

Resources Scrutiny Commission

Tuesday 21 November 2023



Report of: Tim Borrett, Director: Policy, Strategy and Digital

Title: Digital Transformation Programme Update

Ward: Citywide

Member Presenting Report: N/A

Recommendation

Note the report and the continuing progress on the Digital Transformation Programme (DTP) and its benefits tracking.

Summary

In July 2022, Cabinet approved the Bristol City Council Digital Transformation Programme. This provided further investment to address key IT risks and continue towards a modernised simple, stable and secure digital environment which is resilient for the future. This report updates the Resources Scrutiny Commission (RSC) on its progress. The overall Programme is RAG-rated Green and aims to increase its financial benefits compared to what was anticipated when its Full Business Case was approved.

The significant issues in the report are:

- Of its approved £17.99m budget envelope it has spent just over £7m as of November 2023, and this will increase at pace as key projects approach their delivery stage.
- Of the 13 original projects which comprised the programme at the time of its Cabinet approval, seven are complete and six are in-flight (plus one additional project (seven total) recently brought under DTP governance). The programme is operating within its approved time and budget contingencies, although some specific projects within it have exceeded tolerances and have been re-profiled. Typically, this has related to time contingency rather than financial.
- The programme aims to achieve financial benefits now worth circa £960k by the time the programme reaches maturity in FY2025-26, compared to circa £300k anticipated when the programme was approved. This may change again as projects proceed through delivery stages.

Digital Transformation Programme status

- As of November 2023, the overall Digital Transformation Programme is RAG-rated as Green. Of its approved £17.99m budget envelope it has spent £7.14m to date, and this will increase at pace as key projects approach their delivery stage. The programme aims to achieve financial benefits now worth circa £960k by the time the programme reaches maturity in FY2025-26, compared to circa £300k anticipated when the programme was approved. The increase in expected savings results largely from cost avoidance of circa £800k through the re-tender of the council's Networks provision. The programme further provides a range of non-financial benefits as shown in Appendix A1. Of the 13 projects which comprised the programme at the time of its Cabinet approval, seven are complete and six are in-flight. The programme is operating within its approved time and budget contingencies, although some specific projects within it have exceeded tolerances and have been re-profiled. Typically, this has related to time contingency rather than financial.

DTP Background: Business Case & Governance

- The programme is structured to focus on delivery of three core elements:
 - 'Contract Savings'
 - 'Must do' or 'Essential Renewal'
 - 'Enabler for Transformation'
- In totality the programme was approved and allocated the expected one-off costs of £17.99m. The July 2022 report stated the overall net savings expected were to be circa £300k from 2025/26, as most of its financial benefits need to be reinvested to fund the programme and the ongoing costs of adopting modern technologies, such as increased telephony and networks costs, which were 'must do' projects that would otherwise have become a pressure on the council's existing budget.
- It should be noted that this programme looks to achieve a specific set of projects and objectives. The programme will by no means complete the digital transformation journey that BCC and all organisations face. Continual improvement and investment in technology is required to avoid the build-up of 'technical debt' which has been problematic for the council in recent years and necessitated larger, more costly programmes of improvement work.
- The Programme is overseen by a Board, the purpose of which is to support the effective delivery of the Digital Transformation Programme projects. The current programme board structure is shown in [Appendix A1](#). Minor changes in membership have been approved by the Board during the year, reflecting changes to personnel and roles within the council.

6. Projects within DTP:

Project Title	Brief Description	Status at Oct 2023
Transformation Business Case (FBC)	Programme setup and planning (establishing DTP)	Complete
Windows 10 Rollout	Complete the deployment of Windows 10 devices across the organisation.	Complete
ID Management (PowerShell)	Changes to the Joiners / Movers / Leavers process – integration between the HR and ICT systems.	Closed – completed in part (Leavers and technical foundation for Joiners / Movers)
S&G Drive Migration	Moving user data off the on-premises data storage hardware into Cloud storage (primarily the council's main document management system; SharePoint)	In Progress
Website Re-platform	Move the external BCC website onto a more stable and reliable software.	Complete

