



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday, 13 June 2024

Report of the Executive Director - Corporate Services and Transformation

ICT Strategy & Digital Services Target Operating Model
(Cabinet Member for Corporate Services and Budget)

1. Divisions Affected

County-wide

2. Key Decision

- 2.1 This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000). The strategy and Target Operating Model (TOM) are wide-ranging, but the full costs and benefits will be presented in future specific business cases as the strategy moves into the implementation phases.

3. Purpose

- 2.2 To note the inherent risks relating to the current ICT service and progress already made through initial stabilisation activity.
- 2.3 To approve the council's ICT Strategy (Appendix 2).
- 2.4 To approve the associated Digital Services Target Operating Model (Appendix 3).

2.5 To note alternative options considered.

3. Information and Analysis

Overview

- 4.1. DCC's ICT department and services have evolved over time. The evolution has, however, fallen behind that of similar sized councils, many of whom have adopted industry standards, best practice, and a more proactive approach to updating their applications, infrastructure and service portfolio. The result is that DCC's technology and application estate is now an outlier in comparison.
- 4.2. The council's requirement for an effective, well-integrated and managed ICT Service is growing, with a significant and growing reliance on the ICT Service (now Digital Services) for the provision of technology support to day-to-day service delivery, and to enable efficiencies across the whole council. This requirement is magnified by the council's financial position. To meet this requirement effectively, the organisational approach to Digital Services needs to change.
- 4.3. In March 2024, Cabinet approved a Digital Strategy to support the ambitions of the Council Plan, which clearly defines the council's digital vision for the future, and the core principles which will allow the council to achieve its vision.
- 4.4. To enable the Digital Strategy, significant improvements are required in the council's technology infrastructure, which underpins all the council's key business applications. These improvements were described in the Cloud Strategy, which was approved by Cabinet in April 2024.
- 4.5. To support the Digital Strategy and to deliver and support the Cloud Strategy, it is therefore now important to set out here the strategic direction for the ICT Service, and to describe the new Target Operating Model for Digital Services which will enable these objectives. It should also be noted that following the Cabinet decisions in December 2023 to create the new Director Digital post and to recruit into the new ICT leadership team, from 7th May 2024 the new Digital Services division has been created and the current ICT Service is being subsumed into that new division.
- 4.6. The sections below detail:
 - The actions taken to date.

- Why further change is needed.
- The core objectives of the ICT Strategy, and how it supports the Council Plan through the Digital and Cloud strategies.
- An outline of the financial impact.
- The other options considered.

Actions taken to date:

In recent months, actions have been taken to stabilise the service including:

- The Executive Director of Corporate Services and Transformation instigated an ICT stabilisation programme through Socitm Advisory.
- An external ICT Senior Management Team (G15 & G16) was appointed to modernise ICT, including the introduction of industry standards and best practices.
- A Digital Maturity Assessment was conducted to assess areas for improvement.
- A council-wide Digital Strategy was developed, shared, and then approved by Cabinet in March 2024.
- A detailed cloud migration assessment was conducted to inform the level of investment required to minimise on-premise technology, and from this work a Cloud Strategy was created, shared and then approved by Cabinet in April 2024.
- A Target Operating Model for the Digital Services division, to accompany this ICT Strategy, has been developed and working with the PMO an ICT Transformation Programme has been proposed, which includes the implementation of the Target Operating Model.

ICT improvements have focussed on remediating the most immediate, critical risks. These improvements were:

- Stabilising staffing through communication and engagement initiatives, recognising areas of low resource and morale, and through recruitment campaigns supported by HR.
- Introduction of team-based service improvement plans
- Introduction of industry-standard ITIL-based service management methodologies (service desk, incident management, problem management and change management), including service-wide ITIL Foundation training for colleagues.

- A review of systems and applications patching processes and tools, followed by the implementation of an industry standard patching methodology.
- A review of PDR management, putting in place regular reviews for all colleagues in ICT
- A focus on risk and compliance with mandatory staff training requirements.
- Support and implementation of key business projects, such as Mosaic, Alloy/Granicus and SAP HANA

Why further change is needed:

The digital vision described in the Digital Strategy sets out the long-term ambition for Derbyshire County Council:

By adopting a digital transformation approach, we will enhance service delivery, empowering residents and staff to take control of the services they use, enabling better outcomes for people. We will ensure a digitally inclusive approach that provides effective early help to residents.

To deliver this vision ICT needs to change to meet the digital ambitions of the organisation.

The aim of the ICT Strategy is to support and enable DCC's digital vision and strategic objectives as detailed within the Digital Strategy and the Cloud Strategy. Digital Services will act in a transformative support role to enable the wider organisation to deliver on their own strategic ambitions. The new division will implement modern digital, cloud-based solutions using best practices and modern delivery approaches in collaboration with the Portfolio Management Office (PMO). This will enable the use of up-to-date technology and a digital approach across the wider organisation to improve both our internal service delivery and enable more focused delivery from service areas.

To deliver on the ICT objectives, we will follow three simple principles:

- **Simplify** - Reduce the complexity of systems, processes, and services.
- **Digitalise** - Integrate systems and processes to provide end-to-end solutions and insights.
- **Grow** - Develop capabilities and capacity to deliver a customer-centric approach.

So that:

- Service areas make data based driven decisions to proactively target and prioritise need.
- Services are delivered more effectively and efficiently.
- Users will be involved in designing the services they use, making it easier to order and pay for services, and they will be able to track progress as needed.
- Residents and businesses will be able to more easily carry out transactions with DCC and its partner organisations, confident that the information is accurate and up to date.
- Colleagues and partners will have technologies and services that are designed to efficiently meet their needs, especially when away from the office. They will have the right information to make service delivery decisions and take requests at the point of need.

4. Alternative Options Considered

6.1. Do Nothing

Description: Continuing to operate 'as is' with only limited, evolutionary change.

Cost: As per existing budgets, maintaining current service levels.

Risks:

- Continued inconsistent and fragmented approach to the provision and delivery of services, with an ever-increasing gap to user expectations and continued risks to business continuity.
- Ever-increasing demand and pressure on front line support.
- Little or no capacity to support project work, resulting in increased cost, as external resources and skills would be required.
- Difficulty in delivering the ambitions of the approved Digital and Cloud strategies.
- Increasing difficulties recruiting and retaining skilled and motivated staff into an old-fashioned service

Benefits: No Benefit, but an increasing risk profile.

The impact of this option would be:

- Sub-optimal Digital Services business and delivery models, with limited ability to 'join up' ICT to benefit service delivery.

- Increasing risk of service failure, due to aged infrastructure not being supported or being costly to replace.
- Inability to make best use of data across services, by using the available data and technologies to reduce cost and/or improve service.
- Ever-increasing complexity and associated technical debt of the ICT infrastructure, as more point solutions are implemented, rather than considered and planned end-to-end solutions with associated longer-term costs.
- Widening inability to support service areas' delivery of the Council Plan.

6.2. **Approve the ICT Strategy and the Digital Services Target Operating Model**

Description: Approval of the ICT Strategy will strongly support the recently approved Digital and Cloud Strategies, supported by a new Target Operating Model to centralise, standardise and modernise all Digital Services delivery and invest in future-proofing the service. Together, the three interrelated strategies will provide a clear direction of travel, a technology roadmap and an implementation programme that will transform the council's technology platforms and the supporting Digital Services teams and processes, to become an integral part of the council's service delivery, supporting the wider organisation with its transformation ambitions.

Cost: An analysis of the 'As is' and 'To be' structures indicate that the TOM for Digital Services can be delivered within the current allocated budget for the ICT service. Management of change, to support the Director Digital and the Heads of Service in implementing the new TOM is estimated to require additional resource of c.£500k. Any approval for additional funds will be agreed through the council's normal budgeting process.

Risks:

- While the new Director Digital is now in post, recruitment of the Assistant Director and Heads of Service roles that were approved at Cabinet in December, has not yet concluded successfully. Filling these posts will be crucial to the successful implementation of the new TOM.
- The centralisation of Digital budgets and people from service areas is a complex and extensive piece of work that will require detailed

analysis and negotiations to deliver successfully. The resources and skill levels, as well as the time required should not be underestimated.

- Within the Digital Services division there are a relatively high number of vacancies that have been held open in anticipation of the forthcoming TOM changes. To build an effective service it is unlikely that all these vacancies will be filled by internal colleagues. The new TOM roles will require specialist skills which may be in high demand both internally and externally, which may constrain the speed of implementation or have a negative impact upon costs.

Benefits: The move from a very traditional ICT Service based around locally hosted hardware and software, acting in a fix-on-fail capacity, to a flexible, responsive service that engages in a partnership with the council's service areas to enable and support their digital ambitions.

The move will provide the structure, governance, proactive planning and cohesive guidance to build out the necessary strategies, policies, programmes, and supporting activities to deliver a modern digital, cloud-based, Digital Services division.

- Aligned with industry standards and best practices.
- Supporting service delivery of modern, flexible, resilient technology hosting and application services.
- Strong engagement with service areas and peer CST functions.
- Professional management of all digital suppliers, contracts and ongoing vendor management.
- Centralised Digital Services colleagues and contracts to enable economies of scale and efficient use of skills.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

None

7. Appendices

- 7.1 Appendix 1 – Implications
- 7.2 *Appendix 2 – ICT Strategy*

7.3 *Appendix 3 – Digital Services Target Operating Model*

8. Recommendation(s)

That Cabinet:

- 8.1 Note the inherent risks relating to the current ICT service and progress already made through initial stabilisation activity.
- 8.2 Approve the council's ICT Strategy (Appendix 2).
- 8.3 Approve the associated Digital Services Target Operating Model (Appendix 3).
- 8.4 To note alternative options considered

9. Reasons for Recommendation(s)

- 9.1 To provide DCC with a clear ICT Strategy for its future technology and the service that supports it, outlining the benefits and likely costs.
- 9.2 To describe the structural and process changes needed to create the new Digital Services division, and the outline timeline and resources that will be required for that activity.
- 9.3 To put in place the right teams to address the current high risk levels associated with aging on-premise infrastructure; most notably to improve the council's resilience and disaster recovery provision.
- 9.4 To drive efficiencies and improved customer service throughout the Service Areas through centralising the use of technology, automation and the proactive use of data.

10. Is it necessary to waive the call in period?

- 10.1 No

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Implications

Financial

- 1.1 The proposals set out in this report in respect of the ICT Strategy and Digital Services Target Operating Model (TOM) are expected to have financial implications for the Council. The immediate costs of the TOM have been assessed but the full financial implications of the ICT strategy are not yet fully identified.
- 1.2 The cost implications of the TOM have been assessed and the staffing structures are expected to be accommodated within existing staffing budgets for ICT on an ongoing basis. There are one-off implementation costs of approximately £0.556m over two years (2024/25 and 2025/26). The implementation costs are an indicative estimate which will be funded from existing budgets where possible. Any requirement for additional funding will be subject to separate approvals.
- 1.3 Delivery of the Digital Strategy is expected to require significant improvements to the Council's technology infrastructure, which underpins all the council's key business applications. These improvements are likely to require some financial investment and detailed costed plans are being developed.
- 1.4 There is a total recurrent revenue budget for ICT services in 2024/25 of £11.390m, of which £7.595m is allocated to staffing and £3.795m to non-staffing costs. The staffing budget allocation is expected to be sufficient to accommodate the TOM on an ongoing basis. Non-staffing budgets are utilised for a range of areas. The most significant non-staffing costs relate to software, where requirements and forecast costs for 2024/25 are currently being reviewed.
- 1.5 The 2024/25 Capital Programme includes an allocation of £5.950m for ICT Services Hardware and Infrastructure which is to be funded from borrowing. This bid was based on an assessment of investment needs undertaken in 2023 and will be subject to review in the context of the Cloud Strategy (approved by Cabinet in April 2024) and the Digital Strategy.
- 1.6 Any requirements for financial investment in excess of the allocated revenue and capital budgets for 2024/25 will need to be considered as part of the 2025/26 financial planning process.

Legal

- 2.1 The Director of Legal Services will advise in relation to any contractual and risk issues which arise in relation to the Council's ICT strategy and associated Digital Services Target Operating Model.

Human Resources

- 3.1 The workforce changes that are required to support the future operating model are under review. A separate Service Implications report will be completed to outline the detailed workforce changes required and the process to be followed to support these changes. There will be full engagement with colleagues impacted and the workforce changes will be managed in line with the councils Redundancy, Redeployment, and protection of earnings policy.

Digital Services

- 4.1 The ICT Leadership Team have been closely involved in the assessment and preparation of the ICT Strategy and the Digital Services TOM and are fully supportive of its aims and objectives.

Equalities Impact

- 5.1 N/A

Corporate objectives and priorities for change

- 6.1 To deliver the Council Plan, Service Areas will need significant digital support and reliable and flexible technology infrastructure and applications to enable them to safely and securely collaborate with partners in new and powerful ways, maximising existing resources to collectively address complex challenges and shape future services to deliver better outcomes for local people and places.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None