# Finance and Resources Committee

## 10.00am, Thursday 17 March 2016

## ICT Services Procurement: Transition Progress Update

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| **Item number** | 7.7 |
| **Report number** | |
| **Executive/routine** | |
| **Wards** | All |

## Executive summary

This report provides the Finance and Resources Committee with a comprehensive update on the contractual transition of ICT services to CGI by 01 April 2016, and the physical transition of services in May 2016 including:

- overall transition status
- progress on the transition plan deliverables
- workstream updates
- key activities and next steps
- business readiness and change management activities
- transformation project updates
- SME engagement and community benefits

## Links

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|---|---|
| **Coalition pledges** | P7, P15, P16, P28 |
| **Council outcomes** | CO08, CO25 |
| **Single Outcome Agreement** | S01, S03 |

# Report

## ICT Services Procurement: Transition Progress Update

### Recommendations

1.1    It is recommended that the Finance and Resources Committee:

1.1.1    Notes further progress on the programme since the last report to Committee in November 2015, to transition ICT services from the incumbent ICT provider to CGI IT UK Ltd (CGI) by 01 April 2016 and data centre cutover on 30 May 2016; delivering a range of contracted improvements and wider benefits to staff and citizens;

1.1.2    notes that the complexity of the transition poses significant technical and logistical challenges which are being jointly addressed by CGI and the Council;

1.1.3    notes that major project milestones were delivered over the period, and a wide range of project activities undertaken including: -  data centre migration preparations, networking and infrastructure developments, business readiness preparations, ERP (Enterprise Resource Planning) design completion and operations to commence the new CGI service desk;

1.1.4    notes the application of industry best practice and proven approaches to readiness, transition and service take on, including a four stage service cutover and data centre migration plan;

1.1.5    notes that engagement has commenced in all community benefits areas and the programme is currently on track to meet all commitments including the creation of jobs and the inclusion of SME's;

1.1.6    notes that an Assurance Review from the Corporate Programme Office is planned to take place prior to Service Cutover on 01 April 2016.

## Background

2.1     The current contract for ICT services is due to expire on 31 March 2016 and consequently the Council approved, at the Finance and Resources Committee meeting in November 2013, the procurement of a new contract through a competitive dialogue process.

2.2     Following a rigorous evaluation process on receipt of final tenders from bidders, the procurement project board made a recommendation to Finance and Resources Committee in August 2015 to notify CGI as the preferred bidder and move to contract signature. The Committee approved this recommendation.

2.3     The new contract will deliver an ICT solution that best meets both the current and future needs of the Council in the digital age within an overall finite resource level. The sum involved is £185.7m over seven years, resulting in a minimum saving of £45m against the current budget. Additionally, CGI has committed to a range of Community Benefits including the provision of 221 new jobs and 60 modern apprenticeships in Edinburgh.

2.4     Following contract signature on 21 August 2015 the project entered into the service transition phase; where CGI began undertaking activities to plan the move from the incumbent ICT supplier BT. There will be minimal notable changes to the service until the agreed "Service Cutover" date (01 April 2016), although significant work is being undertaken in the background. After 01 April CGI will be responsible for all ICT Services currently undertaken by BT, although the systems will remain in the BT data centres and be moved over a series of weekends in May 2016 to the CGI data centre.

2.5     Progress against the Transition Plan, is reported to the Finance and Resources Committee - the first of which was presented on 26 November 2015.

## Main report

### Programme Update

3.1     In November 2015, a report to the Finance and Resources Committee outlined partnership governance arrangements which had been put in place to ensure delivery of the transition and transformation.  The programme is managed through a formal process with weekly monitoring and reporting. The report also provided a progress update on start-up activities and early stage deliverables including technical collaborations between CGI and the incumbent ICT suppler and the establishment of business change networks.

3.2     The programme remains substantively on schedule with the transition milestone plan set out in the supplier's tender submission, and is summarised in Appendix 1 of the report which includes a high level overview of activities, status and timelines for key workstreams.

3.3    In particular over the reporting period December 2015 to February 2016 the transition programme, which has been partitioned into 17 workstreams relating to the 93 Output Based Specifications, successfully moved from start-up into full implementation and currently remains on track to transition ICT services to CGI during April and May 2016.

3.4    The complexity of the transition does however pose significant technical and logistical challenges that are being addressed by CGI and the Council through jointly managed interventions and mitigation actions. Details of the risks associated with these challenges are outlined in Section 6 of the report.

3.5    Over the reporting period major project milestones were delivered or are on schedule to be delivered, and a wide range of project activities undertaken including:

3.5.1    Completion of the Wide Area Network (WAN) detailed design and commencement of the implementation work. This includes street cabling installations to deliver a new 150 kilometre gigabit fibre network across the city, and the successful testing of the new WAN in Currie Library, Drummond Community High School and the City Art Centre, allowing roll out to further sites to begin.

