Key Decision Required:	No	In the Forward Plan:	No

CABINET

13 SEPTEMBER 2019

REPORT OF PORTFOLIO HOLDER FOR CORPORATE FINANCE AND GOVERNANCE

A.5   DIGITAL TRANSFORMATION PROGRAMME UPDATE
(Report prepared by John Higgins and Mark Westall)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

1. To update Cabinet on the progress of the two year Digital Transformation investment programme based upon qualitative, time and cost reporting.
2. To update Cabinet on significant events/ changes which have affected the programme.
3. To bring to Cabinet's attention details of cost pressures relating to digital working, partly arising from the changes referred to above.

EXECUTIVE SUMMARY

Cabinet approved the Digital Transformation report 16 February 2018. The Council's digital transformation journey to–date is outlined in greater detail in **Appendix A** to this report. The programme of works over two years comprises three key project development strands, as follows;

A New *My Tendring* Customer Self-Service Portal
A new '*My Tendring'* customer self-service portal. *My Tendring* is the Council's new portal that residents, customers and visitors can access to self-serve digitally 24 7 365. It is the new 'tool kit' enabling the Council's customer service strategy. Customers can create their own online secure account and as Council services are added to *My Tendring* over the coming weeks, months and years they will increasingly be able to; report issues, request and pay for services, book appointments, check account balances, view the status of their service requests etc. Council staff also use *My Tendring* to provide mediated services and to see a single view of a customer's activities and service requests without having to access and compare multiple systems. Full details as set out in *Appendix B*.

The *My Tendring* portal went live on 21 June 2019 and continues to receive extremely positive customer feedback. For the <u>first time ever</u> Tendring District Council customers can create a digital service request and view its status, progress and expected completion date online. Again, for the <u>first time ever</u> a Tendring District Council resident or visitor can use online mapping services and upload digital photos to simply 'Report It'. As at 3 September 2019 service take-up and deliverables include;

✓ A ninety-five year old Tendring resident gentleman using *My Tendring* self-service online to order his green waste bin and commenting *"I'm ninety five years old and found My Tendring very easy to use."*
✓ 859 green garden waste self-service orders.
✓ 1,039 Tendring customers have now signed up to the My Tendring Portal and have accounts, including 24 mediated Customer Service Assistant accounts.

- ✓ 63% of customers rate My Tendring 5 stars (out of 5 stars) with 23% giving a 4 star rating.
- ✓ 3,046 new refuse collection post code self-served enquiries.
- ✓ The My Tendring green waste bin orders and the post code refuse collection look-ups represent nearly 4,000 self-served enquiries not requiring Tendring resourced assistance in just six weeks.
- ✓ We are finalising a 'Report It' page which will be added to *My Tendring* during September, including the ability for customers to upload photos from their phones and use mapping functions for location identification etc. This will start with reporting of stray dogs (in test) and missed bins (in test) with other options being added shortly, including; damaged beach huts, dog fouling, full dog litter bins, Life-ring issue reporting, seafront water tap issues, street cleaning issues, street name-plate issue reporting.
- ✓ We are working with the Council's Licensing Service to finalise their taxi licensing processes so we can complete the *My Tendring* service design and progress to testing phase before launching.
- ✓ The extended delivery timescales have given the Council's in-house resources time to consolidate their learning and practice using their new skills through developing *My Tendring* products unaided.
- ✓ As the *My Tendring* portal roll-out progresses and gains popularity with residents and customers, channel-shift will accelerate and Heads of Service will need to ensure that they have appropriate resources to meet changes in service demand/ delivery.

The ethos of having in-house resources working alongside and learning from consultants should not be under estimated. In-house resources are already using their developing skills with confidence writing new *My Tendring* services unaided and applying their knowledge to directly benefit the Council in other areas. These new skills and the confidence to use them, coupled with the decision to fund initially one IT technician and now three IT technicians in sponsored IT degree courses, has led to in-house resources additionally developing;

- ✓ The simple, robust **self-service Kiosk App** now deployed at our Pier Avenue reception. Each kiosk costs just £790 instead of spending thousands of pounds on purchasing purpose-built kiosks,
- ✓ The new councillor **'ReMemberIT' App** loaded on the pilot councillor trial tablets. The App is proving popular with new councillors Members and is in regular use.

Cloud Migration to the Public Cloud

This 2 year programme will migrate around 90% of the Council's IT systems and databases from aging Town Hall hardware onto Public Cloud rented hardware, predominantly the Microsoft Azure UK platform, but also using the IDOX and the Northgate platforms. These works represent a strategic shift from Council IT hardware ownership to 'p*ay as you go'* rented hardware. Full details as set out in *Appendix C.*
Notes:
1. IDOX is the Council's property system used by; Planning, Building Control, Asset Management, Housing, Licensing, Environmental inspections etc
2. Northgate is the Council's system used to administer; Council Tax, National Non Domestic Rates, Housing Benefit and Housing Repairs

Cabinet should note the strategic and fundamental goal of replacing the need for large cyclic digital hardware replacement capital costs with ongoing digital revenue model is being achieved and that the financial cost pressures outlined are representative of this fundamental cost model shift.

✓ **This strategic shift to a digital revenue model has been calculated to save the Council £187,264 per year in IT hardware replacement and renewal costs.**

The cost pressures referred to in this report, which have been estimated on a worst case basis, should be off-set against this significant saving.

Our Cloud migration strategy is complex and all-encompassing. Early planning work has significantly rationalised our system architecture. The project has been delayed and further complicated following the strategic decision to consolidate and replace the Council's cyber security Firewalls. The migration progress continues with benefits being accrued, as follows;

✓ Our developing 'Public Cloud' infrastructure has enabled us to consolidate and strengthen our on-site cyber security through replacing protective Firewall technology.
✓ The Azure platform will shortly give us new Microsoft cyber security protection to resolve malicious phishing emails containing malware links.
✓ Our Azure Cloud includes new data backup and disaster recovery arrangements significantly improved resilience arrangements provided by a London data centre and a second in Cornwall.
✓ The Cloud migration project fundamentally replaces both ongoing budgeted and un-budgeted hardware replacement capital costs with new Microsoft Azure and Idox revenue Cloud costs.
✓ Northgate annual Cloud hosting costs are cost neutral through robust procurement techniques.

A new Tendring Leisure and Tourism App

This is a new '*Love Tendring*' Smartphone App designed to promote leisure and tourism events throughout the Distict. We envisage using the App to additionally promote Prince's Theatre shows and Council leisure services with a view to increasing revenue. This is the Council's first App so represents a new media channel for promoting events. Full details as set out in *Appendix D.* The Leisure and Tourism App;

✓ Went live on 25 July 2019 and this new media channel is now promoting Tendring leisure and tourism events.
✓ Has been downloaded 326 times with an average rating of 3 out of 5 stars (as 3 September 2019)
✓ Is third overall in the Google Appstore 'events App' ratings

Over-Arching Strategic Digital Transformation Benefits

Most importantly the changes introduced through the strands of the programme provide the basis, both in terms of IT infrastructure and systems and in terms of developing the skills of our own staff, for the future extension of 24 7 365 digital access to services across a wide range of the Council's services. It is providing the digital tools and staff expertise to continue and embed the organisational change of the Transformation Programme in the coming years.

Like all modern organisations, the Council is fundamentally reliant upon IT to provide services to residents, customers, visitors and staff. The Council's operations are complex and currently offer 195 individual services. In turn, these services are supported through a complex range of inter-dependent enabling digital systems provided by multiple suppliers, each with their own strategic agenda and schedule of system and software upgrades. However, without investment in quality IT products the Council would simply be unable to

function as it now does and residents would quickly lose faith in the Council as an evolving authority continually improving its services and engaging in a broad spectrum of community leadership activities.

➢ **Cabinet should note that the Office of National Statistics (ONS) digital service growth data, together with our own Council website growth statistics, all evidence and support the strategic decision to approve our current Digital Transformation programme.**

## Office Transformation Digital Works

Previous IT investment enabled the flexible and remote working benefits that the Council has been operating over the past few years. Following adoption of the Council's Office transformation programme, from a digital perspective a lesser, fourth development strand is intrinsically linked to the programme and is also included in *Appendix E*. This lesser digital strand is the Re-Design of the Council's Data (and voice) Network to support operations throughout, and on completion of, the Office Transformation programme. This includes a strategic move to WiFi supporting technology.

The Office Transformation programme has necessitated re-engineering the Council's digital network to ensure that the correct supporting architecture is available as operational staff moves require.

✓ To maximise operational flexibility we are migrating staff off of our cabled network and onto our new replacement WiFi network.
✓ The WiFi improvements will significantly benefit Members and staff flexible working moving forwards.

Digital Transformation Programme Timescales

The following table summarises the current overall position of our Digital transformation programme deliverables;
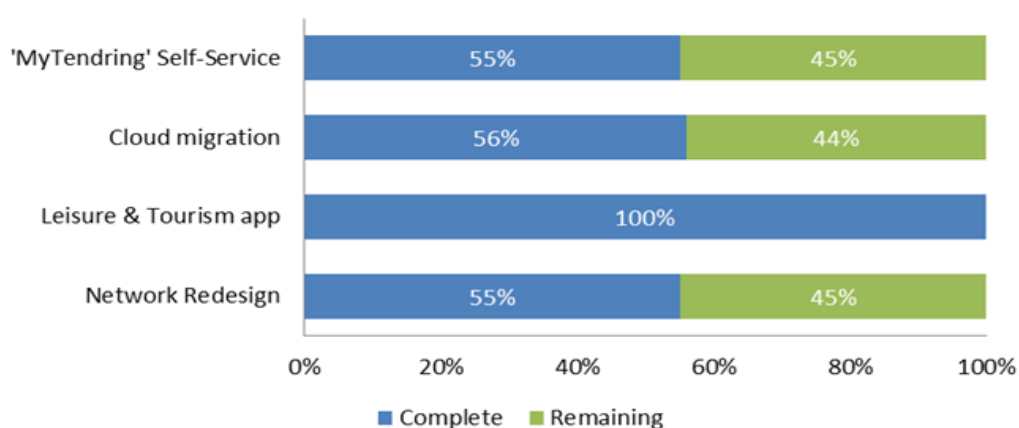
The digital world is dynamic and highly volatile. Technology suppliers routinely offer new and withdraw old services and constantly seek opportunities to revise their product fees and charges. The changing dynamics are affecting both the management, planning and delivery of the Council's Digital Transformation Programme.

Our strategic goals and qualitative deliverable outcomes remain unchanged. However, the programme has shifted in terms of unexpected cost increases, unforeseen delays and opportunities to achieve additional operational savings. These digital change factors are outlined in more detail in *Appendix E*.

It has been necessary to adjust timescales to reflect the previously mentioned digital market force changes and to reflect the Council's often conflicting resourcing priorities; elections, new refuse and recycling arrangements, Air Show etc.

Digital Transformation Programme Costs

> ➢ **Cabinet should note that as a general principle the latest forecast figures used within this update report are based upon the 'worst case' scenarios for both staff efficiency savings and additional income generation.**

The figures also exclude the £187,264 per annum which is the calculated cost of IT hardware ownership replacement as it is cost avoidance as opposed to a true saving.

The accuracy of financial forecasting of IT projects over a long period remains problematic primarily due to the IT sector's dynamic nature and also due to the innovative nature of the new Leisure and Tourism App.

With reference to information provided in appendices B – E, the programme financial forecast has changed significantly since initially proposed in February 2018. Due to the complexity of the financial forecasting a separate summary is provided as *Appendix F* to this report. Cabinet should specifically note;

> ➢ The consultancy delivery programme costs for each of the three strands remains within February 2018 forecast budgets.

> ➢ The 2019/20 Microsoft Cloud hosting charge one-off cost pressure of £91,161 accrued during the migration programme itself.

