

STRATEGIC REVIEW AND CONSOLIDATION OF ICT SYSTEMS

Submitted by: Head of Customer and ICT Services

Portfolio: Communications, Transformation and Partnerships

Ward(s) affected: N/A

Purpose of the Report

This report advises Cabinet of the Strategic Review being undertaken of the Council's ICT software systems in the short, medium and longer term. It identifies potential opportunities to make efficiency improvements together with cost savings through various consolidation or renegotiation options, within clear timescales.

Recommendation

That the Strategy and course of action, as detailed in the report, be agreed.

Reasons

A Strategic review of ICT software provides the opportunity for:

- consolidation on the number of contracts and suppliers currently in place
- greater integration between systems which improves front line delivery
- efficiencies and cost savings.

1. Background

1.1 In June 2010, a report was commissioned and produced by Socitm¹ which contained a detailed review of the software applications and systems in use at the Council. The aim was:

- to assess the 'business fit' of the applications in terms of meeting the business needs of the intended users;
- to assess the 'technology fit' of the systems in terms of their alignment with current IT infrastructure and skills;
- to identify areas of overlap where similar functions or services are provided by more than one application; and
- to identify possible gaps where areas of business need or information management are not being supported by an appropriate system.

1.2 This report was subsequently submitted to Executive Management Team (EMT) for approval. A number of the recommendations were then implemented which resulted in an initial decrease in small legacy systems used by individual services, and associated hardware. This decrease has been achieved through replacement or consolidation with existing Council software that provides similar functionality. ICT are continuing the process of reviewing other legacy systems with the intent to replace or consolidate.

1.3 In September 2011, the staffing to create the combined Customer and ICT Services was completed with significant savings realised as a result of this process. The decrease in ICT

¹ Socitm is the association for ICT and related professionals in the public and third sectors.

staff numbers resulting from the restructure was based on a number of provisos; one of which was the need to review and consolidate on the number and type of ICT systems in place to enable:

- the full potential of existing larger systems to be realised;
- smaller or legacy systems that support only single areas of the Council to be decreased by maximising integration;
- resource intensive support from ICT officers to be concentrated on supporting fewer, larger, integrated systems thereby improving ICT efficiency to end users;
- value for money and quality 'fit for purpose' systems; and
- consolidation on a smaller number of key suppliers through market testing and innovative procurement methods, resulting in cost savings.

1.4 Immediate improvements in processes and systems consolidation have already made inroads to achieving these goals. In 2011/12 from a total budget allocation for ICT hardware, software and support of £627,440 the total spend is estimated to be £577,148.

1.5 It was always anticipated that for this trend to continue, a wider strategic plan of review and consolidation needed to be put in place which, in conjunction with the ICT Service Plan and ICT Development Programme, will detail and determine the way ahead to achieve efficiencies over a number of years.

2. **Issues**

2.1 The Council currently has in place approximately 200 contracts for ICT hardware, software and support (as at June 2011). Whilst many of these systems are regularly used and users are generally satisfied with their functionality, a number have disparity in contract life for similar contracts, attract high maintenance costs or are difficult to maintain in terms of:

- recovery in a disaster or business continuity situation due to age or base platform ;
- dependency on in house support;
- lack of compatibility with the Council's current infrastructure;
- staff knowledge of out of date software and databases; and
- compliance with current security standards.

2.2 Reviews of software covering matters such as fitness for purpose, usability, compliance (in terms of security and procurement) and cost (in terms of value for money) have not been undertaken regularly and methodically in the past. The introduction of a business function for ICT, put in place within the new structure, affords the opportunity to address these issues.

2.3 Historically, the procurement of some departmental software has been considered in isolation in response to user or departmental needs at a specific time. The usage of many software systems has evolved and matured, and as the need for access to information across services increases, more departmental systems need to integrate seamlessly.

3. **The Way Forward**

3.1 Since the creation of the combined Customer and ICT Service, there has been a greater emphasis on ensuring that the business elements of ICT are more robust in terms of clarity of ICT contracts in areas such as contents, notice period, licensing and support agreements. To support this, an action plan has been put in place to undertake a strategic review of all ICT software. The plan sets out a phased approach to the review over specific timelines.

