

# **3Cs ICT AND LEGAL SHARED SERVICES AND GREATER CAMBRIDGE INTERNAL AUDIT SHARED SERVICE – 2017/18 ANNUAL REPORTS**



To: Executive Councillor for Finance and Resources  
Report by: Fiona Bryant, Strategic Director

Relevant scrutiny committee: Strategy and Resources Scrutiny Committee 2/07/2018  
Wards affected: All

## **Non – Key Decision**

# **3Cs ICT AND LEGAL SHARED SERVICES AND GREATER CAMBRIDGE INTERNAL AUDIT SHARED SERVICE – 2017/18 ANNUAL REPORTS**

### **1. Executive summary**

- 1.1 This report provides summarises the performance for the 3Cs ICT and Legal Shared Services, and the Greater Cambridge Shared Internal Audit Service during 2017/18.
- 1.2 The principle of producing a single annual report for both the 3Cs and greater Cambridge (2Cs) shared services was agreed at committee in July 2015.
- 1.3 The overarching annual report for the 3Cs Shared Services, submitted to South Cambs and Huntingdon District Council Committees for scrutiny, includes ICT, Legal and Building Control Shared Services. At the City Council, only the ICT and Legal services fall under the remit of this Committee, and therefore the annual reports are extracted from the overarching report and enclosed below.

1.4 Greater Cambridge Shared Services Annual Report covers the Waste, Planning and Internal Audit services, and is submitted to South Cambs District Council Committee for scrutiny but at the City Council, only the Internal Audit Shared Service falls under this Committee's remit and therefore the service report has been extracted and is included below.

## **2. Recommendations**

2.1 The Executive Councillor is recommended to:

- Note the content of this report

## **3. Background**

3.1 In July 2015, Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council each approved a model for sharing Legal, Building Control and ICT services. The three services went live within 3C Shared Services in October 2015 with a commitment to provide an Annual report.

3.2 The Shared Internal Audit Service forms part of the Greater Cambridge Shared Services (2Cs). The business case for a Shared Internal Audit Service (SIAS) between Cambridge City Council and South Cambridgeshire District Council was approved by both Councils in 2017. The service went live in December 2017.

3.3 The overarching Shared Service performance is monitored through the Greater Cambridge Shared Services Management Board (containing the lead directors from each authority), Greater Cambridge Chief Executives Board and 2C Joint Advisory Group (comprising of the leaders of Executive Councillors from each of the Councils).

3.4 The service business plans for the Shared ICT, Legal and Internal Audit services were approved by the City Council, Huntingdon District Council and South Cambs District Council committees in March 2018. The business plans provide information on the priorities, key performance indicators and budgetary profiles for 2018/19.

3.5 All the services now have Senior Managers who are embedded in the services and this has resulted in a number of strategies being produced and approved by all three partners ensuring that services have appropriate plans in place and these are suitably aligned with organisational priorities to deliver against the priorities of the three partners.

3.6 With many of the organisational changes within the Shared Services now delivered it provides the foundation to add further value, reduce operating costs, further improve service delivery as well as increasing resilience in the future.

3.7 The increased collaborative working between partners is assisting in delivering the benefits set out in the original business plans.

## **4. 3C Legal Service Annual Report 2017/18**

### **4.1 Background**

4.1.1 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.

4.1.2 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.

4.1.3 At the time each council had an issue around the recruitment and retention of 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.

4.1.4 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.

### **4.2 General Progress to Date**

4.2.1 The Practice has been through considerable change during 2017/18, this included:-

- A. Introduction of time recording software.
- B. The use of a consumption based model to assist with transparency.
- C. Revising the accommodation and operating arrangements.
- D. Decreased reliance on locum and agency staff.

4.2.2 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.

4.2.3 The Practice has made savings identified in the original business case. For the financial year 2017/18 the Practice has delivered a surplus of £39k which represents a significant improvement on 206/17.

4.2.4 With the Practice now operating from a stable platform in terms of location and budgetary position recruitment has been successfully undertaken to senior positions below the Principal Lawyers. Two appointments in litigation will directly replace the use of long term locums and interviews are scheduled over the coming weeks for a senior position in the Property Team. The introduction of IR35 for locum/temporary staff has helped to make in-house positions more attractive to the market which has allowed the Practice to attract the right type of candidate to make full time appointments to its structure. In overall terms this will boost stability and benefit the clients through improved performance.

