



Report of: Chief Officer Digital Information Service

Report to: Director of Resources and Housing

Date: 2 March 2021

Subject: Digital Information Service - Service Review

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number: A, B and C, under access to information procedure rule no. 10.2.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main issues

- This report centres on the Digital Information Service (DIS) and how the service proposes to deliver £918k of target savings in staffing.
- The service has had to achieve revenue savings of £2,514k in total and £1,682k has already been achieved through voluntary means. There are additional net costs in the service of £86k resulting in the requirement to save an additional £918k through staffing and income changes. These proposals set out the changes to be made to achieve £918k of savings beyond existing planned resignations and temporary contracts ending.
- The review outlines plans to deliver an organisational redesign and operating model which will also drive cost saving efficiencies.
- The proposal primarily impacts upon members of staff within the Digital Information Service. There should be no impact on the wider Council, elected members or citizens other than a short interim period when services may be impacted during an implementation and transition period to the new structure.
- The review has significant implications for staff and extensive consultation on the structure proposals has taken place with Trade Unions from December 2020 through to February 2021. Staff across DIS have been made aware of the

proposals and have had the opportunity to feed in their views to Trade Union representatives or to the Chief Digital and Information Officer or members of the Senior Leadership Team.

2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- The proposed operating model and staffing structure for the Digital Information Service outlined in this report constitutes a sustainable model for the future, well equipped to support the delivery of the Council's Finance Strategy 2020 – 2025 and the outcomes of the Best Council Plan.
- Outcomes from the review will contribute to the Council's aim of being an efficient and enterprising organisation.

3. Resource implications

- The proposals within this report will enable the Digital Information Service to deliver an estimated saving in staff costs of £918k (a reduction of approximately 11 net FTE's for a full financial year from the January 2021 position, and not recruiting to a number of posts where staff have left prior to Jan 2021. This also takes into account additional income by moving staff into income generating posts).
- £1,682k has already been achieved through voluntary leavers and not filling vacant posts where staff resigned prior to Jan 2021.

Recommendations

- a) The Director of Resources & Housing is recommended to approve the operating model and structure change proposals as set out in this report.

1. Purpose of this report

- 1.1 This report outlines proposals for delivering significant business change within a number of service areas within DIS, culminating in a new operating model and organisational structures specifically for the Information Management and Governance service and Application Development and Support service. Other areas of DIS are affected to a lesser extent and those proposals are also contained within this report.
- The proposals are intended to deliver target savings of **£918k** in 2021/22 from the base budget in 2020/21. £1,682k has already been achieved through voluntary means. There are additional net costs in the service of £86k resulting in the requirement to save an additional £918k through staffing and income changes. These proposals set out the changes to be made to achieve £918k of savings beyond existing planned resignations and temporary contracts ending.

2. Background information

- 2.1 The Council finds itself in the midst of a financial crisis that has been exacerbated by the impacts of its positive response to the Coronavirus pandemic. To address this situation, in addition to lobbying central government for additional funding, the Council has put in place a number of measures designed to reduce the in-year deficit and deliver sustainable savings over the longer term. These measures include cessation of all non-essential spend and a requirement for every service to review their operation and drive out savings of at least 10% of their gross expenditure (or 20% of their net expenditure) in 2021/22.
- 2.2 The Digital Information Service had 523 posts at a cost of £23m in October 2020, a number of leavers have already exited the organisation through voluntary means. In January the number of posts filled was 496.
- 2.3 The Gross budget for the service is £32m with income, predominantly received from making charges to Capital, being £11m, resulting in a net budget of £21m.
- 2.4 Running costs for the service are predominantly associated with contracts for the supply and maintenance of hardware and software and as such are fully committed in line with contract terms and conditions. The service has undertaken an exercise to review all contracts to ensure any savings which could be achieved are made and whilst this has resulted in some efficiencies these are outweighed by cost increases. The service has already made savings from staff leaving through voluntary means of £1,682k, and further resignations amounting to £189k. This leaves the service in a position where savings of £918k are required from the move to a revised target operating model.
- 2.5 In 2019 it was recognised that the service had grown organically and that there was a need to move to more modern ways of working akin to other large IT organisations. The service also needs to move towards being more proactive in supporting business change and to enable the organisation to exploit technology. This desire was shared with all staff at a series of events in Autumn 2019. Recommendations within this report move the service towards the ambition of becoming a Gartner level 3 (Contributing) service.

