

Agenda item:

**[No.]**

**Cabinet**

**On 21/12/2010**

Report Title. Agreement of Memorandum of Understanding between London Boroughs of Waltham Forest and Haringey to set up a shared service strategy

Report of **Kevin Crompton, Chief Executive**

Signed :

Contact Officer : Tim Dauncey, Interim Director of Special Projects

Wards(s) affected: **All**

Report for: **Key Decision**

**1. Purpose of the report (That is, the decision required)**

1.1. Members of the cabinet are asked to agree the setting up of a collaborative arrangement between the London Boroughs of Waltham Forest and Haringey to implement shared service management and operations across a number of services. The Memorandum of Understanding (MOU) between the 2 boroughs attached at Appendix 1 sets out the Scope and status, aims and principles, values and framework for joint working.

**2. Introduction by Cabinet Member (if necessary)**

2.1 Given the scale of the cuts we have to find new and imaginative ways of providing services in order to bridge the funding gap we and Waltham Forest face. We have to examine all proposals which can reduce costs and protect frontline services. Haringey and Waltham Forest have unique differences and challenges which mean that in some areas it will not be possible to share services. This arrangement will be pragmatic in that we will only share services when it makes

clear financial sense to do so. Clearly the Council already has a number existing working arrangements and partnerships with other boroughs which will continue. The arrangement with Waltham Forest adds a further opportunity for the Council to both share services and good practice which will ultimately be a benefit to Haringey's residents.

### **3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

The proposed MOU between Waltham Forest and Haringey will provide another tool to help us deliver customer focused , cost effective services that are responsive to people's needs , producing increased satisfaction reflected in a high performing organisation that delivers value for money.

### **4. Recommendations**

Cabinet are asked to :

- 4.1. Agree that the London Borough of Waltham Forest should be the Council's preferred partner for shared services.
- 4.2 Agree the terms of the Memorandum of Understanding at Appendix 1.
- 4.3 Note that this agreement is viewed as the preferred route for shared service but is expressly not to the exclusion of other shared services opportunities with other boroughs or partners.

### **5. Reason for recommendation(s)**

- 5.1. The agreement of the MOU and in particular the shared commitment to be each boroughs preferred partner for all shared service opportunities will provide an approach that will allow both boroughs to develop a more strategic , focussed and streamlined approach to deliver shared services in a faster timescale than has currently been the experience with other organisations.

### **6. Other options considered**

- 6.1. Haringey is a member of the North London Strategic Alliance (NLSA) and leads the work on developing shared service opportunities across the member boroughs; however there is a frustration that progress is only made at the pace of the slowest partner. The proposal being considered by this paper does not stop the work being undertaken by the NLSA, but provides Haringey with an alternative delivery vehicle for implementing the shared service agenda.

## **7. Summary**

7.1 Both boroughs are currently engaged with others through the sub-regional work of East London Solutions and the North London Strategic Alliance, both supported by Capital Ambition. Whilst progress on the shared services agenda is being made, it is on an ad-hoc service by service basis, with a “patch-work” quilt of service specific projects with a range of different partners across both groups.

7.2 This complexity presents governance, programme management, relationship management of multiple partners (officer and political) and delivery difficulties which is reflected in the relatively slow pace of even the most promising opportunities.

7.3 It is felt that these can be overcome and a faster pace achieved through an alternative collaborative model of two geographically linked boroughs, whose Leaders and Chief Executives are closely aligned, joining together as “preferred partners” with a clear shared vision, objectives and drive. Importantly and unusually this would be delivered through a shared delivery vehicle in the form of a Joint Transformation Office.

7.4 This arrangement would not isolate the partners from the broader sub-regional groups but add another collaborative model into the mix with its own attributes and characteristics and a distinct platform for decisions about future and deeper integration. Members NLSA and ELS (and others) would be able to join any of the initiatives subject to fit with approach, timetable etc.

