

Corporate Overview Select Committee

25 January 2019



Scrutiny of Orbis Partnership: IT & Digital

Purpose of report: To assist the Committee in considering the IT and Digital function within the Orbis partnership, in respect of value for money and the ability to support transformative change.

Introduction:

1. This report has been written to support consideration of the IT & Digital function within the Orbis partnership by the Corporate Overview Select Committee.

Service background:

2. The Orbis partnership formally commenced following the approval of the Orbis business plan by Cabinet in October 2015. The Orbis business plan identified potential savings from a combination of management consolidation, process improvement and de-duplication and a three year roadmap to deliver the integration.
3. The establishment of the IT & Digital Service followed the appointment of the Orbis Chief Information Officer (CIO) in January 2016. The process of service review, redesign and integration was started in April 2016 and completed in June 2018.
4. IT & Digital now operates as a single, unified service across three councils: Surrey County Council; East Sussex County Council; Brighton & Hove City Council.
5. The service design enables a focus on delivering the operational and strategic priorities of each council, whilst benefiting from operational efficiencies and the aggregation of expertise afforded by working across the Orbis partnership. See Annexe 1 for more detail about the IT & Digital service top level structure and functions.
6. The integration process resulted in the merger of three separate ICT/IMT functions into a single IT & Digital service, the consolidation of three CIO (or equivalent) roles into a single post, the deletion of the Chief Digital Officer post and

incorporation of digital delivery into the IT & Digital service, and a reduction in heads of service posts from 18 to 6.

Financial Considerations:

7. The reorganisation of the IT & Digital service has achieved efficiencies and savings from integration across the leadership, managerial and operational layers. These changes are forecast to achieve a 16% saving over three years (16/17-18/19); a reduction of £2.7m. Please see Annexe 2 for more detail.
8. In addition to the efficiencies in the Orbis Operating Budget, the IT & Digital service has delivered a programme of contract and technology review that is forecast to achieve 14% saving over three years (16/17-18/19); a reduction of £1.9m from the Surrey 'Managed on Behalf of' budget. In addition to the planned medium term savings, an additional in-year saving of £1.7m is forecast for 18/19. Please see Annexe 2 for more detail.
9. In 2017, the Gartner benchmarking service was used to gain an understanding of how levels of IT expenditure compared amongst the Orbis partners and against an industry reference group. The benchmarking indicated that IT spend, as a percentage of total council expenditure, was higher in Surrey County Council than the other Orbis partners but lower than the industry average. Please see Annexe 2 for more detail.
10. The IT & Digital service operates Surrey County Council's primary data centre site is at Redhill and secondary data centre site at Guildford. These data centre facilities were recently benchmarked independently against commercial IT industry equivalents and were shown to be 40% to 60% cheaper than commercial alternatives.
11. By virtue of operating a single IT service across the Orbis partnership, Surrey County Council has been well placed to increase its income from the traded data centre services. During the course of 2017 and 2018, East Sussex County Council and Brighton & Hove City Council migrated their service infrastructure to the primary data centre. This business is forecast to generate an additional annual income of £0.3m in 18/19.
12. IT & Digital has been able to support the growth of SEBS Ltd (a Surrey County Council local authority trading company) by leveraging business development skills that exist within its wider partnership staff base. With IT & Digital partnership

resources SEBS Ltd now supplies the commercial hosting and contract management for Central Surrey Health Trust, First Community Health and Care Trust; this generates £160k net contribution into the Council.

Non-Financial Considerations:

13. An example of process improvement achieved as part of the integration is provided by the IT helpdesk service improvement. For a number of years the IT helpdesk struggled to effectively manage the demands placed upon it. Service levels and staff satisfaction were poor with caller wait times reaching 45 minutes in 2015. Following the integration of the operational management and teams, experience and know-how developed at the other councils was applied to the Surrey IT helpdesk. The changes introduced resulted in an 87% reduction in open support call tickets, caller wait times reduced to sub-thirty seconds and commensurate reduction in call abandonment. Please see Annexe 3 for more detail.
14. During 2017, the IT & Digital service was able to provide expertise and experience to enable the establishment of a cross-council 'web shop' for traded services to schools. This has been achieved through adoption of proven technology and utilising the learning from a similar project in Brighton & Hove City Council. Please see Annexe 4 for further details.
15. The partnership nature of the IT & Digital service operating model made it possible to establish a Data Protection Officer (DPO) shared by the three Orbis partners. This arrangement has saved salary costs of a new statutory role and accelerated Surrey County Council's General Data Protection Regulation (GDPR) preparedness and on-going compliance. The economies of scope have enabled the pooling of expertise and the re-use of policy frameworks, training and compliance toolkits developed by the other Orbis partners. Please see Annexe 5 for further details about the role of the DPO and value provided to the Council.
16. During July 2018, the Local Government Association (LGA) conducted a survey of cyber security practice across all UK local authorities. Surrey County Council participated in this stocktake. An area of strength highlighted by this exercise was the technological capability put in place at Surrey County Council during the last three years. The cyber tools used, enhance both the prevention of cyber threats and the speed of detection and response to cyber incidents. The primary area of development highlighted related to staff cyber awareness. Working with the two other Orbis partners, IT & Digital have submitted a bid to the LGA against a £1.5 million

