



Report of: Executive Member for Finance, Performance and Community Safety

| Meeting of: | Date | Ward(s) |
|-------------|--------------|---------|
| Executive | 19 July 2018 | All |

Transforming Shared Digital, our shared service with Camden and Haringey

1. SYNOPSIS

- 1.1 This report follows the consideration of governance options for the shared service with Camden and Haringey by the Executive on 4 January 2018.
- 1.2 This report recommends that the previously agreed model is not progressed. It proposes a revised governance model for approval that dispenses with the need for a Joint Committee and focuses on a specific set of shared functions to be delivered by Camden on behalf of Haringey and Islington, with all other functions being retained by the individual Boroughs.
- 1.3 Since the service began in October 2016, a great deal has been achieved through working together. By working on shared projects and on joint procurement projects, we are on track to achieve the £2.4m contract [annual] savings expected from the shared service. We have also been able to deliver improvements, including better collaboration tools, mobile device management and a customer focused service desk.
- 1.4 These proposals, which are being considered for agreement by Islington, Camden, and Haringey ('the Boroughs') in July 2018, require the approval of the Executives/Cabinets of the three constituent boroughs. The proposals consolidate and maintain the achievements and successes of the shared service and allow the Boroughs to strengthen their positive approach to working together while meeting local needs and constraints.

- 1.5 Adoption of the recommendations will maintain efficient and effective operational services that will improve services to residents and employees while reducing unit costs. It will also ensure closer alignment of digital resources with the Council's priorities.
- 1.6 The report is coming to the Executive because the recommended changes to the shared service require Executive approval.

2. RECOMMENDATIONS

- 2.1 That having considered the results of the consultation set out in paragraph 7 and feedback from Trades Unions, employees and other stakeholders, the Executive note the achievements of the shared service (including c. £2.4m of annual savings in the delivery of commodity Digital and ICT services, to be shared equally by the three Councils) and also the challenges in achieving strategic alignment with Camden and Haringey.
- 2.2 To agree that the recommendations set out in the report to the Executive on 4 January 2018 in respect of the creation of a 'lean' Joint Committee model are no longer implemented and that a revised governance model for Shared Digital be adopted as set out in paragraph 2.4, specifically that the Shared Digital Joint Committee cease to exist, and to agree that Camden host the shared Digital and ICT functions to be transferred from Islington and Haringey councils. Islington, Camden and Haringey will have lead officers in place to oversee their sovereign Digital and ICT services and the Shared Functions delivered by Camden (including their performance against service level agreements ('SLAs')).
- 2.3 To note that any decisions in respect of Shared Digital required to be taken prior to the new arrangements coming into effect on 1 October 2018 (or such later date as may be agreed) will be referred to the Executive rather than the Joint Committee.
- 2.4 To agree, pursuant to regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 ('the Regulations') to have those parts of the executive function of Islington's Digital and ICT service and functions specified in paragraphs [4.4 and 5.10] ('the Shared Functions') delegated to and discharged by the Executive of the London Borough of Camden in accordance with Camden's constitutional arrangements for decision making.
- 2.5 To approve Camden as the host Council in respect of the Shared Functions and note the resourcing impact of the proposals as set out in this report, specifically that Islington and Haringey Digital and ICT employees involved in the delivery of the Shared Functions will transfer to Camden from 1 October 2018(as the host authority) under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and to agree that as a result Camden will be responsible for employing staff engaged to deliver the Shared Functions.
- 2.6 To agree the dissolution of the Shared Digital Joint Committee from 1 October 2018 with decision-making reverting to existing Islington arrangements. Decision-making for Shared Functions will be in accordance with Camden's arrangements.

- 2.7 To note that the transfer of services and staff are planned for 1 October 2018, and to agree that as a result Camden will be responsible for employing staff engaged to deliver the shared functions.
- 2.8 To note that the Cabinets of Camden and Haringey are also considering a recommendation to delegate to Camden (as the host authority in respect of the Shared Functions) the delivery of the Shared Functions in like terms and that the recommendations set out in this report, if agreed, will only be implemented if the Cabinets of Camden and Haringey Cabinet agree the equivalent and related recommendations that they are considering.
- 2.9 To delegate authority to the Corporate Director of Resources, in consultation with the Acting Director of Law and Governance, to take all necessary steps to put arrangements for the new governance model into effect as set out in this report, including but not limited to finalising the detailed specifications and resource implications of the Shared Functions, and terms of the inter-authority agreement and any changes to it and for the operation of the 3 way Shared Digital service.
- 2.10 To approve the creation of Director of Digital Services post at Islington to be funded from the existing sovereign digital budget.

