

Crawley Borough Council

Report to Overview and Scrutiny Commission 7 January 2019

Data Centre Migration Project

Report of the Deputy Chief Executive, **DCE/04**

1. Purpose

1.1 On 24 September 2018, Councillor Sudan submitted a Scrutiny Suggestion Form requesting that Scrutiny undertake a review of the Data Centre Migration Project with a view to investigating and establishing:

- 1) The reasons for severe slippage and delays in delivery of the project.
- 2) The reasons for serious cost overruns and apparent weaknesses in budget control.
- 3) Accountability and responsibility for the failures that gave rise to these concerns including (but not exclusively)
 - Identifying of any weaknesses in project governance which would highlight any weaknesses in reporting systems and processes both at working, and project board level and which may have prevented concerns and risks from being escalated.
- 4) Whether there are any lessons to be learned that could be applied to other Crawley Borough Council projects.

1.2 To address these points, a full audit of documentation has been undertaken covering the finances, project documentation and decision making (both that directly relating to the project and wider contributory factors). In large part it has not been possible to speak with many who were involved in the delivery of the project as they are no longer at Crawley Borough Council.

1.3 The full report is attached as Exempt Appendix A and due to the nature of the information sought, and the information contained, it will need to be considered as Part B (exempt session). Those aspects of the report that can be considered within Part A are set out in summary in this report.

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

That the Commission notes the report decides what comments, if any, it wishes to submit to the Cabinet Member for Resources and Deputy Chief Executive to consider further.

3. Reasons for the Recommendations

- 3.1 Under the Scrutiny Procedure Rules, the Commission decided to accept the Scrutiny Suggestion set out in 1.1. It requested a report be provided to this meeting of the Overview and Scrutiny Commission.

4. Background

- 4.1 Following a fire at South Oxfordshire District Council in January 2015, which completely destroyed their Council offices, Crawley Borough Council took a decision to seek more resilient hosting of its IT systems. At this time, the majority of the Council's ICT applications were delivered from a single Data Centre, located within the main Town Hall building.
- 4.2 Following an options review, a decision was taken to move data and applications to the Surrey Business Centre. This decision was taken at Cabinet on 9 September 2015, in the report PAT/25 (Exempt Report).
- 4.3 The key events within the project were as follows:

WHEN	KEY EVENT
Dec 15	Adapto release the commissioned report "Investigation and assessment of the Crawley Town Hall IT Environment", which is used to inform subsequent decisions.
Dec 15	Project manager recruited as a contractor (not permanent member of staff)
Feb 16	Procurement exercise undertaken. Company 85 awarded the work
July 16	Company 85 produce proposal for upgrading the network
Late 16	At the end of the 6 month period it is decided not to renew the Project Manager contract
Dec 16	Company 85 propose taking over the project to completion. This is awarded and a new Project Manager takes over the project
Jan 17	Company 85's Project Manager discovers there is little documentation in place and sets about pulling it all together.
Early 17	Senior IT Manager decides to end project management arrangement with Company 85 and to take the project back in house. It becomes apparent that there are issues with the data lines as migration begins.
Mid 17 – August 18	BT lines commissioned following significant delays. In all, it takes around a year from order to switch on.

- 4.4 In 2018, concerned about reported problems in relation to the Data Centre Migration Project, the Chief Executive requested Internal Audit to investigate. The report [FIN/447](#) to the Audit Committee meeting of 25 July set out the finances relating to the project, and further information was supplied in report [FIN/455](#) to the Audit Committee on 2 October 2018.

- 4.5 Since the resolution of the Virgin lines issues, substantial progress has been made. 94% of Virtual servers and 97% of Applications have now been migrated to the Surrey Data Centre. The Council is therefore on track to complete the project by February 2019.

