Camden   Haringey LONDON   ISLINGTON

SHARED ICT AND DIGITAL SERVICE JOINT COMMITTEE

TUESDAY, 8 NOVEMBER 2016 AT 7.00 PM
ROOM 10.10, TENTH FLOOR, 5 PANCRAS SQUARE, LONDON N1C 4AG

Enquiries to:	**Anne Rasmussen, Committee Services**
E-Mail:	**anne.rasmussen@camden.gov.uk**
Telephone:	**020 7974 2360**

MEMBERS

Councillor Jason Arthur (London Borough of Haringey), Councillor Theo Blackwell (London Borough of Camden), Councillor Ali Demirci (London Borough of Haringey), Councillor Georgia Gould (London Borough of Camden), Councillor Andy Hull (London Borough of Islington) and Councillor Claudia Webbe (London Borough of Islington)

Issued on: Monday, 31 October 2016

Mike Cooke	**Nick Walkley**	**Lesley Seary**
Chief Executive, Camden	**Chief Executive, Haringey**	**Chief Executive, Islington**
Town Hall	**Civic Centre**	**Town Hall**
Judd Street	**High Road**	**Upper Street**
London WC1H 9JE	**London N22 8LE**	**London N1 2UD**

SHARED ICT AND DIGITAL SERVICE JOINT COMMITTEE
8 NOVEMBER 2016

THERE ARE NO PART II REPORTS

AGENDA

1. **APOLOGIES**

2. **DECLARATIONS BY MEMBERS OF PECUNIARY AND NON-PECUNIARY INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA**

3. **DEPUTATIONS**

4. **ANNOUNCEMENTS**

5. **NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT**

6. **REVIEW OF THE TERMS OF REFERENCE**

   Report of the Chief Digital Information Officer   (Pages 5 - 10)

   This report details the agreed Terms of Reference for the Joint Committee as approved during August/September 2016 by the Leaders of each of the three Councils of Camden, Islington and Haringey. The terms of reference is brought to the Committee to note and to ensure this is being kept under review by the Committee.

7. **REVIEW OF THE SHARED DIGITAL SERVICE AND UPDATES ON PROGRESS**

   Report of the Chief Digital Information Officer   (Pages 11 - 20)

   This report provides an update of progress towards the establishment of the Shared Digital service

8.   DELEGATION OF DECISIONS FOR THE DESIGN OF THE SHARED DIGITAL SERVICE

Report of the Chief Digital Information Officer   (Pages 21 - 26)

The report is coming to the Shared Digital service Joint Committee in recognition that the newly appointed Chief Digital and Information Officer will be in post during November and to reflect a series of decisions that will be required in December and early 2017 relating to the design of the Shared Digital service and related follow-on work in 2017.

This design work is mainly based around the functional elements (for example; business relationship management, digital strategy and enterprise architecture, the service centre, application support and digital project development) required to run the shared ICT and digital service based on a Joint Committee model and takes into account a range of design criteria founded on the 3 council's business case objectives and priorities identified by stakeholders / customers of Shared Digital. If a decision is made in 2017 to adopt another type of model then the design would need to be reviewed to reflect any changing priorities or emphasis.

As the design work is iterative it is recommended that those decisions be delegated to the Chief Digital and Information Officer, with appropriate consultation with the Management Board in relation to staff consultations, HR and legal issues, in order that the decisions can be made in a timely manner and as efficiently as possible.

Specifically not to tie key design decisions to the Joint Committee this meets at least twice yearly (November and May).

This report seeks a decision to endorse the above recommendation to delegate decision making as specified above.

9.   HIGH LEVEL PROCUREMENT APPROACH FOR DATA AND CLOUD SERVICES

Report of the Chief Digital Information Officer   (Pages 27 - 76)

This report seeks the approval from the Joint Committee to procure Cloud services as part of the Shared Digital Programme.

As part of this work-stream the three boroughs have collectively defined and agreed a 'Cloud First' strategy, which forms part of the overall strategy of consolidating services. The strategy is driven by industry evidence that cloud computing can be an enabler for innovation, reduce capital and operating costs, increase agility, and reduce time to market for new products and services. The cloud

delivers benefits to both the business, through enablement, and IT via operational improvements.

Definition of cloud: *Cloud is an IT service delivery mechanism which has the following key characteristics: dynamic, service centric, on-demand, available and consumption based.*

This will provide a more efficient way of providing IT Services to the Shared Digital service. This will be achieved through the closure of multiple data centres, the migration and then transformation of applications and data to Cloud based solutions that will allow services to be acquired on a consumption basis and reduce overall total cost ownership.

10. DATE OF NEXT MEETING

11. ANY OTHER BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT

AGENDA ENDS

Camden   **Haringey** LONDON   **ISLINGTON**

REPORT TITLE	
Terms of Reference for the Shared ICT and Digital Service Joint Committee	
REPORT OF	
Chief Digital and Information Officer	
FOR SUBMISSION TO	**DATE**
Shared ICT and Digital Service Joint Committee	8 Nov 2016

SUMMARY OF REPORT

This report details the agreed Terms of Reference for the Joint Committee as approved during August/September 2016 by the Leaders of each of the three Councils of Camden, Islington and Haringey. The terms of reference is brought to the Committee to note and to ensure this is being kept under review by the Committee.

Local Government Act 1972 – Access to Information

No documents required to be listed were used in the preparation of this report.

Contact Officer:
Mark Aspinall
Shared Digital Programme Director
Tel: 0207 974 1856
Email: Mark.aspinall@camden.gov.uk

WHAT DECISIONS ARE BEING ASKED FOR?

To note the terms of reference for the Committee

Signed: Ed Garcez, Chief Digital and Information Officer

Date: 31 Oct 2016

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Shared ICT and Digital Service Joint Committee – Terms of Reference

The Joint Committee shall be known as the "Shared ICT and Digital Service Joint Committee"

The Joint Committee is established under section 101(5) of the Local Government Act 1972, as applied by section 9EB of the Local Government Act 2000 and Part 4 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 by the Executives of each of the Councils and the delegations to cabinet and cabinet members are subject to this delegation.

Membership:

1. The Joint Committee shall comprise of six members, two appointed by each of Camden Council, Islington Council and Haringey Council ("the Councils").

2. One member appointed by each council should be the relevant Cabinet/Executive member responsible for information/digital technology

3. Every member appointed to the Joint Committee shall be a member of the Executive/Cabinet of their council. Should they cease to be a member of the Executive/Cabinet they will cease to be members of this Joint Committee. Political balance rules do not apply.

4. Each Council may nominate substitute Members who must be a member of the respective Executive/Cabinet to attend meetings of the Joint Committee, should an appointed member of the Joint Committee be unavailable or unable to attend a meeting of the Joint Committee. A substitute Member attending in the absence of an appointed member will have full voting rights

5. Each Member of the Joint Committee shall be appointed annually but shall cease to be a member if s/he ceases to be a member of the Council appointing him/her or of its Cabinet/Executive or if removed by the relevant Leader.

Terms of Reference:

The Camden/Islington/Haringey Joint Committee will:

1. Provide democratic oversight over the strategic delivery of the joint digital service (the Joint Service) provided to the Councils through powers delegated to it by their Executives/Cabinets.

2. Approve the strategic service and financial plan for the service and the performance measures to ensure services are delivered to the agreed standard and within the resources provided by the Councils.

3. Receive updates on the Business Plan and the performance of the Joint Service.

4. Agree the procurement strategy for contracts relating to the Joint Service the estimated value of which exceeds £2m revenue or £5m capital and to award such contracts.

5. Suggest revisions to the Terms of Reference of the Camden/Islington/Haringey Joint Committee to be referred back to the Leaders and/or Executive/Cabinet of each of the Council's for approval.

6. Receive and consider a detailed report, within twelve months of the creation of the Joint Committee [by October 2017] that considers the options for the Shared Digital and ICT Service to be delivered via a public services company rather than a Joint Committee structure and make recommendations to the Cabinet/Executive of each of the Councils in respect of the report.

7. Delegate all matters not specified at 1-6 to the Chief Digital and Information Officer and may delegate any other matters within its terms of reference to an officer of any of the Councils. The Joint Committee shall not delegate a function to or create any Sub-Committees.

8. Notwithstanding delegation of any matters to an officer the Joint Committee may itself make decision on any such matters.

Meetings of the Committee:

1. The Camden/Islington/Haringey Joint Committee will meet at least twice a year.

2. Further meetings may be called by the Head of Paid Service of any of the Councils as required.

3. Meetings of the Joint Committee shall be held at the venue or venues as agreed by the Joint Committee or in respect of meetings called by a Head of Paid Service, at the venue determined by the person calling the meeting.

4. The Joint Committee shall appoint one of its nominated members as Chair and that member shall remain Chair for one year unless he or she ceases to be a Member of the Joint Committee. Each of the Councils shall hold the Chair for one year only and each Council shall hold the Chair in the following sequence (Year 1: London Borough of Camden; Year 2: London Borough of Islington; Year 3: London Borough of Haringey) and so on and so forth unless otherwise agreed between the Parties.

5. A meeting of the Joint Committee shall require a quorum of one Member of each Council who are entitled to attend and vote.

6. Subject to the provisions of any enactment, all questions coming or arising before the Joint Committee shall be decided by a majority of the Members of the Joint

Committee immediately present and voting thereon. Subject to the provisions of any enactment, in the case of an equality of votes the Chair shall have a second or casting vote but before exercising this, the Chair shall consider whether it is appropriate to defer the matter to the next meeting of the Joint Committee.

7. Any Member of the Joint Committee may request the Joint Committee to record the votes of individual Members of the Joint Committee on a matter for decision.

8. In its operation and functioning the Joint Committee shall, unless varied within these Terms of Reference, be governed and abide by the Camden Committee procedure rules and standing orders applying to Committees of the Council.

9. Any member of the Councils who is not a Member of the Joint Committee is entitled to attend the Joint Committee but he/she shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chair.

10. Meetings of the Joint Committee will be open to the public except to the extent that they are excluded under paragraph 12.

11. All decisions of the Joint Committee will be deemed Key Decisions.

12. The public may be excluded from a meeting of the Joint Committee during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that, if members of the public were present during that item, confidential information as defined in section 100A (3) of the Local Government Act 1972 or exempt information as defined in section 100I of the Local Government Act 1972 would be disclosed to them.

13. Each Council may call in any decision of the Joint Committee in accordance with the overview and scrutiny provisions of that Council's constitution. If any decision of the Joint Committee is subject to call in by a Council, the Joint Committee and officers shall take no irreversible action to implement that decision until after the call in process is completed.

14. All papers to be considered and/or decided on by the Joint Committee shall be provided to the Committee in electronic format.

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REPORT TITLE Review of the Shared Digital Service and Update on Progress	

REPORT OF
Chief Digital and Information Officer

FOR SUBMISSION TO Shared ICT and Digital Service Joint Committee	**DATE** 8 Nov 2016

SUMMARY OF REPORT
This report provides an update of progress towards the establishment of the Shared Digital service.

Local Government Act 1972 – Access to Information
No documents required to be listed were used in the preparation of this report.

Contact Officer:
Mark Aspinall
Shared Digital Programme Director
Tel: 0207 974 1856
Email: Mark.aspinall@camden.gov.uk

WHAT DECISIONS ARE BEING ASKED FOR?

The Committee is asked to note this report

Signed: Ed Garcez, Chief Digital and Information Officer

Date: 31 Oct 2016

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Shared Digital Programme update
Oct 2016

- **Our objectives and principles**

- **Our progress to date**

- **What's coming up**

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Work-streams that support our objectives

Delivering value for money and savings

Resilient to external conditions

Consolidating expertise and best practice into a high performing service

Design

Data and cloud

Contracts

Office 365

Enterprise architecture

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Our guiding principles

Run on trust

Shared Digital to be trusted to deliver without having to divide time equally three ways

Willingness to share

All partners co-operate fully with each other: sharing knowledge, processes and skill sets

Resolution focussed

We focus on resolving issues regardless of the cause.

Teams will work together to resolve problems regardless of their location.

Output is what counts

Judge Shared Digital's success by the outputs it delivers

Collaborative relationships at every level

Discussed at the Shared Digital Management Board 16 September

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Governance and operations: milestones

March – June 2016

- **Chief Digital and Information Officer recruited: Ed Garcez starts 7 November**
- **Finance review leading to an agreed shared revenue budget of £13m per council – combined budget of £39m**
- **Chief Architect recruited to support all three IT teams**

July – October 2016

- **Signed Leader's report agreeing to the Joint Committee's Terms of Reference**
- **First meeting of Management Board (16 Sept). Terms of Reference agreed and shared service principles discussed**

Coming up

- Joint Committee meeting 8 Nov: decision to procure cloud data (key decision), agree the procurement rules for Shared Digital
- Start the review of operating model; consider the options like continuing under a JC model, wholly owned company etc.
- Continue developing the Legal Agreement, including finalising the Financial Schedule
- Signed off Target Operating Model for the new Shared Digital service

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Work-streams: milestones

March – June 2016

- **Work-stream teams built for Contract, Data and Cloud, Design, Enterprise Architecture**

July – October 2016

- **Design team engage with 72 senior stakeholders to map business capabilities**
- **Delivery of Office 365 becomes a joint delivery project under the programme**
- **Due diligence review of IT contract spend to check it aligns with the non-staff revenue spend in the shared budget**

Coming up

- Plan in place for the 'lift and shift' of data centres in Camden and Haringey
- Decision to procure cloud report for the Joint Committee: 8 Nov
- Decision on procurement rules for the shared service for the Joint Committee: 8 Nov
- Office 365 'design' completed after workshops with business leads, lessons learnt from the pilot of 100 staff (starting in Oct '16)
- Functional model for the Target Operating Model agreed and signed off

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Staff engagement: milestones

March – June 2016

- **Staff conferences for digital staff held, around 300 staff attend, briefed on progress and opportunity to ask questions**

July – October 2016

- **Shared communications & engagement plan and creation of a shared yammer account for IT staff in place**

- **Section 113 consultation completed, from 1 Oct all IT staff will be 'placed officers' under the Shared Digital service**

- **Welcome message to all digital services staff + generic message for all council staff when service officially goes live**

Coming up

- Welcome podcast from Ed Garcez (November)

- Staff conferences planned for 29/30 November and 2 December

Shared Digital - governance

SD Joint Committee
Frequency: every 6 months
First meeting: 8/11/16
Camden Members: Cllr Theo Blackwell and Cllr Georgia Gould
Islington Members: Cllr Andy Hull and Cllr Claudia Webbe
Haringey Members: Cllr Ali Demirci and Cllr Jason Arthur

Managed by Camden's Member's office with links into Islington and Haringey's Member teams

SD Management Board
Frequency: four times per year
Meetings: (16/9/16), (16/12/16), (28/4/17), (7/7/17), (27/10/17)
Camden attendance: Mike O'Donnell, Kate Robertson and Rhys Makinson
Haringey attendance: Tracie Evans, Jon Abbey, Susan Otiti
Islington attendance: Mike Curtis, Bram Kainth, Maxine Holdsworth
CDIO : Ed Garcez
Programme Director: Mark Aspinall
Coordination: SD Programme Board

Managed by the Shared Digital Programme Team PMO: Management Board, Delivery Board and Review Board

Shared Digital

Camden   Haringey LONDON   ISLINGTON

Any questions?

