

Public Document Pack



To members of the
Shared Services Joint Committee

Democratic Services
Delamere House
Delamere Street
Crewe

email:
rachel.graves@cheshireeast.gov.uk

DATE: 25 June 2025

Dear Councillor

SHARED SERVICES JOINT COMMITTEE - FRIDAY, 27TH JUNE, 2025

I am now able to enclose, for consideration at next Friday, 27th June, 2025 meeting of the Shared Services Joint Committee, the following reports that were unavailable when the agenda was printed.

Item 8 - The Future Model for ICT: Programme Gemini Update (Pages 3 - 14)

Yours sincerely

Rachel Graves
Democratic Services Officer

Enc

This page is intentionally left blank

Cheshire East Council
Cheshire West and Chester Council
Shared Services Joint Committee

Date of Meeting: 27th June 2025

Report Title: The Future Model for ICT: Programme Gemini Update

Senior Officer: Gareth Pawlett, Director of Digital, Cheshire East Council.
Simon Riley, Chief Operating Officer, Cheshire West and Chester Council.

1 Report Summary

- 1.1 This report provides an update on the progress to date across Phases 1 and 2 of the Hybrid ICT (Gemini) Programme including the opportunity and associated recommendations for accelerating the separation of the retained shared hosting, security operations and network services

2 Recommendations

- 2.1 That Shared Services Joint Committee notes the progress made and current status of the Phase 1 Gemini Programme and recommends to the Cabinet of Cheshire West and Chester Council and the Corporate Policy Committee of Cheshire East Council, (subject to consultation with unions and staff), to approve a move away from the Retained Shared Service model by 2027 (or sooner) via the delivery of Gemini Phase 2 programme and the ultimate disaggregation of the Retained Shared Service for ICT.

3 Reasons for Recommendations

- 3.1 In accordance with the Terms of Reference, the Shared Services Joint Committee is responsible for overseeing changes and projects and changes to shared services and ensuring that there are robust plans for any disaggregation of services and that there is a smooth transition into the separate arrangements.

- 3.2 The Shared Services Joint Committee is not the ultimate decision making body and so the recommendations set out in this report must be routed through the Shared Services Joint Committee for a decision by each Council's executive (Cabinet or Committee).

4 Background

- 4.1 Following comprehensive joint work by both councils, on 26 January 2023 the Shared Services Joint Committee recommended that their constituent councils proceed with a hybrid model for ICT.
- 4.2 The recommendation to move to a new model for ICT Services was agreed at Cheshire East Councils Corporate Policy Committee on 9 February 2023, and Cheshire West and Chester Cabinet on 8 February 2023.
- 4.3 This new model involved separating much of the ICT Shared Service and retaining a smaller shared service to support hosting, security, and networks. It was noted that with a hybrid model there was greater chance of the two councils fully aligning their ICT functions, while still securing economies of scale for shared infrastructure. This in turn enables the ICT offer to be fully responsive and more efficient.
- 4.4 It was agreed that the Shared Services Joint Committee would play a key role in providing oversight throughout the programme and that a joint scrutiny task group would be established. When mobilised, the Gemini Programme assumed a separation of most ICT functions and the retention of a smaller shared service for hosting and networks (the Retained Shared Service). At the time, this included a shared data centre (Kelly House) which hosted several systems and a shared network.
- 4.5 It was acknowledged that there would be a need to review the longer-term future of the Retained Shared Service in line with the latest technology trends, council objectives and available financial resources. The review, to provide clarity on the longer-term future of the Retained Shared Service, was commissioned and undertaken in early 2024, approved by the Gemini Programme Board and shared with Members at the informal meeting of the Shared Services Joint Committee on 15 March 2024 and by a confidential report at the meeting on 20 September 2024. The review concluded that an on-premises data centre is no longer the optimum hosting platform that both councils should invest in. It also concluded that

a shared network, as currently delivered, is not a long-term viable model for delivery due to advances in connectivity services and technology and the changing nature of how the councils want to operate.