7.5 The attached Memorandum of Understanding (Appendix 1) sets out the proposed arrangements:

- To set up the collaborative approach
- The scope and status of the MOU
- Aims and Principles of Joint Working
- Values to be taken into account when developing individual shared service options.
- Funding and framework for joint working
- Governance Arrangements and legal powers
- Review and variation to the MOU

The MOU is not a legally binding document on either borough, but sets out a commitment to collaborate with each other.

7.6 The MOU identifies a number of services that will be considered for sharing opportunities. The choice of the initial services for consideration is designed to provide momentum to the programme and demonstrate visible change. It would also allow both councils to build trust and give a measure of the appetite for change and risk. Each potential shared service will need to be scoped with an outlined business case and an agreed service offering that both boroughs can

sign up to.

The first services to be considered are :

- The provision of a shared Legal service
- The provision of a shared Audit Service
- The provision of a shared Transactional HR service
- The provision of a shared School Meals Service
- The provision of a shared Customer Call Centre Service

7.7 The commitment that both boroughs would be entering into is to be the preferred partner of choice for all shared service opportunities, but it also allows either borough to continue with an existing partner and develop new partnerships with other boroughs.

7.8 To assist in the start up /implementation costs a bid for funding being made to Capital Ambition to contribute to the additional capacity to deliver the proposed programme of shared services set out in the agreement.

## **8. Chief Financial Officer Comments**

8.1 The scale of the financial challenge facing the Council in light of the recent Spending Review and pending local government financial settlement is very significant. It is vital; therefore, that the Council identifies sufficient savings in future years to ensure core services can continue to be delivered.

8.2 The proposed partnership arrangement with Waltham Forest Council will not deliver any cashable savings in the short term but has the capacity to deliver a meaningful contribution to our savings target in the medium term. The Chief Financial Officer is fully supportive of the proposed initiative.

## **9. Head of Legal Services Comments**

9.1. Legal Services fully supports this joint working initiative and as one of the first services to progress working in partnership with Waltham Forest recognises the potential to save money by generating economies of scale and rationalising the management of services.

9.2. The Council has wide discretionary legal powers to enter into this joint working strategy and in due course it is envisaged that a separate, more detailed legal agreement or Service Level Agreement will be put in place for each service area.

9.3. Going forward, both Councils will need to be mindful of HR and governance issues, EU procurement legislation and Contract Standing Orders and ensure that they obtain detailed legal, procurement and financial advice, as relevant, at each stage of the process.

9.4. The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

#### **10. Equalities & Community Cohesion Comments**

10.1. Any services identified for a shared service implementation would need to be subject to an Equalities Impact Analysis.

#### **11. Use of appendices /Tables and photographs**

11.1. Appendix 1 London Boroughs of Haringey and Waltham Forest – Memorandum of understanding :Shared Services

#### **12. Local Government (Access to Information) Act 1985**

12.1. No previous documents

### Appendix 1

#### Memorandum of Understanding

#### **LONDON BOROUGHS OF HARINGEY AND WALTHAM FOREST MEMORANDUM OF UNDERSTANDING: SHARED SERVICES**

##### **1 SCOPE AND STATUS**

1.1 This memorandum of understanding (MOU) is between the London Boroughs of Waltham Forest and Haringey (the Boroughs) setting out:

1.1.1 A shared commitment to be each other's preferred partner for all shared services opportunities;

1.1.2 The principles and objectives in sharing services;

1.1.3 The framework and governance for developing proposals; and

1.1.4 Initial agreement on the first service areas to be considered for a joint service.

- 1.2 The MOU further sets out the current understanding of the Boroughs' roles and responsibilities and the relationship of this agreement to other shared service opportunities.
- 1.3 This document is not intended by either party to be legally binding in any way nor does it represent a complete summary of the Boroughs' aims and proposals.

