

## RESOURCES AND PERFORMANCE SELECT COMMITTEE

MONDAY, 24 APRIL 2023

**IT & DIGITAL UPDATE**

Purpose of report: This report has been written to support the review and consideration of the IT & Digital service by the Select Committee. This report provides an update to the overview provided to the Select Committee in 2021.

**Introduction:**

1. The IT & Digital service enabled the Council to respond well and at pace to recent challenges including austerity and the pandemic. The Service is now focused on supporting the Council's ultimate ambition that 'No One is Left Behind'. This is achieved through support to resident facing services and enabling the Surrey Way strategic framework, using digital to transform the way the Council works.
2. The Service has also continued to seek opportunities to develop its own processes and structures to ensure that it remains effective. Value is provided by supporting the day to day use of technology, delivering projects and maintaining cyber resilience.
3. This report has been written to provide the Select Committee with a good understanding of the current service, and to provide assurance that it continues to offer good value and is equipped to enable the Council to respond positively to the opportunities and challenges ahead.

**Service Provision**

4. IT & Digital is a mission critical, underpinning and enabling service within the Resources directorate. It has been designed to keep the Council safe, maintain high levels of service productivity and support the Council to adapt to changing resident needs and expectations, by driving innovation and introducing new digital capabilities. The following section provides an overview of the service areas and responsibilities that comprise IT & Digital, please see Annex 1 to see the top-level service structure.

5. The IT & Digital is one of the services delivered as part of the Orbis partnership. A resource sharing arrangement between Brighton & Hove City Council, East Sussex County Council and Surrey County Council. This was established to deliver savings by delayering and removing role duplication, provide enabling services that are responsive to the operational and strategic priorities of each council, and to aggregate professional and technical expertise to enhance the overall service offer.

### **Architecture, Transition and PPM (Project Portfolio Management)**

6. The delivery of IT and Digital (IT&D) projects at Surrey County Council is managed through a portfolio of activity that follows the Run, Grow and Transform model. Please See Annex 2 for more detail of the Run, Grow and Transform categories.
7. In 2022, the Architecture, Transition and PPM (Project Portfolio Management) service was established to manage the design, delivery and implementation phases of the Run and Grow projects, as well as provide support to the Transform projects. This structural adjustment brought together teams and capabilities from across the IT & Digital service. This new function is dedicated to supporting a project from its design and initiation phase through to project closure and transitioning it into a supported state. Further information about the management of the project pipeline and new project requests can be seen in Annex 3.
8. As of the start of March 2023, there were 40 in-progress Run projects. Current projects include the procurement and refresh of the Council's Wide Area Network and Wi-Fi, network, replacement of the existing office telephony with a Microsoft Teams integrated telephony solution, supporting the Merrow redevelopment, and updating the Surrey Fire and Rescue service fleet management system. Some examples of the Run project achievements are provided in Annex 4.

### **Digital, Data and Technology (DDaT) Portfolio**

9. Transform project delivery takes place within the governance of the DDaT Portfolio which is co-managed by the IT & Digital service and Transformation Support Unit (TSU). The IT & Digital service is one of several services that are engaged in developing DDaT capabilities, with activities taking place within service led transformation programmes and as part of partnership initiatives.
10. The intention is to provide greater strategic alignment, coherence and join up between the Council's digital, data and technology delivery programmes. Taking a co-ordinated approach will improve governance and oversight should

result in a more efficient use of resources, better cross-council prioritisation and improved collaboration.

11. The IT & Digital service remains accountable for the implementation of the Digital programme. During the last 18 months this programme has moved beyond technology-centred innovation. The focus of the Digital has been reorientated to take on a more pronounced strategic role and drive forward a programme of cross-council, collaborative work to design, shape and deliver business change. Please see Annex 5 for a more detailed update on the Digital Programme and explanation of the new digital operating model.

### **Strategic Engagement and Innovation**

12. The Strategic Engagement and Innovation service is the primary strategic interface between the IT & Digital service and Chief Officers, directorate leadership teams, the Council's transformation portfolios and partner organisations. It has been established to: provide influential engagement; lead on digital exploration and innovation and support the modernisation of the Council.
13. This service plays a significant role in the Digital Operating Model (DOM) and the service has structured around the four central components of the DOM. This is where the IT Business Partners, Digital Design Team, Digital Consultants and other specialist digital roles are located. The team's unique skillset and composition enables it to seek out ways of positively disrupting the way the organisation thinks about, and potentially delivers, services to our residents.

### **Service Design and Experience**

14. A key role played by the Service Design and Experience team is to be the primary point of contact for advice, requests or resolution of issues regarding the council's technology provision. This advisory and support service is provided through three teams: the Service Hub team, the intention is to resolve as many queries as possible at this first point of contact; the User Experience team, responsibilities include device deployment and access; and the newly created Tech Advocates team which provides functional and tailored technical advice, best practice guidance and multimedia support guides.
15. The client function that manages the Unicorn contract is located within this area of service. This contract is currently used to provide the Wide Area Network, Local Area Network, Wi-Fi and telephony (office, contact centre and mobile) The contract expertise within the team is also used to support other officers and their management of technology contracts.

