



3C Shared Service 2016/17 Year End Report

15 June 2017

To: 3C Joint Group Advisory Group

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Executive Summary

It has been a very busy yet exciting first complete year for 3C Shared Services. Together the partners have worked hard to develop the 3C Shared Services which has included building up the relationships, trust and working arrangements between the three partner organisations and developing the concept of shared service delivery.

A key focus for this year has been to embed the services so that they become an integral part of each organisation and can add value. An important part of developing the services has been to transform the way the services operate. This has not been delivered without challenge in regards to staffing, budget pressures and service delivery. The primary focus has been on maintaining services and whilst financial savings have been made the aspirational target of achieving the 15% savings in year one has not been fully achieved.

With many of the organisational changes now delivered it gives 3C Shared Services the foundation to add further value, reduce operating costs, further improve service delivery and staff retention and as well as increasing resilience.

One of the challenges faced by the Shared Services has been around leadership and not having senior management in place early enough to lead on the transformation and design of the services. With permanent heads of service now in post service provision has been moving from 'fragile to agile' and with 2017/18 business plans in place this will see increased benefit realisation.

Finally, we would like to thank all our staff, partners and stakeholders who contributed to the first year of delivering shared services.



3C Shared Services is a strategic partnership between Cambridge City Council, Huntingdon District Council and South Cambridgeshire District Council

Background

3C Shared Services is a strategic partnership between Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC). Three services went live within 3C Shared Services in October 2015; these were Legal Services, Building Control and ICT. This report looks back on the performance of these services during 2016/17.

The agreed governance structure is in place for 3C Shared Services with quarterly meetings and a forward plan in place for the 3C Management Board (containing the lead directors from each authority), 3C Chief Executives Board and 3C Joint Advisory Group (comprising of the leaders from each of the Councils). The three way boards have moved their emphasis from implementation monitoring to performance measurement during 2016/17 as the services have moved into a more steady state.

During the past year a decision was also taken by Huntingdon District Council to not develop any further three way shared services at this stage. As a result there has been some discussion between South Cambridgeshire District Council and Cambridge City Council on further sharing of service delivery on a two way basis. This report only covers the three way services that have been in operation since October 2015, further proposals for two ways shared services will be presented to each of the participating Council's for consideration.

During 2016/17 a comprehensive lessons learnt exercise was carried out on phase 1 of the shared services implementation. The main lessons that were learnt and have been applied to other shared services were:

- The need for senior management to be in place earlier and before the wider team TUPE'd to the employing authority
- Not to go-live with numerous services on the same date
- That the aspirational 15% savings targets used in the original business cases was unrealistic in year 1 of operation.

The focus remains on the shared services providing value for money to the three authorities with the business plans containing further details. The ICT and Legal business plans for 2017/18 have been finalised with the Building Control Business Plan is currently being considered.

1.0 3C Legal Service

1.1 Background

1.1.1 3C Legal Service known as 'The Practice' was set up in October 2015 with the following objectives:

- Protection of services which support the delivery of the wider policy objectives of each Council
- Creation of services that are genuinely shared between the relevant councils with those councils sharing the risks and benefits whilst having in place a robust model to control the operation and direction of the service
- Savings through reduced managements costs and economies of scale
- Increased resilience and retention of staff
- Minimise the bureaucracy involved in delivering the service
- Opportunities to generate additional income, where appropriate
- Procurement and purchasing efficiencies
- Sharing of specialist roles

1.1.2 Although there were differences in how each of the three Council's legal teams operated, they were facing similar challenges - namely, how to manage with fewer resources, yet provide the high quality and often specialised legal advice that Councils rely upon. Each Council also recognised the need for a change of culture in the commissioning and delivery of legal services.

1.1.3 At the time each council struggled to recruit and retain legal staff, and was increasingly reliant upon external providers to meet its needs, especially on major projects. Nationally, standalone legal services teams were facing challenges to maintain a staffing level that provides the specialists they need across a wide range of legal disciplines; this was becoming increasingly difficult as legal budgets reduced. A shared service solution to join forces and create a critical mass of capability, target efficiencies, and actively seek to take advantage of income generating opportunities was approved.