> ➢ A Microsoft licensing £66,693 one-off cost pressure in 2019/20 and then a £34,446 ongoing cost pressure from 2020/21 as a result of a combination of;

>> 1. A 2018 Microsoft licensing audit identifying that the Council was operating under-licensed.
>> 2. Microsoft price increases of between 3-30% as the Council transitioned from its expired government licensing deal to the next government deal.
>> 3. Increased reliance upon Microsoft licensed products to deliver modern, efficient services with fewer staff.
>> 4. Enhanced staff inclusivity i.e. more staff have access to email accounts.
>> 5. Increased reliance upon mobile devices and resultant increased cyber security costs.

> ➢ A new ongoing cost pressure of £11,498 associated with the operational need to switch contact centre technology and a new cost pressure the need to replace the Revenues and Benefits service electronic Document Records Management (EDRM) system.

> ➢ Revising down the achievable staff savings forecasts (worst case) reflecting overlapping staff structural changes elsewhere in the authority.

Microsoft Licensing Costs
Microsoft Office is effectively a global industry standard. The Council's reliance upon Microsoft products is reflected within every industry sector within the UK. There are open source 'free' alternatives but they cannot match the level of integration that Microsoft offer.

In truth, the only way to reduce our Microsoft licensing costs is to reduce either our staff

numbers or Council staff reliance upon technology. This is something of an oxymoron as it is the Council's reliance upon technology that has generated the efficiency and effectiveness that allows us to deliver operations and services with the 'lean' staff numbers that we have.

Northgate Electronic Document Record Management (EDRM) Replacement
The Council is one of the last authorities nationally still using the Northgate EDRM system within its Revenues and Benefits service. Northgate are applying commercial pressure to get the Council signed-up to their replacement EDRM solution incurring additional annual costs.

✓ Instead, through migrating Revenues and Benefits onto our corporate IDOX EDRM solution, the Council will save £63,150 per year in additional Northgate costs.

RECOMMENDATION(S)

That Cabinet:

(a) **Acknowledges the digitally enabled achievements delivered to date, including;**
   i. *My Tendring* portal major customer service improvements.
   ii. *My Tendring* portal positive customer feedback.
   iii. A strategic IT investment shift from large cyclical capital costs to an ongoing digital revenue cost model.
   iv. Enhancements to the Council's data infrastructure, cyber security protection and digital resilience.
   v. Developing in-house programming skills and expertise.
   vi. The new Leisure and Tourism App now promoting events.

(b) **Recognises the Council's increasing use of digital technology to deliver efficient and effective services.**

(c) **Acknowledges the various changes which have affected the programme and the resultant "worst case" cost pressures that have emerged.**

(d) **Subject to c) above, agrees that the cost pressures of £181,754 in 2019/20 and £113,942 in 2020/21 as set out in this report are reflected in the on-going financial forecast and financial performance reports.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Digital Transformation programme remains focused on delivering and enabling Council priorities notably "Delivering high quality, affordable services" and specifically address;

✓ Transforming the way we work.
✓ Our financial strategy and a balanced budget.
✓ IT improvement programme.
✓ Engagement with the community
✓ Workforce planning.
✓ Maximising tourist opportunities through events.
✓ Improving customer access to services.

Throughout its inception and the adoption of the Council's Customer Service Strategy it was always envisaged that the Council's IT team would play a key developmental and delivery role. This Digital Transformation investment represents an additional key supporting element in enabling the practical delivery of the customer service strategy.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Each strand of the Digital Transformation adopted works is discussed in financial detail within the report appendices, as follows;

➢ '*My Tendring*' **customer self-service portal** financial information is outlined in Appendix B.
➢ **Cloud Migration** financial information is outlined in Appendix C.
➢ **The Leisure and Tourism App** financial information is outlined in Appendix D.

A range of programme affecting digital change factors are outlined in Appendix E.

Due to the overall complexity of the programme and the financial forecasts, these aspects are separately summarised in Appendix F.

Having discussed all of the programme changes in appendices B-F, the over-arching digital transformation programme financial forecast position is currently as follows;

Programme Strand	Feb 2018	Sept 2019 Revised	Forecast Change
Project One-off Costs			
My Tendring Portal: One-off project cost	519,200	519,200	0
Cloud Migration: One-off project cost	226,000	226,000	0
NEW: Cloud Migration: 2019/20 migration hosting costs	N/a	91,161	91,161
Leisure & Tourism App: One-off project cost	120,000	114,000	6,000
NEW: Northgate Electronic Doc Records Mngmt (EDRM)	n/a	23,900	23,900
NEW: Microsoft Licencing Increase 2019/20	n/a	66,693	66,693
Project One-off Costs (2019/20) Sub Total	865,200	1,040,954	**£181,754 2019/20 One-off Cost Pressure**
Project Ongoing Costs:			
My Tendring Portal: Ongoing project cost (licensing)	71,500	67,600	(3,900)
My Tendring Portal: Savings Forecast	(106,766)	(15,504)	91,262
My Tendring Portal Ongoing Sub Total Forecast	**(35,266)**	**52,096**	**87,362**
Cloud Migration: Ongoing project cost	149,000	187,701	38,701
Cloud Migration: Savings Forecast	(140,663)	(160,224)	(19,561)
Cloud Migration Ongoing Sub Total Forecast	**8,337**	**27,477**	**19,140**
Leisure & Tourism App: Ongoing project cost	n/a	6,000	6,000
Leisure & Tourism App: Savings Forecast (revenue)	(33,405)	(17,575)	15,830
Leisure & Tourism App Ongoing Sub Total Forecast	**(33,405)**	**(11,575)**	**21,830**
NEW: Microsoft Licensing 2020/21	n/a	34,446	34,466
NEW: Contact Centre Renewal: Ongoing project costs	n/a	11,498	11,498
NEW Ongoing Sub Total Forecast	**0**	**45,944**	**45,944**
Project Ongoing Costs Sub Total	(60,334)	**£113,942 2020/21 Ongoing Cost Pressure**	174,276

Notes:
1. As a general principle the above figures are based upon the 'worst case' scenario.
2. The Leisure and Tourism App revised income forecasts are based on minimal increased income of 0.5%.

3. The above forecast excludes the figure of £187,264 per annum which is the calculated cost of IT hardware ownership replacement as it is cost avoidance as opposed to a true 'cashable' saving.

In reflecting above, and the detailed information set out in the appendices, the following changes are required to the Council's base budget:

| 2019/20 Budget (One-off) | £181,754 cost pressure |
| 2020/21 Budget (Ongoing) | £113,942 cost pressure |

Cabinet should note that the figures are representative of a strategic and fundamental shift from large unbudgeted digital capital cost pressures to ongoing digital revenue pressures which was outlined as a strategic goal in the February 2018 report.

The *My Tendring* financial forecast now reflects our changed position. Whilst there are significant operational efficiencies starting to be generated we are unable to realise staff budget reductions. As the programme progresses and customers increasingly self-serve (channel shift) this position may change or alternatively release staff to undertake other duties or improve service performance.

The Leisure and Tourism App income forecast is difficult to predict with accuracy. Calculations are therefore based upon a conservative lowest estimate.

Risks:
Programme risks are being managed through a programme risk register with risks reviewed fortnightly by the digital programme delivery group.

The Council is increasingly reliant upon technology to deliver services. It is therefore becoming increasingly reliant upon Microsoft products. Whilst our Microsoft fees and charges are based upon government 'three plus one year' fixed pricing deals, the Council is becoming quicker to react to changing service demands and more efficient ways of using technology. This growing service evolution is reflected in the volatility of the centralised IT software and licensing revenue budget.

The only way to reduce the Council's Microsoft licensing costs is to physically reduce the number of Council staff licenses. This would have a detrimental effect upon operational service delivery, efficiency and performance.

Microsoft Office is effectively 'industry standard software'. There are 'open source' alternatives but none of these have the level of integration that Microsoft offer.

Any reduction in mobile device management security software licensing would significantly increase our exposure to cyber attack and would leave the Council in a non-compliance position with respect to National Cyber Security Centre (NCSC) edicts.

The final cloud hosting solutions for the Council's corporate Northgate and Idox systems have been identified and reflected within the Cloud migration programme fees and charges. However, we are just starting to test the Council's Agresso financial system on the Azure platform. Subject to the success/ failure of these tests we may have to reconsider our current hosting proposals. This could generate a future as yet unknown additional cost pressure.

The accuracy of financial forecasting of IT projects over a long period remains problematic, primarily due to the ever changing IT sector and in part due to the innovative nature of the new Leisure and Tourism App.

LEGAL
The investment was made in accordance with the Council's Budget and Policy framework with procurement(s) undertaken through the UK government digital marketplace GCloud-9 framework in accordance with the Council's Procurement Procedure Rules.

OTHER IMPLICATIONS
An Equality Impact Assessment (EIA) and a Privacy Impact Assessment (PIA) has been completed to assess the information governance and data protection risks.

Programme deliverables increase opportunities to mobilise our workforce in our community. This will benefit public engagement and additionally enhance our capacity to serve residents with transport, mobility, isolation, health or vulnerability issues through mediated access and face to face meetings. |

PART 3 – SUPPORTING INFORMATION

BACKGROUND
Cabinet approved the Digital Transformation report 16 February 2018. The Council's digital transformation journey to–date is outlined in greater detail in *Appendix A* to this report. The latest programme of adopted works over two years comprises three key project development strands, as follows;

➢ **Development of a new '*My Tendring'* customer self-service portal.** Further development details and a project update including qualitative information, project timescales and financial information is outlined in Appendix B.
➢ **Strategic data and application migration to the 'p*ay as you go'* Public Cloud.** Further development details and a project update including qualitative information, project timescales and financial information is outlined in Appendix C.
➢ **Development of a new Tendring Leisure and Tourism App.** Further development details and a project update including qualitative information, project timescales and financial information is outlined in Appendix D.

The digital world is dynamic and volatile due to the accelerating pace of technology developments, new innovations, and their strategic implications. Technology suppliers routinely offer new/ withdraw old services and constantly seek opportunities to revise their product fees and charges.

Like all modern organisations, the Council is reliant upon IT to provide services. Whilst we constantly strive to simplify our IT supporting infrastructure and systems, the Council offers nearly 200 services supported through a complex range of inter-dependent systems provided by multiple suppliers, each with their own strategic agenda and schedule of system and software upgrades.

Digital sector changing dynamics are affecting both the management and delivery of the Council's Digital Transformation Programme that it embarked upon some one and a half years ago. Whilst our goals and qualitative deliverable outcomes remain unchanged, the cost modelling has shifted in terms of unexpected cost increases, unforeseen delays and opportunities to achieve additional operational savings. These digital change factors are outlined in more detail in *Appendix D.*

**Digital Service Growth And Council Strategy:**
In today's digital society our residents', visitors' and customers' capabilities, expectations and desire to engage with the Council digitally increases year on year. The following Office of National Statistics (ONS) 2018 graph identifies that virtually all adults aged 16 to 44 years in the UK were recent internet users (99%) in 2018 - the third highest in the EU. This compares with 47% of UK adults aged 75 years and over. |
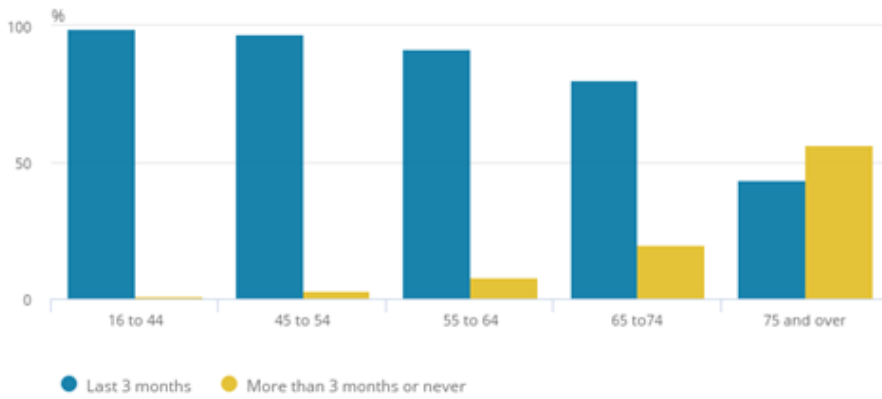
From a Tendring digital service inclusivity perspective, the following ONS 2018 national internet use statistics should be considered;

- In 2019 only 7.5% of adults have never used the internet, down from 8.4% in 2018.

- Since the ONS surveys began in 2011, adults aged 75 years and over have consistently been the lowest users of the internet. In 2011, 20% of adults aged 75 years and over were recent internet users, rising to 44% in 2018.

- Recent UK internet use in the 65 to 74 age group increased from 52% in 2011 to 80% in 2018, closing the gap on younger age groups.

- During 2018 recent internet use by adults who were economically inactive, increased by 18 percentage points over this period to 88%.

- In 2019, the number of disabled adults who were recent internet users reached over 10 million for the first time, 78% of all UK disabled adults.

The growth in smartphone ownership and accessing digital online services is also relevant to two of the Digital Transformation strands - the new '*My Tendring'* self-service portal and the leisure and tourism App. From a Tendring District perspective our Council website monitoring software identifies both a general increase in year on year website visits and additionally that customers are increasingly using smartphones to access digital services in preference to desktop/ laptops and tablets;
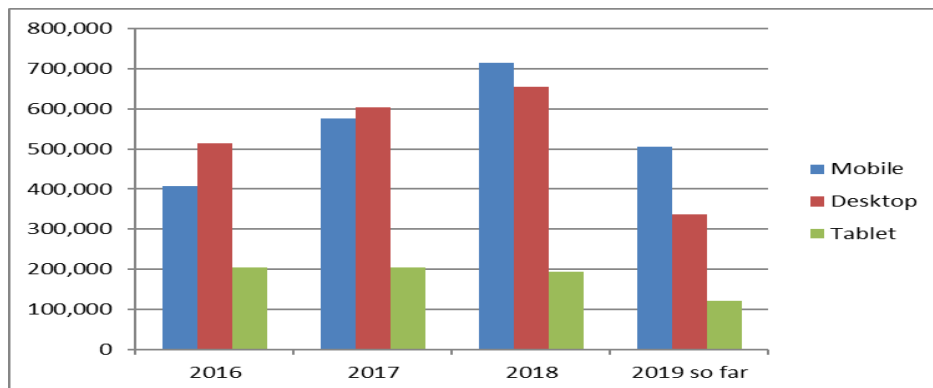
The Council has been developing website self-service and e-payment opportunities for a number of years to channel-shift customers to this cheapest self-service option. However, in truth a large number of these e-forms are not fully automated and staff resources are required behind the scenes to complete and deliver service requests. The following graph identifies the year on year growth in Tendring residents/ visitors/ customers self-service activities.

Number of Tendring Electronic forms submitted (User Website Self-serving)
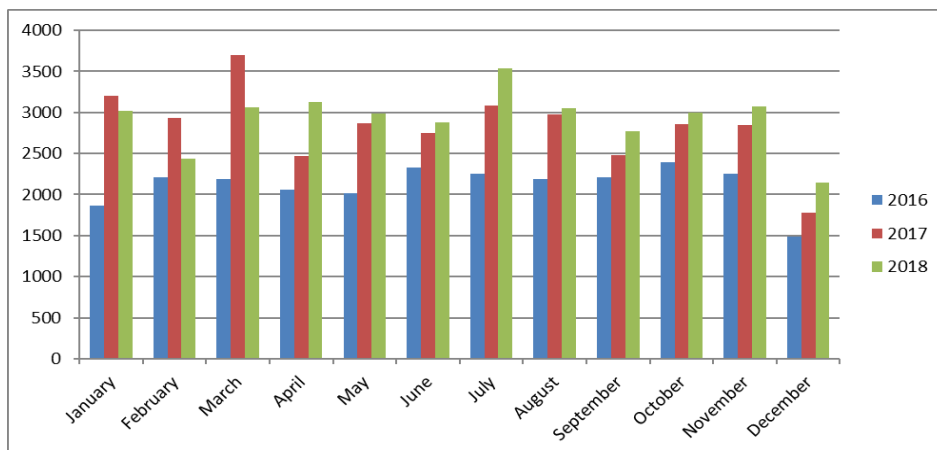
Tendring Website Annual Enquiry Growth
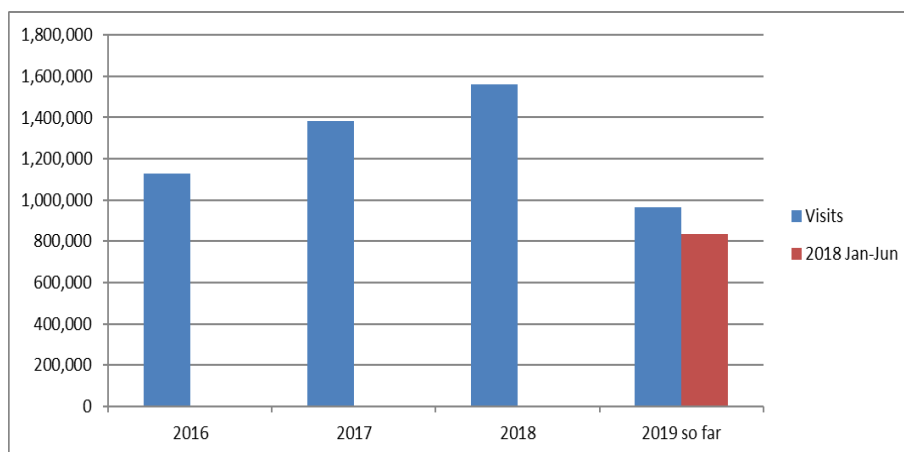
Whilst the gap between our *'digitally enabled'* residents/ visitors/ customers and those who cannot or will not engage with the Council digitally continues to reduce month on month. The Council recognises the need for **inclusivity for all** and our customer service strategy remains one of maintaining a mix of customer service channels; website, App(s), in-house developed self-service kiosks, face to face, telephone, through outreach working with other partners etc.

As a collective digital investment, each strand demonstrates opportunities to deliver savings to the adopted long term **Financial Strategy.** However, it is too early in the programme to accurately forecast these long-term savings/ new income streams primarily due to the changing nature of the IT sector and, in part, due to the innovative nature of the Leisure and Tourism App.

Integration of the Council's major databases into a single view for staff within the *My Tendring* product is starting to deliver a step change in our **Customer Service Strategy.** Ongoing website evolution and the development of the Leisure and Tourism Event App is a significant step change improving access to digital information – helping to deliver **Channel Shift.**

The integration of back office systems and the move to host Cloud stored data will deliver increased flexibility and enhance our capabilities to support face to face delivery of services by staff.

The over-arching programme ethos is one of partnership working between Council staff and Amido and Intergence consultants as opposed to it being something '*done to the Council by consultants'.*

In essence, the Digital Transformation programme of works can be diagrammatically summarised as follows;
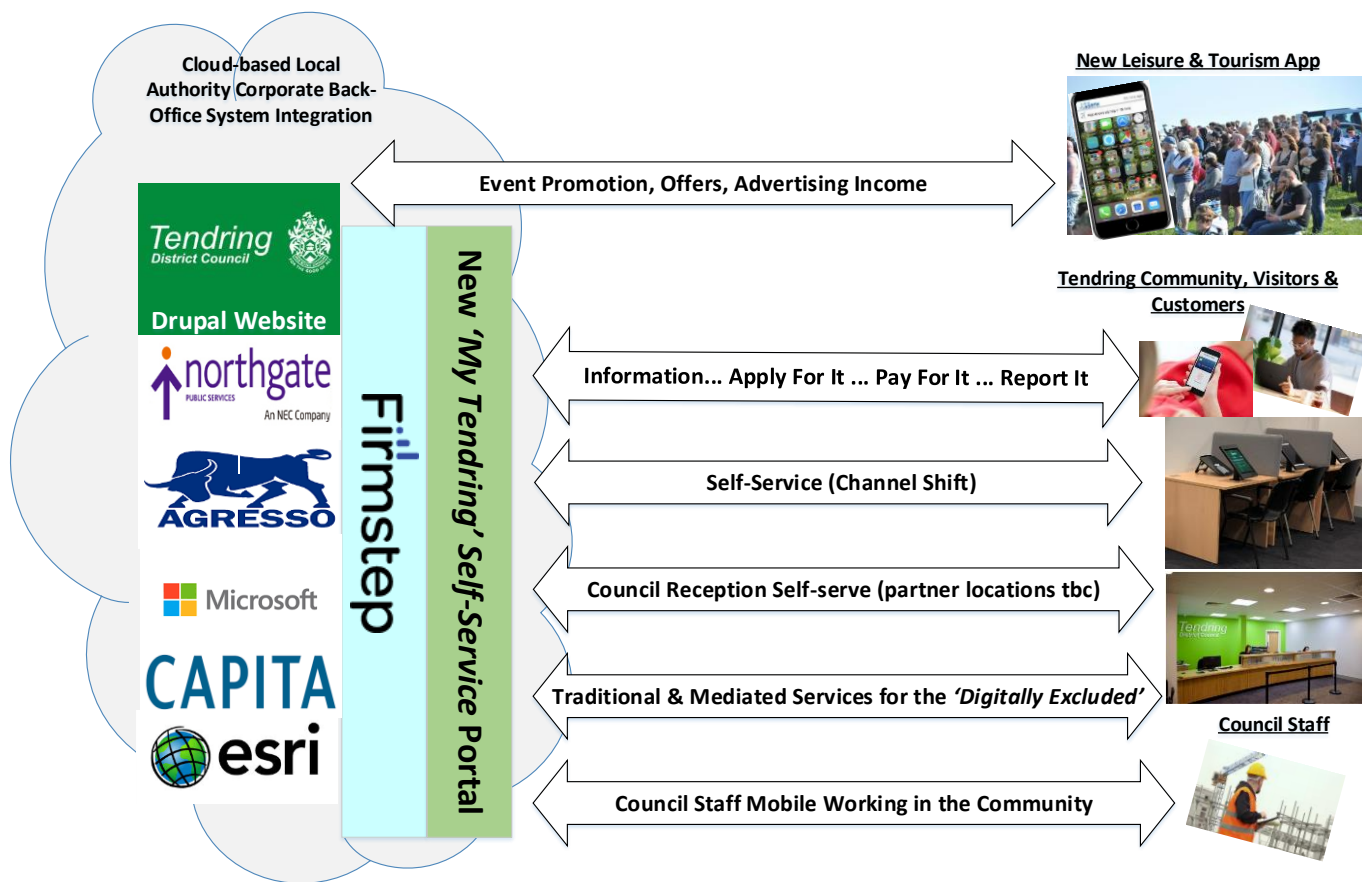
Cabinet should note that all of the Office of National Statistics (ONS) digital service growth data, together with our own Council website growth statistics, all evidence and support the strategic decision to approve our current Digital Transformation programme.

From a customer service perspective, our programme of works is effectively one of enabling truly integrated digital self-service 24 7 365. We are using digital media to enable customer, residents and visitors to simply and conveniently view leisure and tourism promotional information – whilst enhancing **digital inclusivity for all** and maintaining alternative service delivery methods for those unable or unwilling to use digital technology.

BACKGROUND PAPERS FOR THE DECISION

Cabinet Digital Transformation report 16 February 2018
Tendring District Council Corporate Plan 2016-2020
Tendring District Council Customer Service Delivery Strategy.
Tendring District Council Channel Shift Strategy.

APPENDICES

Appendix A: The Council's digital transformation journey.
Appendix B: *My Tendring* self-service portal detailed project update.
Appendix C: Cloud Migration detailed project update.
Appendix D: Leisure and Tourism App detailed project update.
Appendix E: Programme Change Factors.
Appendix F: Financial Summary

APPENDIX A: THE COUNCIL'S DIGITAL TRANSFORMATION JOURNEY:

OUR DIGITAL JOURNEY TO-DATE:

The Council's digital systems and IT Team play a fundamental enabling role in day to day service provision and access to information for residents, customers, visitors, councillors and officers alike.

From a financial perspective, we are constantly looking for investment strategies and opportunities to work as efficiently as possible, in part to drive down our operating costs but also to provide better services to our community for less money.

In September 2013 Cabinet agreed a 3½ year £1.5 million Strategic IT Investment Programme (£995,000 capital with existing revenue contributions from 2013/16 IT budgets). Cabinet's approval included a £75,474 investment saving target, based upon the investment with final investment returning £108,000 savings per annum.

On 5 September 2014 Cabinet agreed a proposal to bring the Council's IT support back 'in house' from 1st April 2016, generating an ongoing operational saving of £200,000 per year. This was undertaken on a hybrid-based arrangement. The Council's IT team provide 'in house' support where we are resourced to do so, with the need for some specialist resource procurement externally. Major infrastructure and systems changes such as those agreed 16 February 2018 require specialist skills and additional resource support.

On 22 January 2016 Cabinet adopted the new Channel Shift Strategy followed on 16 December 2016 with the adoption of the over-arching Customer Service Delivery Strategy. These formalised our approach to customer service delivery and to driving down our operational costs through channel-shifting service delivery from more costly methods to contact centre telephone and digital self-service options.

On 6 February 2017 a digital transformation workshop took place attended by; the Portfolio Holder for Resources and Corporate Services, Management Team and Heads of Service from the corporate directorate and operations directorate, with consultants Amido and Intergence. The consultants were subsequently commissioned to undertake an *'as is'* digital maturity assessment across Tendring District Council services but analysing Council delivery from a resident/ customer perspective looking at service delivery from the outside in. The key deliverables comprised a clear programme of technology investments based upon robust Return on Investment (ROI) principles with cognisance to the Council's budget deficit position – Tendring's Digital Transformation programme.

Subsequently on 16 February 2018 Cabinet agreed a two year Digital Transformation report specifically setting out to deliver key digital building blocks across a number of the Council's key strategies and plans to transform and modernise the way we work, enhance our services delivery and our engagement with our residents whilst enhancing efficiency and contributing to driving down our overall operating costs.

The two year Digital transformation report agreed the following three key strands of work:

1. Investment in Firmstep software and specialist consultant resources to create a new *My Tendring* self-service portal integrated with 'back office' databases and systems requiring £519,200 one off investment with £71,500 ongoing costs per year and returning an overall ongoing saving of £35,266 per year. (6.8% ROI). The project enables 'step change' improvements in our customer service delivery, and officers working in a mobile fashion out in our communities.

2. Investment to migrate our IT systems data storage from Council-owned/ maintained

hardware that will soon require investment or replacement to that of rented Microsoft Azure platform resources – 'The Public Cloud'. This project requires a one off investment of £226,000 and has ongoing estimated costs of £149,000 which represents a small overall cost increase of £8,337 per year. This project represents a shift from periodic and increasingly large capital IT hardware investment and ownership to monthly 'pay as you go' hardware rental costs. There are additional operational benefits in terms of flexibility and business continuity/ resilience.

3. Investment to develop a Council Smartphone 'Leisure and Tourism Events App' to promote tourism events. This project required one off investment of £120,000 with additional income streams indicatively estimated at £113,119 per year in year 3 of the project. The project also represents a new communications media for the council to utilise.

The digital transformation programme is primarily about using technology to improve performance and efficiency (doing more for less), provide our residents and customers with a digital self-service *'single portal access to services'* council-wide and introducing new Mobile Phone App communications media channel.

From an investment/ return perspective, each of the three projects comprises a mix of capital investment with ongoing costs and return on investment opportunities based upon;

- *My Tendring* portal generated self-service take-up and/ or reduction in corresponding staff support costs through automation.
- Reduced capital and/or revenue support costs.
- The potential to generate additional and new income streams.

APPENDIX B: DETAILED PROJECT UPDATE: *'MY TENDRING'* SELF-SERVICE PORTAL

QUALITATIVE ANALYSIS:

This project has created a new and secure '*My Tendring'* customer self-service portal enabled through investment in the Firmstep product, specifically designed for local government.

New service development is being undertaken by IT and customer service staff working alongside and exchanging ideas and knowledge with consultants with a view that when the consultants leave Tendring we have in-house expertise to continue the My Tendring Portal roll-out across the Council. Note: Acknowledging that any major service/ new technology integration will require additional consultant resources.

The services prioritised for development into *My Tendring* self-services were previously identified as high volume and resource intensive Council services through the consultant's digital maturity assessment e.g. 'efficiency and effectiveness wins' generating return on investment.

New services are being developed from a customer-centric perspective e.g. services easy to understand and use by residents without regard to Council departmental service structures and in-house/ out-sourced delivery.

The work programme has also been developed with a view to staff understanding how each facet of the product works and fits together whilst the consultants remain on-site. For example; database integration, work flow creation, self-service design, form creation, Microsoft Outlook calendar appointments etc.

> *The reader should note that the strategic adoption of 'My Tendring' customer self-service delivery is a roll-out delivery programme that will realistically be ongoing for a period of years as each of the Council's ONE HUNDRED AND NINETY FIVE services are re-engineered using in-house resources, supplemented by consultant resources subject to strategic need.*

In addition to the '*My Tendring'* portal that residents/ customers can subscribe to in order to self-serve, the technology creates a 'front-office' Customer Record Management (CRM) system for the Council's Customer Service Assistants (CSAs) to view. This details a customer's service history request i.e. provides an holistic customer enquiry history (as opposed to a service-centric history) as to why and when a customer has contacted the Council.

This same technology enables CSAs working in the Council's contact centre and reception services to mediate service delivery requests to those wanting telephone and/or face to face service.

Where the Council already has website self-service capabilities, these have been 'fronted' seamlessly by the *My Tendring Portal* so that they look and feel like portal services even though in truth the delivery is via existing website technology with staff manual intervention in the background. These will be re-engineered to become full *My Tendring Portal* services over time.
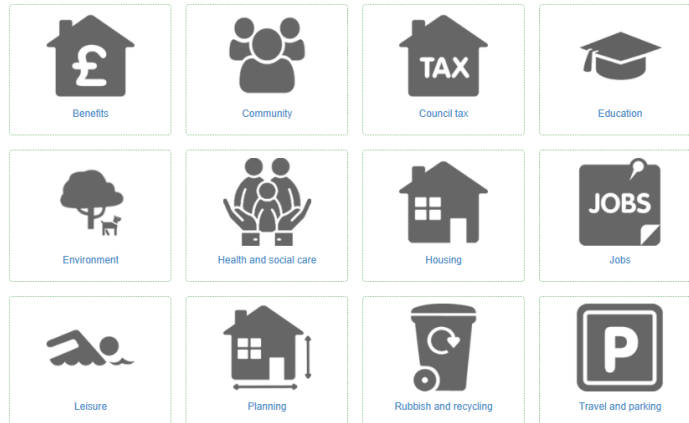
All of the above sounds relatively simple but has necessitated complex digital integration with a number of key Council systems/ databases and has required staff to learn and develop a range of new skills and understanding.

For the first time <u>ever</u> a Tendring District Council resident, visitor or customer can create a digital service request in their My Tendring self-service account and view its status/ progress online and be given an expected completion date.

For the first time <u>ever</u> a Tendring District Council resident or visitor can use online mapping services and upload digital photos to 'Report It'.

Depending upon the service delivery, the service request will either create a job with the relevant Council 'back office team' or may go automatically to a third party contractor e.g. direct to Veolia for new green waste bin requests. Green waste collection is renewed annually and customers will receive email notification of the need to renew their subscription.

As we build more complex services e.g. Taxi Licensing (currently in test), the customer is able to pre-book and chose a vehicle safety test appointment online and receive text/ email reminders about their vehicle MOT expiry etc.

Using electronic workflow officers will receive alerts of service request completion times given to the customer and their manager will receive alerts of jobs close to failing customer estimated completion dates so that appropriate actions/ interventions can be made.

To date, the *My Tendring* Portal garden waste renewal and new service requests has gone live and is proving highly successful. Additionally, the team has been undertaking service work around improving the ease of self-service access to information around the whole refuse and recycling collection round changes together with simplifying residents self-serving recycling collection change information.

My Tendring portal deliverables at the time of writing this report are as follows;

- ✓ *My Tendring* soft launched to the customers on 17th June.
- ✓ *My Tendring* customisation work on the main page is complete.
- ✓ New self-service requests for Garden Waste is live. Customer feedback has been extremely positive and as at 3 September 2019 we have had 859 self-service orders raised. Note: Some of these will have been mediated through our CSAs.
- ✓ 1039 Tendring customers have now signed up to the My Tendring Portal and have

accounts.

✓ The new Garden Waste service represents a significant number of calls not made to the Council by telephone which has reduced pressure our Customer Services team during the new refuse and recycling collection roll-out.

✓ My Tendring and new website general enquiry for refuse collection post code lookup 'new round collection day' and 'red/green recycling enquiry' was available to residents with 80% of new rounds loaded from 29 July 2019. Note: We have had problems obtaining new round data from Veolia but all new round customers are also in receipt of a paper leaflet.

✓ Between 29 July and 3 September 2019, our new refuse collection post code lookup website service has received 3,046 views.

✓ The My Tendring green waste bin orders and the post code refuse collection look-ups represent nearly 4,000 self-served enquiries not requiring Tendring resourced assistance in just six weeks.

✓ We are finalising a 'Report It' page which will be added to My Tendring during September, including the ability for customers to upload photos from their phones and use mapping functions for location identification etc. This will start with reporting of stray dogs (in test) and missed bins (in test) with other options being added shortly, including; damaged beach huts, dog fouling, full dog litter bins, Life-ring issue reporting, seafront water tap issues, street cleaning issues, street name-plate issue reporting.

✓ We are working with the Council's Licensing Service to finalise their taxi licensing processes so we can complete the *My Tendring* service design and progress to testing phase before launching.

The ethos of refusing to allow consultants to simply deliver services without imparting learning is now paying dividends and staff have a new found confidence in their service design/ delivery capabilities and knowledge. The team are building their own new *'My Tendring'* portal services unassisted by consultants and have improved some aspects of the services previously written by consultants currently being tested.

The Firmstep product that supports the *My Tendring* portal also includes mobile worker functionality which will further enhance the capabilities of our mobile workforce, keeping them connected and working in the community further enabling our capacity to serve residents with transport, mobility, isolation or vulnerability issues. This sub-product will be explored during the scheduled works with the Housing Repairs team.

PROJECT TIMESCALES ANALYSIS:

The *'My Tendring'* portal programme of works commenced in earnest following market evaluation of enabling technologies and the purchase of the Firmstep product on 30th July 2018.

Fourteen months into the project it is fair to say that we have delivered less than we initially estimated and phase 2 of the project just completed was behind schedule.
The following factors have led to the *My Tendring* delays;

1. In the early phases of the programme the Council has struggled to free up and commit IT and Customer Service resources to the project. This has also been the case from the Council 'client' services themselves from whom we require service expertise. This resourcing issue was further compounded by the May elections and then the resources associated with the refuse and recycling contractual and operational change planning and delivery. It is somewhat representative of how 'lean' the Council is now running and will realistically remain a constraining factor as the programme progresses.

2. We initially under estimated the amount of additional learning/ skills that Council staff would need to gain in order to be self-reliant once our consultancy has left site.

3. The programme has had to be completely re-scheduled for Northgate system commercial reasons. The Council has opted to adopt Northgate system service delivery through Northgate's own cloud as opposed to the Microsoft Azure platform in order to ensure that our solution is fully contractually supported and to maintain control of contractual service renewal prices in June 2019. Northgate cloud migration is in itself a massive task and is scheduled to take place August to November 2019. This has further delayed any service development in areas where staff use the Northgate product that we will be interfacing with – Council Tax, Housing Benefits, Housing rents and Housing repairs. These are areas where we estimate the highest ROI will be achieved as they are areas of high volume/ high demand.