4.6 The Shared Services Joint Committee noted that each council was recommended to move away from the shared model by 2027 (or sooner) and migrate application hosting to a cloud 'infrastructure as a service' model. It was also recommended that each council should pursue their own, more flexible model, for networks provision. A preparation phase was undertaken to facilitate due diligence and to finalise the development of the business case. The final decision would then proceed through the appropriate decision-making forums, being Cabinet in Cheshire West and Chester (CWC), and Corporate Policy Committee in Cheshire East (CE).

4.7 The cloud hosting and infrastructure simplification programme preparation work has now been completed and proposed the following:

- The creation of separate CWC and CE cloud based 'Infrastructure as a Service' environments and beginning the decommissioning of on-premise arrangements in 2024/25.
- The current shared network contract would be extended until 2027.
- The current network separated for CE and CWC and a procurement of separate networks for post 2027.
- Decommissioning the data centre - Kelly House in 2025/26.
- Separation of the hosting team in 2025/26 and network team in 2026/27.

5 Gemini Programme Phase One

5.1 As outlined in the summary above, Phase 1 of the Gemini Programme was initiated in May 2023 to transform the shared ICT service arrangement between Cheshire East Council and Cheshire West and Chester Council. The primary goal was to transition to a hybrid ICT model involving a retained hosting and networks shared service while transitioning all staff in other shared ICT functions to new and separate ICT operating models in both councils. This Phase 1 programme is due for completion in September 2025.

5.2 Activity within Phase 1 took place across three main workstreams, technical, workforce and finance. The key achievements and benefits of the technical elements are detailed below:

Cloud-First Strategy: Both Cheshire East and Cheshire West and Chester Councils set a course to be 'cloud first,' reducing reliance on physical hosting infrastructure and moved towards cloud-based solutions. This was accelerated through the Gemini Programme and all hosting of previously on premise workloads were moved to the cloud by April 2025.

Simplification of ICT Architecture: Numerous opportunities were identified to simplify the councils' ICT architecture and infrastructure, reducing the complexity and improving the financial position of the service.

Future Technical Architectures: Phase one of the programme defined the target technical architectures for both councils, providing a clear framework for future investment decisions.

Design, build and migration of users into a new Cheshire West Tenant: The focus here has been the design, build and transfer of users to a new technical environment for Microsoft Office 365 for Cheshire West and Chester, known as a tenancy. Cheshire East have continued with their current tenancy. The original plan had been to create a new environment for Cheshire East to migrate in to however as part of the design phase we agreed that Cheshire East would remain in the existing tenant. This significantly reduced the business impact on Cheshire East users as no migration was required and instead, modern design principles were adopted and applied to the current environment significantly reducing cost. The design and build of the tenancy are complete as planned. The creation of the new Cheshire West Tenant and the migration of over 3,000 users and device into the new environment is also now complete.

- 5.3 Across the workforce workstream, the separation of those staff in scope of phase one is due to complete in September 2025. The approach to transition staff to both councils' proposed service designs as well as a recommended end-to-end HR approach was agreed following due diligence by CE and CWC legal and HR teams and approved by the Gemini Programme Board in February 2024. Trade Unions have provided positive feedback on the approach and the support given to staff through this significant change exercise. There still remains some work to be done to resolve a small number of individual issues raised on the disaggregation process, and this is being addressed with staff and unions as a priority. During June and July there will be significant recruitment activities for

competitive interviews to populate the new service designs. At the end of the recruitment processes there may be displaced staff who will have redeployment opportunities outside the ICT service to minimise redundancy risk.

- 5.4 In terms of the finance workstream, phase one of the programme delivered increased financial benefits and has delivered significant third party contract savings and a significant reduction in contractor and agency costs over the period.
- 5.5 As identified at the start of the Gemini Programme, Cheshire West and Chester Council has now identified estimated financial benefits of £1.55 million per annum by year 3 (2025/26) and Cheshire East Council have identified estimated financial benefits of £1.47 million per annum by year 3 (2025/26), both against a 2023/24 cost baseline.
- 5.6 Overall and positively, the two councils can reflect on the success of the approach taken in the Gemini Programme to this large-scale transformation of people and technology; a programme which learnt the lessons of the previous 'B4B Programme' and demonstrated exemplar governance, investment in key specialist skills, robust planning and rigorous financial management to achieve a programme that over delivered on benefits. The success of Phase 1 to date and its approach to delivery provides new opportunities in Phase 2 to build on this success and continue to fast track delivery and accelerate benefits.