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Camden   Haringey LONDON   ISLINGTON

REPORT TITLE	
Delegation of Decisions for the Design of the Shared Digital Service	
REPORT OF	
Chief Digital and Information Officer	
FOR SUBMISSION TO	**DATE**
Shared ICT and Digital Service Joint Committee	8 Nov 2016

SUMMARY OF REPORT

The report is coming to the Shared Digital service Joint Committee in recognition that the newly appointed Chief Digital and Information Officer will be in post during November and to reflect a series of decisions that will be required in December and early 2017 relating to the design of the Shared Digital service and related follow-on work in 2017.

This design work is mainly based around the functional elements (for example; business relationship management, digital strategy and enterprise architecture, the service centre, application support and digital project development) required to run the shared ICT and digital service based on a Joint Committee model and takes into account a range of design criteria founded on the 3 council's business case objectives and priorities identified by stakeholders / customers of Shared Digital. If a decision is made in 2017 to adopt another type of model then the design would need to be reviewed to reflect any changing priorities or emphasis.

As the design work is iterative it is recommended that those decisions be delegated to the Chief Digital and Information Officer, with appropriate consultation with the Management Board in relation to staff consultations, HR and legal issues, in order that the decisions can be made in a timely manner and as efficiently as possible.

Specifically not to tie key design decisions to the Joint Committee this meets at least twice yearly (November and May).

This report seeks a decision to endorse the above recommendation to delegate decision making as specified above.

Local Government Act 1972 – Access to Information

The following document(s) has been used in the preparation of this report:

Shared ICT and Digital Service: Joint Committee: Terms of Reference (CS/2016/15), dated 23 Aug 2016, Report for the Leaders

Contact Officer:
Mark Aspinall
Shared Digital Programme Director
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Email: Mark.aspinall@camden.gov.uk

WHAT DECISIONS ARE BEING ASKED FOR?

The Shared ICT and Digital Service Joint Committee is asked to delegate the design of the Shared Digital service and related follow-on work to the Chief Digital and Information Officer as set out in paragraph 2.1 of this report.

Signed: Ed Garcez, Chief Digital and Information Officer

Date: 31 Oct 2016

1. WHAT IS THIS REPORT ABOUT?

1.1 During 2016 (mainly May to August) a comprehensive business engagement activity took place with over 80 service heads across 3 participating councils, primarily individuals (and their teams) who have a heavy reliance on Shared Digital to be able to meet their business aims and provide efficient and value for money front line services to Citizens and local businesses.

This covered a range of topics including;

- An understanding of their current use of IT
- Key initiative that they are undertaking or are planned
- Identification of similarities, differences and IT pain points across the council functions
- Potential areas for future collaboration.
- Feedback on the current IT service and aspirations for Shared Digital

A number of consistent themes were identified and have been used in the design of the Shared Digital Functional model summarised as follows;

Whilst they generally value the support their currently receive from their IT teams, they would like to see greater emphasis on;

- Digital and ICT services that support service change, Innovation and transformation
- Responsive and targeted technical support
- Effective communications and business engagement
- More joined up and abilities for data sharing
- Improved mobility

In addition to the above we also know that Shared Digital needs to;

- Be efficient and provide value for money
- Provide an enriched and rewarding working environment for staff
- Embrace new ways of working
- Share best practice and learning

All of the above factors have been taken into account in developing a proposed functional and supporting design principles.

The culmination of this work will require decisions relating to the future design of Shared Digital Service.

2. WHY IS THIS REPORT NECESSARY?

2.1 The Joint Committee is being asked to delegate the following to the Chief Digital and Information Officer:

2.1.1 Decisions relating to the design of the Shared Digital Service to include the functional model, the design principles to be adopted and any relevant decisions around staff, consultation and legal matters and to make such decisions in consultation with the Management Board in accordance with the Management Board's Terms of Reference.

2.1.2 This will result in the decision making being made at an appropriate level and also help the timeliness of those decisions.

3. OPTIONS

3.1 'Do nothing' approach and keep to the three separate service designs, yet recognising this would have limitations in terms of the benefits that the shared service can deliver.

4. WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

4.1 To enable an informed decision on the functional model to take place

4.2 These decisions would be best placed with the Chief Digital Information Officer to ensure that the shared digital service meets its business objectives in a timely manner.

5. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

5.1 Ensuring senior business users are involved in shaping the design of the service so that business needs are met. This has been met by;

a. Involvement of Product Lead representatives from all 3 participating councils IT Services. They have been involved throughout including participation in the business side engagements and functional model design.

b. The undertaking of 80 plus business side engagements to ensure our customers views are taken into consideration

c. Updates to staff during the June staff events, on Yammer and at the forthcoming November / December staff events

d. Engagement with the CDIO/CIOs including the business sponsor for this work

e. Regular engagements with the Programme Delivery Director to ensure this work is aligned with other work streams

5.2   That the initial design work does not lead to any tangible changes in the 3 current IT services. This will be addressed by;

a) Critical Success Factors are being developed which will help determine what would need to be in place to support the migration to the new functional model

b) Follow-on work will take place to assess the types of business changes needed for a migration to the new functional model. The implementation is likely to require a phased approach

c) Therefore a 'first step' model for 2017 will also be developed to enable a shorter term view which can be used to consult on and plan more immediate changes (during 2017)

5.3 The design model does not reflect the 3 council's objectives for Shared Digital

a) The objectives from the original business cases have been reviewed and taken into account

b) The business side engagements have captured the customer side priorities / expectations for Shared Digital and these have been taken into account in the design

6.   WHAT ACTIONS WILL BE TAKEN AND WHEN FOLLOWING THE DECISION AND HOW WILL THIS BE MONITORED?

6.1   The functional model will be reviewed and signed off by the end of 2016

6.2   Follow-on activities will then be proposed and agreed – Q1 2017

8.   CONSULTATION

8.1   The Chief Digital and Information Officer, the Chief Information Officers and Shared Digital Programme Director

9.   LEGAL IMPLICATIONS

9.1   Legal services have reviewed this report in the light of the Public Contract Regulations 2015 and the Joint Committee's Terms of Reference governing the procurement activities of the ICT Shared Service.

Section 7 of the Terms of Reference provides that the Joint Committee may delegate any matters not covered in Sections 1-6 of the Terms of Reference to the Chief Digital and Information Officer ('CDIO'). As the matter of the

design of the shared digital service is not covered in Sections 1- 6, the recommendation to delegate to the CDIO is compliant with the Terms of Reference.

Any follow on matters that stem from the decision by the CDIO on the design of the shared digital service must comply with the Terms of Reference and legal advice should be sought as necessary.

10. RESOURCE IMPLICATIONS

10.1 Finance has reviewed this report and there are no financial implications arising directly from the decision to delegate the design of the shared digital service to the CDIO. However, ultimately the design of the Service will be integral to the Financial Plan, which will need to be approved by the Joint Committee in accordance with the Terms of Reference.

REPORT ENDS

Camden   **Haringey** LONDON   **ISLINGTON**

REPORT TITLE	
High Level Procurement Approach for Data and Cloud Services	
REPORT OF	
Chief Digital and Information Officer	
FOR SUBMISSION TO	**DATE**
Shared ICT and Digital Joint Committee	8 Nov 2016

SUMMARY OF REPORT

This report seeks the approval from the Joint Committee to procure Cloud services as part of the Shared Digital Programme.

As part of this work-stream the three boroughs have collectively defined and agreed a 'Cloud First' strategy, which forms part of the overall strategy of consolidating services. The strategy is driven by industry evidence that cloud computing can be an enabler for innovation, reduce capital and operating costs, increase agility, and reduce time to market for new products and services. The cloud delivers benefits to both the business, through enablement, and IT via operational improvements.

Definition of cloud: *Cloud is an IT service delivery mechanism which has the following key characteristics: dynamic, service centric, on-demand, available and consumption based.*

This will provide a more efficient way of providing IT Services to the Shared Digital service. This will be achieved through the closure of multiple data centres, the migration and then transformation of applications and data to Cloud based solutions that will allow services to be acquired on a consumption basis and reduce overall total cost ownership.

Local Government Act 1972 – Access to Information

The following document(s) has been used in the preparation of this report:
- SOCITM Review of data centre provision (Sept 2015)
- Cabinet reports from Camden, Haringey and Islington approving the creation of the shared digital service and move towards shared data centre and cloud provision (see Appendix 2)

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Shared Digital Programme Director
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WHAT DECISIONS ARE BEING ASKED FOR?

That the Shared Service Joint Committee agree to delegate authority to the Chief Digital and Information Officer (CDIO) to procure cloud services via a specialist

partner to include the formation of a procurement strategy which shall be approved by the Shared Service Management Board. It is expected that this will be based on a Cloud 'First' Strategy agreed across all 3 councils (Camden, Haringey and Islington). The delegation shall cover the implementation of the strategy and the award of the contract itself.

Signed: Ed Garcez, Chief Digital and Information Officer
Date: 31st October 2016

1. Introduction

1.1   A report was commissioned by Camden and Islington in Sept 2015 to provide a review of the options open to the shared digital service around future data centre provision. In assessing the options available to the councils to meet their future data centre needs, within the context of a shared service, the following was considered; the need to create a resilient and flexible infrastructure and take into account the vision to establish a scalable platform capable of accommodating additional partners.

1.2   The recommendation in the report advocated a move away from the internal hosting of the data centres, particularly given the new shared service approach and the stated vision for the future.

1.3   In April 2016 there was a clear steer from the Cabinets to adopt the recommendation in the report and move away from the current internal hosting of data centres. This offers a significant opportunity to take an integrated approach across the three councils and develop a consolidated data centre approach that will save money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies.

1.4   Across the three councils there are currently six data centre sites, each council having a main data centre plus a back-up provision. There is a clear case for rationalisation and consolidation. Also, there was a need to look at the strategic approach to datacentre provision. In the medium term, the goal is to use the platform to enable services to be provided to other public sector bodies in order to generate revenue for the councils.

1.5   This initiative takes place against a background of operational concerns including budget pressures, exit dates for hosting locations, on-going hardware and software lifecycles, increasing demands for services and a changing security landscape.

2. Data and Cloud work-stream objectives

2.1   Digital change and the pace of change is increasing year on year. Expectations of our customer base around the delivery of modern fit for purpose services is driving a revolution in the public sector driven by the Cabinet Office and the Digital Agenda.

2.2   Against this backdrop and the three key Programme objectives[1] the Data and Cloud Project specifically aims to achieve the following objectives:

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[1] (1) Delivering value for money and cashable financial savings; (2) Consolidating the expertise and best practice from both ICT services into one integrated and high-performing service, and; (3) Creating a public service structure that is resilient and is able to better withstand market conditions from both local government and beyond.

1. An integrated approach on technology platforms across the councils.
2. Development of a consolidated data centre and cloud strategy that will reduce overall total costs of ownership, improve resilience and provide a more efficient and enhanced service to both internal and external customers across the boroughs.
3. The ability to change rapidly in an agile and flexible manner to align with ever changing business need.
4. The ability to deliver every higher quality IT services for less money.
5. Improve the organisation to the point where it is a delivery organisation capable of delivering IT to the business against the two main capabilities above.
6. Modernise the IT to deliver the overall requisite maturity levels of the main business themes.
7. Rationalise and transform the IT to revolutionise the way we deliver services.

3. Decision

3.1 It is recommended that the Joint Committee approve the high level approach to procure cloud services via a specialist partner, this is based on a Cloud 'First' Strategy agreed across all 3 councils (Camden, Haringey and Islington).

3.2 Currently the actual capital and revenue spend is not known however it is expected to be under £4M.

3.3 Soft Market Testing has been carried out along with some initial analysis considering all three councils environments as well as the overall Data Centre rationalisation, this has highlighted that a Cloud 'First' Strategy is achievable across the new Shared Digital service.

4. Reasons for decision

4.1 There are 3 key drivers for change if the business outcomes for the next 3 to 5 years are to be met.

- Exit from Camden, Islington and Haringey buildings (and therefore the closure of some of the Data Centres, such as Camden Town Hall, Haringey Techno Park and Islington Old Street)

- The new Shared Service cost savings – The Data Centre rationalisation and Cloud 'First' strategy could assist with the £6m savings that are required by the new shared service incorporating Camden, Islington and Haringey.

