

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 10/07/18

Subject:	Computer Refresh Programme		
Corporate Director(s)/ Director(s):	Corporate Director for Strategy & Resources		
Portfolio Holder(s):	Portfolio Holder for Community Protection		
Report author and contact details:	Simon Salmon, Head of IT Services Simon.salmon@nottinghamcity.gov.uk , 0115 85 77750		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: The value of the decision is estimated to be in the region of £ 3,840,000 over 3 years			
Wards affected: All	Date of consultation with Portfolio Holder(s):		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<ol style="list-style-type: none"> Nottingham City Council computers and other peripheral IT equipment require cyclical replacement, currently the Council aims to replace 20% PA. Operation of out of date equipment and systems presents an information security risk that have had an adverse impact on other public sector bodies. Projects to develop services often require the acquisition of additional computers and other peripheral IT equipment. This equipment is required by colleagues to deliver services to citizens. The Council's Computer Refresh Programme is supported by the IT Services' Release & Deployment Team who are funded by the Programme. A structured Computer Refresh Programme over 3 years will enable the Council's IT Service to better plan and manage procurement of equipment and management of human resources. 			
Exempt information:			
State 'None' or complete the following.			
None.			
Recommendation(s):			
1 To delegate authority to the Head of Service (IT) to enter into contracts up to the value of £ 983,000 per annum using an established government framework to purchase PCs, Laptops, Tablets, Monitors and other peripheral devices required to meet operational needs			

and the requirements of the IT Computer Refresh Programme to March 2021.

- 2** To approve allocation of funding from the IT Efficiency Fund for the three year period to March 2021 in the sum of £ 222,000 p/a to cover salary costs relating to the IT Computer Refresh Programme and other projects undertaken by the Release and Deployment team with the remaining £ 75,000 being funded from income from projects.
- 3** To amend the Capital Programme for the next 3 years by an initial value of £ 785,000 per annum and, thereafter, by the value of additional departmental purchases of up to £ 420,000 per annum but excluding the value of items procured to support schemes already in the Capital Programme.
- 4** To authorise recovery and repayment to the IT Efficiency fund of varying amounts from departmental budgets to cover requests for new equipment made outside of the Computer Replacement Policy.
- 5** To note that prior to the annual purchase, approval will be undertaken from the Corporate Director of Strategy & Resources to ensure the spend is appropriate in conjunction with the in year financial position and the budget setting process.

1 REASONS FOR RECOMMENDATIONS

- 1.1 There is a high level of dependence on IT systems throughout the City Council for delivery of services to citizens and to support joint working with partners. The Computer Refresh Programme will support this by ensuring that all equipment is fit for purpose. Delegation of authority to purchase IT equipment in bulk using a government framework agreement will ensure the ongoing, cost-effective procurement of devices to support the Council's front-line services.
- 1.2 Allocating £ 222,000 p/a from the IT Efficiency Fund for the next three years will ensure that salary costs relating to the delivery of the IT Computer Refresh Programme and other essential projects due to be undertaken by the Release and Deployment team can proceed. This value is identified as a ceiling. Downward variation in demand for new and replacement equipment will result in a lower actual spend.
- 1.3 The Council needs to maintain up to date IT systems to limit the risk associated with computer viruses and other malicious software which can have a significant impact on service delivery.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Nottingham City Council currently has an IT estate of in excess of 5,000 desktops computers and laptops. These have an average life cycle of around 5 years.
- 2.2 Over the last four years, the IT Service has invested in a computer replacement policy that has meant that on average, 20% of computers have been replaced each year. The advantage of this approach is that we have a structured rolling replacement policy, which ensures that we replace equipment before it becomes obsolete and is no longer fit for purpose. Moreover, the cost of replacement devices is structured over a number of years and controlled to ensure that we do not have a large budgetary pressure in any one year.

