

London Borough of Bromley

Report No.
CSD18176

PART I - PUBLIC

Agenda Item No:

Decision Maker: Executive/Full Council

Date: 28th November 2018/10th December 2018

Decision Type: Non-Urgent Executive Key

TITLE: IT TRANSFORMATION

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Chief Officer: Mark Bowen, Director of Corporate Services

Ward: All Wards

1. REASON FOR REPORT

1.1. This report provides details of a major re-refresh of the IT infrastructure that supports the Council's core IT and key business systems, mainly due to the cessation of several manufacturers support during the next two years.

1.2. The report includes the significant risks and the required changes that are needed to ensure that the Council retains a significant number of critical infrastructure platforms.

2. RECOMMENDATIONS

2.1. The Executive is asked to:

2.1.1. To endorse the ICT strategy attached as Appendix 1.

2.1.2. Note the information and agree to the procurement of End of Life (EoL) IT infrastructure and the proposed work to be undertaken to upgrade and replace the platforms as set out in this report.

2.1.3. Executive is requested to recommend that Council approves the addition of £5.381m to the Capital Programme to undertake the

delivery of the ICT transformation project between 2019 and 2022, funded from a total reduction of £1.925m to existing IT capital schemes, and £3.5m set aside in the Technology Fund earmarked reserve from underspends in 2018/19.

2.1.4. Agree a hybrid approach of 'on premise' and cloud IT infrastructure to facilitate the upgrade requirements as detailed in paragraph 3.6.7.

2.1.5. Agree that the Director of Corporate Services is given delegated authority in consultation with the Portfolio Holder to agree the cloud or 3rd party cloud solution, as needed for Disaster Recovery (DR) and for Business Continuity (BC).

2.1.6. Agree the use of Westminster Pan-London Framework and utilise the current service provider, BT, to deliver the upgrade and procure the services and supplies detailed in the report Where in the opinion of the Director of Corporate Services a separate procurement is required or desirable, agree to delegate authority to the Director of Corporate Services in consultation with the Portfolio Holder, to authorise the use of an appropriate framework or alternative procurement route.

2.1.7. Agree the creation of up to 3 FTE temporary posts if required to support, coordinate and manage the delivery of the projects for a period of 27 months, as set out in paragraph 3.7.1.

2.1.8. Agree that any future development costs for systems will be funded from the Capital Programme, as and when new system development is required, enabling revenue saving of £170k to reduce the growth.

2.1.9. Agree additional net growth of £92k for 2018/19 and £394k per annum from 2019/20 to cover the licensing, support and system running costs.

2.1.10. Members to note as set out in paragraph 3.6.59, it is estimated that a further £250k may be required to undertake the reviews of the LoB Systems and the potential replacement costs for those Line of Business Systems could be up to £5m in the next three years.

2.2. Council is asked to:

2.2.1. Council is requested to agree that £3.5m be set aside in the Technology Fund earmarked reserve from underspends in the 2018/19 Central Contingency for the Council's IT Transformation scheme.

2.2.2. Approve the addition of £5.381m to the Capital Programme to undertake the delivery of the ICT transformation project between 2019 and 2022, funded from a total reduction of £1.925m to existing IT capital schemes, and £3.456m from 2018/19 revenue underspends set aside in the Technology Fund.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost £5.381m one-off costs
 2. On-going costs: Recurring Cost £92 k for 2018/19 and £394k per annum from 2019/202.
 3. Budget Head/Performance Centre: IS development and LAN budget, HR DMS budget.
 4. Total current budget for this Head: £197k and £90k
 5. Source of Funding: Existing IT capital schemes, capital receipts and internal borrowing where necessary. Existing revenue budgets 2018/19.
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Staff

1. Number of staff (current and additional): 0
 2. If from existing staff resources, number of staff hours: 0
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Legal

- 1) Legal Requirement: Statutory Requirement/Non-Statutory Requirement – Government guidance/No Statutory Requirement or Government Guidance
 - 2) Call In: Call In is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough wide
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Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: No
- 2) Summary of Ward Councillors' comments: Not applicable