- The Digital agenda.

4.2 The eight in-house data centres across the three councils, while well run, do not provide the requisite capabilities or flexibility to provide modern hosting capabilities. The use of internally run data centres leads to a number of challenges:
   o Capital cycle (buying assets) requires longer term planning and investment than the timeframes demanded by the business to implement change.

- o Poor utilisation of assets. Although much of the estate is virtualised, a lot of the equipment runs at very low utilisation rates.
- o Cost of running data centres in most cases is higher compared to large scale commercial offerings.
- o Ties IT hosting provision to estates strategies.
- o Currently there is an overhead of product lifecycle management on both hardware and software assurance.
- o Drives internal workforce to be performing low value commodity work rather than higher value work with the business.
- o Capacity is finite limiting growth and ability to change.
- o Drives high write-off costs in business cases.
- o Low DR capabilities.

4.3 Taking the above into consideration approval is required for the procurement process to commence once a strategy has been formulated by the Chief Digital Information Officer and the Management Board has approved it.

This will allow the programme to deliver as outlined below:

- The 'Shared Digital' service procures and implements a data centre service that supports and delivers all the three council's digital transformation of its services.
- The data to be held in a hybrid cloud (private and public cloud) which will assist in delivering services where needed whether on mobile devices or fixed terminals and improve and enhance the overall delivery of all services
- The resilience for critical systems will improve whilst reducing the total cost of ownership.

5. Alternative options considered

5.1 **Do nothing,** i.e. use the existing data centres is not an option due to closure dates on Camden and Haringey data centres and also the overall Shared Digital Services strategy that has been agreed and put in place.

6. Background information

6.1 The Shared Digital Services programme is currently undertaking several large transformation programmes including the Data Centre and Cloud work-stream. As part of this work-stream the three boroughs have collectively defined and agreed a 'Cloud First' strategy, which forms part of the overall strategy of consolidating services. Our therefore goal is to deliver a cloud solution that offers true cloud characteristics across the estate whilst catering for the significant volume of legacy workloads and on-going change.

6.2 Two of the Shared Service programme objectives are:
- To reduce the overall costs of running data centres (using 15/16 as the baseline year) by 20%.

- To develop a shared data centre strategy that will include the need to increase cloud capacity, increase in resilience and de-risk the removal of data centre accommodation in Camden and Haringey

6.3 In addition, there are drivers outside of the programme in relation to two of the data centres:

- Haringey are currently running at risk within their Techno Park data centre due to on-going site works at the current location, there is also the contractual need to vacate the data centre.
- Camden needs to move out of the Town Hall data centre by March 2017
- Consolidate eight data centres to two data centres
- Align and merge network services across the three Councils as required to support the data centre and cloud migrations
- Assess and document Cloud strategy options that allow a template to be used for migration to the cloud.

6.4 The Government's cloud first strategy is driven by industry evidence that cloud computing can be an enabler for innovation, reduce capital and operating costs, increase agility, and reduce time to market for new products and services. The cloud delivers benefits to both the business, through enablement, and IT via operational improvements. Migration to compute as a service and consolidation of the server estate will therefore provide an opportunity for cost reductions.

6.5 When discussing a cloud strategy, it is important to have a shared definition of the word "cloud" as it can often mean different things to different people and organisations. For the purposes of this document, we will use the following definition:

> ***Cloud is an IT service delivery mechanism which has the following key characteristics: dynamic, service centric, on-demand, available and consumption based.***

Delving into these cloud characteristics, a number of important aspects of cloud-based service delivery become apparent:

- o **Dynamic** - A dynamic cloud is based on pooled resources with rapid elasticity that allows tenant workloads too quickly and easily scale and for the platform itself to grow incrementally as requirements dictate. This necessitates a highly automated approach, particularly for provisioning, and leads towards functions being defined in software rather than hardware.
- o **Service-Centric** - Clouds deliver standardised, catalogue-based offerings where all elements are treated as a service with associated SLAs, documentation, support and service management
- o **Self-Service** - Consumers of cloud services expect to be able to manage their own environments, driving the requirement for highly orchestrated, multi-tenant platforms with a strong concept of identity of the service consumer
- o **Highly-Available** - From a connectivity perspective, consumers expect services to be available from all locations at all times and for the data within

the service to be maintained. This dictates a need for services to be tightly monitored, highly secure and have very strong data protection systems

- o **Consumption-Based** - Tied with the self-service elements, consumers expect that a service has an associated cost and so mature cloud systems measure consumption with show-back and charge-back capabilities
- o **Cloud has three layers or service models**; Infrastructure as a Service (IaaS) at the bottom, Platform as a Service (PaaS) in the middle and Software as a Service (SaaS) at the top. Clouds can be deployed in one of three models: private, public and hybrid and it is anticipated that the requirement will be to consume all of these models in a shared service model.

6.6   Without the data centre and cloud project and transformational programmes taking place, the shared digital services strategy would be impacted and would incur further costs moving forwards, it is therefore imperative that the right to procure Cloud services is approved to assist reducing overall total cost ownership and for the Shared Digital Services strategy to be delivered.

6.7   While the total estimated amount of the procurement may seem to be a high cost, each constituent project across the transformation and priority outcome programmes already has an underlying business case that bears scrutiny under the programme governance arrangements. This is not a request for additional funding outside those programmes.

6.8   Any IT implementations costs are invariably a one-off spend at the time of implementation, and therefore can usually be considered to be part of the capital costs of a system implementation alongside the hardware and software elements.

7.   Contribution to strategic outcomes

7.1   The report seeks approval to procure cloud services which are required to support council wide transformation programmes and priority programmes.

7.2   The solution procured through this exercise will allow the shared digital services strategy to be delivered with a 'Cloud First' approach.

8.   Consultation

8.1   As there may be some HR implications involved in the move from physical to cloud-based technologies, the Shared Digital Service will ensure full engagement between the service and HR on all people-related matters.

9.   Legal Implications

9.1   Legal services have reviewed this report in the light of the Public Contract Regulations 2015 and the Joint Committee's Terms of Reference governing the procurement activities of the ICT Shared Service.

9.2 It is anticipated that the value of the contract will not be in excess of £4 million. The value will include both capital and revenue expenditure although it is not yet known how much of the contract value will be attributable to capital and/or revenue.

9.3 Under Section 4 of the Terms of Reference, the Joint Committee must agree the procurement strategy for contracts relating to the Joint Service where the value of the contract exceeds either £2M revenue or £5M capital and to award such contracts. Officers have stated that there is a probability that the revenue element will exceed £2M and therefore in accordance with Section 7 of the Terms of Reference, the Joint Committee is asked to delegate its authority to procure and award to the Chief Digital and Information Officer.

10. Resource Implications

10.1 Finance have reviewed the report and notes that the decision is for the CIDO to have the right to procure a cloud services via a specialist partner and it is expected that the total contract value will not exceed £4m. Additionally, this is not a request for additional money and has already been part of an initial business case for the Shared Digital Service. Finance will support the proposed procurement strategy as advised by Legal Services as well the development of a full business case to ensure the procurement delivers maximum value for money which contributes fully towards the projected savings target for the service of £6m over three years.

11. APPENDICES

Appendix 1 – Cabinet reports from Camden, Islington and Haringey Council's

LONDON BOROUGH OF CAMDEN	WARDS ALL

REPORT TITLE
Camden, Haringey and Islington ICT Shared Service Programme (FIN/2016/09)

REPORT OF
Cabinet Member for Finance and Technology Policy

FOR SUBMISSION TO	DATE
Resources and Corporate Performance Scrutiny Committee	5th April 2016
Cabinet	6th April 2016

SUMMARY OF REPORT

In September 2015, Cabinet agreed to establish a shared ICT and Digital service between Camden and Islington. This would create a high performing and innovative service across the two organisations.

Since this decision, the London Borough of Haringey expressed an interest in joining the shared service. The Society of Information Technology Management (SOCITM) has led an assessment of the impact of a three borough approach on the original proposals. It has concluded that there is a clear alignment in the strategic direction of all three councils and the outcomes required from the respective ICT functions to deliver change and to support future financial strategies within each organisation.

This report sets out the outline business case and seeks revision to the original proposals so that the shared service will function across Camden, Islington and now Haringey. The proposed service will deliver high quality and responsive ICT services to residents of all three boroughs as well as to the three organisations. The service will seek to underpin the organisation's transformative efforts to achieve the Camden Plan objectives and to deliver value for money services by 'getting it right first time'.

Local Government Act 1972 – Access to Information
No documents required to be listed were used in the writing of this report.

Contact Officer
Jon Rowney, Deputy Director of Finance, telephone 020 7974 6960, email
jon.rowney@camden.gov.uk

WHAT DECISIONS ARE BEING ASKED FOR?
The Resources and Corporate Performance Scrutiny Committee is asked to consider the report and refer any comments to the Cabinet.

The Cabinet is asked to:
   a) Agree to establish a shared ICT service between Islington, Camden and Haringey councils;
   b) Agree that a joint committee be established within the London Boroughs of Camden, Haringey and Islington to oversee the shared service with a review of governance arrangements within twelve months of inception;
   c) Note that the Leader, subject to the Cabinet agreeing the above, will in consultation with the Cabinet Member for Finance and Technology, make

any further decisions required (and makes any appropriate delegations to officers) as to the terms of reference and operation of the Joint Committee and agreements between the Councils required to underpin the arrangements.

Signed: Mike O'Donnell, Director of Finance
Date: 23 March 2016

1. WHAT IS THIS REPORT ABOUT?

1.1 In September 2015, Cabinet approved the establishment of a shared ICT and Digital service between Camden and Islington. Since the decision in September 2015, the London Borough of Haringey expressed an interest in joining the service. As part of the consideration, the Society of Information Technology Management (SOCITM) was commissioned to assess the impact of Haringey joining the Camden and Islington shared service.

1.2 The SOCITM review found a clear alignment in the strategic direction of all councils regarding the outcomes required from the respective ICT functions to deliver change and support future savings plans within their organisations.

1.3 This report sets out a revised strategy and timetable for the shared service and seeks approval for officers of Camden to work with officers from Haringey and Islington to deliver this. These proposals will create one integrated operating ICT and digital service with an existing combined net revenue budget of c.£43m and 405 Full Time Equivalents (FTEs).   Once fully operational, these proposals will deliver minimum revenue savings of £6m per annum with one-off, project investment costs of £7.5m. This report does not impact on the anticipated financial savings or request any further investment from that approved as part of the initial Cabinet decision in September 2015.

2. WHY IS THIS REPORT NECESSARY?

2.1 Following Cabinet approval in September, officers have been taking forward a programme of work, alongside officers from Islington, to create a shared ICT and Digital service. There has been a strong desire to create an entity that feels different to a traditional local government organisation and one that wants to be a leading voice and innovator in terms of digital in local government. This is a natural evolution in our digital journey and will provide new capability (in terms of skills and scale), greater buying power, enhance our ability to innovate and continue to lead local government in our technology delivery. Ultimately, this delivers better benefits for businesses and citizens in the achievement of the Camden Plan objectives.

2.2 In shaping this work, there have been three overarching objectives, namely:
- Consolidating the expertise and best practice from both ICT services into one integrated and high-performing service,
- Creating a public service structure that is resilient and is able to better withstand market conditions from both local government and beyond, and
- Delivering value for money and cashable financial savings.

2.3 The more detailed design work has also been guided by a set of seven core principles and these are included in Appendix A. At their core, these principles stress the need to accelerate public service innovation while recognising the broader financial climate in which the councils are operating. Haringey's expression of interest provides an opportunity to consider whether the expansion of the shared service offers can further maximise the benefits of a shared service

arrangement. As set out in further detail below, it is felt that all three councils share a common expectation that ICT and digital functions will be key enablers for transformational change across their respective organisations.

3.   OPTIONS

3.1   Officers have carefully assessed the underlying business case for expanding the shared service to a three borough approach. Consideration has been given as to whether Camden and Islington should continue as planned and to re-assess Haringey's involvement at a later date or whether Haringey should join the shared service now. For the following reasons, it is felt that there is a sufficient level of benefit to recommend the three borough approach, specifically:
- A three borough approach will create a deeper resource pool, allowing greater levels of service resilience,
- This approach would provide an opportunity to consolidate greater levels of knowledge and expertise, allowing an acceleration of public service innovation,
- The potential to deliver greater cashable savings from an increase in expenditure in scope, and
- The move to a shared service will create a period of significant change and transition. It is preferable that this happens once rather than repeatedly.

3.2   The report explains that while one form of shared service is being put forward for consideration, other options are available. Should Cabinet decide that a shared service should not go ahead either in the form recommended or at all, Camden will need to continue to deliver its ICT and Digital services on its current standalone basis.

4.   WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

4.1   In August 2015, Haringey made a decision to explore options to join the shared service. SOCITM was appointed to develop a possible business case for a three borough approach. In summary, SOCITM concluded that:
- A shared ICT and digital service offers an opportunity to both accelerate innovative delivery and deliver financial savings by providing a platform for collaboration and sharing investments as set out in the digital strategies across the three councils. Opportunities identified included Customer Access, workforce collaboration and mobile working.
- There was potential to create an enriched and rewarding working environment. The creation of a shared service would provide staff with the opportunity to work in an integrated way across three large organisations. This would create a greater range of career and work development opportunities. It would also open up the potential, in the medium term, for local apprenticeships and links to educational establishments. It is hoped that this strategy would help to manage the current risks around recruitment and retention and ensure that the organisations benefit from a wider and deeper talent pool of staff.
- There were key service applications across all three councils that offered the opportunity to align applications support, improve supplier management and potentially consolidate applications in future. This will drive both further savings

and service improvements. With a three council approach, there will be more opportunities to align key applications. In some areas such as planning and building control, all three councils use the same application and in other instances, two of the councils use the same applications. The opportunity to take advantage of this commonality is greater with three councils involved.

