

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: Cabinet	CABINET	
Report of:	Strategic Director of Change and Support Services	
Date of Decision:	18 October 2016	
SUBJECT:	BIRMINGHAM CITY COUNCIL: STRATEGIC ICT&D INVESTMENT PROGRAMME (2016- 2021)	
Key Decision: Yes	Relevant Forward Plan Ref:	002511/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved	<input type="checkbox"/>
	O&S Chairman approved	<input type="checkbox"/>
Relevant Cabinet Member(s):	Councillor Ian Ward - Deputy Leader Councillor Majid Mahmood - Cabinet Member for Value for Money and Efficiency	
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq –Corporate Resources and Governance	
Wards affected:	All	

1. Purpose of report:
<p>1.1 To seek approval to the Programme Options Appraisal for the ICT & D Investment Programme. The initial tranche of proposed projects incurs expenditure of a total value of £35.420m for projects that will be initiated within the first 18-month period, with the programme. The overall five-year investment plan is approx. £41.690m.</p> <p>1.2 To seek approval for prudential borrowing of £31.088m over a period of five years to fund the capital elements of the programme (Please refer to Appendix A1 of the private report for details).</p> <p>1.3 To seek delegated authority for the Strategic Director – Change and Support Services to approve individual Full Business Cases (FBC), including the identification of savings, for the proposed projects, and to place orders with Service Birmingham and any other organisations as identified up to a maximum budget of £35.420m, by 31 March 2018.</p> <p>1.4 To seek delegated authority for the Deputy Leader and the Cabinet Member for Value for Money and Efficiency, jointly with the Strategic Director – Change and Support Services to approve individual FBCs for projects as yet unidentified that arise out of the emerging future Council Business Plans and are consistent with the ICT&D Strategy out to 2021 and have been approved by the ICT Programme Board, within the same overall expenditure plan of £35.420m.</p> <p>1.5 To seek delegated authority for the Strategic Director – Change and Support Services to utilise any underspend from the Investment Plan to:</p> <ul style="list-style-type: none"> • Be re-invested with the approvals set out in item 1.4 (above) • Contribute to savings targets <p>1.6 To note that the progress of these projects will be monitored and reviewed at each meeting of the ICT Programme Board (ICTPB) and that a report of the work will be brought before Cabinet each year. Additionally, progress on investment plans and funding will be included in the quarterly Capital Monitoring Report and regular Revenue Monitoring Reports to Cabinet.</p> <p>1.7 The accompanying private report contains commercially sensitive information.</p>
2. Decision(s) recommended:

That Cabinet:-

2.1 Notes the content of this report

Lead Contact Officer(s):

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3. Consultation

Consultation should include those that have an interest in the decisions recommended.

3.1 Internal

Officers in Finance, Legal, Procurement and the ICT Intelligent Client Function have been involved in the preparation of this report.

3.2 External

Service Birmingham as the Council's joint venture partner for ICT has contributed to the Programme Options Appraisal (Appendix A1).

Overall, this programme will be steered by the ICT & Digital Strategy (2016 - 2021) - for which extensive external consultation has been undertaken (see previous cabinet report: RFPR-002195/2016 ICT & Digital Strategy (2016-2021)).

4. Compliance Issues

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 The Council's objectives and priorities as detailed in the Council Business Plan and Budget 2016+ will be supported by the implementation of this ICT & Digital Investment Programme. The projects proposed for implementation support the key themes of the ICT & Digital Strategy (2016 - 2021).

4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR).

Service Birmingham Ltd is an accredited signatory to the Birmingham Business Charter for Social Responsibility and will be required to provide additional commitments proportionate to the values of the contracts. Any other organisations that are awarded contracts as part of this programme will be required to be signatories to the BBC4SR. Charter commitments will include a requirement to develop ICT related apprenticeship schemes.

4.2 Financial Implications

(Will decisions be carried out within existing finance and resources?)

This programme of work will be funded from approved ICT revenue and capital budgets up to a value of £35.420m in the first 18-months and £41.690m over the five-year life of the programme.

Given the current financial challenges facing the authority, as each project is brought to the detailed stage of full business case, the value of the project to the council will be affirmed and the opportunity for savings and efficiencies within the project will be maximised. Each FBC will follow the standard gateway approval process prior to presentation for delegated decision to the Strategic Director – Change and Support Services. A cumulative total of the impacts of each funding stream (balance of capital & revenue) from the FBCs on the rest of the programme will be maintained.