3. COMMENTARY

- 3.1 It is integral for The London Borough of Bromley, like all Councils, to have stable, robust & secure communications and technology platforms (infrastructure) to deliver services to their residents and support staff.
- 3.2 It is also crucial for the Council to retain manufacturers support for IT infrastructure and business applications so that all Council Services and Departments get a supportable service.
- 3.3 Members are referred to report CEO 01630 for background that was approved by the Executive on 9th August 2017. Subsequently, Officers worked closely with BT to produce the IT Strategy that supports its business objectives, rather than be prescriptive of solution, attached as Appendix 1. The It Strategy sets out the policies and principles for IT over the coming 3-5 years and promotes the principle of 'Cloud First' - a fundamental shift in the approach to delivering IT. This move to the "cloud" will offer the Council much needed Disaster Recovery (DR) and Business Continuity (BC) as well as improved mobility and flexibility, which aligns with the Accommodation Strategy.
- 3.4 The necessity to upgrade and transform a significant number of areas within the Council's IT infrastructure is due to the expiry of maintenance and support from the manufacturer and software providers for core infrastructure, including Productivity Suite and for several key IT systems.
- 3.5 The infrastructure upgrades that must be completed will have the added benefit of delivering opportunities for a more efficient and effective IT service that takes into account the current and emerging changes in the Council and IT; cloud, technology shifts, and provides greater flexibility around specific user requirements e.g. the accommodation strategy requires a new approach to agile working.
- 3.6 This report considers the following areas of the IT Strategy and options available due to cessation of manufacturers support: -
- 3.6.1 Infrastructure Upgrade
- a. Servers Infrastructure
 - b. Windows 7 Upgrade (incl hardware if required)
 - c. Office 2010 Upgrade
 - d. Network Upgrade
- 3.6.2 Disaster Recovery and Business Continuity for key IT Systems
- 3.6.3 Reviews of Line of Business Systems

a) Servers Infrastructure

- 3.6.4 The Council has the following options around its End of Life (EoL) IT Server infrastructure;
- Do nothing - Leave infrastructure with no maintenance or support

- Upgrade 'on premise'
- Upgrade to hybrid model, 'on premise' and use of Cloud infrastructure

3.6.5 Do nothing - Leave infrastructure with no maintenance or support

- If a failure on an unsupported business critical application occurred this could lead to services failing within the Council, with a potentially direct impact to public services (financial, fines, risk to lives, damages etc).
- The current Public Services Network (PSN) accreditation would be withdrawn due to non-compliance around unsupported hardware and software with no ability to security patch or use bug fix software, thus severely impacting the Council's ability to carry out business transactions, such as we may be denied access to NHS Link (HSCN Link).
- Managed Service support for EoL systems will revert to 'reasonable endeavors support' with no fixed Service Level Agreement (SLA)
- Application vendors will phase out support on the products currently deployed within the LB Bromley IT estate, if the underlying infrastructure is unsupported.
- Unpatched and unsupported software and hardware would heighten the risk of security breaches, from both internal and external attack, with risk code in older versions of software being exploited.

3.6.6 Upgrade 'on premise'

- Upgrade 'on premise' does not follow the recommended principle of Cloud first of the new IT Strategy.
- Keeping services running from a single 'on premise' Data Centre, will not establish a Disaster Recovery or Business Continuity capability within the Council for its business-critical systems. It merely replaces the old equipment with new equipment.
- If the Council continues to upgrade 'on premise' services, additional costs will be incurred in keeping each service up-to-date; e.g. no evergreen option (Evergreen IT refers to running services comprised of components that are always updated by a third-party vendor). This does not follow the Strategic principle of the LB Bromley's IT Strategy – "Cloud First".

