Herefordshire Council

Addition of Capital Budget to deliver IT Capital Programme

Meeting: **Cabinet**

Meeting date: **Thursday 28 November 2024**

Cabinet member: **Peter Stoddart, finance and corporate services**

Report by: **Director of Transformation and Strategy**

Report author: **Portfolio Manager, corporate services**

Classification

Open

Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

All Wards

Purpose

For Cabinet to recommend to Council to approve an amendment to the capital programme to utilise underspends to fund two new projects, at a total of £368,000 for delivery of IT projects within this financial year.

Recommendation(s)

That: the following be recommended to Council

    a) **To approve the addition of £368,000 in this year's capital programme, to deliver Wide Area Network (WAN) replacement project and Telephony Contact Centre project, funded from underspends in the capital programme.**

That: Cabinet

    b) **Delegates to the Director of Strategy and Transformation the spend, subject to Council approval, up to £368,000 to deliver the projects as part of the IT Capital Programme.**

Alternative options

1. Do not request Telephony Contact Centre and Wide Area Network Replacement projects funding is reallocated within the 2024/25 capital programme, instead progress for approval in the 2025/26 capital programme. Not recommended. This would delay implementation and in turn delay opportunities to modernise our services and implement transformational change to customer services delivery. In addition, delaying implementation will incur additional licencing and supplier costs to the organisation for only a short period, which does not present a cost-effective solution.

Key considerations

2. The 2024/25 IT capital programme is on track to deliver a projected underspend in the region of £260,000. This underspend could be utilised to fund other IT projects. The underspend is as a result of projected costs within several IT projects being lower than anticipated.

3. Funding for the Wide Area Network Replacement project and Telephony Contact Centre project have been requested in the 2025/26 capital programme. This report requests to bring the funding for these projects into the 2024/25 capital programme.

4. The existing Wide Area Network contract ends in January 2025. Moving to a new solution will enable a revenue saving of £18,000 per annum in 2025/26, then £32,000 in subsequent years.

5. Renewing the contract with the current provider presents a risk of a significant price increase of 23% (approximately £39,500) as it is only a short-term renewal for one year. Inclusion within the 2024/25 capital programme means we can implement a new solution prior to the existing contract end date.

6. The existing contract for the Telephony Contact Centre ends on 31 March 2025. Bringing the decision forward will enable the council to transfer to a new provider and be live with like-for-like functionality before 31 March 2025. This will save £32,000 in licence fees and allow us to build on this foundational work to realise transformation opportunities to support customer service delivery. This will also negate the need to replace current hardware (which is nearing end of life) to run the current telephony platform

Community impact

7. The Council Plan 2024-2028 sets out the ambition to improve the way we use technology across our services by embracing new technologies, test ideas and develop a culture of innovation to improve services and deliver value for money. The council has committed to deliver against bold and ambitious plans and, by working with our local and national partners, we seek to continue to improve the quality of life for the county's residents. Connected to this plan is a stated aim to further embrace digital technology to save costs and improve flexible working practice and service delivery, which directly supports our Transformation priority.

Environmental Impact

8. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

9. Whilst this is a decision on back-office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

10. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.

11. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have low impact for equality.

12. Due to the potential impact of this decision being low, a full Equality Impact Assessment is not required. However the following equality considerations should be taken into account when making a decision about this activity/project:

    a. The introduction of new technology will have an impact on staff and service delivery. This impact will be taken into consideration within individual projects aligned to this decision, where applicable.

Resource implications

13. Spend the requested budget of £368,000 for the delivery of WAN Replacement project and Telephony Contact Centre project for delivery within the 2024/25 and 2025/26 financial years.

14. Project delivery for both projects will be supported by Hoople Ltd as our technical partner and will be managed with oversight by Herefordshire Council's Project Management Office (PMO) and the Head of ICT and Digital.

15. The WAN Replacement project tender is being run via a further competition through the Crown Commercial Services 'HSCN Access Services DPS's RM3825' framework.