- All three councils have a need to address how they store, process and distribute their electronic data in the future. Across the three councils, there are currently six data centre sites. There is a clear case for rationalisation and consolidation. The potential to share datacentre provision is a significant opportunity, which could save money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies.
- The Target Operating Model (section 5) initially proposed to operate across Camden and Islington could be retained and scaled up to work across three councils.

4.2   In addition to the opportunities cited above, the review also identified a series of benefits that could be delivered in the short to medium term. These include:

- *Review of ICT Supplier and Contracts:* An initial review of ICT contracts across the organisations is underway. In order to drive down the costs, this process is considering opportunities to consolidate, renegotiate, procure jointly and share the same contract rates.
- *Data Centre Strategy and Consolidation:* As discussed previously, a more strategic approach to data centre provision could save money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies.
- *Building the ICT Framework, Network and Architecture:* As discussed above, the three councils share a number of common applications. This provides scope for consolidation and cost savings. In addition, there is an opportunity to deliver many of the practical benefits of the shared service for ICT staff and users through the integration of existing network architecture.

Financial implications
Financial Savings

4.3   As part of their review, SOCITM updated their high-level financial analysis. Between Camden and Islington, there is currently a combined net revenue budget of £29m with 313 Full Time Equivalents working (FTE) across both councils. A three borough approach, including Haringey, would bring in additional revenue budget of £14m and a further 92 FTEs into scope. Based upon the proposed target operating model (section 5), these proposals would be expected to deliver a minimum annual revenue saving of £6 million per annum once fully operational. On this basis, a three borough approach would not impact on the financial savings anticipated by either Camden or Islington from the original proposals.

4.4   As before, the majority of these savings will come from a rationalisation of the workforce and a reduction in FTE numbers. It is estimated that this could potentially be up to 66FTEs, compared to 50FTEs previously forecast. The rationale for this reduction remains the same – i.e. an integrated operating model

requires fewer management and supervisory posts. It is expected that there would be a further reduction in the workforce from process efficiencies delivered as part of integrated networks, datacentres and common applications.

4.5   In addition to the workforce savings, the financial model assumes greater financial savings through the removal of duplicated spend and the integration of contract and software licensing. Based on experience from other ICT shared services, it would not be unreasonable to expect savings of close to 20% over time.

4.6   On the basis that these arrangements will deliver £6m revenue savings across all three councils, consideration has been given to how this arrangement could work. There appears to be a range of options to apportion the financial benefits, including:
- Understanding where individual savings fall and allocating them accordingly,
- Distributing the savings according to the existing expenditure baselines of all three Councils, or
- Sharing the savings on an equal basis.

4.7   The starting assumption within the original agreement between Camden and Islington was that financial savings should be shared on an equal basis – i.e. £2 million per borough. At the time, it was agreed that any variation to this approach would be subject to agreement by both Directors of Finance – the Executive Director Corporate Services in Camden – and subject to due diligence and a more detailed assessment of each borough's starting level of investment and anticipated financial benefit. In bringing Haringey into the arrangement, it is proposed that this working assumption is maintained. In light of this, it would be expected that the overall level of savings (£6 million) would again be shared on an equal basis between partners (i.e. £2 million per borough), but again subject to the due diligence set out above.

Financial Investment

4.8   To implement these arrangements, upfront investment of £7.5 million is required. The anticipated costs include:
- Project support to aid the start-up and transition to the shared service, including organisational development, process redesign and governance arrangements, programme management support and contract rationalisation support, procurement support and legal costs,
- Restructuring costs: This would include job design, job evaluation, assimilation, selection, recruitment costs and associated redundancy costs.
- Building a common base (e.g. platform / infrastructure costs) to bring the three Councils to a common standard and approach.

4.9   In line with the approach to financial savings, it was also anticipated that the agreed project investment and one-off costs would be shared on an equal basis. Based on this, Camden's share of the investment costs is approximately £2.5m. This is in line with the level of investment approved as part of the original proposals so no further resources are requested as part of the revised three borough approach. The Council has set aside resources within the cost of change reserve to fund the

necessary project delivery and redundancy costs. Any associated ICT investment costs will be met through existing core ICT capital funding.

4.10　At the time of the original proposals, it was also expected that any variation to this approach would be subject to agreement by the Directors of Finance – the Executive Director Corporate Services in Camden – as individual issues are raised. For example, there may well be occasions when each council will wish to invest in a local priority. Equally, there may well be times when one council is slightly more advanced than the others in a certain area of the business and in order to progress a joint undertaking, that council will require further investment. In these instances, it would be expected that the costs of any focused investment would fall directly on the council in question. In bringing Haringey into the arrangement, it is proposed that this working assumption is maintained. As such, Haringey would be expected to match the upfront investment committed by both Camden and Islington – i.e. £2.5 million.

4.11　A summary of the financial position is outlined below.

Summary	Total £000s
Annual Savings	
Staff Savings	3,400
Non staff savings	2,600
Total Annual Savings	**6,000**
Investments and One-Off Costs	
Project Team and Support	3,000
Capital Investment	2,500
Severance Pay	2,000
Total Investment and One-off Costs	**7,500**

5.　WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

Target operating model

5.1　The ability to fully deliver the benefits cited above will require a transformation of existing ICT staffing structures. The original proposals aimed to ensure that current activities were aggregated as much as possible into a range of cross-cutting portfolios to deliver cost savings and to facilitate greater synergies, joint investment, knowledge sharing and common approaches.

5.2　The proposed Target Operating Model (Appendix B) was originally put forward as an integrated model capable of working across the two organisations and would be organised into four functional areas, specifically:

- *The Digital Change function* will ensure that any digital developments are aligned with the strategic priorities of both Councils at both a departmental and corporate level.
- *An Applications Support team* will have responsibility to support corporate and departmental systems.
- *The Common Infrastructure function* will lead on the integration and consolidation of underlying infrastructure.
- *The Strategy and Architecture function* will have responsibility for the overall strategic direction and operational performance of the service.

5.3 In light of Haringey's interest, SOCITM reviewed this operating model and explored its suitability to work across three councils. The review recommended that the high level target operating model still represented the right strategic approach and that work continue to develop thinking around the four functional areas (described above). In short, the inclusion of Haringey in the shared service is not expected to significantly alter the proposed operating model beyond the obvious increase in staffing numbers on account of needing to support an additional organisation.

Staffing Implications

5.4 In developing the shared service – whether that is a two or three borough approach – a strong driver has been to create an ICT and digital public service that is innovative, dynamic and resilient. By their nature, ICT and digital services operate in a competitive employment market with both public and private employers. As such, a three borough approach does not alter the overall strategic direction or approach. To ensure its long term success, the service will need to have a strong brand and a range of employment policies that are sufficiently attractive to recruit and retain high calibre staff.

5.5 Under the three borough model, it remains the case that there will be a single post to lead and manage the shared service. The post holder will have a direct line manager with the expectation that the head of the service would maintain links with the three directors of finance. In line with the governance arrangements below, the post holder would also be accountable to the management board and joint committee more broadly for the operational performance of the service. It is planned that the recruitment process to fill this role will include both senior officer and member involvement. If these proposals are approved by the three councils, the recruitment process would be expected to start in April.

5.6 It remains the case that the shared service will have a 'Lead Employer' and that this will be Camden. Under the terms of the lead employer status, it would be the responsibility of Camden to provide a range of required support and advice services such as finance, procurement and HR. There would be an associated cost for this which will be captured within the budget of the joint service and funded by all three councils. As before, systems and processes will be put in place to provide reassurance to each council that the decisions are being taken within the appropriate legal and statutory framework.

5.7   As with the initial proposals, existing staff will not be transferred to another employer at the outset of the shared service, but they will, as necessary, provide services to the three councils under a S113 agreement. This agreement will allow staff to provide services and work across all organisations and will be subject to staff consultation. However, the integrated nature of the proposed operating model, combined with the longer term option to operate under a different governance framework, means that there is an ambition to move towards a harmonisation of employment terms and conditions over the next twelve months. In line with the employment practices of each council, this will be subject to a thorough staff engagement process. Any new posts will be recruited on Camden's terms and conditions.

Governance Framework

Political Oversight

5.8   In September 2015, it was agreed that a joint committee would be established to provide democratic oversight of the shared service. At the time, there were discussions about the adoption of a wholly owned company model. However to enable benefits to be realised earlier, it was agreed that a joint committee would be set up with a longer term option to move towards a different model of governance.

5.9   Under the current proposals, the shared service would operate under a joint committee structure. The committee would consist of four members (two from each borough) and it would convene twice a year to provide democratic oversight, agree the overall strategy for the service and to receive 6 monthly progress reports on the performance of the service. Every member appointed to the joint committee would need to be a member of their respective Executive or Cabinet.

5.10   In its follow up work, the SOCITM review recommended that Haringey join under the joint committee arrangement. SOCITM is clear that it does not favour one form of governance arrangement above another – each has its strengths and challenges. SOCITM's recommendation reflected the current position for Camden and Islington and a pragmatic decision around speed to operation.

5.11   As such, it is proposed that in the interim, there are no changes to the proposed arrangements – albeit that they would be expanded to reflect an additional partner and that the joint committee structure would operate from October 2016. To ensure consistency across all partners, the joint committee would need to be expanded to have six members, including two from Haringey. It is critical that governance arrangements are light touch and as streamlined as possible.

5.12   It is proposed that the Leader (who may exercise any Cabinet functions) subject to the agreement to the recommendations in this report to the overall strategy of the expansion of the joint service and the delegation to a Joint Committee of the IT functions of the Council, and in consultation with the Cabinet Member for Finance and Technology makes any further decisions required (and makes any appropriate

delegations to officers) as to the terms or reference and operation of the Joint Committee.

5.13 It remains the case that the long term strategic option for the shared service is to operate under a public service company model. Any model would clearly need to ensure that the service continues to operate within an overall strategic framework that is determined by all three organisations and in line with their shared values and ethos. There are a number of different public services models that could be pursued such as Company Limited by Guarantee, a Company Limited by Shares, a mutual, social enterprise or community interest company.

5.14 Further work is required to explore in more detail what public services model would be most suitable to achieve the strategic objectives of the shared service. Once this work is completed, this will be considered by the ICT and Digital Shared Service joint committee before a recommendation is made to Cabinet. This work will be completed and earmarked for decision within the twelve months of the inception of the Joint Committee.

Senior Managerial Oversight

5.15 In September 2015, it was agreed that a Management Board would be established to be responsible for the delivery of the overall service strategy and for managing overall operational and financial performance. As previously agreed, the membership of this Board would include three senior officers from each council and the head of the service. Representatives from each borough would include the respective director of finance – the Executive Director Corporate Services in Camden – and two senior service users. As such, three senior officers from Haringey would also be expected to sit on the senior officer management board.

6. WHAT ACTIONS WILL BE TAKEN AND WHEN FOLLOWING THE DECISION AND HOW WILL THEY BE MONITORED?

6.1 It is fair to say that a three borough approach increases the level of opportunity, but also intensifies the level of challenge and risk. Experience across London local government and beyond shows that the creation of a shared service is not without challenges and risk. The project will continue to be subject to a robust project management process, overseen by the Directors of Finance – the Executive Director Corporate Services in Camden – from the three councils and managed by a project team, led by a dedicated project resource, and consisting of senior finance and ICT staff from each organisation.

6.2 In its review, SOCITM identified a number of key risks. This has been supplemented by thoughts from the current project team and they are being actively managed through a regular review of the project's risk register. These include:
 • Lack of common structure could add costs and cause operating and project management issues,
 • Lack of pooled budgets could prevent economies of scale and common approach,

- Failure to address culture change could prevent a collaborative working relationship between IT and the business,
- Loss of key staff during the transition and lack of buy in from key stakeholders in the three councils could mean that the shared service is not supported and potentially set up to fail.

6.3   One of the principal risks identified concerns the need to ensure that both councils continue to receive a fully functioning ICT service while the transition is made to the target operating model. In response to this concern, an additional senior management post will be earmarked from within existing resources. The objective of this role will be to provide senior management support to the transition, minimising the impact of these changes on the three organisations and to provide additional management capacity alongside the head of the shared service at a time when there is expected to be significant levels of change.

7.   LINKS TO THE CAMDEN PLAN OBJECTIVES

7.1   The proposed service will deliver high quality and responsive ICT services to Camden, Haringey and Islington residents as well as to the internal organisation. The service will seek to underpin the organisation's transformative efforts to achieve the Camden Plan objectives and to deliver value for money services by 'getting it right first time'.

8.   CONSULTATION

8.1   There has been no formal public consultation. A more formal organisational change process will follow for staff in all three councils as we move towards a shared service model.

9.   LEGAL IMPLICATIONS (Comments from the Borough Solicitor)

9.1   The Local Government Act 2000 empowers the Secretary of State to make regulations enabling a Cabinet/ Executive of a local authority to arrange for the discharge of its functions by other means. The Local Authorities (Arrangement for the Discharge of Functions)(England) Regulations 2012/1019 apply. The regulations empower the Leader and Cabinet to make arrangements to discharge their functions with other local authorities via a Joint Committee created for that purpose. The Regulations confirm that when the arrangements are between three local authorities and relate to Executive/Cabinet functions (which the IT function in a council is) then the arrangements are to be between the three Executives/Cabinets. The appointment of the joint committee, number of members, and term of office and scope of the committee is to be fixed by the Cabinet/Executive. In addition the Cabinet/Executive (in agreement with Islington/Camden) agree whether for example the Joint Committee can create a sub-committee or delegate functions to an officer of one of the three Authorities. Every member to be appointed to the joint committee must be a member of their home Executive/Cabinet and the political balance rules do not apply. While Cabinet is being asked to agree the overall strategy and the creation of the Joint Committee, it is suggested that the Leader, in

consultation with the Cabinet Member for Finance and Technology, make the detailed further decisions which will include:

- To the terms of reference of the joint committee.
- To appoint 2 members of the Executive/Cabinet to the Joint Committee to serve until the end of the municipal year.
- The creation of an underpinning legal agreement between the three Councils.