3.6.7 Adopt hybrid approach, upgrades 'on premise' and use of Cloud infrastructure – Recommended

- Adopting the Hybrid Cloud in a managed and staged approach whereby legacy 'on premise' applications are moved to provide resilience and Business Continuity only if it reduces overhead and management costs, and maintains the uptime, performance and accessibility for each application
- Establishes a Disaster Recovery (DR) capability within the Council for its business-critical systems

- Microsoft Office 365 delivers the Evergreen IT principle of always keeping software up-to-date. Improved release and updated cycle management would reduce the need for regular, expensive migrations (e.g. Windows XP to Windows 7).
- Risk transfer to third party – who will be responsible for updating many of the infrastructure components on an ongoing basis
- Support accommodation strategy, enabling improved working practices – enhanced mobile / smart working
- Help support business application reviews in terms of capability and flexibility in relation to supporting specific requirements from the application vendors
- Increased Citizen satisfaction when accessing the Councils digital services
 - Support Digital by Choice strategy by improving platforms offered to Citizens – improved uptime and access
 - Reduce Customer/Citizen system outages

3.6.8 It is recommended that LB Bromley should adopt the Hybrid cloud approach for the upgrade and transformation of the server infrastructure; this offers the flexibility of gradually moving systems to the cloud, which would also reduce the impact on key services. The programme would target Business Critical EoL systems as the first candidates to move to the cloud (as the core deliverables), and ensure DR is enabled for the business-critical applications.

3.6.9 The recommended upgrade of the infrastructure will be done in 2 stages. In Stage 1, all servers that are going to be EoL within next 12 months will be upgraded within the current Data Centre and in Stage 2 some of these infrastructures will be moved to the cloud. A one-off cost for Stage 1 will be approximately £504k. Stage 2 will be a one-off cost of approximately £796k with estimated ongoing costs of £43k.

b) Windows 7 Upgrade to Windows 10, including hardware refresh if required

3.6.10 By January 2020, the current client Operating System (OS) used by the Council, Windows 7, will go EoL. This means that all devices using this OS will no longer receive security updates protecting the Council end user devices from virus, spyware and malicious data attacks, or qualify for bug fixes from Microsoft.

3.6.11 From October 2018, the Council has 12 months to plan for, evaluate, test, set-up, deploy and rollout Windows 10 to all Council end user devices running Windows 7. As most OS upgrades take approximately 12 months, this work needs to be given the highest priority and fast-tracked.

3.6.12 The Council has the following options around the Windows 7 Upgrade;

- Do nothing - Leave Windows 7 with no maintenance or support
- Upgrade Windows 7

3.6.13 Do nothing - Leave Windows 7 with no maintenance or support:

- The current Public Service Network (PSN) accreditation would be withdrawn, due to non-compliance around the unsupported software (with no ability to security patch or use bug fix software) as well as we may be denied access to NHS Link (HSCN Link).
- Impacts of not moving to a supported client OS are already causing issues with, for example, new client hardware as Windows 7 supported laptops and desktops are no longer available
- No security or bug fix updates will be supplied by Microsoft for Windows 7 after Jan 2020
- Managed Service support for Windows 7 from BT will revert to 'reasonable endeavors' support, with no fixed Service Level Agreement (SLA)
- New applications will cease to support Windows 7.
- If a data breach arises due to unsupported system, then ICO is likely to impose significant financial penalties.

3.6.14 Upgrade Windows 7 - As part of the initial options review for replacing Windows 7, the IT team have evaluated the current market leaders providing alternative operating systems;

- Linux Ubuntu
- Google Chrome
- MacOS
- Windows 10

3.6.15 The following points were contributory factors in the recommendation below in 3.6.16, upgrading to Windows 10;

- The alternatives to a Microsoft client OS have financial benefits around the licensing models as Linux and Google are free to download, but the Managed Services and training of the staff to support these platforms make the overall Total Cost of Ownership (TCO) greater than Microsoft.
- The LBB's current IT Service Provider do not support Linux, Google or MacOS.
- The full deployment of Linux, Google or Mac as an operating system would be classed as a major innovation within the local government sector, with only small numbers of adopters; this does not comply with one of the council's core IT principles 'Utilise Proven Solutions within the Market Place'.
- One of the major public sector adopters of Linux, the City of Munich, has recently decided to move fully back to Windows 10, evidencing that Linux adoption is not a simple process.
- Significant training for any alternative to the standard Microsoft platforms would need to be given to all staff.
- The adoption of alternatives to a non-Microsoft platform would be a step change and would require users to embrace new interfaces for many lines of business application services.

