

Corporate Policy Committee

Date of Meeting:	9 th February 2023
Report Title:	The Future Model for ICT: Shared Service Review
Report of:	Jane Burns, Executive Director, Corporate Services, Cheshire East Council
Report Reference No:	CP/59/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. A review of the arrangements for ICT between Cheshire East and Cheshire West and Chester Councils has been completed and requires consideration by the Corporate Policy Committee.

2. Executive Summary

- 2.1. This report provides the final conclusions of the ICT Shared Service Review. It proposes moving from the current shared service to a hybrid model. This would involve retaining a shared data centre and network but would involve separation and reconfiguration of other functions that are currently shared including helpdesk, device support, application support, architecture and projects.
- 2.2. Further details on the rationale, financial case, the transition plan, and mitigations to any key risks are within the body of the report.
- 2.3. This is a significant decision for both councils. It has been considered by the Shared Services Joint Committee, which oversees all the shared services arrangements between the two councils. Their advice and recommendations have been made available to both councils decision-making bodies (Appendix 2). For Cheshire East Council, that is the Corporate Policy Committee.

3. Recommendations

- 3.1.** That the Corporate Policy Committee:
- 3.1.1.** approve the move to a hybrid model for ICT and to progress consultation with the trade unions based on all necessary considerations included in this report.
 - 3.1.2.** progress full consultation and engagement with staff and trade unions, informing a more detailed design of a new hybrid model and the approach to the reconfiguration of the service.
 - 3.1.3.** agree that a revised agreement setting out the future arrangements for ICT across both Councils will be prepared and entered into following the above stages and the implementation of a new tenancy model.
 - 3.1.4.** commit the necessary resources to implement a new tenancy model and the mobilisation of the programme, subject to the approval of the additional investment as part of the MTFS.
 - 3.1.5.** approve the principle of shared employment related liability and costs between Cheshire East and Cheshire West and Chester Councils relating to the transitional period and any disaggregation process leading to the move to a hybrid model for ICT and delegates to the respective Heads of Legal Services to agree the terms of any amendments to the Staff Transfer Agreement, ICT Services Agreement, or related documents.
 - 3.1.6.** delegate authority to the Executive Director of Corporate Services to procure and award contracts for relevant technical partner and transformation capacity.
 - 3.1.7.** Reaffirm that Member oversight will continue to be provided by the Shared Services Joint Committee and the Joint Member Scrutiny Task Group.

4. Reasons for Recommendations

- 4.1.** A review of the arrangements for ICT between the two councils has been completed. Should the decision to move to a hybrid model be approved, there are a number of steps required before implementation. They include full consultation and engagement with trade unions and staff, a revised agreement covering future arrangements once consultation has completed, release of resources to mobilise the programme, work on an agreement to share employment liability and costs as they relate the transition to the new model and invoking the necessary procurement processes.
- 4.2.** Both councils will be considering the recommendations in line with their individual governance arrangements. Subject to a decision being made, Members will continue to play critical roles in the programme both through

the Shared Services Joint Committee and the Joint Member Scrutiny Task Group which oversee shared services. Both bodies include three members from each council. Further detail is in section 6.18 and appendix 2.

5. Other Options Considered

- 5.1.** A detailed piece of work was undertaken to understand what each council required from ICT services. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation and hybrid model were considered. The enhanced model and hybrid model were taken forward for further consideration as the others options would not deliver the benefits, represent value for money or align with the councils ' priorities and deliverability. The officer project board considered two options - improving the 'as is' model, and a new hybrid operating model - that involves separating some elements of the service where strategy and policy do not align. Both councils already have separate ICT client functions.
- 5.2.** The improved 'as is' option meant taking some decisions that would not destabilise the current model but would not introduce sufficient improvements to provide the Councils with an improved service that could allow for greater freedoms to deliver against their strategies. Central to this is the recognition and acceptance that the two Councils have different local priorities, policies and requirements. The move to separate Microsoft Office 365 tenancies for each council, splitting the single tenancy that currently exists between the two Councils would provide greater flexibilities for each to adopt various single elements of Microsoft platforms to better suit their needs. It still required an alignment between the two Councils on security requirements and the customer support model but would allow a greater choice of device. Other improvements would include the introduction of industry standards which provide a high degree of focus of customer satisfaction and end user requirement.
- 5.3.** The Hybrid option builds on many of the initial aspects of the improved 'as is' approach, but then recognises the further opportunities that this then presents. It capitalises on all the work achieved over the last decade by the Shared Service and the maturing of the IT market into a consumable service model by providing a solid platform from which to move forward, recognising that each Council has different drivers and priorities, recommending a staged and pragmatic approach to implementation to minimise or negate service disruption.
- 5.4.** The Hybrid option recognises the value of some important elements of the shared service, principally the network management and the datacentre remaining shared in the medium term but moves it to the next logical step for the Councils if they are not progressing with a single set of core services