3 CONTEXT AND BACKGROUND

- 3.1 This report updates the Executive on the Shared Digital and ICT service with Camden and Haringey and recommends changes to the shared service, with implications for the Council's sovereign Digital and ICT service.
- 3.2 Since the service began in October 2016, a great deal has been achieved through working together. By working on shared projects and on joint procurement projects, we are on track to achieve the £2.4m contract savings expected from the shared service. We have also been able to deliver improvements, including better collaboration tools, mobile device management and a customer focused service desk.
- 3.3 In January 2018, the Islington Executive, Camden Cabinet and Haringey Cabinet approved a recommendation from the Joint Committee to adopt a 'lean' Joint Committee model, transferring Digital and ICT services (apart from strategic functions reserved to the Joint Committee) and employees from Haringey and Islington to Camden.
- 3.4 Working together has achieved significant benefits for the Councils, and improved many of our services.
- 3.5 It is the nature of shared services that most of the benefits from sharing are enjoyed at an organisational level; while the difficulties of sharing are felt at a local level in departments. This tension has presented some challenge in rationalising applications, and realising the full benefits anticipated from a 'converged' Digital and ICT service.
- 3.6 We have also faced some challenges, particularly around aligning strategic objectives across the three councils, which has meant that we have not been able to move forward at pace on a number of potential projects.

4 PROPOSALS AND REASONS

- 4.1 In March 2018, following extensive dialogue and feedback from Trades Unions (collective consultation on the proposed transfer of the full Digital and ICT services from Haringey and Islington to Camden), and input from employees and other stakeholders, the service and employee transfer planned for 1 April 2018 was paused to allow the Councils to reflect on the approach and implementation of the shared service.
- 4.2 Taking account of the feedback from the consultation and dialogue and considering the achievements and challenges of the shared service, we are clear that we share aspirations around digital transformation, and the key role that digital capability will play in transforming the services that we deliver to our residents and the way that we work.
- 4.3 Pushing for deeper alignment and integration independently of local priorities and constraints runs the risk of becoming an end in itself and may not position us to most effectively realise our local outcomes.
- 4.4 Given the successes of working together as a shared service and our shared aspirations, this report proposes that:
- i. The Councils consolidate the benefits and learning from the shared initiative to date.
 - ii. Islington and Haringey transfer to Camden the Shared Functions ('Shared Functions') set out below:
 - i. data centre management
 - ii. user computing devices including laptops etc (desktop)
 - iii. service desk services, including a telephone and drop-in service
 - iv. mobile voice and data services, including both SIM card provision on the EE contract let by the three Councils and (at additional cost) new mobile devices for users
 - v. support for the existing Office 365 products
 - iii. Camden operates and delivers the Shared Functions to specified service levels for Islington and Haringey, to be set out in the revised inter-authority agreement and that these be governed, managed and delivered as Camden-operated services.
 - iv. The existing shared governance to be decommissioned and replaced with local governance at an individual Council level for the sovereign Digital and ICT functions and that Camden's governance processes be adopted for the Shared Functions.
- 4.5 Discussions will continue across the three councils over the opportunities for the deeper alignment of digital functions. Where agreement is reached on sharing specific digital functions, those functions would move into the shared service to be supported by Camden.

5 OPTIONS APPRAISAL

- 5.1 The review of options considered the scale and extent of sharing from wholly sovereign to wholly shared services.