4.2.5 Work has been completed to analyse demand from partner services on the legal 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. In overall terms consumption figures are showing that budgetary contributions by all the partner authorities are close to equating to consumption. This will continue to be monitored as will any sectors where increased demand on legal may require additional resource.

4.2.6 The Practice has also added value to a variety of key projects for all partners during 2017/18, notably:

- Advising all the authorities on the Combined Authority including advice on consent for additional regulatory enablement.
- Involvement in work for Cambridge City Council on injunction relating to unauthorised punt operators using the council's riverside land, including land at Garret Hostel Lane.

- Advice has been provided to South Cambridgeshire District Council in relation to major land acquisitions.
- Legal advice has been provided to all partners in relation to unauthorised occupation of land by Travellers.
- Working with developers and shared ownership leases.

### **4.3 Finance**

4.3.1 The Outturn for 2017/18 is as follows:

£	Budget	Actual	Variance/Outturn	%SPLITS
Legal	1,149,140	1,110,003	39,137 (surplus)	
CCC	623,000	601,843	21,156.61	0.5422
SCDC	313,080	302,365	10,715.30	0.2724
HDC	213,060	205,794	7,265.52	0.1854

- 4.3.2 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 achieved.
- 4.3.3 The variance (surplus) will be returned to respective authorities as outlined in the table above. The costs are currently recorded and apportioned by usage but the assignment is still based at this stage on budgetary contribution. Moving forward, the plan is to investigate developing it further.

### **4.4 Customer Feedback**

- 4.4.1 During 2017/18 work has been undertaken to develop the role of the Intelligent Client with regular meetings established with all partners. KPI's are positive with staff meeting and in the latter part of the year exceeding time recording hours' targets. Customer complaints remain below target.
- 4.4.2 Further work is required on measuring customer satisfaction in a meaningful manner and will be developed in 2018/19

## **5. 3Cs ICT Shared Service Annual Report**

### **5.1 Background**

5.1.1 3Cs 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.

5.1.2 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.

5.1.3 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.

## **5.2 General Progress to Date**

5.2.1 The 3C ICT service has been through significant change during 2017/18:-

- A. Agreement on a Single Technology Roadmap, aligning back office systems across all 3 partners.
- B. Agreement on a Single ICT Strategy.
- C. Removal of contracted and interim staff.
- D. Integration of the services that were previously provided by NPS in Cambridge City.
- E. Establishing a single virtual digital team equipped to deliver the partner respective digital strategies.

5.2.2

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

- The Data Centre Consolidation Project (Final Stage)
- Shared Planning ICT Solution (Implementation Stage)
- Shared Waste Software (Implementation Stage)
- Shared Housing Software (Procurement Stage)

- 5.2.3 One of the biggest opportunities identified for the service was 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.
- 5.2.4 A single Technology and Digital Roadmap has been produced and agreed during 2017/18. This will assist with a variety of other operational saving opportunities as well as the obvious savings derived from the efficiencies of scale related to buying once and using three times.
- 5.2.5 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 has also recognised that not all people have access to or are confident using digital channels.
- 5.2.6 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 flexibly from all three locations. The reliance on contracted and interim staff has been removed during 2017/18.
- 5.2.7 A single Virtual Digital Team is now in place across all three partners working to improve the customer experience via the web. This will ensure that we are getting the economies of scale to deliver the efficiencies set out in the original business plan for the service.
- 5.2.8 3C ICT has added value to a variety of key projects for all partners during 2017/18, 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. This project is nearing completion with HDC on the new platform, SCDC 50% complete and efforts commencing in CCC. The project is planned to complete in the next few months. This is a challenging project for the partners which will effectively unpick and disentangle the incumbent data centres. This is a challenging project and highlights the need for participation to achieve the savings detailed in the business case. This project itself represents 4% of the overall annual savings targets for the service.
  - A project to review and overhaul the legacy infrastructure within CCC to provide an environment that will support future digital aspirations and provide greater resilience is 95% complete. 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.