- Extreme testing will also be required if non MS OS is chosen to ensure compatibility with all Council systems.

3.6.16 It is recommended that LB Bromley should upgrade to Windows 10 OS and the benefits and reasons to deploy Windows10 are outlined below;

- Improved Windows 10 Security - ensuring that systems are protected from advanced browser attacks.
- Release and update cycle management – there would be no requirement for major release upgrades as Windows 10 would have regular 6 monthly code updates. The Council has previously needed regular, expensive migrations such as, Windows XP to Windows 7.
- The new OS will support the latest devices, enabling the Council to select the most appropriate device for the Council job roles.
- The user experience will be enhanced with built in tools and features that help users collaborate and work more efficiently, providing improved mobility options that the other alternative options do not provide.

3.6.17 The Preferred Option to upgrade the Window 7 platform to Windows 10; with the current market position and adoption of this platform makes the selection credible. The estimated cost of the Windows 7 upgrade is £1.88m. The costs also include £1.2m for Hardware upgrade (Computers), if the current computers cannot be upgraded to Windows 10 OS.

c) Office 2010 upgrade

3.6.18 The Council currently uses Microsoft Office 2010 that has been used since 2013, which will be out of support from Microsoft in October 2020. The Council has the following options around its End of Life (EoL) Office 2010;

- Do nothing – Leave Office 2010 with no maintenance or support
- Upgrade to a supported version of Microsoft Office or alternative

3.6.19 Do Nothing - Leave Office 2010 with no maintenance or support:

- As with Windows 7, there would be no security or bug fix updates supplied by Microsoft after January 2020 for Office 2010
- Managed Service support for Office 2010 from third party support providers will no longer provide compressive support as well as support will not be guaranteed, with no fixed SLA.
- New applications that link to the Office suite will cease to support Office 2010
- The current PSN accreditation would be withdrawn due to non-compliance around unsupported software (no ability to security patch, bug fix software).
- If a data breach arises due to unsupported system, then ICO is likely to impose significant financial penalties.

- 3.6.20 Upgrade Office 2010 - As part of the 'initial options' review for replacing Office 2010, Officers evaluated the market leaders for any alternative systems available and these were;
- Google GSuite
 - Office 365
 - LibreOffice
- 3.6.21 The following points were taken into consideration during the selection process;
- Change Management
 - Adoptions
 - Training
 - Financial factors
 - Unified communications
 - Video/web conferencing
- 3.6.22 Officers have access to Gartner who are an independent leading research and advisory company. Gartner's provide senior leaders across the enterprise with the indispensable insights, advice and tools they need to achieve their mission-critical priorities and build the organizations of tomorrow. It is the intention of the officers to continue with the service from Gartner for further two years, to ensure that
- 3.6.23 Based on the Gartner cost models, Gartner believes that midsize organizations, which lack economies of scale for internal computing operations, will likely save money (model shows 23%) and have a more efficient cost structure moving from 'on premise' services to Office 365 Enterprise E3. Gartner Analyses is attached as Appendix 2.
- 3.6.24 The open source product LibreOffice was also reviewed and it was found that this is a desktop based application and it does not have Cloud option unless the browser-accessible LibreOffice Online version is utilised, complete with collaborative editing.
- 3.6.25 There is also no publicly available LibreOffice Online, as there is for Microsoft's, Apple's, and Google's application, which goes against the recommended Cloud First Strategy.
- 3.6.26 LibreSuite does not provide the full suite of applications like G-Suite or Microsoft 365 (Collaboration, Content Management, IP Telephony etc)
- 3.6.27 As Microsoft Office has been embedded within the Council's systems for over 10 years, the change to this key productivity tool will require a culture shift within the organisation. Staff will need to embrace different work styles and adopt new processes to utilise cloud-based applications.