6 Phase 2 – Future Models for the Shared Data Centre and Network

- 6.1 Phase 2 of the Gemini Programme was initiated in August 2024 following the review commissioned to provide clarity on the longer-term future of the retained shared service. The second phase aimed to deliver a modern, efficient and secure ICT infrastructure for Cheshire East and Cheshire West and Chester Councils by:

Moving to Cloud Hosted Infrastructure: The migration of virtual machines from the existing end of life hosting environment in Kelly House to AVS (private cloud) is a key project. This activity has now been completed and the decommissioning of virtual machines in Kelly House is also nearing completion. This move to modern infrastructure is another example of the Gemini Programme delivering benefits sooner, as it

removes the need for Kelly House as a Data Centre and will no longer need to be supported by a shared digital team.

Decommissioning of Kelly House Datacentre: Through early simplification work and decommissioning of old legacy applications and storage, significant progress has been made in removing the need for physical Kelly House datacentre infrastructure, which was underutilised and relied heavily on contractors and third-party support.

Improving Security Posture: Security Operations Centre and Zero-based trust projects, both of which will enhance the councils' security operating model and posture by October 2025.

Introducing Software Defined Wide Area Networks: Designing and implementing separate software defined wide area networks (SD WAN) and replacing the older not fit for purpose MPLS (Multiprotocol Label Switching) network. Unlike previous technologies, SD-WAN does not offer economies of scale through collaboration, making it more efficient to manage the networks independently. The current MPLS network contract is due to expire 2026 now and new SD-Wan arrangements are due for implementation by February 2026. A procurement exercise is currently underway for this and a report seeking delegated authority to award respective contracts to a new provider was taken to Cheshire West Cabinet on 11th June and Cheshire East Corporate Policy Committee on 12th June.

6.2 Due to the success of Phase 1, realising both technical and financial efficiencies at pace, and an advantageous contract refreshment cycle in 25/26 as outlined above, Phase 2 of this programme can be accelerated, reducing implementation costs and achieving on-going financial benefits for both councils more quickly.

6.3 The acceleration of the Phase 2 Gemini Programme to simplify and separate the current ICT infrastructure means the case for continuing the Retained Shared Service for ICT is no longer compelling beyond March 2026. In summary there are several specific justifications for this proposal:

- Moving to cloud hosted infrastructure removes the need for Kelly House as a physical data centre. Subject to consultation with unions and staff, it would remove the need for it to be supported by a shared hosting team within the Retained Shared Service, meaning the team

can be separated into each respective ICT services as per the intention outlined for 2025/26.

- Kelly House data centre can be decommissioned and a decision taken over its future use or release, subject to consultation.
- The procurement of a Security Operations partner to work alongside both Cheshire East and Cheshire West Councils will help to define each target operating model and again, the separation of the security function into each respective ICT service. This is scheduled for 25/26.
- Finally, procuring a new network provider under two separate contracts and migrating all connections by February 2026, means that the network team can also be separated into each ICT service.

6.4 Phase 2 of the Gemini Programme was due to complete by the end of March 2027, however, given the opportunities presented above in terms of hosting, network changes and the implementation of separate security operating models, there is the potential for the Gemini Programme to conclude earlier with the ultimate separation of the Retained Shared Service by the end of March 2026, subject to consultation, and the programme coming to a controlled end by July 2026.

6.5 This would mean a consultation process to undertake the disaggregation of staff within the Retained Shared Service and across Hosting, Networks and Security with the approach to separation consistent with that of the HR approach undertaken during Phase 1. In terms of Kelly House, the running costs associated with this as a shared data centre are in the region of £475k per year made up of contracts covering rent, rates and waste collection, internet and cloud provision, facilities management and PSN connections. Significant contract savings are achievable once ICT have vacated however and these are ended, however options in terms of the future use of the asset and/or disposal will be appraised and followed up with the required governance routes for final decision.