16. The Performance and Monitoring team are the continuous service improvement function for the IT & Digital and located within Service Design and Experience. This team collects and analyses service user feedback, operational performance data and other performance insight. This performance intelligence is used to identify opportunities for improvement in service efficiency, effectiveness, and ultimately end user experience. Details of achievements and successes can be seen in Annex 6.

## **Enterprise Technology, Platform Development and Systems**

17. This function is responsible for the development and maintenance of the Council's core technology platforms and systems. With respect to enterprise technology, this includes the Data Centre facilities and the server platforms, IT network management and telephony services, cloud services management such as M365 and Azure services, and information security and cyber threat mitigation and recovery services.
18. Platform development carries out bespoke application development, application integration and business intelligence e.g., the development of Tableau reporting capabilities.
19. The Systems teams support and maintain a broad portfolio of enterprise wide and line of business applications including Systems, Applications and Products (SAP) and the Liquid Logic platform, and a set of data capabilities such as Geographic Information System (GIS). This function has continued to keep the council operational and played a key role in modernising the core technological foundations. Details of achievements and successes can be seen in Annex 7.

<b>Financial Considerations</b>
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### **Revenue**

20. There are two revenue budgets associated with the cost of delivering IT & Digital services: the Surrey County Council sovereign IT & Digital budget, which is £18.5 million (2022/23) for support and maintenance contracts, that pertain only to Surrey County Council; those service elements that are integrated with East Sussex County Council and Brighton & Hove City Council as part of the Orbis partnership (part of the Orbis Joint Operating Budget (JOB)) which is £5.1 million (2022/23) of which £3.1 million is the Surrey share.
21. During the period 2015/16 - 2021/22, total net savings £4.2 million (20 per cent budget reduction) was delivered from the JOB following a series of efficiencies and cost reduction initiatives.

22. A review of the JOB in 2021/22, led to the separation of the staffing budgets between JOB and council budgets. Retaining a reduced amount of funding within the JOB for shared roles, where these roles provided services across the partnership. Transferring budgets back to each council to fund roles that were undertaking single council activities within the respective council budget, and in the process providing each council with enhanced flexibility over the growth or reduction of the sovereign staff budget to reflect respective council priorities.
23. The 2023/24 sovereign budget is £20.2 million and includes growth of £1.1 million to support the mainstreaming of the digital capabilities that had been established as part of the Digital Programme. The 2023/24 Surrey County Council share of the joint Orbis budget for IT&D is c£3.1 million.
24. IT & Digital has achieved considerable efficiencies and for the three years from 2021/22 will deliver £2.8 million as shown in the table below with further explanatory detail provided in Annex 8.

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<b>SCC Sovereign IT&amp;D Budget</b>				
Transformation	800			800
Reduction in ongoing licencing costs as a result of Hyperconvergence systems purchase		120		120
Implementation of new ERP system		163		163
IT&D - various such as MySurrey implementation resulting in reduced Jive & Microsoft costs, reduced council wide mobile phone savings and additional Fire Service income			821	821
<b>Total SCC Sovereign IT&amp;D budget efficiencies</b>	<b>800</b>	<b>283</b>	<b>821</b>	<b>1,904</b>
Joint Orbis Budget (SCC share of IT&D budget) staffing efficiencies and review of non-staffing costs	263	406	200	869
<b>Total Efficiencies</b>	<b>1,063</b>	<b>689</b>	<b>1,021</b>	<b>2,773</b>

## Capital

25. The 2022/23 IT & Digital capital budget is £15.5 million, including £9.9 million for DB&I and £3.2 million for the replacement of the Wide Area Network and Wi-Fi. The 2023 to 2028 IT & Digital capital budget is £29.1 million and the Medium Term Financial Strategy (MTFS) includes a pipeline allocation of £16.5 million. This will provide IT & Digital infrastructure and networks plus projects such as open access technology in Libraries and agile capabilities for the organisation.

## Performance Management

26. The performance of the IT & Digital service is monitored, reported and analysed using a variety of mechanisms. This provides a holistic view of the service and enables the service leadership team to take operational action and shape plans for continuous service improvement. The following sets out categories of performance monitoring used to inform the management of the Service.

### Audit plan

27. Internal Audit undertake an annual audit plan with a specific focus on IT and Digital. These audit reviews and resulting action plans are used to manage risk and to enhance the delivery of the service. A summary of the audits undertaken during the last two years is provided in Annex 8.

### Critical Environment operational performance

28. The IT & Digital Critical Environments are comprised of two Tier 3 (industry classification for highly resilient) data centres located in Reigate and Guildford. All critical applications reside in these facilities and therefore it is paramount that they are well maintained, secure (both facilities are accredited to the ISO 270001 security standard) and operated to strict performance levels.

