

Report title	ICT Capital Investment Programme 2018-2019 to 2019-2020	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable director	Andy Moran, Director of Commercial Services	
Originating service	ICT	
Accountable employee(s)	Gail Rider Tel Email	Head of Service - ICT 01902 553496 Gail.Rider@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	15 May 2018

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the reprofiling and proposed extension of the ICT capital programme for the years 2018-2019 to 2019-2020 at an additional cost of £4.0 million.

Cabinet is asked to note:

1. That the additional internal resources required for the reprofiling and extension of the ICT capital programme for the years 2018-2019 to 2019-2020 have been incorporated into the 'Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019' report which is also on this agenda, and will subsequently be reported to Full Council for approval on the 18 July 2018, assuming that Cabinet approval to progress with the projects is given. As the progression is dependent on that decision, if the projects are not approved, the capital programme will be reduced accordingly.

1.0 Purpose

- 1.1 The purpose of this report is to seek approval for additional capital funding of £4.0 million for the ICT capital programme to fund on-going and anticipated requirements from 2018-2019 to 2019-2020. There is a current approved ICT capital programme for 2018-2019 totalling £1.5 million so with an additional £4.0 million the ICT capital programme for 2018-2019 to 2019-2020 will total £5.5 million.
- 1.2 The Council's ICT infrastructure necessitates the need to be continually updated to remain operational, secure and up to date. Most ICT solutions have a finite shelf life and are required to be replaced or upgraded at regular intervals in order to remain current, working and supported, failure to do so could lead to critical Council ICT solutions failing and, therefore being unable to support the Council in its duty to serve its citizens.
- 1.3 There is a rolling ICT capital programme which formulates the budgetary provision. There are a variety of different capital budgetary requirements ranging in size from £1.0 million plus to items of only a few thousand pounds. This report identifies the current agreed ICT capital programme as approved by Full Council on 7 March 2018 and sets out the estimated ICT capital programme to fund requirements through to the end of the financial year 2019-2020. This report also includes estimated costs of the ICT capital programme for the financial years 2020-2021 to 2022-2023 but this is for information only and funding is not being requested for this in this report.
- 1.4 This funding request is solely for the ICT capital programme and does not incorporate any funding requirements of the Digital Transformation (DTP) / Commercial Business Improvement Programme (CBIP).

2.0 Background

- 2.1 The Council's ICT infrastructure needs to be continually updated to remain operational and up to date. There is a rolling ICT capital programme which makes budgetary provision for this. Within the expenditure there is a variety of different requirements ranging in size from £1.0 million plus to items of only a few thousand pounds.
- 2.2 Traditionally all of the ICT infrastructure has been housed in either the Primary Data Centre (PDC) in the Civic Centre or at a Secondary Data Centre (SDC) currently located within Staffordshire County Council's buildings.
- 2.3 Conforming to industry best practice standards the Council has been moving from using traditional "on-premise" infrastructure to using "cloud" based infrastructure in line with the council's "cloud first" strategy. The underlying foundation of this strategy is if a service can be delivered cost effectively, securely and efficiently using a cloud based solution then this will be adopted as opposed to traditional methods of installing specific hardware and software "on premise". This strategy places more reliance on fast and resilient internet connectivity which must be maintained and improved in line with the strategic move to cloud services.

- 2.4 All ICT installations, sites and customers are linked through a city-wide network. The network and its associated equipment is largely based at the Civic Centre but there is also substantial equipment currently housed at Staffordshire County Council.
- 2.5 This cloud first strategy will see a move away from a traditional 3 year and 5 year hardware replacement cycle (although this will remain for solutions not yet suited to cloud technology) and a smoother annual “rental” type of finance programme will start to develop.
- 2.6 The council has also commenced a more mobile and agile workforce, therefore, customers need to have technology at their fingertips (laptops, tablets, smart phones etc.) that support this strategy.
- 2.7 A realignment of the ICT capital programme was approved at Council on 8 November 2017 and this realignment is shown in Appendix 1.
- 2.8 As a result of the requirement to realign the ICT capital programme previously agreed, funding for longer term strategic objectives now needs to be reallocated in order to allow the programme to continue. There is also a strategic requirement to extend the ICT capital programme into a five year programme taking it up until 2022-2023 and this full programme is detailed in Appendix 2 (please note that funding for years beyond 2019-2020 is not being requested in this report) . A brief explanation of all line items is given in Appendix 3.
- 2.9 The ICT capital programme spans five years but as technology changes quickly funding for the first two years only is requested in this report. The estimated funding requirements for years 2020-2021 to 2022-2023 are provided for information only.
- 2.10 The financial impact of this proposal is that additional funding of £4.0 million is required for the period 2018-2019 to 2019-2020.

