

<b>Committee:</b>	<b>Date:</b>
Finance Committee	February 2015
<b>Subject:</b> Additional Information Systems activity - Bid for Finance Contingency	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>

### Summary

The Chamberlain's department has taken on a number of additional high priority corporate IS programmes and initiatives during 2014/15, which had not been budgeted for. No offsetting savings are available as the Finance and Procurement teams have also been fully stretched. A call on the Finance Committee Contingency is therefore required.

Key areas of additional costs include:

- Delivery of Oracle upgrade
- Transition of police onto the Agilisys contract
- Promoting high speed connectivity
- Electoral website
- Specialist IT expertise

Full details are set out in the main report.

Steps are being taken to ensure that only programmes that are fully funded will be undertaken in 2015/16.

### **Recommendations**

It is recommended that a sum of £418,000 is provided from the Finance Committee's Contingency Fund to cover these additional costs and business support activity.

### Main Report

1. This report details the additional costs incurred during 2014/2015 as a result of taking on a number of additional high priority Corporation programmes and initiatives, which will enhance support to business operations, reduce the overall cost of service to Departments and contribute to promoting the City of London as the place to undertake business.

### **Background**

2. Over the last 3 years the IS Department has undertaken a number of significant programmes, including a major reorganisation and the IS Sourcing Review. The Division has also worked with the business to develop a number of major change programmes, including Oracle and the new Wide Area Network.
3. In late 2013 discussions began with the City of London Police around a joint IT Function and an extension of the Agilisys Managed Service. This reached a successful conclusion in late 2014 with the set-up of a Joint function across both organisations and the signing of a change control to extend the Agilisys Managed Service to the Police.

4. Concurrent with the above the Division has also been progressing a number of other significant activities for the broader organisation and the City, including the Telecommunications Strategy and the Police accommodation programme.
5. This challenging workload has led to a number of unforeseen additional costs incurred in the support of the Corporation's business.
6. Further, a challenging recruitment market has also led to additional costs related to the recruitment of key roles within the department.
7. This report details these costs and seeks approval to cover these through the Finance Committee Contingency.

## **Additional Expenditure**

### **Projects & Initiatives**

8. The timetable for the Wide Area Network (WAN) Project was affected by external agencies e.g. Crossrail, preventing the connection of new links from Virgin Media, in turn leading to an extended period of use for the higher cost BT lines. The additional cost resulting from these delays is £20,000.
9. Expenditure was incurred to achieve a number of website projects required by the business. These projects comprised the development of the City of London Police web site, Blue Badge application and the Online Electoral Registration system required by the Town Clerk. This expenditure totalled £84,000.
10. The IS Division agreed with the IS Strategy Board to rebuild the SharePoint platform to allow a more stable environment and to allow for the implementation of team sites across a number of departments. These are currently being deployed to departments and are providing benefit to them. The total cost of this project during 2014-2015 was £93,000.
11. The IS Strategy Board also agreed to complete the Remote Working Project. These services are now live and provide a new Virtual Private Network, capable of supporting 2,500 concurrent users and has given all Members and Officers the ability to make use of Outlook Web Access. Taken together these systems will mitigate the impact of adverse weather and facilitate increased flexible and remote working practices. The total spend to date on this project is £23,000.
12. Due to a number of projects, most notably Infrastructure as a Service and Oracle ERP over running, the Division has been required to extend the existing Logicalis DR facility. This extension has incurred costs of £25,000.

### **Corporation Savings**

13. The IS Division has invested some £26,000 of additional effort on the Konica contract to enable refunds on charges of £135,000. These credits are on charges to the departments, so the IS Division does not receive any budgetary benefit for this effort.

### **Recruitment and Reorganisation**

14. The Division has incurred additional recruitment expenditure of £30,000 for a number of posts. These relate to recruitment consultant charges, which have been required due to difficult market conditions. In addition, there are additional cost of backfill contractors, to cover permanent vacancies for business application support and technical architects of £76,000.
15. The Chief Technology Officer also left the Division in September 2014, leaving a vacancy that has been filled by an interim contractor, leading to a further expenditure of £21,000 over the establishment budget for this post.
16. The Division also had the one off expenditure of a redundancy at the beginning of the year. These costs should have been incurred in the previous financial year. However the staff member's tenure was extended to allow them the opportunity to take up a secondment in a central government department, to both the Corporation and the staff member's benefit. The total cost of this was £20,000.

### Financial Implications

17. Costs are summarised in the table below:-

<b>Para</b>	<b>Item</b>	<b>Cost £k</b>
8-12	Projects & Initiatives	245
13	Corporation Savings	26
14 - 16	Recruitment & Reorganisation	147
	<b>TOTAL</b>	<b>418</b>

18. It is proposed that these costs be funded from the Finance Committee's Contingencies. The costs would be apportioned £222,000, £188,000, and £8,000 between City Fund, City's Cash and Bridge House Estates respectively based on estimated usage of IS services. Adequate uncommitted balances are available in the contingencies as set out in the report elsewhere on the agenda.

### Conclusions

19. The IS Department budget has had to absorb a number of additional costs over the last three financial years attached to unexpected expenditure, saving the business money, a difficult recruitment market and the demands from the business across the Corporation and the Police.
20. In past years this has been managed within the Chamberlain's budget. However this year the financial pressures are such that the Finance Committee is requested to agree that the cost detailed in Paragraph 17 are covered by the Finance Committee Contingency Fund.
21. Going forward, and having merged with the Police, it is not anticipated that further significant reorganisation will be required, however it should be noted that the recruitment market remains challenging and should further recruitment be required then further costs may be incurred. We anticipate any further costs will be covered within the IS Division budget going forward.

22. Additionally, with the formation of the Corporate Programme Delivery Unit improvements to the Governance of projects and change in the Corporation will apply more structure to the IS Division's workload and the sources of funding for projects.

Graham Bell

Tel: 020 7332 3354

Email: [Graham.bell@cityoflondon.gov.uk](mailto:Graham.bell@cityoflondon.gov.uk)