## **2 BACKGROUND**

- 2.1 The Boroughs are neighbouring unitary local authorities in North East London with identical statutory duties and powers within their respective geographical areas.
- 2.2 The Boroughs have both explored and continue to explore shared service opportunities with a range of partner authorities and bodies, including but not limited to East London Solutions and the North London Strategic Alliance. In a number of service areas, both Boroughs are already working successfully with other partners and, subject to this agreement, will continue to do so.
- 2.3 The Boroughs, however, both recognise they will be required to make substantial budget savings in the foreseeable future but also share a common priority of improving and focussing services on the needs of residents.
- 2.4 To this end, the Boroughs agree that joint and shared services are the practical means to create resilient and improved services for residents within the joint area whilst delivering financial savings.

## **3 AIMS AND PRINCIPLES OF JOINT WORKING**

### **3.1 Overall vision**

3.1.1 The Boroughs core aims are to share services to deliver:

3.1.1.1 Improved and resilient services in both areas focussed on and responding to the needs of residents, *and*

3.1.1.2 Value for money and financial savings.

3.1.2 The Boroughs' approach to all shared service opportunities will be pragmatic and flexible in meeting these aims. There will be no preferred delivery vehicle for joint working.

### **3.2 Principles of joint working**

3.2.1 The Boroughs will be each other's preferred partner for all shared services opportunities. Where a service or function is assessed by either borough as

appropriate for a shared service, that borough will seek first agreement with the other borough under the terms of this MOU.

- 3.2.2 If either Borough is not ready or able to share services or has an existing partner, each Borough is able to seek other partners.
- 3.2.3 Where one of the Boroughs seeks other partners for shared services opportunities, any arrangement or agreement reached should allow for the other Borough to join that arrangement at a future date.
- 3.2.4 For services and functions where there are no current proposals for shared services, the Boroughs will pro-actively work towards aligning those services (e.g. structures, scope, procurement cycles, business processes, IT) to make future sharing opportunities viable and to enable “soft” sharing of skills, knowledge and resources.

### 3.3 Values

- 3.3.1 To underpin the commitment to improving services for residents and delivering value for money, the Boroughs will share the following values when developing and delivering shared services:
  - **Innovation:** seeking innovative and imaginative solutions to improve service delivery and create resilience
  - **Challenge:** being open to challenge from each other – as well as by regional and national bodies
  - **Best practice:** utilising best, and “next/future practice” approaches to procurement
  - **Best fit:** adopting a “best fit” approach to seeking solutions
  - **Partnership:** developing positive and effective partnership working across the partner bodies
  - **Accountability:** achieved through delivery of agreed outcomes within a sound governance framework
  - **Transparency:** making open and clear decisions and demonstrating the improvements and savings made from shared services to residents and scrutiny bodies within each Council
  - **Information sharing:** sharing information and seeking to keep each other informed whilst respecting legal obligations of confidentiality and data protection.
- 3.3.2 These values apply equally after a shared service agreement is implemented to ensure that there is continuous improvement of services and value for money.

## 4 FRAMEWORK FOR JOINT WORKING

- 4.1 The Boroughs will develop a framework to progress each shared service opportunity with the intention of creating a model agreement for sharing services to allow for the quick implementation of identified shared services opportunities.
- 4.2 The initial shared service opportunities are set out in **Schedule 1** and they will be tested against the Compatibility Analysis.
- 4.3 Services passing that gateway will be progressed in accordance with the Implementation and Engagement process at **Schedule 2**.
- 4.4 For all services not currently subject to shared services projects, will aim to align all aspects of service provision to facilitate future joint working in accordance with 3.2.4.

