

## **Corporate Policy Committee**

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<b>Date of Meeting:</b>	23 March 2023
<b>Report Title:</b>	ICT Hybrid Model Update Report
<b>Report of:</b>	Jane Burns, Executive Director, Corporate Services
<b>Report Reference No:</b>	CP/66/22-23
<b>Ward(s) Affected:</b>	None

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### **1. Purpose of Report**

- 1.1.** The purpose of this report is to update the Committee on progress with the mobilisation of a new hybrid model for ICT and to give effect to the decision made at the meeting on 9 February 2023 in respect of Member oversight and scrutiny arrangements.

### **2. Executive Summary**

- 2.1.** The new model involves retaining a shared network and data centre and a separation of other ICT functions that are currently shared. At elected Member level, it was agreed that the existing Shared Services Joint Committee will 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.
- 2.2.** In addition, it was agreed that strong Member oversight will be provided through a joint Cheshire East/Cheshire West and Chester Council scrutiny task and finish group to update on progress throughout the programme. Feedback on the draft terms of reference is invited.
- 2.3.** Draft Terms of Reference

To provide further advice and assurance to decision makers on the transition to of a new model for ICT delivery. Key areas of focus are likely to include the following:

- Implementation progress and assurance on key milestones
- Management of risks and issues
- Effective use of resources
- Ensuring operational disruption is minimised
- Putting in place strong foundations for the launch and development of the new model.

The joint task group's advice and recommendations would be considered by the relevant scrutiny bodies and shared with the Shared Service Joint Committee.

Subject to discussion with the proposed task group, it is suggested the group would meet a minimum of three meetings each year over the next two years (six meetings in total through the life of the programme).

Membership: 3 Members from each Cheshire East and Cheshire West and Chester Councils, to be appointed after the local elections on 4 May 2023.

*It is recommended that the Group meetings are not open to the public and reports/meeting contents are not published to allow for in-depth discussions. Public reports will be brought to the Shared Services Joint Committee and each Council's decision-making body throughout the programme.*

- 2.4.** A mobilisation workshop was held in February with senior officers across both councils to ensure the programme could rapidly move into action. This highly productive session covered principles to guide the programme, governance, and resourcing. In addition, lessons learned from the Best for Business programme were further considered.
- 2.5.** The report attached at Appendix 1 is to be considered by the Shared Services Joint Committee on 17 March 2023 and gives a timely update on the work to mobilise this change programme.

### **3. Recommendations**

- 3.1.** To note the actions taken to mobilise the programme to move to new hybrid model for ICT.

- 3.2. To comment on the draft terms of reference for the Joint Scrutiny Task and Finish Group.

#### 4. Reasons for Recommendations

- 4.1. Following the decision by both councils, work has been set in train to mobilise the programme to move to the new model.
- 4.2. To give effect to the decision to establish strong Member governance of the programme.

#### 5. Other Options Considered

##### 5.1.

Option	Impact	Risk
<b>Do nothing</b>	Each council could use its own arrangements to oversee and scrutinise the programme.	Likelihood of unco-ordinated oversight and inefficient use of resources.

#### 6. Background

- 6.1. At the meeting on 9 February 2023, the Committee considered a report on the final conclusions of the ICT Shared Service Review. The Committee agreed to move 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. In advance of the decision, careful consideration had been given by the Shared Services Joint Committee. Both Cheshire East Council, through this Committee and Cheshire West and Chester Council, through its Cabinet, approved the proposal.
- 6.2. Appendix 1 is to be considered by the Shared Services Joint Committee on 17 March 2023 and gives a timely update on the work to mobilise this change programme.
- 6.3. Drawing on the lessons learned from the Best for Business programme (which was considered by this Committee on 6 October 2022), Member oversight of the programme is proposed through both the Shared Services Joint Committee and a new joint scrutiny task and finish group.
- 6.4. Draft terms of reference are provided in paragraph 2.3 for comment. They have also been shared with Cheshire West and Chester Council and the Joint Committee. Verbal feedback will be provided at the meeting.

#### 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.

## **8. Implications**

### **8.1. Legal**

- 8.1.1.** 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.

### **8.2. Finance**

- 8.2.1.** To transition to a new model, one-off investment of £5.1m (£2.55m per Council) has been approved. This will 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; and a level of contingency to ensure that the programme can respond to potential risks.

- 8.2.2.** The one-off costs will be shared 50:50 across the two councils. 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. council's budget planning which is currently the case.

- 8.2.3.** 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.

### **8.3. 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 .

#### **8.6. 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. A fully scored risk register will be established and reported on as part of the programme and member governance.

#### **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 Council’s commitment to be carbon neutral by 2025 and, by adopting Cloud first technology, influence carbon reduction across the ICT estate.

<b>Access to Information</b>	
Contact Officer:	Gareth Pawlett, Chief Information Officer Gareth.pawlett@cheshireest.gov.uk
Appendices:	Appendix 1 – Shared Services Joint Committee update
Background Papers:	<p>Previous reports to the Corporate Policy Committee  <a href="#">Agenda for Corporate Policy Committee on Thursday, 9th February, 2023, 10.00 am   Cheshire East Council</a>  <a href="#">Agenda for Corporate Policy Committee on Thursday, 6th October, 2022, 10.00 am   Cheshire East Council</a></p> <p>Previous reports to the Joint Committee can be found here:  <a href="http://moderngov.cheshireeast.gov.uk/ecminutes/ieListMeetings.aspx?CId=427&amp;Year=0">http://moderngov.cheshireeast.gov.uk/ecminutes/ieListMeetings.aspx?CId=427&amp;Year=0</a></p>