1.1.4 The combined budget of the legal services for the three partner authorities before setting up the Practice was £1,444,000 and a savings target of £179,000 was targeted for 16/17; the equivalent of a reduction of 15% of the net revenue budget after income has been applied.

1.2 Progress to Date

1.2.1 The Practice has been through considerable change during 2016/17, this included:-

- A. A review and implementation of a new senior management structure.

- B. A review of the whole staff structure and implementation.
- C. Revising the accommodation and operating arrangements.
- D. Developing a 'consumption based' model of operation.
- E. Identifying pressures and skill requirements.

With all these now in place the Practice is working flexibly from one main office location at Cambourne and two office hubs based at the Guildhall Hall and Pathfinder House. This has assisted the service in moving from a transition state to a stable shared service.

- 1.2.2 Tom Lewis was appointed as permanent Head of Practice at the end of August 2016 and all the Senior Management positions recruited to during 2016/17. This has led to a positive impact on staff retention and leadership of the Practice. Locums are still being used for specific roles but this has reduced dramatically during 2016/17.
- 1.2.3 Work has been completed to analyse demand from partner's authorities on the service. With the use of IKEN case and time management software and a new recharging model based on consumption of resources by each partner authority. Work is being carried out with service departments to try and reduce demand where appropriate.
- 1.2.3 The Practice had £179,000 removed from its budget which equated to 15% savings target (as per the original business case) on the 2015/16 budget. Whilst the service saved £96,000 the full savings target was not achieved. This was as a result of greater than anticipated spend on consultants and one off fees incurred in connection with the establishment of the service. It is anticipated the full savings will be achieved in 2017/18.
- 1.2.4 A longer term aspiration for the Practice is to carry out external commercial fee earning opportunities as set out of in the original business case. A blended hourly rate has been calculated which will assist the income generation of the service as set out in 2017/18 business plan.
- 1.2.5 The initial focus and energy was on implementing the planned service changes during the first half of 2016/17. With these changes delivered performance measures both financially and operationally have been further refined in the second half of the year. A high level summary of quarter 4 performance and caseload levels is set out below:
- 1.2.6 During 2017/18 it is planned to introduce Intelligent Client role aimed at conveying individual partner's service requirements and strategy needs with the wider 3C strategy and delivery programme.

Performance Indicators			
Q4 Target Fee Earners Hours Recorded			
Fee Earner	Target Hours for quarter	Actual Hours	%
Total	3936	3753	95
The aim is to maximise the productive time for fee earners.			
Q4 Complaints Received			
No complaints have been received in this period from internal customers and there were 2 complaints in quarter 3 that were resolved internally.			
2016/17 Caseload			
791 for Cambridge City Council (36% of total), 352 for South Cambridgeshire District Council (16%) and 1,032 for Huntingdonshire District Council (48%).			
These figures do not reflect the complexity of the cases, the new monitoring in 2017/18 will cover the hours consumed by each of the authorities.			
Currently there are 1,419 open cases.			

1.2.6 The Practice has also added value to a variety of key projects for all partners during 2016/17, notably:

- Advising all the authorities on the establishment of the Combined Authority
- A Public Space Protection Order taken out on behalf of the CCC in relation to punt touting.
- Completion of the purchase of properties on behalf of SCDC Housing team to provide very much needed housing stock.
- One Leisure Centre imminent completion of purchase in exchange for the Medway community centre for HDC.
- Successful negotiations to secure the recovery of a significant capital receipt for HDC.
- Working with developers and shared ownership leases for CCC.
- Assisting the Combined Authority by providing legal advice.

2.0 3C ICT

2.1 Background

2.1.1 3C ICT was set up in October 2015 with the following objectives:

- Create a shared IT Applications Systems and technical infrastructure to facilitate wider shared service delivery for all Council Services.
- Reduce overall IT costs.
- Provide a service that can proactively engage with users and has the “critical mass” to develop innovative and novel solutions to support the Councils in delivering services more efficiently.
- Provide increased resilience and capacity to enable the consistent and reliable service delivery required for digital service delivery to the public.