Where any of the projects may incur ongoing revenue implications, these will be funded through existing budgets or savings achieved as a result of changes to capital investment. Where this is not possible, alternative funding will be sought through the appropriate governance route.

At this point approval is sought for the funding for an initial 18-month period of activity that will incur costs in that timeframe of £19,030m. However, the total value of/commitment to the projects initiated during this period will be £35.420m over the life of those projects. In other words: the anticipated commitments required by the programme for the first 18-month period will be:

- Capital: £31.088m – to be funded through prudential borrowing
- Revenue £4.332m

The full revenue implications will be funded from within existing ICT budgets.

As individual FBCs are developed and approved the overall funding requirements will likely change, including the balance between capital and revenue funding which must remain within approved resources. The quarterly Capital Monitoring Report and regular Revenue Monitoring Report to Cabinet will update these changes.

The current anticipated spend per year is as follows:

Year	Capex spend est. £m	Opex spend est. £m	Total £m	Cumulative total £m
2016/17	0.863	0.137	1.000	1.000
2017/18	15.685	2.345	18.030	19.030
2018/19+	14.540	1.850	16.390	35.420
Total	31.088	4.332	35.420	

4.3 Legal Implications

The city council will carry out this work under the General Power of Competence. Section 1 of the Localism Act 2011.

4.4 Public Sector Equality Duty (see separate guidance note)

A BCC Equality Analysis has been undertaken as part of the approval process for the

governing ICT & Digital Strategy (2016 – 2021) [EA001412] and demonstrates no material impact on seven out of the nine protected characteristics.

5. Relevant background/chronology of key events:

- 5.1 Cabinet has been asked to approve the ICT & Digital Strategy (2016 - 2021) on this agenda. The strategy contains six key themes. Each of the projects contained in the ICT & Digital Strategic Investment Plan (2016-2021) are aligned to one of these themes (see Appendix A1 of the accompanying private report). The intention is to replace these systems in keeping with the ICT & Digital Strategy (2016 - 2021) that mandates improved function, more flexibility and lower cost, with the choice of solution and implementation method being governed by a valid full business case and the guiding principles in the strategy.

The projects themselves have origins in a 2015 review by the council's ICT delivery partner, Service Birmingham, that identified 19 systems that are nearing, or at the end of their lives. The priority of the projects has been based on dependencies on other projects and the business impact of a failure to replace them, or a failure of the systems themselves. Funding for the replacement of these systems has been set aside as part of the corporate Long-Term-Financial Plan (LTFP).

The immediate benefit of implementing the priority projects is that the council will be able to continue to deliver its core ICT & Digital services, delivering greater flexibility and lower cost, by taking advantage of newer, cheaper, on demand technologies. These projects will also deliver the technical foundation for improved digital public services in the city and region. Specifically, but not exclusively:

- Develop end-to-end digital services that enable citizens to take control of how they consume services
- Increase efficiencies and provide easier ways to access services that meet citizens expectations
- Create the right conditions to develop smart city activities and applications,
- Stimulate service transformation, through innovation and new ways of working in collaboration with partners
- Use 'the right digital channels' to improve communications and partnership working
- Release data in all its forms for reuse that increases the opportunities for citizens, civic tech entrepreneurs and businesses to gain insights and develop services

- 5.2 It is proposed that the approval of individual project Full Business Cases are delegated to the Strategic Director – Change and Support Services as many of the projects are needed to maintain the existing ICT estate. This approach to approvals will speed-up and simplify the process and accelerate the delivery of benefits, whilst maintaining appropriate governance controls. Under this proposal, all FBCs regardless of value will be approved by the Strategic Director of Change & Support Services. FBCs will follow the agreed standard council format and procedure. Oversight of the whole programme: budgetary control, monitoring of delivery and savings will be provided by the Deputy Leader's Corporate ICT Programme Board, this will include any overspend in excess of 10% of the original budget for consideration of project viability and overall programme impact. Additionally, the programme will contribute to the Quarterly Capital Monitoring Report to Cabinet. Those projects that are not specifically identified within the investment plan, but are made possible by savings or re-prioritisation will be approved by the Strategic Director – Change and Support Services following presentation and approval by the ICT Programme Board.