The Northgate cloud migration issue outlined above has realistically delayed the planned *My Tendring* portal project completion by around 4 months. It has also necessitated that we re-define the originally planned areas of work to best use pre-booked consultancy resource on non-Northgate service area work.

However, it has given the Council's in-house resources time to reflect upon their learning and to re-visit, refine and build services of their own in non-Northgate affected areas. It should be noted that these are our own timescales and that the delays do not pose any major Council operational problems.

The 'Northgate delayed' *My Tendring* delivery phase three is being re-scheduled to commence 20 January 2020 for an estimated twelve week period to design services for;

➤ Self-service Council Tax account balance enquiries – service analysis and design work already well advanced.
➤ Self-service Housing Rent account balance enquiries – service analysis and design work already well advanced.
➤ Housing Repairs tenant pre-inspection report – service analysis well advanced but will require re-visiting following the Roalco collapse.
➤ Other service design subject to resource availability.

MY TENDRING PROJECT FINANCIAL ANALYSIS:

The *My Tendring* calculated ROI savings are based upon improved efficiency through use of electronic workflow systems in just a small number of high volume, manually intensive statutory processes undertaken by CSAs in Revenues and Benefits, Housing, Licensing, Environmental and Engineering Services. Additionally, ROI saving predictions are based upon modest growth in 'self-service' (channel-shift) from other more costly channels - for example a shift from face to face service requests to digital self-service requests.

My Tendring Project Delivery Costs:
The February 2018 report financial *appendix A* estimated the *My Tendring* Portal project delivery costs, as follows;

Reproduced February 2018 Table Estimating Project Costs:

Description	One-off Project Costs			Ongoing
Front-Office Product Suite Integration	**Amido**	**Intergence**	**Other**	
Customer experience/ self-service systems, systems integration/ web design - Amido 305 days/ Intergence 128 days	306,000	140,800	-	-
Front-Office product costs/configuration	-	-	35,500	-
System software (APIs) / hardware (non-reoccurring)	-	-	36,900	-
Ongoing software/ support & maintenance	-	-	-	71,500
Sub-total	306,000	140,800	72,400	71,500
Project Total			**519,200**	**71,500**

The current estimated My Tendring project delivery costs are as follows;

September 2019 Table Estimating Non-Staff Savings:

Description	One-off Project Costs			Ongoing
Front-Office Product Suite Integration	**Amido**	**Intergence**	**Other**	
Customer experience/ self-service systems, systems integration/ web design - Amido 305 days/ Intergence 128 days	306,000	140,800	-	-
Front-Office product costs/configuration	-	-	35,500	-
System software (APIs) / hardware (non-reoccurring)	-	-	36,900	-
Ongoing software/ support & maintenance	-	-	-	67,600
Sub-total	306,000	140,800	72,400	67,600
Project Total			**519,200**	**67,600**

At the time of writing this report the current one-off project costs remain within budget and ongoing licensing costs have been reduced by £3,900 p.a. through robust procurement processes. The Firmstep licensing costs £67,600 need to be added into IT budgets for 2019/20 and beyond.

My Tendring **Estimated Non-Staff Savings:**
The February 2018 report financial *appendix A* estimated the *My Tendring* Portal non-staff savings as follows;

Reproduced February 2018 Table Estimating Non-Staff Savings:

Budgets	Estimated Integration Savings	Self-Service Additional Postage Savings
Planning Printing Costs	2,107	-
Planning Mobility	2,510	-
Planning Scanning	9,875	-
Revs and Bens – Printing	4,566	-
Revs and Bens – Postage	4,335	-
Housing – Printing	850	-
Housing - Postage	1,150	-
Environmental - Printing	700	-
Environmental – Postage	620	-
	(26,713)	**(3,283)**
Total Non-staff Savings		**(29,996)**

Note 1: The budget figures are based upon actual budgets after adjustments resulting from over-lapping initiatives being undertaken across the authority to drive out costs.

With My Tendring not being deployed in planning during these work phases as initially proposed, the current estimated *My Tendring* Portal non-staff savings are reduced follows;

September 2019 Table Estimating Non-Staff Savings:

Budgets	Estimated Integration Savings	Self-Service Additional Postage Savings
Revs and Bens – Printing	4,566	-
Revs and Bens – Postage	4,335	-
Housing – Printing	850	-
Housing - Postage	1,150	-
Environmental - Printing	700	-
Environmental – Postage	620	-
	(12,221)	**(3,283)**
Total Non-staff Savings		**(15,504)**

> ➤ The current estimated *My Tendring* Portal non-staff savings are reduced by £14,492 and now total £15,504.

The above savings use conservative calculated estimates that reflect the approach taken throughout the report in determining savings and return on investment. The projected reduced *My Tendring* portal non-staff savings of £15,504 go some way towards meeting the ongoing reduced project costs of £67,600 and leaving an overall estimated ongoing cost of £52,096.

My Tendring **Estimated Staff Savings:**

The February 2018 report discussed *My Tendring* portal's staff efficiency improvements generated through; process automation, inputting data once into just one system, increased mobile staff working in our community, new management business analytics data.

It further discussed how staff efficiencies could be taken, over time, through natural staff turnover and taking restructuring opportunities, estimating savings of £25,590 p.a. for each 1 FTE reduction per year based on an average administrative staff salary cost.

The following table reproduced from the February 2018 report summarised estimated return on investment (ROI) based upon the non-staff savings set out previously in addition to the potential staff reductions that could be possible, as follows;

Reproduced February 2018 Table Estimating Overall Savings:

Front-office Product Suite / Back-office Integration Savings	Ongoing Annual Savings (£)	Return On Investment Based upon £519,200 Delivery Cost
Non-staff Ongoing Savings less annual costs	-41,504	
3 FTE Ongoing staff savings	76,770	
Total Staff/ non-staff Ongoing Savings	**£35,266**	**6.8%**

Using the above financial information the February report recommended *My Tendring* portal investment based primarily upon the 'step change' improvement to service provision and a modest, and at that time, achievable return on investment (ROI) of 6.8% or £35,266 per annum.

However, it is now important to highlight that work elsewhere within the authority is increasingly having an impact on the ability to realise staff FTE savings from the efficiencies introduced though the implementation of the *My Tendring* portal.

Our Revenues and Benefits Service - one of the Council's largest 'front facing' services - is currently undergoing a reduction in capacity through reduced staffing numbers to respond to the national roll out of Universal Credit. Although the future Revenues and Benefits Service structure will reflect any efficiencies made possible from the *My Tendring* portal project, any savings made through a reduction in staff numbers is likely to only offset the reduction in associated government funding receivable for the administration of Housing Benefit. Therefore savings from a reduction in FTE numbers will not be available to contribute directly to the cost of this project.

Whilst in truth it is still <u>too early to accurately forecast</u> any staff savings resulting from the *My Tendring* portal project, the current estimated project costs/savings have been revised downwards to reflect the possibility of zero staff savings, as follows;

September 2019 Table Estimating Overall Savings:

Front-office Product Suite / Back-office Integration Savings	Ongoing Annual Savings (£)
Non-staff ongoing Savings less annual costs	-52,096
Ongoing staff saving contributions	0
Total Staff/ non-staff On-going Project Costs	**-52,096**

➢ The primary deliverable of the My Tendring portal project was to introduce self-service accounts for our residents and customers to stimulate channel-shift, in addition to improvements in efficiency and effectiveness.

➢ In contrast to the February 2018 report, due to Universal Credit external staffing and funding pressures, we are now forecasting that it is unlikely that we will be unable to take staff savings as a result of efficiency improvements delivery by the *My Tendring* portal project.

It should be noted that the February 2018 report did not consider any staff 'cost avoidance' benefits. The roll-out of a fully automated garden green waste system together with the new post code refuse collection look-up has already resulted in up to 1,760 self-service activities. This equates to both cost avoidance within our Customer Service Assistants (CSAs) resource and represents a significant customer service improvement – empowering our residents.

'MY TENDRING' SELF-SERVICE PORTAL PROJECT SUMMARY

➢ For the first time <u>ever</u> a Tendring District Council customer can;
  - Create a digital service request in their *My Tendring* self-service account.
  - View its status/ progress online and be given an expected completion date.
  - Use online mapping services and upload digital photos to 'Report It'.

➢ The ethos of refusing to allow consultants to simply deliver services without imparting learning is now paying dividends and staff have a new found confidence in their service design/ delivery capabilities and knowledge.
➢ The commercial Northgate cloud migration issue has realistically delayed the project by 4 months and necessitated rescheduling planned work areas to best use pre-booked consultancy resource on non-Northgate service area work. The delays do not pose any major Council operational problems.
➢ On a positive note, the extended delivery timescales have given the Council's in-house resources time to consolidate their learning and practice using their new skills through developing *My Tendring* products unaided.
➢ £67,600 will need to be added to the Council's IT budgets from 01/04/20 with relevant Heads of Service looking to take the £15,504 non-staff savings outlined in this section of the report.
➢ As the *My Tendring* portal roll-out progresses and gains popularity with residents and customers, channel-shift will accelerate and Heads of Service will need to ensure that they have appropriate resources to meet changes in service demand/ delivery.

APPENDIX C: DETAILED PROJECT UPDATE: CLOUD MIGRATION

CLOUD MIGRATION PROJECT QUALITATIVE ANALYSIS:

The 2014-2017 IT Strategic Investment programme moved the Council from complete reliance upon physical servers to a Council-owned 'Private Cloud' data storage infrastructure predominantly provided through two 2014 purchased Storage Area Network (SAN) servers. Given the fast pace of IT industry change, and with software applications requiring ever increasing processing power together with in-built product obsolescence our 2014 SANs are already nearing the end of their expected 5-6 year realistic life expectancy, hence the business rationale to migrate to a 'pay as you go' Microsoft Azure 'Public Cloud'.

This is a fundamental ethos shift in IT system architecture from that of predominantly Council purchased/ maintained hardware to that of rented UK-based Microsoft Azure platform resources. Likewise, it is shifting the Council's IT financial model from that of regular and significant IT capital infrastructure investment replacement costs to that of revenue rental and hosting charges.

As the following diagram pictorially outlines, in truth the Council already has a 'Hybrid Cloud' solution with around 80% of our IT services running on our Private Cloud SANs but with 20% of services already on the Microsoft Azure platform Public Cloud. This proposal represents a shift in ethos that will effectively reverse our current position ultimately placing around 80-90% of IT services on the Azure Public Cloud with some 10-20% remaining on greatly reduced Council-owned hardware.
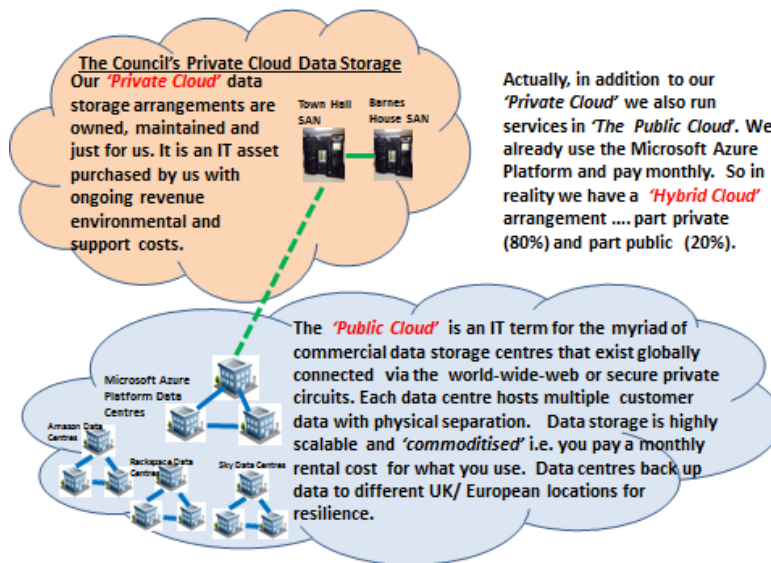
The 2 year migration plan comprises specialist consultant resources working alongside in-house IT and Resilience Team resource learning new Microsoft Azure Public Cloud skills; migration, monitoring and performance, licensing management and charging models, data storage models, new functionality, new back-up and business continuity solutions etc.