2.1.2 Although there were some differences in how each of the three Council’s ICT teams operated, they were facing similar challenges for the future - namely, how to manage with fewer resources, yet provide the high quality ICT support and development that Councils rely upon. Each Council also recognised the need for a change of culture in the commissioning and delivery of ICT services, particularly as regards the need to develop modern practices, processes and systems and to put in place the IT systems, that enable a more cost effective, flexible and customer focussed approach to service delivery.

2.1.3 The shared service was designed to provide a sustainable opportunity to stabilise and improve the ICT Service partner authorities already enjoyed. The proposal set out clear, specific and realistic measures by which participating authorities may achieve significant, recurring and long term efficiency gains. It also tackled the issue of lack of capacity in certain areas (for all three Councils) by creating a critical mass of staff that could be deployed more effectively. Another advantage of the proposal was that it would begin to address the issue of recruitment and retention in local authority ICT services by creating an organisation that offers greater opportunities for career progression.

2.1.4 The combined budget for the ICT service for the three partner authorities before setting up the shared service was £5.8 million and a savings target of 15% was set out.

2.1.5 Cambridge City Council also had some ICT services delivered by a private sector provider, Northgate Public Services (NPS) and this budget and work was out of scope.

2.2 Progress to Date

2.2.1 The 3C ICT service has been through significant change during 2016/17:-

- A. A review and implementation of a new staffing structure
- B. A review and implementation of the service accommodation strategy
- C. Integration of the services that were previously provided by NPS in Cambridge City

The service now operates flexibly across all three authorities with the main office at Pathfinder House in Huntingdon and hubs at both the Guildhall in Cambridge and at Cambourne.

- 2.2.2 The ICT staff retention has now improved following the shared service creation, which in itself brought uncertainty. Staff are working flexibly, with many staff operating, at time to time, from all three locations.
- 2.2.3 The recruitment of Paul Sumpter in January 2017 as permanent Head of 3C ICT has provided leadership, increased stability and clarity in the vision for future service.
- 2.2.4 The service had £887,000 removed from its baseline budget for 2016/17 which equated to 15% savings target as set out in the original business case. Although the service made savings of £295,000 in 2016/17 the full 15% savings were not made in the first year.

The use of contract and interim staff contributed to an overspend of £233,000 on the staff budget, however, the use of temporary staff decreased as the year progressed. The successful recruitment of a permanent Head of 3C ICT has had a positive impact on the budget in the last quarter of the year as this position was being covered by an interim resource. Confidence is positive on the service reducing staff costs further in 2017/18 with the plan to further phase out the use of temporary staff by July 2017.

There have been challenges in realising the savings that were stated in the original business case with regard to the rationalisation of software and licencing. Savings of £504,000 were predicted in this area for 2016/17 but the complexity and number of systems and applications (380) in use across the three partners has led to a saving of only £70,000 against 2015/16 budgets. In hindsight this was unachievable in year one and will take several years to align business requirements and procurement processes to maximise the buying potential and get economies of scale.

- 2.2.5 The newly appointed Head of 3C ICT is carrying out work on profiling the delivery of future savings on software and licencing with the principle of buying once and using three times. An Application and Services Roadmap is being developed to set out the future opportunities and identify when additional software services can be rationalized to reduce cost. A revised business plan is being formulated for submission in the summer which will include a more detailed pragmatic approach to realising these benefits.

There are on-going projects which will support the approach outlined above including :-

- The Data Centre Consolidation Project.
- Shared Planning ICT Solution.
- Shared Waste Software.
- Shared Housing Software.
- Financial Management System.

These projects are at various different stages of delivery and savings will become apparent as the projects mature. The Data Centre Consolidation project in itself is targeted to achieve £200,000 to £300,000 in savings in financial year 2018/19. Delivery of these projects will be phased over the coming years.

A clearer finance model, improved transactional processes and a more robust commitment schedule are being established to better reflect the use of the service by each partner. This will ensure future costs can be more effectively managed and thereby reducing financial uncertainty.