5. Findings

- 5.1 In considering the reasons for severe slippage and delays in delivery of the project, and the reasons for serious cost overruns and apparent weaknesses in budget control, the report identifies:

- There were unanticipated technical issues affecting delivery, causing significant delay and additional cost. A number of these should have been identified, and the fact that they were not was a failure of project scoping at the outset of the project.
- When the project expanded beyond its original scale and cost, there should have been a review. Instead the scope of the project and the scale of the original budget expanded, costs increased and timeframes moved without there being appropriate gateways and controls. There were insufficient controls around the governance of the project.
- The Council's corporate project governance and assurance processes were not sufficiently strong to identify a struggling project and to intervene. The Council has been fortunate that the vast majority of projects are well managed, but there were scant checks and balances to identify where this was not the case.

- 5.2 It should also be noted that there were corporate financial controls in place. The report sets out the capital and revenue expenditure against budgets approved in full. This shows that alongside the original expenditure agreed within the decision of the Cabinet 9th September 2015 Minute 33 refers, further funding was agreed through delegated approval processes. This additional funding was approved acknowledging that the issues discovered would have needed fixing in any case, whether as part of this project or not.

- 5.3 This means the true level of overspend across both the approved capital and revenue budgets for this project was £188,856.08. Of this amount £100k was reported within the FIN/433 report to Cabinet on 27 June 2018. The remaining overspend was met internally within the IT Service.

	Budget	Spend	Overspend
Capital	365,000.00	421,980.20	56,980.20
Revenue	161,415.00	293,290.88	131,875.88
	526,415.00	715,271.08	188,856.08

- 5.4 When considering accountability, a full audit of decisions has shown that there was no one single point of failure for this project. Rather a series of decisions dating as

far back as 2011 created the conditions that directly contributed to the failing of this project. Nonetheless the report attempts to set out the contribution of such decisions, postholders and the companies that have advised the Council. The majority of individual postholders involved are no longer with the Council and have no right of response, there is a strong expectation of privacy of individuals. For this reason no summary is provided here, but the findings can be found in Exempt Appendix A.

6. Lessons Learned and Actions Being Taken

- 6.1 The report sets out that many of the underlying issues had already been identified and were being addressed. The Data Centre Migration Project has provided significant additional impetus to these efforts. In summary the key, high level actions are (and have been):
1. Reintroduction of senior management specialist knowledge of IT (implemented through a restructure and recruitment of the Head of Digital & Transformation)
 2. Substantial effort to reintroduce project and programme management discipline back into the IT service (ongoing)
 3. Review of the Terms of Reference and Membership of the IT Board (previously the ICT Programme Board) to improve oversight and challenge (complete)
 4. Establishment of the Corporate Project Assurance Group (CPAG) to assess programme and project governance across the organisation and to strengthen this wherever needed (established)
- 6.2 It is important to note (as the Audit Report does) that parts of the Council manage projects very well. The focus is therefore to address those areas that do not manage projects well rather than creating wholesale changes that divert from delivery.
- 6.3 The role of CPAG is crucial in this regard. Since its inception in the autumn of 2018, CPAG has been assessing existing key projects, testing them for governance, compliance, rigour and grip. As the report sets out this has already led to changes in how projects are managed in some parts of the Council. Moving into the future, CPAG will consider major projects at the business case stage to ensure that their governance is sufficiently robust (as well as continuing its checking function throughout project delivery). This will drive immediate and future improvements to how projects will be managed and governed.

7. Next Steps

- 7.1 The immediate focus is on completing the project. As set out in 4.5, this is on track to be achieved in February 2019.
- 7.2 Once complete, the Audit Committee requested that an independent Post Implementation Review take place, and work is underway to commission this. The Post Implementation Review will seek to provide assurance, such as whether the project remained in its original scope, was within budget, was delivered on time and to provide an opinion on some of the governance aspects of the project. This report

covers these points, and so the Post Implementation Review would be asked to verify its findings.

- 7.3 As per the request of the Audit Committee, the Post Implementation Review will also include an assessment of whether the project has achieved its stated objectives, is successful in terms of functionality and performance and whether it has achieved value for money. It will also review the way in which the migration has been planned, tested and signed off as complete.

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