

## **Wiltshire Council**

### **Cabinet**

**12 June 2018**

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**Subject: Delivery of the Digital Strategy – Outline Business Case**

**Cabinet Member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, IT and Operational Assets**

**Key Decision: Yes**

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#### **Executive Summary**

The purpose of this paper is to seek delegated decision making to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement.

The delegated decision to award the contract will be taken only after the outline and full business cases have been reviewed and approved by the groups listed.

The accompanying outline business case details the costs, areas of work and benefits realisation forecast.

The proposal from Microsoft is made up of a number of building blocks that will allow the Council to develop and underpin this significant programme of change. Alongside technical development the proposal also includes the development of robust governance processes and effective change and adoption of the digital tools both internally and externally. The proposal will provide a sound digital platform and also develop the knowledge base within the council, so it can continue to harness the benefits that technology can bring both now and in the future.

The proposal recommends undertaking a joint programme, delivered over 2 years.

## Costs

Summary of Estimated Costs	2018/19 £000	2019/20 £000	2020/21 £000
	One off costs	One off costs	Recurring costs
Microsoft Navigator fees	4,000*	2,000*	-
Wiltshire Council resources to support the programme	722	448	281**
Application Programme Interface	200		
Implementation and 'licence' fees in early adoption services	855	429	429**
<b>Total</b>	<b>5,778</b>	<b>2,877</b>	<b>710**</b>

\*The Microsoft contract will be charged on a fixed fee, fixed outcome basis, broken down into payment milestones associated with Project Deliverables and clear Acceptance Criteria. All work is anticipated to complete by August 2019'.

\*\* These will be recurring costs per annum

## Savings

	2018/19 £000s			2019/20 £000s			2020/21 £000s			3 Year total £000s		
	C	L	O	C	L	O	C	L	O	C	L	O
Channel Shift	£180	£270	£360	£180	£270	£360	£180	£288	£360	£541	£829	£1,080
(Phone & F2F)												
RPA savings	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£4,755	£6,657	£8,599
(3 services only)												
<b>Total</b>	<b>£1,765</b>	<b>£2,489</b>	<b>£3,227</b>	<b>£1,765</b>	<b>£2,490</b>	<b>£3,226</b>	<b>£1,765</b>	<b>£2,507</b>	<b>£3,226</b>	<b>£5,296</b>	<b>£7,486</b>	<b>£9,680</b>

Cautious (C)

Likely (L)

Optimistic (O)

Note: Totals rounded.

In the event of the 'likely' scenario of potential savings, return on investment will be in 4<sup>th</sup> year.

The return on investment will be monitored and delivered and all cashable savings will be realised corporately and not be reinvested within the services

unless specifically approved by Cabinet decisions as part of the annual budget setting process.

RPA, refers to Robotic Process Automation and based on analysis of 3 services. Opportunities and plans to roll out RPA will be developed for the transitional elements of all services, increasing the savings profile further.

The preferred route to procurement will be via the G-Cloud 9 framework. The G-Cloud series of frameworks have been established to offer access to ICT suppliers for a range of services and solutions. The latest iteration is G-Cloud 9. The Government's Crown Commercial Services operate all G-Cloud frameworks.

Other councils for example, have also taken part in the Cloud Navigator programme and contracted with Microsoft through G-Cloud 9. This presents an opportunity to collaborate with these council's and share learning. The councils are;

- Essex County Council,
- Kent County Council,
- Cornwall Council
- Somerset County Council.

The contract will not be entered into unless the due diligence on costs to deliver, savings and benefits is completed and a positive ROI outcome achieved. This will be the responsibility of the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Corporate Director for Communities, Resources and Digital.

### **Reason for Proposals**

The Council seeks to deliver a suite of interdependent digital initiatives delivered by one provider, that will be developed and enhanced to achieve both the short term and longer term outcomes of the digital strategy and the over-arching business plan. The requirement also includes an appropriate solution for the replacement of the MyWiltshire platform which is due to expire in August 2019.

In November 2017 Microsoft invited the Council to take part in its Cloud Navigator programme who conducted a detailed review of the organisation's approach to digital change. Following this review, a proposal from Microsoft was submitted that identified a number of initiatives for digital improvements. The proposal from Microsoft sets out the total funding for the duration of the programme (up to 2021) with details of potential benefits and each of the areas for development.