fund received from the Cabinet Office to support cyber security and promote good cyber security practice across local authorities.

17. The IT & Digital service has received recognition from technology and public sector industries for the quality of delivery in supporting both individual councils and the wider partnership. Recognition includes the Surrey IT Helpdesk being shortlisted for the 2018 'IT Team of the Year' award at the British Computing Society and winning the 2016 Data Centre Dynamics 'Enterprise Data Centre' Award.

Capability to support transformative change:

18. The in-house skills and capability of the IT & Digital service to support transformative change and deliver technology innovation has also received external recognition. In 2016, IT & Digital received a 'Digital Leaders 100' Award for the delivery of the Vulnerable People Emergency Response system which was the first of its kind. The work of the service, as part of a consortium of local councils, was recognised by the 'iNetwork Innovation' Award for the development of the Surrey Planning Hub. In 2017, the Local Government Chronicle listed Surrey County Council as a finalist for 'Digital Council of the Year'. Furthermore, IT & Digital received the SOCITM (Society of IT Management) 'Innovative Collaboration' Award for the technological developments undertaken to enable the Orbis partnership.
19. Working collaboratively across the partnership the IT & Digital Programme Management Office (PMO) have created an integrated team that exploits existing best practices, processes and tools. The PMO has become an established centre of excellence within Orbis and has consistently driven up performance at Surrey and the other partner councils. These improvements have enabled a steady increase in the volume of IT and digital projects that can be managed and delivered at Surrey. The total number of IT and digital projects completed have increased from 68 in 2015 to 124 in 2018. The current set of projects within the IT & Digital portfolio are provided in Annexe 6.
20. Effective IT governance is crucial in ensuring project resources are focused on the key organisational priorities. In order for the IT & Digital service to continue to align resources to corporate priorities the Council's IT governance model was reviewed and redesigned. This new governance approach was approved by the Council Leadership Team on 30 July 2018. Please see Annexe 7 for more detail.

21. IT & Digital is playing a key role in the delivery of the Council's Transformation Programme (2018-21). This involves the enablement of service transformation plans, and the establishment and adoption of Digital and Agile Workforce capabilities within the Council. Developments will include technologies to support online access to services, automation of processes, mobile working and greater use of data. In addition to enabling the service specific plans, the Digital and Agile Workforce projects will extend solutions across the organisation to maximise return on investment and deliver an additional £4m in cost reduction. For more detail about the Digital and Agile Workforce projects see Annexe 8.
22. In parallel to developing and mobilising the digital and agile workforce programmes, the IT & Digital service has developed a strategy for the Council's core infrastructure. This will put in place the very latest industry technologies and implement a design that will provide a highly resilient, cyber secure infrastructure capable of underpinning the adoption of digital delivery methods and new ways of working. The strategy was reviewed and validated by Gartner who provided the following statements of support:

"The strategy is geared well to be cost conscious without compromising infrastructure agility. The Orbis team seems to have carefully evaluated other models, for example of infrastructure management and has concluded that for the application mix, the cloud hybrid model delivers the best efficiency and infrastructure agility."

"... the architecture represents a set of best in class technologies: is encapsulated within a strong and proactive monitoring infrastructure: provides a reliable and secure foundation: leverages capital investment in technology to potentially yield revenue savings."

Lessons, challenges and strengths:

23. Four lessons have been drawn-out from the change process that led to the successful integration and delivery against the business plan efficiency targets, as below.
- 23.1 Embedding the change takes time and involves on-going reinforcement. The formal change process for IT & Digital took approximately two and a half years. Alongside the formal change process that introduced the new service and team structures, there has been an on-going reinforcement of the need to work differently to reflect changed reporting lines, roles and responsibilities

and revised processes. This has presented further challenges to incorporate three organisational identities and cultures into amalgamated services and teams. The embedding and consolidation of the structural changes is expected to continue for the next 12 months.