10.   RESOURCE IMPLICATIONS (Comments from the Director of Finance)

10.1   The comments of the Director of Finance are included within this report.
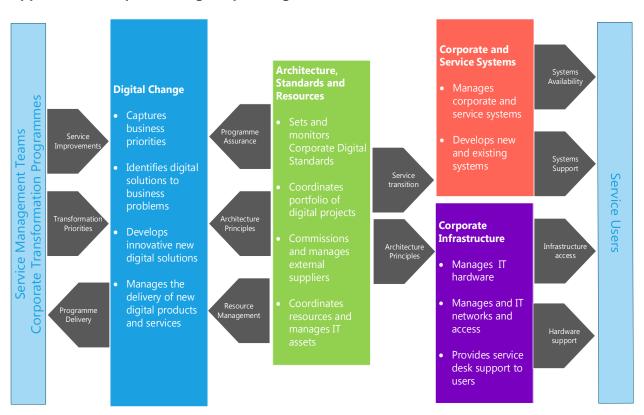
APPENDICES
Appendix A: Design Principles for a Responsive Shared Service
Appendix B: Proposed Target Operating Model

Appendix A: Design Principles for a Responsive Shared Service

1. Partnership based on an integrated model of delivery that will ultimately save money and accelerate innovation.
2. Responsive to customer need through partnership and alignment to corporate strategy and business driven approach to the allocation of resources.
3. Embedded in and with service needs through a strong and effective business partnering model.
4. Optimised through demand aggregation, integrated programme management and standardisation.
5. Delivers economies of scale through shared infrastructure & applications support services.
6. Provides resilience through shared knowledge and joint teams.
7. Deliver transformation capabilities and accelerate innovation through specialist teams building on shared expertise from the two teams (e.g. mobile working, customer access development skills).

Appendix B: Proposed Target Operating Model

Report for:	Cabinet, 15 March 2016

Item number:	**11**
Title:	ICT Shared Service – Haringey, Camden and Islington

Report Authorised by:	Tracie Evans, Chief Operating Officer

Lead Officer:	Priya Javeri, Interim Head of IT Services Tel: 02084893470 Email: priya.javeri@haringey.gov.uk

Ward(s) affected: ALL

**Report for Key/
Non Key Decision: Key Decision**

1. Describe the issue under consideration

1.1. This report seeks the approval from the Cabinet to join a shared Information and Communications Technology (ICT) service with the London Boroughs of Camden and Islington, to commence formally in October 2016.

1.2 In September 2015, the Council commissioned SOCITM (the Society of Information Technology Management) to carry out a high-level assessment of the ICT service in the Council, to consider the possibility of the Council joining the shared service set up by Camden and Islington Councils.

1.3 Following the review, SOCITM found a clear alignment in the strategic direction of all the three councils and the outcomes required from their respective ICT functions to deliver change and support future savings plans within their organisations.

2. Cabinet Member introduction

2.1 In February 2015 the Council developed its ambitious corporate plan. The Council has subsequently set out its five top priority outcomes.

The Council has also set out to deliver significant transformation which is being delivered across all of its services.

2.2 The ICT service is one of the key enablers to ensure we can deliver transformation of the Council's services through implementation of technology and fundamentally change the way we deliver services.

2.3 The proposal to join our ICT service with Camden and Islington will allow us to increase our ICT service's resilience and resources by working jointly with colleagues from Islington and Camden.

2.4 The increasing pressure on local authorities to reduce budgets whilst continuing to deliver critical services will mean that they `cannot continue to work in silos. There are various examples of shared service projects in various scales which are examples of changing the way we deliver local services.

3. Recommendations

3.1 To agree to establish a shared ICT service between Haringey, Camden and Islington Councils;

3.2 To agree that a formal executive Joint Committee be established , comprising six members, two members appointed by each of the London Boroughs of Camden, Islington and Haringey, to oversee the shared service, with a view to review options for commercial operating model within 12 months;

3.3 To note that the Leader, subject to the Cabinet agreement of 3.1 and 3.2 above, will, in consultation with the Cabinet Member for Resources, make any further decisions required (and makes any appropriate delegations to officers) as to the terms of reference and operation of the executive Joint Committee and associated agreements;

3.4 To authorise the Chief Operating Officer to enter into a joint agreement between the Council, Camden and Islington Councils (as approved by the Leader) and any additional legal documentation necessary for the establishment of the shared ICT Service. This does not extend to the establishment of any future commercial governance arrangement and operating model, which would require separate member approval;

3.5 To agree the Council's's maximum contribution of £2.5m to a total cost-of-change budget of a maximum of £7.5 m to support the transition across the three boroughs;

3.6 To note that costs and savings for the core service offering will be shared on equal basis between the three boroughs subject to due diligence and that any variation shall be agreed by the Chief Operating Officer.

4. Reasons for decision

4.1 The current corporate plan and priority outcome programmes continue to create demand for different IT skills and resources which are necessary for delivering these transformation programmes.

4.2 The changing world of public services with increasing financial pressure will ultimately require innovative solutions and greater need for rapid service

transformations. Sharing ICT resources with neighbouring local authorities will help the Council to deliver this transformation at greater speed and reduced cost.

4.3   The research published by LGA in 2015 identified 416 shared service arrangements between the councils across the country resulting in £462m of efficiency savings. In Greater London there are 46 examples of shared services.

4.4   The development of shared services with Islington and Camden will allow us to develop digital skills to respond more effectively to changing demands on our services.

4.5   Joining the shared services with Islington and Camden will help the Council in:

- Delivering value for money and cashable financial savings,
- Consolidating the expertise and best practice from all three ICT services into one integrated and high-performing service, and
- Creating a public service structure that is resilient and is able to better withstand market conditions from both local government and beyond.
- Benefit from the transformational projects which have been already delivered in Islington or Camden.

4.6   The shared IT services will allow us to deliver improved digital services as set out in the council's corporate plan at reduced cost through sharing of resources and skills with Islington and Camden.

4.7   The shared services proposal will allow the council to continue improving its digital offer while delivering substantive savings.

5.   **Alternative options considered**

5.1   Officers and lead members from the Council have carefully considered the underlying business case. It is felt that there is a sufficient level of benefit – both financial and otherwise – to recommend the Council joining the shared service in a joint committee model.

5.2   At this stage there is not enough evidence to justify setting up a commercial model for the shared service on October 2016. Further research will be carried out over twelve months after the Joint Committee set up goes live in October 2016 to assess if the joint service should adopt a commercial model.

5.3   There is a significant pressure to support the Council wide transformation. The pressure to support and deliver more with fewer resources often results in employing short term resources. This option often increases cost of delivery in short term. The shared service model will allow the Council to share existing resources more effectively across the three boroughs and even better value for money for residents of each borough.

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5.4   The current savings profile for ICT service has achieved savings of £35k for financial year 15/16 and £170k for 16/17. The savings profile of the shared services business case as summarised in the table at 7.12 sets out significant savings which are higher as a result of joining the ICT service with Islington and Camden.

5.5   Should the Cabinet decide that we do not engage in shared services with Islington and Camden, the Council's ICT service will continue to deliver ICT services in its current format.

5.6   We have considered the option of outsourcing the ICT service ,both to the public sector and to the private sector. The ICT service currently has various contracts with private sector organisations for some service elements as they provide value for money. It is not envisaged that at this stage the pursuing full outsourcing will provide greater benefits than the shared services option. The shared services option provides more benefits than just financial benefits for the Council.

6.   Background

6.1   Review background

6.1.1 In March 2015, Camden and Islington Councils commissioned SOCITM (the Society of Information Technology Management) to carry out a high-level assessment of the Information and Communications Technology (ICT) services in all three organisations and to consider the possibility of establishing a shared service.

6.1.2 Following this review, SOCITM found clear alignment both in the strategic direction of the councils and in the outcomes required from their respective ICT functions to deliver change and support future savings plans within their organisations.

6.1.3 In September 2015, both Islington and Camden Council cabinets approved the report and formally created a Shared ICT Service between the councils. The new shared service will go live in October 2016.

6.1.4 In August 2015, the Council made a decision to explore options to join the shared service set up by Camden and Islington ,to benefit from the opportunity it presents to expedite and deliver change for the Council .

6.1.5 SOCITM were appointed to carry out an exercise to review benefits and establish a possible business case for the Council joining the Islington/Camden shared service.

6.1.6 Following stakeholder engagement exercise both within the ICT service and across the Council, SOCITM presented the business case that recommends the Council joining the shared service with Islington and Camden.

6.2   **Review Process**

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6.2.1 The review process included a wider engagement with stakeholders across the council.

It included -

1. Engagement with the senior stakeholders in the Council to assess appetite and potential blockers
2. Engagement with the IT staff and IT management team
3. A review of the revenue spend in the Council and comparison with the spend profiles for Camden and Islington
4. A review of the technology and architecture of the Council and the degree of alignment with Camden and Islington
5. A review of key documents and previous IT reviews

6.2.2 A detailed Infrastructure and applications review was conducted with IT management to assess risks and opportunities relating to the joining of the infrastructure and applications across the three boroughs. The focus of the review was on the current infrastructure and applications used by the Council and how these compare to the associated elements of both Camden and Islington.

6.3 Review Findings

6.3.1 Shared risks and challenges

The review found a number of common risks and challenges that are faced by all the three councils. These include:

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The role of Digital in the Transformation Agenda: In response to the challenging financial environment, the financial strategies of all three organisations have been to prioritise a more transformative approach, avoiding short-term relatively low savings. The use of ICT and further digital innovation is seen as a critical enabler for transformational change throughout all three organisations. It is, therefore, critical that the councils have a high quality, responsive and resilient ICT service. The lack of skilled ICT resources will have direct impact on the Council's ability to deliver transformational services to its residents.

Employment Market: Islington, Camden and the Council's ICT Services are operating in a highly competitive market with a shortage of high-quality ICT staff. Given the skills set required, the Council , Camden and Islington are competing with employers from both the public and private sector and have ongoing difficulties in recruitment and retention. Looking ahead, this represents a significant risk to future service delivery. The cost of recruiting short term resources also has added risk of increasing the cost of delivery of IT projects. The joint shared services will help to share skilled resources.

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Government cuts: The funding outlook for local authorities following the General Election in May 2015 remains very challenging. It is highly likely that funding for local government will continue to fall and that all the three councils will remain under intense pressure to reduce their expenditure over the medium term. The Council has estimated that it will need to deliver a combined total savings of £70m by 2018/19.

6.3.2 **Opportunities**

The review was undertaken to develop and validate a high level business case for the Council joining the Islington/Camden Shared service. The review also identified opportunities to align the objectives set out by the Islington and Camden shared service.

The opportunities and benefits for
The Council from joining a shared arrangement are similar to those identified by Islington and Camden. Some of them are:

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1. **Financial Savings:** The shared service arrangement would be expected to deliver cashable savings of £2m per annum for the Council through joining teams and sharing resources across the three councils.

   The table in 7.12 explains the breakdown of figures.

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2. **Sharing Best Practice and Learning:**

   The review found significant commonality in corporate transformation objectives that offer the opportunity to save money and accelerate delivery by doing things together and sharing investments as set out in the Digital Strategies across the three councils. These opportunities include:-
   – Customer Access
   – Workforce collaboration and mobile working
   – Health & social care Integration

   The review also identified significant commonality in the use of key service applications that offers opportunity to align applications support, improve supplier management and potentially consolidate applications in future to drive further savings and service improvements. e.g.:
   – The same system (Northgate M3) is used across all three councils for buildings control, planning and land charges;
   – The Council uses the Impulse and Mosaic systems for Adults and Children's Social Care – the same as Camden;
   – The Councils use Northgate's iWorld for Revenues and Benefits

   Like Camden and Islington, the Council has a need to review its future data centre provision due to the planned closure of Techno Park in 2017. This offers a significant opportunity to take an integrated approach across the three councils and develop a consolidated data centre infrastructure that will save

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money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies.

3. **An enriched and rewarding working environment:** The creation of a shared service would also provide staff with the opportunity to work in an integrated way across three large organisations. This would create a greater range of career and work development opportunities. It would also open up the potential, in the medium term, for local apprenticeships and links to educational establishments. It is hoped that this strategy would help to manage the current risks around recruitment and retention and ensure that the organisations benefit from a wider and deeper talent pool of staff.

4. **Short to medium term opportunities to align resources:** In addition to the opportunities cited above, the review also identified a series of benefits that could be delivered in the short to medium term. These include:

    1. Accelerate the integration of support for systems and infrastructure (e.g. single helpdesk, shared networks) to deliver more immediate financial savings, improve knowledge sharing and reduce dependency on agency staff,

    2. The potential to accelerate the implementation of digital platforms that are being successfully used in one Borough – but not yet available in the others - to deliver savings and transformation.

7.   Financial implications

7.1   A high-level financial analysis has been undertaken of the existing services and the financial benefit that could accrue from a shared arrangement. This high level analysis anticipates delivering annual savings of £2m for the Council once the joint service is fully operational.

7.2   The anticipated savings are based on the understanding of current high level Target Operating Model (TOM) and the delivery of further development of a detailed TOM. (Appendix B)

7.3   The majority of these savings would come from a rationalisation of the workforce and a reduction in FTE staff numbers as the service moves from a standalone service to a joint service arrangement. This integrated operating model would require fewer management and supervisory posts. It would also be expected that there would be a further reduction in the workforce from process efficiencies as all three councils would benefit from integrated networks, data centres and common applications.

