Agenda Item	**11**
Report No	**RES/30/21**

HIGHLAND COUNCIL

Committee: **Corporate Resources Committee**

Date: 25 August 2021

Report Title: **Project Dòchas Progress Report**

Report By: Executive Chief Officer – Transformation

1.   Purpose/Executive Summary

1.1   This report provides Members with an update on the progress being made with Project Dòchas – the project to transition from outsourced ICT delivery arrangements to in-house provision. Members are reminded that the Council has had out-sourced ICT arrangements for over 20 years and that has provided benefit and led us to where we are now. This new direction for ICT is expected to bring greater benefits in terms of value for money, quality of service and flexibility to meet changing business demands. It will also enable us to drive forward the use of technology to modernise and transform the way Council services are delivered and support the medium-term financial planning of the Council.

1.2   Approval was given at the 30 July 2020 meeting of The Highland Council to progress with the option to bring ICT services back in-house and to fast-track where possible ahead of the end of the 5-year initial outsourced contract term. Approval was also given to commence re-structuring the Council's ICT team and to commence recruitment to key posts in the new structure.

1.3   The report states that the Dochas programme is at GREEN status – an improvement from the Amber status in the report to the May meeting of this Committee. Green status means that the project is on track with regards to the project timescale, cost, and quality. Timescales are still tight and there are risks but these are being managed.

1.4   Since the last report, substantial progress has been made with recruitment including to the new in-house team recruitment and the preparations to transfer staff from Wipro into the Council. We continue to receive full co-operation from Wipro. A greater understanding & certainty about costs (and within budget) has also enabled improvement.

2.   Recommendations

2.1   Members are asked to:

1. Note the report.
2. Note the Project status and that reports will continue to be provided to this Committee to deliver governance.

3.   Implications

3.1   **Resource** –The ICT Services revenue budget for 2021/22 is forecasting a small underspend. The 21/22 budget for ICT Services includes funding for transition activities and recruitment to new posts which will see some dual running alongside the Wipro contract to enable knowledge transfer and handover of service. The costs of Wipro staff transferring into the Council will be covered by reduction in Wipro contract charges.

3.1.1   A detailed financial model, looking at the next 3 years, has been produced and this is now being updated on a regular basis as assumptions about future delivery costs are verified or amended and definite start dates for new staff are agreed. Currently there are still some assumptions relating to support contract and facilities costs that need to be verified and work is ongoing with Wipro to clarify this.

3.2   **Legal** – Valuable input has been obtained to date from external legal advisers and that has helped to shape the working relationship we now have with Wipro. It is not envisaged that much more external legal input will be required but legal advice will be sought as required as the project progresses.

3.3   **Community (Equality, Poverty and Rural)** – Bringing services in-house will help to protect local skilled jobs. To provide support to all Council locations, technology will enable ICT support staff to be located in rural areas based at home or area offices. This is a real opportunity for the Council to act as a long-term hub for skilled ICT roles in the Highlands in a way that an outsourcing supplier working to a fixed term contract cannot do. The size of the new in-house team will increase from current 49 FTE to 120-130 FTE.

3.4   **Climate Change/Carbon Clever** – As previously reported, the use of technology such as Microsoft Teams has enabled remote working and reduced the need to travel. Some aspects of providing an ICT support service will always require travel to sites by field engineers, but this will be managed within the Council's target of reaching a carbon neutral Highland by 2025. This will be achieved by use of electric vehicles where possible, remote support tools and a simplified approach to managing laptops. Additionally, when considering award of contracts for data centre services or ICT hardware, the wider carbon costs will be factored in.

3.5   **Risk** - The key risks identified are: COVID-19; HR and Recruitment; Financial; Service Disruption; Contractual Dispute; Technical; and Digital Transformation. Each risk is discussed in detail in section 5.

3.6   **Gaelic** - There are no implications arising from this report.

4.   Project Dòchas Progress

4.1   As a result of the excellent progress since the last report to this Committee in May 21, the Dochas Programme Board has agreed that the programme status has moved from AMBER to GREEN, meaning that the project is on track to deliver to timescale, on

budget and to required quality. This is an improvement since the last report to this Committee and is due to significant progress being made with recruitment, preparation for staff transfer from Wipro and greater understanding & certainty about costs (and within budget).

4.2   A Programme Manager is leading the project to help manage the complex workstreams within this project. With support from key project staff, they are actively planning and managing all activity until Project **Dòchas** is complete.

4.3   In addition to the implementation of new structure the key dates in the programme plan are shown below.

Milestone	Date	Status
Take-on of Network break-fix from Capita SWAN	1st February 2021	Achieved
Commercial agreement with Wipro	1st April 2021	Achieved
Transfer of Field Engineering	1st October 2021	On track
Transfer of Service Desk	1st November 2021	On track
Transfer of remaining local Wipro staff	1st April 2022	On track
End of Wipro contract (latest possible date)	31st March 2024	On track

4.4   Wipro Staff Transfer

4.4.1   Key to a successful transfer of service is the continuity of as many of the staff as possible who are currently providing service for Wipro. This is a combination of Wipro employees and contract staff employed by Kelly Services. Consultations with the staff representatives are going well with an expected transfer of Wipro and Kelly Services in line with the planned dates for transfer of service.

