

Agenda Item	<b>17b.</b>
Report No	<b>RES/29/17</b>

## HIGHLAND COUNCIL

**Committee:** Corporate Resources Committee

**Date:** 14<sup>th</sup> June 2017

**Report Title:** **ICT Network Programme**

**Report By:** Depute Chief Executive/Director of Corporate Development

### 1. Purpose/Executive Summary

1.1 This report provides Members with an update on the status of the ICT Network Programme consisting of five projects aimed at providing the Council with a fit-for-purpose and robust managed network.

The transition of Council offices and schools to the Scottish Wide Area Network (SWAN) is scheduled to complete in July 2017. A financial claim against Capita for delays in the rollout of SWAN to Pathfinder North (PfN) partner councils is being progressed.

In relation to the refresh of the Local Area Network, Wipro has been commissioned to undertake site surveys of an initial 196 Council offices and schools including Millburn, Dingwall and Portree Associated School Groups (ASGs) by the end of July 2017 for the ICT Network Refresh Project. A contract for the first phase of the ICT Network Refresh Project including these Associated School Groups (ASG) has now been agreed with Wipro with the intention of starting project mobilisation in June 2017 in order to meet the August 2017 Chromebook rollouts. The rollout of Unified Communications to Council offices and schools is progressing well.

### 2. Recommendations

2.1 Members are asked to:

- (i) Consider the current status of the transition to the Scottish Wide Area Network (SWAN) and that a financial claim for SWAN rollout delays to PfN partner councils is being progressed against Capita.
- (ii) Note the award of contract to Wipro for the first phase of the ICT Network Refresh Project, covering Local Area Network (LAN) and Wireless Local Area Network (WLAN) in Schools and Council offices.
- (iii) Note the pressure on the Capital Budget arising from the increase in scope of the Network Refresh Project.
- (iv) Note the progress being made with the overall project including the transition of non-SWAN sites to new arrangements, the completion of the Network Redesign, assessment of bandwidth in schools and Unified Communications.

### **3. ICT Network Programme Overview**

- 3.1 The scope of the Programme will cover the following five projects:
1. SWAN Transition and Implementation;
  2. ICT Network Redesign;
  3. ICT Network Refresh;
  4. ICT in Learning Bandwidth requirements;
  5. Transfer of non-SWAN WAN (Wide Area Network) services (such as low-bandwidth broadband (ADSL) services);
- 3.2 The current programme status is RED due to delays in the rollout of SWAN and that until 31 May 2017 there was not a contract for the first stage of the ICT Network Refresh Project. This status will be reviewed at the next meeting of the Network Programme Board. Details are given below in relation to the individual projects.

### **4. SWAN Transition and Implementation**

- 4.1 The section of the report updates Members on the current status of Pathfinder North (PfN) which is the six local authorities shared services partnership comprising Argyll & Bute Council, Comhairle nan Eilean Siar, Highland Council, Moray Council, Orkney Islands Council and Angus Council, and its membership within the national Scottish Wide Area Network Partnership (SWAN).
- 4.2 Members were last updated at Resources Committee in February 2017, and an update is provided on the progression of the Transition from PfN's existing supplier (Vodafone) to SWAN (Capita) including the issues experienced to date. The RAG Status of this project is RED due to Capita delays and subsequent cost increases to all PfN partners.
- 4.3 The PfN transition to SWAN is a programme of work comprising of 661 sites, of which 375 belong to Highland Council. Transition has continued to progress steadily and is now nearly complete. At the time of writing this report, the total number of Highland Council sites connected is 343, which represents 90% of the Highland estate; the remaining sites are scheduled to be completed by July 2017.
- 4.4 Members were previously advised that the delays to the commencement of the transition previously reported will not be recovered and the programme would be subject to an overrun of six months with the possibility that a small number of sites would go beyond this.
- 4.5 Members are assured that every effort has been made to reduce the number of sites that are subject to an overrun, and to bring the completion dates forward wherever possible. The two key risks associated with the delayed transition are service continuity and additional costs. The Council has made service continuity arrangements with the current supplier Vodafone to protect the Council's network provision during the delayed rollout. Members have previously been advised that a financial claim has been made by Highland Council as the lead authority on behalf of PfN Partners to recover the additional costs from Capita on the basis that they are responsible for rollout delays, an update on which is detailed further below. The forecasted additional costs for the PfN Partnership, based upon the Capita transition schedule are approx. £1.2m. The costs for Highland, as previously reported, are forecasted to be approximately £645k over 2016/17 (£387k) and 2017/18 (£258k).

- 4.6 The PfN Partnership has engaged specialist external commercial legal support on behalf of all Partners to progress its claim for the additional costs incurred as a result of the rollout delay. Capita dispute they have a contractual obligation to meet all of the additional costs claimed by PfN partners
- 4.7 The legal advice received to date supports the view that PfN can legitimately make a claim for all additional costs incurred. However, as above this position is disputed by Capita and the outcome is by no means certain. Legal costs to support the claim, assuming court proceedings are not required would be approximate £10,000 for Highland Council. These costs are included in the claim against Capita.
- 4.8 The claim is being progressed through the dispute resolution procedure as set out in the contract; formal negotiation under this procedure with Capita has been on-going since the claim was originally raised by PfN Partners in December 2016.
- 4.9 To date, these negotiations have yielded two offers for settlement of the claim from Capita and represent some positive movement towards the recovery of the losses incurred. The first offer was universally rejected by the PfN Partners; this led to a further improved offer being put forward which is currently under review by PfN Partners. The details of the offer are not contained in this report as they are put forward, by Capita, in commercial confidence.
- 4.10 The claim will continue to be progressed under the dispute resolution procedure until either an offer is accepted for settlement from Capita or the PfN Partnership determines that formal court proceedings will offer the prospect a fuller recovery of the losses incurred. Members will of course be advised of progress accordingly.