7.4   At this stage the high level financial analysis by SOCITM forecasts a potential reduction of 16 FTE staff against the total of 91 FTE staff for the Council .

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This figure is based on the total savings forecast divided by the average cost of a FTE member of staff. The ICT service currently carries 12 vacant posts. The exact size of the FTE staff reduction will require further work on the Target Model Operating model and detailed financial analysis.

7.5   In addition to the workforce savings, the financial model assumes 11% savings on non-staff costs through the removal of duplicated spend and the integration of contract and software licensing. This is based on the research of other shared ICT services. The experience from other ICT shared services have over time delivered savings of close to 20%. This is seen as a prudent estimate.

7.6   To implement these arrangements, SOCITM has concluded that upfront investment in the region of £2.5 million will be required from the Council. It is thought that this is a prudent estimate and it is expected that these costs will be driven down as the project is implemented.

7.7   It is also anticipated that some of the investment costs for the Council may reduce taking into account progress made by the Islington and Camden joint service to date.

7.8   The anticipated costs include:

   1. **Project support to aid the start-up and transition to the shared service**, including organisational development, process redesign and governance arrangements, programme management support and contract rationalisation support, procurement support and legal costs.

   2. **Restructuring costs:** This would include job design, job evaluation, assimilation, selection, recruitment costs and associated redundancy costs.

   3. **Building a common base (e.g. platform / infrastructure costs)** to bring the three councils to a common standard and approach.

7.9   Further work will be undertaken to validate and agree the baseline budgets in detail and to estimate the savings and investment cash flows to inform the councils' financial plans. All three councils will need to identify capital and revenue investment funding for the project costs during the transition.

7.10   The Council has set aside earmarked reserves to cover redundancy costs. It is expected that the Council's redundancy costs will be met from those reserves.

7.11   The Council's share of the investment costs is currently approximately £2.5m, though, it is expected that this level of investment will be driven down as plans are developed further.

7.12   High Level Financial Analysis.

	Total
Summary	**£000s**
Total Annual Savings	6,000
Total Investment Cost	7,500
End State FTE Reduction	66
Annual Savings	
Staff Savings	3,400
Non staff savings	2,600
Total Annual Savings	**6,000**
Investments and One-Off Costs	
Project Team Cost (External)	3,000
Capital Investment	2,500
Severance Pay	2,000
Total Investment and One-off Costs	**7,500**

8. Treatment of Financial Savings and Costs

8.1 Given the financial imperative, the shared service will need to deliver financial savings for all three councils. Consideration has been given to how this arrangement could work. There appears to be a range of options to apportion the financial benefits, including:

- Understanding where individual savings fall and allocating them accordingly,

- Distributing the savings according to the existing expenditure baselines of the councils, or

- Sharing the savings across the three councils as detailed above.

8.2 Each of the options above has both merits and drawbacks. While fairness is a key consideration, this must be balanced against the need to avoid unnecessary complexity and bureaucracy. It is also felt that any arrangement should align with and not undermine the spirit of the proposed integrated service delivery model.

8.3 In line with the above, it is also anticipated that the agreed project investment and one-off costs will be shared across the three councils as defined in 7.12.

8.4 There may well be occasions when each council will wish to invest in a local priority. Equally, there may well be times when one council is slightly more

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advanced than the other in a certain area of the business and in order to progress a joint undertaking, that council will require further investment. In these instances, it would be expected that the costs of any focused investment would fall directly on the council in question.

9. Target operating model

9.1   The business case states that in order to deliver the benefits of shared service; all the councils will need to align the structures to a new TOM. The shared services have proposed to adopt seven guiding principles (Appendix A). At their core, these principles aim to ensure that current activities are aggregated as much as possible into a range of cross-cutting portfolios to deliver cost savings and to facilitate greater synergies, joint investment, and knowledge sharing and common approaches.

9.2   The new integrated proposed TOM across the three councils (Appendix B) will create a joint team across the three councils to facilitate and improve functional service delivery.
The key functional overview is as below:

- **The Digital Change function** will ensure that any digital developments are aligned with the strategic priorities of the councils at both a departmental and corporate level.
- **An Applications Support team** will have responsibility to support corporate and departmental systems.
- **The Common Infrastructure function** will lead on the integration and consolidation of underlying infrastructure.
- **The Strategy and Architecture function** will have responsibility for the overall strategic direction and operational performance of the service.

9.3   The aim of this project is to create a resilient ICT service that is fit for purpose in delivering improved ICT services across the three councils. The service will jointly support and deliver transformation projects across all service areas and priority outcomes. The aim is to create a service that has a strong brand which attracts and retains high calibre resources in the market.

9.4   The shared service will be led by a single Head of IT service across the three councils. The post holder will have strong links with the Chief Operating Officer at the Council .

9.5   The post holder will have direct line management by Camden Council and will be accountable for performance to the management board and to the Joint Committee ,which will be comprised of members from across the three councils. It is planned that the recruitment process to fill this role will include both senior officer and member involvement from all three councils. If these proposals are approved by all three councils, the recruitment process would be expected to start in April 2016
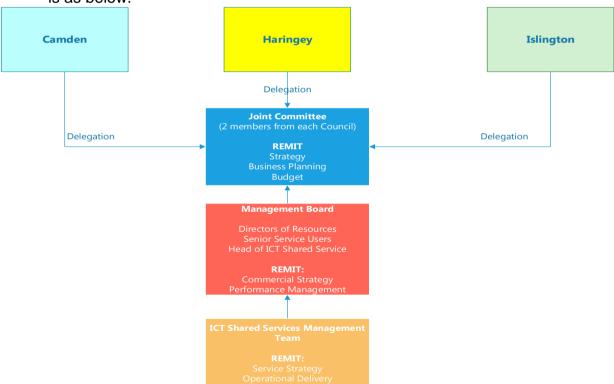
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9.6   At the outset, existing staff in the Council will not be transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") 'to another employer but will, as necessary, provide services to the Camden Council under a secondment agreement, given that Camden Council will take a lead role in the shared service in certain respects (see paragraph 11.5) This agreement will be subject to staff consultation. HR activities for the Council's employees will remain with the Council .

9.7   The longer term option to operate under a more commercial framework means that there is an ambition to move towards a harmonisation of employment terms and conditions over the next 24 months. In line with the employment practices of all three councils, this will be subject to a formal staff consultation process.

10.   The Governance Framework

10.1   The review recommends that the Council adopts the governance framework which has been agreed by Islington and Camden Councils through the initial exercise of defining the governance for those two councils.

10.2   This governance structure recommends a Joint Committee structure which has been recommended as a quickest route of operation. The recommended model is as below.

10.3   Further details and terms of references of the Joint Committee are detailed in Appendix C and Appendix D

10.4   A Management Board would be established to be responsible for the delivery of the overall service strategy and for managing overall operational and financial performance. The membership of the Board would include three senior officers from each council and the Head of the Service. The representatives from each

council would include the respective director of finance (in the Council, the Chief Operating Officer) and two senior service users.

11. Resourcing Impact

11.1   The Council will continue to work with both Islington and Camden to develop a detailed resource plan for the joint shared service arrangement. At this point in time, the high level TOM has been prepared and proposed; but a detailed TOM is yet to be discussed and developed.

11.2   The ICT teams from the three boroughs will be joined in a pool of staff to create the shared service resource pool.

11.3   The detailed TOM will be developed before a joint recruitment process begins. The Council's redundancy policy will apply for the Council's staff.

11.4   The likely impact on the number of staff in Haringey is estimated as detailed in Para 7.4. At this stage, it is impossible to identify which posts will be affected.

11.4   It is not envisaged that the project will have any negative impact on the Council and the current ICT service provision whilst we continue to build the shared team. The new joint team will have positive impact on all the three councils in terms of providing added resilience and skilled IT resources.

11.5   It is proposed that Camden will be the lead employer for the shared service once the Joint Committee is established. Any new posts will be recruited on Camden's terms and conditions. Camden will lead on HR activities for the new posts . The associated staffing costs would be captured within the budget of the joint service and funded through the broader resources of the service. It is also recognised that there will be a need for agreed systems and processes that provide sufficient reassurance to the Council and Islington Council that decisions and actions are being taken by Camden Council within its legal and statutory responsibilities. It would be the responsibility of Camden to provide a range of required support and advice services such as finance ,procurement and HR

11.6   A detailed plan is being developed through a joint board to ensure there is minimum negative impact on ICT service delivery whilst ensuring that we maximise opportunities to generate savings with some early wins.

11.7   It is to be noted that any changes that may impact such as changes to infrastructure and service desk will be scoped in detail and that the delivery of these changes is anticipated to go live at later stage in the project. This will ensure there is no impact on the Council's staff of any changes such as changes to the HelpDesk system in October 2016.

11.8   There are three key projects that have been prioritised for early delivery. These are:

- **Data Centre Strategy and Consolidation.**

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The data centre strategy and consolidation will pursue a strategic approach to data centre strategy allowing medium term realignment and savings. It is planned that the project will reach conclusion on initial steps and long term strategy by the autumn.

- **Sharing and Defining of Architecture.**
  There is a significant scope for application consolidation between the three councils and the scoping work has already begun. In addition integrating the network architecture at an early stage will enable many of the practical benefits of the shared service for ICT staff and users.

- **Review of ICT Supplier Contracts.**
  An initial review of Islington's and Camden's ICT contracts is underway. This will be expanded to include the Council should the councils all agree the proposed three council shared ICT service. An early review of contracts will look to identify opportunities to consolidate, renegotiate, procure jointly, share the same contract rates and many more should the decision to enter into a shared service be approved. The SOCITM review of the Council's ICT contracts confirmed there are no blockers to the shared service model.

11.9 There has been extensive formal engagement with the Council's ICT service staff concerning the proposal to create a shared service. This has taken place through staff briefings and extended ICT service management team workshops. Management has also engaged with the trade unions from the outset. They have seen drafts of this report and have also been briefed at People Management meetings and in one to one meetings with the Head of the ICT Service

12 Contribution to strategic outcomes

12.1 This report seeks approval to create a shared service which in principle will allow the ICT service access to more resources, thus improving its ability to support all current corporate priority and transformation programmes.

12.2 The shared service approach will also allow the Council to reduce the current costs of short term resources required by transformation programmes and priority outcomes.

13 Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities

Head of Procurement

13.1 There are no procurement implications related to the sharing of resources and services as described in this document; however consideration should be given to any existing contractual arrangements that may be impacted (i.e. consolidating software and license agreements, termination or variation clauses etc.)

Chief Finance Officer

13.2 The Council's current medium term financial strategy (MTFS) only includes £205k savings from IT, £35k of which has already been achieved during 2015/16. Whilst Members need to be mindful that the on-going revenue savings of £2m outlined in paragraph 7.12 of this report are only an estimate, even if less is achieved it will still make a net additional on-going contribution to the Council's £70m savings over the lifetime of the current MTFS and corporate plan. It should also be underlined that the recommended shared service offer is expected to deliver benefits over and above purely financial ones which are compelling.

13.3 The work undertaken by SOCITM suggests that tangible cashable savings should not be expected until 2017/18. Further work and analysis will be required to more accurately predict this.

13.4 The current recommended approach to attributing eventual savings & investment is to do it on an equal shared basis. As a consequence of the different skills, infrastructure and maturity of each organisation this may mean that the Council realises less financial benefit than under an alternative model . However this approach is likely to bolster and support good partnership working under the proposed governance arrangements which should offer greater benefits in the longer term; it is also expected that this will be kept under review as more detailed work continues to refine the figures.

13.5 The Council will need to identify funding for the required one-off investment but given the estimated cost and savings and the fact that a corporate redundancy reserve already exists to cover some of the investment, this is a real invest to save opportunity.

Assistant Director of Corporate Governance

13.6 This report proposes the establishment of an executive joint committee with the London Boroughs of Islington and Camden to govern the operation of a shared ICT service. A joint committee performing executive functions is constituted under section 101(5) of the Local Government Act 1972, as applied by section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 (SI 2012/1019).

13.7 These regulations empower the Leader and Cabinet to make arrangements to discharge their functions with other local authorities via a joint committee created for that purpose. The regulations set out how such committees are established; how members are appointed and their term of office determined;

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and how the scope of the committee is agreed. Appointments to the committee, in this case, may only consist of Cabinet members of each borough. Either the Leader or the Cabinet will be required to agree appointments to the joint committee and the functions which are to be delegated to the committee.

13.8 The joint committee will be subject to the full rigour of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, including listing all key decisions on the forward plan, and decisions being subject to call-in by each of the three boroughs.

13.9 It is proposed that all staff working in the shared service will remain employees of their original borough, and will, if necessary, work under secondment agreements. It is thought to be unlikely that the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") will apply to the setting up of the shared service, as the Joint Committee is a piece of administrative machinery through which the three councils will continue themselves to carry out ICT activities , but in co-operation with one another. Leading Counsel has now advised to this effect. The council will be liaising with the London Borough of Islington and London Borough of Camden on its position on TUPE.

13.10 In September 2000 the Council entered into an agreement with the trade unions called "Council/Trades Unions Agreement on Trades Unions Involvement in Outsourcing" . That agreement provided that prior to making a decision to outsource a service the Council needed to consult with the trade unions over a proposal to outsource a service. The agreement does not define "outsource" but it is arguable that the setting up of the shared ICT service could be an outsourcing of the Council's ICT service. As such the trade unions have been consulted over this proposal, and the Cabinet will be informed of any comments from the trade unions, and management's response to them, when it considers this report.

13.11 Any decision to alter the governance model of the shared ICT service, for example a move to a more commercial governance arrangement and a separate company, will require further legal advice and decision(s) at member level.

