



**Cabinet**  
16 November 2015

**Report from the  
Chief Operating Officer**

For Action

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.

**2.0 Recommendations**

- 2.1 That Cabinet approves establishing a shared ICT Service with the London Borough of Lewisham by April 2016, with Brent acting as the host Authority for the service.
- 2.2 That Cabinet approves the creation of a Joint Committee consisting of two elected members from each council to discharge certain of their ICT functions (as specified) jointly and to oversee the shared service; and notes that Brent will be represented on that committee by two members (or substitute members) of the cabinet appointed by the Leader.
- 2.3 That Cabinet approves the creation of a Shared Management Board, accountable to the Joint Committee, to manage the service, with an appointed director from each Council amongst other key members of staff to be appointed from each Council; and that Brent will be represented on the board by the Operational Director for Strategic Commissioning (or suitable alternative).
- 2.4 That Cabinet approves Brent as the host council and agrees to the proposed

staffing arrangements set out in section 3.4 of this report.

- 2.5 That Cabinet notes that Brent will manage ICT procurement for both councils and that the proposed shared service arrangements allow for contract awards with a value of less than £500,000 to be made.
- 2.6 That Cabinet approves the terms and conditions set out in the Collaboration Agreement between Brent and Lewisham Councils and authorises the Chief Operating Officer to finalise the Agreement and agree any appropriate amendments to it in consultation with the Chief Legal Officer.
- 2.7 That Cabinet notes that any changes to the Council's Constitution to reflect the proposed creation of a Joint Committee with the London Borough of Lewisham for the shared ICT service will be reported to Full Council for approval.
- 2.8 That Cabinet notes that Lewisham officers are presenting a report with similar recommendations to their Mayor & Cabinet meeting on the 11<sup>th</sup> of November.

### **3.0 Detail**

- 3.1 The Cabinet approved a report in June 2015 recommending that officers work with the London Borough of Lewisham towards establishing an ICT Shared Service by April 2016. The purpose of this was to help achieve the ambitious savings target for Digital Services while establishing a sustainable and strong ICT service for both authorities. This report sets out the outcome of this work, the proposed agreement, scope of the service, governance model and arrangements for establishing the shared service.
- 3.2 The latest draft version of the Collaboration Agreement between Brent and Lewisham Councils (other than the Schedules) can be found in Appendix 1 This Agreement, amongst other things, sets out the objectives and scope of the Shared Service; the funding, staffing, management, decision making, contract award and governance arrangements; the respective roles of the councils; escalation and dispute resolution mechanisms and termination provisions.
- 3.3 The report to cabinet on 1<sup>st</sup> of June 2015 provided an appraisal document for the available governance options for the service. The appraisal, included in Appendix 3, suggested the preferred option to be establishing a shared service managed by Committee, a model already employed by other ICT shared services in London, for example Newham with Havering and Kingston with Sutton. The key factors for selecting that model was that it was simpler to implement in the timescales and allowed Brent and Lewisham maximum flexibility going forward, for example if it was decided in the future to create a separate legal entity to offer services on a commercial basis this would still be possible.

- 3.4 It is proposed that Brent will be the host council and will operate the entire service by itself but on behalf of both councils. This will entail Lewisham delegating its ICT function (as defined in the Collaboration Agreement) to Brent who will be, for example, employing all the staff working for the Shared Service. This was discussed between Brent and Lewisham as the best way forward, following feedback from other established shared services, as having all staff employed by one council simplifies the ongoing management and reorganisation of the service. As the majority of the staff will be coming from Brent it was proposed that Brent will be the host. This means that on the 1st of April 2016 staff providing the services that are in the scope of the agreement and are employed by either Lewisham directly or by Capita as part of their contract with Lewisham will be transferring to Brent.
- 3.5 Brent and Lewisham will be appointing a Joint Head of Digital Services, subject to cabinet approval of these arrangements, prior to April 2016 in order for them to start the preparations for the shared service. The Joint Head of Digital Services will be employed by Brent and seconded to Lewisham for two days a week to facilitate this.
- 3.6 The Joint Head of Digital Services will initiate a restructure of the ICT Shared Service in April 2016 to ensure that the structure of the new department will meet the service needs of both councils. The restructure is anticipated to be complete by July 2016.
- 3.7 At Member level, the intention is to secure joint decision making in respect of the shared service which is why it is proposed that the councils create a Joint Committee consisting of two elected members from each council to take strategic and important management and financial decisions, oversee the service, set strategic direction, provide feedback and identify areas of improvement, as well as act as the final arbiter where there is a conflict in either direction or priority between the councils. This will entail both councils delegating the ICT services the subject of the Collaboration Agreement to the Joint Committee so that they can be discharged jointly in an effective and efficient manner. For example, the proposed shared service arrangements, if approved, will allow the Joint Committee to make contract award decisions with a value of less than £500,000.
- 3.8 The proposed terms of reference for the Joint Committee are attached in Appendix 2 and confirm the purpose, function and membership of the joint committee, the decisions it will make and how including delegating its functions to one or more officers of the two councils and the special arrangements for urgent decisions.
- 3.9 A Shared Service Management Board consisting of officers from both councils, including one appointed director from each council as well as the Joint Head of Digital Services, will meet monthly to oversee and monitor the service, and ensure it is being carried out in accordance with the strategic direction set by the Joint Committee, review and monitor the performance of the shared

service, the Joint Head of Digital Services and the risk register for ICT and resolve any conflicts reported by the Joint Head of Digital Services.

