Governance, Risk and Best Value Committee

10.00am, Tuesday 16 January 2018

Status of the ICT Programme

Item number	7.7
Report number	
Executive/routine	
Wards	All
Council commitments	

Executive Summary

The purpose of this report is to give an overview of the programme of works within ICT and of the current service delivered by the Council's external ICT partner, CGI.

Since the last update report was presented to the Committee, there have been an increased number of critical faults in the network and this has had a significant impact on the council's ability to deliver core services. Most major change programmes required to be delivered by CGI are at least 12 months overdue and there are several still in a re-planning stage. These service failings and change programme delays continue to adversely impact the transformation of the Council and the delivery of more efficient and effective services for the benefit of citizens, pupils, Councillors and Council officers.

In December 2017, given the issues experienced by the Council, a review was held by the Council with the CGI Global Chief Executive Officer at which CGI committed to the delivery of an improvement plan focussed in three areas: service stability, security and a deliverable change and transformation programme.

Report

Status of the ICT Programme

1.   Recommendations

1.1   It is recommended that the committee notes and scrutinises the update.

2.   Background

ICT strategy

2.1   The City of Edinburgh Council's current strategy to deliver the vision for ICT services is to focus on understanding citizen and colleague needs to deliver the outcomes that matter to them. The current ICT and Digital Strategy is business driven and action orientated. The diagram below summarises our operating model to support the empowering of Edinburgh through the use of ICT and Digital.
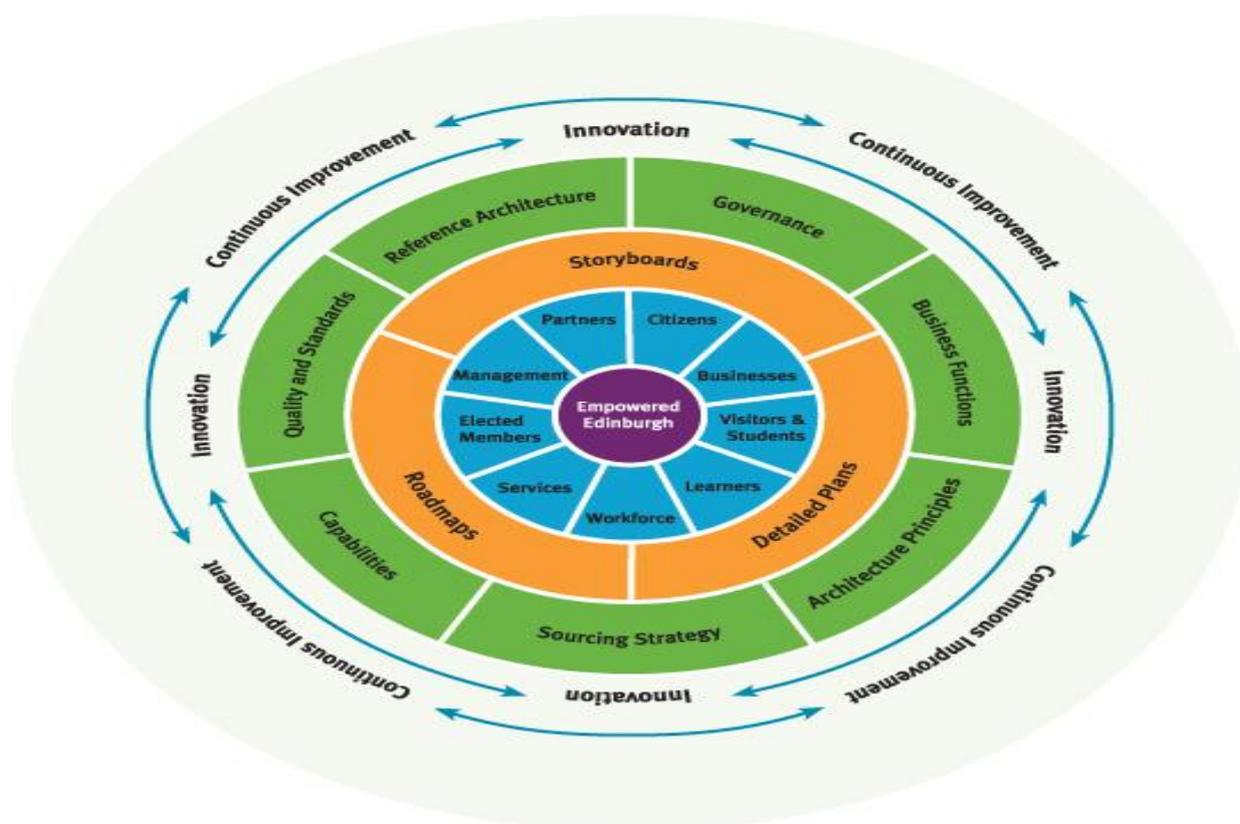
2.2   By defining the Council's approach around the benefit that citizens and colleagues will receive, through enablement by ICT and Digital, we will maximise the value that can be delivered from our reducing resource base. This will help us to deliver a 'One Council' focus to designing and sourcing our ICT and Digital provision whilst

enabling citizen and colleague-centric delivery, i.e. what the Council needs to deliver the services where service users need it.

