

The Modernisation of ICT Infrastructure

Special Committee

Date: 28th May 2009

Author: Group Director, Business Transformation, Head of ICT, and the Cabinet Member for Leisure and Corporate Services

Parish / Wards Affected: All

Purpose

- To agree the provision of additional capital funding to support the procurement of a 'Microsoft Enterprise Agreement' and the associated hardware and implementation,

Recommendation

Special Committee, on behalf of Council, is asked to:

- Approve an additional capital investment of up to £1.98m for the purchase of a Microsoft Enterprise Agreement and associated hardware and implementation costs;
- Note that the repayment of the initial capital investment and additional running costs will be accommodated within the overall business case for the New Ways of Working initiative, which is to be reported to Cabinet on 10 June 2009;
- Authorise the Director of Law and Democratic Services, in consultation with the Head of ICT, to enter into an agreement with Microsoft and their Large Account Reseller (LAR) on such terms as he may consider necessary to protect the Council's interests.

1. Reasons

- 1.1 In April 2009 Microsoft and the Council completed a compliance audit of the Microsoft products in use within the Council. The result of the audit showed a £425k gap in our licence portfolio with Microsoft. Microsoft formally requested that the compliance issue had to be resolved by 29th May 2009 to avoid any litigation. The resolution of the issue would not result in any benefit to the Council and would have to be funded directly from the revenue budget.
- 1.2 Alongside the licensing issue, a number of key and critical elements of the Council's ICT software and hardware infrastructure have passed their 'end of life' and urgently need replacing. These are:
 - Microsoft Office 2000
 - Microsoft Exchange (Email)
 - Obtree Web Content Management System
 - Several security based software packages

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- 1.3 The current versions of the software used by the Council are no longer supported by the manufacturer. With the software and hardware infrastructure operating beyond its originally designed capacity and capability, it is becoming increasingly unreliable and inefficient. This has lead to problems with accessibility, performance and reliability, impacting on our customers, Members, employees and partners.
- 1.4 In addition to these direct impacts, other manufacturers of critical software used by the Council in Adult Social Care & Housing, Children's Services and Environment and Regeneration will shortly reach a position of no longer guaranteeing that their latest versions will be compatible with this software. As a result the software vendors of these key systems do not guarantee to support those elements of their functionality that relies on Microsoft products. Urgent action is required to resolve these issues to avoid partial or complete system failure.
- 1.5 A better value alternative to addressing the immediate license issues is available by entering into a Microsoft Enterprise Agreement. In addition to fulfilling the necessary licensing requirements, this would ensure that the Council has access to the latest versions of critical software packages that are supported by the manufacturer and recognised by other key software providers. Coupled with the introduction of a more robust hardware platform that provides the potential to introduce entirely new working arrangements for staff and customers, the performance and reliability of the ICT suite will be greatly enhanced, increasing user satisfaction and reducing maintenance requirements. The investment in a single supplier for a range of products will help to reduce the complexity of ICT products in use, make economies of scale through an Enterprise Agreement and improve information security and support.
- 1.6 A one-off capital investment of up to £1.98m is required to procure and install the relevant software and hardware, which may reduce slightly through further discussions on the number of licenses to be purchased. At this stage we are forecasting an additional £63k per annum revenue support cost for the new platform, although discussions are continuing to minimise this sum.

2 Detail

- 2.1 The licence compliance issue has developed over the last eight years since the Council moved to Microsoft for its Email and office productivity tools. A combination of changes to the Microsoft licence agreements and individual errors on interpretations of the licence model have lead to the gap. The Council and Microsoft have been working closely to agree the

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final compliance gap and also work on the best route forward to the benefit of both Microsoft and the Council.

2.2 In addition to the licensing issue, there is a significant risk to the Council in the failure of its 'end of life' software infrastructure and urgent action is required to replace these systems. The following is a list of the relevant infrastructure and the associated risks;

- Email – The Council's Email system has reached capacity and is on a legacy and unsupported software version. The likelihood of failure is high as is the impact on the Council. Over the last 6 months this has already failed on a number of occasions and has resulted in disruption and inconvenience for customers, Members and staff.
- Website / Online Forms – Our current website content management system has been discontinued. As a legacy product no support or updates are available resulting in a high likelihood of failure and a high impact on our ability to provide online services to customers. This is a very critical service, hosting the Council's popular public website which has 151,221 monthly visitors and 232,311 pages hits. It also hosts the Council's website for support during the recession which has received 650 page hits in the last 3 weeks.
- Security – The security of our Information is high on our corporate agenda but the ICT software infrastructure enabling the control of information flows does not allow us to deliver all the measures that we would wish to. Investment is required to ensure we are in a better position to mitigate the risks of data loss and it is also necessary to comply with the Central Government security requirement of Government Connect, allowing us to securely communicate with all Government Agencies, which is particularly critical for the delivery of our Benefits service.
- Microsoft Office 2007– The Council is currently using a legacy Office product (Office 2000) that is no longer supported. Most organisations are already on Office 2003 and over the next year our current version will become incompatible with key Information Systems in use within the Council e.g. Swift, CAPS, Capita One and IBS. This will lead to increasing incompatibility in the use and exchange of documents and data across the Council and its partners and bring about a greater likelihood of service failure.