4.4.2   Many of staff transferring perform some of the most visible customer-facing roles on the Service Desk, Field Engineering and posts that provide critical support to infrastructure and systems behind the scenes.

4.5   Recruitment and Restructure

4.5.1   Recruitment to the senior manager posts is complete and this is also enabling recruitment to each of the teams in the new structure.

4.5.2   Individual consultation sessions have now taken place with all existing staff regarding matching into posts in the new structure. Following those sessions, formal evaluation of current and future roles is being undertaken by the HR team with the intention of advising appointments by the end of August 2021, including those who can be matched. This will then enable the move to the new structure to take place in time for the first group of staff transferring in under TUPE. Recruitment continues to a range of other specialist posts continues to support the new structure and, positively, we are seeing a good response to adverts.

4.6   Facilities, Toolsets, Systems and Other Requirements

4.6.1   Whilst staffing is critical in enabling the transfer of service there are several other factors that need to be in place to ensure the staff can operate effectively. Good progress is also being made with regard to these including positive engagement with internal Council teams in HR, Estates and Fleet Management as well as the teams in Wipro to ensure that requirements are in place for the dates when staff are transferring.

5.   Project Dòchas Risks

5.1   The key risks are detailed below:

- **COVID-19** – the pandemic continues to threaten the programme timeline, but impact is hopefully reducing. The following points are still relevant:
  - Any increased requirement for self-isolation of staff, or another full lockdown, will have an impact on building a new team and on operations;
  - Uncertainties about physical access to buildings to bring together a new team. Mitigation is being pursued around a blended approach to working from home and offices.

- **HR and Recruitment** – bringing onboard new specialist staff is critical to delivering the new service. This was one of the highest areas of concern earlier in the project. Recent progress with recruitment, restructure, and preparation for TUPE means that this risk has significantly reduced, and milestones are not currently threatened;

- **Financial** – As referred to in paragraph 3.1, a detailed financial model has been produced. There is still a risk that costs will exceed budget as we transition services, but this is being actively managed with reporting to the Dochas Programme Board. costs are currently within budget, albeit there are assumptions about future costs that need further analysis. The agreed approach will lead to contract charges continuing for a longer period due to partial contract extension. The exact cost of that is now fixed in a formal contract change.

  While the aim will be to operate within the current ICT budget, there is still potential for additional short-term costs to cover transition arrangements, particularly in 2022/23 at the end of the 5-year contract term. Overall, however, the financial modelling indicates that the proposed approach is still affordable within budget. This model has a number of assumptions about future delivery costs, particularly in areas such as facilities and supporting contracts to enable service delivery. As knowledge transfer continues with Wipro, these assumptions will move towards confirmed costs;

- **Service Disruption** – ICT is a critical function for delivery of Council services. Key priority in the transition is to mitigate against any break or disruption. there is a risk of a break in service at point of transfer which will affect users and services. There are a number of ways this risk will be mitigated by:
  - Phased transfer from existing suppliers to in-house provision. The first phase, in February 2021, was the transfer of responsibility for break/fix support for network switches away from Capita to the Council. That happened as planned. Transfer of most of the core outsourced services from Wipro will then be phased over a period from October 2021 to April 2022 with a contract extension for data centre.
  - Transferring local staff from Wipro into the Council to retain much of the local knowledge required to maintain operations. Engagement with local staff is key to provide reassurances that they have a future in the Council.
  - Work is continuing with the outsourced provider to ensure that all support documentation is up to date so that there is no knowledge gap at point of transfer.

o The commercial agreements made with Wipro significantly reduce this risk as will the continuity of staff transferring to the Council;

- **Contractual Dispute** – a successful transition depends on Wipro co-operation. This risk has now been largely mitigated by commercial agreement reached with Wipro and we have a good working relationship;

- **Technical** – the main areas of technical risk would relate to the data centre. a phased approach is being followed in this area – with migration of key applications to the cloud and a steady building up of technical skills in the team. In addition, use of specialist niche suppliers will be used as appropriate to assist with areas outside of the in-house expertise. Extending the data centre arrangements is a key element in reducing technical risk. The data centre is complex and a high-risk area to manage as failures affect large numbers of people and services. Any change to the data centre arrangements needs to be carefully assessed and planned and should be completely separated from the transition of other elements of the Wipro contract. The agreed extension to that part of the contract will help to mitigate against technical failure and give us time to consider the best value option for data centre services in the future;

- **Digital Transformation** - as reported within the Health & Prosperity Strategy 21/22, Digital Transformation is one of the 9 key projects in the Council's Transformation Programme. The immediate priority for the ICT Team is to deliver the significant changes for Project Dochas. Although the ambition for the new ICT Team from 22/23 includes strong capability to undertake this sort of strategic work itself, the approved investment of £0.198m over 12 months from the Transformation Fund allows progress on Digital Transformation. Further information on the Digital Transformation project is also reported in today's agenda. An effective working relationship is being developed between ICT and the Digital Transformation resources who are now all working under the same Transformation Service.

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Date: 9 August 21
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