to achieve improvements in relation to the proper functioning of the Authority's IT.
- 1.4 This report was approved by Cabinet on 29th March 2022. The Committee is asked to consider the report given its previous request to be updated on the progress in strengthening corporate services, particularly ICT, and comment on the programme which will be delivered in phases.

2. Recommendations:

The Committee is requested to note and comment on the Cabinet decisions to:

- note the initial assessment of the issues with the service set out in the Reasons for Recommendations
- note that these will be continuously worked on from now going forward
- approve the expenditure set out in Appendix 2 and contained within the Council's recently approved budgets
- note the work being undertaken by the digital team and the projects outlined in appendices 3 and 4 and that a delivery update will be brought back when the work has been fully assessed
- note that the Director of Finance will be approving the licences and contracts set out in appendix 5 and taking forward actions to avoid this reoccurring for these contracts in the future
- note that work continues to identify any other such matters
- note the outcome of the DLUHC cyber security assessment and the work being undertaken, appendices 6 and 7
- delegate authority to the Director of Finance in consultation with the Leader, to appoint ICT officers on an interim basis and to commence procurement for an ICT partner (s)
- agree that a report is presented to Cabinet with an updated plan for future phases in quarter 3 2022/23

Reasons for Recommendations:

The Council faces a number of long standing and more recent issues with its ICT service, these include the below:

- old systems & infrastructure which are not robust, resilient and do not provide a foundation to deliver improvements
- old products which are out of vendor support and/or no longer supported
- a service heavily dependent on interim staff and urgently in need of a restructure
- historic under investment in ICT
- a digital function which while making changes to the service offered has a large number of further improvements to bring about
- a series of projects which are dependent on resource which is heavily temporary, and which have not been reported to CLT/Members on a regular basis
- a number of licences and contracts which have come to contract renewal on the 1st April 2022 without proper preparation to renew the contracts and which will have to be approved by the Chief Officer
- the need to protect the Council against potential cyber attacks
- unsuccessful experience of outsourcing
- the changing nature of work i.e. much reduced full time office environment
- peer reviews by both the LGA & the DLUHC have confirmed risks relating to cyber resilience

Commissioner Review

“The improvement of IT is an essential component of the Council's recovery plan required as part of the Directions regime. Progress on its delivery and implementation will be monitored as part of the Council's reporting to the Improvement and Recovery Board.”

3. Report

Introduction

- 3.1. The report begins a long overdue process of addressing the many issues noted above in the Reasons for the Recommendations
- 3.2. It also starts to address one of the requirements of the Secretary of State's directions issued on 1st December 2021 to produce an action plan to achieve improvements in relation to the proper functioning of the Authority's ICT. This will feed into the Council's wider improvement and recovery plans

Options considered

i. Do Nothing

This is not a viable option. There are significant risks with the current ICT systems and infrastructure. Without investment in an alternative approach, the Council will not be able to deliver the improvement and recovery works necessary to respond to the Secretary of State's direction, nor will it be able to improve services to residents and businesses and increase value for money.

ii. Outsource ICT services

Whilst bringing in an external partner can ensure specialist skills, in the past this has not worked well, partly due to the lack of an intelligent client function and robust contract management. The Council needs to have an adequate level of control over its critical ICT systems and for that reason it is recommended that a more hybrid model is considered.

iii. Build an in-house team to deliver the improvements

The current market for ICT specialist is challenging and the Council needs to act at pace to secure significant improvements and reduce risk. There is insufficient time to build up the skills solely in an in-house team.

iv. Hybrid approach to in-house capacity and securing an ICT partner

This option provides the ability to bring in interim resource and build up a high performing in-house team, whilst also utilising the market by commissioning a specialist partner (or partners) where required. This approach will allow the Council to determine what elements of the architecture can be modernised using acceleration and cloud technology and combine these with off-the-shelf solutions that meet the remaining gaps, creating an orchestration layer to link these elements together. An interim partner may also be procured to act as an interim intelligent client

Background

- 3.3. To understand the context for the stabilisation and modernisation work programme that this report begins to address the reasons for the recommendations shown above have summarised the issues the Council ICT service faces
- 3.4. The urgent critical risk from the above situation is for a significant failure of business operations leading to an inability to deliver services. Amongst the specific risks are loss of data and a failure to execute in a disaster recovery scenario. A second longer term key risk is that the current state does not provide a platform for modernising ICT to better support business operations.
- 3.5. The Governance Review of the Council for DLUHC by Jim Taylor in September 2021 recommended that there needed to be a focus of support to the Council, particularly in corporate functions that included ICT. An action plan for ICT was also one of the seven actions in the Secretary of State's Directions.
- 3.6. The development of the infrastructure modernisation programme (See Appendix 1), presented within this report has undergone a series of validations to ensure that the approach and the investment required is proportionate to manage the severity of the risk to secure an efficient, modern, and stable infrastructure for the organisation.

