



Cabinet
1 June 2015

**Report from the
Chief Operating Officer**

Wards Affected:
[ALL]

Joint ICT work with London Borough of Lewisham

1.0 Summary

- 1.1 This report sets out proposals for working with the London Borough of Lewisham to establish a shared service for ICT by April 2016.
- 1.2 The report sets out details around sharing ICT hardware and establishing reciprocal Disaster Recovery (“DR”) facilities, delivering ICT services to London Borough of Lewisham to refresh their infrastructure, and transition arrangements leading towards the establishment of the joint ICT service.

2.0 Recommendations

- 2.1 That Cabinet approves working with London Borough of Lewisham to establish a joint ICT service by April 2016.
- 2.2 That Cabinet notes that London Borough of Lewisham is seeking approval from their Cabinet in June 2015 for the same.
- 2.3 That Cabinet notes that officers will be working on defining the governance model for the proposed shared service and will be presenting their proposals to Cabinet in September 2015.
- 2.4 That Cabinet approves the reciprocal arrangements to host disaster recovery facilities for London Borough of Lewisham at Brent Civic Centre, while they host Brent’s second datacentre currently located at Brent House.

2.5 That Cabinet approves the proposal to deliver ICT services to London Borough of Lewisham to refresh their infrastructure, bringing them in line with Brent.

3.0 Detail

3.1 The majority of Brent ICT systems, including all its desktop environment, core applications and telephony infrastructure, operate from two datacentres located in the Brent Civic Centre and Brent House. The two centres provide resilience for all Brent ICT services.

3.2 With the forthcoming disposal of Brent House, Brent needs to identify a new location for its second datacentre to maintain resilience for its IT systems. The options appraisal that was performed in 2014 for our datacentres concluded that the most cost-effective solution for a DR facility would be a reciprocal arrangement with another authority, where each authority provides space in their datacentre for the other authority.

3.3 Lewisham do not currently have any disaster recovery (DR) facility and have agreed to such a reciprocal arrangement where Brent host their DR equipment in the Civic Centre and they host Brent's in their location. Lewisham do not actually have their own datacentre location, but rent space at a commercial datacentre provided by Logicalis and located in Slough; Lewisham will be funding the space required for Brent equipment in that location and both authorities will share equally the cost of the data links between Slough and Brent.

3.4 Brent awarded a contract for the procurement of new datacentre equipment in April 2015. The procurement was a joint exercise with Lewisham, to ensure both councils have the same equipment, simplifying the implementation of reciprocal disaster recovery but also enabling the authorities to establish a more efficient joint ICT service if there is a decision to do so.

3.5 Lewisham have their ICT currently managed by Capita, under a contract that ends in April 2016 (unless extended). The contract is for the provision of support for their ICT infrastructure, with the option to provide project services at additional cost. Lewisham's ICT infrastructure is in a state of disrepair due to prolonged lack of investment and they are facing the need of significant expenditure to correct this.

3.6 Lewisham have looked at the work that Brent have done with their ICT infrastructure and, having visited a number of authorities across London, have recognised that Brent own a flexible, reliable and effective ICT environment that provides good value for money. They asked Brent to provide the cost of running two projects for them that essentially will give Lewisham staff a similar ICT environment. One project is to replace their datacentre equipment that is old and out of capacity; a second is to implement the same desktop solution used at Brent, to replace their current XP desktops. This is a requirement for

them to be compliant with security requirements and retain their connectivity to the Public Services Network (PSN).