Telephony Replacement	Replace telephony software and ensuring it is Payment Card Industry (PCI) compliant	In Progress
Portfolio Management Tooling	Procure and implement software to manage the portfolio of programmes and projects across the organisation	Complete
Digital Strategic Partner Procurement	Procure and embed a Digital Strategic Partner to support BCC realise its digital ambitions and objectives	Complete
Networks Improvement / Replacement	Replace end-of-life networks hardware with new technologies to support greater security and resilience across BCC buildings and schools	In Progress
End User Compute (EUC)	Enhance BCC's digital security position and leverage Microsoft subscription features.	In Progress
Third Party Contracts (ICT)	Review and negotiate chosen priority ICT department owned contracts with external supplier for annual savings including the council's Mobile Phone provider.	Complete
Channel Shift	Deliver more (and improved) functions for citizens to complete transactions online, and support the Contact Centre to make operational savings whilst improving customer experience.	In Progress
eDiscovery for Subject Access Requests	Leverage existing Microsoft subscription tools to improve information searches for Subject Access Requests.	Closed – completed in part (Implemented on MS platforms; not cost effective to implement for social care systems)
Cloud Migration	Reduction of on-premises servers and storage, reducing the need for data centre facilities within council offices	In Progress
Brought under DTP Governance at later date:		
Business Continuity and Disaster Recovery	Review the contingency plans and recovery process in the event that services were unavailable.	Completed in part – On Hold
Hybrid Meeting Tech and AV (subject to Cabinet approval)	Replace aging technology in the Council Chamber and Conference Hall, and implement technology to assist with new ways of working and accessibility	In Progress / On hold pending funding approval

7. DTP Key Achievements – at a glance

- i. Digital Strategic Partner (Fujitsu) now on board: ability to increase volume and pace of IT delivery capacity, and reduced time in commissioning new IT projects.
- ii. Windows 10 device deployment complete: Improved end user experience including reliability, productivity, cyber-security and collaboration. The old Windows 7 laptops that this project replaced were refurbished and distributed by the BCC 'Employment, Skills and Learning' service alongside Bristol Waste to support further education and help improve job prospects within local communities: this 'Digital Inclusion Scheme' has provided 2,512 laptops to date and continues to deliver around 100 laptops per month.
- iii. Core Telephony solution implemented and live: Increased operational stability and reliability of contact centre solution as first step towards the in-progress Payment Card Industry Data Security Standard (PCI DSS) solution.
- iv. PPPM Tool implemented and live: Greater efficiency in programme and project delivery.
- v. Multiple third-party contracts closed or retendered.

- vi. External website now on stable platform, reducing of number of unplanned website outages from up to 3 per annum to zero since move to platform.
- vii. e-Discovery Tool configured for Microsoft products (such as Outlook and SharePoint) resulting in improved opportunity to find sources of relevant information for Subject Access Requests, reducing manual effort and potentially reducing the number of follow up or clarification requests.
- viii. Networks hardware contract awarded to FourNet for Fortinet products. The tender significantly reduced the originally expected one-off implementation costs by circa £412k (including contingency) and projected ongoing costs by an average of circa £800k per year over the next five-year period. This cost avoidance should enable greater cashable savings to be generated by DTP as a collective in coming years, as savings originally earmarked to help contain the addition cost of a new network may instead be possible to release as cashable savings, provided projects deliver their benefits and are delivered on budget.
- ix. Cloud Migration project has been performing optimisation of the existing Azure cloud storage alongside the business case development. The project has reduced the monthly costs by £2,669 per month on the cost of running the current Azure environment.

8. DTP Key Challenges overcome/lessons learned:

- i. Soon after the Digital Transformation Programme was approved the organisation implemented a 'Recruitment Freeze' in part to reduce operating costs. This left a number of projects with vacant positions causing delays until a process was established for dispensation. Projects with agreed funding were later able to attain exception.
- ii. Organisational need to reduce ongoing/operational spend resulting in a restructure within ICT. The restructure has had an anticipated impact on available resources to assist with projects; projects have realigned expectations and/or their resourcing plans.
- iii. The procurement of the Digital Strategic Partner (DSP) has been successful, however the period of embedding and establishing ways of working was not accounted for when planning the Projects that the partner would be assigned to. This resulted in the Cloud Migration project and Channel Shift project starting later than originally planned. A lead-in process and collaboration with the DSP is now better understood for DTP projects, and learnings have been used for other strategic partner procurements across the organisation.
- iv. The eDiscovery tool was unable to be configured for third party applications including that used for Adult Social Care. This was due to there being no interfaces (APIs) available at the time to facilitate an integration through to the eDiscovery tool which would ensure that all required information associated with a subject access request could be surfaced from Adults Social Care systems. A possible workaround would have resulted in high implementation and ongoing costs (costs would have outweighed the efficiency benefits gained).

9. Key Challenges the Programme is facing now:

- i. **S&G Drive Migration:**
The project requires the deletion of old and unused files, the clean-up of folder structure and file names. This can only be performed by the services across the organisation and so requires their support to perform this.