## 5 GOVERNANCE ARRANGEMENTS / LEGAL POWERS

- 5.1 The initial corporate governance structure is set out at **Schedule 3**.
- 5.2 For the avoidance of doubt, it is not proposed at this stage that any of the bodies set out in Schedule 4 (the Governance Bodies) have any delegated powers on behalf of either or both of the Boroughs nor do they constitute any form of committee of the executive of either borough or a committee or sub-committee of either borough under the Local Government Act 1972. Consequently, the legal framework relating to executive arrangements and/or committee meetings including but not limited to access to information and political balance do not apply to these meetings.
- 5.3 Governance Bodies' meetings will be subject to the provisions of the Freedom of Information Act 2000, Environmental Information Regulations 2005 and any other applicable information legislation or regulations.
- 5.4 Requests for information and management of responses will be dealt with under a Protocol to be agreed in accordance with **Schedule 4**.
- 5.5 The boroughs shall be mindful of the need not to prematurely disclose documents or decisions relating to meetings of the Governance Bodies' ahead of formal decision or ahead of any agreement by the relevant body to circulate the information more widely.
- 5.6 The Boroughs have a range of powers to enter into joint arrangements for the delivery of services including but not limited to sections 2, 19 and 20 of the Local Government Act 2000 (and regulations made thereunder), sections 101 and 111 of the Local Government Act 1972 as well as specific powers in relation to joint provision of specific service areas. Both authorities are also subject to a duty to achieve best value in the discharge of their functions under section 3 of the Local Government Act 1999.



- 5.7 It is worth noting also that the current Government will propose a “general power of competence” in the Localism Bill to be published in November 2010, which subject to its passage, commencement and any statutory restrictions on the power is likely to support shared service arrangements.
- 5.8 The Boroughs agree that:
- 5.8.1 All decisions will be made in accordance with their existing Constitutional requirements, executive arrangements and schemes of delegation and will be subject to their scrutiny arrangements.
- 5.8.2 Each shared service will:
- 5.8.2.1 Be subject to a legal agreement between the Boroughs;
  - 5.8.2.2 Have the necessary legal powers to discharge the functions delegated to it;
  - 5.8.2.3 Be provided through an appropriate delivery vehicle determined on a case by case basis;
  - 5.8.2.4 Have proportionate governance arrangements to ensure the proper discharge of those services;
  - 5.8.2.5 Be subject to scrutiny arrangements in each borough;
  - 5.8.2.6 Ensure compliance with all applicable laws and regulations;
  - 5.8.2.7 Where necessary, data sharing agreements will be agreed and implemented; and
  - 5.8.2.8 Clear financial agreements will be made on apportionment of costs and benefits on a case by case basis.

## **6 PERFORMANCE MANAGEMENT**

- 6.1 An appropriate performance management framework will be put in place and approved by the governance structure to cover:
- 6.1.1 The partnership itself;
  - 6.1.2 Projects delivering shared service configurations; and
  - 6.1.3 Subsequent operational performance of established shared services.

## **7 FUNDING**

- 7.1 The Boroughs agree:

- 7.1.1 The costs of the Governance arrangements, including the Board and the Joint Programme Team will be shared equally by the Boroughs;
- 7.1.2 The costs of programme activities from compatibility analysis to design of a shared service solution for each service in scope shall also be equally shared; and
- 7.1.3 The apportionment of costs to each Borough of implementing and operating the agreed shared service solution for each service shall be separately agreed informed by the specific business case and incorporated into the legal agreement for that solution in accordance with 5.11.8.

## **8 COMMENCEMENT, DURATION AND TERMINATION**

- 8.1 The MOU will commence from the date it is signed by the Chief Executives and Leaders and following the appropriate authorisations of its terms by the Boroughs' executives. Formal agreement is not, however, a barrier to developing existing shared service opportunities.
- 8.2 The duration of the MOU may be extended by mutual agreement of the Boroughs.
- 8.3 Subject to the provisions in 8.4, the MOU will terminate on the date of the local elections in 2014.
  - 8.3.1 The MOU may be terminated at an earlier date by either party giving written notice to the other.
- 8.4 It is agreed that a decision to extend or terminate or agree to terminate the MOU under this clause is a key decision under the executive arrangements of each authority.

## **9 REVIEW AND VARIATION**

- 9.1 The Boroughs recognise that their preferred partnering agreement will be a dynamic and iterative process as the programme of shared services progresses. This MOU must reflect this and require regular review including:
  - 9.1.1 Quarterly review by the Senior Stakeholder Board (or any future top tier governance body);
  - 9.1.2 Annual review submitted to the executives of both authorities; and
  - 9.1.3 Each Borough's Leader agrees to retain executive power individually to vary the terms of this agreement and may further delegate this power to the Chief Executive of their authority.