- 3.7 Brent have provided detailed costs for this work to Lewisham, including estimates for the cost of all hardware and software required, as well as the cost of backfilling for Brent ICT staff working on the project. Having looked at the costs, Lewisham have expressed an interest to proceed with this work.
- 3.8 Brent Digital Services have to achieve a savings target of £1.62m in 2016/17. Although officers have identified potential areas to achieve approximately £600k towards this target, these savings would come at the cost of reduced service provision. To achieve the overall level of saving required while maintaining a high quality service, Brent needs to make a more radical change in what it does.
- 3.9 Although taking on the support of additional users and office locations does increase the staffing requirement, it is well documented in the IT industry that the relationship of the two is not linear; in many areas of IT support significant economies of scale can be achieved. Additionally many non-staff ICT resources can be shared between authorities. Brent IT Officers have worked with colleagues in Finance on costing possible models for supporting two authorities broadly the size of Brent in terms of IT users and this work concluded that in a scenario where the two authorities share all resources that can be shared and where the budgets are similar, both should expect to save significantly – figures of 20% or above were seen as realistic. The experience of similar ICT partnerships in London agrees with those estimates.
- 3.10 Brent officers therefore believe that establishing a joint ICT service with another local authority will bring Brent IT closer to achieving their saving target while at the same time maintaining a quality service. Potentially, access to a greater shared pool of IT resources could improve the service while helping achieve the required savings.
- 3.11 Lewisham are under similar financial pressure to Brent and looking at the options they have at the end of their current contract, they decided that the best way forward is going to an ICT shared service with Brent. Since they are looking at Brent delivering the projects to replace their server and desktop infrastructure, they would like Brent, as part of their exit arrangements in their contract with Capita, to gradually start taking over support of their systems as Brent implement the new infrastructure, with the target of establishing the ICT shared service by April 2016 when their contract with Capita ends.
- 3.12 It should be noted that the link between Brent delivering the project work to Lewisham and setting up an ICT shared service is not mandatory. Brent are proposing to do the project work for two reasons: a) because Brent will benefit by implementing as part of this work a reciprocal DR arrangement, which has previously been identified as the most cost effective solution to Brent's DR requirements, and b) because Brent sees the project work as an investment

towards establishing the shared service, and therefore help achieve Brent's IT saving target. However Brent have agreed in principle with Lewisham that were the shared service not to materialise, Brent would charge Lewisham for all the services delivered as part of the project work at a commercial rate as opposed to Lewisham paying for the actual cost of backfilling for Brent staff. This additional charge has been estimated at £426k.

- 3.13 Officers have performed an options appraisal, attached to this report, looking at the configuration of the ICT service and governance options. This consists of a comparative evaluation of all the options, listing advantages and disadvantages of each option and drawing where possible from the experience of existing ICT partnerships. Officers from both Brent and Lewisham will be seeking advice from each authority's respective legal department towards further developing the detailed model, to be presented in the report to Cabinet in September 2015 seeking approval to establish the shared service.
- 3.14 The model chosen will need to allow us to further extend the partnership to other areas, increase the scope of services shared with Lewisham or look to include other authorities; potentially allowing us to provide services to other organisations. Again there are examples of this with the partnerships mentioned earlier: Newham and Havering host systems for the Isles of Scilly, while Kingston & Sutton are looking to sell services to health. It is important to emphasise that establishing a shared service with another authority does not preclude Brent, or rather the shared service, from further partnerships with other organisations or indeed selling ICT services to other organisations. In fact this is seen as the way forward to maintain and further develop the ICT service.
- 3.15 It is acknowledged that the project work that Brent will be taking on to replace Lewisham's infrastructure is quite significant. Brent IT estimates show that for the two projects Brent will be using a total of 8 technical staff to deliver approximately 840 engineer-days over a period of 8.5 months. Brent needs to ensure that this work will not affect the ICT service provided to Brent. Brent will be using its own staff to perform a significant part of this project work, as they already have the experience of running identical projects in the preparation for the move to the Civic Centre, Lewisham will however be paying for temporary staff to backfill all these positions, as well as funding a dedicated full time project manager for the duration of the project. Brent, in the estimates that were provided to Lewisham, have allowed for day rates that give comfort that we can recruit competent engineers to backfill these positions.

4.0 Financial Implications

- 4.1 All project work, including the procurement of IT hardware and software and recruiting interim staff to backfill any Brent staff working on the project, will be

funded in full by Lewisham, with the exception of the work relating to Brent – for example the move of Brent’s Datacentre out of Brent House and the replacement of Brent hardware that is coming out of service.

- 4.2 Detailed work on the financial implications of the shared service will need to be undertaken when officers have fully defined the operating model and have understood all aspects, including the exact scope of the shared ICT service, TUPE and other setup costs etc. It is envisaged however that the establishment of the shared service should help Brent IT achieve a significant saving in its ICT revenue budget.