The migration itself is a challenge due to the size of the data, the number of services involved, and the complexity of file types. For context, close to 50m files are stored on S&G. No single solution is possible therefore an approach for a fully ICT/project supported migration has been agreed; this will require DTP funding to be redirected to support. A significant increase in budget has been earmarked by the programme and is pending consultation in line with Cabinet approvals. The timeline will also be significantly longer. The Full Business Case was approved at DTP Board on 17 October which detailed the plans for the first service (ICT) to be migrated.

ii. **Email Security:**

The Microsoft services available to BCC include an email security product which is being evaluated against the existing product (ProofPoint) as a means to reduce operating costs. Selection after evaluation will require senior support and consideration of risk based on the performance of the alternative toolset.

iii. **Channel Shift:**

The aims of the Channel Shift project are to reduce operating costs and increase customer experience. There are multiple ways in which the savings can be made; the project has therefore performed proof-of-concepts to establish a multi-pronged approach to the challenge. Learnings from these have resulted in a Change Request being developed to modify the scope and approach in order to best achieve the desired benefits.

iv. **Telephony and PCI compliance:**

The Telephony product implemented must be enhanced to provide greater security and compliance to the Payment Card Industry standards: The project is uncovering a greater number of services across the organisation which take card payments by phone than anticipated, and must ensure they are technologically compliant. This requires additional discovery work and may mean process redesign is needed for some or all of the services in question. This will require support from their service management and may increase project cost, but compliance is not optional. (Note: The Telephony project is only managing PCI Compliance for payments taken over the phone with a council agent. It is not managing PCI Compliance for taking payment by any other means; this is a separate distinct project that is underway managed by Corporate Finance).

DTP Financial spend (one-off costs within the £17.99m approval)

10. The Actual Spend (including committed spend) of the Programme was **£7,136,518** as of 01 November 2023. Some projects are in their early stages and have yet to have earmarked funding formally allocated. The rate of spend is behind what was expected at FBC approval (July 2022). This was caused by the Digital Strategic Partner being mobilised later than originally expected resulting in a later start of the Channel Shift and Cloud Migration project, and the Networks project re-tender delaying the (now reduced) hardware spend.
11. The forecasted total programme spend is **£17,378,081** (including some project contingencies). This only includes spending within the allocated programme budget. It does not include spend on projects under DTP governance with alternative funding sources. There is currently only one project in this cohort: Hybrid Meeting Tech and AV.
12. The organisation has informed the Programme Sponsor of potential shortfalls in available funding from Flexible Use of Capital Receipts. There has therefore been a request to reprofile and reduce spend where possible and reduce DTP's funding requirements within this financial year where possible. The programme is working with Finance colleagues towards releasing specific funding sources from closed projects, projects with reduced scope / reduced forecasts, and contingency where a risk-based decision can be made to do so. This may introduce additional financial risk in future should funding be released

but later needed as contingency funding. Note: £220k of DT Reserve budget has recently been released to help mitigate the council's in-year revenue budget pressures.

DTP Financial Benefits – Net position and change since July 2022

13. The Average Net Programme Savings over MTFP lifetime as per FBC in July 2022 were £337k. The Average Net Programme Savings over MTFP lifetime as per September 2023: calculations as approved by Delivery Executive on 13 September 2023 show savings as £959,966. This is an improvement of £622,610.
14. The net average return increase is largely as a result of the Networks Replacement project following a successful tender, with lower one-off and ongoing costs. This is aided both by technology decisions made within DTP and by the council's plans to reduce its office estate.
15. Some net savings have been realised now; however, these are not material and are being used (as planned) to cover the programme's own costs. Improved maturity of savings come from financial year 2025/2026 at the point in which all DTP projects should have completed and any additional net benefit can be realised. Until this time the projected cashable savings should be treated as subject to change.

DTP Non-financial Benefits

16. Non-financial benefits are being tracked within the programme and are aligned with the stages of the projects. A summary of benefits for closed projects can be found in [Appendix A1](#) with greater detail in [Appendix A2](#). The most significant non-financial benefits have been noted in section above, "Key Achievements – at a glance", including the capabilities of which the Digital Strategic Partner offers the organisation, and greater stability of the telephony solution ensuring that citizen calls are not interrupted by technical faults.

Consultation

1. Internal

- Head of IT Operations
- Head of Digital Strategy and Transformation
- Digital Transformation Programme Manager
- Not reviewed this paper however reviewed September 2023 Audit Committee papers of which are the same with exception to this paper having updated financial figures:
 - Cabinet Member - Finance, Governance, Property and Culture
 - SIRO (Senior Information Risk Owner) [Director: Legal and Democratic Services]

2. External

Not applicable

Appendices:

- A1 DTP Update (Programme Governance, project info, and spend to date)
- A2 DTP Non-Financial Benefits Register (extract)
- B1 Digital Strategic Partner – Account Managers comment on DTP Governance

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Digital Transformation Programme – Annual Update ([noted at Cabinet in September 2023](#))

Digital Transformation Programme – combined programme ([approved at July 2022 Cabinet](#))

Digital Strategy 2022-27 – ([approved at June 2022 Cabinet](#))

Digital Plans and Strategic Partner – ([approved at April 2022 Cabinet](#))

Digital Transformation Programme – 1st tranche of work ([approved at Cabinet September 2021](#))

Network & Telephony Contract extension ([approved at Cabinet July 2021](#))