



## Public Committee Meetings

Everyone is welcome to come to the Shared Digital Joint Committee meetings and agendas for these meetings are available in advance on the following websites: [www.camden.gov.uk](http://www.camden.gov.uk); [www.islington.gov.uk](http://www.islington.gov.uk); and [www.haringey.gov.uk](http://www.haringey.gov.uk). If you are interested in a particular item being considered at a meeting and you wish to speak (called making a deputation), please write to the Committee Officer listed on the front of the agenda. The deadline for deputation requests for this meeting is **Thursday, 26 October 2017**.

The Joint Committee is allowed to discuss some items in private, although this does not happen often – any such items will be discussed at the end of the meeting and you will be asked to leave at this point.

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You may be asked to stop filming, photographing or recording a meeting if the Chair feels that the activity is disrupting the meeting.

If you have any views or questions about meetings of the Joint Committee please call Camden Council Committee Services on 020 7974 1915.







**12. SHARED DIGITAL FINANCIAL UPDATE**

**All Wards**  
(Pages 195 -  
200)

Report of the Deputy Director of Finance

This report provides an update on the financial position of Shared Digital for the 2017/18 financial year, and lays out the building blocks for budget setting for 2018/19.

**13. APPOINTMENT OF CHAIR FOR CALENDAR YEAR**

To appoint the Chair from among the Committee members representing London Borough of Haringey for one calendar year upon the close of the meeting.

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

**AGENDA ENDS**

The date of the next meeting will be Tuesday, 20 February 2018 at 7.30 pm in Committee Room 3, Town Hall, Judd Street London WC1H 9JE.







- (ii) THAT authority be delegated to the Chief Digital and Information Officer (CDIO) to procure through a single supplier and award a contract. The delegation shall cover the implementation of the strategy and the award of the contract itself.

**Reasons:** For the reasons set out in the report and above

**9. \*SHARED DIGITAL MULTI - FUNCTIONAL DEVICES (MFD'S) AND PRINTROOM SERVICES PROCUREMENT STRATEGY**

Consideration was given to the report of the Chief Digital and Information Officer.

Members commented on:

- Need to reduce the use of paper through technology and training for staff and councillors in each of the three boroughs;
- Whether print rooms would be rationalised;
- How contracts would be bought out

The Chief Digital and Information Officer responded to Members' queries as follows:

- Staff in the three local authorities were at different stages in moving to paper-free working. Opportunities were being assessed to support this as an aspiration. Software such as Office 365 was being rolled out across the three boroughs. Culture change would be required to reduce the amount of printing across the councils and this would take time to achieve. Councillors and staff would need reassurance that they can work with technology rather than paper.
- Contract termination dates had been reviewed across the three councils. Suppliers were being approached with the option of contracting with three local authorities to secure better deals. A phased or single transition could then be agreed. Officers were seeking to standardise contract termination dates.
- This procurement strategy was not about shutting down print rooms in each council, it was about consolidating the MFD estate and securing a single contract for Print Services, where appropriate.

**RESOLVED –**

- (i) THAT the single source procurement strategy for the supply of MFD's and Print Room services procurement for all three Boroughs be approved; and
- (ii) THAT authority be delegated to the Chief Digital and Information Officer (CDIO) to procure through a single supplier and award a contract. The delegation shall cover the implementation of the strategy and the award of the contract itself.

**Reasons:** For the reasons set out in the report and above

## **10. SHARED ICT AND DIGITAL SERVICE JOINT COMMITTEE TERMS OF REFERENCE**

Consideration was given to the report of the Chief Digital and Information Officer.

Members commented on:

- The need for the Joint Committee to meet a minimum of three times a year rather than two times as in the proposed amendments to the Terms of Reference;
- That all Members of the Committee should be consulted on the draft reports;
- That, as part of the Committee procedures rather than the Terms of Reference, all Members should be invited to a pre-meeting.

The Portfolio Director and Transitional Lead informed the meeting that a more in-depth review of governance would take place over summer.

### **RESOLVED –**

THAT the changes to the Committee's terms of reference set out in the report be recommended to the Leaders and/or Executive/Cabinet of each of the Councils for approval, subject to:

- an amendment increasing the minimum number of meetings in a year to three; and
- an additional requirement that the Chief Digital and Information Officer consults all members of the Committee on reports.

**Reasons:** For the reasons set out in the report and above

## **11. PROGRESS WITH SHARED DIGITAL**

Consideration was given to the report of the Chief Digital and Information Officer.

The following comments were made on the issue 'How should the single Shared Digital service best support the three councils – should it seek a more devolved model or a more integrated one?':

- The Chief Digital and Information Officer said that on the chart on page 70 of the agenda pack, he would assess Shared Digital as being at the communicate/cooperate stage but was aiming at combined.
- Members commented that further integration would enable exciting things to be done with the technology sector.