which form the backbone of the Shared services business model. This will create two separate IT and Digital functions, one for each Council, where this makes sense and migrate applications to the Cloud and decommissions all legacy functions. However, the degree of technical integration in the single core on-premise platform (the Kelly House Datacentre) will mean taking a long term and staged approach.

- 5.5.** This is an important consideration, as it brings together the clarity of shorter-term goals with the depth of longer-term planning. However, this approach will provide each Council with the desired control of their digital and technology roadmaps. In the longer term it also will allow for an orderly and safe retirement of the remaining technical debt the Councils share.

6. Background

- 6.1.** The ICT Shared Service was formed in 2009 to provide resilience following local government reorganisation. It also initially enabled the two councils to share overheads and reduce costs. However, the long-term future of the shared service and its ability to meet the needs of the two councils within available resources has been subject to review for a period of a time. In 2017 an independent review was commissioned by both councils and reported to the Shared Services Joint Committee. The review concluded a hybrid model was required with an element of shared activity but also a separation of some shared functions over time. It was proposed that this takes place following an investment in shared infrastructure and the upgrade to new Microsoft platforms. This programme, known as Evolution, was delivered through to 2020 and proved vital to adapting to new working arrangement during the COVID-19 pandemic.
- 6.2.** Following the delivery of Evolution, there was the opportunity to revisit the journey to move to a new model of ICT delivery. This formed part of a wider strategic review commissioned by both Councils in 2021 to review all shared services. It was agreed that an external perspective and expertise would be valuable, and a specification was drawn up, a procurement exercise undertaken, and C.Co., the consultancy arm of CIPFA, were appointed to conduct the reviews. On 24 September 2021 it was reported to Members that a hybrid model was recommended by C.Co. This involves sharing infrastructure such as the data centre and network but separating remaining ICT functions between the councils. The review concluded this would support an effective and efficient service which responds to the latest trends in ICT.
- 6.3.** This represents a major change to current ways of working to a vital service. Both councils therefore agreed that further due diligence was required to secure further assurance on the financial, technical, and practical implications of this proposal. This review has been fully

considered by both councils and the proposals are now in a position for consideration by the Committee.

Rationale for a new model

- 6.4.** It is important to note external factors which have prompted the need to revisit the current ICT model. Firstly, over the last decade, ICT has changed from a 'back-office' service to a 'strategic enabler' of transformation. This means an in-depth understanding of the organisation, individual business processes and services where technology support is needed to drive new ways of working. Secondly, many systems are now hosted by software vendors including upgrades, incident response, training and helpdesk. The vendors then seek economies of scale by providing these services to many customers. Previously organisations delivered these functions in house and could collaborate with other organisations to deliver economies of scale. Whilst this does mean certain aspects reduce within ICT there will still be a requirement to manage these contracts with external suppliers to ensure, identity, security, connectivity and user experience are being managed end to end.
- 6.5.** In this context, a key role for an ICT service is to enable transformation but also work closely with the business to ensure demand for technology is managed and a coherent approach to technology design and investment is secured. This is more challenging across two Councils with different objectives, demands, designs and priorities. ICT requirements must be fully aligned to the needs and priorities of an organisation, and it is now harder to standardise all aspects of ICT and share across organisations than in the past. This is reflected with fewer new shared services across local government and some separations over time.
- 6.6.** On 24 September 2021 the Shared Service Joint Committee considered the findings of the initial review conducted by C.CO and supported a more detailed period of due diligence related to ICT. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation and hybrid model were considered. The hybrid model was recommended on delivering benefits, representing value for money, alignment with both councils priorities and deliverability.
- 6.7.** The review was conducted collaboratively. It was noted that despite best efforts and strong relationships, trends in ICT would suggest that the current shared service model needs to evolve towards a hybrid approach. If the current model was to continue alongside these trends, there is a risk the service would become less effective and more complex. Both councils rightly have their own business priorities, plans and service designs. Without real convergence shared ICT will not be optimised. For this reason,

the councils share very few systems and rarely collaborate on business focused projects. There are limited economies of scale except for the data centre and network infrastructure which is more capable of standardisation and sharing across organisations.