3.5.2    Completion of the configuration of new batch print services in preparation for transferring bulk print operations for areas such as Council Tax, Non Domestic Rates and Benefits to CGI on 01 April 2016.

3.5.3    Completion of the network integration between the CGI and BT data centres, and implementation of technology to support the transfer of Council data.

3.5.4    Completion of the design and development of new payment services including BACS and Secure Cheque Printing, in preparation for user acceptance testing during March and go live on 01 April 2016.

3.5.5    Completion of planned Project and Board activities for early stage transformation projects including: - Local Area Network; Telephony; and the Enterprise Integration / Web projects which will deliver channel shift through new ranges of customer self service functions.

3.5.6    Completion of the design for the new ERP system which will replace the legacy systems used by Finance, Procurement, Income and HR.

3.5.7    Collaboration between BT and CGI technical teams including the development of test environments, provision of data extracts, interface designs, and knowledge transfer activities between both parties to assist a smooth transition.

3.6    It should be noted that work scheduled for the Channel Shift environment workstream has been delayed due to technical complexities related to build environments and third party interfaces. Re-planning is under way to ensure that there will be no impact on online services over transition.

**Service Cutover and Data Centre Migration Update**

3.7     Service Cutover to CGI from the incumbent supplier is planned for 01 April 2016. This will be followed by the data centre migration to CGI's facilities, which is planned over a series of weekends in May 2016. Both the Service Cutover and the data centre migrations will utilise proven industry standards and internal CGI models to support the migrations. CGI will undertake the moves through a series of clearly defined project phases. These are detailed below:

- **Readiness** – the process which CGI will follow to ensure all work packages, projects, teams have arrived at an acceptable level of readiness prior to service cutover. This phase will be supported by extensive user testing in model office environment referred to as "user proving" which will begin in April 2016.

- **Build and Preparation** – build the technical solution, plan the migration, prepare, test the infrastructure and applications, and ensure service readiness.

- **Rehearsals** – the process which CGI will undertake to rehearse each element of the data centre migration or Service Cutover to ensure teams know and understand what they have to do. This stage will also ensure the programme management teams know and understand the sequence of events.

- **Migration** – service cutover and data centre migration activities (transferring services from BT facilities) scheduled to take place in April and May 2016.  Council staff will be involved throughout the Rehearsal and Migration phases.

**Wide Area Network (WAN) Update**

3.8     To support the WAN rollout an additional 100km to the existing 50km of gigabit fibre network is being installed across the city.

3.9     Following successful pilot installations in Currie Library, the City Arts Centre and Drummond Community High School, live rollouts commenced, and by end of February 2016, more than 60 Council sites have been transformation and are now live on the new WAN.

**Service Desk Transition**

3.11    Implementation is on track to deliver a new 24 x 7 ICT Service Desk by 01 April 2016 (current service hours are 8 a.m. to 6 p.m. Monday to Friday). The current helpdesk telephone number will be retained and augmented by a new online

portal later in April providing a single entry point for all customer ICT requests. These will include incidents, support requests, change requests, and supplier requests.

3.12 The single entry point will provide the Council with a much better view of service status and performance which forms the basis for service improvements. Council-nominated key stakeholders will be provided access to the CGI Prime Portal which provides statistics and metrics on performance against the contracted key performance indicators and SLAs.

**Business Engagement and Change Management**

3.13 The change management programme is now in full operation with a comprehensive communications campaign designed to address stakeholder needs through targeted communications activities including presentations to management teams and ICT workgroups, user forums, monthly ICT newsletters, and the creation of new intranet content.

3.14 In February 2016 a series of roadshows commenced to raise the awareness of local staff at neighbourhood offices and corporate offices of the up and coming ICT changes taking place. The road shows are designed to showcase the value which CGI and ICT Solutions are bringing to the Council and the Edinburgh community, to meet and update local managers and staff and obtain their feedback.

**Community Benefits and SME Engagement**

3.15 Work has commenced in all of the contracted Community Benefits areas and the programme is currently on track to have all commitments and investments in place ready for development from April 2016. Highlights over the reporting period include:

- Employment Target ahead of target, with 48 new hires to date, increasing to 97 in April 2016
- 5 Modern Apprentices hired, with 4 more planned over the next 3 months
- Engagement with local employability partners successfully started
- Successful start to recycling of computers, with 13 laptops rebuilt and delivered to a new community group
- Successful initial engagement with SMEs, with initial event held on 29 January and attended by 30 SMEs

## Measures of success

4.1    The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. The outcomes with respect to each of the objectives set out above, and others, are set out in the A agenda report relating to this procurement presented to the Finance and Resources Committee on 03 August 2015.