***Shared ICT and Digital Service Joint Committee - Monday, 19th June, 2017***

- The Chief Digital and Information Officer considered the governance arrangements through a Joint Committee gave opportunities to align direction of travel in the three local authorities. The Tri-borough shared services had been governed directly by the Cabinets in Westminster City Council, the London Borough of Hammersmith and Fulham and the Royal Borough of Kensington and Chelsea. This meant that they were not always aligned in timing and direction of travel.
- The Chief Digital and Information Officer noted that the combined scale of the shared service provided for more effective analytics with the boroughs combined populations allowing statistically significant analysis of population trends.
- The Chair stated that the effectiveness of greater integration should be tested. The service should aim to get the benefits of collaboration while ensuring appropriate checks and balances.

The following comments were made on the issue 'What principles does the Shared ICT and Digital Service Joint Committee think should apply if a council decides to opt out of a shared solution?':

- The Chief Digital and Information Officer commented that if a council opted out of a shared solution, this would reduce efficiencies for all of the partners and queried how potential opt outs should be addressed.
- There was some support for ensuring that the cost of opting-out of a shared solution cover the loss incurred by the other partners. However, it was also suggested that there should be some consideration of how important an initiative was as part of the assessment of total cost.
- The Chief Digital and Information Officer considered that working towards a shared strategy for Shared Digital would highlight differences between the three local authorities early on.
- There was agreement that as the aim was for greater collaboration, there ought to be a shared strategy.
- The Chair suggested that common standards be included in the draft values and behaviours.
- Members discussed the need to consider any challenges to more collaborative working within their own Councils.
- The Executive Director of Corporate Services commented that more information was needed on the opportunity set. The degree of difficulties and collateral impacts should be considered if a council was to opt out of a shared solution. For example, the alignment of finance systems and social care systems could raise concerns within individual local authorities.
- Members discussed that there was an important role for them as Shared ICT and Digital Service Joint Committee Members to communicate back with other Members and residents and explain to them what the strategy means to them.
- In response to a request that disbenefits of shared solutions be teased out, the Chief Digital and Information Officer stated that any identified impacts or risks would be mitigated.

The Chief Digital and Information Officer informed the meeting that a draft strategy for Shared Digital could be considered by the Committee at its meeting on October 2017, based around the principles in the business case, including a delivery plan and a final draft could be agreed by the Committee in February 2018.

It was agreed that the draft values and behaviours should be considered at a future session on digital leadership.

**ACTION FOR: Chief Digital and Information Officer**

**RESOLVED –**

THAT the report be noted.

**Reasons:** For the reasons set out in the report and above

**12. SHARED DIGITAL JOINT COMMITTEE 2017/18 MEETINGS**

**RESOLVED –**

THAT the proposed dates for Joint Committee meetings for the rest of 2017/18 be approved:

30 October 2017 (Haringey Civic Centre)

20 February 2018 (Camden Town Hall)

**Reasons:** According to the Terms of Reference, the Joint Committee will meet at least twice a year.

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

There was no urgent business.

The meeting ended at 8.32 pm

**CHAIR**

**Contact Officer:** Cheryl Hardman

**Telephone No:** 020 7974 1619

**E-Mail:** Principal Committee Officer

**MINUTES END**

<p><b>REPORT TITLE</b> Shared Digital Governance Model Review</p>	
<p><b>REPORT OF</b> Ed Garcez, Chief Digital and Information Officer</p>	
<p><b>FOR SUBMISSION TO</b> Shared Digital Joint Committee</p>	<p><b>DATE</b> 30 October 2017</p>
<p><b>SUMMARY OF REPORT</b> The terms of reference for the Shared Digital Joint Committee require that the Joint Committee, by October/ November 2017, receive and consider a detailed report setting out Governance Model Options for Shared Digital and to make recommendations to the Cabinet/ Executive of each of the Councils in respect of the report. Options to be evaluated were to include the Joint Committee model as well as company models.</p> <p>This report builds on work with the Joint Committee Cabinet Members, the Councils' Chief Executives and senior officers over the summer to assess and consider governance models and sets out the reasons for the recommended option.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>The following document(s) has been used in the preparation of this report: none.</p> <p><b>Contact officers:</b> Ed Garcez, Chief Digital Information Officer 5 Pancras Square, London, N1C 4AG</p> <p><a href="mailto:ed.garcez@camden.gov.uk">ed.garcez@camden.gov.uk</a> 0207 974 4583</p>	
<p><b>WHAT DECISIONS ARE BEING ASKED FOR?</b> That the Shared Digital Joint Committee agree and recommend to the Cabinets/ Executive of Islington, Haringey and Camden that:</p> <ol style="list-style-type: none"> <li>1. The Cabinet/ Executives note the options set out in the detailed 'Shared Digital Governance Model Options' report at Appendix 1 prepared by Activist Group following extensive work since March 2017 with Councillors and senior officers.</li> <li>2. The Cabinet/ Executives approve the adoption of the governance model for the Shared Digital Service set out as Option 1 (a 'lean' Joint Committee model in paragraphs 3.2, 3.6 – 3.13 of this report and paragraphs 4.5 – 4.9 of Appendix 1) based on the outcomes framework at Table 2.4, paragraph 2.26 of Appendix 1</li> </ol>	

with a planned service commencement date of {to be confirmed before submission to Cabinet/ Executives}.