- 3C ICT has been providing desktop support services and supporting the Combined Authority with their move into new offices at Alconbury Weald.
- 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.
- Cambridge City was awarded their Public Service Network Certificate of Compliance in September.
- 3C ICT have initiated the Council Anywhere project and are currently out to tender for the hardware and software element of this project. The project is a fresh look at the entire desktop environment and is aligned with a variety of existing Council strategies around space, working flexibly and a desire to collaborate more effectively and efficiently. The project will deliver significant people, member, process, shared service and organisational benefits. As well as these benefits the project represents a complete modernisation of the existing desktop environment with standardisation built in by default. Engagement with staff has started already and the project team is comprised of a partnership wide team all focussed on delivering maximum benefit to the partnership. The project will be run in phases and likely conclude sometime in 2019.
- 3C ICT have been working with the Car Park service and the supplier for the new solution. During the project 3C ICT have also spotted opportunities for improvement, for example providing a new network for Grafton Centre Shop Mobility office, protecting circuits by deploying UPS's and recommending the expansion of cabinets to deploy enable more equipment to be deployed. 3C ICT suggested an approach that will save the car park service over £360k over the next 5 years by adjusting the design of the solution to reduce the scope of Payment Card Industry (PCI) compliance.
- 3C ICT staff are actively involved in supporting the direction of emerging council digital strategies and a Virtual Digital team now exists across the partnership sharing innovation and development overhead within the team. This will in time support much greater online functionality, expanding the opportunities for the public to undertake business outside the standard working day.

### **5.3 Finance**

5.3.1 The outturn for the 2017/18 year is provided below:

£	Budget	Actual	Variance/Outturn
CCC	3,102,395	3,042,903	(59,492)
SCDC	1,341,268	1,451,999	110,731
HDC	2,065,833	1,735,077	(330,756)
Total	6,509,496	6,229,979	(279,517)

The final outturn underspend is due to a one off payment for dual running of contracts as part of the Server Room Consolidation project which was not in the original budget. This resulted in a one off contribution from partners (as per the Project business case) of £299,000 in the year. With this extra ordinary element removed the total outturn against the revised business case is a positive £20,000.

5.3.2 A re-profiled business case was approved in February 2018 and a saving of £279,000 against the original base budgets was agreed. 3C ICT has saved an additional £45,000 above this during 2017/18 equating to a total saving of £328,000 against original baseline budgets. Whilst this is below the original business case target, it represents concrete progress, with a clear plan in place to achieve the original target of 15% saving on the starting budgets before the creation of 3C.

5.3.3 Partners are now paying 4% less for their ICT service under 3C ICT, a position that will improve as a number of cost consolidation projects are delivered in 2018 and beyond as part of the ICT Roadmap.

5.3.4 Moving forward 3C ICT are well placed for 2018/19. All posts in 2018/19 will be filled by permanent staff or interims within budget. This is forecast to yield circa £400,000 of staff savings against the original partner ICT running costs. Equally, specific projects to reduce costs and consolidate contracts will be realised in 2018 also resulting in circa £400,000 of service savings.

5.3.5 2018/19 budgets may further reduce through the Shared Planning project which will rationalise a number of core back office systems. The project is in an early planning phase making it difficult to predict which financial year savings will be realised.

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

- The Data Centre Consolidation Project (Final Stage)
- Shared Planning ICT Solution (Implementation Stage)
- Shared Waste Software (Implementation Stage)
- Shared Housing Software (Procurement Stage)

## **5.4 Customer Feedback**

5.4.1 Delivering business as usual is a major function of the service and following the approval of the 3C ICT Business case in November a revised set of KPIs has been established for the service. Customer satisfaction has improved and these are verified through ongoing feedback monitoring and the recent bi-annual survey. This is reflected in a steady improvement in the day to day ICT operational service. Considering the amount of change in this year it is a considerable achievement for the service.

5.4.2 Data collection is largely automated and driven from the Service Desk software but a number of measures are still very manual. Historical data is not always available for some of the measures but will build up over time.

5.4.3 A summary of the entire suite of KPIs is as follows as measured over the last 6 month period is detailed below. There is steady improvement within the day to day service delivery and plans to improve further.

Reference	Description	RA G
KPI-1	Customer Satisfaction	●
KPI-2	Service Availability	○
KPI-3	Incident Performance	○
KPI-4	Service Desk Response	●
KPI-5	Service/Work Order Request Performance	●
KPI-6	Project Delivery Performance	○
KPI-7	Staff Budget Savings	●
KPI-8	Software and Services Savings	●

## **6. Greater Cambridge Shared Internal Audit Service (SIAS) Annual Report 2017/18**

### **6.1 Background**

6.1.1 There were two main drivers behind the decision to consider setting up the SIAS:

- CCC and SCDC desire to have a strong business focussed leadership model, in line with other shared services, to lead the shared Internal Audit Service across the two Councils.
- Bringing together the professional discipline of internal audit into one team, provides the opportunity to deliver a more resilient and responsive service that would allow internal audit work to be carried out seamlessly and without boundaries across the two Councils.