- 3.6.28 Bromley's Managed Service Provider BT do not support G-Suite and therefore, the contracts for support of this service would need to be negotiated. BT have indicated that as they do not support G-Suite, all of the support staff would need to be trained to support Council staff and this may increase the support costs, as well as a review of the Key Performance Indicator associated with this service.
- 3.6.29 The full deployment of Google GSuite would be classed as highly innovative within Local Government, as only a small number of authorities have adopted it.
- 3.6.30 Office 365 Business is hosted and maintained by Microsoft, which means there is no need to install and update software. Instead, the Council would have access to everything it needs for office productivity tools, without having to install and maintain servers and networks. Set up is fast, with immediate access and will allow Council users to access Office applications with a single sign on using any device (tablet, PC, or smartphone), from any location.
- 3.6.30 Google lacks broad support for telephony or PBX services in the cloud, and requires partners such as Dialpad or RingCentral to implement these capabilities. Microsoft offers corporate telephony services through its Phone System and Calling Plan features.
- 3.6.31 Google Hangouts Meet offers easy-to-use conferencing capabilities. It does not offer some specific functionality when compared to Microsoft Skype for Business/Teams, which is a more specialized tool built for business communications. For example, Skype for Business has more detailed status capabilities, and supports higher numbers of meeting participants
- 3.6.32 Further benefits and reasons to deploy Office 365 are listed below:
- Selection of the Office 365 solution would remove a number of the larger core applications delivered within the 'on premise' data centre, for example SharePoint, Exchange and Lync.
 - Moving to a Cloud platform would offer users options around simplified agile working that will be required with the accommodation strategy.
 - The Office 365 plans available to the council come with local versions of the Microsoft Office applications. This provides even more options around a flexible mobility strategy
 - The Office 365 provides improved security, ensuring the systems are protected from advanced browser attacks.
 - There will be no need for the Council to carry out regular, expensive major Office upgrades as these would be replaced by 6 month updates from Microsoft.
 - It provides improved user experience with built in tools and features that help staff collaborate and work efficiently
 - Switching to Office 365, would enable the Council to improve workflow efficiency and significantly improve collaboration with anytime and anywhere access.

- Office 365 is a proven solution and has been extensively used by local authorities.
- 3.6.33 The Council's proposed approach to new ICT strategy has several agreed core design principles that were also considered as part of the productivity tool selection;
- Cloud First
 - Utilise Proven Solutions within the Market Place
 - Use open standards and common platforms
- 3.6.34 It is recommended; therefore, that the Council should upgrade to Office 365. This will also compliment the hybrid upgrade of the infrastructure and provide DR and BC for systems such as Emails, Documents, SharePoint etc.
- 3.6.35 The recommended option is the subscription-based option provided by Microsoft. The implementation of Office 365 is estimated to cost £408k with ongoing costs of £608k. The revenue costs are based on license costs for 2,000 users per annum.
- 3.6.36 Officers have identified a Document Management system that is currently being used by Environmental Services could be used for HR, reducing expected ongoing costs of approximately £90k to £30k. The £60k saving could be used to offset the additional cost of the Microsoft 365 licenses.
- 3.6.37 Within the current BT contract there is an amount of £170k set aside for IT development of existing or new systems. It is proposed that any new development work required for current or future systems be financed from the specific funding allocated to that particular project which would result in a revenue saving of £170k which could also be used to offset the cost of the Microsoft 365 licenses.
- 3.6.38 The Office 365 solution is a subscription-based solution. The costs are directly related to number of users and are validated annually. Therefore, should the total number of users reduce, the annual license subscription would reduce. For an example – a reduction of 100 users would reduce the costs by £30k. Although, any increase in users will result in an increase in the annual subscription costs.

d) Network Upgrades

- 3.6.39 As part of the overall review approx. 95% of the Local Area Network(LAN) is due to go EoL; which means that network devices running within the Council's infrastructure will not be supported by the vendor (Cisco).
- 3.6.40 As part of LAN review, as well as part of on-going discussions with BT around use of various frameworks to deliver further efficiencies and value for money as indicated in the and Executive Report COE 01630, BT were

requested to review Wide Area Network(WAN) with the view to deliver savings for the Council.

