



**Cabinet**  
13 February 2017

**Report from the  
Strategic Director Resources**

For Action

Wards Affected:ALL

**Joint ICT work with London Borough of Southwark**

**1.0 Summary**

- 1.1 This report sets out proposals for working with the London Borough of Southwark to provide them with ICT services by November 2017.

**2.0 Recommendations**

- 2.1 That the Cabinet approves plans for the ICT Shared Service to be extended to cover the London Borough of Southwark.
- 2.2 Approves in principle the delegation from Southwark Council to Brent (as the primary host authority in the Shared Service with London Borough of Lewisham) of the delivery of ICT services and notes that a further report will be brought to Cabinet in June 2017 to approve delegation in its final terms.
- 2.3 Notes the ongoing due diligence process and the development of inter-authority agreement(s) for delegation of the ICT service delivery.
- 2.4 Approves the entering into a Memorandum of Understanding (attached as Appendix A to this Report) with the London Borough of Southwark and London Borough of Lewisham and notes the approval of the funding of preparatory and transition work at an estimated cost of £3 million as noted to the Southwark Cabinet Report (attached as Appendix B to this Report).
- 2.5 Approves entering into an interim Inter-Authority Agreement which will cover the 3 boroughs obligations with regard to the preparatory and transition activities as detailed in paragraph 5.5 (b), liabilities, insurance arrangements and use of assets in relation to the Shared Service and delegates authority to the Chief Officer Strategic Director Resources to agree the final terms of the interim Inter- Authority Agreement(s).

- 2.6 Approves the delegation of authority to the Chief Officer Strategic Director Resources to authorise procurement and award of contracts on behalf of the London Borough of Southwark up to a maximum of £3 million (in the aggregate) as referred to in paragraph 2.5.
- 2.7 Approves the development of a final more detailed Inter- Authority Agreement for delegation of the ICT service delivery which will cover the 3 boroughs obligations, liabilities and insurance arrangements and use of assets in relation to the shared service.
- 2.8 Approves interim governance arrangements based on a shared joint partnership board to include representatives of Brent, Lewisham and Southwark working on an equal basis.
- 2.9 Notes that Lewisham and Southwark officers are presenting reports to their respective Cabinets in relation to this delegation and future shared service.

### **3.0 Detail**

- 3.1 Brent established a shared service for delivery of ICT services with the London Borough of Lewisham in April 2016. The service is hosted by Brent, is overseen by a joint committee of members from both councils and is managed by a joint management board of officers.
- 3.2 The service has been operating for just under a year and in that period successfully transitioned ICT services at Lewisham from their previous contract with Capita and completed a major infrastructure refresh programme to bring previously under-invested Lewisham ICT services on the same platform as Brent. Both councils realised significant financial savings in the process.
- 3.3 Officers have been in discussion with a number of authorities to explore the possibility of offering them ICT services, with the aim to build a stronger team with additional capacity and resilience, while at the same time realising further savings for the councils.
- 3.4 London Borough of Southwark was in a similar position as Lewisham, having a contract with Capita that was coming to an end and the council was not looking to extend it. Southwark went through a procurement exercise in 2016 and that was unsuccessful. Having then looked at the options available to them, they shortlisted two options:
  - i. delegating IT services to the existing Shared Service between Brent and Lewisham, where Brent would be the host authority.
  - ii. provision of IT services procured through the Westminster IT Services Framework with BT as the primary supplier.

- 3.5 Southwark officers worked with both BT and shared service officers to better define both options in order to evaluate them. As an outcome of this exercise they decided that they would work towards taking the shared service option forward.
- 3.6 Following this decision officers from the three councils attended a series of workshops bringing together their key stakeholders and advising officers to explore how the service could be developed and the potential benefits to all three partners.
- 3.7 The workshops were designed to enable senior officers to understand and agree the following:-
- i. Partnership principles
  - ii. Statutory framework that enables shared services
  - iii. Potential governance models
  - iv. Potential benefits realisation
  - v. Risk
  - vi. The most appropriate shared service model
  - vii. The internal legal process to establish the shared service
- 3.8 In addition, an important aspect of the workshops was testing the commitment of senior stakeholders to a shared service, thus ensuring we were embarking on a viable long term collaboration..
- 3.9 The authorities identified that they shared a number of key objectives and synergies. These included:-
- i. Clear technology synergies (i.e.: common applications, infrastructure and roadmaps)
  - ii. Common financial and service pressures
  - iii. Need to achieve value for money (meets current and future affordability targets and quality expectations)
  - iv. A need to strengthen overall service risk management and resilience.
  - v. A political appetite to do something different in partnership with other authorities.
- 3.10 At the final workshop, senior stakeholders from all three authorities agreed that a shared service was a compelling proposition and gave the necessary commitments to progressing this as a recommendation to their respective Cabinets.

