Northumberland County Council

Cabinet

10th December 2019

Update on the Rollout of Microsoft Office 365

Report of Neil Arnold, Chief Information Officer

Cabinet Member(s): Cllr Nicholas Oliver Portfolio Holder for Corporate Services

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Purpose of the Report

1. The purpose of this report is to update members on progress being made on the implementation of Microsoft's Office 365 product, including the outcomes of the business pilot and to request support for an adjustment to revenue budgets to manage the additional cost of the program of work.

Recommendations

2. It is recommended that Cabinet:

- Receive the update on the program to implement Microsoft Office 365.

- Support the Leader of The Councils decision to approve the following points as a matter of urgent business, in accordance with the Council Financial Standing Orders, in order to secure the time limited discount offered by the supplier.

   a. Microsoft Office 365 is implemented corporately to replace the Google Suite of applications

   b. That additional revenue funding is allocated to the Information Services budget to cover the additional costs to the levels set out below:

      i. 2019/2020 £185,500 (to be funded non-recurrently from contingency)

ii. 2020/2021   £371,000 (to be identified as a budget pressure and included in the Council's 2020-21 budget)

iii. 2021/2022   £416,000 (an additional £45,000 to be identified as a budget pressure and included in the Council's 2020-21 budget and MTFP)

iv. 2022/2023   £416,000

Further detail on finances is covered in the sections below.

Background to the Report

1. The Council took the decision to implement the Google suite of productivity applications in 2014. At the time the decision was based upon the cost differential between Google and Office 365 and the desire to move the organisation to a more agile way of working.

2. However, since the migration to Google the cost of the Google licences has increased and we are now faced with the prospect of having to move a number of users from a 'Business' class licence to an' Enterprise' licence in order to comply with GDPR and to provide enhanced security. This would add approximately £11 per month per user - an additional £413k to the annual Google licence costs, doubling the annual costs, and taking the Google costs to £823k per annum. The Council currently has approximately 5800 Google users.

3. When the Council initially evaluated Google and Microsoft in 2013, a number of public sector organisations had already implemented Google and a significant number were considering implementing it (including a number of Health trusts). However, for a number of reasons, very few organisations made the decision to migrate to Google and decided to remain with Microsoft Office. This has led to some significant challenges for the Council users when trying to work collaboratively with partners and also when trying to share documents with third parties.

4. This is now hindering and frustrating many users and has been identified in previous Staff Surveys as a major contributor to staff and services not being able to maximise the benefits of agile working.

5. If we remain on the Google suite of products by the middle of 2020 it is likely we will be one of only two local authorities still using the product.

6. In late 2018 the Executive Team and Informal Cabinet agreed to support a pilot project to evaluate the Microsoft Office 365 suite of products. It was agreed that If the technical and business pilots were successful, then work would commence to replace Google's Application Suite with Microsoft Office 365 across the organisation.

7. Following approval of this approach a formal programme management office was established within IT and a number of staff from across the service were seconded into the team. A contract was awarded to third party supplier (Content and Code) via GCloud to assist with the implementation.

8. The technical evaluation of Office 365 began in late 2018, with 40 IT staff being migrated from Google. The purpose of the technical evaluation was

    ○ To ensure that the product was capable of working completely in the cloud (this wasn't the case when the product was reviewed in 2013)

    ○ That the data could be easily migrated from the Google environment to the Microsoft environment and also which devices were compatible with Office 365.

9. Following a three month evaluation, other than some minor issues with calendars (not a product issue but incompatibility between Google and Microsoft), the project group deemed the technical evaluation to be a success and began planning for the Business pilot.

10. The objectives of the business pilot were to

    ○ Identify any compatibility issues with Microsoft Office 365 and any of our key legacy systems.

    ○ Evaluate the two versions of Office 365, E1 (the cloud based version) and E3 (full client version) and determine how many and what types of users will only require the E1 license. The E1 license does have limited functionality compared to the E3 licence but is only £42.12 p.a. compared to £188 p.a. for the E3 licence.

    ○ Identify any further training and support needs in preparation for the corporate roll out.

    ○ Develop a team of users across the organisation that will act as Champions to support other users during the corporate roll out.

11. The project team identified a potential mix of service users and undertook 'discovery days' with the services to look at how they work and any challenges they may have. The final business pilot group was formed from teams within the following services and totals over 300 users;

    ■ Fire and Rescue
    ■ Revenues and Benefits
    ■ HR/OD
    ■ Children's Services
    ■ Adult Learning
    ■ Information Services

Key Issues

12. The business pilot took a little longer to set up than expected. However, much of the work undertaken at this stage would form the foundations of the corporate roll out. The first business pilot users were migrated in late June 2019 and all pilot users were moved by mid-August 2019. The business pilot ended in October 2019.

13. In order to try and minimise the financial impact of moving from Google to Microsoft 365, the business pilot moved 50% of the group on the Office 365 E1 product and 50% onto the E3 product.