- 6.8.** This situation has increasingly made the shared service arrangement difficult to manage with overlapping accountabilities, complex governance, and budget instability. Due to duplication and the challenges of aligning with each council, the overall costs of ICT across the shared service and the two councils are above average compared to the costs of ICT across local government.
- 6.9.** It was noted that with a hybrid model there was greater chance of the two councils fully aligning their ICT functions with their respective organisations, while still securing economies of scale for shared infrastructure. This in turn this could increase the chance of the ICT offer to be fully responsive and more efficient.

Key aspects of the hybrid model

- 6.10.** The key elements of the recommended model are as follows:
- Teams relating to the data centre and networks will remain shared but be redesigned over time to be even more efficient and effective. A new shared services agreement will outline the operational management, governance and oversight arrangement for the redesigned service overtime. This will factor in the councils' future plans for on-premise infrastructure with strategic governance remaining through the Shared Service Joint Committee.
 - Leadership, strategy, projects, end user computing, cloud infrastructure, applications management, schools and digital functions would be separated.
 - Following this disaggregation, any duplication with ICT teams within each council would be addressed through a redesign.
 - Both councils currently share a tenancy or shared technology platform which hosts Microsoft Office 365. This shared approach does not secure economies of scale as each council has a different approach to the use of these products in line with their priorities and service designs. It is recommended that each council should have a separate tenancy and one shared tenancy, to support legacy data/systems until such time as they are migrated or new applications are implemented, to allow greater flexibility in line with best practice. It is expected these changes to the tenancy would have happened anyway in line with security best practice but to exploit the benefits it should be done alongside a change to the delivery model.

- Each council would then deliver an accelerated programme of rationalising the number of systems it is responsible for and also transition to cloud-hosted solutions where appropriate.
- In addition, following the move to a new model, the councils could do more to encourage more self service and also move to a new model of ICT support known as ITIL 4. ITIL is a best practice framework for ICT Service Management. Where ITIL4 differs from earlier versions is that it is focussed on value and value chains. It is still about doing the right things but it's about doing the things that deliver value to the organisation. It encourages IT organisations to eliminate the activities that deliver little or no value. It is based on Optimisation and Automation, a move to self-service.
- The tasks above would potentially be more achievable through a hybrid model and enable each council to manage the ongoing costs of technology in line with best practice elsewhere. However, these changes would not be automatic. Moving to a new model would be necessary but not sufficient. A new way of working would be required in each council to manage ICT demand in line with needs of services but also the wider organisation.
- The benefits for users will include fewer hand-offs, clearer accountability, clearer roles and responsibilities to progress ICT related issues and the ability to position skilled ICT staff closer the services they support.
- To release the benefits, each council would need to drive a new way of working where council services buy in to rationalising the number of systems required, greater use of self-serve, and to work with solutions that bring wider benefits to the organisation as a whole and its customers. In addition, each council would need to budget for a programme of decommissioning as part of their ongoing technology investment priorities following the transition to a new model.
- The new model will allow for each council to work with schools within their borough and adopt strategies and approaches to support them in line with each councils' objectives.
- It is proposed that the change would take place over three years, with the organisational separation and tenancy split happening within 18 months. There has been detailed consideration of the transition plan, impact on staff, resourcing, and risk management.

6.11. The new model for ICT will achieve a number of non-financial benefits, many of which will directly benefit services and users, these are summarised as:

- **Productivity:** The new model will allow councils to have a greater ICT presence working directly with services to focus on how technology and systems add value to their business process,

supporting training and adoption, enable increased productivity and supporting each Council to meet the needs and demands from residents and communities.