10 **DISPUTE RESOLUTION**

- 10.1 In the unlikely event of a dispute which cannot be resolved through the Governance structure at 5.1, disputes will be resolved by agreement of the Chief Executives of both Boroughs in consultation with their respective executive leaders.

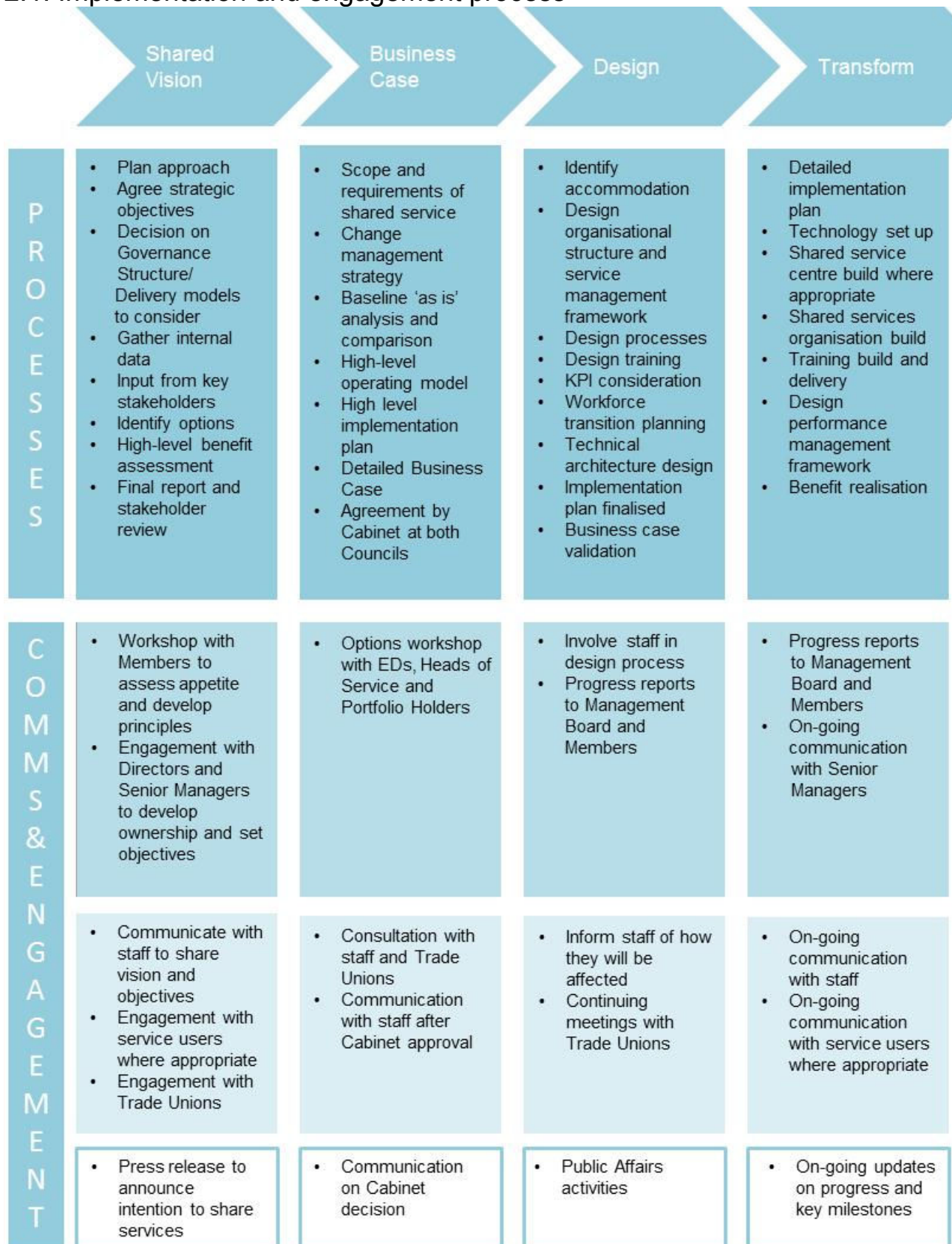
## Schedule 1: Wave 1 and 2 services – Compatibility analysis