6.1.2 The rationale for the service establishment is to provide the opportunity to deliver a more resilient and responsive service resulting in:

- improved audit coverage that is of high quality;

- increased productivity; and
- potential for audit services to be offered commercially

## **6.2 General Progress to Date**

- 6.2.1 The Shared Internal Audit Service has had a challenging year as there were significant staff changes within the team, leading to a reduction in resources. This was recognised as a potential risk in the business case, and has been managed by utilising agency workers. Consequently much of the year was devoted to maintaining “business as usual” in this challenging environment.
- 6.2.2 Despite the challenges there have been positive achievements over the last 12 months, including recruitment of the Head of Shared Internal Audit (HSIA) and the TUPE of the SCDC post into CCC. The team is currently recruiting to the vacant posts.
- 6.2.3 The service has delivered a variety of core work notably:
- Production of a risk based Internal Audit Plan, which includes joint working and complements the needs of both Councils. These were approved, with an updated Charter and Code of Ethics, by both relevant audit committees.
  - Providing assurance on the Council’s compliance with the Local Code of Governance through the production of Annual Governance Statement.
  - Reporting on counter fraud and corruption arrangements, plus completion of data analytics to detect fraud and error.
  - Supported the risk management and internal control framework through the delivery of audits and agreeing actions for improvement with management
  - Providing support and assurance on key projects, and advice on effective controls, including systems, procurement, and governance
- 6.2.4 The team is required to comply with Public Sector Internal Audit Standards and the Local Government Application Note. The team complete an ongoing Quality Assurance and Improvement Programme which identifies opportunities for improvement. An external inspection, to validate this, must be completed once every five years. This is currently being prepared, and the validation by a CIPFA appointed assessor commenced in the first week of May. This process has been useful and has helped to inform and structure how we can improve the service. The service has already commenced some parts of our improvement programme, by introducing a new performance management system for the start of the 2018/19 financial year.

## **6.3 Finance**

6.3.1 The outturn for the 2017/18 is recorded in the table below.

£	Budget	Actual	Variance/Outturn
CCC	258,140	200,554	(57,586)
SCDC	40,300	42,917	2,617
Total	298,440	243,471	(54,969)

6.3.2 The service underspent by £54,969 in 2017/18 against the planned annual budget of £298,440. This is mainly due to the employee vacancies within the service. Agency workers have been used to deliver core assurance work for both Councils, which is a higher cost, whilst substantive recruitment is in progress.

6.3.3 The service will continue to consolidate, with the target of establishing future income generating services. Market analysis will be completed, along with brand development, in years 2018 and 2019, which will enable income projections to be built into the financial overview. Costs will potentially increase with income generation, as the resource need will also increase. This will still provide improved resilience and efficiencies for the two Councils, as the team develops, and help to deliver the vision.

#### **6.4 Customer Feedback**

6.4.1 The new Head of Internal Audit, Jonathan Tully, joined in December 2017, towards the end of the 2017/18 year, and has been focussed on addressing staff vacancies and in delivering core business. In 2018, the plan is to develop the brand and customer marketing to increase awareness of the service. Customer feedback surveys and the Quality Assurance and Improvement Programme will be used to inform service delivery and improvement.

### **7. Conclusion**

- 7.1 The Annual Report is for information.
- 7.2 2017/18 has been a more positive year generally regarding financial performance as the services work towards delivering the outcomes of the original business cases. Operationally the services are delivering a better service and the focus on performance management will ensure that the focus remains in this area.
- 7.3 Having a strong management team in place, detailed business plans, good governance and a variety of combined strategies in place the services are in apposite place to deliver further benefits set out in the original business plans.

### **8. Implications**

**a) Financial Implications**

The financial implications have already been accounted for in the medium term financial planning for each of the authorities, and in the tables provided within the report.

**b) Staffing Implications**

There are no additional staffing implications, except those covered in the report

**c) Equality and Poverty Implications**

Not required for this report

**d) Environmental Implications**

None for this report

**(e) Procurement**

None specific related to this report

Any procurement relating to the service provision is carried out in line with Councils' policy

**(f) Consultation and communication**

As reported

**(g) Community Safety**

None.

**9. Background papers**

These background papers were used in the preparation of this report:

Shared Service Quarterly reports

**10. Appendices**

None

**11. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Fiona Bryant Strategic Director

Author's Phone Number: 01223 - 457325

Author's Email: fiona.bryant@cambridge.gov.uk