- 3.11 Following cabinet approval, officers will be working further on due diligence and transition planning, as well as the development of an inter-authority agreement.
- 3.12 It has been agreed that Southwark will be funding the cost of their transition in full to ensure that the work involved in transition does not impact the ICT service to Brent and Lewisham. To achieve that, this will include interim staff to provide additional capacity for the transition project, to backfill for existing Shared Service staff, but also to ensure that other project work is completed early to avoid resource conflicts during transition.

#### **4.0 Financial Implications**

- 4.1 All project work, including the procurement of IT hardware and software and recruiting interim staff to provide additional capacity or backfill any existing shared service staff working on the transition project, will be funded in full by Southwark. Southwark Cabinet report attached as Appendix A contains the recommendation that Southwark approve funding of preparatory and transition costs estimated to be £3 million.
- 4.2 Detailed work on the financial implications of extending ICT services to Southwark will need to be undertaken when officers have fully understood all aspects, including the exact scope of the shared ICT service, TUPE and other setup costs etc. It is envisaged however that this work will help Brent achieve a significant saving in its ICT revenue budget.

#### **5.0 Legal Implications**

##### **Governance and Legal Compliance**

- 5.1 Officers have considered the statutory framework that permits local authorities to establish shared services. The Local Government Acts 1972, and 2000, the Localism Act 2011 and the Local Authorities (Arrangement for the discharge of Functions) (England) Regulations 2012 give local authorities the authority to delegate (arrange for the discharge) of their functions by:-
- another local authority;
  - the executive of another local authority; or
  - a joint committee.
- 5.2 The proposed delegation and Shared Service will be undertaken in accordance with the statutory framework noted in paragraph 5.1 above under which the Brent / Lewisham shared ICT service was already established. For clarity, Lewisham delegated delivery of their ICT service to Brent and separately Brent and Lewisham delegated governance of the delivery of the ICT service to a Joint Committee that oversees the performance and strategic

direction of the shared ICT service with operational control executed through a joint Management Board supervised by a Joint Committee

- 5.3 A number of options for the future governance arrangements of the potentially expanded shared service are available, such as establishing a 3-way joint committee or forming a “Teckal” company (this being a joint company for public sector shared services where the intention is to continue to provide the services from within the public realm).
- 5.4 There is considered to be some advantage in taking the time to consider these options thoroughly, drawing on the experience Brent and Lewisham have accrued in sharing ICT services and other shared services and engaging consultants if appropriate. Given this it is proposed to adopt a three-stage approach to governance as set out and summarised in Table 2 (Governance overview) below.

Stage 1: To expedite the work required to fully develop the service design and the establishment of the transition team to undertake detailed planning and transition preparation it is proposed that the service should progress with an initial arrangement to enable Brent to incur cost on behalf of Southwark to establish the service design and transition programme. Each authority will have an equal say in the running of the service design and transition programmes.

Stage 2: Subject to Cabinet approval of the delegation of the delivery of the ICT service, Interim governance will be implemented. This will consist of a joint 3-way partnership board with representatives from each of the three partner authorities. After service commencement, this board will manage delivery of the 3-way Shared Service until such time as permanent governance is implemented.

Stage 3: Following appraisal of the governance options, a further report to the Cabinet of each of the three Shared Service authorities will seek authorisation for the recommended model prior to its implementation.

<b><u>Governance Stage</u></b>	<b><u>Main Features</u></b>
Initial (Stage 1)	A memorandum of understanding. A form of initial arrangement to allow Brent to incur expenditure on behalf of Southwark to establish the service design and transition programme.
Interim (Stage 2)	Southwark delegates ICT service to Brent. 3-way officer partnership board to manage preparatory phase and post commencement service. Current Lewisham to Brent delegation and joint committee and management board continue as is.
Medium-term (Stage 3) (within 12 months)	Consider long-term options: New joint committee, possible Teckal company or other.

Table 1: Governance overview

5.5 Having considered the necessary mechanisms and authorisations required to enable the Shared Service partnership to progress it is proposed that:-

- a) Brent, Southwark, and Lewisham agree a non-legally binding memorandum of understanding (MOU). This will enable development of the detailed delivery model, full transition planning and associated budget allocations.
- b) The three parties intend to agree an interim inter-authority agreement as soon as possible to address their obligations, liabilities, insurance arrangements and use of assets in relation to the preparation and transition to the Shared ICT Service. This will enable development of the detailed delivery model, full transition preparation and associated budget allocations to be progressed and also give formal authority for Brent to purchase necessary hardware and software in relation to the transition. The interim agreement will form the basis for a subsequent more detailed inter-authority agreement between the parties to be developed after completion of due diligence.
- c) Subject to all parties agreeing the detail, a report setting out the scope of the Shared Service, the associated financial model and setting out the terms of the delegation/s of Southwark's ICT will be recommended to the June meeting of the Cabinet of each of the three Shared Service authorities for approval.