4.2    The success of this programme will be measured on delivery against the transition and transformation plans.

## Financial impact

5.1    There will be an average of £6.4m saving per annum, post March 2016. This supports an important assumption of a £6m pa saving included within the Council's Long Term Financial Plan.

5.2    The essential improvements and enhancements included within the ICT contract are critical to the Council future operation and would have cost the Council an estimated £46m over seven years delivering significant value in addition to the substantial cashable savings noted above.

## Risk, policy, compliance and governance impact

6.1    The table below describes the impact and mitigations of the main risks arising from the current challenges being experienced in the Transition programme.

| Risk | Impact | Mitigation |
| --- | --- | --- |
| Incumbent supplier does not provide the required information to CGI. | Service quality may not be optimal on Service Commencement date.<br><br>Further monies may be demanded by the incumbent supplier to provide the required information to CGI. | Maintain pressure on the incumbent supplier to co-operate and ensure that TUPE transfer executes as smoothly as possible.<br><br>CGI has taken responsibility to manage within budget for the incumbent's transition services. |

| Risk | Impact | Mitigation |
|------|--------|------------|
| Incumbent supplier may not have kept accurate records (e.g. interface information), and does not pass on complete information about the current environment. | Increases the technical complexity of transition. | Maintain pressure on the incumbent supplier to co-operate. CGI to implement alternative strategies to complete the design in areas where records are deficient. Create robust test plans for areas of concern. |
| Council has not accurately described or captured all of its services during the procurement | Optimal solutions to Council requirements take longer to be delivered.<br><br>There may be additional charges. | CGI to carry out further diligence, operate change management processes and Council to use the agreed contingency funding where appropriate. |
| Planned reduction of devices e.g. PC's and laptops, from Council Transformation does note meet targets. | There may be additional charges. | Processes in place to get devices back.<br><br>Council to use the agreed contingency funding where appropriate. |
| Contract Changes which are essential for Service Cutover are not processed and completed quickly enough. | Newly-identified solutions to Council requirements take longer to be delivered. | CGI is working "at risk" to ensure that the solutions are delivered even if the Change Notes can not be signed prior to work commencing. |
| Complexities related to legacy 3rd party supplier contracts are not finalised quickly enough. | Optimal solutions to Council requirements take longer to be delivered.<br><br>There may be additional charges. | CGI and Council negotiates contracts to conclusion as soon as possible. |
| Resource Plans for Council staff associated with Transition and Transformation activities are not ready on time. | The Council is not able to allocate its staff to the Transition and Transformation with the required numbers of staff at the required time. | CGI to improve is efforts to provide optimal resource plans.<br><br>Council to ensure that vital Transition work is prioritised. |

| Risk | Impact | Mitigation |
|------|--------|------------|
| Leavers from the Council as a result of the Council Transformation programme impact the optimum finite resources available for the Transition and Transformation activities | The Council is not able to allocate its staff to the Transition and Transformation with the required numbers of staff. | Council to investigate individual contracts of employment of pertinent staff members to ensure that key individuals do not exit sooner than required, and optimise the skills of staff in the redeployment pool. |
| Council staff are too busy with year-end, transformation or not able to work at the weekend to help with testing and cutover duties | The Council is not able to allocate service area staff to participate in key activities and decisions involved in the Transition programme. | Council Programme team to work with service areas to identify and finalise cutover duties, providing as much notice as possible. |

6.2 Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them. These impacts have potential consequences which will require managing.

| Theme | Potential impact | Comments / mitigating action |
|-------|-----------------|------------------------------|
| Citizens & service users | Positive | The new service will provide an enhanced experience for citizens and service users. |
| Small & Medium-Sized Business | Positive | SMEs are being used as part of the overall supply chain, for example Commsworld in the WAN solution and Dacoll in the Local Area Network (LAN) and Service Desk solutions. |
| Council staff | Positive | It is fully expected that there will be an improvement in the service quality and functionality of the ICT service. |
| The environment | Positive | CGI is committed to reducing and preventing pollution through energy, waste and resource management best practices and seeks to minimise travel by promoting tele-working, or alternative commuting options, where possible to reduce energy consumption. From a technology perspective, CGI is recognised as an industry leader in power usage effectiveness. |

6.3 An Assurance Review from the Corporate Programme Office is planned to take place prior to Service Cutover on 01 April 2016.

## Equalities impact

7.1 CGI has a strong and well-established policy for Equality and Diversity. The presence and application of these policies was an important aspect of the Pre-Qualification Questionnaire stage of the process. The Corporate Policy and Strategy Manager has conducted dialogue with CGI.