3. Main issues

- 3.1 The Digital Information Service is responsible for the full range of IT related activities that would be found in any organisation of the size of Leeds City Council, from initiating and specifying change requirements, to the delivery, support and maintenance of systems, alongside the overall management of the council infrastructure supporting over 12,000 technology users within the council, the CCG, West Yorkshire Joint Service and a number of schools. The service also delivers Information Governance services to ensure compliance with legislation and protection from cyber-crime.
- 3.2 The service review for the 2021/22 financial year has focussed on a number of key areas where changes have been identified to work in more modern ways, which will streamline processes, stop work activity and improve overall management of resources. These areas focus on Information Governance and Application Development and Support teams with a small number of other changes taking place across the rest of DIS.
- 3.3 As at January 2021 there are 496 staff in post and the proposals set out in this report reduce this to 450. NB: The service has 35 planned leavers through the councils Early Leavers Initiative and through other means. This analysis shows the aggregate impact of changes based on grades. It should be noted however that within the different grades staff perform many different distinct roles.

	Substantive filled post Jan 2021	Revised position April 2021	Total Change	Planned leavers through voluntary means	Balance	
Dir 85	1	1	0	0	0	
Dir 60	4	4	0	0	0	
Dir 52.5	7	6	-1	-1	0	
Dir 45	21	19	-2	-5	+3	
PO6	53	58	5	-2	+7	
PO4	94	81	-13	-7	-6	
PO3	2	2	0	0	0	
PO2	121	101	-20	-9	-11	
PO1	12	12	0	0	0	
SO2	43	57	14	-2	+2	SO2*
SO1/2	1	0	-1	0		
SO1	66	47	-19	-6		
C3	16	25	9	0		C3*

C1/3	5	1	-4	-1		
C1	9	1	-8	-2		
B3	26	25	-1	0	-1	
B1	5	1	-4	0	-4	
A1/3	9	8	-1	0	-1	
Other	1	1	0	0	0	
Total	496	450	-46	-35	-11	

* NB Staff in Application Development and Support to be regraded to SO2 and C3 from other SO and C grades respectively (see Appendix B)

A number of staff also left in 2020 under the ELI scheme.

Appendix A sets out the changes within the Information and Governance Service.

Appendix B sets out the changes within the Application Development and Support Service.

Appendix C sets out the changes across the rest of the Digital Information Service.

3.4 in order to make these changes the service has:-

- 3.4.1 Offered staff the opportunity to leave through voluntary means, and in all cases for those staff that have reaffirmed, approval has been given.
- 3.4.2 Offered staff the opportunity to flexibly retire, reduce hours and buy leave, and in all cases those staff that took these opportunities have had their requests approved.
- 3.4.3 Consulted extensively with the Trade Unions in order to minimise the possibility of implementing the MSR procedures. Consultation regarding how the changes proposed within this paper are implemented will continue with Trade Unions including any consultation on selection criteria where that may be required.
- 3.4.4 Informed staff of the planned changes and given all employee the opportunity to feedback on proposals put forward.
- 3.4.5 Reduced the number of contractors supporting service and project delivery from 31 in October 2020 to 21 in April 2021. The service currently has 21 contractors in total, 19 with specialist skills which are critical to work on capital funded projects and 2 with specialist skills supporting lights on services funded from revenue. The service has advertised all contractor roles as permanent vacancies during the consultation period both internally and externally. Recruitment continues for these roles, however early indications are that there may be limited success in replacing the remaining contractors with permanent staff. These contractors will need to be retained if we cannot fill these posts with permanent recruits.
- 3.4.6 Considered the future operating model required to deliver a modern digital service and in some instances created new posts where gaps exist in current structures.

3.4.7 Moved staff into income generating posts to offset the potential losses.

3.5 The reductions in grade including all voluntary leavers are :

Reduction at JNC level is 20%

Reduction at PO level is 15%

Reduction at SO level is 8%

Reduction below SO level is 16%

It should be noted that below SO level includes apprenticeship posts where current apprentices have come to the end of their term.

The reductions required after voluntary leavers are at P04 level and below.

3.6 The Senior Leadership Team JNC posts will be subject to a separate review by the newly appointed Chief Digital and Information Officer. It is expected that consultation relating to this will commence in Q1 2021/22

3.7 Following approval of these changes the service will:

3.7.1 Continue to consult with Unions on the approach to implementation.

3.7.2 Look at opportunities to redeploy staff into other roles within DIS or elsewhere in the council.

3.7.3 Provide staff with support throughout the next steps of the process.

3.7.4 Provide appropriate training for staff as required to undertake different/new duties.

3.8 The service will retain 19 contractors with specialist skills which are critical to work on capital funded projects and 2 supporting lights on services which we have been unable to recruit or retrain other staff to fill these roles.