### Monthly performance reporting

29. A basket of monthly IT&D performance metrics is produced and shared for corporate reporting purposes; this comprises:
- Customer Satisfaction, which has seen an increase since the last committee meeting (+87 compared to global average of +77)
  - Hours Lost, based on an individual's perception of work disruption in terms of loss time. This has remained below our tolerance and well below the global average. (2 hours 5 minutes compared to global average of 3 hours 8 minutes)
  - Percentage of successfully blocked cyber-attacks
  - A maturity assessment score for the of IT&D contribution towards the overall transformation effort and embedding digital delivery across Surrey County Council.

Please see Annex 9 for further details about the customer satisfaction and hours lost indicators.

## **Project performance**

30. All active Run projects are reported on using a monthly highlight report. This includes key risks, issues, activities undertaken in the last month and planned activities for the next month. This process is monitored and reviewed by the IT & Digital PMO.
31. These reporting arrangements are under development with the intention of extending the status reporting to Transform projects and to provide Cabinet portfolio level reporting.

## **Risks and Challenges**

### **Cyber**

32. The threat of cyber-attack continues to be a high risk for the Council and therefore cyber security a key priority for IT & Digital. Over the last decade, due to the ever-increasing threat landscape, it has become a challenge for organisations such as Surrey County Council to keep pace with threats which include: the growing tide of state sponsored threat actors; organised crime attacks; home grown hobbyists, and a host of other attack vectors being brought to bear upon the Council's network perimeter on an hourly basis.
33. In October 2020, the London Borough of Hackney was subject to a significant cyber-attack which to this day they are still experiencing disruption. Hackney has not been the only breach in Local Government over the last decade, however, it is an example of one where the financial costs, resident impacts and reputational implications are still being felt two years later.
34. In response to the increasing level of risk and informed by recent cyber events across the public sector, IT & Digital have implemented a strategic approach to cyber defence which assumes that we are going to be compromised at some point in the future. This has allowed for our thinking to shift focus and resources to how quickly we can detect a breach, respond to it, and recover systems which have been compromised.

### **Workforce, recruitment and retention**

35. Over recent years it has become increasingly challenging to recruit and retain the specialist staff required to run the operational and transformational aspects of the IT & Digital service.
36. Staff turnover is circa.12 per cent (September 2021 to September 2022). Whilst not ideal, this it is not hugely inconsistent with public sector and IT industry averages; public sector average of 8 per cent and IT industry average of 18 per cent (2021 figures). However, the competition for IT and digital specialists is

fierce with many organisations, public and private sector, investing heavily in DDaT and spiking the demand for skilled resources.

37. An IT & Digital workforce strategy has been developed to improve recruitment practices, the attractiveness of the service to candidates and the development of career pathways for staff. This strategy will put in place a series of incremental improvements, underpinned by a clear and appealing Employee Value Proposition; the compelling reasons for wanting to join and remain working within IT & Digital.

### **Capacity and Demand management**

38. Benchmarking confirms that the IT & Digital service is lean and offers incredibly good value. This is a direct result of many years of driving out operational efficiencies and achieving considerable cost reduction. However, there is no resource surplus or unutilised capacity that can be used to respond to spikes in demand or the steady increase in demand for IT & Digital resources for project which has occurred since the end of the pandemic.
39. Considerable effort is put into the engagement with service areas to ensure there is visibility around the current workload demands and clarity on directorate priorities. However, without a single council prioritisation framework, there are challenges in ensuring the key corporate priorities are met. To counter the risk of not applying resource and focus on the areas that will make the biggest difference, engagement with Cabinet members is being put in place to provide improved visibility of the project portfolio and alignment of work with council priorities.

<b>Conclusions:</b>
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40. The IT & Digital service successfully delivers support, manages a complex and mission critical IT infrastructure, and drives digital innovation. This is all achieved against a backdrop of substantial on-going financial efficiencies, workforce recruitment and retention challenges, high levels of project demands placed on the service and an ever-present cyber threat.
41. The service continues to review and enhance its own systems and processes to provide responsive and enabling services to the council. The leadership provided by the service is equipping the council with the digital, data and technology capabilities needed to achieve the Council's ambitions for modernisation and digital service delivery.

## **Recommendations:**

42. For Members to note the on-going processes to optimise service support and the underpinning IT infrastructure, and the development of new approaches and capabilities to support the modernisation and digitisation of council services.
43. For Members to comment on the service achievements and recommend where the committee can provide support and guidance.

## **Next steps:**

44. For the leadership of the IT & Digital service to reflect upon the feedback of the committee and build this into the continuous service improvement programme as part of the Resources Directorate Improvement Programme.

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### **Report contact**

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### **Contact details**

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### **Sources/background papers**

Annex 1: IT & Digital Service Structure Chart

Annex 2: IT Project Portfolio Categories

Annex 3: Run and Grow projects - Pipeline Management

Annex 4: Run and Grow Projects - Achievements

Annex 5: Digital - Delivery, Operating Model and Achievements

Annex 6: Service Design and Experience - Successes and Achievements

Annex 7: Enterprise Technology, Platform Development and Systems - Successes and Achievements

Annex 8: Explanation and description of efficiencies

Annex 9: Surrey County Council IT & Digital Audits Completed 2021/22 & 2022/23

Annex 10: Monthly Performance Reporting

Annex 11: Glossary of terms

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