3.0 Progress

- 3.1 All schemes identified on the ICT capital programme are required, some to ensure the service continues on a day to day basis, others to support proposed business programmes (Future Space, Smarter Ways of Working etc.) and some to ensure that the Council remains compliant (Public Services Network, Microsoft etc.). There are additional schemes where it is anticipated that upgrades / replacements will be essential due to technology either failing due to age or becoming outdated or incompatible with newer technologies or simply no longer unsupported.

4.0 Evaluation of alternative options

- 4.1 This report requests funding to support a varying number of ICT schemes. The financial implications section below shows that borrowing is the current preferred funding source, however, if capital receipts are available and prove to be a more cost-effective funding source these will be used to reduce the cost of borrowing.

4.2 All schemes where funding has been requested will be assessed individually to ensure that the most appropriate solution is selected in order to satisfy business requirements and deliver the best value for money. Business cases will also be written for larger projects to ensure that the project is viable and worthwhile.

5.0 Reason for decision

5.1 Borrowing is the current preferred funding source, however, capital receipts are constantly monitored and will be used if they prove to be a more cost effective funding source for the council.

6.0 Financial implications

6.1 The current ICT capital programme budget for 2018-2019 to 2019-2020 is £1.5 million, as detailed in Appendix 1. This was included in the Quarter Three Capital Programme report which was approved by Full Council on 7 March 2018. The proposed extension to the Programme for 2018-2019 and 2019-2020 will require an additional £4.0 million of capital funding. The schedule of projects is detailed in the table in Appendix 2. This table also incorporates the current estimated funding requirements for 2020-2021 to 2022-2023, provided for information only at this stage given uncertainties in a rapidly changing technological environment. The additional funding required is summarised in the table below:

	2018- 2019 £000	2019- 2020 £000	Total £000
Current Capital Programme	1,500	12	1,512
Proposed Capital Programme	3,500	2,012	5,512
Additional Funding Required	2,000	2,000	4,000

6.2 The estimated revenue costs associated with funding the entire Programme expansion through borrowing are detailed in the table below:

£000	
2018-2019	40
2019-2020	480
2020-2021	880
2021-2022	880
2022-2023	880
2023-2024	890
2024-2025	450
Total	4,500

It may, however, be more cost effective to apply capital receipts to the short life assets generated through the ICT Capital Programme in the event that capital receipts are available. The revenue implications of borrowing identified above would reduce as capital receipts funding was applied. Capital receipts are continually monitored and their allocation across projects determined on an annual basis.

- 6.3 If Cabinet approves the proposed increase in the ICT Capital Programme, approval of the additional funding will be sought in the 'Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019' report which will be presented to Full Council on 18 July 2018.

[MH/21062018/A]

7.0 Legal implications

- 7.1 There are no legal implications arising from this report.

[TS/27062018/Q]

8.0 Equalities implications

- 8.1 There are no equalities implications arising from this report.

9.0 Environmental implications

- 9.1 There are no environmental implications arising from this report.

10.0 Human resources implications

- 10.1 There are no human resource implications arising from this report.

11.0 Corporate landlord implications

- 11.1 There are no corporate landlord implications arising from this report.

12.0 Appendices

Appendix 1: ICT Capital Programme as at Q3 2017-2018

Appendix 2: ICT Capital Programme 2018-2019 to 2022-2023

Appendix 3: ICT Capital Programme – Budget Synopsis