<u>CGI – External ICT Partner</u>

2.3   The Council has operated an outsourced ICT arrangement since 2001. A new contract for ICT services was entered into in 2016 to continue with a prime supplier model but in a non-exclusive contract to transform the existing ICT service into a flexible, scalable service and to implement an output based contract(s) ('what' we get rather than 'how'). The new contract is intended to save the Council at least £6m per annum against the 2015/16 ICT baseline spend, £45m over the first seven years. ICT Services, under this contract, are procured on a utility basis (flexible "pay as you go" terms). The contract is also structured to deliver 25% of the value of ICT services over the term of the contract through subject matter expert's.

2.4   The term of the contract awarded was for "up to 19 years" to CGI, with periods awarded as 7 years initially, with the option for the Council to extend by 5 years, a further 5 years and a final 2 years. CGI are contractually responsible for providing to the Council: service transition, service transformation and operational services delivery, initially comprising of 93 Output Based Specifications including base services, utility services, and business case development services.

<u>Major Change Programmes</u>

2.5   The portfolio of major change programmes that CGI is responsible for delivering for the Council includes a number of critical service developments. These are outlined as follows:

2.6   Wide Area Network: To deliver a high bandwidth, fibre-based wide area network delivering improvements in operational efficiency, productivity, reliability and scalability to enable the next generation of digital learning opportunities in city schools and to improve commercial and cultural opportunities for live event streaming, webcasting and conferencing in the city's cultural venues.

2.7   LAN and Voice: to reduce infrastructure costs and complexity, to implement flexible 'find me/follow me' call routing allowing remote and mobile working and to create opportunities for further innovations and savings through evolving work practices.

2.8   End User Compute: to allow anytime, anywhere access to email, important documents, contacts, and calendar across devices, to share large, hard-to-email files both inside and outside the Council.

2.9   Enterprise Resource Planning (ERP) / Business World: A single repository for all financial and HR transactions, providing one trusted source of all financial information, to reduce printed invoices by utilising electronic invoicing and manual payment plan maintenance enabling a reduction in staffing and an enabling platform to deliver wider savings.

2.10   Customer Digital Enablement (Channel Shift): to improve citizen engagement with real time, online transactions across Council services, to increase operating efficiencies and significantly reduce the cost of end-to-end transactions and to

improve citizen insight and enabling agile and rapid development of future online services.

2.11   Web: to deliver a best in class web platform for citizen transactions, enabling and accelerating channel shift and reduce operating costs.

2.12   Libraries: to improve the user experience of the library system to better engage citizens and increase adoption through improved user interface, to reduce operating costs through lower cost software and increased device support, and to become a single library management system.


3.   Main report

3.1   Since the contract commenced CGI has consistently underperformed on their contractual commitments. Major change programmes have missed the original delivery dates, and in a number of cases revised delivery dates. This has meant that Council has been unable to realise the service transformation benefits and/or the full expected profile of savings envisaged through the contract.

3.2   The Council has consistently invested significant senior management time and the totality of its small team of in-house ICT professional resource to manage the contract effectively on behalf of taxpayers. This has and continues to include: weekly, monthly and executive review meetings with senior CGI staff regarding the overall delivery and performance against contract and the issue of legal correspondence. Without exception CGI has committed to improve their overall performance and delivery and whilst there have been some improvements, this has not been with the necessary pace or rigour that the contract specifies or the Council requires. This situation led to a face to face meeting with the CGI Global Chief Executive Officer being convened by the Council on 8th December 2017. The Leader and Deputy Leader of the Council along with the Council's Chief Executive, Executive Director of Resources and Chief Information Officer/Head of ICT all attended this meeting. As a consequence of this executive review, the CGI Global Chief Executive Officer committed additional resources and, critically, his personal involvement, to enable service improvements to be delivered. The service improvement plan that CGI are now being required to deliver focusses in three areas: service stability, security and a deliverable change and transformation programme.

3.3   Senior CGI staff will attend the Governance, Risk and Best Value Committee meeting, including the CGI Vice President responsible for day to day contract delivery for the Council. This will provide an opportunity for direct scrutiny of the delivery of the three key improvement areas highlighted.

