SCHEDULE 3

INITIAL PERIOD BUSINESS PLAN

ICT Shared Service

BUSINESS PLAN

1 April – 30 September 2016

Version 0.7- 17 March 2016

Introduction

This Business Plan outlines the key short term objectives for the ICT function operating under a shared service agreement between Cheshire East and Cheshire West and Chester Council (CWAC) from 1 April 2016.

Under the terms of the agreement this service will be hosted by CEC. The basis of 'on-boarding' former CoSocius service from the 1 April is 'lift and shift' and the day 1 structure chart is shown at Appendix 1. On that basis one of the key objectives within this Plan will be to determine a future operating model that brings together all of the ICT services, exploiting opportunities for alignment of services, standardisation of processes and reducing the overall cost base – the period covered by this Plan will, therefore, be 1 April to 30 September 2016. A more detailed Plan will be delivered to support a new target operating model (TOM) from 1 October 2016.

Scope of Services

This Plan covers only the ICT services provided to 31 March by CoSocius and detailed as part of the shared service arrangement between Cheshire East and Cheshire West and Chester Council.

ICT
1. Service Management
    1.1 Customer Management, service level management and service reporting
    1.2 Asset and Supplier Management
    1.3 Service Desk
    1.4 Service Level Management
    1.5 Change Management
    1.6 Problem Management
    1.7 Capacity Planning

2. Infrastructure Service
    2.1 Server management and support
    2.2 Storage management and support
    2.3 Backup management and support

3. Network and telephony platforms
    3.1 Government Connect
    3.2 WAN, LAN & Wi-Fi
    3.3 Telephony

4. End-user Services
    4.1 End User
    4.2 Email Security
    4.3 Remote Access Services (RAS)

5. Application Services
    5.1 Application management and support
    - Strategic/Supported Applications – Support and management for installed software, both bespoke and packaged.
    - Oracle – Support and management for installed software, both bespoke and packaged.
    - Other Applications – Support and management for installed software, both bespoke and packaged.

6. Professional Services
      6.1 Project Management Office (PMO)
      6.2 Project and Programme Management
      6.3 Bid and Proposal Management
      6.4 Testing Assurance
      6.5 Architecture Services
      6.6 Security Risk Assessment

Total ICT Service Cost Base

	Cost Base £m
Direct Staffing	6.916
Contractors	4.406
Non staffing costs	4.858
Overheads	0.909
Gross Costs	**17.089**
Schools Income	(3.073)
Projects Income	(5.679)
Net cost to be met by Councils	**8.337**

The business plan and its underpinning financial model assumes that all costs incurred on one off projects on behalf of the two Councils will be fully recovered through recharges. The residual cost of £8.337m covers the Business as Usual support services provided to the two Councils and is analysed as follows:

Summary ICT BAU Support Service Cost Base

Service Segment	Cost Base
Service Management	£1,286,268
Infrastructure Service	£951,726
Network and telephony platforms	£1,722,080
End-user Services	£1,014,048
Application Services	£3,039,678
Professional Services	£322,838
Overall	**£ 8,336,638**

The above cost base reflects the services provided to both Councils and aligns with the available budget. For the initial 6 month period the majority of the BAU costs will be recharged on a 50:50 basis between the two Councils and associated ASDVs, to ensure that costs are not significantly different to available budgets in either Council.

Share of Costs for Initial Business Plan Period
One twelfth of the sums below to be paid by each Council for each calendar month of the initial period

Cheshire East Council *	£4,243,163	Monthly Sum	£353,597
Cheshire West and Chester Council	£4,093,475	Monthly Sum	£341,123

* In addition to the its own costs the Cheshire East allocation includes the cost of activities undertaken on behalf of its arms-length delivery vehicles which are subsequently recharged

Key Objectives & Milestones

1. Business Continuity

Since the decision to revert to a shared service arrangement was taken in October 2015, of paramount importance has been the need to maintain business continuity with minimum impact of service change on the customer. This Plan covers a six month period of operational stability and transformation that will lay the foundations, financially and technically, for significant change. It will provide the platform for future collaboration and product development.

2. Closure of 2016/17 Budget Gap

The new Management Team will establish strong leadership, strategic vision, clear roles and responsibilities, collaborative working practices; adopt CEC policies and procedures including performance management, staff development and a culture of openness.

There is an absolute commitment from the new management team to avoid a further overspend in 16-17. The key to delivering this is the implementation of a rigorous financial control and management framework which establishes and reinforces financial accountability within the service. An examination of existing time recording data within CoSocius has shown that a large proportion of staff time (contractors and permanent staff) has been booked to unproductive/non chargeable tasks. Effective control and monitoring of time recording will ensure that staff resources are focused on activity that is fully funded, whether within budgeted BAU activity or on rechargeable project activity. This, together with streamlined processes for commissioning and monitoring capital projects will massively reduce the inefficient and ineffective use of staff time and will transform the financial position of the shared ICT service.