7.2 CGI supports the principle of equality in all its employment practices, policies and procedures and fully comply with The Equality Act 2010. CGI regards diversity as a priceless resource and is committed to achieving and maintaining a workforce which broadly reflects the relevant local or national catchment area within where it operates.

## Sustainability impact

8.1 CGI has strong and well-established corporate social responsibility policies in key sustainability areas such as travel, waste and procurement. The CGI policy of sustainable procurement extends to its partners and suppliers and takes into account the environmental impact of the products and services procured. It selects only partners/suppliers that comply with internationally recognised human rights standards and applicable legislation; it selects local suppliers where possible, leveraging its SME Accelerate programme which assesses and promotes the use of SMEs in its supply chain.

## Consultation and engagement

9.1 To ensure the success of the transition programme a business change manager has been appointed to lead service area engagement and communication activities. Additionally local change champions have been nominated from each directorate and service area representatives appointed to key workstream project boards,

## Background reading/external references

**Relevant internal references include:**

ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012

ICT Update, The City of Edinburgh Council, 13 December 2012

ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013

Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014

[Review of contract procedures relating to the Council ICT procurement process, report to Finance and Resources Committee, 15 January 2015](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources 13 May 2015](#)

ICT Procurement Project – Capital Funding (B agenda item), Finance and Resources Committee, 4 June 2015

ICT Services and Transformation Procurement – Final Stage Report – Confidential Commercial Information, 3 August 2015

[ICT Services Procurement: Transition Progress Update, Finance and Resources Committee, 16 November 2015](#)

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## Links

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| **Coalition pledges** | P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers |
| | P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors |
| | P16 - Examine ways to source new funding to support small businesses |
| | P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city |
| **Council outcomes** | CO8 - Edinburgh's economy creates and sustains job opportunities |
| | CO25 - The Council has efficient and effective services that deliver on objectives |
| **Single Outcome Agreement** | SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all |
| | SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential |
| **Appendices** | Appendix 1 – High Level Programme Plan |

## Appendix 1: Master Programme Plan

A high level summary of the master programme plans illustrating the key activities and timelines for each of the workstreams is set out below:



### Programme Schedule

**CGI Service take-on**

| Work stream | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WP1 – Base services/Contractual | | Test/ Security | BC/DR | SDM team. | Relationship mgrs | | | | | | | | | | | | |
| WP2 – TUPE & Pensions | | | Consultation | | | On-boarding | | Induction | | | | | | | | | |
| WP3 – Infrastructure | DC Comms link | | | Data replication | | | | Move | | | | | | | | | |
| WP4 – Networks (MAN/WAN) | | WAN Install | | Site n/w rollout | | | | | | | | | | | | | |
| WP5 – Applications | | | B/L | KT | | Test | | Live | | | | | | | | | |
| WP6 – Service Desk | | | KT | | Set-up | | | Go live | | | | | | | | | |
| WP7 – End User Computing Transition | | | Design | Build | | | | | | | | | | | | | |
| WP8 – BT Exit activities  • CGI  • Council | | Discovery | Network / San | | Council Activities | | | | | | | | | | | | |
| WP9 – Revenues and benefits EDRMS | Design | Build | | Test | | Live | | | | | | | | | | | |
| WP10 – Finance and HR/Payroll | | Design | | Build | | | | Migrate | | Test / Training | | Live | | | | | |
| WP11a – Libraries | | | | | | | | | | | | Libraries | | | | | |
| WP11b – Bulk Printing: | | | Design | Testing | | | | | | | | | | | | | |
| WP11c – Portal Printing | | | | | | | | Portal printing design build and deploy | | | | | | | | | |
| WP11d – Web | | Internet design build and deploy | | | | | | | | | | | | | | | |
| WP11e – Room Booking | | | Room booking, phase 1 | | | | | Rm booking - 2 | | Rm booking - 3 | | | | | | | |
| WP11f – Enterprise Content Management | | | ECM Configure | | Live | | | | | | | | | | | | |
| WP12 – Housing repairs and mobile | | | | | | | | Design | | Build | | Test | | Live | | | |
| WP13 – LAN/Voice/Contact Centre | | | | | | | | Upgrade for VOIP across estate | | | | | | | | | |
| WP14 – End User Computing Transformation | | | | | | | | Deploy Trend AV | Inn. Ctr. | Apple device | xchange & ECM | Intranet deployed | | | | | |
| WP15 – Business Intelligence | | | Design | | | | | Build data warehouse | | | Test | Live | | | | | |
| WP16 – Enterprise Integration | | KT | Initial Operation | Deploy AD | Live | Park. | Lic. & Sch. | P&BS Housing | Ber. | | | | | | | | |
| WP17 – Added Value | | | | | | | | Outline business cases and added value services | | | | | | | | | |