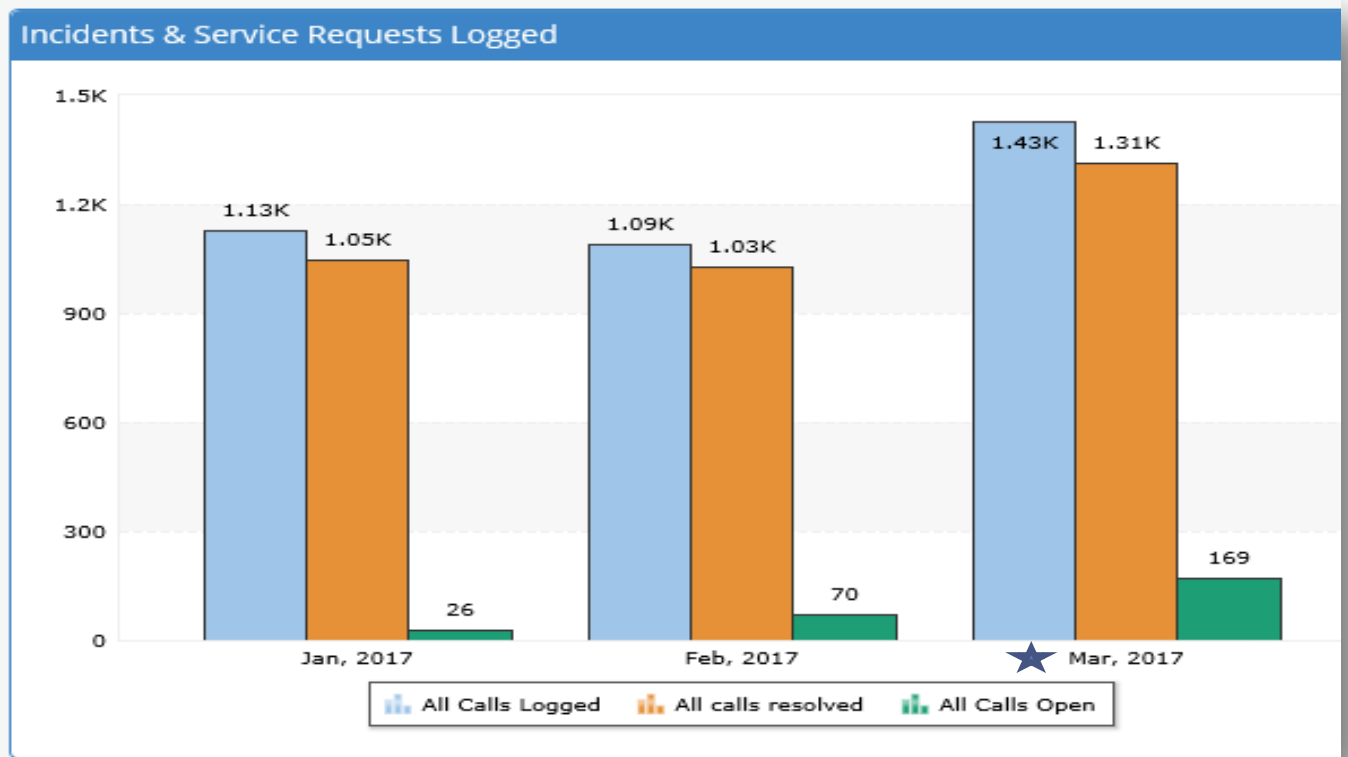
- 2.2.6 Before the shared service was set up the ICT services for HDC and SCDC were insourced, CCC operated a mixed economy whereby many of the core ICT services (application support, helpdesk) were outsourced to Northgate Public Services. For CCC, the Northgate provided services were assumed to be outside the scope of the ICT Shared Service from day one.

It was recognised that bringing the Northgate contract into 3C ICT would present an opportunity to stabilise and improve the ICT services already provided by the 3C ICT shared service. This was approved in January 2017 and the transition is complete as of 21 April 2017.