More detailed proposals which will build on this fundamental cultural change are shown in Appendix 2 and can be summarised across the four headings of:

- **Proposals that are not dependent on investment or service changes**   **£3.485m**
- **Proposals with minor service impacts (require final sign off)**   **£0.215m**
- **Proposals that require some investment prioritisation**   **£0.275m**
- **Outline Proposals that need more development**   **minimum of:**   **£0.300m**

The monitoring of accurate baselining data will ensure the production of a fully costed Service Catalogue for consultation (Oct 2016) and inclusion within the 2016-17 business planning process. Product based costing will also be calculated based on specific to usage. Variable charging and levels of service/availability will also be proposed.

The new Management Team will come to an understanding on previous resource pressures and client priorities, review these alongside proposed new ways of working including delivery models, to produce a more responsive TOM for consultation in April.

NOTE: there is a risk of a minor downward trend in KPIs (service requests and incidents) in the short term before medium term (< 18 months) stability and improvement (due to staff maturity, training and stabilisation of the new TOM). We are not predicting any causal impact on major outages. Moving maintenance slots to during core hours will likely have an impact on system availability in the short-term. Service reduced for Members and Senior Managers as no out of hour's service available.

3. Development and Implementation of a new Target Operating Model (TOM)

The development of a new TOM will be critical the success of the new service moving forward. The integration of both existing and on-boarded (CoSocius) services provides a significant opportunity to standardise, automate and align processes and procedures, delivering greater efficiency and much more robust offering to both Councils, schools, academies and companies.

The scale and coverage of this change activity will deliver significant savings over and above those identified in '1' above. It is anticipated that a 30/45 day consultation with affected staff and unions will be required and it is likely that this will take place between May and July. Implementation of the new TOM is expected to be 1 October 2016.

4. Development and Implementation of a new Commissioning Model
Work is well underway in redesigning the current end to end commissioning model across the councils and ICT Shared Service. The end-to-end model encompasses all key areas of process from an initial idea through to business enquiry, proposal, project initiation, project delivery, closure and review. The current commissioning model has long since been an area of dissatisfaction both in the councils and within ICT delivery teams. The workshops have been customer driven and fully supported by lead ICT commissioners together with engagement from all areas of service delivery. The redesigned model will ensure that the overall process is more customer focussed, agile, less bureaucratic, transparent and cost efficient. It is anticipated that the new model will be launched in April and will be continuously evaluated and refined to ensure successful embedding of new ways of working and to ensure that benefits are delivered.

5. Development and Implementation of a new Service Catalogue, agreed Specification for Services, Performance Management Framework (PMF) and Payment Mechanism (Paymech)
There is an absolute commitment to continue to develop the Service Catalogue & costing structure to reach agreement on a Service Specification to include in a variation to the Service Agreement from October. This will be accompanied with a revised PMF & Paymech which supports the essence of a shared services arrangement but with increased commercial terms in line with the principles agreed by the Programme Board in February.

An essential pre-requisite to the Service Specification are clear customer requirements. To ensure the desired outcomes are delivered, the ICT Shared Services Transition Project Board will drive the necessary activity in collaboration with Council Commissioners, engage the right subject matter experts and report progress regularly to the Joint Officer Board and Shared Services Joint Committee.

6. Development of a detailed, strategic Business Plan
In parallel to the development of the new TOM, a more formal and strategic Business Plan will need to be developed. The Plan will need to set out:
- The scope of activity for the remainder (and beyond) of the shared arrangement
- Activity and related savings/efficiencies linked to the Service Reviews, such as ERP
- The financial envelope, including savings/income targets in which the service will operate
- The further development/baselining of measures (the PMF) by which each council client will determine the successful delivery of services
- A strategy for marketing and growth

High Level Milestones

Activity	Timeframe
Joint Service Committee	18 March 2016
Day 1/TUPE Transfer date	1 April 2016
Development of TOM	1 – 30 April 2016
Consultation Period	May-July 2016
Development of Strategic Business Plan	July – September 2016
TOM Live	1 October 2016

Risks & Issues

Risks
- Resource requirement to develop a new TOM for 1 October 2016
- Impact of Service Reviews, apparent lack of appetite for collaboration (Digital, Social Care, Planning and Transport)

Issues
- Culture
- Loss of key resource/knowledge pre-1 April
- Very low confidence in management information, transition period key to base lining
- Further work to be done to confirm additional investment requirements for each authority
- Consultation on new TOMs likely to be 30/45 days meaning a concentration of effort/resource in April to enable a May-July consultation

APPENDIX 1 – ICT SENIOR MANAGEMENT TEAM STRUCTURE

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                    │  Chief Information Officer / │
                    │  Head of ICT Shared Services │
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| Business Planning & Compliance Officer | Digital and Architecture Services Manager | ICT Operations Manager | ICT Service Delivery Manager | Finance Manager HR Manager Transformation Programme Manager |