Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: 3C ICT Shared Service review

Meeting/Date:
Overview and Scrutiny Panel (Performance and Growth) – 4th September 2024

Cabinet – 10th September 2024

Executive Portfolio:
Cllr Lara Davenport-Ray (Portfolio Holder for Shared Services)
Cllr Brett Mickelburgh (Portfolio Holder for Finance and Resources)

Report by:
John Taylor, Chief Operating Officer and Lead Officer for HDC 3C ICT Shared Services)

Ward(s) affected: All

Executive Summary:

This paper makes recommendations on the future of the shared ICT service that serves Huntingdonshire District Council, Cambridge City Council and South Cambridgeshire District Council.

Having been in place since 2015, and in advance of renewing the agreement to share services, the time is right to make sure the delivery of ICT services to each Council is meeting strategic and operational needs. With the support of a jointly procured independent consultancy this assessment has concluded that:

- Overall core operational service delivery and SLA performance is good, but with some areas of improvement identified;
- The governance model for managing 3C ICT is not effective and needs a "reset";
- The delivery of "Digital" leadership and project capabilities is generating frustration with varying expectations on what this service should deliver and a general view it is not working as effectively as it should.

This report presents a set of options to tackle these matters, assesses the options and makes a recommendation on the future shape and nature of a shared 3C Digital service.

Ultimately, this investment in digital capabilities will improve the councils' ability to provide modern, digital services to residents, maximise productivity and ensure organisational priorities are achieved – a key requirement for all Councils in the partnership.

Recommendation(s):

The Cabinet is asked to:

RECOMMENDED

a. note the final report submitted by Triple Value Impact (TVI) (Appendix 1 – confidential item);

b. agree to the recommended option 1 (redesigned 3C ICT and Digital, Lead Authority remains HDC) and to delegate the responsibility for finalising the scope and detailed nature of the new agreement and associated activities to the Chief Executives and respective Portfolio Holders for each partnership council reporting on progress through the revised member board.

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to:

   1.1.1 Provide an overview of the review of the 3CT ICT Service that was commissioned by all three partner councils (Huntingdonshire District Council, South Cambridgeshire District Council, Cambridge City Council). Following a tender process, an independent third party consultancy, Triple Value Impact (TVI) were selected in April 2024 to undertake the review;

   1.1.2 Provide the key options to address the concerns and meet the ICT and digital requirements of the three partner councils;

   1.1.3 Provide sufficient data and analysis to enable the three partner councils to jointly agree a preferred option, which will be further developed in the next phase of work and will support the delivery of the digital transformation ambitions of each partner council.

2. BACKGROUND

2.1 In April 2024 Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) initiated a review of 3C ICT Shared Service in response to the following key factors:

   2.1.1 Current 3C ICT Service Agreement forthcoming renewal deadline by **30th September 2024**[1];

   i. Recent reports carried out independently by the three councils (not through 3C ICT) to determine the respective councils' own digital target operating model and digital, data and technology related strategies;

   2.1.2 Findings from these reports that highlighted capacity and capability gaps within ICT and digital and within council teams;

   2.1.3 A cost apportionment exercise and analysis of 3C ICT activity data undertaken during 2023/24;

   2.1.4 An acknowledgement of areas where the 3C ICT service provision is working well, but also a consensus by the three councils that the current 3C ICT service is unable to meet all business and strategic requirements across the 3 partner councils.

2.2 The three partner councils undertook a competitive procurement process to source an experienced consultancy organisation to undertake this review, and Triple Value Impact (TVI) was appointed. TVI had undertaken significant projects reviewing other ICT shared services across the country and were well placed to undertake this review. The TVI review approach has sourced information and views from a broad and comprehensive range of sources, including the following:

   2.2.1 ICT user satisfaction survey run in all three partner Councils

   2.2.2 ICT staff satisfaction survey

	2.2.3	ICT member satisfaction survey
	2.2.4	Interviews/workshops with the 3C ICT service
	2.2.5	Interviews/workshops with stakeholders from all three councils
	2.2.6	Review of documentation from councils and 3C ICT service

2.3 A review across the range of sources listed above facilitated some early conclusions about the existing structure and delivery of the 3C ICT Shared Service, namely:

    2.3.1 The operational ICT service is delivering a reasonably good service, with 62% of users satisfied with the service;

    2.3.2 The ICT architecture estate is generally well maintained and managed, with relatively few major legacy systems that would add cost, risk, and complexity;

    2.3.3 The service has generally made good progress in sharing architecture and applications – more than many other shared ICT services;

    2.3.4 Overall core operational service delivery and Service Level Agreement (SLA) performance is reasonably good, but with some areas of improvement identified;

    2.3.5 The general view is that the governance model for managing 3C ICT is not effective and needs a "reset", with concern from the two non-host councils that the ICT service has become more of a contract delivery arrangement rather than a truly shared service, an issue which is evident through the governance model that all parties were using;

    2.3.6 The delivery of "Digital" leadership and project capabilities is generating frustration with many varying expectations on what this service should deliver and a general view that it is not working; all councils have transformation programmes that rely heavily on digital transformation and therefore ICT digital service is critical to the successful completion of these transformation programmes.

2.4 It was noted that no council wished there to be a 'Do Nothing' option and a recognition and agreement that changes were required to meet the demand and expectations from all partner councils.

2.5 On the basis that the operational delivery of ICT services was accepted as 'good' and delivering value for money across the 3 councils, the latter 2 conclusions (2.3.5 governance model and 2.3.6 digital leadership and delivery) formed the basis of the options developed.