3.6.41 The Council has the following options following the BT and Officer review in regards to the LAN, WAN and Wireless hardware

- Do nothing - Leave LAN, WAN and Wireless hardware as is
- Upgrade LAN and Wireless hardware
- Upgrade LAN, WAN and Wireless hardware

3.6.42 The impact of staying with the existing LAN and Wireless hardware would be:

- The current PSN accreditation would be withdrawn due to non-compliance around unsupported hardware and firmware, with no ability for security patches and bug fixes
- Managed Service support for EoL hardware will revert to 'reasonable endeavors' support, with no fixed SLA
- Unpatched and unsupported hardware would heighten the risk of security breaches (internal and external attack); including the risk that the code in older versions of switches and other network equipment could be exploited.
- Management of the current estate is becoming more difficult as equipment goes EoL. There is also no centralised tool to assess the risk around the ageing network devices
- The current network design that has been deployed is over 5 years old and has no capacity for expansion or development.

3.6.43 If the Council accepts the recommendation to move to Office 365, then a Hybrid approach will need to be adopted and this will require links to third party DC's to offer connectivity back to the Civic Centre.

3.6.44 The additional benefits of WAN, LAN and Wireless hardware refresh are:-

- Increased bandwidths and therefore improved productivity - current network performance is poor and has an impact on users
- Improved access to Wi-Fi
- PSN Compliance - the new service supports LB Bromley PSN security obligations
- Improved management of the network, with the latest toolsets incorporated in the design
- Reduced operational complexity - Using BT's IP Connect MPLS technology will help to reduce operational complexity
- Property Rationalisation – If the Council adopt BT's WAN service it can offer supportive terms for the organisations planning to rationalise their property estate
- Future proofs the Council with Software Defined Network (SDN) ready equipment incorporated within the design.

3.6.45 It is therefore, recommended that LB Bromley should upgrade the WAN, LAN and Wireless hardware. The one of costs to upgrade WAN, LAN and Wireless hardware is estimated at £996k. The upgrade will provide ongoing savings of £27k per annum.

Disaster Recovery and Business Continuity for key IT Systems

3.6.46 As part of the IT Transformations the officers have also considered Disaster Recovery options as part of the End of Life (EoL) systems and Data Centre renewal process.

3.6.47 The IT Strategy recommends adopting “Cloud first” to deliver a resilient infrastructure. The Council has only one ‘on-site’ data centre which is located under the Stockwell building and therefore carries extreme corporate and business risks.

3.6.48 Adoption of a “Cloud first” strategy offers the scope for disaster recovery for the business critical applications and also provides the ability to flex systems up or down dependent on the Council.

3.6.49 There are opportunities for the Council to reduce the risks when looking at the Disaster Recovery, Business Continuity and Data Centre transformation. These are listed below:

- Disaster Recovery and Business Continuity for the Councils Critical Systems
- Supports the accommodation strategy enabling improved working practices – enhanced mobile / smart working
- Helps support the business applications review in terms of capability and flexibility in relation to supporting specific requirements from the vendors
- Increased Citizen satisfaction when accessing the Councils digital services
- Supports the Digital by Choice strategy by improving platforms offered to Citizens
- Reduction of Customer/Citizen system outages.

3.6.50 The initial review around the upgrade requirements the officers have considered the following options;

- Do nothing
- Upgrade the current data centre
- Upgrade the current data centre and move critical systems to use third party

3.6.51 Do nothing - Allow systems to become unsupported by the vendor / manufacturer.

- The current PSN accreditation would be withdrawn due to non-compliance around unsupported software (no ability to security patch, bug fix software).
- In this position the Council would have the systems in question supported on a reasonable endeavors basis (no SLA) with the current service provider (BT).
- As a number of the platforms are nearing the end of extended support and have reached 10 years plus on their lifecycle, they will require significant effort and expense to bring them up to a supported or latest version

3.6.52 Upgrade the current data centre 'on premise':

- Although in the short term upgrading systems tactically would enable the Council to bring certain functions back to a supportable state; this would only deliver a partial resolution.
- The Stockwell Data Centre and all its constituent parts will require regular multi-million pound investments, for example the need to keep up with growing storage needs. Additionally, the option of continued on site investment will not address the following risks faced by the council;
- No Disaster Recovery Plan - No options for recovering 'on premise' facility
- No business critical application list – No formalised list agreed within the council making DR planning and recovery objectives unmanageable; a move to the Cloud would force this requirement.