High level evaluation – RAG ratings

	Strategic Fit	IT Systems	Processes	Staff Arrangements	Governance	Service Standards	Cost Sharing	Risk Appetite	Org. Arrangements	Notes
<b>Phase 1 Services</b>										
Revenues and Benefits										
Call Centre										
School Meals										
Transactional Back Office										
* PCN (Parking) Processing										
* Transactional HR										
* Finance processing										
Legal Services										
OD and Learning										
Engineering Design										
Audit										
<b>Phase 2 Services</b>										
Adult Education										
Development Control										
Regeneration										
Regulatory Services										
CCTV										
Facility Management										
Property Services										
Youth Offending Team										
Diversity and Equalities										
Communications										
Performance										
Policy										

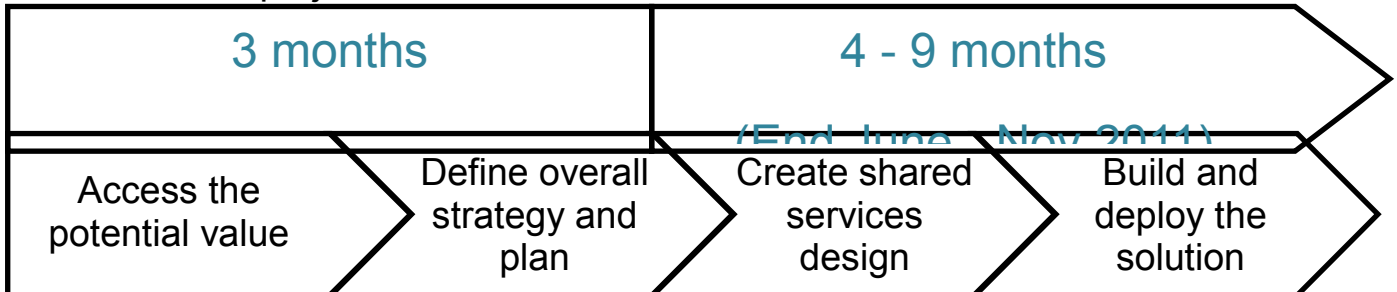
Schedule 2:

## 2.1. Implementation and engagement process



## 2.2. Draft timetable

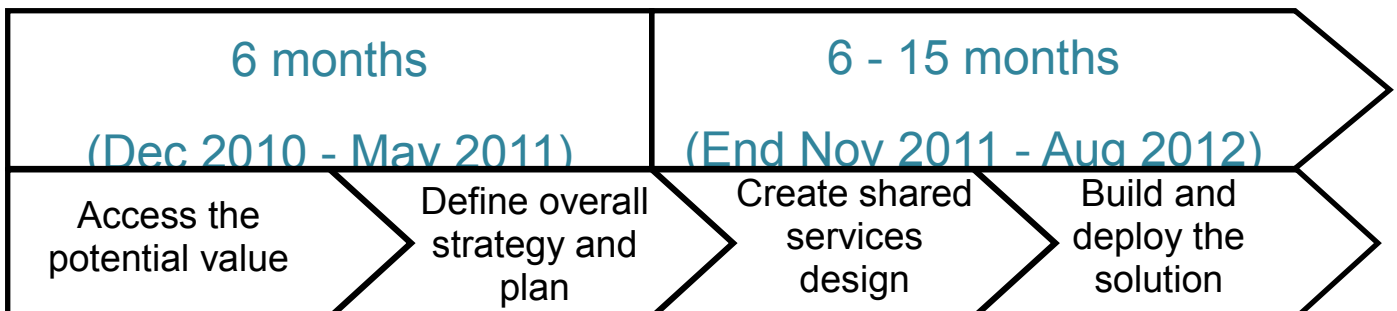
For small projects:



Wave 1 small projects:

- School meals
- Transactional HR
- Legal services
- OD and Learning
- Engineering design
- Audit.