- ✓ Our developing 'Public Cloud' infrastructure is enabling us to consolidate and strengthen our on-site cyber security through replacing protective Firewall technology.
- ✓ The Azure platform will shortly enable us to take advantage of new Microsoft cyber security protection to resolve malicious phishing emails containing links to malware.
- ✓ Azure Cloud benefits include new Cloud backup and disaster recovery arrangements which will mean that once our applications are in the cloud we have significantly improved resilience arrangements provided by a London data centre and a second in Cornwall.

- ✓ To maximise operational flexibility we are migrating staff off of our cabled network and onto our new replacement WiFi network.
- ✓ The WiFi improvements will significantly benefit Members and staff flexible working moving forwards.

The reader should be aware that when we embarked upon this project our intention was to migrate up to 100% of our on-site hardware and applications (software) to the Microsoft Azure platform. However, during the period to date, two of our corporate solution suppliers – Northgate and Idox – have both setup their own hosted Cloud services which have significantly changed our plans and affected our timescales – appendix E refers.

CLOUD MIGRATION PROJECT TIMESCALES ANALYSIS:

The Cloud migration timescales were initially described as a two year migration commencing 1st April 2018. The planning is complete in terms of what systems will be migrating to the Cloud, what systems are staying on premise and what systems are being retired.

The Office Transformation programme has necessitated re-engineering the Council's digital network to ensure that the correct supporting architecture (network switches and WiFi equipment) is located in the right places at the right time to maintain/ enhance operations. To maximise operational flexibility we are migrating staff off of our cabled network and onto new replacement WiFi network. IT staff are also physically required to relocate staff IT equipment.

The Office Transformation works are an additional resourcing requirement on our in-house resources and to a lesser extent on our network contractor, Intergence, as we are jointly engaged with both the network re-engineering works and the migrations works.

Our detailed timescales and plans have changed somewhat following the commercial decisions to migrate to the respective Northgate Cloud and to the Idox Cloud instead of the Microsoft Azure platform for everything and we remain beholden to these companies from a timescale perspective.

The project has been further complicated by the sudden and un-planned-for need to replace the Northgate electronic document management system.

It should be further noted that the elections in May have further delayed our migration strategies as we embargoed all significant IT changes during the period.

The 2019 replacement cyber security managed contract and the decision to replace and consolidate the Council's Firewalls (utilising existing IT budgets) took longer and was more complex than anticipated and has had knock-on resourcing delays to our migration plans.

Broadly speaking, we are currently behind schedule by about three months. We do anticipate being able to recover much of this lost time over the coming months but further unforeseen events may make this impossible.

Again, these timescales are the Council's own timescales and does not in itself affect our overall budgetary position. Nor are we prepared to reduce the quality of our planned migration works as this could lead to directly relating cost increases.

- ➢ At this time we are forecasting Cloud migration completion between 1st April 2020 and 31st May June 2020 i.e. up to 2 months behind our initial forecast.

CLOUD MIGRATION PROJECT FINANCIAL ANALYSIS:

The Cloud migration project financial investment returns are/ will be accrued through; reduced annual capital hardware infrastructure investment, reduced power utility costs, ongoing service cost savings - for example, computer suite air conditioning contract support costs and future reduced IT support staff savings.

Taking the migration to the Microsoft Azure platform strategy as a whole, Cabinet should understand that the financial business case is complex and mixes capital costs, budgeted and un-budgeted, with estimated data usage growth analysis that will ultimately equate to monthly revenue charges.

IT Hardware Re-investment Capital Cost Pressure Analysis:
In the February 2018 report the table reproduce below identified the capital investment unbudgeted costs associated with the imminently required replacement of just two key systems, our data SANs and our backup solution, as follows;

Reproduced February 2018 Table Estimating Unbudgeted Hardware Capital Investment:

Capital Hardware Ownership Investment	Data Storage Hardware Replacement Costs	5 Year IT Hardware Replacement Budget	Unbudgeted Cost
2019 Estimated capital SAN replacement costs *(See note 1 below)*.	229,071	-	-
2019 Estimated capital DPM data storage solution replacement costs *(See note 2 below)*.	106,709	-	-
Estimated capital investment costs sub total	**335,780**	-	-
5 year IT Capital Hardware Replacement Budget savings of £45,000 per year		**225,000**	**-**
Unbudgeted Estimated Capital Cost pressure			**110,780**

In acknowledging that the SANs and data backup/ storage retrieval systems are fundamental to the council's IT supporting infrastructure relied upon by every council service, the above capital re-investment analysis clearly doesn't work and identifies that the council simple had to adopt a different model to that of hardware ownership and periodic capital re-investment cycles.

> ➢ The above hardware ownership and capital replacement cost model is realistically unsustainable without accepting a considerable element of unknown financial risk.

As an ongoing and key financial management element of the Cloud migration project we are now able to calculate that that complete Council IT hardware replacement costs alone are £1,583,616. Based upon our six year typical IT hardware replacement regime this figure can be reduced down to £263,936 per annum. With £45,000 identified as an annual cost saving from existing budgets contributing towards the new annual Microsoft Azure platform costs and with 12% of our data storage remaining on premise requiring periodic replacement costs equivalent to £31,672 we can therefore calculate that;

September 2019 Table Estimating Cloud Migration Capital Cost Pressure Savings:

Capital Hardware Ownership Investment	£ Per Annum
IT Hardware On-Premise Replacement Costs	263,936
Council IT Hardware Replacement Budget	(45,000)
Amortised Capital Investment Sub Total	218,936
Capital Replacement Costs For 12% IT Hardware Remaining On-Premise	(31,672)
Total IT Capital 'Cost Avoidance' Savings	**187,264**

> ➢ Once complete our Cloud migration strategy will negate the need for cyclical large IT capital hardware replacement investments. These savings will effectively deliver the equivalent of an annual (unbudgeted for) £187,264 'cost avoidance' contribution

towards overall Council budgets.

IT Revenue Budgetary Analysis:

The February report provided a financial revenue forecast of cost savings that could be accrued against estimated Microsoft Azure 'pay as you go' revenue costs. The table identified a small ongoing revenue increase of £8,337 per year, as follows;

Reproduced February 2018 Table Estimating Revenue Costs and Savings:

Description	Existing Budgets	Ongoing Savings	Ongoing Costs (£)
Reduced 1 fte IT reduced support need	760,080	31,663	-
Reduced hardware refresh budget	100,000	45,000	-
Reduced comms suite maintenance	24,760	17,000	-
Reduced power costs	109,269	15,000	-
Microsoft licensing savings (C17604753)	173,740 (See Note)	32,000	-
IT Annual Operating Cost Savings Sub Total		**140,663**	-
Microsoft Azure Platform Annual Hosting Costs			149,000
Annual revenue budget costs			**8,337**

Note: The figure quoted is the entire IT annual software budget which includes but is not limited to Microsoft licensing

With reference to the February estimated costs and benefits table identifying Cloud Migration costs of £149,000 vs £140 663 savings, the latest revised costs figures for both ongoing costs and ongoing savings have increased, as follows;

September 2019 able Estimating Revenue Costs and Savings:

Description	Existing Budgets	Estimated Ongoing Savings	Ongoing Costs
Reduced 1 fte IT reduced support need	784,410	32,454	
Reduced hardware refresh budget	105,000	45,000	
Reduced comms suite maintenance	24,760	17,000	
Reduced power costs	109,269	15,000	
Microsoft Licensing costs (C17604753)	173,740	32,000	
10% Consolidation (Non-MS Licenses)		18,770	
IT Annual Operating Cost Savings Sub Total		**160,224**	
Microsoft Azure, Northgate & Idox Platform Annual Hosting Costs			187,701
Annual Revenue Budget Costs			**27,477**

➢ This latest Cloud migration revenue financial forecast identifies an overall project cost increase of £27,477 against a £8,337 forecast increase in February 2018.

➢ The actual estimated IT staff saving has increased from 1 fte to 1.5 fte. However, this 0.5 fte cannot be taken from full-time resources so it will be utilised to accelerate the *My Tendring* portal programme.

➢ These figures do not include the overall increase in Microsoft licensing charges as these are payable regardless of whether the Council is operating on premise or in the Cloud. Please see appendix E for details.

➢ These figures do not include new cost pressures associated with the need to replace the Northgate Revenues and Benefits IDOC electronic document management system with the Idox replacement. Please see appendix E for details.

During our Microsoft audit and licensing cost review, we introduced to Microsoft our strategic intentions to migrate to their Azure platform. As a result of discussions we were able to agree a £29,500 Azure hosting charge credit. As outlined in the inserted Microsoft Azure hosting utilisation tool graph we have been consuming that credit to date, as follows;
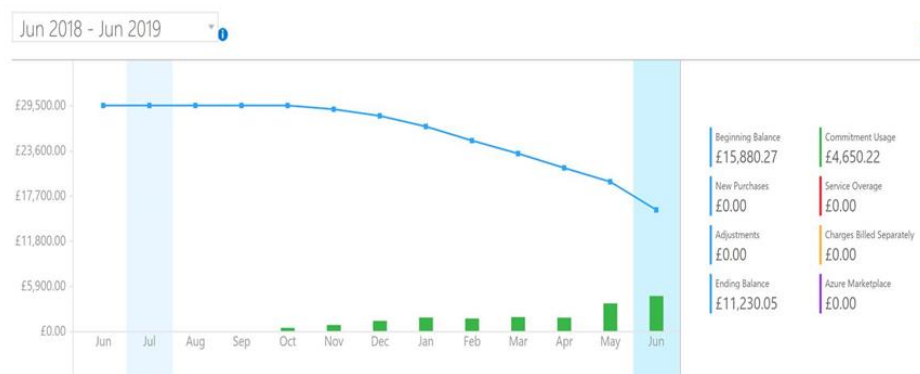
Based upon our Azure platform hosting costs to-date, our hosting credit consumption and our final Azure platform hosting forecast of £187, 701 p.a. we are able to forecast our 2019/20 hosting charges and therefore our Council IT budget deficit, as follows;

Microsoft Azure Hosting Costs	£
Aug-19 Azure Hosting Balance	-3,491
Sep-19	9,610
Oct-19	11,110
Nov-19	12,610
Dec-19	14,110
Jan-20	15,410
Feb-20	15,410
Mar-20	15,410
Total Azure Hosting Charges to 31/03/20	97,161
Council IT Azure Hosting Budget 2019/20	(6,000)
Total IT Budget Shortfall 2019/20	**91,161**

We will have consumed the £29,500 Microsoft Azure hosting credit by August 2019. By the end of the 2019/20 financial year we are forecasting a Council IT Azure hosting budget deficit of £91,161.

Finally, the following table seeks to forecast the increasing ongoing revenue costs that the Council will incur over the period 2020 – 2025 on the Azure platform as we estimate that the Council's data storage needs will double in the next 5 year period.

Reproduced February 2018 Table Estimating Ongoing Azure Data Storage Cost Increases:

Time Period	Date Storage Annual Growth	Projected Revenue Data Storage Cost Increases
Year 1	25%	0 (Growth Factor included)
Year 2	50%	10,550
Year 3	75%	21,100
Year 4	100%	31,649
Year 5	125%	52,749

This forecast remains the same at this time. In summary, based upon current Microsoft data storage charges, our ongoing annual 2025 revenue costs are estimated to increase by a further £52,749. This revenue increase will need to be accommodated as a cost pressure within the ten year financial forecast.