14. During the early part of the pilot it quickly become apparent that the E1 product was not suitable for anyone other than a very basic user. This is due to limitations within the software to manipulate anything other than simple spreadsheets, create/amend templates and the ability to edit anything other than simple word documents. As a result of this feedback, the majority of the pilot's users were issued with a full E3 license which has addressed their issues and concerns.

15. Based upon this experience it was proposed that the model for the corporate deployment be based upon a ratio of 25% of users on E1 and 75% on the full E3 product. This is an estimated split, but is felt that it should create sufficient levels of E3 to safely meet demand as it is established through the more detailed roll out program.

16. A further issue identified during the pilot was that users found it very difficult to work between the two environments (Google and Microsoft 365). With many of their colleagues still using Google, managing calendars and sharing documents has become very difficult. Originally, the migration of the corporate user base had been planned over an extended period of up to 8 months, but this is being reviewed following the feedback given by the pilot group. The plan would now be to migrate all the corporate users over to 365 in a very short space of time, possibly as short as 8 weeks. Therefore, minimising the time when staff are trying to work between both systems.

17. The project team are working with service leads to try and identify the most appropriate time to undertake the corporate roll out, taking account of end of year work and holidays etc. Early discussions have identified that Mid-April 2020 would be the most suitable time to start for most parts of the organisation. However, it may also be possible to migrate some of the small teams/services prior to this date if its mutually convenient.

18. The business pilot identified that most users were able to manage the change of application tools from Google to Office and need very little support other than some basic floor walking on day one. The project team, working with the Champions' have identified a small number of users that have need 'one to one' support and these staff have been given additional support.

19. Many users are really excited and keen to move to Office 365 but a small number of pilot users have expressed concern about changing and wanting to understand why we are changing. This particularly impacts on parts of Children's Services, as most Schools will remain on Google in the short term. The project team are working with Microsoft to develop a hybrid approach for this service. The team are also working with the Communication team to develop an extensive communication plan so everyone understands the rationale and timescale.

Financial Implications

20. The current Google estate costs £410,000 per annum, but in order to comply with GDPR and enhanced security requirements it would be necessary to move the majority of users across to Google's enterprise licence. This would take the annual Google licence cost to £823,000 if we do not move.

21. The Council has an Enterprise Agreement with Microsoft which allows the Council to use the suite of Microsoft products at a discounted rate. The Council is currently re-procuring its Agreement and have asked for indicative pricing to move users to Office 365.

22. Based upon a ratio of 75% E3 licences to 25% E1 licence, Microsoft have provided the following pricing for our 5800 users;-

    ○ Year 1   £1,231,000

    ○ Year 2   £1,276,000

    ○ Year 3   £1,276,000

23. There has been some growth built into the Information Services budget to take account of the potential move to the Google Enterprise licensing in 2020/2021 equating to an increase of £450k p.a. However, in order to meet the increased costs of moving to Microsoft the Information Service budget would need to be increased from its existing 2019/2020 level by the following amounts:

    ○ 2019/2020   £185,500

    ○ 2020/2021   £371,000

    ○ 2021/2022   £416,000 (an additional £45,000)

    ○ 2022/2023   £416,000

24. These figures are based on the Council signing the new Microsoft Enterprise Agreement by the end of November. If we are unable to meet this deadline, Microsoft have indicated that the level of discount offered to the Council would be reduced by up to 15%, potentially increasing the costs by a further £170,000 approx.

25. The additional funding requirements shown above have been including within the Council's Medium Term Financial Plan 2020/2023, which is due to be approved by Council in February 2020. However, as the new Microsoft Agreement will commence in 2019/2020 additional non recurrent funding of £185,000 (shown above) is required from contingency within the current financial year.

26. Whilst this is an increase in cost, it is felt that the benefits to our staff from moving to a product that is used far more widely by partners and other organisations with which we deal are significant.

27. There will be additional costs for supporting the implementation and migration of the corporate users. These will include migration of users data, day one support, training, resolution of any application interface issues identified and ongoing support of the change.

28. Discussion with Microsoft and their partners have indicated that the likely cost of this level of support from a third party would be £190,000. This has already been included in the MTFP for next year.

Background papers:

None required

Policy	Microsoft 365 will support the organisation in delivering its corporate plan and supporting the organisations policies.
Finance and value for money	The financial implications are detailed within the report; Within 2019-20, £185,500 non recurrent funding will be required from contingency. Thereafter, additional recurrent funding of £371,000 in 2020-2021 rising to £416,000 in 2021-2022 is required, which has been included within the Council's Budget for 2020-21 and Medium Term Financial Plan 2020-2023.
Legal	N/A
Procurement	Procurement have managed the process for the new Microsoft agreement
Human Resources	N/A
Property	Office 365 will continue to support agile working and allow staff to work from any location
Equalities	N/A

(Impact Assessment attached) Yes ☐ No ☐ N/A ☐	
Risk Assessment	N/A
Crime & Disorder	N/A
Customer Consideration	Use of Microsoft products should enable us to interact with our customers and stakeholders in a more effective way.
Carbon reduction	Reduced traveling as staff can work more flexibly.
Health and Wellbeing	Being able to work in a agile manner will help to improve staffs work live balance
Wards	All

Background papers:

None

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

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