The outcome of the Navigator programme is a series of recommendations and initiatives for the Council to consider against specific requirements, best value for money and the most appropriate route to deliver, i.e. in-house or procure.

There is no charge to the Council for the Cloud Navigator programme, the cost was borne by Microsoft to the value of approximately £250,000.

Detail on the initiatives and business benefits are detailed in the outline business case (Appendix 1).

The initiatives are presented as a package of different solutions that are dependent on each other to achieve the following:

- Enhance our customer's experience by using safe, efficient and reliable technology,
- Automate administrative processes to make cashable savings,
- Automate customer-facing process to improve service delivery and efficiency,
- Improve our data management and security,
- Provide a long-term technology platform that can be developed beyond the life of the Microsoft Cloud Navigator programme,
- Build on the skills in-house and utilised beyond the life of the Microsoft Cloud Navigator programme,
- Support the council's wider business plan objectives via the Microsoft Community Investment programme, which is a commitment to work with Wiltshire on the following community projects alongside the delivery of the Microsoft Cloud navigator proposal;
  - (a) Supporting veterans with up to date ICT skills for the modern workplace,
  - (b) Supporting looked after children (LAC) to develop their skills for the workplace that will be evolving constantly. For example, Coding Clubs, access to coaching and mentoring, practical support with CV writing and interview skills,
  - (c) Ensure Wiltshire's third sector can be developed to access the pre-existing Microsoft initiatives made available for the sector.
- The recommended programme of works and resultant solutions will not just replace the current functionality of the existing MyWiltshire platform, it will provide all digital entry into the council, accessible by any digital device 24/7. It will provide the building blocks of future tools and initiative for the longer term.

Detail on the initiatives and business benefits is detailed in the outline business case (Appendix 1).

The timeline for this programme of work is critical in relation to replace MyWiltshire, the associated savings and the commitment both in the business plan and digital strategy.

Key Milestones:

Phase	Activity	Status	Date
1	Organisational wide consultation and engagement with Microsoft	Complete	
2	High-level proposal from Microsoft	Received	April 20 2018
3	Targeted engagement, collation of further detail for outline business case	Complete	
4	Decision to proceed to full business case	Pending	June 12 2018
5	Targeted engagement, collation of further detail for full business case	Ongoing (subject to cabinet review)	
6	Review of full business case at the digital programme board	Scheduled (subject to cabinet review)	June 20 2018

The high-level Microsoft Cloud Navigator proposal was received on 20 April 2018. This has triggered a further round of work to confirm the specific detail to identify the internal process and applications that can be automated. This detail, high level costs and potential savings are detailed in the outline business case (Appendix 1).

The timeline is ambitious but this approach will allow the digital programme to work with the relevant services and Microsoft to progress with phase 5 and complete the full business case. This document will support the final decision regarding whether to contract and which initiatives Wiltshire Council will pursue.

Following the completion of the full business case the final decision will be made by the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement via the digital board, with representation from overview and scrutiny digital task group, finance, legal and HR.

## Proposals

That Cabinet:

- i) Note the progress of the Microsoft Cloud Navigator Programme.

- ii) Makes an in-principle decision to embark on the Cloud Navigator Programme.
- iii) Agree to award a call-off contract from the G-Cloud 9 framework arrangements to Microsoft and Thoughtonomy.
- iv) Based on the completion of the full business case and in line with the funding recommendations made in paragraph 54, Cabinet delegate the decision to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement.
- v) Agree that the Corporate Director for Communities, Resources and Digital is nominated as the Contracting Council's Representative for the purposes of the Contract.

**Dr Carlton Brand, Corporate Director for Communities, Resources and Digital**

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### **Purpose of Report**

1. As follows:
  - I. To inform Cabinet of the Microsoft Cloud Navigator Programme and its outcome.
  - II. To seek Cabinet approval to delegate the Council to award a call-off contract from the G-Cloud 9 Framework subject to the positive review of the full business case.
  - III. To delegate the decision to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Director of Finance and Procurement.