5.0 Legal Implications

- 5.1 This report proposes Brent entering into reciprocal arrangements with Lewisham in relation to the hosting of Disaster Recovery (“DR”) facilities. Should Members be minded to approve the recommendation, Brent will need to enter into an agreement with Lewisham setting out both parties’ respective duties and liabilities in relation the hosted DR facilities service and the reimbursement of costs arising from this hosting.
- 5.2 The recommendation in this report for Brent to provide ICT services to Lewisham to refresh their infrastructure is permissible under the Local Authorities (Goods and Services) Act 1970 (“the 1970 Act”). The 1970 Act provides that local authorities may enter into contracts to provide goods and services to public bodies (defined as such under the 1970 Act). The general power of competence in the Localism Act 2011 may also authorise the provision of goods, works and services by the Council.
- 5.3 Officers are proposing to undertake ICT infrastructure project work for Lewisham, with an estimated value of £430,000. In view of the value of this proposed arrangement, Cabinet approval is required before Officers enter into any arrangement in accordance with Contract Standing Order 87. Brent will need to enter into an agreement with Lewisham setting out both parties’ respective duties and liabilities in relation to the proposed provision of ICT Infrastructure services.
- 5.4 With regard to the proposal to establish a joint shared ICT service with Lewisham and the form that service will take, as detailed in Recommendations 2.1 and 2.3, there are a number of models of shared service and Officers are considering which model is best suited to Brent and Lewisham based on the ‘Options Appraisal for ICT Delivery’ paper. Whichever governance model is selected, Brent and Lewisham will need to agree a robust Inter Authority Agreement setting out how the shared service will work, to include:
- A requirement to agree budgets for the shared service within appropriate timescales prior to the commencement of any budget year;

- The duration of the agreement (with provision allowing for extension if the parties agree);
- Details of any set up costs for the shared service, including how any redundancy costs will be treated;
- Details of staff arrangements including provision regarding possible TUPE of staff to Brent with indemnities in relation to pensions liabilities should staff chose to join Brent's pension scheme (where applicable);
- Details of the financial agreement between the boroughs, including baselines for income and expenditure;
- Details regarding the use of Brent and Lewisham's premises;
- Details of how income (if any) from the shared service will be apportioned between Brent and Lewisham;
- Full details of governance arrangements to include details regarding monitoring meetings; and
- Provisions regarding termination including details of sharing financial liabilities.
- Provision regarding future infrastructure investment and potential contingency fund

5.5 Once a preferred service and governance model has been determined as detailed in Recommendation 2.3, Officers will report back to Cabinet with their proposal for approval in the Autumn of 2015.

5.6 It will be for Lewisham to comply with its own constitutional requirements in relation to the various recommendations contained in this report and as detailed in Recommendation 2.2, officers in Lewisham are seeking their Cabinet approval to the proposals.

6.0 Diversity Implications

6.1 An equalities impact assessment will need to be undertaken as part of the restructure exercise leading to the shared service, when officers know more about the implications to ICT staff in both authorities. It is anticipated however that the joint working is likely to safeguard jobs of ICT staff at Brent to some extent, achieving the savings required through the sharing of resources with Lewisham as opposed to having to delete posts. It is also expected that the shared service will provide a larger pool of technical resources to both authorities, improving ICT provision to staff and therefore enabling them to deliver a better service to Brent and Lewisham residents.

7.0 Staffing/Accommodation Implications

7.1 It is difficult to quantify the full staffing implications of establishing the ICT shared service until officers have an agreed model, organisational structure, new job descriptions and better understanding of TUPE requirements. All this will need to be developed as part of the ongoing work already started between the two authorities.

7.2 In terms of accommodation implications, it is anticipated that the majority of staff in the shared service will be coming from Brent and will continue to be based at the Civic Centre. Some staff will need to travel between the two locations, and officers will have to maintain a small local presence at Lewisham that may be made up of staff permanently located there or from a rota of staff moving between the two authorities.

8.0 Background Papers

8.1 Options Appraisal for ICT Delivery

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