CLOUD MIGRATION PROJECT SUMMARY

- ➤ The Cloud migration project fundamentally replaces both ongoing budgeted and un-budgeted hardware replacement capital costs with new Microsoft Azure and Idox revenue Cloud costs. Northgate annual Cloud hosting costs are cost neutral through robust procurement techniques.
- ➤ The migration project is 56% complete but is estimated to be three months behind schedule given the complex conflicting new project IT resourcing pressures that have taken place to date (*see Appendix E*). All of which are inter-dependent.
- ➤ Estimated project completion is between 1st April 2020 and 31st May 2020 subject to any further resource conflicting pressures.
- ➤ Once complete our Cloud migration strategy will make an annual (unbudgeted for) £187,264 capital IT hardware replacement 'cost avoidance' contribution towards overall Council budgets.
- ➤ From an IT budgetary perspective;
  - ▪ We will have consumed the £29,500 Microsoft Azure hosting credit by August 2019. By the end of the 2019/20 financial year we are forecasting a Council IT Azure hosting IT budget deficit of £91,161.
  - ▪ During 2020/21 our Cloud project related IT revenue cost savings totalling £160,224 will off-set our annual predicted Azure hosting charges of £187,701 leaving a 2020/21 Azure hosting charge budget shortfall of £27,477 within Council IT budgets. Note: The 1 fte saving will be taken through natural wastage as the opportunity arises. Power savings will be accrued as Council underspends in operating budgets.

The above discussed Azure hosting costs exclude additional new emerging Northgate EDRMS Azure hosting costs separately discussed in *Appendix E*.

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APPENDIX D: DETAILED PROJECT UPDATE: LEISURE AND TOURISM APP

LEISURE & TOURISM APP PROJECT QUALITATIVE ANALYSIS:

The third and final strand of the Digital Transformation phase 2 programme is the procurement of specialist resources working with our leisure and tourism staff to develop a Smartphone 'Tourism Events App' for both Apple and Android Smartphones.

The App's focus is promoting Tendring tourism generally and to market specific tourism and leisure events throughout the year generating advertising/ sponsorship and increased income stream opportunities. The App will additionally be used as an 'attractor' to encourage bigger and better tourism event organisations to consider Tendring as a new destination opportunity.

The App should also be considered as a new technology trial that has proven to be highly effective in other market sectors, notably with the younger generation. Future Council App development could be used in other areas with a focus on reaching the younger demographics habitually choosing this media channel in preference to other more traditional channels.

Where event information exists on the Council's website this is being imported into the App so that any additions changes are reflected once. Likewise the resources used only make changes once but they are reflected in both systems.

Whilst this App has been developed and integrated with our website by third party consultants, the IT and customer service teams have been actively engaged in the development process.

Additionally, the IT team have benefited from discussing development tools and techniques with consultant colleagues. These new skills and the confidence to use them, coupled with the decision to fund initially one IT technician and now three IT technicians in sponsored IT degree courses, has led to in-house resources developing;

1. The Council **self-service Kiosk App** now deployed at our Pier Avenue reception. Instead of spending thousands of pounds on purchasing purpose-built kiosks, TDC in-house IT resources have developed simple, robust, customer self-service kiosks costing just £790 each. Our self-service kiosks simply comprise of an iPad Pro housed in an anti-theft stand, in-house App program coding and a combination of simple/ cheap Apps.

2. More recently in-house resources have developed and built the new councillor **'ReMember IT' App** loaded on the pilot trial tablets. The App is proving popular with new Members and is in regular use.

As the Leisure and Tourism App has only recently gone live it is too early to identify any further qualitative measures.

LEISURE & TOURISM APP PROJECT TIMESCALES ANALYSIS:

Following a number of development/ delivery delays mainly caused by early Council resourcing commitments and then the May 2019 elections the new App finally went live on Thursday 25 July 2019. The launch date coincided with newsworthy Air Show promotional information.

LEISURE & TOURISM APP PROJECT FINANCIAL ANALYSIS:		

The App is the most innovative project being undertaken and carries the biggest commercial risk as it is difficult to accurately forecast return on investment. Acknowledged the potential qualitative benefits to Tendring's tourism industry and local businesses, if we consider even very small increases in the Council's Leisure and Tourism annual income the project ROI could be considerable as outlined below.

Based upon their APP development experience within other sectors, in February 2018 consultants forecast the following income generation based upon the potential to generate additional income from the Air Show only. But in doing so they recognise the increased risk of providing inaccurate return on investment calculations associated with this proposal. Amido consultants suggest that a new tourism event App could conservatively generate new income streams of between £33,405 and £54,196 per year as outlined in the following table.

Reproduced February 2018 Table Estimating Possible New Income Revenue Opportunities:

Leisure And Tourism App New Revenue Estimates (£)					
Income Stream	**Yr 1 (2018-19)**	**Yr2 (2019-20)**	**Yr3 (2020-21)**	**Yr 4 (2021-22)**	**Yr 5 (2022-23)**
App Purchase	13,405	16,086	19,303	23,164	27,797
Additional Donations	12,000	13,200	14,520	15,972	17,569
Sponsorship	3,000	3,075	3,152	3,231	3,311
Advertising	5,000	5,125	5,253	5,384	5,519
Totals	**33,405**	**37,486**	**42,228**	**47,751**	**54,196**
Cumulative Totals		**70,891**	**113,119**	**160,870**	**215,066**

Clearly, estimated income stream generation is extremely difficult to accurately forecast in this instance with officers only being aware of a small number of local government leisure and tourism related Apps, and they are all different. Amido consultants subsequently produced revised income forecasts based upon modest increases in overall Leisure and Tourism revenue as the inserted table identifies;

Reproduced June 2018 Table Forecasting Estimating Possible New Income Revenue Opportunities

	2017/18 Revenue	0.50%	1%	1.50%	2%	2.5%%	3%
Airshow							
Donantions		£3,750	£7,500	£11,250	£15,000	£18,750	£22,500
Programme Sales	£25,000	£125	£250	£375	£500	£625	£750.00
Advertisments							
Sponsorship	£10,000	£50	£100	£150	£200	£250	£300.00
Theatre Bookings							
Bar	£120,000	£600	£1,200	£1,800	£2,400	£3,000	£3,600.00
Ticket Sales	£500,000	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000.00
Private Hire/Events/Other	£110,000	£550	£1,100	£1,650	£2,200	£2,750	£3,300.00
Leisure Centre Revenue							
Membership	£750,000	£3,750	£7,500	£11,250	£15,000	£18,750	£22,500.00
Casual Use	£1,250,000	£6,250	£12,500	£18,750	£25,000	£31,250	£37,500.00
Yearly Return on Investment		**£17,575**	**£35,150**	**£52,725**	**£70,300**	**£87,875**	**£105,450**

:
If the App generates an overall 1% increase in revenue then the Rate Of Investment return is 3.3 years. Alternatively, if the overall increase is 3% the ROI is 1.1 years. Consideration should also be given to the 'opportunity costs' of not having developed the App i.e. it is also a marketing/ promotional tool to attract quality events to the District.

APPENDIX E: PROGRAMME CHANGE FACTORS

DIGITAL TRANSFORMATION PROGRAMME CHANGE FACTORS:

The digital world is dynamic and volatile due to the accelerating pace of technology development, hardware and software evolution, new innovations, and their strategic business implications. As a result, technology suppliers routinely offer new/ withdraw old services and constantly seek opportunities to revise their product fees and charges. Likewise, in a drive to maximise profits software releases enhancing services and cyber security are routinely issued with 'known' bugs without informing the customer and with no contractual recourse.

Like all modern organisations, the Council is fundamentally reliant upon IT to provide all of its services. Whilst we constantly strive to simplify our IT supporting infrastructure and systems the Council offers around 200 services supported through a complex 'best fit jigsaw' of inter-dependent systems provided by multiple suppliers each with their own strategic agenda and schedule of system and software upgrades. Seemingly simple changes can have far reaching interconnectivity, interworking and service operational issues.

All of the above factors are affecting management and delivery of the Council's Digital Transformation Phase 2 Programme that it embarked upon some one and a half years ago. Whilst our goals and qualitative deliverable outcomes remain unchanged, the cost modelling has shifted in terms of unexpected cost increases, unforeseen delays and opportunities to achieve additional operational savings.

Key over-arching IT industry programme change factors are summarised as follows;

Microsoft Licensing Audit And Cost Increases:
In addition to annual price increases, Microsoft's strategy is that of increasing their non Cloud-based licensing charges for Microsoft products as used by every Council officer. Furthermore, Microsoft are developing services and enhancements only available through the Cloud. There are therefore commercial and financial incentives to adopt a Cloud-based as opposed to an on-premise IT infrastructure strategy.

The Council benefits from UK Government preferential Microsoft fees and charges. Our Microsoft costs are based upon a three year fixed rate cycle with the option to extend the licensing arrangement by an additional year or switch to the new charging. The three plus one year fixed charge periods to date are; 2011-2014, 2014-2018 and now 2018-2022.

Within each year pricing cycle Microsoft revise the fees and charges to optimise their profits and we revise our licensing arrangements to minimise our costs. For example moving from per device licensing to per user account licensing, buying licenses outright or paying annual subscription fees, and back again whichever is the most advantageous.

> ➢ Through prudent license management the IT team can demonstrate cost avoidance savings totalling over £101,845 between 2014 and 2018.

On 1 October 2018 Microsoft introduced price increases of between 3% and 30% across its product range, averaging at 10%. Microsoft also claim that their licensing model is also greatly simplified. Tendring District Council Microsoft licensing charges are payable annually in January so these price rises first affected us from January 2019.

Over the past three years the Council has increasingly digitally enabled its workforce with a commensurate increase in Microsoft license numbers. This increased digital reliance is partly due to trying to deliver more with ever reducing staff numbers and partly one of inclusivity i.e.

providing more staff with email accounts and access to PING.

In an ongoing drive to improve efficiency and effectiveness the Council has increased digitally enable officers working out in the community. Likewise the Office Transformation programme and introducing flexible working Council-wide has further increased Council reliance upon mobile digital devices – laptops, tablets and smartphones.

Mobile and flexible working increases the inherent risk of device and/ or data loss. A key National Cyber Security Centre (NCSC) focus been around mobile device cyber security, again manifested itself in mobile security licensing cost increases.

Members will recall that the Council's fourteen year old Cisco telephony system was replaced with Microsoft Skype software system in 2017. This is another example of the Council moving from periodic and significant capital replacement costs to ongoing revenue licensing fees.

During 2018 Tendring District Council was subject to a routine Microsoft licensing audit. Microsoft licensing is notoriously complex and the audit identified that following many years of outsourced IT managed support the Council had areas of significant under licensing. Our server estate was notably under licensed.

All of the fluctuating variance factors discussed have changed our Microsoft licensing profile significantly as the following table outlines;

New Table Identifying Changes To The Council's Microsoft Licensing Profile:

	Windows Desktop	Mobile Device Management	Microsoft Office	Skype Licensing	SQL	Server Licenses	Grand Total
2016	949	140	475		16	522	2,102
2018	531	160	533	514	16	527	2,281
2019	532	508	956	991	42	698	3,727

As a result of the Microsoft licensing audit, Microsoft cost increases and year on year Council increased reliance upon digital service delivery our annual Microsoft licensing costs have increased from £52,499 in 2016 to £169,033 in January 2019.

New Table Providing a 'Snapshot' Of The Council's Dynamic Microsoft Licensing Profile:

Year	Desktop Licensing	Mobile Security	MS Office	MS Skype	SQL (Database)	Server Licensing	Grand Total (£)
2016	7,326	2,755	19,166		13,923	9,329	52,499
2019	9,709	15,819	37,021	39,631	37,727	29,126	169,033

It should be noted that in some cases during our cloud migration transition period we are forced to purchase Microsoft licenses for both on-site services and Azure cloud services which has further increased our Microsoft licensing costs in the medium-term. Overall we are forecasting a Cloud migration modest net licensing reduction post April 2020 of £32,247 (based upon current pricing). Members should note the dynamic nature of our Council licensing costs and the inherent difficulties in accurately forecasting the following annual license fee changes;

> We are forecasting a 2019/20 IT software Microsoft licensing cost pressure of £66,693 as a result of; Microsoft licensing increased charges, increased Council digital inclusivity, increased Council reliance upon mobile devices, a 2018 Microsoft audit.
> We are forecasting a 2020/21 IT software licensing cost pressure of £34,446.