- 2.2.7 One of the biggest opportunities for the service has been to look at the digital offer across each authority and provide coordinated advice and support in shaping how digital services will be delivered in the future. The customer is at the centre of this work ranging from the customer interface and their 'on-line' experience, whether they get the outcome they need, system design right through to digitally enabled applications. This reflects the changes in society and although at an early stage of has also recognised that not all people have access to or are confident using digital channels.

Intelligent Client roles from each partner authority have been created and are aimed at conveying individual partner's service requirements and strategy needs with the wider 3C strategy and delivery programme. This is being assisted with a standard project delivery team, ICT strategy and day to day service delivery with the aim of a smoother and more integrated ICT service.

- 2.2.8 The services focus and energy was on implementing the planned changes during the first half of 2016/17. With these changes been delivered the focus of the service was concentrated on performance measures both financially and operationally in the second half of the year. Performance information from the service has become increasingly more accurate and robust in Q3 and Q4. Q4 performance (in terms of requests through the service desk) is set out over the page.



★ Service desk calls are on the increase as this is the preferred method of contact for more ICT Services i.e. ordering, change control and incidents. Users are now encouraged to report matters online where possible.

2.2.9 3C ICT has added value to a variety of key projects for all partners during 2016/17, notably:

- The service has initiated a Shared Data Centre project which will save considerable cost for the 3 partners and improve the reliability, performance and availability of the server infrastructure. The project will also improve resilience in the event of a major disaster thus ensuring continuous uptime for IT systems and uninterrupted service to council staff and customers.
- Initiated a project to overhaul the legacy infrastructure within CCC to provide an environment that will support future digital aspirations and provide greater resilience. The team has conducted an extensive survey of the existing environment and suggested improvements that will allow staff to work more efficiently and effectively across all of the Cambridge City locations.
- Replaced the legacy telephony solution within CCC to provide a more modern system that will support on going Office and Accommodation Strategy. This has improved

reliability of this important route into the council for customers whilst providing staff with the latest messaging and telephony features to allow for improved intra-council collaboration.

- Creation of a rationalised service desk was completed to improve the support provision to the partners and a single view of ICT issues across all three partners. Staff are able to self-serve and monitor progress of ongoing support requests resulting in more efficient handling of support requests.
- 3C ICT is actively engaged with scoping the technology solution for the Cambridge City car parks.
- 3C ICT is also involved in early discussions around the support for the Combined Authority.
- The project team within the service are supporting the project management of the shared planning service to provide a consolidated platform for the new shared initiative and to allow staff to work effectively supporting the service across South Cambridgeshire and Cambridge City.
- 3C ICT staff are actively involved in supporting the direction of emerging council digital strategies.
- Currently investigating a standardised desktop transformation project for the 3 partner councils.
- Installed and commissioned a new remote working authentication solution in South Cambridge District Council to allow staff to work more flexibly.
- Implementation of a single mail scanning security system across the 3 partners providing increased security.
- Supporting the transformation of customer service delivery at Huntingdonshire DC.

3.0 3C Building Control

3.1 Background

3.1.1 3C Building Control was set up in October 2015 with the following objectives:

- Protection of services which support the delivery of the wider policy objectives of each Council.
- Creation of services that are genuinely shared between the relevant councils with those councils sharing the risks and benefits whilst having in place a robust model to control the operation and direction of the service.
- Savings through reduced managements costs and economies of scale.
- Increased resilience and retention of staff.
- Minimise the bureaucracy involved in operating the shared service.
- Opportunities to generate additional income, where appropriate.