13.12 The proposed terms of reference for the Joint Committee provide for it to meet twice a year and at least once every six months. Given the setting up of the Joint Committee will be a significant development, and given the ICT service is a business-critical function, Members may consider that to maintain an appropriate level of Member oversight the Joint Committee should meet four times a year, in each three month quarter.

Equality Impact Analysis

13.13 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to :

- Eliminate discrimination, harassment victimisation and any other conduct that is prohibited by or under the Act advance equality of opportunity between people who share any of the protected characteristics of age, disability, gender reassignment, , pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation and people who do not
- Foster good relations between people who share any of those characteristics and people who do not.

13.14 Further to Cabinet approval, a detailed Target Operating Model will be discussed. The proposed changes will affect staff working in the Council , Islington and Camden. A full assessment of the staffing impact will be carried out as the project begins implementation.

13.15 An EqIA has been completed in relation to the proposal for Haringey to join the shared ICT service. As the shared service will be largely about changes to IT infrastructure it is not anticipated that the arrangements will have any impact for our equality duty in relation to public facing IT services. Any future proposed changes to frontline service delivery would be subject to further consultation and decision.

13.16 It is anticipated that the proposed model would have positive benefits for staff in terms of greater development opportunities. However, future decisions made as part of the shared service arrangement may also have a negative impact for staff in terms of rationalisation of current staffing levels, although this is not anticipated to be beyond what would be required through future savings targets. A full assessment of the staffing impact will be carried out as the project begins implementation and the EqIA will be updated to reflect future decisions taken as part of the shared service arrangement.

14   Use of Appendices

Appendix A: Design Principles for a Responsive Shared Service
Appendix B: Proposed Target Operating Model
Appendix C: Governance Frameworks
Appendix D: Joint Committee Terms of Reference: DRAFT

15   Local Government (Access to Information) Act 1985

No documents required to be listed were used in the writing of this report
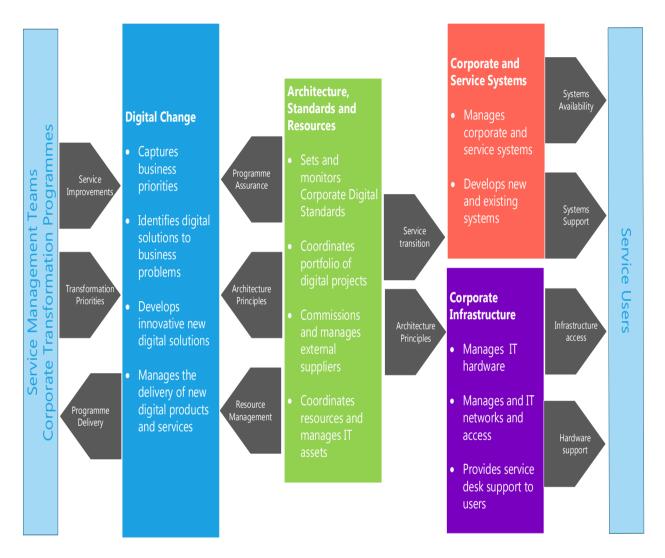
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Appendix A: Design Principles for a Responsive Shared Service

1. Partnership based on an integrated model of delivery that will ultimately save money & accelerate innovation.
2. Responsive to customer need through partnership and alignment to corporate strategy & business driven approach to the allocation of resources.
3. Embedded in and with service needs through a strong and effective business partnering model.
4. Optimised through demand aggregation, integrated programme management and standardisation.
5. Delivers economies of scale through shared infrastructure & applications support services.

6. Provides resilience through shared knowledge and joint teams.
7. Deliver transformation capabilities & accelerate innovation through specialist teams building on shared expertise from the three teams (e.g. mobile working, customer access development skills).

Appendix B: Proposed Target Operating Model

Appendix C: Governance Frameworks

A. Joint Committee
Features
A formal local authority committee constructed under Section 101 of the Local Government Act 1972 with responsibility for policy-setting delegated by principal local authorities
Serviced by designated officers
Positives
Staff remain employed by their respective Councils – i.e. no TUPE impact
Allows a simple delegation of authority functions
Simple Governance structure that is tried and tested
Fastest way of establishing the Shared Service

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Enables several longer-term structures to be considered as the Shared Service arrangement evolves – can form the basis of a move to a more commercial company structure once established, if desirable
Democratic accountability is maintained – member involvement at the heart of the entity
Provides the opportunity to create a sense of partnership identity through a separate 'brand' that distinguishes the service from the founding service departments and provides the basis for culture change
Challenges

Can be bureaucratic - competing viewpoints within the Joint Committee increases the risk of more cumbersome strategic decision-making
The ability to "trade" is subject to legal challenge – need to ensure external service provision remains within legal boundaries.
May not drive culture change – may be difficult to create a sense of separate identity and joint enterprise
Limited scope to introduce commercial expertise (if trading is a driver)
No corporate entity to be able to contract or own property in own name (e.g. one of the principals needs to lead for external contracting) – if the Joint Committee was to contract in its own name each member of the Committee would be jointly and severally liable for claims for breach of contract

B. Wholly Owned Company
Features
Separate legal entity set up by the principal local authorities - owns assets, employs staff and able to contract in its own right
Company controlled by the local authorities – likely to be Company Limited by Guarantee with each local authority a company member – with purpose set out in memorandum and articles of association
Positives
Distinct legal status
Provides the opportunity to create the necessary terms and conditions of employment to attract and retain the best talent in a highly competitive market without impacting on the three Councils

Appendix D: Joint Committee Terms of Reference: DRAFT

Membership:
1. The Committee shall comprise of six members, two appointed by each of Camden, Haringey and Islington Council.

2. One member appointed by each council should be the relevant Cabinet/Executive member responsible for technology.

3. Every member appointed to the joint committee shall be a member of the Executive/Cabinet of their council. Political balance rules do not apply.

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4. Each Council may nominate substitute Members to attend meetings of the Joint Committee, should an appointed member of the Committee be unavailable or unable to attend a meeting of the Joint Committee. A substitute Member attending in the absence of an appointed member must be a member of the Executive/Cabinet of their council and will have full voting rights

5. Each Member of the Joint Committee shall be appointed for an initial period of three years but shall cease to be a member if he or she ceases to be a member of the council appointing him or her or of its Cabinet/Executive.

Terms of Reference:
The Camden/Islington/Haringey Joint Committee will:

1. Provide democratic oversight over the strategic delivery of the joint digital service provided to Camden, Haringey and Islington councils through powers delegated to it by all three Executives.

2. Approve the strategic service and financial plan for the service and the performance measures to ensure services are delivered to the agreed standard and within the resources provided by all three councils.

3. Receive updates on the Business Plan and the performance of the Joint Service.

4. Approve revisions to the Terms of Reference of the Haringey/Camden/Islington Joint Committee to be referred back to individual Cabinets for approval

5. Receive and consider a detailed report, within twelve months of the creation of the Joint Committee [by October 2017] that considers the options for the Shared ICT Service to be delivered via a wholly owned company rather than a Joint Committee structure and make recommendations to the Cabinet/Executive of Camden, Haringey and Islington Councils in respect of the report.

Meetings of the Committee:

1. The Joint Committee will meet twice a year and shall meet at least once every six months. Additional meetings of the Joint Committee may be called by the Chair of the Joint Committee and shall be so called on the request of the Head of Paid Service of authority, the Management Board or any two members of the Joint Committee.

2. Meetings of the Joint Committee shall be held at the venue or venues as agreed by the Joint Committee.

3. The Joint Committee shall appoint one of its members as Chair and that member shall remain Chair for one year unless he or she ceases to be a Member of the Joint Committee. The Chair will rotate between each authority on an annual basis with the vice-chair to come from one of the other authorities.

4. A meeting of the Joint Committee shall require a quorum of at least one Member of each Council who are entitled to attend and vote. If there is a quorum of members present but neither the Chair nor the Vice Chair is present, the Members present shall designate one Member to preside as Chair for that meeting.

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5. Subject to the provisions of any enactment, all questions coming or arising before the Joint Committee shall be decided by a majority of the Members of the Joint Committee immediately present and voting thereon. Subject to the provisions of any enactment, in the case of an equality of votes the Chair shall have a second or casting vote but before exercising this, the Chair shall consider whether it is appropriate to defer the matter to the next meeting of the Joint Committee.

6. Any Member of the Joint Committee may request the Joint Committee to record the votes of individual Members of the Joint Committee on a matter for decision.

7. Any member of the Councils who is not a Member of the Joint Committee is entitled to attend the Joint Committee but he/she shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chair.

8. Meetings of the Joint Committee will be open to the public except to the extent that they are excluded under paragraph10.

9. Any decision of the Joint Committee which is a Key Decision shall be published by the Joint Committee and the relevant Council(s) in accordance with the Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10. The public may be excluded from a meeting of the Joint Committee during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that, if members of the public were present during that item, confidential information as defined in section 100A (3) of the Local Government Act 1972 or exempt information as defined in section 100I of the Local Government Act 1972 would be disclosed to them.

11. Each Council may call in any decision of the Joint Committee in accordance with the overview and scrutiny provisions of that Council's constitution. If any decision of the Joint Committee is subject to call in by a Council, the Joint Committee shall take no action to implement that decision until after the call in process is completed. The Joint Committee may delegate a function to a Sub-Committee, or an officer of one of the councils.

Haringey
LONDON

Finance and Resources Department
7 Newington Barrow Way, London, N7 7EP

Report of:	Executive Member for Finance and Performance

Meeting of	Date	Ward(s)
Executive	10 March 2016	All

Delete as appropriate	~~Exempt~~	Non-exempt

SUBJECT: Islington, Camden and Haringey ICT Shared Service

1   Synopsis

1.1   This report seeks approval for Haringey to join the Islington and Camden shared ICT service and for a joint committee of the three councils to commence from 1 October 2016.

1.2   In September 2015, Islington Council and Camden Council agreed to set up a shared ICT service governed by a joint committee from April 2016, reviewing its governance arrangements twelve months later. Haringey commissioned the Society of Information Technology Management (SOCITM) to carry out a high-level assessment of the ICT services in Haringey and to consider the possibility of Haringey joining the shared service set up by Islington and Camden.

1.3   Following the review, SOCITM found a clear alignment in the strategic direction of all three councils and in the outcomes required from their respective ICT functions to deliver change and support future savings plans within their organisations.

2   Recommendations

2.1   To agree to establish a shared ICT service between Islington, Camden and Haringey councils;

2.2   To agree that an executive joint committee be established with the London Boroughs of Islington, Camden and Haringey to oversee the shared service, with a review of governance arrangements performed within 12 months of its inception;

2.3   To note that the terms of reference for the Joint Committee may be agreed by the Leader.

2.4   To authorise the Assistant Director (Governance and HR) to enter into the Joint Committee agreement (as approved by the Leader) and any additional legal documentation necessary for the establishment of the shared ICT service. This does not extend to the establishment of any future commercial governance arrangement or operating models, which would require separate member approval;

2.5   To note that Islington's maximum contribution to the cost-of-change budget will remain at £2.5m. The same level of contribution will apply to all three councils, leading to a maximum total cost-of-change budget of £7.5 m to support the transition across the three boroughs;

2.6   To note that the minimum level of savings expected for Islington and for each of the other two councils is initially £2m per borough per annum, but that there is a clear intention to maximise the opportunity of the three-council shared service to deliver over time in excess of £6m pa savings;

2.7   To note that costs and savings for the core service offering will be shared on an equal basis between the three boroughs, subject to due diligence, and that any variation shall be agreed by the finance directors.

3   Background

3.1   In March 2015, Islington and Camden commissioned SOCITM to carry out a high-level assessment of the ICT services in both organisations and to consider the possibility of establishing a shared service. SOCITM found clear alignment both in the strategic direction of both councils and in the outcomes required from their respective ICT functions to deliver change and support future savings plans within their organisations.

3.2   Islington's Executive and Camden's Cabinet agreed in September 2015 to establish a shared ICT service. This would serve to create one integrated operating model with an existing combined net revenue budget of £29m and 313 Full Time Equivalents (FTE) working across both councils. It was anticipated that initial arrangements would be in place for April 2016, governed by a joint committee. Once fully operational, it was expected that this would deliver annual revenue savings of £4 million per annum in total, shared equally, with an overall reduction of 50 FTEs.

3.3   In considering the strategic direction of the shared service, there were three overarching objectives to the original high-level business case for Camden and Islington:

- Delivering value for money and cashable financial savings;

- Consolidating the expertise and best practice from both ICT services into one integrated and high-performing service, and;

- Creating a public service structure that is resilient and is able to better withstand market conditions from both local government and beyond.

3.4   Since the decision in September 2015, work has progressed on developing the original shared ICT service proposed. A recent significant development, which impacts on the original approach, is the expression of interest from Haringey to join the shared service.

4   Haringey

4.1   In August 2015, Haringey made a decision to explore options to join the shared service set up by Camden and Islington. SOCITM were appointed to carry out an exercise to review the benefits and establish a possible business case for Haringey council joining. SOCITM have now recommended that Haringey look to join the shared service with Islington and Camden.

4.2   For Haringey, joining the shared service with Islington and Camden would help it with:

- Delivering value for money and cashable financial savings;
- Consolidating the expertise and best practice from both ICT services into one integrated and high-performing service;
- Creating a public service structure that is resilient and is able to better withstand market conditions from both local government and beyond; and
- Benefit from the transformational projects which have been already delivered in Islington and/or Camden.

5 The case for a three-council shared ICT service

5.1 While Haringey have a business case that supports joining the Islington and Camden ICT shared service, consideration needs to be given by Islington and Camden to the business case for a three-council shared ICT service, as opposed to continuing with the agreed two-council shared service.