16. A compliant telephony contact centre procurement was completed by Hoople Ltd in December 2023 as part of the ICS wide Telephony procurement under the 'Better use of resource' programme, with procurement funded by NHS Herefordshire and Worcestershire Integrated Care Board (ICB). This provides beneficial pricing based on the scale of procurement with take-up from all Herefordshire and Worcestershire Integrated Care System Organisations. Mobilisation for the new contract is underway ready for contract commencement on 1st April 2025.

17. Delivery of the WAN Replacement and Telephony Contact Centre will present a combined revenue cost of £33,000 in 2025/26, due to the overlap of WAN contracts and net £17k saving from 2026/27.

18. The adjustment in the capital programme for these projects are funded from an underspend on existing IT projects and Fastershire, so there is no effect on the overall borrowing requirement.

Capital cost of project	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
Contact Centre Telephony Replacement	82				82
Wide Area Network (WAN) Replacement	286				286
TOTAL	368				368

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
Corporate Funded Borrowing	368				368
TOTAL	368				368

Revenue budget implications	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
Costs/Savings on license fees		33	(17)		
TOTAL		33	(17)		

19. The Outline Capital Business Cases for WAN Replacement and Telephony Contact Centre are included as appendices to this report.

Legal implications

20. There are no specific legal implications of this report. This report is to comply with capital budget setting requirements within the Constitution and in part, required as there is no ability for officers to vire any capital monies between capital projects even when the overall spend is within budget.

Risk management

21. The risks and opportunities associated with the options as outlined in this paper are as follows:

Risk / opportunity	Mitigation
Risk – not approving the funding will place the authority at risk of not meeting the digital ambitions it has set out in the Council's Digital, Data & Technology strategy 2024 – 2028.	Whilst the Council can continue deliver its services, the ambitions and opportunities outlined within the Digital, Data and Technology Stategy will not be fully realised.
Risk – Not approving the WAN replacement will place the Council's service delivery and regulatory obligations at risk in the event of a network failure (as the current WAN solution is set to go out of support and maintenance in 2025).	The current contract could be extended beyond March 2025, but this is likely to incur additional cost which will not allow Herefordshire Council to achieve the revenue savings detailed above.
Risk - We will not take the opportunity to reduce the likelihood of a cyber-attack on our network as we will not embrace the opportunities a new WAN solution would provide to shore up our defences to this type of malicious activities.	Equipment and services can be replaced tactically on an as-required basis based on risk exposure. This will add complexity to any ongoing contract management and not allow for a holistic view of any security. It will prevent the Council from making key improvements to the network capacity in order to support the current working practices (hybrid on premises/cloud) as well as aspirational 'public cloud first' strategic objectives.
Opportunity – additional benefits to be realised sooner by implementing solutions at an earlier stage	Implementing the Telephony Contact Centre and completing the M365 roll out will allow Herefordshire Council to embrace and build new ways of working and provide a foundation for opportunities to modernise how we work, which in turn will have a positive impact on service delivery.

22.   The above risks will be managed within the respective projects in line with project management processes.

Consultees

23.   Political Group Consultation was held on 18th November 2024.

24.   Councillors in attendance asked for reassurance that these projects, and the changes they will enable, will not remove access to staff and processes for customers who are digitally excluded, or for those who choose not to utilise digital communications with the Council. Assurance was given that, in line with the Digital, Data and Technology Strategy, services will be designed to encourage customers to choose the digital option first, but not to exclude those who do not.

25.   It was confirmed that the decision is not predicated on staff savings.

26.   Councillors were supportive of the decision.

Appendices

Outline Strategic Business Case - WAN Replacement
Outline Strategic Business Case – Telephony Contact Centre

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 06/11/2024
Finance	Karen Morris	Date 08/11/2024
Legal	Sean O'Connor	Date 04/11/2024
Communications	Luenne Featherstone	Date 04/11/2024
Equality Duty	Harriet Yellin	Date 05/11/2024
Procurement	Carrie Christopher	Date 06/11/2024
Risk	Jessica Karia	Date 29/10/2024

Approved by	Rosie Thomas-Easton	Date 19/11/2024

Please include a glossary of terms, abbreviations and acronyms used in this report.

WAN – Wide Area Network
M365 – Microsoft 365
PMO – Project Management Office