

Agenda Item 8

Audit and Governance Committee

18 March 2010

MS/CJP



Microsoft Migration Costs Review

Summary

An internal audit report highlighted that the Microsoft Migration project was overspent. This report identifies the areas of expenditure for the project over its lifetime and also shows how the project fitted into the overall Communications Portfolio.

The original project request was for £50,000 which was mainly for consultancy with a few licence upgrades and excluded any internal capitalised labour costs for which no assessment which, whilst always envisaged, had not been calculated (this is not an additional cost to the council merely an internal accounting apportionment of the ICT staffing budget).

As the project unfolded it soon became apparent that some of our assumptions would not hold up and we needed to change tactics in order to be successful. The original concept of rolling the change out to users over a period of a year to minimise external resource was flawed and we eventually needed extra resources for help with training and desktop computer roll out in order to shorten this time drastically. These, plus a few project surprises caused cost increases to £114,396 (excluding the capitalised internal labour).

All costs were managed by movement of funds from other projects and revenue accounts without causing over-budget or service delivery issues. These included underspends in infrastructure projects such as core switch replacement, UPS and generator as well as the CSC programme.

The project itself has been successful. The removal of Novell and standardising on Microsoft has simplified the IT infrastructure and is one of the factors that have helped enable:

- Three ICT posts to be removed
- CoCo (code of connection) compliance
- New ways of mobile working to be investigated starting with use of i-phones and smart phones.

Recommendation

That the committee note the areas of expenditure

a) Reasons for Recommendation

At it's meeting on 3 December the Committee resolved:

(2) that the Head of ICT provide a detailed financial report showing ICT expected and actual expenses for 2008 and 2009 at the next meeting of the Committee

b) Alternative Options

None

c) Risk Considerations

Not applicable

d) Policy and Budgetary Considerations

All additional costs were covered by the under spend on other existing projects or revenue accounts and the capital portfolio was not at risk of over-spending.

e) Date for Review of Decision

Not applicable

1 Project Cost breakdown

The original £50,000 project budget was made up of about £48,000 for consultancy and £2000 for software licences. The remaining software licences were already in place as a result of the old Microsoft Enterprise agreement. The estimates excluded the cost of internal staff allocated to the project as this was not part of the normal project process at the time.

The initial project envisaged running both systems in parallel in line with our internal resource capacity for training users on the new systems and for carrying out required changes to the PC network, and moving people gradually over from the old system to the new. However, in the first phase of the project, the detailed design phase, technical issues became apparent that meant running two systems together would seriously hinder users' ability to do such things as share calendars, carry out "busy searches" and book meeting rooms. These risks could be mitigated only by shortening the time that the systems were incompatible and this new method needed extra resources for training and PC migration.

The detailed costs associated with the project are shown below. Several invoice miscodings during the project inflated the overall cost and these were corrected once spotted.

While the work that directly affected the users was completed within a four month window the work on every single server and network connection continues with a planned project closure of April 2010.

Cost	Detail
£61,445	<p>Consultancy from the company, NEC, with expertise on designing a Microsoft network to suit the Council and implementing the transition with minimal disruption to the council's business. This included skills transfer to the technical team where feasible.</p> <p>The technical design had to comply with the new CoCo rules which appeared soon after the project was started and which extended the design complexity and hence cost.</p> <p>This ran over a period of 9 months and included several periods of "snagging" to improve network speeds.</p>
£18,901	<p>The migration project brought many changes including a move to Microsoft Office 2007 and new information security processes and user training was essential. The original concept was to have all training carried out by our own trainer but the eventual training load meant that the project transition would have extended to over a year. We found that the implications of running two networks in parallel meant that this became impractical so an external provider was selected to help with resources., A local company called Project Cosmic provided two trainers. (£11,500)</p> <p>The overall training courses ran for two days for all employees. Part of this included an on-line course which made everyone aware of the changes relating to information</p>

	<p>security and then an on-line to score the extent of their knowledge. This was bolstered by on-line courses of the new Word, Excel. PowerPoint and Outlook software. (£7,250)</p> <p>The outcome was good and the Investors in People inspector picked it out as an example of the council "going the extra mile".</p>
£12, 339	<p>We had anticipated software costs of around £2000 for the virtual servers, the email system (Microsoft Exchange) and the management console system</p> <p>However, Microsoft had changed to a new management product and it would have been unwise to fit the old product as support would have ended within a 2 year period. .The new management console requirement cost £10,500.</p>
£9,070	Temporary staff to back-fill the technical team while they worked with the consultants to put in the network. They also helped with the roll out of the changes to all the laptops and PCs and replacing about 50 PCs.
£12, 641	Hardware costs to create new virtual servers to run the new Microsoft systems. This money originally in another project "virtual servers" but we decided to code all Microsoft items together.
£114,396	Sub total
£68,092	Capitalised labour costs of the council's internal ICT team who have worked, and are still working, on the project. This capitalisation process was started in April 2007.
£182,488	TOTAL

Microsoft Project Funding:	2006/07	2007/08	2008/09	2009/10	Totals
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Original Budget	3	47			50
Vired from UPS/Customer Access Strategy underspends			43		43
Vired from Core Switch underspend			25		25
Vired from Cap Salaries			46	22	68
Total Budget	3	47	114	22	186
Spend	3	47	86		136
Estimated spend				50	50
	3	47	86	50	186
(Under) / Over spend	0	(0)	(28)	28	(0)

The recent Communications Portfolio capital expenditure and budgets are, as of January 2010:

	2008/09	2008/09	2009/10	2009/10
	£ 000's	£ 000's	£ 000's	£ 000's
Original Budget	683		580	
Revised in year, including funded additions		667		608
Actual Outturn		577		
Estimated Outturn				498
(Under) / Over spend		(90)		(110)

A full breakdown of projects is shown in appendix 1.