- 5.2 Noting the Councils' shared ambitions and the significant achievements and successes of the shared service, 'stopping' the shared service entirely, was rejected.
- 5.3 Considering the challenges of strategic alignment, and of balancing integration and local priorities, constraints and pace, the Shared Digital 'Lite' option is being proposed.
- 5.4 This option is mindful that integration should not be an end in itself and allows the Councils to maintain and strengthen working together. It will consolidate on-target savings of c. £2.4m across the three Councils; to be shared equally, ie £800k each.
- 5.5 This option will retain a number of Shared Functions and mechanisms to encourage and build on opportunities to work together, aligned with both shared strategic priorities and new ways of working to support medium term financial savings.
- 5.6 Further savings may be achieved over time with this option, for example if more application consolidation is achieved.
- 5.7 This option will put in place an operational shared service to support and maintain Shared Functions, the delivery of which Camden will assume responsibility. To support the transfer of these services from Islington and Haringey to Camden, a reduced number of staff are expected to transfer from Islington and Haringey to Camden (TUPE).
- 5.8 The shared operational services delivered by Camden will be led by a dedicated senior manager (Chief Technology Officer), reporting to the Camden CDIO. Islington, (and similarly Haringey) and will need to consider and put in place leadership and management arrangements for the sovereign Digital and ICT functions.
- 5.9 For Islington it is recommended that an Islington Director of Digital Services post is created and funded from the sovereign digital budget to provide the necessary leadership for the function.
- 5.10 The Shared Functions set out in this proposal build on shared work that has realised significant shared savings and which already have broadly agreed service level agreements ('SLAs'). The services are listed in paragraph 4.4 ii and set out in more detail below:
- **data centre** – work has already started to co-locate data centres from across the three Councils in two resilient data centres outside of central London; the service specification has already been agreed
 - **desktop** – a common approach and catalogue has been introduced for councillors and is being extended to users more widely; there would need to be agreement on a regular refresh cycle for ongoing compatibility, compliance and alignment with help desk and Office 365
 - **help desk** – the 'first line' service desk is being improved with drop-in hubs and telephone-based support
 - **mobile voice and data** – this has been contracted as a single contract and service and is being rolled out currently
 - **Office 365** – was introduced as a joint project and a shared support team has been established

- 5.11 Initial detailed work has determined the high-level cost and SLA for each of the Shared Functions. These will continue to be reviewed and refined over the coming months, and ahead of the target 1 October 2018 start date. Final confirmation and approval of these will be delegated to the Corporate Director of Resources in Islington in consultation with the Acting Director of Law and Governance (and counterparts in Camden and Haringey).
- 5.12 Any functions not listed under paragraph 5.10 will be sovereign. At a high-level, this includes:
- **applications** – incrementally over time some applications could transition to a 'shared' model if there was a service-led ambition and business case to combine
 - **client and procurement** – there will need to be a local client to interface with the shared services; the sovereign services will need local procurement arrangements (shared procurement opportunities will continue to be explored)
 - **networks** – there is limited benefit in combining networks, or network support teams, and different SIRO arrangements and risk appetites support retaining network sovereignty; this could be reviewed in due course especially with emerging technologies such as software defined wide area networks (SD-WAN)
 - **projects and programmes** – sovereign project, programme and PMO arrangements will be needed
 - **Digital/ ICT strategy and change** – sovereign Digital/ ICT strategy and change functions will be needed.
- 5.13 Information Governance has not been part of the shared service and will remain a sovereign function for the Councils, with a local SIRO in each. Cyber-security and technical design authority would revert to being sovereign functions (except where directly pertaining to the Shared Functions).
- 5.14 Each of the Councils would need to 're-build' some elements of their sovereign function. This could involve both extensive service design and recruitment.
- 5.15 This option will impact the newly appointed Shared Digital management team. These impacts are being managed and factored into the design of the new target operating model for the Shared Functions and each of the Borough's sovereign functions.
- 5.16 Work is underway to confirm in detail the roles that would need to transfer to deliver the Shared Functions set out above. Indications are that 55 Islington posts, 48 Camden posts, and 47 Haringey posts are associated with the Shared Functions, although these numbers may be subject to change following further discussions. This includes some 'new' posts for Islington and Haringey to provide for example the enhanced Service Desk and Office 365 support. It is anticipated that this resource will be offset against vacant posts in the existing Council structures.
- 5.17 Development of the detailed service specifications and SLA for this option will take some time, as will establishing sovereign services and transitioning arrangements back to them. Early thinking is that the high level model could be developed and implemented with budget, service and relevant staff transfer anticipated to take place on 1 October 2018.