For large projects:



Wave 1 large projects:

- Revenues & Benefits
- Call Centre
- Transactional Back-Office including PCN (Parking) and Finance processing.

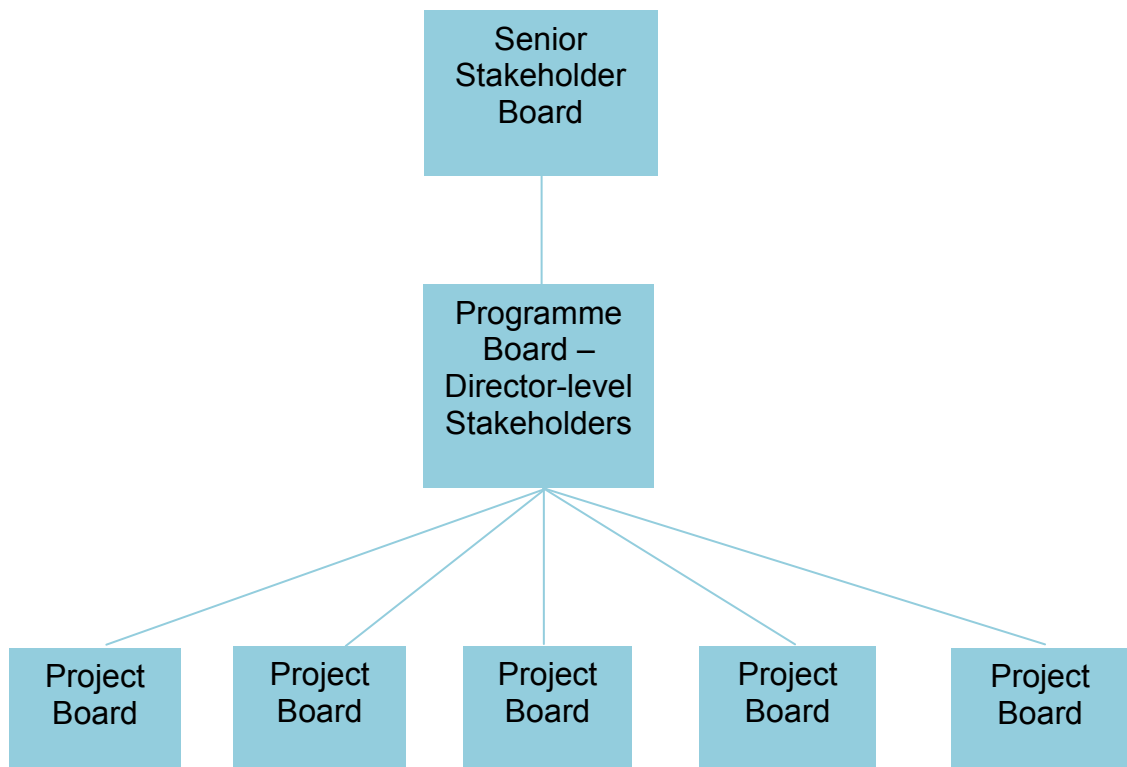
Timetabling is indicative only for small/large projects and will depend on a number of variables, for example:

- Selected operating model
- Infrastructure – IT; accommodation etc.
- Procurement
- Statutory consultation requirements
- Cabinet and Scrutiny timetabling
- Resourcing levels.

However, it should be expected that benefits can begin to be extracted upstream of full completion of implementation.