### **Relevance to the Council's Business Plan**

2. The delegated authority is requested as per the constitution.
3. Working as an innovative and effective council through the use of dynamic digital technology.
4. Focussing on customers and delivering good outcomes whilst spending less.
5. Enable greater digital access to all services so that more of our services are automated so customers can book, pay and do online what they want to; 24/7.
6. Developing the appropriate digital tools to facilitate early intervention, integration and prevention to address the increasing demand on services.

### **Main Considerations for the Council**

7. To ensure the best utilisation of the current licensing agreements, knowledge and skills and existing applications to deliver the outcomes of the business plan and digital strategy.

8. To ensure that as the council develops digital tools ensures it keeps the needs of the customer at the heart of change.
9. To ensure any capital expenditure results in the required savings and that robust governance is in place to ensure savings are realised.
10. To ensure investment develops both knowledge and skills within the council to continue to innovate and improve our digital capabilities.

## **Background**

11. The Council's digital strategy was approved in June 2017, it has the following four themes;
  - Digital services;
  - Intelligent infrastructure;
  - Data sharing;
  - Digital workforce.
12. The digital programme has been established to deliver the priorities defined within the digital strategy.
13. MyWiltshire currently provides digital functionality for services across the Council and work needs to take place to replace the system when the current arrangement expires in 2019.
14. An opportunity exists to build a customer platform upon the current development within the waste service for missed bins reporting enabling a single digital entry for our customers.
15. Microsoft is a trusted, strategic supplier and much of the council's information communications technology (ICT) is based on their technology. Microsoft Consulting Services (MCS), the professional services arm of Microsoft, and Wiltshire Council engaged in a six-month, business led programme entitled 'Cloud Navigator'.
16. A comprehensive discovery stage enabled Microsoft to get a deep understanding of the council's use of technology from the corporate leadership level to frontline workers, opportunities and risks. Since early December Microsoft have spent time engaging with 19 council services and over 60 officers, including all Corporate Directors, on a fact-finding journey to understand the council's business plan, strategies and programmes of work, ICT infrastructure and the challenges this presents.
17. The review culminated in the recommendation of a number of digital transformation initiatives that will revolutionise the way in which Wiltshire operates, supported by digital tools, to deliver on the four themes within the digital strategy as well as a replacement of MyWiltshire that provides the



opportunity to develop and enhance the service as a pivotal tool in delivering the digital vision.

### **Overview and Scrutiny Engagement**

18. The current digital programme governance model includes the representation of an appointed scrutiny member to sit on all digital board meetings.
19. The Chair of the Digital Task group has attended the Digital Board meetings where Microsoft have presented the proposal; this proposal is the basis of the outline business case.
20. An overview and scrutiny digital task group has been set up and meets monthly. The group will scrutinise delivery of the programme against the objectives and outcomes set.

### **Safeguarding Implications**

21. There are no direct safeguarding implications arising from this proposal.

### **Public Health Implications**

22. There are no direct public health implications arising from this proposal.

### **Procurement Implications**

23. Government frameworks are agreements between the government and suppliers that are made open to other public bodies for their use to leverage value across the public sector. The basic terms of use are agreed by both parties after a contract notice is published in the [Official Journal of the European Union \(OJEU\)](#). The G-Cloud series of frameworks have been established to offer access to ICT suppliers for a range of services and solutions. The latest iteration is G-Cloud 9.
24. Buying services through frameworks is faster and cheaper than entering into individual procurement contracts. Buyers and suppliers still need to sign a contract (or 'call-off contract') for each service bought through a framework.
25. G-Cloud 9 services are divided into 3 categories, or 'lots':
  - Cloud based hosting;
  - Cloud based software;
  - Cloud based support.
26. Via the G-Cloud 9 market place the purchaser must enter a set of requirements that best defines their need and the marketplace will filter to the available suppliers. From that "long list" which may only be one supplier, a further "short list" can be developed if required to hone the list to those that best fit the council's requirements.

27. The first set of specific requirements, searched via the G-Cloud marketplace for a cloud navigator provider of a series of digital solutions returned a single supplier, Microsoft. The second set of specific requirements for cloud based robotic process automation through provision of a dynamic and intelligent virtual workforce, searched via the G-Cloud marketplace returned a single supplier, Thoughtonomy.
28. If only one supplier is listed that meets the requirements, the Council can award the contract under the G-Cloud terms and conditions.