These validations are:

- ICT Health Check (October 2020)
An independent ICT Health Check conducted by an accredited and qualified ICT Consultancy called Rainmaker was carried out on our infrastructure in the spring of 2020 which concluded that the Council had ageing infrastructure which essentially would lead to limited availability of vendor support to maintain the physical infrastructure. They further highlighted the heightened risks of system outages and failures.

Progress on these identified areas has been limited due to a number of factors. Resource skill availability, capacity and the ICT service response to the covid pandemic and the shift to remote working for all staff while also prioritising the transformation work programme. The ICT restructure from Our Futures programme, which was launched and then subsequently withdrawn as not 'fit for purpose' had an adverse impact as key posts and responsibilities for areas were not put in place.

- LGA Peer Review (December 2021)
With the direct support of the LGA, a modernisation business case and the 2019 ICT & Digital strategy was externally reviewed by an independent ICT expert in December 2021. The business case was broadly supported both in terms of the design proposals for a revised ICT restructure but also the approach to implement the modernisation programme of the SBC infrastructure. The report made specific reference to the technology direction being coherent and the level of proposed investment being appropriate. The report further stated that the Council could be confident in the basis on which the business case detailing the programme of modernisation had been produced.

- LGA Cyber funding (January 2022)
Following on from the LGA peer review of the Council's Modernisation business case, funding of £17k was made available to the ICT service to focus specifically on developing the councils response to cyber resilience.
- DLUHC & National Cyber Security Centre Review and Funding (January 2022)
In December 2021, the Council responded to the DLUHC local digital team. This set out to understand what mitigation Councils have in place to reduce cyber risk and the impact of malware and ransomware attack – Cabinet is asked to note that an award of £200k was made to the authority in Feb 2022 to support Cyber specific remedial work. (See Appendices 7 & 8)

Improvement Plan

- 3.7. This report sets out a significant three-year work programme to secure and stabilise the current operating environment, to start to mitigate the key risks and to provide a resilient platform for the modernisation and development of an ICT landscape that will then in the future support and deliver the opportunity for business operational improvements through cost savings in ICT and business operations and improved service delivery. It is possible the estimated costs will need to increase, if so this will be reported in the future
- 3.8. The first step is stabilisation and the need to focus and deliver on this challenge is such that the longer-term modernisation questions will need to be returned to in a subsequent phase.
- 3.9. Multiple reviews and reports have been undertaken both internally and externally and recommendations have been provided. These reviews have confirmed these risk factors. The priorities are:
- Tactical:** ICT needs to quickly update, replace, or remove systems and services which pose an immediate security or reliability risk to the day-to-day operation of the Council
 - Resource:** ICT is significantly stretched, as many areas are, and as such needs to maximise available time for the staff it has. ICT needs to not only deliver tactical improvements but build a foundation which means a more flexible and effective Council can operate utilising technology.
 - Strategic:** The Council needs to adopt and develop new ways of working and make technology work better and smarter to help provide services to the residents of Slough. However, ICT cannot implement strategic solutions until the foundations are stable, safe, and secure.

Appendix 1 contains a high level summary Improvement Plan setting out an approach to modernisation and improvement.