- 3.1.2 The creation of a shared service was envisaged to further improve capacity in certain areas (for all three Councils) by expanding the skilled team with management arrangements that will enable resources to be deployed effectively and efficiently and the adoption of better practices and processes. Another advantage of the service was to address the issue of recruitment and retention in local authority building control services by creating an organisation that offers greater opportunities for career progression. This would include new posts to enable the recruitment of apprentices and graduates, as well as adopting a career grade for building control surveyors. The configuration of the new service would also provide flexibility in the delivery of additional services such as street naming & numbering, considerate contractor scheme, construction monitoring and other potential fee earning opportunities.
- 3.1.3 The combined net budget of the non fee-earning account of the building control services for the three partner authorities before setting up the shared service was £338,520 and a savings target of 15% target of £51,000 was set. Fee earning figures were not included in the calculations as this is ring fenced monies.
- 3.1.4 Given the commercial nature of the service only limited information has been included in this public Annual report. A detailed Business Plan for 2017/18 which contains more of the service detail will be presented as an Exempt item to the Environment Scrutiny Committee on 27 June.

3.2 Progress to Date

- 3.2.1 The Building Control service has been through considerable change during 2016/17 with the following delivered:
- A. Review and implementation of a new staff structure.
 - B. New software implemented to enable remote and flexible working.
 - C. Accommodation review implemented.

With all these now delivered the service is now working flexibly across the whole area with office locations at the Guildhall in Cambridge and Pathfinder House in Huntingdon.

- 3.2.2 The ability to recruit and retain qualified and experienced staff has been an on-going issue for the service in terms of delivery and financial benefits. Whilst the service has continued to be delivered in a commercial environment the use of temporary staff was higher than planned. In the foreseeable future there will always be a need for agency support or the use of staff members who are working towards full qualification. The structure that is being put into place will be flexible and responsive to customer demands and the workload of the service, as well as building capacity and resilience into the service.

- 3.2.3 The recent successful appointment of a permanent Head of Service, who started in June 2017 will have a positive effect on the team and enable progress to be made in achieving some of the medium and longer term goals.
- 3.2.4 In the first nine months of the year the market share by fee income was: 3Cs Building Control 68.7% and the Private Sector 31.3%. This closely matches the average market share nationally. Upper quartile performance would see the local authority share above 75%. The national market share for this regulated work is: 69% local authority and 31% private sector.

The consolidation of the service market share doing the changes and challenges is encouraging but further work will be required by the new Head of Service to hold and grow this position. There are ongoing issues and risks to the service around staff retention and recruitment due a strong market for surveyors.

- 3.2.5 The 3C Building Control service had £51,000 removed from its baseline 2016/17 non fee-earning account budget which equates to 15% savings target. This target was not met and an over spend recorded. This overspend will be met 70/30% from the fee earning and non-fee earning accounts. £152,000 will be paid for from the earmarked reserves and £65,000 from the General Fund.

The over spend is accounted for in the most part by the need to recruit temporary agency staff to cover vacancies in the permanent establishment. These costs are being reduced and predicted out-turn position for 2017/18 is anticipated to improve. These costs may be offset by increased revenue and the Business Development Team is currently working to the 2017/18 business plan which identifies areas of growth.

- 3.2.6 During the past year the applications received increased with a total of 2,608 received along with 1,712 initial notices.
- 3.2.9 3C Building Control has added value to a variety of key projects for all partners during 2016/17, notably:
- Supervising work on 4 new school and school extensions within the 3C area whilst also providing preliminary advice on 5 more school projects, including new buildings and extensions within the 3C area. The service has also provided consultation on school projects outside the area which will hopefully result in further applications under the Partner Authority scheme.
 - The service has successfully tendered for the first housing development on the RAF Brampton site and has just submitted a further quote to Galliford Tye for a large development on the same site.
 - The service is supervising many of the thousands of new homes on the Southern fringe developments at Clay Farm and Trumpington Meadows sites.
 - The team is providing expert advice and support to several important developments on the Cambridge Biomedical Campus at Addenbrookes.
 - The team are supervising the extensive, £300M+ first phase development at North West Cambridge for the University of Cambridge, including the University Primary School,

student accommodation, large supermarket and other retail units and 500+ residential units, nursery school and community facilities.

4.0 Conclusion

The Annual Report is for information.

Whilst 2016/17 has been the first full year of transition for the shared services a lot of progress has been made and there have been significant lessons learnt that will inform future shared service development.

Permanent appointments have been made to head up each of the shared services and this will add further leadership and capacity going into 2017/18.