The outcome will be greater clarity in terms of contract detail, review/procurement triggers and timelines, and a clear process for consolidation where possible.

- 3.2 Any procurement must seek to ensure a good 'business fit' i.e. how well the application meets the business need of the service area, together with a good 'technology fit' i.e. how well the application matches the ICT infrastructure and skills of the Council.
- 3.3 For the purpose of developing the Plan, software systems have been identified as falling into three distinct categories: Core; Strategic; and Local. Details of these systems are set out in Appendix A. A more detailed definition of the categories, together with the key functions of each of the systems is shown as Appendix B. In summary:
 - Core systems are made up of corporate application systems that integrate with other major Council systems or corporate infrastructure that provides the corporate 'backbone'. Examples are Electronic Document Management, Customer Relationship Management (CRM), Financial System and Telephony.
 - Strategic systems are those that support departments but have added value through integration with the Core systems and, in many cases, other departments' software. Examples are Northgate Revenues and Benefits, IDOX software (Planning, Land Charges, Building Control, Land Terrier etc.)
 - Local systems are those that stand alone and are likely to support just one service area. These could potentially be legacy or historic systems whose functionality could be better provided by one of the strategic systems to improve efficiency and reduce resource and support costs. In some cases, local systems will need to be retained where they support the Council's infrastructure; for example the software used to archive users' email.
- 3.4 A timetable has been set up that takes into account the differences in software such as the type, contract value and level of integration of software linked to resource implications for both ICT and user departments. The timetable cross references to the current ICT contracts list.
- 3.5 The timetable puts in place software 'grouping'. Grouping exists where software from many areas of the Council is of the same type. For example, although the Planning and Land Charges software is specific to those areas, they both use geographical information to create and display data. The content of each group will be reviewed at the same time. In some cases it will be appropriate to take actions before the timetabled procurement to allow first phase removal of legacy systems whilst taking advantage of short term cost savings.
- 3.6 The timetable also takes into account the likely disruption to normal service activities; balancing immediate service demands and the need to carry on day to day working with the potential for savings and efficiencies. When any system is changed there are often significant time and costs involved in the migration of data from one system to another and in specialist ICT consultancy support to enable implementation and staff retraining. Careful consideration needs to be given to these elements, particularly when reviewing strategic systems.
- 3.7 In some cases, software (particularly licenses) will be 'proprietary'; in that it can only be obtained from one supplier.
- 3.8 It is important to note that this timetable is based on current circumstances and may change to reflect legislative change, resourcing, implications of departmental service plans or external factors.

- 3.9 Procuring software is inherently different to procurement of commodities. The success of software-dominated projects is dependent on both technical and user specifications. User input at the earliest stage of a project is essential to ensure that the tender delivers fit for purpose, flexible, upgradeable software over the life cycle of the contract. The recent procurement of a replacement County wide CRM system clearly demonstrates the value of real users being involved at an early stage to ensure that the resulting system is capable of managing both the essential and desirable user requirements. In this instance, the procurement involved completing a two part specification which took account of the requirements of ten authorities from both the technical and user perspective with an expected usable life span of 15 years.
- 3.10 It is essential to get the balance right between ensuring the Council achieves best value for money measured against the impact of any change in terms of the amount of resources, investment, effect on service delivery and the necessity to undertake a review of existing processes as part of the transition to another system. These considerations will need to be included ahead of any procurement exercise. For strategic systems the impact can be even greater, as they are by nature software than have dependencies on core systems.
- 3.11 To secure this balance, software reviews are scheduled at intervals that relate to the level of disruption likely to be caused. It is therefore planned to review core systems every seven years, strategic systems every five years and local systems every three years.
- 3.12 Reviews will also provide the opportunity to look into greater exploitation of existing core and strategic systems where significant resource or investment has already been made by the Council.
- 3.13 As part of the reviews, and prior to any procurement, each system (irrespective of type) will be subject to a formal Software Change Impact Assessment in the form of a checklist to determine:
- the impact on customers of any resulting change
 - the internal impact resulting from change e.g. resource (including technical and user), retraining, process and procedures, effect on other internal systems
 - the level of satisfaction with current supplier
 - the life cycle of the current system, and potential to expand/ change with user need
 - the prevalence of the current system within the market place
 - the complexity of current software resulting from interdependencies and bespoke development
 - current level of investment

An example checklist is shown as Appendix C.