## Schedule 3: Governance structure

### 3.1. Corporate governance for shared services



Board	Members	Function	Meetings
Senior Stakeholder Board	<ul style="list-style-type: none"> <li>• Kevin Crompton/Martin Esom (Programme Sponsors)</li> <li>• Claire Kober/Chris Robbins (Council Leaders)</li> <li>• Portfolio Holder for Shared Services LBWF)</li> <li>• Portfolio Holder for Finance and Sustainability (LBH)</li> </ul> <p>Supported by Programme Director</p>	<ul style="list-style-type: none"> <li>• Strategic Direction</li> <li>• Ensure all Senior Stakeholders are on-board and up to date</li> <li>• Issue and risk resolution (escalated from the Programme)</li> </ul>	<p>Monthly</p> <p>Chaired by Programme Sponsor (to rotate between Councils)</p>

<p>Programme Board - Director-level Stakeholders</p>	<p>From each Council:</p> <ul style="list-style-type: none"> <li>• Kevin Crompton/Martin Esom (Programme Sponsors)</li> <li>• Portfolio Holders for Shared Services</li> <li>• Director representing Corporate Resources (Finance, HR, IT, Property etc)</li> <li>• Legal representative (covering Democratic Services and Governance)</li> <li>• Communications representative</li> <li>• Directors representing the services proposed for sharing (to be discussed when best to include these Directors)</li> <li>• Capital Ambition representative (on invitation or when requested)</li> <li>• May need to consider Union representation at an appropriate stage, unless this is covered by regular Borough meetings with Unions</li> </ul> <p>Supported by Programme Director</p>	<p>Board)</p> <ul style="list-style-type: none"> <li>• High level steering committee</li> <li>• Strategic/ complex operational decisions</li> <li>• Issue and risk resolution (escalated from the Projects Board)</li> <li>• Sign-off of communications</li> <li>• Overall Budget monitoring</li> </ul>	<p>Fortnightly</p> <p>Chaired by Programme Sponsor (to rotate between Councils)</p>
<p>Projects Board</p>	<ul style="list-style-type: none"> <li>• Programme Director (joint across both Councils)</li> <li>• Programme Manager from each Council</li> <li>• Project Manager for each service project (joint across both Councils or from lead Council)</li> <li>• Capital Ambition representative in early stages (on invitation)</li> </ul>	<ul style="list-style-type: none"> <li>• Hands on, day to day management of the programme</li> </ul>	<p>Will vary throughout project - suggest weekly initially. Adjust frequency as needed</p>

Key decisions to be taken by Cabinet.



## **SCHEDULE 4**

### **Principles for a Protocol for Handling Information Law Requests**

1. The Boroughs will each nominate a head of service to agree a formal protocol for the receipt and response of requests under the Freedom of Information Act 2000, Environmental Information Regulations, Data Protection Act 1998 and any other legislative provision or common law (“information law”) giving any person the right to request information from either or both borough and to receive a response (“information requests”).
2. The Protocol will only address information requests that relate in whole or part to recorded information held by either or both Boroughs in respect of this Memorandum of Understanding and projects initiated under it.
3. The Protocol will ensure compliance with information law but also that requests are responded to in a consistent and efficient manner avoiding duplication.
4. The Boroughs agree that they will cooperate and consult with each other on information requests falling within the remit of this Protocol. The Protocol does not, however, fetter in any way, the separate statutory obligation on each Borough to respond to information requests.
5. The Protocol will include provision for:
  - a. A single point of contact for all information requests to be forwarded to;
  - b. Forwarding of all information requests to the single point of contact within two days of receipt in either borough;
  - c. Agreement on which Borough and/or service in each Borough will lead on individual requests;
  - d. A single point of contact for specialist advice on the request e.g. legal advice and that such advice will be paid for;
  - e. The consultation on draft responses to be agreed by both single points of contact where information requests result in disclosure of information held or about both authorities;
  - f. A central record of all information requests and responses to be held by one of the Boroughs;
  - g. Internal Review procedures for both authorities;
  - h. Procedures for handling complaints to the Information Commissioner and beyond, including legal advice and representation;

- i. Consultation with the Boroughs' communications teams on responses to requests deemed by either or both of the single points of contact as sensitive, including the forwarding of draft responses in advance of formal information responses being sent to applicants; and
  - j. Provision to ensure data sharing obligations under the Data Protection Act 1998 are met in respect of the sharing of personal information whilst responding to information requests under this protocol.
6. The Protocol is to be agreed by the **Programme Board**.