- 2.3 In addition, each year there is an amount of expenditure on new IT equipment, which, rather than forming part of the planned replacement, is incurred as a result of requests made by the various services across the organisation for new and/or upgraded equipment required to meet new business needs (known as 'Business As Usual' requests (BAU)). The estimated annual cost for BAU is £ 300,000. In addition NCC provides IT equipment for its affiliates and the estimated annual value is £ 120,000 which is recovered from them.
- 2.4 Hardware is purchased in bulk through a tender exercise and funded from the IT Efficiency Fund, this is then allocated across various projects and operational activity. It is expected that services and affiliates will repay the IT Efficiency Fund for BAU requests. The advantage of purchasing hardware in bulk means that we can market test the equipment to ensure we purchase the correct specification and limit the different types of equipment we buy. This means we become skilled in looking after the estate as the equipment in the main is standardised. This also means that we can react quickly to purchase requests preventing down time whilst waiting for orders to be delivered.
- 2.5 To support the Computer Refresh Programme the IT Service has a Release & Deployment Team. The cost of this Team is approximately £ 297,000 per annum and we are seeking authority to continue to pay part of these costs from the IT Efficiency Fund with the install costs for the BAU requests and the Affiliates being recovered and paid back to the Fund.
- 2.6 The Release & Deployment Team was formed to support the Windows 7 in February 2014. The project refreshed the whole of the IT desk-top estate over a 2 year period as part of a requirement to move away from Windows XP. Since then, as well as implementing the on-going refresh programme, the Team has delivered a variety of projects including Unlocking Loxley, Office 365 and a variety of larger office moves including Byron House, Aspect House and a number of significant changes in Loxley House. Between August 2016 and September 2017 the team also replaced approx. 1,400 non-adjustable monitors across all sites.
- 2.7 The majority of the IT estate is still running Microsoft Windows 7, around 800 devices have been delivered with Windows 10 installed. Support for Windows 7 is due to end on 14th January 2020. As a result, approx. 4,200 machines will need upgrading or replacing by this date. The Release & Deployment Team will shortly commence delivering a Windows 10 Project, which is expected to run until March 2020.
- 2.8 The IT Efficiency Fund is a revenue reserve that effectively acts as the principal capital source for replacement of the Council's IT infrastructure. Whilst the Fund is principally used for IT infrastructure projects products purchased through it are used to support other projects undertaken by the council. In these circumstances the Fund is recouped by these projects.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Ad hoc replacement of computers at point of failure was rejected. Computers used to be upgraded on an ad hoc basis in response to failure of individual devices or in response to individual's requests. This approach was piecemeal and unplanned leading to potential inefficiency in replacement as economies of scale are lost and it caused disruption to service delivery.

- 3.2 Utilising a third party to configure and deliver replacement computers was rejected. There are a number of factors that have resulted in this decision. Setting up such a contract would be a major project requiring significant resource. Delay in delivery whilst such a project be undertaken would result in loss of business continuity. In addition, maintaining such a contract would be labour intensive in terms of raising and monitoring requests. The complexity and amount of business software used across the authority requires that significant in house resource be available to install/support the software. For the Windows 10 project, over 2000 machines require rebuilding rather than replacing. The actual time spent on configuring and delivery of devices is relatively small as a percentage of activity undertaken by the team, meaning that potential savings are likely to be outweighed by costs. In general our current processes result in devices being deployed in shorter timescales than those experienced by a neighbouring authority that has chosen the outsourcing route, hence our providing a better service to end users.
- 3.3 Doing nothing was rejected because many activities undertaken by colleagues and Councillors depend upon access to information systems. Not replacing failed and out of date computers is not feasible. When these devices fail, services are adversely affected. As computers age they become slow, more prone to failure and increasingly unable to run up to date versions of software. Supporting a programmed replacement of old computers allows the Council to manage its IT estate in a more effective and efficient way and so maintain services to citizens.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The spend included in this report of £3.840m is to be funded from the IT Efficiency fund (ITEF).

The ITEF forms part of the capital programme and will be updated to reflect this approval.

- 4.2 Although this report approves the commissioning of this activity for 3 years, it is a requirement of this report that prior to each annual spend/contract award, approval is gained from the Director of Strategy & Resources to ensure that the organisations financial position is reflective in the decision to commit to the annual expenditure.
- 4.3 The spend is in accordance with contractual procedures.

Ceri Walters, Head of Commercial Finance, 02/07/2018

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The request is for approval to procure this hardware over a three year period using compliant procurement processes via a CCS framework. This is how we have procured IT equipment over the past 3 years which has resulted in value for money for the authority and a standardised list of equipment for easy maintenance. As this proposal is for the long term approval over three years, which is an efficient use of internal resources, there are no procurement concerns with this approach. Advice provided by Rosalie Parkin, Procurement Category Manager for Products on 19th June 2018.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

7.1 There are no Social Value Considerations directly associated with this decision.

8 REGARD TO THE NHS CONSTITUTION

8.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

The NHS Constitution states in section 2, 'NHS Values' that:

'Working together for patients.

Patients come first in everything we do. We fully involve patients, staff, families, carers, communities, and professionals inside and outside the NHS. We put the needs of patients and communities before organisational boundaries. We speak up when things go wrong.'

Maintaining the Council's computer systems and keeping these up to date enables us to securely connect our services with Health's enabling 'joined-up' delivery of services, for example at shared service centres.

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

This report does not contain proposals for new or changed policies, services or functions.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None