- 3.14 Reviews will not always lead to software changes. Analyses of checklists may conclude that it is in the best interests of the Council to maintain the arrangements with existing suppliers, but enter into new contracts with guidance from internal procurement. Some systems may be so deeply integrated into the Council's infrastructure that the case may be made out for continuing to contract with an existing supplier whilst seeking other ways to judge and improve value for money. Each case will need to be considered on its individual merits.
- 3.15 As a result there may be instances where the best interests of the Council are served by using innovative approaches to ensure that software purchases take full advantage of the wide scope of procurement methods such as joint procurement with other local authorities or partners, outright purchase through frameworks, contract extensions, cloud/hosted services, and increasing the Council's existing portfolio of Open Source software where appropriate;

whilst ensuring suitability and compliance with government security standards. Leasing will only be financial advantageous where there is a specific short term business need. This is particularly important for strategic systems where consolidation may be of greater benefit to the Council.

4. **Proposal**

- 4.1 It is recommended that Cabinet agrees the Strategy and action plan for the review, as set out in this report.

5. **Reasons for Preferred Solution**

- 5.1 A formal, systematic and on-going review of ICT contracts ensures best value in terms of consolidation.
- 5.2 Review and consolidation also provides the opportunity for a change in focus for ICT; enabling ICT to become facilitators and empowering users to do more.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 Transforming our Council to achieve Excellence through managing our resources and maximising the use of its ICT to drive through efficiencies and deliver seamless integration where required.

7. **Legal and Statutory Implications**

- 7.1 All procurement pursuant to this report will be in accordance with the Council's Standing Orders and Financial Regulations and, where appropriate, with European Procurement rules.

8. **Financial Implications**

- 8.1 Overall it is estimated that ICT software costs could be reduced by approximately 20% to 25% by 2016/17 through review, negotiation and consolidation whilst increasing efficiencies. The total saving on software after 5 years is likely to be in the region of £100,000. These figures are based on limited market testing already undertaken which have shown positive outcomes with existing large vendors when consolidating or renegotiating contracts over three years or more.
- 8.2 Savings on hardware costs are more problematic. The Council purchases hardware to 'end of life' and pays an associated annual maintenance charge. Purchase costs mirror fluctuations in the strength of the dollar, as many manufacturers are US based. Savings made so far on hardware costs have been realised through direct negotiation with the manufacturer and by regular market testing of maintenance contracts. Savings on hardware costs are therefore more difficult to realise. However, the overall expenditure is considerably less than that on software.

9. **Major Risks**

- 9.1 The potential risks, in terms of consolidation of ICT systems, vary depending on the nature and usage of the system being consolidated. These can be partially mitigated by putting in place a number of controls to ensure that these risks are managed appropriately. These range from the simple impact which can be mitigated, such as a delay in procurement; to more complex impacts such as procuring a system which is not fit for purpose due to inadequate or incomplete specification. The risk details, attached as Appendix D are based

on the Council's adopted risk assessment procedure. The risk of procurement challenges will be managed by appropriate application of the Council's standing orders and financial regulations.

10. **Sustainability and Climate Change Implications**

10.1 Replacing out of date hardware and ensuring greater use of systems such as the electronic scanning and records management system (EDRMS) can also contribute to the green agenda by helping reduce our carbon footprint.

11. **List of Appendices**

Appendix A - Applications Portfolio

Appendix B - Key Functions

Appendix C - Software Change Impact Assessment

Appendix D - Risk Review