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To:	Corporate Policy Overview and Scrutiny Committee
Subject:	Information & Communications Technology (ICT) Division Reorganisation
Classification:	Unrestricted

FOR INFORMATION

Summary. This report sets out the proposals for the reorganisation of the ICT Division. The proposals are informed by the objectives of the ICT strategy and the medium term financial planning assumption of a £5M (30%) reduction in corporate ICT revenue costs between 2011/12 and 2014/15

1. Introduction

1.1 This report sets out the draft proposals for the reorganisation of the Information and Communications Technology Division.

1.2 The division is working to deliver a 30% cashable saving compared to the 2010/11 budget. The approach to realise these efficiency improvements has primarily been through partnership development and shared infrastructure solutions to reduce unit costs.

1.3 While the funding outlook requires a reduction in base budget, service strategies anticipate increased use of technology. A key objective of the proposed reorganisation is to reduce management overhead and increase operational delivery capacity.

2. Background

2.1 Implementation of the 'Change to Keep Succeeding' programme in April 2011 amalgamated directorate systems teams and the corporate Information Services Group into a single ICT division.

2.2   With the extent of the organisational change during 2011, much of it dependant on underlying changes to the information systems used across all directorates, in agreement with system owners immediate changes for staff working within ICT were confined to line management changes.

2.3   A review of ICT organisation was scheduled for the second half of 2011/12, to align with the completion of the work to review and update the ICT Strategy. The ICT strategy was presented to Corporate POSC on 11/01/12.

3.   Drivers

3.1   While the ICT Strategy maps out the expectations and demands required of the ICT division for the future, other challenges, opportunities and constraints must also be addressed. Initial planning was informed by:

a).   The requirement to move towards a structure better able to help deliver Bold Steps and the ICT strategy developed in support of this and related business strategies.

b).   Successful delivery of the ICT savings strategy reported to Corporate POSC on 03/11/11.

c).   Rationalisation of the discrete areas of ICT amalgamated as a consequence of the 'Change to Keep Succeeding Programme'.

d).   Redesign areas of ICT activity where levels of service fail to meet the minimum service standards essential to deliver an appropriate return on investment.

e).   High profile programmes, such as Enterprise Resource Planning (ERP); replacement for the Integrated Children's System; transfer of responsibility for delivery of technology within the Building Schools for the Future initiative, all currently being supported by ICT cannot be allowed to be put at risk through ICT reorganisation.

f).   A number of functional areas have achieved recognition as achieving pan industry standards for best practice, we should build on this success not compromise it.

g).   Change to arrangements in support of directorate business systems will in many instances only be viable at point of system renewal, so change will start with areas of duplication rather than whole scale aggregation of these teams.
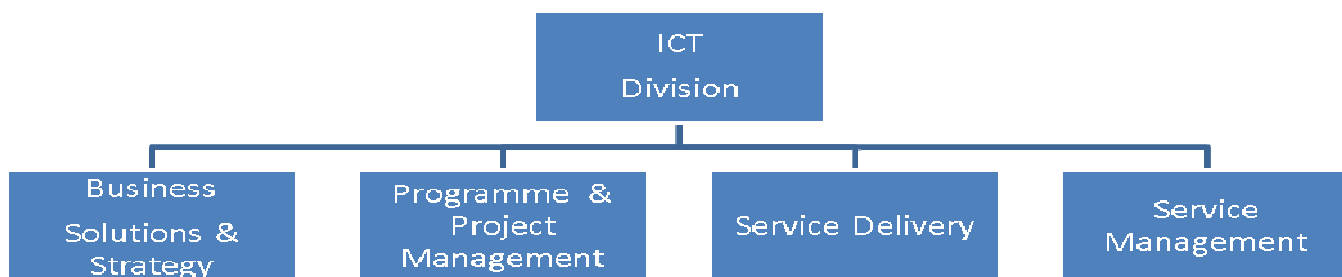
3.2 The consolidation of ICT activity in a single division creates the opportunity to review and remove any duplication of management capacity arising from previous structures. The ability to release this capacity will be essential if the ICT division is to respond to the increased demand for ICT services while minimising any increase in cost.

3.3 Where efficiencies can be achieved through consolidating activity with other Business Strategy and Support functions this approach will be adopted to further reduce duplication.

3.4 Performance and cost benchmarks referenced in the Corporate POSC report of 03/11/11 indicate that the per capita spend for ICT for the council remains low. As all ICT structures incorporate a number of generic functions, which will be reflected in both current and future structures, the impact on ICT delivery teams in the immediate future is relatively low.

3.5 The proposed changes will be the catalyst for the change in how ICT is used in the delivery of public services. As this occurs, the demands and expectations around how ICT support services will be provided will continue to alter. The expectation is that these future requirements will require review of methods of delivery and associated team structures.

3.6 Within the current ICT structure over 89 fte's, 23% of current establishment, are employed in a business unit delivering ICT services to schools and other external agencies. This activity is funded entirely through income and not from base budget. Expansion of this activity is a key element of the ICT efficiency and savings strategy.

3.7 With the reduction in the total number of staff employed by the council, by the expansion of externally funded services, economies of scale, unit costs and service levels can continue to be maintained despite the reduction in corporate demand. This approach will also help minimise any additional cost such as redundancy payments. The current planning assumption is that the reduction in the total number of ICT staff will be relatively small; while at the same time there will be a significant shift from base funding to external funding.

4. Proposal

4.1 Attached at appendix 1 is the proposed management structure for the ICT Division, which if approved will be due to take effect from May 2012.

4.2 The proposal reviews all management roles across the ICT division and team management with the exception of the teams working on the ERP and BSF programmes. This encompasses 48 posts in the structure at the commencement of the reorganisation. The posts in scope cover grades

in the range KR10 to KR16 but only those with management responsibilities.

4.3   The new structure, appendix 1, comprises 43 posts but only 34 of these are predominantly management or team management roles. The other 9 roles are professional ICT roles aimed at increasing the delivery capacity of the division in support of the ICT strategy.

4.4   The senior management team, responsible for delivery of the divisional business plan and associated targets is reduced from 15 to 5 reflecting the rationalisation of structure around core ICT functions.

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Business Solutions & Strategy	Programme & Project Management	Service Delivery	Service Management

4.6   The structure does not require utilisation of the maximum number of tiers available within the organisation design principles. Due to the size of operational teams the span of control is slightly above the recommended maximum for some service desk teams.

4.7   The approach has been to minimise any potential disruption to current programmes or on-going support to service directorates, while increasing the capacity to respond to service demand through reassignment of key resources.

4.8   The number of direct reports to the Director of ICT will be the four senior management roles within the new structure plus one PA. With the emphasis on major change programmes associated with technology, the ICT leads for the most critical change programmes would also report to the Director for the duration of those programmes. E.g. ICS replacement; Customer Services 'digital by default programme'.

4.9   While establishment is reduced by 5 for higher graded posts, the extent of the change is most apparent in the roles and responsibilities of the posts in scope. To reshape ICT services to align with the objectives of the customer services strategy, the division must be structured to support a far higher pace of change in systems and technology.

4.10   In the medium term of 2 to 4 years there will be impact on support structures to reflect the shift in systems use from staff to more self-service directly by the public. Planning for these future changes for the division will be a key function of the new management team.

4.11   The savings strategy anticipates that the number of staff within the ICT division providing support to corporate functions will reduced by 40 plus fte's over a four year period. This assumes a reduction in the number of staff funded from KCC base budget. The impact on total establishment will be influenced by a number of factors:

a)   Pace of expansion of externally funded services

b)   Increased deployment of technology in support of service efficiencies and the customer services 'digital by default' approach

c)   Partnership development where other agencies host services or conversely where we host on behalf of others

d)   Market success of new sourcing models E.g. Cloud Computing and availability of secure cloud solutions across government

e)   Shape of future public service delivery models for both ICT and functions supported by ICT

4.12   Planning assumptions for the medium term are that there is likely to be an even distribution between reductions in number of substantive ICT posts and those becoming externally funded.

5.   Communications with Staff and Trade Union

5.1   Since May of 2011 information on the development of the ICT Strategy and the intention to use that to inform reorganisation of the division have been included in the regular communication with staff across the ICT division.

5.2   Between July and November 2011 the Director of ICT attended all individual team meetings on at least one occasion. This has been supplemented by visits to each of the main ICT operational bases for informal meetings on a monthly basis for open Q&A sessions.

5.3   Meetings for all staff across the division to launch the ICT strategy and map out the implications for future reorganisation were held over three sessions during December. Project documentation was introduced at these meetings and subsequently published and maintained on a dedicated online sharepoint site.

5.4   The divisional meetings have been followed up by Q&A sessions with each individual team by the Director and/or the programme lead for the reorganisation.

5.5   Management and staff workshops were held to help inform the draft proposals that are the subject of this report.

5.4   Unison have been briefed and provided with access to a proposals and related documentation and invited to staff briefings on this subject.

5.5   The proposal for consultation was made available at staff briefing on 7 March and published on the sharepoint site together with instructions how to engage and submit comment.

5.6   All proposals in this report are potentially subject to further change as a consequence of the formal consultation process.

6.   Risks

6.1   The extent of the change in roles and responsibilities across the most senior roles in the division carries a significant level of risk. This will require extensive planning around implementation.

6.2   Major programmes with significant dependencies on technology are currently being implemented. The scope of the restructuring has been primarily directed at management structures in recognition of this.

6.3   Public services and the use of technology in the delivery of those services are changing. If the ICT division is to successfully support this transition it must recognise and reflect those changes otherwise both service outcomes and efficiency will be compromised.

6.4   As part of the more extensive 'change to keep succeeding programme' the shift from responsive to proactive delivery of technology must be sustained. Any 'creep back' to a dispersed model of systems management and sourcing must be resisted.

6.5   Change in organisation is unsettling which impact on staff morale as the changes are implemented. Communication remains the key tool for mitigation of this risk.

7.   Recommendations

Members are asked to note and comment of the contents of this report

8.   Background Documents

Overview of Systems Investment – Corporate POSC 03/11/11

Information and Communications Strategy – Corporate POSC 11/01/12

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