### **Equalities Impact of the Proposal**

29. The delivery of digital tools will provide another route to access council services. The customer will be at the heart of the changes developed and the tools by design will ensure interactions are easy, convenient, safe and reliable. However, our policy is that digital interactions are 'by choice' and not by 'default'.

### **Environmental and Climate Change Considerations**

30. There are no direct environmental impacts resulting from the proposal.

### **Risk Assessment**

31. The progress of the navigator programme and the delivery of the digital solutions will be overseen by overview and scrutiny digital task group on behalf of the overview and scrutiny management committee.
32. The progress of the programme, the outcome benefits, return on investment and cashable savings will be monitored closely by the Digital Board.
33. Project risks are also regularly reviewed by the digital programme board set up to oversee the delivery of the digital strategy.
34. The digital board will include representation from across the Council to align the deliverables of the digital strategy with other core strategies such as people and commercialisation.

### **Risks that may arise if the proposed decision and related work is not taken**

35. The failure to deliver the digital strategy and the associated savings.
36. The replacement of the MyWiltshire will have both a cost to procure and implement or costs to resource the development internally. An additional risk is around loss of service for customers, reputational impact and costs to implement manual reporting processes.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

37. The execution of the contract and progress of the Microsoft Cloud Navigator programme will be monitored by the digital programme board.

38. Payments will be made via a milestone payment plan to ensure a balanced risk between the council and Microsoft to ensure the digital tools are fit for purpose, fulfils requirements and can provide the capability to make the savings required.
39. The execution of the contract and progress of the Microsoft Cloud Navigator programme monitored by the overview and scrutiny digital task group.
40. Through the delivery of the programme full consultation will take place per initiative to assess and understand the impact on customers, staff and services and are in line with existing corporate policies. This may result in the creation of new working policies.
41. The contract will not be entered into unless the due diligence on costs to deliver, savings and benefits is completed and a positive ROI is achieved. This will be the responsibility of the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Corporate Director for Communities, Resources and Digital.

## Financial Implications

### Estimated Costs and Savings

42. The challenges the Council faces in delivery of a balanced medium term financial plan are well known, and as mentioned earlier one on the themes to help achieve this is through digitalisation. There is a target to achieve net recurring savings of £5 million per annum. This digital navigator programme is a major contributor to achieving the MTFS Strategy.
43. The concept in this model is new for local authorities with no tangible experience and evidence to draw upon from other authorities, which presents some challenges when developing the business case, particularly around benefits realisation i.e. savings.
44. The planned model is to identify services which will become an 'early adopter' of the new automated process and during this process skills and knowledge will be transferred to council staff to allow further roll outs without additional external cost.
45. In terms of costs, there will be a combination of one-off and recurring expenditure. The high-level estimates can be summarised as follows:

Summary of Estimated Costs	2018/19 £000	2019/20 £000	2020/21 £000
	One off costs	One off costs	Recurring costs
Microsoft Navigator fees	4,000*	2,000*	-
Wiltshire Council resources to support the programme	722	448	281**

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Channel Shift	£180	£270	£360	£180	£270	£360	£180	£288	£360	£541	£829	£1,080
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<b>Total</b>	<b>£1,765</b>	<b>£2,489</b>	<b>£3,227</b>	<b>£1,765</b>	<b>£2,490</b>	<b>£3,226</b>	<b>£1,765</b>	<b>£2,507</b>	<b>£3,226</b>	<b>£5,296</b>	<b>£7,486</b>	<b>£9,680</b>

Cautious (C )

Likely (L)

Optimistic (O)

Note: Totals rounded.