- **Flexibility, agility and sovereignty:** Councils will have separate tenancies and greater flexibility to put in place the capabilities that will benefit their individual service needs and have the ability to flex the ICT model to their council's and community's needs.
- **Managing demand:** Putting in place key capabilities and supporting the move to user self-service through each Councils own networks (Bright Sparks and Tech Champs) to help manage the demands on ICT which will allow ICT to truly become a strategic enabler of transformation for each council.
- **Users benefits:** Users of ICT will experience fewer hand offs, clearer accountability, clearer understanding of who is responsible for what aspects of ICT to ultimately receive a quicker resolution of issues & requests.
- **Simplification:** Through closer working of technical and service resources the Councils will be in a better position to accelerate plans to rationalise the number of applications and to decommission redundant legacy applications.
- **ICT Employee benefits:** We will build on the flexibility and remote working already adopted to ensure wellbeing is at the centre of staff development. It will provide stability for the service(s), removing previous complexity and uncertainty in both role and structure. Both councils investment in modern technology and equipment is also an important attraction for ICT employees. Advanced technology attracts ICT talent as they get an opportunity to fulfil their digital ambition and get hands-on experience with the latest technology capabilities, and further contribute to the Councils' digital transformation.

6.12. It is proposed that, the change would take place over three years, with the organisational separation and tenancy split happening within 18 months. There has been detailed consideration of the transition plan, impact on staff, resourcing, and risk management. Following the decision, a detailed implementation plan will be drafted.

6.13. A more detailed Gantt chart is outlined in appendix 3 outlining the key stages, activities above and estimated cost profile.

6.14. Key aspects of the transition would be as follows:

Key stage	Activity	Timescale
Consultation and engagement with Unions and staff	<ul style="list-style-type: none"> Initial briefing and commencing consultation and engagement with unions and staff. 	Jan/Feb 23 and ongoing
Mobilisation	<ul style="list-style-type: none"> Establish governance and programme controls Procure technical partner and transformation capacity Source internal enabling resource 	Feb 23 to May 23 (4 months)
Technology change	<ul style="list-style-type: none"> Establish new council O365 tenancies Begin preparations for system consolidation and decommissioning 	June 23 to Aug 24 (15 months)
Workforce change	<ol style="list-style-type: none"> Consultation and engagement with trade unions & workforce on approach and disaggregation criteria. Disaggregation process Reconfiguration of retained shared service 	Feb 23 to Sept 24 (19 months)
Formalisation	<ul style="list-style-type: none"> Drafting & approval of shared service agreements to reflect new arrangement Proposed Soft Launch of the new service model Formal disaggregation of staff 	Sept 24 to Mar 25 (6 Months)
Benefits realisation managed by individual councils	<ul style="list-style-type: none"> Workforce reconfiguration Implementation of new ways of working (ITIL 4) 	Jan 25 to Jun 25 (6 months)
Additional future benefits linked to further rationalisation	<ul style="list-style-type: none"> Additional rationalisation of systems and decommissioning Further optimisation of retained shared service 	Jun 25 to Mar 26

6.15. The transition will have its challenges and will need to be carefully managed, but overall, the review concluded that moving toward the hybrid model is more likely to be cost effective, will be more aligned to each council's needs, and secures economies of scale of sharing where appropriate.

6.16. This is a complex, business change programme, affecting both councils which will require significant investment to release savings over a 3 to 4-year period.

6.17. Parallels will be drawn with the implementation of UNIT 4. While there are some similarities, it should be noted that this project is largely different to Best for Business. It does not require significant levels of training, immediate changes to business processes or detailed technical design at granular level. The change is more about a less complex technical change to the tenancy and an organisational design change. Nevertheless, it is important to incorporate any lessons learned into the design of this potential programme. The table below sets out the key messages from the recent lessons learned review reported to the Shared Services Joint Committee and how they have been reflected in this proposal.