Service Performance

3.4 Since August there has been an increase in the number of critical incidents. These incidents have had a major impact on the council's ability to deliver services. The root cause of these incidents has been a combination of unapproved changes being implemented by CGI personnel and the acceleration of project related changes which have not been adequately managed from an interdependency mapping or testing perspective.

3.5 Service incidents are categorised into four different classes, with the most severe, classified as P1 or critical service incidents, an example of a P1 incident would be a significant network failure.

3.6 The first graph shows the trend for the most severe incidents, P1 and P2, which have occurred on a monthly basis. Whilst the volume of incidents, particularly P1s, may be considered low, the impact upon Council operations and services of a single P1 incident can be very significant.
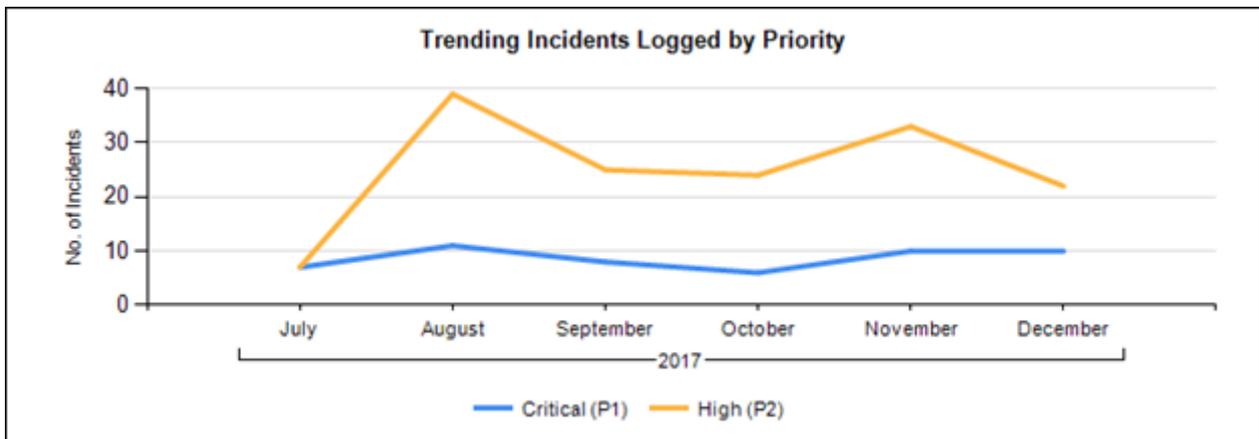
3.7 The volume of incidents classed as P3 and P4, per month, is outlined in the following graph. Whilst the impact of these may not be as significant as a P1 or P2 incident, the cumulative impact of issues logged should also be considered as a key part of contract delivery by CGI.
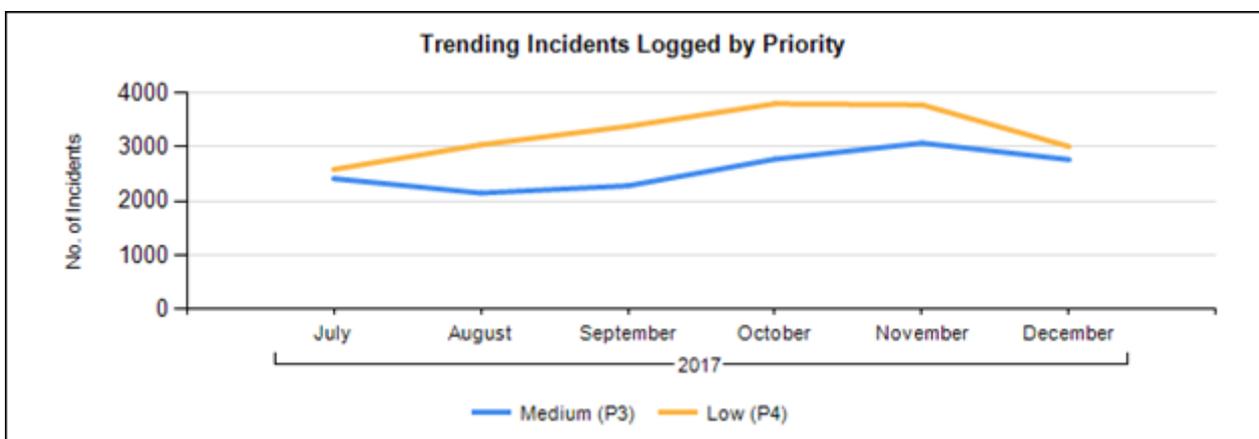
Major Change Programme Performance

The current status of the key major change programmes, as assessed by the Council, is as follows:

Project	Contract RAG	RAG August GRBV	RAG Now	Target completion date	Status update
Business World	Red		Red	Q4 2018	This programme has been pushed back again. Likely completion date Q4 2018.
Customer Digital enablement	Red	Red	Red	TBC by CGI	This programme is currently being re-planned and the focus will be on the top 20 transactions. No project plan or completion date.
Wide Area Network	Red	Green	Blue	Completed	Completed.
Local Area Network	Red	Amber	Amber	03/11/17	All sites have had the network upgraded however remediation work is required as there is Wi-Fi coverage issues across a number of sites.
Voice	Red	Amber	Red	31/01/18	8 sites still to be completed. The contact Centre telephony is also due to migrate in January
End User Compute	Green	Green	Amber	30/07/18	The corporate device refresh programme is due to commence in February 2018 however no agreed dates for the Learning and Teaching upgrades.
Libraries	Green	Blue	Blue	Completed	Phase 1 project completed.
Room Booking's	Green	Blue	Blue	Completed	Phase 1 project completed.
Parent Pay	Green	Green	Blue	31/08/17	Completed.
Cashless Catering	Green	Green	Blue	30/09/17	Completed.

3.9   In addition to the major programmes above there is also a large volume of small and complex changes. The delivery of these other changes has seen a significant amount of focus from CGI, particularly since the Executive Review meeting in December 2017 and the backlog of change requests in these categories has reduced from a total of 373 to 253 change requests, with the average age of requests being delivered reducing from 190 days to 90 days. Whilst such an improvement is welcome, this has been significantly supported by additional CGI resource being deployed to address the backlog and the Council implementing a short-term change freeze to reduce further requests adding to the historic backlog volumes which CGI has not closed.

Governance and Contract Management

There are various boards and governance meetings used to manage the entire ICT programme and contract as follows:

- Executive Review
- Programme and Service Review Meeting
- ICT Partnership Board
- Supplier Management Board
- Programme Boards
- Innovation Forum
- User Group

3.11 The programme and service review meeting is held on a weekly basis and at this forum the major programmes, the change projects, new proposals, security issues and service escalations are reviewed.

3.12 The role of the Governance, Risk and Best Value Committee as a key element of the Council and its external ICT partner being scrutinised is also deemed critical.

4. Measures of success

4.1 The main measure of success is to deliver the revised programme of works as per the project plan.

4.2 The outcomes are clearly defined and these will be measured as part of any sign off process i.e. Milestone acceptance certificates.

5. Financial impact

5.1 There are two key mechanisms to recover monies based on CGI's performance:

- Service Credits: Due to poor performance CGI are liable to pay service credits.

- Delay Deductions: Due to the failure to deliver the Major Programmes of work CGI are liable to pay delay deductions to the Council.

5.2 The Council has not formally applied these sanctions from a financial perspective, given that this continues to drive CGI to deliver improvements. However, the Council has taken the opportunity, where appropriate to do so, to withhold payment to CGI as a result of non-delivery.

5.3 Owing to the delays entailed and non-delivery concerned to date, the Council is currently reviewing its internal ICT service resource allocation to ensure that sufficient expertise in the key areas for improvement are available to draw upon. This potential increase in in-house resource may have financial implications, which are being quantified at present. It is intended that any such resource increase should be contained within the existing ICT service budget, where at all possible.

6. Risk, policy, compliance and governance impact

6.1 Since the contract commenced CGI have underperformed on the contractual commitments. Transformation programmes have missed the original delivery dates, and in some cases the revised delivery dates and this has meant that Council has been unable to realise the benefits and/or savings as originally envisaged.

6.2 The Council has assessed the contractual remedies available to it in respect of the non-delivery of the contact by CGI to date. Subject to the CGI improvement plan arising from the December 2017 Executive Review meeting.

6.3 The Council's Corporate Leadership Team (CLT) risk register, formally identifies the risks associated with non-delivery of the ICT Programme, ensuring that sufficient mitigations and active management of these risks continues to be undertaken.

6.4 The Council's internal audit plan for 2017/18 includes provision for an ICT contract management audit, during quarter 4 of the financial year. This audit is considered an important part of the assurance and testing of the Council's contract management arrangements for the ICT service provision and will be completed and reported to a future meeting of the Committee.

7. Equalities impact

7.1 Not applicable.

8. Sustainability impact

8.1 Not applicable.

9. Consultation and engagement

9.1 Whilst there are no formal consultation and engagement implications arising from this report, the Committee is advised that concerns have been raised by one of the Council's main recognised trade unions, UNISON. These concerns are about the impact that the continued level of service incidents and delays to change programmes are having upon the ability of their members to successfully undertake their work.

10. Background reading/external references

10.1 ICT and Digital Strategy: http://ictanddigitalstrategy.org.uk/

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11. Appendices

None.