3.6.53 Upgrade the current data centre and move critical systems to use third party hosted environment will provide required disaster recovery and Business Continuity, thereby this option is recommended.

3.6.54 Move some systems to the Cloud over the medium term and utilise a mix of both Cloud and 'on premise'. This model offers the Council the opportunity to keep some of the systems running 'on premise' that have support longevity, thereby maximizing the Return on Investment, with a potential move to the Cloud at a later stage, if there is a business case.

3.6.55 In order to follow the recommended Corporate IT Strategy around adopting Cloud First to provide flexibility, DR and BC, it is recommended that Bromley move to a Hybrid approach; this offers the current traditional IT 'on premise' platform combined with a cloud/private cloud that includes, dynamic resource scaling, a chargeback model for lines of business, orchestration for automating repeatable tasks and a highly visible management platform to monitor how and where services get deployed. The gradual move of systems to the cloud will reduce the impact on key services.

Review of Line of Business Systems

- 3.6.56 There are currently approximately 102 Line of Business systems that are being used across different Divisions/Departments. The details of the systems are included in Appendix 3. The intention is to reduce the number of Line of Business Systems.
- 3.6.57 It is recommended that reviews of these systems are undertaken to ensure the LoB systems are supportable, fit for purpose and future proofed. It is expected that any upgrade would also provide future efficiencies.
- 3.6.58 There are number of reviews that have already taken place and reports put forward to members with recommendations, such as Carefirst, Confirm and Uniform.
- 3.6.59 It is recommended that Critical LoB systems are individually reviewed prior to the expiry of the system support. It is envisaged that the review of these systems would cost approximately £250k and the upgrade of these systems is estimated to cost an additional £5m maximum within next 3 years.
- 3.6.60 Officers and system owners will bring individual business cases and reports forward to members, prior to any review or upgrade taking place.

3.7 Staffing

- 3.7.1 Given the scale of programme, it is likely that there would be a need to have a short term additional appointments. Lessons learnt from the previous roll out of Windows 7 and upgrade of data centre. Whilst BT will provide support, an enhanced level of support will be required to protect the Council's interest. Therefore, it is essential that we resource the programme to ensure departmental coordination and project governances put in place to mitigate any risks of programme over running.
- 3.7.2 It is envisage that up to 3 temporary posts will be required, to assist in delivery of these major infrastructure projects. The work would include:
- Roll out coordination of departments.
 - Communication to all departments.
 - Coordination between IT, BT and third Party providers of LoB systems.
 - programme/project management.
 - Programme Governance to ensure the users requirements are met
- 3.7.3 Work will be contained wherever possible within the Client Team and the proposed costs will not exceed £308k for approximately 3 temporary posts over the 27 month period. This will ensure coordination of departmental and corporate rollout out hardware and software as well as systems upgrade.

4. POLICY IMPLICATIONS

- 4.1 This report supports BBB which invest in technology to enable greater flexible working.

5 PROCUREMENT IMPLICATION

5.1 ImprovIT, an external benchmarking specialist company, were chosen by the Westminster-Pan Framework, Westminster City Council (following an open procurement), to formally benchmark Lots 1 and 3 of the Pan London Framework (which LBB consumes services from).

5.2 The exercise was carried out in September 2018 and covered a wide range of services across both Lots, measuring price, complexity, scope and quality – key measure of assessing value for money.

5.3 Our current provider, BT were measured against a minimum of 8 peers who deliver the same services, at the same stage of contract, from each of the following sectors:

- Public sector
- Healthcare
- Manufacturing
- Financial Services
- Pharma

5.4 It was found that BT's framework pricing was 2.3% and 5.3% lower than their competitors and quality of service was between 5.5% and 1.9% better than the peer top quartile.