- 3.10. The critical first step is stabilising the ICT infrastructure as the current situation exposes the Council to major risks and needs to be tackled with some urgency. This reflects the first element above and is split into two stages. The infrastructure improvements are set out in Appendix 2 identified by cost and financial year. In respect of application modernisation, the following are key components of further detailed work that will be undertaken as a matter of urgency:

- i. List of Line of Business (LOB) Applications with details on each, as per a service catalogue
For each application:
- ii. Vendor Licensing costs and implications related to new infrastructure proposed
- iii. LOB Version upgrade path, or replacement if it is obsolete and cannot be migrated
- iv. Data migration plan
- v. Security considerations of the above
- vi. Support models

3.11. On timing for the first two phases, a high-level indicative timeline for the first two phases can be seen below.

| SBC High level stabilisation and modernisation time line | | | | | | | | | |
|--|---------|-----|------|------|--------|-----------|---------|-----|---------|
| | 2022/23 | | | | | | | | 2023/24 |
| | April | May | June | July | August | September | October | etc | |
| Phase 1 | | | | | | | | | |
| Determine solutions for modernised Infrastructure elements | █ | | | | | | | | |
| Procure solutions | | █ | █ | | | | | | |
| Build infrastructure | | | █ | | | | | | |
| Roll out new infrastructure | | | █ | | | | | | |
| Phase 2 | | | | | | | | | |
| Detailed analysis of application portfolio | | | █ | | | | | | |
| Determine future state options | | | █ | | | | | | |
| Develop migration plans | | | | █ | █ | | | | |
| Carry out migrations | | | | | | █ | | | |
| Modernisation (Phases 3-5) | | | | | | | | | █ |

3.12. Beyond these first two phases but where possible running in parallel the vision for this program is that it should not only be secure, modern, and cost effective, but also that it is innovative, to ensure sustainability, longevity and meets the needs of an increasingly digital citizen profile. The aim is that the role of ICT shifts from being a cost to becoming an enabling tool for operational and financial improvements, with a modern and flexible infrastructure, a customer centric design and optimised processes and governance. This will be the subject of a future report.

Programme Delivery Approach – Interim appointments, procurement of partner

- 3.13. In terms of implementation of all elements of the immediate work and the ongoing digital developments and existing projects a partnership approach as set out paragraph 3.2 above will be adopted, leveraging the skills and expertise of:
- i. an Interim Chief Digital and Information Officer (CDIO)
 - ii. the ICT Team
 - iii. a technical PMO
 - iv. cloud adoption partner / Software engineer partner
 - v. experienced Interims
- 3.14. The existing team is very heavily committed in managing day to day ICT operations and have limited time to consider a strategic path forward. Given the scale of work that is needed to drive the ICT improvement plan, with no strategic technical role to oversee the delivery, approval has been sought and action taken to move to urgent recruitment to an interim Chief Digital and Information Officer post. This post will be in place for an initial period of six months to strategically drive the ICT improvement programme and provide technical knowledge and expertise to mentor and support the 'acting up' GM role.
- 3.15. The current ICT structure does not allow for a 'fit for purpose' service to be provided to the wider organisation or the Children's company either on an as is basis or for future proofing the Improvement programme referred to throughout this report.
- 3.16. A new permanent structure for the ICT service, including the digital function will need to be implemented to provide resilience, bridge technical gaps, eradicate single points of failure as well as reduce the over reliance on temporary resources – fostering a culture of development, growth, and investment in the service. Further detail will be provided in a future report to Cabinet.
- 3.17. Migration, modernisation, and major ICT projects can be complex, time consuming and costly. Therefore, appropriate preparation, planning and delivery approaches (such as partnerships with appropriate experts to complement the in-house teams knowledge) and built on a phased approach is required.
- 3.18. A Programme Delivery Board will be established to oversee the programme that will provide regular updates on progress to the Lead Member. Regular updates will also be provided to the Improvement and Recovery Board
- 3.19. Appendix 3 and 4 detail the digital work and the corporate ICT projects that are either currently in progress or known about that will require significant ICT effort to support / complete and which will be reviewed.

Licensing and contract management

3.20. A number of business applications, integral to the operation of the Council have reached the end of their contracts. Replacing this software requires a long lead in time and individual implementation projects. The ICT team have been under significant pressure to keep applications running under the current infrastructure and it has not been possible to undertake reviews required and tender processes. This has recently started to be addressed and will not recur. As all renewals were under £180,000 and have only been renewed for one year, decisions were made by the Executive Director of Corporate Services under delegated authority. Details are provided in Appendix 5. A further report will be brought to Cabinet seeking approval for the procurement process to renew these from 2023.