- 3.10 It is anticipated that the Joint Head of Digital Services will prepare an annual Service Plan and Performance Management Framework to present to the proposed Shared Service Management Board.
- 3.11 It is proposed that Brent manage all ICT procurement for the shared service and enter into contracts, in accordance with the shared service arrangements, on behalf of both councils, with the exception of contracts valued £500k or above. Where any procurement is for a contract over the values stated Brent will still manage the process but will however need to go through consultation with Legal and Procurement staff at Lewisham as well as support the preparation of a report to the Lewisham Mayor and Cabinet.
- 3.12 The budget for the ICT shared service will be based on fair distribution between the two councils of all costs relating to the delivery of the services in scope.
- 3.13 There is no term set for the shared service; however each council can give 18 months notice to withdraw at any time.

#### **4.0 Financial Implications**

- 4.1 It is proposed that fixed costs and income will be split equally between the two councils, any variable costs in future years will be split on the basis of the commissioned service as set out in the service plan, while consumables will be paid by the council that they are intended for.
- 4.2 An exception to 4.1 will be made in relation to the work Brent has undertaken with the Local Government Association. As this work was commissioned prior to establishing the shared service it has been agreed that the costs of the FTE portion paid by the LGA will not form part of the shared service costs, and the income from the LGA will be apportioned fully to Brent.
- 4.3 The Shared Service Management Board will agree the mechanism by which changes to costs and income following the initial agreement are fairly apportioned between the councils, as well as the method of payment.
- 4.4 Any costs incurred by Brent as a result of the restructure of Shared Service staff which will be initiated on the 1<sup>st</sup> of April 2016 will be split between Lewisham and Brent in accordance with the revenue benefits each council expect to receive in the first year of the Shared Service. It has been agreed that Brent will pay no more than 30% of the costs.
- 4.5 Further work is required to establish the final structure of the Shared Service, as well as identifying the complete list of all contracts and support costs from

both councils that are in scope of the service, and the potential for consolidation. The work performed by officers so far indicates a potential saving for Brent of approximately £1m in revenue costs. It is however expected that this will not be realised until the restructure of the service is complete and any notices have been served.

## **5.0 Legal Implications**

### **Governance**

- 5.1 The recommendation in this report for the council to host, collaborate and share services with the London Borough of Lewisham for the provision of ICT services is permitted pursuant to the Local Government Act 1972, the Local Government Act 2000, the Localism Act 2011 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. These provisions allow one council to delegate one of its functions to another council as well as allowing two or more councils to discharge their functions jointly with the option of establishing a joint committee. Joint committees can in turn delegate functions to one or more officers of the councils concerned. Decisions of joint committees are binding on the participating councils. However, subject to the terms of the arrangement, the council retains the ability to discharge that function itself.
- 5.2 In view of the value of the proposed arrangement as detailed at section 4 above, Cabinet approval is required to such partnership/collaborative arrangements in accordance with Contract Standing Order 87. The formal collaboration agreement with Lewisham Council sets out both parties' respective duties and liabilities in relation to the proposed arrangement.
- 5.3. The Council's executive arrangements (as recorded in the Constitution) allow the Cabinet to establish joint arrangements with other councils including the appointment of joint committees.

### **Procurement and Employment matters**

- 5.4 It should be noted that the arrangements proposed are not intended to amount to a procurement of services which would fall within the scope of the EU Procurement Rules. Instead, Lewisham Council is delegating certain of its ICT functions to Brent Council and it will be Brent exercising the function on behalf of Lewisham pursuant to the legal powers set out in paragraph 5.1 as opposed to a contractual arrangement. In addition, both councils are also proposing to discharge certain of their ICT functions jointly as explained in the report.
- 5.5 In practice this means that the Digital Services department is carrying out the ICT services function on behalf of Lewisham to be overseen by the Joint Committee and Shared Management Board; and the collaboration agreement records the terms upon which costs will be shared and the other practical issues which will be documented for the arrangements. If approved, the

establishment of the Joint Committee will be reported to Full Council to effect the necessary changes to the Council's Constitution.

- 5.6 Both Councils understand that Lewisham's staff currently providing the ICT services will transfer to Brent pursuant to TUPE, and by law will maintain most of their current terms and conditions. The detail of the effects of TUPE will depend on the precise organisational structure and the employment contracts of those transferring, and will be kept under review. Moreover, post TUPE transfer it is likely that redundancies will be necessary from the joint pool of staff. The terms of the proposed Collaboration agreement will include precise terms governing staffing costs, apportionments and pensions.

## **6.0 Diversity Implications**

- 6.1 An equalities impact assessment will need to be undertaken as part of the restructure exercise following the establishment of the shared service, when officers know more about the implications to ICT staff. It is anticipated however that the joint working is likely to safeguard jobs of ICT staff 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 organisational structure, new job descriptions and better understanding of TUPE requirements. All this will need to be developed by the Joint Head of Digital Services and finalised prior to April 2016, when a staff consultation exercise will be undertaken as part of the restructure of the shared service.
- 7.2 In terms of accommodation implications, it is anticipated that the majority of staff in the shared service will 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.

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