46. In advancing the Programme to other areas of the Council it is planned that no other one-off costs would be incurred, because council staff will have the skills to implement future phases, other than interface costs. However, each phase of the programme will result in additional annual support/licence fees.
47. The figures set out above are as advised by our partners and challenged by council staff. Our ability to meet these costs is largely driven by the savings that can be released from the investment.
48. From the 'early adopter' services, Planning, Council Tax and Financial Services, savings between £0.6 million to £0.9 million have been developed in modelling the work as part of the business case discussions. The next stage is for a workshop to take place with those service areas to test the modelling work. If the saving estimates are confirmed then the net annual saving would be £0.3 million - £0.45 million (excluding the Council's ongoing support costs for the entire Programme).
49. This provides an indication of the scale of activity that will be needed to achieve the Council's overall ambition to achieve recurring savings of £5m from the Digital Strategy. Discussion has taken place with Microsoft about the possibility of a risk and reward sharing arrangement but they are unwilling to enter into such an agreement. It will therefore be for the Council to be ambitious and committed in delivering the full financial benefit.

50. The programme will be delivered in phases and Gateways will be in place before committing to each stage, including lessons learned.

### **Financing of the Initial Investment**

51. This will be a considerable investment by the Council for which no specific funding has been identified. The expenditure is essentially for software development which will have a life-span over a number of years. As such it will be classified as capital expenditure and therefore it would be permissible to raise the necessary finance through new borrowing.

52. The downside of this option is the borrowing would have to be repaid from the revenue account over a fairly short period (the estimated live span of the product). This is not budgeted for and therefore it raises the gross savings target that will have to be achieved.

53. The various spending commitments and resources of the Council will be reviewed over the coming months which may identify other sources of the amount to be borrowed. However, at this time no such funding source has been identified and if Members are to proceed with the proposal then it should be on the understanding that borrowing of c.£8 million is likely to be necessary. This will result in a fixed commitment on the revenue account of around £1.0m per annum for debt repayment, depending on the life span of the software applications (currently projected at 8 years).

### **Legal Implications**

54. The legal team have advised on all contractual documents, procurement route as well as the decision-making process and breadth of delegated authority requested.

55. The G-cloud arrangements are put in place and managed by Crown Commercial Services (CSS). Legal services' experience of these arrangements is that they have been put in place with a thorough procedure, compliant with the Public Contract Regulations 2015 ("PCR") and are very robust. However, even so, if there was to be a challenge to these arrangements arising from the council's use of them then that challenge would be against the council. If there was an award of damages for any breach of PCR CSS would not be liable for any proportion of those damages. Procurement risk is with the council when using frameworks.

56. If after running the G-cloud procurement Microsoft are awarded the call off contract then it is possible that an argument could be made that the council's engagement with Microsoft prior to the council's use of G-cloud had the effect of tilting the field against others on the G-cloud framework arrangement who could equally have deliver the contract services.

57. If that complaint was to be made the council would likely argue as follows. PCR explicitly allow the council to engage with the market in order to optimise its procurement. That is exactly what the council did and following that engagement it was able to go to the G-Cloud selection procedure with a very specific requirement.

58. While the chance of any complaint getting to court and an award made against the council is low, it should be pointed out that it is possible an award of damages could be made and in general terms, the size of the damages would be equivalent to the profit expected to be made in the performance of this contract.

### **Options Considered**

59. Option 1: Enter into the Microsoft Cloud Navigator Programme within the timeline specified and work within the existing proven governance and agreed delegated authority needed.

60. Option 2: Continue exploring the Microsoft Cloud Navigator Programme outside of the preferred timeline and accept the reputational and costs risk to not replacing MyWiltshire before August 2019 and the unknown costs associated with G-Cloud 10.

61. Option 3: Separate the initiatives and procure separately using less specific requirements, accepting the risk of not replacing MyWiltshire before August 2019 and the risk this may result in managing multiple suppliers, providers and integrating the necessary at an increased cost overall.

The proposal within this paper is based upon Option 1.

### **Conclusions**

62. The Council's digital strategy must be delivered and the associated improvement to customer digital service access and savings made. The Microsoft Cloud Navigator proposal provides an integrated solution to deliver a series of initiatives delivered as a coherent programme. This will provide both the digital tools and skills to ensure Wiltshire Council continues to utilise digital technology to save money, provide an improved service to our customers and meet their digital expectations of our customers, staff and partners as per the council's vision for the future.

**Dr Carlton Brand, Corporate Director for Communities, Resources and Digital**

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Report Author: Sarah Cosentino, Portfolio Manager

Date of report: 17 May 2018

### **Background Papers**

Appendix 1. Outline Business Case – Microsoft Navigator Programme