6 KEY IMPACTS/ RISKS AND HOW WILL THEY BE ADDRESSED

- 6.1 Morale has been a significant challenge in building a single team. The decision to pause the organisational change programme has further impacted on this. A clear decision, positive leadership and pace of delivery, will be key to ensuring the confidence of employees.
- 6.2 This change will impact the newly appointed Shared Digital management team. Detailed and early conversations with the officers involved will ensure that they informed of changes and their impact.
- 6.3 During the transition to the new arrangement there is potential for ambiguity around decision-making and management arrangements. Arrangements will be clearly documented as they change, and worked through together across the councils to ensure that there's a single clear view. Organisational behaviours must align with the Executive's strategic decision. There must be strong commitment to the revised arrangements and a vision for the future, and it will be necessary for each of the Councils to ensure that their organisation and behaviours align with the new arrangements.

7 CONSULTATION/ ENGAGEMENT

- 7.1 Previous collective consultation with the Trades Unions (and employees) on the original transfer of services proposed only one measure for consultation. This was a change in pay date for Islington employees, to align with the Camden payroll. The change would not have been disadvantageous to those affected and no specific feedback was received on this measure.
- 7.2 There was considerable further engagement with employees and Trades Unions on a wider range of matters, including concerns about how the service would operate following the transfer and the potential for a restructure and change to terms and conditions at a future date.
- 7.3 These observations, and some of the engagement with colleagues outside of the service prompted the reflection noted in this report.
- 7.4 There would need to be further consultation with employees and the Trades Unions on the new proposed arrangements, setting out in detail the way in which services will be delivered and the impact on employees.

8 IMPLICATIONS

Financial Implications

- 8.1 The full shared service anticipated delivering £6m of savings shared equally between the three councils, thus Islington's medium term financial strategy was anticipating £2m to help balance the budget. The £2.4m of savings now expected to be delivered, of which Islington is will receive £800,000 will need to be supplemented over time by a further £1.2m of savings to be delivered by the new Islington sovereign function.

- 8.2 Having a sovereign digital function is expected to allow Islington greater freedom to invest in the digital transformation of services at pace, for the benefit of Islington residents.

Legal Implications

- 8.3 The report recommends that each Council now re-cast the current arrangements for the delivery of the shared ICT service with effect from 1 October 2018. In summary, it recommends:

- (i) That responsibility for the Shared Services listed in paragraph 5.10 above is delegated to Camden which will as a consequence include the transfer of employment of the staff assigned to undertake the Shared Services to Camden pursuant to TUPE.
- (ii) That the Shared Digital Joint Committee be dissolved with decision-making for the Shared Functions being in accordance with Camden's arrangements, and for sovereign digital and ICT functions being in accordance with existing Islington arrangements.

- 8.4 The transfer of the Shared Functions to Camden will be arranged pursuant to express provisions in s. 101(1)(b) of the Local Government Act 1972 and Part 3 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations SI 2012/1019. The terms on which Camden will be entitled to exercise those functions, including any relevant restrictions on "delegation" of decision-making power within Camden, depend upon the terms of the arrangements which transfer the relevant functions to Camden rather than upon the constitution of any Council. In this regard it is noted that the Shared Functions will be discharged by the Executive of the London Borough of Camden in accordance with Camden's constitutional arrangements for decision making.

- 8.5 The proposed new model of direct "delegation" of the Shared Functions to Camden can be achieved without the need to change Islington's constitution, there being no constitutional bars to the proposed delegation arrangements in the Constitution.

- 8.6 The council will need to comply with the information and consultation requirements in the TUPE Regulations in respect of the proposed transfer to Camden of Islington employees assigned to the Shared Functions.

Environmental Implications

- 8.7 This report does not have any direct environmental implications.

Resident Impact Assessment

- 8.8 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.

8.9 A RIA was produced for the original shared digital proposals and this report does not have major impact on that assessment.

Appendices: None

Background papers: None

Signed by



11 July 2018

Executive Member for Finance,
Performance and Community Safety

Date

Responsible Officer:

Mike Curtis

Corporate Director Resources

Report Author:

Alan Layton, Service Director Financial and Asset Management

Legal Implications Author:

David Daniels, Assistant Director of Law, Commercial and Environment