- 5.3 A second report will be brought before Cabinet early 2018, to request approval for the

remaining projects that are not planned to start in the initial 18 months.

- 5.4 By approving projects on an individual basis that fit the emergent technical needs of the council, there is an opportunity to implement flexible solutions that can adapt to future changing requirements. In addition, the council will be able to take advantage of “on-demand” services in the areas of data storage and software application supply.
- 5.5 The details of the proposed individual projects in the accompanying investment plan are given in Appendix A1 of the accompanying private report.
- 5.6 There are two procurement options:
1. To procure through Service Birmingham where the ICTD exclusivity applies
 2. To procure through the council’s procurement process
- The route will be determined in each full business case
- 5.7 The options appraisal for delivering this programme is given in Appendix A1 of this report. This appendix also includes a high-level description of the projects and how they relate to the six, key strategic themes.
- 5.8 An initial Risk Register for this programme is provided as part of Appendix A2 of this report. This register will be regularly reviewed by the ICT Programme Board.

6. Evaluation of alternative option(s):

6.1 Do Nothing –

This option is undesirable in most cases, as it would lead the council’s ICT & Digital systems to run past the end of their working lives and out of support. The result would be potentially insecure, unstable and failing ICT. End-of-life and out of support products are no longer supported by their supplier.

- In the case of a hardware component, should a fault develop with that product, the council would need to embark on a costly and unplanned purchase of a replacement – rather than obtaining a fix from the supplier. Such a failure would certainly disrupt council services or may lead to a failure of service.
- In the case of a software fault, the council would need to find a workaround for the failed functionality, live with the failure or embark on an unplanned and (likely) costly purchase of a replacement solution. A more serious implication would be that if one of the council’s software components went out of support, it would no longer receive security updates for that product and thence breach the conditions for connection to the Public Service Network (PSN). Without these updates, the council would be open to ICT security breaches. Such a failure would potentially place the council in breach of the Data Protection Act (1998) and cause reputational damage. The cost of this option is not known as we cannot predict where accidental cost may arise from or their magnitude.

6.2 Implement Core/Critical Projects Only –

(Core/Critical projects are a sub-set of the programme aimed at replacing ICT components that are needed to maintain the core ICT service. Classification of individual projects can be found in the tables of Appendix A1 of the accompanying private report).

This option would be to proceed with those projects that will replace the existing ICT

assets. This is almost essential to “keep the lights on” in the support of council services. The current cost of this is based on a like-for-like replacement. As part of the individual full business cases for these projects, new and emerging technologies and options will be considered in order to improve value for money and increase savings to the council.

The following costs for delivering this second option have been extracted from the detailed investment plan:

The initial 18-month period expenditure would be	c. £15.305m
By starting these projects, the commitment would be	c. £31.845m
The overall five-year expenditure for this option is	c. £37.845m

The detailed evaluation of each project will be carried out as part of its Full Business Case. It is only at this point that the council will know what the likely savings arising from each project would be.

This option is not recommended as it will not deliver the technical foundation required to support the stated aims of the Council of the Future as set out in the ICT & Digital Strategy (2016-2021).

7. Reasons for Decision(s):

7.1 The delivery of the projects identified in this investment plan, will allow the council to:

- Maintain and develop an ICT estate that support the ambition to be a modern council avoiding the slow degradation, or possible catastrophic failure of its ICT systems
- Maintain its software and comply with its requirement that allows it to remain connected with the Public Service Network. The ICT estate will be best-placed to withstand future security breaches and malicious attacks.
- Maintain its ICT estate in a managed and cost-effective manner, with little if any recourse to unplanned and costly purchases.
- Develop an ICT service that will be best-placed to support the new ways of working needed to deliver council services in the future, in a cost-effective manner – in line with the ICT & Digital Strategy (2016 - 2021)

Signatures

Date

Deputy Leader

.....
Councillor Ian Ward

Cabinet Member for Value
for Money and Efficiency

.....
Councillor Majid Mahmood

Strategic Director for Change
and Support Services

.....
Angela Probert

List of Background Documents used to compile this Report:

- Council Budget & Business Plan 2016+
- Birmingham City Council - ICT & Digital Strategy (2016 - 2021)

List of Appendices accompanying this Report (if any):

Appendix 1 – Options Appraisal

Report Version	<u>0.14</u>	Dated	<u>10 October 2016</u>
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PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation