

Meeting Executive

Portfolio Area Resources & Transformation; Culture, Leisure & IT

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DLUHC FUTURE COUNCILS GRANT AWARD

KEY DECISION

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1 PURPOSE

- 1.1 The report summarises the Council's proposals to utilise the £750k Governments Future Councils grant funding, following its successful bid, and requests delegated authority is given to the Strategic Director (CF) to make any subsequent changes to the programme after consultation with the relevant Portfolio Holders.

2 RECOMMENDATIONS

- 2.1 That the Executive note the Council's success in bidding for and being awarded one of the eight pilot grants that supports the Council in delivering its Transformation programme by enabling more reliable, digital and flexible services for customers.
- 2.2 That delegated authority be given to the Strategic Director (CF), after consulting with the Portfolio Holder for Resources and Transformation and Portfolio Holder for Culture, Leisure and Information Technology, to make changes to the proposals for the Future Councils grant if further work identifies an alternative use for the grant which provides a greater customer and financial benefit.

3 BACKGROUND

- 3.1 Future Councils is a new pilot scheme launched by the Department for Levelling Up, Housing and Communities (DLUHC) in Autumn 2022 to work with a group of eight Councils to test and iterate a new approach to help local authorities become more modern and resilient. The Future Councils programme aims to create replicable pathways to becoming modern and resilient that other local authorities might follow. The scheme is being operated through DLUHC's Local Digital team, which already works with Councils on cyber security and digital projects, and has in turn established a specific Future Councils team to deliver this scheme.
- 3.2 Rather than a traditional application approach asking local authorities to outline specific project proposals, council applications to the scheme were assessed across three broad categories of: strategic fit, organisational support, and ability to deliver (see Future Councils pilot application guidance in background documents). Councils had to provide a written submission and were also interviewed.
- 3.3 The Council's application highlighted the current development of the Transformation programme and the willingness to continually adapt and change to meet challenges, and the desire to migrate key systems to the cloud (in line with its ICT Strategy), promote modern skills and working practices, develop digital services, and acknowledged the need to achieve work on cyber security.
- 3.4 Assistance to each Council includes:
- £750k of Section 31 grant funding to invest in making services modern and resilient
 - Collaborative support to migrate from legacy technology and overcome significant organisational and cultural barriers
 - Training on Agile methodology and assessment of digital maturity
 - Assistance to participate in the Cyber Assessment Framework (CAF) that is being developed for local authorities
- 3.5 DLUHC were originally intending to announce the successful bids in January 2023, although this was delayed until March 2023. The seven other successful authorities are: Broadland District Council and South Norfolk Council, Cornwall Council, Dorset Council, Leicester City Council, London Borough of Lewisham, Reading Borough Council, and South Tyneside Council.
- 3.6 The delay to award notification has meant the Council's proposed delivery plan contained within this report is still in outline form.

Collaborative support for modernisation

- 3.7 DLUHC's Future Councils team will support Councils in identifying key opportunities to transform through migrating from legacy technology, and overcoming organisational and cultural barriers to reforming services. There will also be opportunities to work jointly with the other participant authorities on areas of common interest.

- 3.8 Technology becomes legacy for a range of reasons including:
- Considered to be above acceptable risk threshold, for example due to reliability and resilience concerns
 - Considered end-of-life or no longer supported by the supplier
 - No longer meeting organisational requirements
- 3.9 Problems with legacy technology can be resolved by upgrading, migrating to the cloud, or use of alternative solutions. Technology is typically managed through a lifecycle of rolling change to ensure that it remains fit for purpose.
- 3.10 DLUHC anticipates that Councils will spend most of their grant award supporting these initiatives.

Agile skills and digital maturity

- 3.11 The eight pilot Councils will receive training on Agile project management for a small number of staff. The Agile methodology is increasingly commonly used in digital projects. It breaks projects down into short delivery cycles (“sprints”) with the aim of keeping the project team very focussed on small but achievable goals and stresses the importance of launching with a simple software version and then incrementally developing it on the basis of customer and staff feedback (minimum viable product or “MVP”). The Agile approach is recognised for reducing risk and increasing project flexibility.
- 3.12 Local Digital will also undertake a baseline assessment of the Council’s current digital maturity and agree a plan to make and evidence improvements. The Council undertook a maturity assessment as part of the initial Transformation work programme.

Cyber Assessment Framework (CAF)

- 3.13 The CAF was created by the National Cyber Security Centre (NCSC) to provide a common cyber assurance framework that could be used across a wide range of government and other public organisations in the UK. The NCSC sets out plans to adopt the CAF as the assurance framework for government, providing a systematic and comprehensive approach to assessing the extent to which cyber risks to essential functions are being managed. Unlike some security assessments, the CAF considers governance and management approaches as well as technical compliance.
- 3.14 DLUHC and NCSC conducted a four month pilot with 10 English Councils to explore how the CAF could be used with local authorities, using a version specifically developed for the sector. The pilot found that while challenging, the CAF “has the potential to act as a benchmark and tool to improve cybersecurity in local government”, but also that more work with local authorities was required for its adoption.
- 3.15 Based upon the learning from the pilot DLUHC is assisting Future Councils participants, including Stevenage, to undertake the CAF through a self-assessment process. This therefore represents a useful opportunity for the Council to take as much advantage as possible of available technical support from DLUHC, while continuing to navigate a complex and changing cyber security journey. This very much supports the Council’s current cyber security plans adding financial and expertise to that programme.

- 3.16 The Council is still expected to continue to progress the Cyber Security Action Plan, which fits alongside the CAF approach. It is not yet clear whether in the longer term DHLUC will mandate CAF for all authorities, and/or if it will be appropriate to also pursue a security accreditation like Cyber Essentials.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 This report proposes to focus the funding around three core projects that meet the goals of the Future Councils scheme as outlined in section three above. This also enables opportunities to deliver digital change to identified high volume customer contact areas such as housing and repairs already identified in the ICT Strategy and Transformation programme.

Alignment: ICT Strategy

- 4.2 The Council's Corporate Plan relies on the efficient and effective operation of some 120 services of a diverse nature. One factor that unites them all is a reliance on information technology. Technology continues to evolve at pace, and that means that user expectations are constantly changing, requiring continual investment to modernise, this has been a challenge for Councils experiencing significant government funding cuts over the last decade or so. This grant funding allows the Council to implement some of those changes.
- 4.3 The ICT Strategy recognises the increased reliance and dependency on systems to support the redesign of Council services, enable the delivery of efficiency savings and meet the needs of customers. It also recognises that these systems therefore have to be protected from cyber-attacks.
- 4.4 The rapid use of cloud computing, commissioning and managed services shows that many things that were on-premise are now provided by external cloud based service providers such as Microsoft Azure, Amazon and Google. The ICT Strategy recognises that by utilising cloud computing it is anticipated that cost will reduce in the long term, and that cloud solutions should be considered when they bring additional benefits. This funding allows the council to accelerate that 'move' to cloud technology in line with ICT Strategy.
- 4.5 In addition to cloud versus on-premise technology, the changing nature of cyber-attacks means that the ICT service must manage the risk exposure of both partner Councils and ensure that appropriate controls are in place to protect the information and data that is held. The shared nature of the technology infrastructure means that some cyber security improvements benefit the whole partnership.
- 4.6 The Future Councils scheme is therefore an opportunity to migrate to cloud based technology to improve security, reliability and resilience of key systems in alignment with the ICT Strategy.

Alignment: Transformation programme

- 4.7 In August 2021 Executive approved the development of a Transformation programme to improve customer experience, increase workforce productivity and organisational resilience, while supporting Making Your Money Count

(MYMC) savings as required by the Medium Term Financial Strategy. The Executive were given an update on the Transformation programme in October 2022.

- 4.8 The ability to continue to run a diverse number of services while having to meet the financial challenge of funding those services as a result of over a decade of funding cuts, cost of living inflationary pressures, and funding of the impact of COVID has become ever more challenging. The Transformation programme is one of the key activity work streams in delivering the MYMC priority and combines changes to processes, organisation structure, culture and technology. All four of these aspects need to be reviewed and redesigned, with changes implemented to each, to ensure improvements are sustainable and maintain delivery of priority services within a lower overall budget, while still delivering fit for purpose services for residents and businesses.
- 4.9 Through delivering sustainable transformation, the programme aims to enable resources to continue to support the delivery of the priorities set out in the Council's corporate plan.
- 4.10 The Future Councils scheme pump primes the Transformation programme in making digital improvements which in turn delivers the outcome of the programme, this is in addition to the £500K per annum the Council has committed in its own resources (from the General Fund and HRA).
- 4.11 The transformation of Housing related services is a critical aspect of the Council's programme. Stevenage operates an extensive landlord service to support its tenants and manage and improve the housing stock. Investigation work by the transformation team has shown that more than half of the work of Customer Services activity relates to Housing. Modernisation of Housing systems to enable more mobile and community-based working will unlock the potential benefits of transformation by enabling new ways of working.
- 4.12 The Council's transformation goals can be supported by utilising the Future Councils scheme to enhance modernisation of systems for improved resilience and reliability, and to enable new ways of working to support customers.

Recommended outline project proposals

- 4.13 Because of the complex and technical nature of the projects full costings have yet to be completed and estimates are based on the most recent information. The table below gives an overview of the current proposals and benefits, and it is recommended (as summarised in para. 2.2) that delegated authority is given to the relevant Director to make any subsequent changes should the indicative costs and benefits change of the project and any on-going revenue costs or benefits.

Potential project	Key Benefits	£
Theme: Migrating from legacy technology		
<p>NEC Housing (Northgate) and document management migration to cloud</p> <ul style="list-style-type: none"> • This key system underpins housing and garages services • Scoping is at a very early stage and the large budget allocation is made on the basis of the current worst-case forecast • The NEC Housing application itself and the linked electronic documents would move to the cloud and be maintained by NEC on the Council's behalf, while maintaining links and integrations with other Council systems • IT, the Housing IT Systems Team and service managers will be key parties to the project, as well as additional resources to assist with managing the project and mapping out the integrations with other systems • Initial scoping and planning indicates that preparation work to map and document the relevant systems could start shortly and enable the formal migration phase to start in early Q3. The supplier typically allows six months for migration to the cloud, meaning go-live is estimated in Q1 2024/25 	<ul style="list-style-type: none"> • Improved system performance for staff, and more flexible access to electronic documents • Enables new functionality such as built-in data warehousing with enhanced dashboard and analytics capability, and enhanced mobile working functionality that will support the emerging transformation vision for Housing services • Reduces current reliance on small number of specialist staff for system maintenance and support • 24/7 systems availability for staff and customers (uptime typically 99.5%) 	£500K
<p>Resourcelink HR & Payroll migration to cloud</p> <ul style="list-style-type: none"> • Cost is based on the supplier's migration estimates, project management support and resource to maximise use of new functionality • An early stage in the project will be to work with EHC to understand if they would also like to migrate to the cloud or continue using the existing software • Based on information gathered so far it appears some preparatory work to the current system is required before it can migrate to the cloud. A suitable time is being identified when both the ICT 	<ul style="list-style-type: none"> • Improved reliability; HR and Payroll would be unaffected by IT outages • Increased Payroll resilience as supplier support could be used should it become necessary • Enables additional functionality such as integrated on-line recruitment module, set up access for pre-starter staff, and improved access to 	£100K

service and the supplier and able to support the required work	HR self-service for mobile and community working staff <ul style="list-style-type: none"> • Reduces reliance on internal resources for IT system support 	
Theme: Cyber Security		
CAF assessment process and remediations <ul style="list-style-type: none"> • Assess the current IT security position through the CAF approach, and engage constructively with the DLUHC Future Councils team and other participant authorities. Plan and commence work on any critical issues discovered. • As the IT networks and security resource is currently limited this funding will allow additional temporary resource, and train existing team members, to boost capacity • Budget will also enable work to commence on any critical cyber security issues identified through the assessment • Based on the information provided so far it appears the CAF information gathering will take place over the period approximately June-September 2023. The assessment will be finalised in Q3, following which any identified cyber remediations will then be programmed in 	<ul style="list-style-type: none"> • Mandatory element of the Future Councils scheme • Enables utilisation of the Future Councils team's own skills and resources to support cyber improvements • Opportunity for the Council to influence development of a likely future security standard for local government 	£150K
TOTAL		£750K

- 4.14 The access to the DLUHC expertise in addition to the grant funding will also support the Transformation programme in delivering on its stated aims.
- 4.15 Providing training for existing employees embeds skills within the organisation and can improve organisational resilience and ways of working. As part of the Future Councils pilot the Council will have access to funded training on Agile project management, and potentially other transformative subjects. DLUHC's Future Councils team is keen to understand what training local authorities benefit from and to understand how it supports the work of local government.
- 4.16 Officers will share lessons learnt with other local authorities as a condition of the funding. Where other local authorities in the scheme are working on similar projects the Council will share learning to help achieve common goals.

5 IMPLICATIONS

Financial Implications

- 5.1 The grant can support the one-off implementation costs of the modernisation projects proposed, however it is recognised that cloud-based technology can have higher revenue costs than on-premise software, although it often alleviates staff time spent on support and the need to purchase and maintain IT infrastructure through capital spend. This will need to be considered as part of the process set out in paragraph 4.13.
- 5.2 MYMC savings for the Council and any revenue implications will need to be considered as part of the business cases and identify any mitigations.

Legal Implications

- 5.3 Expenditure from the Future Councils grant would need to be compliant with internal and external procurement rules and be within scope of the purposes for which the grant has been awarded.

Risk Implications

- 5.4 Future Councils is an opportunity to reduce identified strategic risks around Cyber Security and IT Resilience, by utilising the additional resources to accelerate work and undertake mitigations that enhance the current cyber programme being undertaken.
- 5.5 All proposed work will use project management methods to monitor and controls risks throughout delivery.

Climate Change Implications

- 5.6 The ICT Strategy recognises that the progressive move to smarter technology and cloud-based solutions will reduce energy costs for the Council and will be a more environmentally appropriate way of delivering technology.

Human Resources Implications

- 5.7 Moving the HR and Payroll system to the cloud will improve resilience and functionality which currently relies on one Council employee supported by a partner Council. It will also enable the supplier to undertake administrative processing work of payroll function should it become necessary (at additional cost).
- 5.8 Cloud migration will lessen in-house technology support requirements and consequently reduce pressure on the ICT Systems team, as well as improving resilience by limiting the reliance on key individuals. Recent SOCITM benchmarking identified that the service was insufficiently resourced to meet current needs and that this has been compounded by a difficulty in recruiting to vacancies for these highly skilled roles. Adoption of cloud services helps to alleviate demand on this priority area.

Equalities and Diversity Implications

- 5.9 Equalities Impact Assessments will be undertaken to assess the specific impact of planned projects, although it is anticipated that the impacts will be neutral or positive.

Service Delivery Implications

- 5.10 The proposed migration of the NEC Housing system to the cloud boosts IT resilience by removing reliance on on-premise infrastructure, and also enables functionality that's more suited to mobile and community based working. This will facilitate changes to working practices that are being developed through the transformation programme.

Information Technology Implications

- 5.11 Included in the body of the report.

BACKGROUND DOCUMENTS

- BD1 [Future Councils pilot application guidance | Local Digital](#)