2.6 A number of Target Operating Model options were presented back to the partner councils (options 1 – 7). All options are set out in the TVI report, attached as Appendix 1. These ranged from building on the existing model but with increased digital capability and capacity through to dissolving the shared service partnership for the 3 councils. A high-level overview of the impacts against risk, operational cost, digital costs, implementation costs, complexity and timescales were set against each option.

3. OPTIONS CONSIDERED & ANALYSIS

3.1 Discussions across the officer and Member key stakeholders of the partner councils concluded that option 1 was the preferred option and should be developed further, specifically detailing the cost impacts for implementation and running of the service.

3.2 This option would create a common 3C Digital Service, refocusing the service towards supporting the councils' transformation programmes and retaining HDC as the lead authority – aligned to an improved governance approach that resolves the issues felt across all councils.

3.3 The recommendation across all partner councils is that option 1 is identified as the most optimum, to mitigate the risk of disruption to current services, to deliver the changes in a timely manner and to deliver the greatest return on investment for supporting the digital ambitions of each partner council.

4. COMMENTS OF OVERVIEW & SCRUTINY

4.1 The comments of the relevant Overview and Scrutiny Panel will be forwarded to Cabinet prior to its consideration of this report.

5. KEY IMPACTS / RISKS

5.1 Please see **Appendix 1 - 3C ICT review Final report** for full details of risks and impacts for the preferred option.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 The expected timeframes for delivery of the key elements of the preferred option are set out below:

6.1.1 Approval of the preferred option by each partner council and subsequent update of the 3C ICT Service Agreement forthcoming renewal deadline by 30th September 2024;

6.1.2 Revised and agreed joint governance model by end of January 2025;

6.1.3 An agreed cost apportionment split for recharging and implementation of a methodology for future charging by June 2026;

6.1.4 Recruitment of an appropriately skilled and experienced Chief Digital Information Officer by March 2025;

6.1.5 Implement a revised TOM and organisational structure under the CDIO, with an increased digital focus, by the end of June 2025.

6.2 The details and joint agreement on these timescales and deliverables will be agreed by all councils and progressed using an amended governance process. They are included in this report for guidance and to enable a strategic decision to be made.

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

7.1 The review of the 3C ICT service agreement supports and delivers Priority 3 of the Corporate Plan – Doing our core work well.

7.2 The review is also a core component of the HDC Productivity Plan, submitted to the Department for Levelling Up by the deadline of the 19th July, under the category '2) Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design'.

8. CONSULTATION

8.1 A number of internal consultation activities were undertaken to assess the deliverability of the 3C ICT service and the levels of satisfaction from users.

8.2 The consultations took the form of short online surveys for each partner council, allowing for themes to be identified at an individual council level. Results were also consolidated by TVI to identify specific strengths and weaknesses across all partner councils.

8.3 The consultations were made available to the following groups:

TYPE OF SURVEY	LIVE DATES	HDC RESPONDENTS	TOTAL RESPONDENTS OVER 3 COUNCILS
ICT user satisfaction survey	23rd May - 13th June	211 respondents	552 respondents
ICT member satisfaction survey	11th June – 12th July	26 respondents	38 respondents

8.4 A further ICT staff satisfaction survey for 3C ICT staff was issued on 28th June and received 65 ICT staff respondents. The results of these surveys are referenced within the detail of the TVI report.

9. LEGAL IMPLICATIONS

9.1 The council's Monitoring Officer has been consulted on the recommendations and notes the continuation of the agreement and that this raises no legal concerns.

10. RESOURCE IMPLICATIONS

10.1 There are a number of resource implications relating to this paper.

10.2 Moving to a new arrangement will require investment, this is the cost of change. The transition costs estimated by TVI and discussed with Officers are c£240k. This will be split across the partnership by thirds – so an indicative figure of £80k per council.

10.3 The assessment of ongoing costs is contained in the TVI report. The precise detail of this will need to be determined during implementation. Some key elements are:

10.3.1 There are some new capabilities proposed in the service, which will see some new roles created.

10.3.2 There are some current capabilities that can be amended or simplified. The nature of this will be delivered during a formal transition process that will be overseen by an improved governance arrangement.

10.3.3 At present the model is forecasting the ongoing service delivery costs will broadly be the same. However, each council is committing £100k in year to progress and enhance our digital capacity (subject to the budget approvals process for each council).

10.3.4 All of these potential changes will fully involve staff and HR and relevant support (e.g. ERG and/or Unison).

10.4 All the financial elements within the TVI report have been shared with partners and each has ensured their s151 Officer has reviewed, commented and clarified the estimates. All have provided assurance the estimates are reasonable and can be legitimately used to make a decision on future direction by the partnership.

11. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

11.1 None.

12. OTHER IMPLICATIONS

12.1 The report recommends no change in employing authority. It should be noted if transfer to another council is pursued there will be significant HR impacts related to a change in lead authority.

13. REASONS FOR THE RECOMMENDED DECISIONS

13.1 The report presents a rigorous assessment of the current position of the shared 3C ICT service and, with the aid of independent external support, a range of options for the future have been examined.

13.2 Having balanced the feedback from all councils, the assessment of current and future needs, the costs and opportunities of change and evaluated the

risks and time to deliver the outcomes each council seeks, it has concluded to recommend option 1 to each council.

14. LIST OF APPENDICES INCLUDED

Appendix 1 – 3C ICT review final report

CONTACT OFFICER

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