- 23.2 Planned co-design, co-delivery and consensus building activities are essential. The IT & Digital service design was developed and implemented in three main phases. The top layer was designed to provide an overall framework, this was followed by the headline functional team structures and finally the detailed team structures. This phased approach enabled increasing levels of engagement with staff which provided both buy-in and acceptance of the changes and helped to create a design that took on board perspectives from staff at different levels within the service.
- 23.3 A phased approach to co-design entails a risk of impact on staff morale. Integration led to staff reductions throughout the service including the departure of long serving staff. Staff morale was impacted by service changes and that was evident in the 2018 Best Companies Ltd staff survey results. However, the integration also introduced new processes with clear expectations on the quality of service provision. The survey results demonstrated that staff already aligned to the new structure at the time of the survey responded more favourably than those team members yet to be realigned to a new team structure. Throughout the period of integration there was no change to overall IT & Digital staff wellbeing ratings between 2017 and 2018, and when compared to the Best Companies “One’s to Watch Big Companies”. To mitigate against further impact of the change there has been a focus on staff engagement including all staff meetings, team meetings and a fortnightly service e-newsletter.
- 23.4 Maintaining a focus on council priorities and enabling them is crucial to maintaining credibility, relevance and value. The process of integrating services from three different organisations and delivering significant efficiencies takes considerable time and effort. Given the enormity of the task, the integration could quite easily have become either stalled or with detriment caused to the core services delivered. A key success of the IT & Digital integration is that the priorities of the Orbis partners were kept central to the day to day operations and the longer term tactical and strategic service goals. This was facilitated by Strategy and Engagement areas

that contributed to and maintained an IT & Digital focus on organisational priorities for the each of the three Orbis partners.

24. Many of the challenges and risks managed by the IT & Digital service are typical of similar functions in the public sector regardless of whether they support a single or multiple organisations. In that the service operates with diminishing resources at a time of organisational reliance on technology, heighten resident expectations for digital service provision and an ever evolving cyber threat. There are also a set of inherent complexities that arise from operating a service that works within and for three separate organisations. The resulting challenges include: multi-site, multi-employer management arrangements which creates increased complexity particularly around Human Resources (HR) polices, practices and workforce management; different organisational histories and resulting cultures; differing priorities and areas of required focus from the IT & Digital service. These challenges were ever present through the integration process whereby consultation occurred within three differing HR policies and procedures and involved discussion with unions across the three Orbis partners, absorbing considerable effort in a bid to maintain delivery of the collective savings targets identified by the councils.
25. The process of designing, implementing and operating the IT & Digital service across the three partner organisations has assisted in developing three core strengths that underpin the value provided by the service: being a professionally networked function and being able to draw upon connections with peers in other councils and sectors, suppliers and advisory consultants to maintain a current and forward looking knowledge of good practice and technological innovations; retaining and developing subject matter experts across a breadth of technical domains and negating the need to externalise large swathes of business as usual or transformational change requirements to third parties; a focusing on service improvement, using the diversity of experience and expertise available from all three Orbis partners to deliver a process of on-going service optimisation as illustrated by the IT helpdesk improvements.

Conclusions:

26. The IT & Digital service has been designed to support and enable the operational and strategic priorities of Surrey County Council and the other Orbis partners.

27. The process of integration has been completed. The establishment of the Orbis IT & Digital service has achieved the target savings for 16/17 and 17/18, and is forecast to achieve the required savings for 18/19. The service depth made possible through the partnership has also enabled the generation of income (or a contribution to overheads) for the Council.
28. During the period of integration and cost reduction, the IT & Digital service has continued to put in place improvements that have enhanced the service offer and added-value to the Council.
29. The IT & Digital service is well placed to support and drive transformative change at Surrey County Council. Through both the leadership of the Agile Workforce and Digital programmes and the implementation of a forward looking, enabling core infrastructure.

Recommendations:

30. For Members to review and comment on the value provided by the IT & Digital service and the service's capability to support transformative change.

Next steps:

Update Members on the technology roadmap for the next 3 years when finalised and the progress of the Digital and Agile Workforce projects.

Service improvement within IT & Digital is a continuing process. Primary areas of focus from the end of 2018/19 and throughout 2019/20 include; customer-centric service training, customer support tools and standardised core IT management processes.

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