## **5. ICT Network Redesign**

- 5.1 This project is required to produce the overall design documentation to allow for a ICT Network Refresh project to be specified and procured. That design work, and therefore this project, has completed and all the relevant high level documentation is available. Detailed individual site designs will be produced within the ICT Network Refresh Project.

## **6. ICT Network Refresh**

- 6.1 The report to the February 2017 meeting of this Committee informed Members that further analysis was required of the proposal from Capita, our current managed LAN supplier, to determine whether it was acceptable or whether an alternative procurement route would be required.
- 6.2 It was determined that Capita's proposal did not meet the Council's needs and was not within the capital affordability. Therefore following the development of an options appraisal, the decision was taken to enter into discussions with Wipro to investigate the ICT Network Refresh as an addition to the core contract that the Council has in place with them.

- 6.3 Due to the critical timeline of meeting the requirement to have a refreshed network ready for the commencement of the Chromebook rollout in schools starting in August 2017, it was also decided to commission Wipro to carry out detailed surveys of a first phase of schools and Council offices to prepare for the refresh. This survey work is well underway and has been very useful to inform the overall refresh discussions.
- 6.4 Final negotiations with Wipro have now concluded and on 31 May 2017 a formal contract change was agreed committing Wipro to deliver the first phase of the ICT Network Refresh, providing refreshed and enhanced network provision in 123 offices and 38 schools. Project mobilisation is now under way in order to meet the August 2017 Chromebook rollouts. A plan and costings for a second phase have also been agreed but commitment to that will depend on the overall review of the Council's capital programme. This second phase would see completion of the ICT Network Refresh in a further 45 offices and 162 schools.
- 6.5 The main issue facing the ICT Network Refresh Project is that the allocated capital budget of £3.3m will not be sufficient to fund all stages of the project. Engagement with Capita, Wipro and hardware suppliers have shown that the costs for the project will be significantly higher and there is therefore a pressure on the ICT capital programme. The first phase of the project is within the budget available.
- 6.6 The main reason for this increase in budget is due to the additional wireless (WiFi) capacity required in schools to support an additional 20,755 Chromebook wireless devices. The change in the Sterling:Dollar exchange rate resulting from current Brexit uncertainties has also increased hardware and software prices.

## **7. ICT in Learning Bandwidth**

- 7.1 In order to confirm that sufficient SWAN bandwidth is available in schools to support extensive use of Chromebooks some analysis work is being carried out. Although that work is not yet complete, initial findings are that only a small number of schools may face a problem with bandwidth going forward. Capita have been asked to provide quotes for bandwidth increases in these schools to ensure that there are no issues when Chromebooks are rolled out. It is felt that the risk around bandwidth is not significant.

## **8. Transfer of non-SWAN services**

- 8.1 A number of Council sites have been provided with network connectivity outside of the PfN/SWAN network. Generally this has been due to the sites being temporary or too small to justify a SWAN connection. As the connectivity was provided under the Fujitsu contracts, alternative arrangements were needed.
- 8.2 The majority of these sites have transferred across to broadband connectivity provided by Vodafone or by Capita although there has been service disruption at a small number of sites due to technical difficulties. These difficulties are being resolved. Further work is also required to ensure that there are robust, supported arrangements in place for connectivity to temporary site offices at large construction projects and this will be progressed with Wipro.

## **9. Unified Communications Project**

- 9.1 Members have been provided with regular updates on this project which has the following scope:
- Refresh the telephone systems at 48 schools;
  - Replace video conferencing systems across the Council's corporate offices;
  - Refresh telephone systems at key corporate offices
- 9.2 Since last reported to Members, the project has made significant progress and current status is Green.
- Rollout to 37 schools is complete, with the remaining 11 to be complete by early July 2017;
  - Rollout of new Video conferencing equipment is largely complete but there are still some technical issues to resolve before all systems are fully live;
  - Rollout to corporate offices is scheduled to commence in June, starting with the supporting infrastructure and the first visible rollout to HQ when that is complete.

The project is scheduled to complete by March 2018. The project remains on budget and contingency still remains to deal with any unforeseen issues.

## **10. Implications**

- 10.1 Resource – the additional costs faced by the Council due to the SWAN delays are the subject of the claim against Capita but sufficient resources are in place to ensure successful completion of SWAN transition. The main risk area is the pressure on the ICT Capital Programme due to the ICT Network Refresh Project.
- 10.2 Legal - as referred to above in 2.7, the legal claim against Capita continues.
- 10.3 Community (Equality, Poverty and Rural) - There are no implications arising from this report.
- 10.4 Climate Change/Carbon Clever - There are no implications arising from this report
- 10.5 Risk – The key risk in relation to SWAN transition was around further delay leading to additional cost and impact on services to sites. This risk is rapidly decreasing as the number of sites remaining to be rolled out decreases. In relation to ICT Network Refresh Project the key risk is delay in agreeing a contract for the refresh rollout and the knock-on effect on being prepared for Chromebook rollout commencing in August 2017. This is the prime focus of the team with a view to having contractual arrangements in place to commence the project in June 2017.
- 10.6 Gaelic - There are no implications arising from this report.

Designation: Depute Chief Executive/Director of Corporate Development

Date: 1 June 2017

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Background Papers: None