6.6 While the separation of the shared service enables each council to modernise their service delivery and improve operational flexibility, it does not preclude them from collaborating on broader strategic agendas. Having flexible and modern technology infrastructure will provide significant advantages in terms of being able to share information across wider partners, not just the two councils, and work across wider organisational boundaries.

7 Risks and Issues

7.1 As part of the mobilisation activities an updated Risk and Issues log is being populated to reflect the current position and future focus of the programme.

7.2 The current key risks/issues identified are:

Phase 2 RISK and ISSUE LOG – KEY AREAS				
Risk / Issue	Impact	Recommendation	Action	Owner
There is an issue that the timeline to procure the underpinning circuits (connectivity) for SDWAN is very tight with little room for tolerances. The new circuits need to be in place by Feb 2026.	The current contract is not fit for purpose and unaffordable so a new supplier and contract needs to be identified. The current supplier is seeking a 40% increase without any betterment. The loss of connectivity would have a major impact to the council with the ability to deliver digital services from Council buildings being disrupted	<p>Expedite market engagement</p> <p>Establish both councils requirements</p> <p>Ensure the governance process and approach are enabled to support a timely contract award (to allow as much time as possible in delivery) following a formal procurement exercise.</p> <p><i>Please note the councils are moving to a much simplified approach to connectivity and this should aid with time / implementation</i></p>	A project team has been established and the Programme Director is work with the Business leads to drive the procurement exercise forward with regular reporting to programme board.	Programme Director and Business Leads

8 Implications of the Recommendations

8.1 Legal Implications

Phase 1: A fair and transparent recruitment/redeployment process to populate the new service designs should be followed, in consultation with the unions and staff, to reduce the risk of legal claims such as constructive dismissal and/or redundancy. Legal advice should be sought on the process.

Phase 2: These proposals are subject to consultation with the unions and staff and a fair consultation process will need to be undertaken before final decisions confirmed.

8.2 *Finance Implications*

A programme budget for Phase 1 of the Gemini Programme was agreed at £5.1m, made up of £2.55m from each Authority. The projected benefits of the Phase 1 are identified in the above report at £3.02m combined.

Phase 2 of the Gemini Programme is delivered through both Council's approved budgets available to deliver technical works as part of previous joint Essential Replacement and Security and Compliance programmes. The projected capital costs for this programme over the period is £8,151,943 combined, compared to an original unbudgeted forecast of £12,655,158 combined.

Regular reports on programme finances will feature through Members governance as the programme progresses.

8.3 *Policy Implications*

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 Implications*

There are no direct Equality implications at this stage.

8.5 *Human Resources Implications*

Implications for Human Resources will be managed by the workforce workstream and will be a critical part of the programme. Engagement with workforce will continue throughout the programme. In addition, a joint session with the Trade Unions is planned throughout the programme and will become a regular working group.

8.6 *Risk Management Implications*

A full risk log is being formed and will be reported to Members of the Committee on a regular basis.

8.7 *Rural Communities Implications*

ICT supports all priorities and communities, and it is important that successful delivery of the service is achieved.

8.8 *Implications for Children & Young People/Cared for Children*

ICT supports all priorities and communities, and it is important that successful delivery of the service is achieved.

8.9 *Public Health Implications*

ICT supports all priorities and communities, and it is important that successful delivery of the service is achieved.

8.10 *Climate Change Implications*

ICT supports all priorities and communities, and it is important that successful delivery of the service is achieved.

8.11 *Ward Members Affected*

This report relates to Shared Services that operate across both CE and CWC, therefore all wards are affected in both Councils.

9 Access to Information

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields, Middlewich Road
Sandbach
CW11 1HZ

or:

Cheshire West & Chester Democratic Services
HQ Building, Nicholas Street,
Chester,
CH1 2NP

8. Contact Information

Any questions relating to this report should be directed to the following officer:

Name Gareth Pawlett
Job Title Chief Information Officer
E Mail gareth.pawlett@cheshireeast.gov.uk

Name: Roger Davies
Job Title: Head of Digital, Data & Technology
Email: roger.daviesd@cheshirewestandchester.gov.uk

This page is intentionally left blank