



Finance Committee

15 February 2023

Agenda Item: Public Excluded D1

IT Systems and Architecture – Critical Spend and Programme of Work

1. Purpose

To inform and engage the members of Finance Committee in a discussion on the current and emerging spend and risks relating to Council's IT systems and architecture.

2. Recommendations

Officers recommend that the *Council/Community Board/Committee*:

1. Receive the 'IT Systems and Architecture – Critical Spend and Programme of Work' Report.
2. That this report and associated minutes stay in public excluded until the Chief Executive determines there are no longer any reasons to withhold the information under the Act

3. Executive Summary

The expectations on Council's (Information Technology) IT services are significant. Our current strategy of moving to a customer-focused culture while modernising and standardising our core services and processes is highly dependent on IT for success.

The desire for accurate and timely data and reporting that supports good decision-making, can only be fulfilled with investment in IT. Furthermore, the consumerisation of IT with readily available and continuously improving and timely information, applications and services has raised the expectations customers and staff have of the quality of the digital experience they receive.

The drive to consolidate and standardise IT architecture and applications to manage cost and reduce risk is ongoing. At the same time, new IT service delivery models such 'as cloud' services provide both opportunities and challenges for our IT services.

Moving forward requires a need for stronger strategy, planning, and value management across our IT architecture, and Council needs to address greater compliance, business continuity/disaster recovery, security, and privacy concerns and maintain or retire existing services.

Previous levels of investment in our IT architecture have not kept pace with the evolving needs of our organisation. Historically, there hasn't been the appetite for increasing our spend on our IT architecture and systems, instead adopting a patchwork

approach. This has meant that our IT architecture has not been fit for purpose and presented an unnecessary risk to Council's daily operations.

Information Technology is an enabler to Council being more responsive and agile, to support new delivery options to customers and staff while maintaining the integrity of our services.

4. The impact of the reform agenda on our IT investment needs.

The local government sector is likely to face major challenges in managing future information technology requirements. Local authorities are complex organisations which manage multiple databases and information systems and engage with their communities online in numerous ways.

In coming years there will be considerable demand on the sector to align systems, digitise records, manage increasingly complex cybersecurity issues, and develop systems that provide customers and residents with the best and most seamless online services available. This can be expected to impose additional costs and demands on local authorities, including those which already face staffing and capacity constraints.

5. IT services and methodology – moving forward.

Our adopted investment focus is on freeing funds from “maintaining services” through a program of standardisation and consolidation so that we can invest in transformation that is aligned to Council's strategic imperatives and bring the most value to our communities.

Our Desktop as a Service (DAAS) model delivers services where cost effectiveness, scale and standardisation are the key drivers as well as delivering discrete solutions and local services. We now view our IT support in two ways:

5.1 Quality IT Services

- An emphasis on service quality and effectiveness through the provision of performing and resilient services that meet the broadest organisational need.
- Enhance integrated IT support using high-quality staff, knowledge sharing, and relationship building.

5.2 Digital transformation

- Build and maintain a resilient IT architecture.
- Support staff to utilise technology and innovate.
- Understand and improve the user (employee, elected members, public) experiences to enhance service outcomes.
- Improve organisational performance by optimising business processes across Council, removing paper forms and automating workflows.
- Enhance the quality and accessibility of key information for decision-makers.

6. Investment analysis

There are many forces at work that will influence IT expenditure and investment during the coming years. These include the adoption of cloud services and data storage, increased user mobility, rapidly improving digital literacy, an increasingly complex regulatory environment, and an ever-evolving cybersecurity threat-scape. The ongoing maintenance of legacy systems and outmoded services can be expensive and can consume an ever-growing portion of the available resources if not actively managed.

To respond to these forces the Council must constantly review IT services and the value they provide and adapt accordingly.

Quality IT services and architecture must be maintained and improved. The Council will need to continue to standardise, simplify, and automate core services with the goal of streamlining IT operations for users and customers.

Any work we do is self-insuring/protecting us from cyber-attacks by having better systems in place, will provide assurances for risks for which we are no longer able to insure against.

7. The Risks

7.1 Insurance against cyber attacks

- a. Organisations no longer can insure against cyber-attack.

7.2 System resilience

- a. A need to resource and maintain a rigorous testing regime across our IT architecture to ensure fit for purpose and defence against attacks.

7.3 Disaster recovery, business continuity and backups

- a. Microsoft's cloud storage facility planned for Auckland is not yet available meaning that alternative storage at a premium cost is having to be used.
- b. Operational readiness. Our lessons learned from our response to the Covid pandemic showed that we faced numerous IT issues. Risks of this type are likely to re-emerge and the threats and crisis change, and our system architecture needs to be of a standard that allows us to operate efficiently and effectively.