3.9 The proposals are consistent with the new Organisation Design principles approved by Executive Board in October 2020.

4 Corporate considerations

4.1 Consultation and engagement

4.1.1 All employees within the Digital Information Service were made aware of these proposals informally in December 2020 with formal consultation from 3rd until 19th February 2021.

4.1.2 Staff affected by these proposals were offered meetings with the Chief Digital and Information Officer, the relevant Head of Service, HR and Trade Union officials.

4.1.3 Staff have had the opportunity to raise questions via the staff forum on SharePoint since December 2020 and all questions have been responded to.

4.1.4 The Trade Unions have been issued with copies of the consultation documents and invited to meetings to provide their feedback to the proposals.

4.1.5 The DIS Leadership Team fully considered all responses to the proposed structure changes and made a number of amendments.

4.1.6 The DIS Leadership team fully considered and responded to all comments and questions received from Trade Unions. There are a number of points from Unions which remain:

- Trade Unions have raised concerns throughout the consultation period about the continued use of contractors whilst the service propose a number of compulsory redundancies are required. The trade unions are not in agreement with this part of the proposal.
 - The service have responded that that most contractors are capital funded therefore no saving on revenue is achieved. Where existing staff can be switched to do the capital funded work that a contractor is undertaking this has been done to achieve the saving on revenue. The DIS policy on contractors will be that they are retained for a maximum of 2 years and that full knowledge transfer will be part of their contract.
- Unison has requested that the service review which contractors they use for value for money and/or ask contractors to take a percentage reduction in fees. The service have not done this, therefore Unison feel every avenue to mitigate redundancies has not been explored.
 - The service have responded that that most contractors are capital funded therefore no saving on revenue is achieved. Where existing staff can be switched to do the capital funded work that a contractor is undertaking this has been done to achieve the saving on revenue. For those that are revenue funded the service continue to attempt to fill these positions with permanent staff. The DIS policy on contractors will be that they are retained for a maximum of 2 years and that full knowledge transfer will be part of their contract.
- Trade unions have raised concerns about future workload. These concerns have not been alleviated. The trade unions feel that the reduction of posts on the structure is greater in proportion than the reduction of workload.
- The trade unions have raised concerns about when the new technologies will be fully operational and what contingency is in place if the new technologies are not fully effective. This remains to be a concern.
- A skills profile has been requested by the trade unions, this has not been provided.
- The trade unions have requested that a service wide stress risk assessment be complete and added as an appendix to this report.
- Any redundancy selection criteria consulted upon will be added to this report as an appendix.
- Unison reserve the right to challenge any part of this document and the wider proposal at a later date.

4.1.7 DIS and the Trade Unions will continue to work to mitigate against redundancies between now and implementation

4.1.8 DIS and the Trade Unions will continue to consult on the implementation of the proposals including the selection pool and criteria for redundancy.

4.1.9 DIS and the Trade Unions will continue to review the EIA and Stress Risk Assessments.

4.2 Equality and diversity / cohesion and integration

Due regard has been given to equality and diversity and a copy of the screening document is included at Appendix D.

4.3 Council policies and the Best Council Plan

- 4.3.1 The proposed operating model and staffing structure for the Digital Information Service outlined within this report constitutes a sustainable service for the future, well equipped to support delivery of the Council's Finance Strategy 2020 – 2025 and the outcomes of the Best Council Plan.
- 4.3.2 Outcomes from the review will contribute to the Council's aim of being an efficient and enterprising organisation.

4.4 Resources, procurement and value for money

The proposals outlined within this report will enable the Digital Information Service to deliver an estimated net saving in staff costs of £918k (a reduction of approximately net 11 FTE's from the January 2021 position).

4.5 Legal implications, access to information, and call-in

- 4.5.1 This is a Key Decision and is eligible for call in.

4.6 Risk management

- 4.6.1 There is a risk that should this proposal not be approved the Digital Information Service will not be in a position to achieve the required savings and will have a model which is not in line with the future vision of the service.
- 4.6.2 The current structure has been in place for some time, and grown organically by moving teams into the service. This model in a number of cases is no longer appropriate to meet the demands of the council. The new structure is more agile and will enable the service to provide a more efficient and effective service in the future. Should the proposal not be approved this will compound ineffective ways of working which will not enable the service to meet the demands of the council going forward.

5 Recommendations

The Director of Resources & Housing is recommended to approve the operating model and structure change proposals as set out in this report.

6 Background documents¹

None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.