Lesson learned	Response
Appropriate expertise and capacity from the outset	<ul style="list-style-type: none"> • Expert advice has been utilised from the outset • Transformation and technical support will be sourced, supplemented by internal resources with funding to manage any backfill implications, and appropriate third-party skills and experience.
Involvement of key stakeholder groups and business change embedded throughout the programme	<ul style="list-style-type: none"> • Extent of business change will initially be kept to a minimum • Engagement with staff and trade unions • Engagement with Members throughout the process • Engagement with tech champions / bright sparks on any changes
Clear governance and accountability	<ul style="list-style-type: none"> • Governance arrangements set out in section 6.18 and appendix 2 • Clearly defined workstreams and accountabilities
Optimum procurement and contact management arrangements	<ul style="list-style-type: none"> • Market testing for tenancy changes to provide assurance • Contract model will be provide flexibility to manage the programme
Robust business case with prudent assumptions	<ul style="list-style-type: none"> • Costs and benefits have been modelled through due diligence • Contingency has been included in the costs

6.18. Governance

6.18.1. It is the responsibility of each individual council to seek approval from their elected Members to proceed with a new model and identify the one-off resources required to fund the transition.

- 6.18.2.** If the proposals are approved, programme management governance arrangements will be mobilised. Clear workstreams have been identified with clear accountabilities to manage the transition.
- 6.18.3.** At elected Member level it is proposed that the Shared Services Joint Committee oversee progress with the transition alongside their current responsibilities through regular reports and agenda items. They will also play a key role, going forward, to oversee the retained shared service.
- 6.18.4.** In addition, it is recommended that strong Member oversight is provided through a joint Cheshire East/Cheshire West and Chester Council scrutiny task and finish group to update on progress throughout the programme.
- 6.18.5.** A full governance structure is included in Appendix 2.

7. Consultation and Engagement

- 7.1.** There will be full consultation and engagement with unions and staff on the move to a hybrid model and approach to the reconfiguration of the service. Details are in section 8.5 below.

8. Implications

8.1. Legal

- 8.1.1.** The Shared Services Administrative Agreement, ICT Shared Service Agreement and Staff Transfer Agreement set out the overall arrangements in relation to the way the councils will work together and the approach to transition away from the current model. The planned transition is in line with the principles in this agreement.
- 8.1.2.** The councils have agreed an approach to share any potential employment related liabilities and costs relating to the transitional period and any disaggregation process leading to the move to a hybrid model for ICT that are not covered under the existing agreements and these changes will be formally agreed by any necessary amendments to the Staff Transfer Agreement, ICT Services Agreement or related documents..
- 8.1.3.** A revised Shared Service Agreement will be developed to underpin the new retained shared service arrangement, together with associated Service Definitions, Service Specifications, Service Level Agreements, Charges and Payment Mechanisms, all of which will be subject to agreement and review by the Shared Services Joint Committee.

8.1.4. Please see confidential appendix 5 which contains legally privileged advice prepared for the Shared Services Joint Committee Meeting on 26th January 2023.

8.2. Finance

8.2.1. It is recognised that significant expenditure is incurred to support ICT day-to-day service delivery and projects. It is vital that a compelling and deliverable financial case is made to ensure any change represents value for money.

8.2.2. The budget for ICT shared service is currently £17m (gross) which is primarily funded by a combination of Business as Usual (BAU) charge to the two councils (Revenue) and Project incomes (Capital) as well as some other elements e.g., schools, project income of £6.3m and schools' income of £1m is assumed in this budget.

8.2.3. Due to reducing project income to meet current costs, reduced schools' income, and inflationary pressures, the service reported a overspend of £1.8m in 2021/22 following mitigations. An overspend of £2.3m is currently expected in 2022/23 following mitigations.

8.2.4. The total costs of ICT across the two councils were above the average benchmark although it is recognised that shared service arrangements like Cheshire were not available.

8.2.5. To transition to a new model, one-off investment of £5.1m (£2.55m per Council) would be required. This would provide:

- Technical resources and external specialist technical support to create and migrate the councils to new tenancies.
- Transformation support, backfill for corporate enablers and shadow management to ensure the delivery of the programme and transition of the workforce.
- A level of contingency to ensure that the programme can respond to potential risks.

8.2.6. The one-off costs will be shared 50:50 across the two councils. For Cheshire East, the investment is put forward as part of the MTFS which is the subject of a separate report on the agenda and will be subject to approval by Council on 22 February 2023. The investment costs above have been fully considered by both councils and prudently assessed. Soft market testing with Microsoft gold partners and reference calls with other

local authorities has taken place to secure realistic supplier costs for the technical aspects of the change which makes up a significant proportion of the costs. Any existing capital budgets that would already be incurred have been excluded from the table above to provide clarity on the total additional one-off cost required.