Legal Implications

There are no legal implications which members need to be advised of.

Financial Implications

The financial implications are contained within the body of the report.

Consultation on Reports to the Executive

None

Background Papers

None

Chris Powell
Head of ICT

A&G Committee
18 March 2010

APPENDIX 1

	Original	Budget as at 07/08 Outturn	Revised Budget	Actual Outturn	(Under) / Over	Original Budget	Budget as at 08/09 Outturn	Revised Budget Per 10 09/10	Estimated Outturn	Est Var on Outturn Budget	Est Var on Revised Budget
	2008/09	2008/09	2008/09	2008/09	2008/09	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
AIM Upgrade to Rel 7			2	1	1		1	7	7	6	0
Anite Upgrade to Rel 42			2	1	1			1	1	1	0
Asset Management - Land Terrier		14	0	0	(14)		14	14	0	(14)	(14)
Asset Mgt System Hsg Phase 2	110	110	1	1	(109)	100				0	0
Audis Paperless Dd		5	12	12	7			8	8	8	0
CAPS Public Access					0			2	2	2	0
Carpark Penalty Ticket System		30	0	5	(25)					0	0
Cedar 3.4 Upgrade		20	20	21	1					0	0
Customer Access Strategy	80	80	49	41	(39)		8	8	8	0	0
Down To Earth Module 1		4	16	12	8		4	6	6	2	0
Down To Earth Module 2	30	30	0	0	(30)	30		0		0	0
E-Government/Computer Development		21	28	28	7					0	0
Eh Caps Migration		0	29	59	59			22	22	22	0
Electoral Reg Project		27	41	40	13					0	0
Homesafeguard Bcp		0	12	10	10			83	83	83	0
Internet Payments Capita		12	21	23	11			4	3.5	4	(1)
Intra-Net Redesign			19	13	13		6	26	26	20	0
Legal Case Management System		25	30	5	(20)		25	25	0	(25)	(25)
NAVMAN		4	7	3	(1)			0		0	0
Online Comments			16	16	16					0	0
Printing Management			13	13	13			55	55	55	0
SITS Routing System					0			45	45	45	0
SNAp Survey			14	10	10			1	1	1	0
Web Recruitment			2	1	1			0.5	0.5	1	0
Workflow Dms Dips Proj		12	7	5	(7)		12	15	15	3	0
Total Business System Projects	220	394	341	320	(74)	130	70	323	283	213	(40)
Infrastructure Projects:											
Ict Capital Salaries	195	195	17	0	(195)	195	165	42	42	(123)	0
Core Switch		29	4	2	(27)		2	3	2.6	1	(0)
Firewall Upgrade			3	3	3					0	0
{ Mobile Working including Developer inY1	100	100	10	23	(77)	100				0	0

	Original	Budget as at 07/08 Outturn	Revised Budget	Actual Outturn	(Under) / Over	Original Budget	Budget as at 08/09 Outturn	Revised Budget Per 10 09/10	Estimated Outturn	Est Var on Outturn Budget	Est Var on Revised Budget
	2008/09	2008/09	2008/09	2008/09	2008/09	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
{ Info Security Upgrades COCO	65	65	40	66	1	50	50	75	75	25	0
{ Gvt Connect COCO			50	8	8		2			(2)	0
It Service Continuity		2	2	0	(2)		2	4	4	2	0
Novell Microsoft Project		43	114	86	43		28	50	50	22	0
Helpdesk Software	15	15			(15)					0	0
Obree replacement					0	20	20	20	0	(20)	(20)
Oracle Sequel Upgrade			5	5	5					0	0
PC Replacements					0	25	25	16	6	(19)	(10)
SAN data storage					0	30	30	30	0	(30)	(30)
Standby Generator		26	30	31	5					0	0
Ups And Generator		1	2	(1)	(2)					0	0
Additional Virtual Servers	88	42			(42)	30	30	35	35	5	0
Virtual Servers			49	39	39		10	10	0	(10)	(10)
Total Infrastructure Projects	463	518	326	262	(256)	450	364	285	215	(149)	(70)
GROSS EXPENDITURE	683	912	667	582	(330)	580	434	608	498	64	(110)
Carpark Penalty Ticket System				(5)	(5)						
EXTERNAL FUNDING	0	0	0	(5)	(5)	0	0	0	0	0	0
NET EXPENDITURE	683	912	667	577	(335)	580	434	608	498	64	(110)