TRANSPORT FOR LONDON

SUBJECT: **Annualised Spend of IM Investment Programme for 2017/18 - 2021/22**

DATE: **3rd August 2016**

Consultation: **IM SLT members; and CBF**   **Consultation - Other:**

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1   PURPOSE AND DECISION REQUIRED

1.1   The purpose of this paper is to request the MD CCT to NOTE as per standing orders.

2   PROPOSED BUDGET

Total IM Investment Budget:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Investment Programme budget	**24.9**	**36.0**	**33.0**	**25.9**	**28.0**	**147.8**

Budget Allocations:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total	
ERP	5.2	5.7	5.9	6.1	6.3	29.1	see note in Risk section
ERP: Governance, Risk & Control (Inflight)	0.3					0.3	
MICCS	0.4	0	0	0	0	0.4	
Total Ring-fenced & Inflight (A)	**5.9**	**5.7**	**5.9**	**6.1**	**6.3**	**29.8**	

	2017/18	2018/19	2019/20	2020/21	2021/22	Total	
Transormation programme T&D: Blueprint	Opex					0	
Transformation programme T&D: NPL Optimisation	Opex risk					0	
Transformation programme T&D:							
-Application Rationalisation	*5.4*	*4.4*	*2.4*	*0.4*		12.6	
-DC Hosting (includes Data Centre Complexity Rationalisation)	*4.0*	*8.0*	*1.4*			13.4	
-Networks	included in CCT budget					0	
CICT Tactical & Strategic Sourcing	3.0	2.0	2.0			7.0	see note in Risk section
Total Transformation Programme Transition Costs (B)	**12.4**	**14.4**	**5.8**	**0.4**	**0.0**	**33.0**	

	2017/18	2018/19	2019/20	2020/21	2021/22	Total	
Core Technology Reliability	2.7	6.3	6.9	6.5	6.3	28.7	see note in Risk section
End User Computing (EUC) - Evergreen	2.6	5.4	7.4	7.0	7.0	29.4	see note in Risk section
Breakfix	0.0	0.3	0.5	0.5	0.5	1.8	
Cyber Security	1.0	1.0	1.5	1.5	1.5	6.5	see note in Risk section
Integration Activities and New Technology	0.5	0.8	1.0	1.0	1.0	4.3	see note in Risk section
T & D Strategy Support / Enablers	0.0	2.5	3.0	3.0	3.0	11.5	see note in Risk section
Total new initiatives (C)	**6.8**	**16.3**	**20.3**	**19.5**	**19.3**	**82.1**	

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Total IM Investment Budget = A + B + C	**25.1**	**36.3**	**32.0**	**26.0**	**25.6**	**144.9**

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Difference: Under budget / (Over budget)	**(0.2)**	**(0.3)**	**1.0**	**(0.1)**	**2.4**	**2.9**

3   PROGRAMME OUTLINE

3.1   A brief description of what each programme aims to deliver is given below.

- **ERP** (**Sponsor: Ian Nunn)**: This programme consists of following workstreams:

  (i) Pan-TfL standardised systems & processes for Source to Settle (S2S), **(ii)** Pan-TfL standardised systems and processes for Hire to Retire (H2R), **(iii)** AP JNP ERP integration into standardised Pan-TfL H2R and S2S, moving AP JNP Finance from ORACLE to SAP and integrating AP JNP – Maximo with SAP for Asset & Materials Management, **(iv)** Early Wins' work package reducing inefficiencies for CPD & Professional Services; **(v)** Pan-TfL ERP Portfolio Office.

- **Multi-Modal Integrated Command and Control system (MICCS) (Sponsor: Kevin McDonald)**:
  This project will create a new single Command and Control system for London Underground and Surface transport. This will replace two out of date systems which are difficult and expensive to support and do not enable a combined approach to command and control.

- **Transformation Programme T&D**:

  o **Blueprint**: It is a part of Opex cost and therefore, it is not included in the above investment table.
  o **NPL Optimisation**: It is an Opex risk and therefore, it is not included in above investment table.
  o **Application Rationalisation & DC Hosting (Sponsor: Steve Townsend)**: It consists of series of initiatives identified by Boston Consulting Group that are focused around applications rationalisation and moving TfL's legacy data centres to Public Cloud providers. The BFR workstreams for Hosting Complexity Reduction and Applications Rationalisation focus on a series of spend-to-save initiatives to reduce our costs by over £14m within 5 years.
  o **Networks**: Investment required is included in the CCT budget area and therefore, it is not included in above investment table.
  o **CICT Tactical & Strategic Sourcing (Sponsor: Nitesh Patel)**: Investment required focuses on series of spend-to-save initiatives (for example: resources, technology changes, renegotiation of contacts).