8.2.7. Following consultation and implementation of the new model, the transfer of staff and the transition to the new model, each council would then become liable for any future risks, redundancies, migration to cloud-based solutions and decommissioning costs which are not included in this business case and would need to be factored into each council's budget planning which is currently the case.

8.2.8. The proposal projects financial savings of £2.67m per annum from year 3. Most of the savings would be achieved through workforce changes, particularly reduction in the use of contractors and vacancies. Contract costs are also expected to reduce by £0.5m. The scale of the benefit varies for each council as they start from different points in terms of technology investment. Potential organisational structures have been modelled in each council to provide assurance that a viable and affordable service is possible in line with the projected benefits. It should be noted that this financial benefit avoids the project future overspend. It must be noted that each council will make different choices on their organisational structures and ICT configuration so may secure more savings than these projected benefits. These benefits also combine capital and revenue.

8.2.9. The table below outlines the projected payback period based on assumptions shared by both councils on the approach towards transition and including the allocation of contingency.

8.2.10. Broadly the investment is recovered by the 4th year of the programme.

	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000
CW&C	£1,237	£1,318	(£1,200)	(£1,200)	(£1,200)
CEC	£1,238	£1,317	(£1,472)	(£1,472)	(£1,472)
Total	£2,475	£2,635	(£2,672)	(£2,672)	(£2,672)

8.2.11. As shown in the table above the benefits to each council differ, this is linked to the differing levels of investment and income into the shared service from elements such as projects and schools.

8.3. Policy

8.3.1. The new hybrid model will be aligned to each councils' policies. Common ICT policies will be agreed for the retained shared service.

8.4. Equality

8.4.1. There are no direct equality implications at this stage

8.5. Human Resources

8.5.1. All staff working in the current shared service arrangement are employed by Cheshire East Council. Any change of this nature may create uncertainty for staff. Throughout the review period, staff and Trade Unions have been briefed. There will be full consultation and engagement with unions and staff on the move to a hybrid model, informing a more detailed design of a new model and the approach to the reconfiguration of the service, including any disaggregation process.

8.5.2. Both councils fully recognise the vital contribution of all staff involved in supporting services with their technology requirements and this is a significant change for how the workforce will operate. It is essential that a considered approach is taken to supporting all staff through this transition while remaining focused on delivering a new model for ICT. Key aspects of the approach include:

- Fully engaging with the workforce on the model and ensuring that appropriate mechanisms are in place to support the ongoing engagement of and communication with the workforce.
- Fully consulting with the representative trade unions to ensure that workforce views are considered throughout.
- Putting in place arrangements for a fair disaggregation of staff to provide assurance to staff about their future.
- Enhancing opportunities for growth and development within the workforce to ensure that there are the right skills available for both Councils.
- Exploring measures that enhance retention and recruitment during and after the transition.
- Minimise as far as possible any uncertainty which may be felt throughout the transition and provide clarity and assurance to the workforce.
- Reducing the use of agency staff in non-specialist areas.
- Where possible, avoiding redundancies.

8.5.3. It is proposed that an approach applying the principles of TUPE to transition the workforce would be used. The intention of this would be to protect workers and to ensure that each Council has the skills and knowledge that are required in order to the deliver the service.

8.5.4. Following a Member decision to support the move to a hybrid model, consultation will take place with trade unions and the workforce. Through the proposed governance, Members will be informed of any significant impact on the model or business case that arises. If further decisions are required following consultation processes they will be made through appropriate governance mechanisms.

8.6. Risk Management

8.6.1. Like any major project, the transition will not be without challenges, but key risks have been identified and mitigations are planned. It is also worth noting the risk of doing nothing could mean more complexity, additional ongoing costs, and a less responsive model. The following table summarises these risks and mitigations. A fully scored risk register will be established and reported on as part of the programme and member governance.

