Approval of additional expenditure on Tech 2020 programme

1. Purpose of the Report
   To seek formal approval for the use of £9.7m of Reserves to fund the completion of the Tech 2020 project. The appropriate procurement authority was obtained at the time the expenditure was committed.

2. Background
   In June 2018 Cabinet approved a programme of activity at a cost of £25.8m over six years to invest in the implementation of the Technology 2020 Strategy to improve the Council's ICT and bring it up to current day standards. There had been no significant investment for the last 8 years. The report also sought approval to commence negotiations with Capita plc to bring the ICT element of the current partnership in-house and/or recommission the ICT services as appropriate.

3. Current Position
   Practical completion is scheduled in 2021/22 with the activity in the remaining years of the proposal to 2023/24 being the programmed refresh of equipment.

   The latest Outturn cost is £38.8m and the movement in cost is explained below.

4. Cause of Change
   The primary driver for the increase in cost has been the operational difficulties encountered with the Council's former contractor, Capita. The supplier simply could not deliver the transfer of SCC systems from its infrastructure to the new hosting environments. This has extended timescale of the project by approximately 18 months and into the period of the Covid 19 pandemic.

   As with most projects, cost is proportional to time. The extended timescale led to a longer retention of the project team and extension of the Capita service contract which provided the Council's ICT infrastructure and some software for key activities such as housing services, finance and procurement. There were other cost increases caused by the weaker Sterling/Euro exchange as the uncertainty over Brexit negotiations coincided with the project extension.

   The pandemic fundamentally altered the Council's working model, creating a need for most staff to be able to work from home. This has required alternative and additional software to that originally envisaged in the technical solution.

   The technical solution had already been revised from the original model before the pandemic struck. The pace of change in IT is such that the range of products constantly

changes, and, previously leading products become outdated in months. The decision was taken to adopt a Microsoft Enterprise Agreement which brought enhanced functionality, some of which has been used to deliver the new working environment. Another change was to lease equipment rather than buy it outright. This allowed the Council to replace all equipment within 18 months of starting the project rather than refresh over a period of five years. This has enabled a faster rollout of new software across the Council because there is a common build of equipment.

5. Financial Implications
    The project has delivered 95% of the estimated financial savings and enhanced functionality.

    In addition, it has brought an agile operational flexibility to rapidly respond to events like the Covid pandemic which would have required weeks of commercial negotiation under the previous out-sourced arrangements.

    These benefits have come at an increased cost of approximately £12.3m, It is proposed to fund this through a drawdown from reserves of £9.7m in 2-20/21 followed by an increase of between £1m and £1.4m p.a. of additional operating costs in future years. The latter funding will be approved through the annual business planning process.

6. Recommendations
    (a) Note the current position on the Tech 2020 project
    (b) Approve the use of reserves to fund the completion of the project