- **Core Technology Reliability (Sponsor: Mark Kaye)**: Investment is required to ensure that our existing services are maintained and sustainable whilst the strategic initiative is realised. All spending under Core Technology Reliability is measured against the Technology and Data Strategy and supports the wider strategic aim. An example of work covered will be the exit of various legacy data centres many of which are part of a wider financial enabler such as Ashfield House or Kings building, these sites host a number of core services even though the hosting environment has not kept pace with the business requirements for the service.

- **End User Computing (EUC) - Evergreen (Sponsor: Mark Kaye)**: This investment further expands on the recent desktop refresh work, moving our desktops and mobile provision from a large refresh cycle to an annualised Opex model. This investment is strategically aligned to ensure more effective and efficient use of our licensing with key suppliers – including Microsoft aligning both our use of software and hardware to a flexible Opex model, growing and shrinking with business demand.

- **Breakfix (Sponsor: Mark Kaye / Nitesh Patel)**: Investment is required to support the reliability of our core services.

- **Cyber Security (Sponsor: Michele Hanson)**: Investment is required to analyse, plan and integrate security across the TfL family security and will create a cyber resilient TfL. It includes stakeholder management, risk analysis and ranking of critical vulnerability need. Budget includes 50% additional risk from 2019/20 onwards.

- **Integration Activities and New Technology (Sponsor: Rebecca Bissell):** Investment required to scope, plan and carry out due diligence for the integration of technology and data products and services from third parties; and operating businesses from outside of IM or CCT. This includes areas in current discussion such as Crossrail Ltd, Crossrail 2 and Tramlink. Investment required to work with business unit to understand what is required to be integrated, options for delivering services effectively and economically producing high level plans, stakeholders and sponsors for integration (i.e. HR, Finance, Asset Management, IT and service management). Investment is required to drive technology lead innovation in order to assist our customers with their investment choices. It is focused on technology research, hardware and software pilot initiatives, thought leadership activity and innovation generation such as Hackathons. The cost to deliver is higher and additional 40% risk is factored in the budget.

- **T&D Strategy Support / Enablers (Sponsor: Rebecca Bissell):** Investment required to deliver core enabling technologies for the success and subsequent savings for the T&D Strategy Portfolios. These enablers include the delivery of shared TfL services such as the Integration Platform required to share data across all systems and services within TfL, common Data Lake and Data Warehouses, Shared GIS service for all business units, shared mobile service and operating model, Cloud and Hybrid Cloud services delivered as a service by T&D for all of TfL business units to use.

4   RISKS

With the increase in demand from the business for IM's support and uncertainty of funding at IM's disposal to meet those requirements, no financial provision is made in the plan for below mentioned items and IM deems these as risk items:

- **ERP**: The current ERP investment profile in the above investment table covers for business change only and does not include the SAP technology/system refresh. Therefore, there is a risk that additional budget will be required to maintain and support the SAP system and services as an ongoing need.

- **CICT Tactical and Strategic Sourcing**: It covers more than the scope of IM services and carries a risk for delivery against the plan.

- **Core Technology Reliability**: Previous service outages have been as a direct result of legacy data centres and hosting equipment. Without a level of investment even with a strategic outcome on the horizon, impact to service is likely to worsen and therefore, will impact TfL's overall operations through lost hours or direct impact to customer service.

- **EUC – Evergreen**: There is an increased risk of large scale future capital investment required if we do not take a different approach to the ongoing refresh and sourcing cycle for EUC.

- **Cyber Security**: The investment budget supports TfL business units and will consider the changing cyber security environment and how it impacts TfL in the areas of threat, capability, and governance.

- **Integration Activities**: Business areas will not have the budget to integrate and transition services. Business change is not considered within integration activities and savings and efficiencies will not be realised.

- **T&D Portfolio Strategy Enablers:** Governance processes are not in place to support shared services approach and business units will procure their own capabilities. Sizing of services will be difficult without a clear business plan and service roadmap. Capabilities and skills gap to procure theses services and ongoing product management.