Key Risk	Mitigations
The transition will be disruptive to the day-to-day business of each council who are increasingly dependent on stable ICT for operational delivery.	<ul style="list-style-type: none"> • Services should not be visibly impacted by the technical change • New devices will need to be deployed but this was already planned in line with each council's upgrade policy and is a well-managed process • ICT support will continue to be made available to both councils during the transition and a transition to new arrangements to access support will be well communicated
Staff may feel unsettled through the transition leading to potential challenges of retention & recruitment & potential impact on service delivery	<ul style="list-style-type: none"> • Continuous engagement with staff will remain through-out • Early and continued engagement and full consultation with trade unions • The transition will create new opportunities for staff and both councils will commit to support and development. • An assessment of key skills has been initiated and arrangement to fill key roles if critical vacancies arise have been discussed.
The transition impacts on strategic transformation programmes such as health and care integration.	<ul style="list-style-type: none"> • Additional resources are factored into the cost for the programme on top of existing resources aligned to strategic programmes.

	<ul style="list-style-type: none"> • Programme resources through interdependency management and careful planning will work to minimise any impacts and seek out opportunities to accelerate.
The programme will require commitment and resources at a time when both councils have financial challenges and existing priorities and work programmes that need to be delivered	<ul style="list-style-type: none"> • Oversight of existing arrangements already consumes significant capacity at all levels. • Backfill funding for people in existing roles who need to be fully engaged with the project is in place.
The budget for the transition is not sufficient due to external factors such as hyper inflation, market failure, policy shift leading to a request for further resource, within tight financial circumstances.	<ul style="list-style-type: none"> • Technical costs have been validated with suppliers and other local authorities and recognise similar exercises carried out elsewhere in local government. • Contingency has been built into the financial case. • Strong financial reporting and risk management will be in place during the transition.
The financial benefits are not accurate and are therefore not realised.	<ul style="list-style-type: none"> • Initial projected savings have been reduced to be prudent. • There is clarity on where savings will need to be realised.
The transition creates key skill gaps as specialist roles cannot be separated.	<ul style="list-style-type: none"> • An assessment of these limited cases will be completed with specialist recruitment in place for key vacancies.
Councils do not deliver the consolidation in complex demand leading to under delivering against projected financial benefits.	<ul style="list-style-type: none"> • There is a much stronger chance of delivering these through more effective demand management approaches that are possible through a hybrid model and greater alignment to each council. • Financial benefits will continue to be monitored throughout the implementation of the programme and beyond.

8.7. Rural Communities

- 8.7.1. The fundamental principles proposed for the ICT Strategy will ensure that inclusion is at the heart of all proposals including our rural communities. ICT Services will continue to coproduce and collaborate with the Cheshire and Merseyside regional connectivity teams, the Local Enterprise Partnership and Connected Cheshire programme at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the ICT Strategy will meet their integration and connectivity needs.

8.8. Children and Young People/Cared for Children

8.8.1. ICT Services will continue to work with the Children’s Services Transformation Board and Schools to determine ICT requirements for inclusion in the ICT Strategy.

8.9. Public Health

8.9.1. ICT Services will continue to work with the Adults Social Care and Public Health Strategic Departmental Management Team to determine ICT requirements for inclusion in the ICT Strategy.

8.9.2. ICT Services will continue to coproduce and collaborate with Health and Social Care colleagues at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the ICT Strategy will meet their integration and data sharing needs.

8.9.3. ICT Services will also continue to work with North West Adults Directors of Social Care (NW ADASS) colleagues to coproduce and collaborate at a regional level to ensure that the ICT Strategy will meet their integration and data sharing needs.

8.10. Climate Change

8.10.1. One of the principles of the ICT Strategy is to “ensure ICT governance and architectural practices are sustainable for the future”. The ICT Strategy will enable the Councils commitment to be carbon neutral by 2025 and, by adopting Cloud first technology, influence carbon reduction across the ICT estate.

Access to Information	
Contact Officer:	Name Gareth Pawlett Job Title Chief Information Officer E Mail gareth.pawlett@cheshireeast.gov.uk
Appendices:	Appendix 1 – timeline Appendix 2 – governance structure Appendix 3 – Gantt chart Appendix 4 - Shared Services Joint Committee report – 26 January 2023 Appendix 5 - legally privileged advice prepared for the Shared Services Joint Committee Meeting on 26th January 2023 (EXEMPT)
Background Papers:	Previous reports to the Joint Committee can be found here http://moderngov.cheshireeast.gov.uk/ecminutes/ieListMeetings.aspx?CId=427&Year=0