5.2 In this regard, the SOCITM review for Haringey looked at not only the rationale for Haringey to join the shared service but also the business case to support a three-council shared service. The SOCITM review found a clear alignment in the strategic direction of all three councils regarding the outcomes required from the respective ICT functions to deliver change and support future savings plans within their organisations.

5.3 In summary, SOCITM found:

- **Commonality in corporate transformation objectives** that offer the opportunity to save money and accelerate delivery by doing things together and sharing investments, as set out in the digital strategies across the three councils. Opportunities include Customer Access and Workforce collaboration and mobile working.

- **Commonality in the use of key service applications** that offers opportunity to align applications support, improve supplier management and potentially consolidate applications in future to drive further savings and service improvements. With the three councils there will be more opportunities to align key applications, in some instances such as in planning and building control the three councils use the same application and, in other instances, two of the councils will use the same applications. The opportunity to take advantage of commonality in applications is greater with three councils involved.

- **A shared need to review future datacentre provision**. This offers a significant opportunity to take an integrated approach across the three councils and develop a consolidated datacentre approach that will save money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies. Across the three councils there are currently six data centre sites. Each council having their own main data centre plus a back-up provision. There is a clear case for rationalisation and consolidation. Also, there is a need to look at the strategic approach to datacentre provision. Islington and Camden as part of their shared service work commissioned a strategic review of datacentre provision which, being aware of the Haringey interest, took their provision into account. The councils are now well positioned to move forward in this area.

- **The Target Operating Model initially proposed for Camden and Islington could be retained and scaled up** to work across three councils.

- **An enriched and rewarding working environment.** The creation of a shared service would also provide staff with the opportunity to work in an integrated way across three large organisations. This would create a greater range of career and work development opportunities. It would also open up the potential, in the medium term, for local apprenticeships and links to educational establishments. It is hoped that this strategy would help to manage the current risks around recruitment and retention and ensure that the organisations benefit from a wider and deeper talent pool of staff.

5.4 In addition to the opportunities cited above, the review also identified a series of benefits that could be delivered in the short to medium term. These include:

- Accelerate the integration of support for systems and infrastructure (e.g. single helpdesk, shared networks) to deliver more immediate financial savings, improve knowledge sharing and reduce dependency on agency staff;

- The potential to accelerate the implementation of digital platforms that are being successfully used in one council, but not yet available in the others, to deliver savings and transformation.

5.5 Consideration has been given as to whether Islington and Camden should continue as planned and consider Haringey's involvement at a later date or whether Haringey should join the shared service now. On balance, the view is that Haringey should join now, for the following reasons:

- For Haringey, joining the shared service is a 'now or never' proposition. If unable to join the ICT shared service now, Haringey council will need to pursue an alternative course which would highly likely preclude them from joining Camden's and Islington's shared service at a later date.

- It is sensible for the councils to undergo this significant upheaval once , rather than repeatedly, so it makes sense to bring Haringey onboard from the outset. In particular, the design of the ICT shared service target operating model is quite different for a three-partner ICT shared service to what it would be for a two-partner one.

- Adding Haringey into the shared service further de-risks the merger in that a larger service will offer more resilience to external shocks.

- A three-way dynamic will diminish the risk of any mistaken perception that what is proposed is a takeover of one borough's IT service by another.

6 Risks of Haringey joining

6.1 SOCITM highlighted a range of significant differences and challenges ahead to deliver an integrated shared ICT service across the three boroughs, namely:

- A difference in structural approaches to the management of IT/Digital Services, which will need to be aligned to achieve the full benefits of a shared services.

- Cultural differences between the three Councils' IT Services which will need to be aligned (or replaced) through the development of a new shared culture conducive to the optimal operation of the new shared service.

6.2 One of the pieces of work undertaken since the September decision has been the development of a detailed risk register. This will be updated to reflect, if agreed, the risks for the three-council shared service.

7 Financial Business Case

7.1 SOCITM also updated their high-level financial analysis. Between Islington and Camden there is a combined net revenue budget of £29m with 313 Full Time Equivalents working (FTE). A three-borough approach would bring an additional revenue budget of £14m and a further 92 FTEs into scope, creating a combined budget of £43m and a workforce of 400 approx FTEs.

7.2 In addition to the workforce savings, the financial model assumes 11 per cent savings on non-staff costs through the removal of duplicated spend and the integration of contract and software licensing. This is based on the research of other shared ICT services. The experience from other ICT shared services is that they have over time delivered savings of close to 20 per cent. This is seen as a prudent estimate.

7.3 The finance directors of the three councils have looked at the financial case and believe not only that the proposed £6m savings is deliverable but with the larger scale providing more opportunities, over time the three council shared ICT service would look to deliver in excess of the £6m of savings pa. The cost of change contributions would remain at the same maximum level of £2.5m each, as previously agreed between Islington and Camden, but now providing greater capacity for the change at a total of £7.5m.

7.4 Consideration has been given to basis on which to apportion savings from the shared ICT service to the three councils. The agreed basis between Islington and Camden was a 50/50 split as the existing expenditure baselines were very much the same. While Haringey has a different mix of
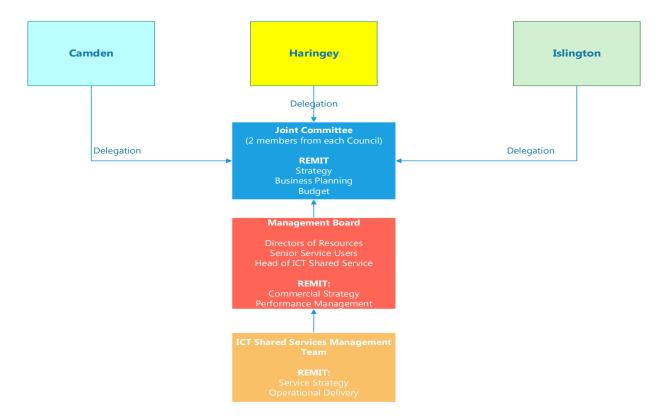
expenditure between in-house and outsourced provision, the total expenditure baseline is broadly of a similar level to both Islington's and Camden's. In determining the approach for the three council shared ICT service, fairness is a key consideration. This must be balanced against the need to avoid unnecessary complexity and bureaucracy. It is also felt that any arrangement should align with and not undermine the spirit of the proposed integrated service delivery model. Therefore, and subject to the conclusion of financial due diligence, it is proposed that savings will be shared equally by the three councils. The finance directors will keep this basis under regular review to ensure fairness.

7.5   Regarding investment expenditure there may well be occasions when each council will wish to invest in a local priority. Equally, there may well be times when one council is slightly more advanced than the other in a certain area of the business and in order to progress a joint undertaking, that council will require further investment. In these instances, it would be expected that the costs of any focused investment would fall directly on the council in question.

	Total
Summary	**£000s**
Total Annual Savings	6,000
Total Investment Cost	7,500
End State FTE Reduction	66
Annual Savings	
Staff Savings	3,400
Non staff savings	2,600
Total Annual Savings	**6,000**
Investments and One-Off Costs	
Project Team Cost (External)	3,000
Capital Investment	2,500
Severance Pay	2,000
Total Investment and One-off Costs	**7,500**

8   Governance

8.1   From the outset, it was recognised that the governance arrangements needed to be light touch and as streamlined as possible. In September 2015, it was agreed that a joint committee would be established to oversee the shared service with a longer term option to move towards a more commercial model.

8.2   Under the current proposals, the three-council shared ICT service would operate under a joint committee structure. In its follow-up work, the SOCITM review recommended that Haringey join under the joint committee arrangement. Their recommendation reflected the current position for Islington and Camden and a pragmatic decision around speed to operation.

8.3   The joint committee would consist of six members (2 from each council) and it would convene twice a year to provide democratic oversight, agree the overall strategy for the service and to receive six monthly progress reports on the performance of the service. The detailed terms of reference of the Joint Committee are being developed. Every member appointed to the joint committee would need to be a member of their respective Executive or Cabinet. The governance model proposed is set out in the diagram below.

Camden	Haringey	Islington

Delegation

Joint Committee
(2 members from each Council)

Delegation   Delegation

REMIT
Strategy
Business Planning
Budget

Management Board

Directors of Resources
Senior Service Users
Head of ICT Shared Service

REMIT:
Commercial Strategy
Performance Management

ICT Shared Services Management Team

REMIT:
Service Strategy
Operational Delivery

8.4   It is proposed that further work will be carried out over 12 months to explore in more detail what governance model would best serve the long-term aspirations of the shared service.

9   Lead Employer

9.1   In any joint committee arrangement it is preferable for one council to be the 'Lead Employer'. As was previously the case agreed between Islington and Camden, the Lead Employer for the three-council shared ICT service will be Camden and it will lead on HR activities. As it is intended that existing employees will remain employed by their existing council, HR activities for those employees remain with that employer. Camden would also host the combined budget and provide governance support.

10   Impact on staff

10.1   While entering into a shared service produces uncertainty for staff, given the financial position the councils are in this is a position that many staff are in anyway across the three councils. The shared service, however, also provides an opportunity for staff. To date, in order to minimise any compulsory redundancies, Islington and Camden have in the main not looked to fill vacancies on a permanent basis.

10.2   The ICT teams from the three boroughs will be joined in a pool of staff to create the shared service resource pool. At the initiation of the shared service, existing staff will not be transferred to another employer, but will, as necessary, provide services to all three councils under a S113 agreement. This agreement will allow staff to provide services and work across both organisations and will be subject to staff consultation.

10.3   The integrated nature of the proposed operating model, combined with the longer-term option to operate under a more commercial framework, means that there is an ambition to move towards a harmonisation of employment terms and conditions over the next twelve months. In line with the employment practices, this will be subject to a staff consultation process. Any new posts will be recruited on Camden's terms and conditions.

11   Delivery of Quick Wins

11.1   The progress to date between Islington and Camden in creating an ICT shared service has identified a number of areas where there is the potential to deliver quick wins. There are three key projects that have been prioritised for early delivery. These are:

Datacentre Strategy and Consolidation
- As discussed previously, pursuing a strategic approach to datacentre provision can both allow medium term realignment and savings but also look to the optimal provision in the longer term. Reaching a conclusion on initial steps and the longer-term strategy should be concluded by the Autumn.

Sharing and Defining of Architecture
- Again, as discussed above, there is scope for application consolidation and the scoping work for this has already begun. In addition, integrating the network architecture at an early stage will enable many of the practical benefits of the shared service for ICT staff and users.

Review of ICT Supplier Contracts
- An initial review of Islington's and Camden's ICT contracts is underway. This will be expanded to include Haringey, should the councils all agree the proposed three council shared ICT service. An early review of contracts will look to identify opportunities to consolidate, renegotiate, procure jointly, share the same contract rates and more.

12   Timetable

12.1   Islington, Camden and Haringey are all currently considering the case for three-council shared IT service. It is expected that all three boroughs will have taken a decision by early April 2016. Assuming all three agree to go ahead, an indicative timetable is set out below:

March – April	Islington, Camden and Haringey – shared service decision
April	Commence recruitment of a joint head of the shared service
1 October 2016	Start of formal Shared Service Joint Committee
Ongoing	Progressing quick wins; development of the Target Operating Model

13   Financial Implications
13.1   These are included in the main body of the report.

14   Legal Implications
14.1   The Local Government Act 2000 empowers the Secretary of State to make regulations enabling a Cabinet / Executive of a local authority to arrange for the discharge of its functions by other means. The Local Authorities (Arrangement for the Discharge of Functions)(England) Regulations 1012/1019 apply. The regulations empower the Leader and Executive to make arrangements to discharge their Executive functions jointly with another local authority through a Joint Committee created for that purpose. The Regulations confirm that when the arrangements are between three local authorities and relate to Executive functions (which the IT function in a council is) then the arrangements are to be between the three Executives/Cabinets.

14.2   The appointment of the joint committee, number of members, and term of office and scope of the committee is to be fixed by the Cabinet/Executive and not the council. In addition the Cabinet/Executive (in agreement with Islington/Camden/Haringey) agree whether for example the Joint Committee can create a sub-committee(s) and / or delegate functions to an officer of one of the two Authorities. Every member to be appointed to the joint committee must by law be a member of their home Executive/Cabinet and the political balance rules do not apply. While Executive is being asked to agree the overall strategy and the creation of the Joint Committee, the Leader may, in consultation with the Executive Member for Finance and Performance, make the detailed further decisions which will include

- To agree the final terms of reference of the joint committee;
- To appoint two members of the Executive/Cabinet to the Joint Committee to serve until the end of the municipal year; and
- To agree the contents of an underpinning joint committee agreement between the Councils.

15   Environmental Implications

15.1   This report does not have any direct environmental implications. In looking in detail at data centre provision options there may well be environmental considerations.

16   RESIDENT IMPACT ASSESSMENT

16.1   The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

16.2   Bringing the three ICT services together is expected to have positive outcomes for residents, as it will help to accelerate progress on resident-focussed ICT projects that will improve residents' interactions with the council. It will also allow the councils to work collaboratively to address digital inclusion issues and ensure that we support residents in their digital lives.

16.3   The changes will affect staff working for all three authorities and a full assessment of the staffing impact will be carried out as the transition plans are worked through.

17   Reasons for the recommendations / decision:

17.1   Haringey have expressed in interest in joining the Islington and Camden ICT shared service and the SOCTIM review supports the rationale for a three-council ICT shared service. In addition, the finance directors of the three councils are satisfied that the proposal is in the interests of their respective councils and the greater size should generate savings in addition to those previously envisaged. Given this, the joining of Haringey with Islington and Camden and creating a three-council ICT shared service is recommended.

Background Papers: none

Final report clearance

Signed by

23 February 2016

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Executive Member for Finance and Performance   Date

Responsible Officer   :   Mike Curtis, Corporate Director of Finance and Resources
Report Author   :   Alan Layton, Service Director, Finance and Asset Management