2.3 It is recognised that not only will the replacement of this infrastructure ensure a reliable infrastructure and mitigate the current high risk to the Council, but it will also enable the Council to maximise on its ICT

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investment specifically through the New Ways of Working Transformation Programme by implementing a platform that can be built upon over time that allows:

- Customers to access better and more information about the Council, our services and Swindon as a place and to take advantage of a wider range of services delivered on-line;
- Members to more effectively manage their case work by providing flexible electronic access, from different locations, to key Council information resources and improve general communication with the Council, its partners and customers;
- Employees to work more flexibly by providing the right level of ICT to meet their needs and in turn enabling the objectives of the New Ways of Working Programme to be realised;
- Partners to interact with the Council on an electronic basis, sharing information efficiently and securely and maximising the productivity of joint working teams.

2.4 The proposed investment will procure a Microsoft Enterprise Agreement to meet our current and future organisational needs and the implementation of the products through our preferred ICT supplier and partner Capita.

2.5 The profile of the expected £1.98m spend is;

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| • | £1.5m | Microsoft Enterprise Agreement (will reduce slightly if fewer licenses are required) |
| • | £65k | Email |
| • | £30k | Mobile Email Replacement |
| • | £76k | Office 2007 Roll out and training |
| • | £200k | Website migration |
| • | £53k | Public facing forms migration |
| • | £56k | Information Security. |

Alternative Options

- The proposed route is building and maximising on the investment already made in our ICT software infrastructure and remaining with our existing strategy to procure and use a suite of integrated products from a single supplier rather than multiple suppliers that add cost, complexity and risk. Microsoft products each have alternatives within the market, however Microsoft are recognised as the market leader in key products e.g. Email Exchange. For this reason the overall offer from Microsoft provides improved and best value for money over and above

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alternative products. Also the full Microsoft product set enables additional and unique functionality that we could not realise through alternatives.

- The Microsoft Enterprise Agreement has been selected as the most cost efficient route to procure this software, the alternative is to purchase this through the existing 'Microsoft Select Agreement', however, this route would cost an additional £830k.
- The hardware and implementation of the products will be supplied directly by Capita. As our preferred ICT supplier and partner Capita will provide the best value for money route and ensures both our new and existing infrastructure is joined up and managed in a single environment and service. Therefore there is no viable alternative for hardware and implementation.

Risk Management

Financial and Procurement Implications

- The Council's procurement process has been followed through the relevant Procurement Gateways. The procurement route followed is supported by the Procurement Advisory Group and is through the OGC Buying Solutions framework agreement with Microsoft and its resellers.
- The proposed investment of up to £1.98m capital funding with an associated revenue cost of £63k per annum for support arrangements is based on mitigating the risk of significant failure of key elements of the ICT infrastructure. It will provide a platform for future cost saving opportunities through the Council's Transformation Programme, most immediately through the New Ways of Working programme, which is being reported to Cabinet on 10 June.
- This £1.98m funding is in addition to the approved 2009/10 capital programme. However, the investment will be cost neutral through a commitment to achieve savings through the New Ways of Working Transformation Programme, which will more than cover the capital repayment and additional support costs of this investment.

Legal / Human Rights Implications

- The Director of Law and Democratic Services has been consulted on the form of contract.
- Microsoft are not prepared to change their standard terms and conditions, which do not include the Council's own standard clauses as set out in Section 4 of Contract Standing Orders. Accordingly, a waiver of those requirements has been authorised by the Chief Executive on grounds of urgency and will be reported to the next Cabinet in accordance with Contract Standing Order 3.5.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 9
- SBC and Swindon PCT Integration

Further information on the subject of this report can be obtained from David Titcombe on Direct Dial No 5848. or Email dtitcombe@swindon.gov.uk

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| <ul style="list-style-type: none">• Connecting People Connecting Places• New Ways of Working Programme• Services to Customer Programme• Promise 5• Promise 7• Promise 10• Promise 14• Promise 22• Promise 24 |
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Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- Other consultees:
 - Cabinet
 - Head of Procurement
 - Head of ICT
 - Director of Housing and Leisure

Background Papers and Appendices

- None