8. The Budget.

Since transitioning to Desktop as a Service (DAAS), we have made numerous savings in terms of removing duplicated effort, contract renegotiations and adopting more fit for purpose security software. We have also placed a greater emphasis on ensuring that staff can work remotely in times of crisis.

ELT continues to maintain oversight over the overspend to the designated budget. The full detail of this overspend to date as well as the projected spend to year end is detailed in the Finance report before you and authored by our GM Finance.

Whilst the budget manager continues to look for cost savings across his own budget. Council accepted in 2022 at the Finance, Audit and Risk Committee and whole of

Council meeting, that this was an area that required savings to be made across the organisation. There was no feasible way that costs of such significance could be covered in one budget area.

All risks have been captured in the Risk Register and are being appropriately managed by ELT. The risks outlined above are a list of the most pressing risks.

9. Conclusion and next steps

ELT will continue to explore all opportunities to reduce the budget impact of the overspend this financial year on our IT architecture. It is however unlikely that this budget shortfall will be covered in its entirety.

Throughout the coming months, and through to financial year end, there continues to be work undertaken to strengthen our systems and network to resist against external cyber threats.

10. Appendices

Appendix 1 – Powerpoint presentation: IT Systems and Architecture – Critical Spend and Programme of Work, 15 February 2023

Contact Officer: Paul Gardner, General Manager, HR and Corporate Services

Reviewed By: Harry Wilson, Chief Executive Officer

**Appendix 1 – Powerpoint
presentation: IT Systems and
Architecture – Critical Spend and
Programme of Work, 15 February 2023**



IT Systems & Architecture

Critical spend and programme of work.

Paul Gardner
General Manager, HR & Corporate Services

The problem

1. Historical levels of under investment in our IT architecture has left us exposed to cyber attack and the risk of not being to operate during or after a civil emergency
2. Long term planning and investment into the same architecture has not kept pace with the evolving needs and complexity of our organisation
3. Our larger physical hardware assets i.e servers, are beyond expected natural life and soon out of technical support
4. Previous levels of inhouse IT capability have not reflected the needs that we have.
5. Our past budgeting practices sought to CAPEX spend on licencing and software, when 'Cloud' based software or storage that now makes up most of our needs, can no longer be CAPEX'd.

Timeline and discussions to date

1. 3/8/2022: Risks and indicative costs tabled and presented at the Finance, Audit and Risk Committee.
 - Support for the work given by Councillors. Request for a presentation to be made at the next Council meeting
2. 21/9/2022: Risks and indicative costs tabled and presented at the full Council meeting.
 - Support for the work reiterated by Councillors. CEO stated that we would seek to address overspend in organisation wide budget, but not guaranteed. Progress would be tabled at the first possible opportunity with the new Council at the mid year budget review.
3. 15/2/2023: Presentation to the Finance Committee of the new triennium.

Stages of transformation

In progress and what comes next

01

Current financial year plan

Remaining workplan aligned with financial projections made in Finance report.

04

Actions and Risks

An overview of our current IT priorities and completed actions

02

Plans for FY 23/24 (Special Projects)

An insight into planned special projects for IT in the coming year

05

Issues of significance

Matters that will inform future planning

03

01 STAGES OF TRANSFORMATION



02 ACTIONS & RISKS

Actions thus far

- New servers
- Security
- Backup & disaster recovery
- Service desk transition

Risks

- System resilience
- Storage capacity



03 ISSUES OF SIGNIFICANCE



- **Maintenance:** investment is ongoing year to year, not a one off.
- **Budgeting:** future and current CAPEX versus OPEX spend.
- **Cloud & storage:** accessibility and curation of information and a move to Cloud based software and storage.
- **Change & projects:** impacts of reform and change on our budgets and future IT needs.

04 PLANS FOR REMAINDER OF FY 22/23

Disaster recovery

Finalise move of DR server away from 3rd party supplier

Telephony

Move Council telephony systems under control of single support provider

Third party transition

Finalise move from long standing third party provider to manage costs

Data storage

Analysing our data storage needs to reduce costs

Communicating with customers

Having new ways of engaging with external customers i.e. Antenno

Purchase Orders

Implementation of the new Electronic Purchase Order (EPO) system

05 PLANS FOR FY 23/24 (Special Projects)

Remote working

How we enable different ways of working through technology

Protection against ransomware attacks

Making it harder to penetrate our systems and information

Simulated cyberattacks

Preparing for attacks and maintaining business continuity

User self service

Making it easier for people to do their job and customers to get the information they need

Information management

Ensuring our information systems and fit for purpose and future needs