5.5 Under the existing Framework the Council is able to include further IT services which are similar to those currently under contract. Therefore, the proposals set out in this report are permissible without the need for a competitive tendering process. This also ensures stability, supportability and Continuity for the Council.

5.6 The framework does not limit the officers should the officers find to soft market test and appoint alternative provider. Therefore, should market testing indicate that value for money can be provided by alternative framework then it is recommended that procurement is undertaken with most appropriate framework in consultation with the Portfolio Holder and Director of Corporate Services Director.

6. FINANCIAL IMPLICATIONS

5.1 This report is highlighting the transformation work that needs to be carried out in order to ensure that the Council is running a supported and fit for purpose IT infrastructure.

5.2 The current estimated capital costs of delivering this work is £5.381m, as set out in the table below, and Members are requested to agree to add this to the Capital Programme:

Estimated Capital Costs	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
Windows 7 to Windows 10 upgrade	170	510			680
Hardware	300	900			1,200
On premise Data Centre I/F upgrades	126	378			504
Network refresh - LAN and WAN	498	498			996
Office 2010 to Office 365 migration (2000 users)		204	204		408
DC/DR Environment Cloud		159	318	318	795
Project staffing (3 FTE's)	34	137	137		308
10% Contingency	110	280	70	30	490
Total	1,238	3,066	729	348	5,381

5.3 Within the current Capital Programme there are a number of IT schemes which will no longer be required or will be superseded by the proposed work. The total remaining budget available from these schemes is £1.925m as set out in the table below, and Members are requested to agree these schemes are removed from the Capital Programme to help fund the proposed works:

Capital Scheme	2018/19	2019/20	Total
	£'000	£'000	£'000
Upgrade of Core Network Hardware	200	426	626
Replacement of Storage Area Networks	100	721	821
Rollout of Windows 7 and Office 2000	30	97	127
Replacement of MD110 Telephone Switch	50	138	188
Windows Server 2003 Replacement Programme	40	123	163
	420	1,505	1,925

5.4 As capital receipts are currently expected to be fully exhausted by the existing capital programme over the next few years, it is proposed that the remaining costs of £3.5m will be met from 2018/19 revenue underspends set aside in the Technology Fund.

5.5 Post-completion reports will be submitted to the Resources, Commissioning and Contracts Management Portfolio Holder in respect of the schemes to be removed from the Capital Programme listed in 5.3 above.

5.6 Overall net additional revenue growth of £92k is required for 2018/19 and £394k per annum from 2019/20, to cover the on-going costs for licensing and hosting services as detailed above and summarized in the table below: -

Ongoing revenue costs	2018/19	2019/20
	£'000	£'000
Office 365 licenses	152	608
DC/DR Environment Cloud	0	43
Savings from LAN	0	-27
Savings from removal of development budget from BT contract	0	-170
Savings from using HR document management system	-60	-60
Net additional revenue costs	92	394

5.7 Whereas officers will look to reduce the Line of Business systems, It should be noted that it is still estimated that a further £250k will be required to undertake the reviews of the LoB systems and the potential replacement cost of the LoB

systems listed in Appendix 3, is expected to be £5m within the next 3 to 5 years. The actual costs will be updated as and when the reviews are undertaken.

5.8 It should also be noted that members agreed £3m for replacement of the CareFirst on 12th September 2018 and members will be considering further report on Customer Services System in near future.

6 LEGAL IMPLICATION

6.1 The value of the services and supplies is above the EU threshold value requiring full compliance with the Public Contracts Regulation 2015 (Regulations). The proposal is to use the current contract with BT to procure the services and supplies as the procurement is within the scope of the contract. In the event that the contract with BT is not used then an alternative Framework Agreement which has been tendered in compliance with the Regulations can be used. Alternatively the Council can carry out a tender exercise itself in accordance with the Regulations and the Council's Contract Procedure Rules.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	