The interim governance arrangements set out in the MOU and delegation of authority are intended to be in effect for a period of up to 12 months so as to enable the most appropriate governance model to be determined and implemented.

- 5.6 It should be noted that until the permanent governance arrangements for the Shared Service are approved by their respective authorities (the interim period) the existing Shared ICT Service governance requires that Brent and Lewisham continue to meet as a joint Management Board and to report service performance relating to their authorities only to their Joint Committee.
- 5.7 It should also be noted that the arrangements proposed are not intended to amount to procurement of services within the scope of the EU Procurement Rules. Instead it is intended that Southwark Council delegate certain of its functions for delivery of ICT to Brent Council and when implemented the plan will involve Brent (as the host authority for the existing shared service with Lewisham) exercising the function on behalf of Southwark pursuant to the powers referred to in paragraph 5.1, as opposed to a contractual arrangement.
- 5.8 It is anticipated that the Transfer of Undertakings (Protection of Employment Regulations) 2006 will potentially apply on transfer of workforce engaged in provision of Southwark's ICT service and further details of this are included in the Section 7 below Staff /Accommodation Implications.

- 5.9 In preparation for service commencement, the Shared ICT Service will be developed and augmented to ensure that it has the relevant skills and resource to undertake work to the required level. Governance is being developed and will be implemented and enforced. This will include a three-way management board which will receive service levels and key performance indicators, balanced scorecard, risk log, budget monitoring and project highlight reports on a monthly basis. Third party supplier contracts will be reviewed and where possible harmonised to enable consolidated reporting and efficient management. Consideration will be given to how the three partner Authorities can motivate and incentivise the Shared ICT Service to deliver an end to end service which delivers a significantly enhanced end user experience and/or a measurable and quantifiable productivity gain.

## **6.0 Diversity Implications**

- 6.1 An equalities impact assessment will need to be undertaken as part of any restructure exercise that may follow the transfer of staff from Capita and Southwark to Brent, 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, achieving the savings required through the sharing of resources with Lewisham and Southwark as opposed to having to delete posts. It is also expected that the shared service will provide a larger pool of technical resources to all three authorities, improving ICT provision to staff and therefore enabling them to deliver a better service to Brent, Lewisham and Southwark residents.

## **7.0 Staffing/Accommodation Implications**

- 7.1 Brent will act as the host authority and will be responsible for employing all staff engaged to deliver the shared ICT service. Separately, each authority will employ ICT staff to deliver a local ICT function.
- 7.2 Brent as the host authority will take-on the existing Southwark ICT service from Capita and provide ICT services to the three authorities. It is estimated that the extended shared service will require an additional 46 staff, taking the team complement to 96.
- 7.3 As an on-going service is being transferred it is anticipated that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may well apply. Staff covered by this legislation and engaged to deliver operational services would potentially transfer from Capita to Brent (as host authority). In addition, it is possible that a small number of Southwark IT staff may also be in-scope to transfer to Brent.
- 7.4 It is noted that there would be an increase in staff complement across both the local Southwark and Shared ICT Service teams. Consequently it is expected that the need to make staff redundant as a result of the proposed the proposed changes to the ICT Service delivery model and the restructure of

Southwark's retained ICT team should be minimised. Indeed, many staff will become part of a larger IT function with increased opportunities for staff development and progression.

- 7.5 In terms of accommodation implications, it is anticipated that the majority of staff in the shared service will be based at the Brent Civic Centre. This will result in an additional requirement for office space for the Shared Service, and this has been costed in our work so far defining the financial model. Some staff will need to travel between all locations, and officers will have to maintain a small local presence at both Southwark and Lewisham from a rota of staff moving between the authorities.

## **8.0 Background Papers**

None

### **Appendices**

Appendix A - Memorandum of Understanding (attached)

Appendix B - The London Borough of Southwark Cabinet Report title: ICT Shared Service with Brent and Lewisham (to follow)

### **Contact Officer(s)**

Prod Sarigianis  
Head of Digital Services  
Tel: 020 8937 6080  
Email: Prod.Sarigianis@Brent.gov.uk

ALTHEA LODDERICK  
Strategic Director Resources