Microsoft Office is effectively a global industry standard. The Council's reliance upon Microsoft licensed products is reflected within every industry sector within the UK. There are open source

'free' alternative products available but they cannot match the level of integration that Microsoft offer.

In truth, the only way to reduce our Microsoft licensing costs is to reduce either our staff numbers or Council staff reliance upon technology. This is something of an oxymoron as it is the Council's reliance upon technology that has generated the efficiency and effectiveness that allows us to deliver services with the staff numbers that we have.

Corporate Suppliers Contract Renewal And Cloud Strategies:
Key corporate system suppliers, Northgate and Idox, have developed new cloud-based service solutions. Both supplier contracts require renewal during 2019. With both support and maintenance contracts expiring during 2019, both suppliers have made it extremely difficult to continue with our original migration plans and have commercially incentivised the Council to move from on-premise supply (hardware at Clacton Town Hall) to their own Cloud service.

Both suppliers' new contractual conditions of support and revised charging models have effectively forced the Council to adopt each provider's cloud services instead of migration to the Microsoft Azure cloud platform as initially planned.

This has resulted in additional and unexpected one-off cloud migration charges but robust procurement processes have resulted in licensing and support costs remaining the same as before. Specifically, the Northgate support costs have been fixed for four years. Our initial Azure migration cost model has also had to be revised accordingly.

These moves to an increasingly cloud 'managed' service will have a positive resourcing effect upon the IT team. This has necessitated an IT Team minor restructure to take into account these cloud migration early effects. This includes an estimated 0.5 fte can be re-utilised in different IT support/ development areas. For example, the ongoing *My Tendring* development programme and the recently developed *Tendring Members' App*.

Northgate Document Management System Replacement:
The Idox Electronic Document Record Management (EDRM) system is used by every service across the Council with the exception of Revenues and Benefits who use the Northgate 'IDOC' system. The Council is one of the last remaining IDOC service users nationally and Northgate are applying commercial pressure to get the Council signed-up to their replacement EDRM solution incurring additional annual costs. This pressure has culminated in Northgate recently informing us that the IDOC product will stop working following a software upgrade scheduled for release in September/ October 2019.

We are undertaking commercial discussions with Idox with a view to migrating Revenues and Benefits onto the corporate EDRM system. IT in-house skills have enabled Council staff to access the 'old' Northgate digitally stored data so we are able to migrate Revenues and Benefits onto the Idox EDRM system with greatly reduced costs. This project will incur additional and previously unforeseen costs now being developed and identified below;

September 2019 New Table Estimating Revenues And Benefits EDRM Replacement Costs:

Description	Northgate Replacement Costs (£)	Idox Replacement Costs (£)
Capital Project Costs	5,000	23,900
Revenue Costs	63,150	0
Ongoing Revenue Cost Totals	**63,150**	**0**
5 Year Project Comparison Costs	**320,750**	**23,900**

Notes: The Idox revenue costs are separately included in corporate Idox hosting charges.

- ➤ Revenues and Benefits Northgate digital records storage is a new/ emerging cost pressure. Utilising in-house programming skills we are able to reduce the estimated Idox migration capital costs from £49,000 to £23,900.

Contact Centre Replacement:
The Council's Mitel contact centre technology requires additional and costly investment to update its software and is starting to become unreliable. This is an untenable situation. Furthermore, Mitel have recently announced that after December 2019 they will no longer support Microsoft Skype integration with their contact centre solution – this is the Tendring model. This Mitel announcement has introduced new unforeseen and unbudgeted contact centre solution upgrade and support costs varying between £70,000 and £102,000.

Conversely, Council's over-arching IT strategy is that of *Cloud Services First* and commitment to Microsoft Skype telephony. Mitel's announcement has therefore forced into replace our Mitel contact centre with a new Skype compatible solution. The increasing unreliability of our Mitel contact centre and the changes to our refuse collection services and resultant high call volumes further escalated the priority of this much needed change.

The Council's contact centre functionality requirements are fairly basic and following market research and value for money investigations new contact centre cloud-based technology has been purchased through a joint officer decision (June 2019). The associated costs are £11,498 per annum revenue with a one off implementation charge of £9,560 funded through existing 2019 budgets. The procurement route was via the UK government G-Cloud 9 framework. At the time of writing this report replacement works are ongoing with an estimated go-live of October 2019. This is a new cost pressure that will require funding from Council budgets to fully fund this key customer facing service.

- ➤ From 01/04/20 onwards, IT revenue budgets will need to be increased by £11,498 to fully fund the new contact centre technology. Again, this is a funding change from periodic capital investment to ongoing revenue rental charges.

Office Transformation Programme And Digital Network Re-Engineering:
The Office Transformation programme has necessitated re-engineering the Council's digital network to ensure that the correct supporting architecture (network switches and WiFi equipment) is located in the right places at the right time to maintain operations throughout.

To maximise operational flexibility we are migrating staff off hard cabled infrastructure onto a new replacement WiFi network. IT staff are also physically required to relocate staff IT equipment. These works are an additional resourcing requirement on our in-house resources and to a lesser extent on our network contractor who are also engaged with the migrations works.

Cyber Security Contract Procurement And New Firewall Installation:
The 2019 replacement cyber security managed contract and the decision to replace and consolidate the Council's Firewalls (utilising existing IT budgets) took longer and was more complex than anticipated and has had added resourcing delays to our migration plans.

ESRI Digital Mapping System Upgrade Works:
During initial My Tendring portal project discussions, the strategic decision was taken to replace the Council's outdated Local View mapping system with new, replacement ESRI digital mapping system built directly in the Cloud. The new ESRI system will enhance the Council's mapping capabilities and enable new website customer services including *"Where's my nearest…?"* and *"Give me directions to… ?"* The project is being funded through existing IT budgets and will be completed by 31 March 2020. It is another project utilising in-house resources.

APPENDIX F: PROGRAMME FINANCIAL SUMMARY

The following table summarises each of the key financial changes and new cost pressures affecting the programme of works since the February 2018 report.

Financial Forecast Programme Change	Budgetary Outcome
***My Tendring* Portal Project**	
▪ *My Tendring* Portal £67,600 licensing costs need to be added into IT budgets for 2019/20 and beyond (reduced by £3,900 p.a. through robust procurement processes).	**£67,600 2019/20 ongoing** licensing cost
▪ *My Tendring* portal February 2018 savings forecasts for non-staff savings reduced to £15,504 and staff savings have both been revised downwards to zero reflect changes in the programme and changes in the Revenues and Benefits Service resulting from Universal Credit roll-out and reduced government funding.	**(£15,504) 2020/21 ongoing** reduced savings non-staff.
▪ Staff efficiency and process automation gains are already being delivered but they are delivering self-service automation 'cost avoidance' and customer service improvement benefits.	£0 staff savings currently now forecast.
The net effect of the above factors shift the *My Tending* portal project financial position from a February 2018 estimated 6.8% return on investment to an overall revised forecast ongoing revenue cost of £52,096	
My Tendring portal revised forecast financial position	**£67,600 2019/20 cost pressure £52,096 2020/21 ongoing revenue cost pressure**
Cloud Migration Project	
▪ The total Council capital cost of hardware ownership/ replacement has now been calculated and identifies that the Cloud migration programme will delivery an £187,264 'cost avoidance' un-budgeted capital cost pressure savings per year.	£187,264 <u>un-budgeted</u> capital hardware replacement cost pressure avoidance per year.
▪ The total IT budget Azure hosting charges deficit 'in-migration cost' is forecast to be £91,161 in 2019/20.	**£91,161 2019/20 one-off cost pressure**

▪ The total IT budget Azure hosting charges will increase to £181,701 from April 2020 but will be off-set by £160,224 forecast revenue savings accrued. Our forecast overall revenue costs and revenue savings have both increased changing the overall project annual revenue cost from £8,337 per year to £27,477 per year.
   ▪ Subject to 1 fte IT staff reduction available through natural wastage.
   ▪ Subject to £15,000 corporate budget power saving
	£74,931 2020/21 IT budget cost pressure subject to 1fte saving being taken through natural wastage ultimately reducing during 2021 to a **£27,477 2020/21 ongoing cost pressure**

▪ Forecast IT staff efficiency savings have increased from 1 fte to 1.5 fte but the 0.5 increase cannot be taken i.e. it is 'non cashable'. The 1 fte saving will be taken through natural staff changes when the opportunity arises.	£16,227 0.5 IT fte additional forecast efficiency saving increase but <u>non-cashable.</u>
The overall effect of the above factors significantly increases the overall project savings to positively benefit the Council's financial position but has the overall net effect of increasing ongoing Council overall revenue costs by £19,140 per year.	
Note: As estimated Council data storage needs increase year on year our Azure hosting costs will also rise by an estimated £52,749 in 2025.	
2019/20 IT budget Azure hosting charges deficit	**£91,161 2019/20 one-off revenue cost pressure**
2020/21 IT budget deficit (Excluding forecast Council power savings and 1 fte savings to be taken when the opportunity arises	£74,931 'reducing' one-off 2020/21 IT revenue cost pressure
Final Cloud Migration Project revised forecast financial position	**Final position 2020/21 £27,477 ongoing revenue cost pressure**
Leisure And Tourism App Project	
▪ The Leisure and Tourism App additional revenue income streams forecast in February 2018 were estimated to be between £33,405 -	New income stream variances are forecast of between £17,575 and

£54,196 per year. Difficulties in accurately forecasting increased revenue has resulted in the consultants revising the variation in additional revenue income to between £17,575 (0.5% increase) and £105,450 (3% increase) per year. The App ROI is therefore also variable at between 3.3 years and 1.1 years.	£105,450 p.a. 'worst case' **£17,575 ongoing** new income used in calculations
▪ During development discussions the Council opted for 3rd party support and maintenance to ensure that the App remains current despite Apple and Android software update. This incurred a £6,000 ongoing revenue charge.	**£6,000 2019/20 ongoing** revenue cost increase.
The net effect of the above changes revises the final forecast revenue income position to between £11,575 and £99,450. Whilst the mid-point income is £55,512p.a. the lowest estimate is used in these calculations.	
Leisure and Tourism App revised forecast financial position	**(£11,575) 2020/21 new revenue income**
Digital Transformation Change Factors (See Appendix E for details).	
Council Microsoft licensing costs have risen to £169,033 in 2019/20 which represents an increase of £66,693 before reducing to £136,786 in 2020/21 representing an ongoing 2020/21 increase of £34,446	**£66,693 2019/20 one off revenue MS licensing cost pressure.** **£34,446 2020/2021 ongoing revenue MS licensing cost pressure.**
New Revenues and Benefits Northgate digital records system replacement. ▪ Revenues and Benefits Northgate digital records storage is a new/ emerging cost pressure. Utilising in-house programming skills we are able to reduce the estimated Idox migration capital costs from £49,000 to £23,900.	**£23,900 2019/20 one-off capital cost pressure**
Contact Centre technology replacement ▪ Project implementation capital costs £9,560 funded through existing IT budgets. ▪ Ongoing revenue costs £11,498 p.a.	**£11,498 2020/21 ongoing revenue cost pressure**
Revised Mid-Programme 2019/20 One-off Cost Pressures	**£181,754**
Revised Programme Completion 2020/21 Ongoing Revenue Cost Pressures	**£113,942**

Notes:
1. Members should note that the figures are representative of a strategic fundamental shift from large digital capital cost pressures to an ongoing digital revenue cost model.
2. The My Tendring financial forecast is now 'worst case' with calculations based upon being unable to make any staff efficiency/ effectiveness/ automation savings. As the programme progresses and customers increasingly self-serve (channel shift) this position change or alternatively release staff to undertake other duties or improve performance.
3. The new leisure and Tourism App income forecast is difficult to predict with accuracy, therefore calculations are based upon a conservative lowest estimate.
4. £187,264 un-budgeted capital hardware replacement cost pressure avoidance per year is not included in the above calculations as it is cost avoidance as opposed to a saving.

End