Cyber

3.21 A current assessment and work in progress is reported in Appendices 6 and 7.

4 Implications of the Recommendations

4.1 Financial implications

4.1.1 The £4.618m cost of phase 1 of the programme of work to stabilise and modernise the Councils ICT are set out in detail in Appendix 2. The costs have been included in the Capitalisation Direction.

4.1.2 Total spend on the programme, including that spent in 2021/22 is set out below.

| 2021/22 | | 2022/23 | | 2023/24 | | Total | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue (£000s) | Capital (£000s) | Revenue (£000s) | Capital (£000s) | Revenue (£000s) | Capital (£000s) | Revenue (£000s) | Capital (£000s) |
| 201 | 50 | 2,537 | 1,480 | 150 | 200 | 2,888 | 1,730 |
| | 251 | | 4,017 | | 350 | | 4,618 |

4.1.3 The Capital spend of £1.680m for 2022/23 and 2023/24 is included in the capital programme and the one-off revenue costs of £2.687m is included in the revenue budgets for the same period. Any additional costs will be the subject of a further report.

4.1.4 Cost of current staffing who will support the management of the programme are covered by the current ICT budget.

4.2 Legal implications

4.2.1 Legal implications will be addressed as part of the individual business cases / procurement to support the three-year remedial and modernisation programme.

4.3 Risk management implications

4.3.1 *Delivery*

A purely contractor led approach carries delivery risks:

- i. The Council would have a very limited leverage over work product delivery, quality, and costs
- ii. The Council would find it difficult to secure end to end responsibility for the project outcomes with 'independent' contractors
- iii. There is unlikely to be any skills transfer to staff from contractors
- iv. Handover from the project to BAU operation is likely to be difficult.

The use of a software development partner will therefore be explored to mitigate these risks as well as upskilling the in-house team.

4.3.2 *Supply Chain*: There is a potential risk to procurement of technology components to support the modernisation. There has been since Covid a significant shortfall in global silicon chip and microprocessor production. This has led to significant constraints in manufacturing and delivery of all technology devices from memory chips to servers and has even affected car production. Therefore, it is imperative that once the funding is approved orders are raised on selected suppliers as soon as is practically possible.

4.3.3 *Governance*: There is a risk to delivery if the programme is not under enough control and governance. At present there is limited governance in ICT. So, to ensure the effective and successful delivery of the programme there will be a need to establish the project and programmes governance framework. This will ensure rigour and controls are applied for the scale and size of the programme both from a financial and technical perspective. A new technical project governance approach will be implemented to support this initiative as well as all ICT projects. This will specifically include:

- technical PMO support which will ensure the work is fully planned, implemented and progress tracked
- full partner engagement when appointed to provide further technical expertise
- all activities will be fully costed
- regular reports to CLT/Cabinet starting in quarter 3 2022/23

4.4 Environmental implications

4.4.1 The work being undertaken will allow the Council to continue to function, thus help address its environmental aspirations and will also support hybrid working which will reduce day to day travel for staff and therefore improve the environment.

4.5 Equality implications

4.5.1 The Council has duties under the Equality Act 2010 and will ensure it properly assesses the equality implications of each programmed activity of the improvement plan. Having better ICT functionality and systems will enable the Council to collect and analyse data, which will support its understanding of impact on particular protected groups. Failure to ensure effective ICT systems, including failure to prevent a cyber-attack or having in place effective disaster recovery system, places a

significant risk on services, which will particularly impact on those groups who have a need for such services, including vulnerable children and young people, older persons, persons with disabilities and groups on low incomes applying for financial or other support. Modern ICT will also enable staff and residents including those with protected characteristics to better access Council services.

4.6 Procurement implications

4.6.1 In some cases, the solution will be to utilise the products already available such as using more of the Microsoft products and designing and implementing that solution with no additional cost for products.

4.6.2 Work has already commenced on determining the best routes to market for each of the programme deliverables in collaboration with procurement. The options identified include:

- Use existing contracts with incumbent suppliers where contracts permit
- Take multiple quotes from suppliers when the value permits
- Use frameworks or G-Cloud to procure services or solutions.

4.7 Workforce implications

4.7.1 Implications relating to the proposed restructuring will be brought to Cabinet under a separate report.

4.8 Property implications

4.8.1 Any implications arising from the remedial and modernisation programme will be addressed under the associated business cases for each milestone of activity.

Background Papers

None.