3. The Cabinet/ Executives approve Camden as the host Council and agree to the proposed staffing arrangements set out in section 5.1 of this report.
4. The Executive/ Cabinets of Islington and Haringey delegate to Camden (as the primary host authority in the Shared Service) the delivery of ICT services to include employing staff, managing the service, financial management and making day to day decisions.
5. The Executive/ Cabinets agree the Joint Committee be reconstituted to reflect the new governance model at 2 above.
6. The Executive/ Cabinets agree the Joint Committee will consist of two elected members from each Council.
7. The Executive/ Cabinets approve the creation of a Strategy and Portfolio Management Board, accountable to the Joint Committee, to manage the service, with an appointed Director from each Council amongst other key members of staff to be appointed from each Council and the Chief Digital Information Officer (or suitable alternative).
8. The Executive/ Cabinets make arrangements to delegate to relevant officers, on advice from their respective Borough Solicitors or equivalent, to take the necessary steps to put the above arrangements into effect including but not limited to finalising the terms of the inter-authority agreement and any changes to it and for the operation of the 3 way Shared Digital Service.

Date: 19/10/2017

Signed:



## 1 WHAT IS THIS REPORT ABOUT?

- 1.1 Camden, Haringey and Islington Councils recognise that sharing their Digital and ICT services will bring many benefits, including saving money, improving performance and resilience, and sharing learning to support better digital services to citizens and residents.

- 1.2 Shared Digital was established using a Joint Committee governance structure. The terms of reference for the Shared Digital Joint Committee require that the Joint Committee, by October/ November 2017, receive and consider a detailed report setting out Governance Model Options for Shared Digital and to make recommendations to the Cabinet/ Executive of each of the Councils in respect of the report. Options to be evaluated to include the Joint Committee model as well as company models.
- 1.3 The current governance of Shared Digital is underpinned by a legal agreement and terms of reference for the Shared Digital Joint Committee. The legal agreement works within the framework of the Local Government Acts 1972 and 2000, and the Localism Act 2011, which give Local Authorities powers to delegate the discharge of functions to another Local Authority or to a Joint Committee, and to make staff available ('place' staff) in order to discharge the functions in accordance with s113 Local Government Act 1972. Section 113 of the Local Government Act 1972 enables staff of local authorities to be placed at disposal of other local authorities, subject to consultation. Staff are essentially shared by a form of secondment, in which staff remain employees of their original authority for superannuation purposes, but can also take delegated decisions on behalf of the authority they have been seconded to. At the inception of the Shared Digital staff in the Councils were issued with a Section 113 notice and have received recent confirmation that this arrangement continues indefinitely pending any further decision stemming from the conclusion from the review being undertaken by the Joint Committee or change to the shared service which impacts on this arrangement.
- 1.4 From March 2017, a Governance Model Review Project was set up to fulfil the commitment to find the right governance model for Shared Digital in two phases:
- **Phase 1** was completed in July, and focused on exploring the future and helping the three partner boroughs to develop a shared understanding of the options available for the governance of their shared service, and to confirm their future ambitions (narrowing down options for detailed review in the options report).
  - **Phase 2** has investigated the options from Phase 1, and set out in detail an assessment of the two main options (a 'lean' Joint Committee and a public service company) for the Joint Committee to consider. This is set out in the discussion report attached as Appendix 1 to this report.

## 2 WHY IS THIS REPORT NECESSARY?

- 2.1 This report provides the detail for the Joint Committee in order to fulfil the requirement in its terms of reference that it:

*“Receive and consider a detailed report, within twelve months of the creation of the Joint Committee [by October/ November 2017] that considers the Governance Model Options for Shared Digital and to make recommendations to the Cabinet/ Executive of each of the Councils in respect of the report. Options to be evaluated to include the Joint Committee model as well as company models.”*

### 3 OPTIONS

- 3.1 There are three options, to adopt one of the two models: a 'lean' Joint Committee model or a company model as identified and evaluated in the detailed report (Appendix 1), or to maintain the status quo.
- 3.2 **Option 1:** a 'lean' Joint Committee, similar to the current arrangements, with some streamlining – see the following paragraphs of the Activist Group report in Appendix 1 for more detail:
- discussed in paragraphs 3.7 to 3.14
  - specific detail on the model in paragraphs 4.5 to 4.8
  - evaluation in paragraphs 4.9
- 3.3 **Option 2:** a public service company that could be jointly owned by the three partners – see the following paragraphs of the Activist Group report for more detail:
- evaluation in paragraph 4.10
- 3.4 **Option 3:** to maintain the current governance model.
- 3.5 Option 3 is not recommended. The current model cannot address the fundamental issues that have been identified (see Table 2.3, paragraph 2.25, of Appendix 1), ie:
- **Complex decision-making:** current decision-making processes and delegations are complex and introduce unnecessary risks and delays.
  - **Constitutional differences:** there is currently a divergence in views as to the operation of the arrangements and some ambiguity over some of the provisions which should be addressed by the recommended option.
  - **Diffuse employment arrangements:** the current arrangements for employment (with three employers) adds complexity and impedes the formation of a cohesive and focussed organisation.

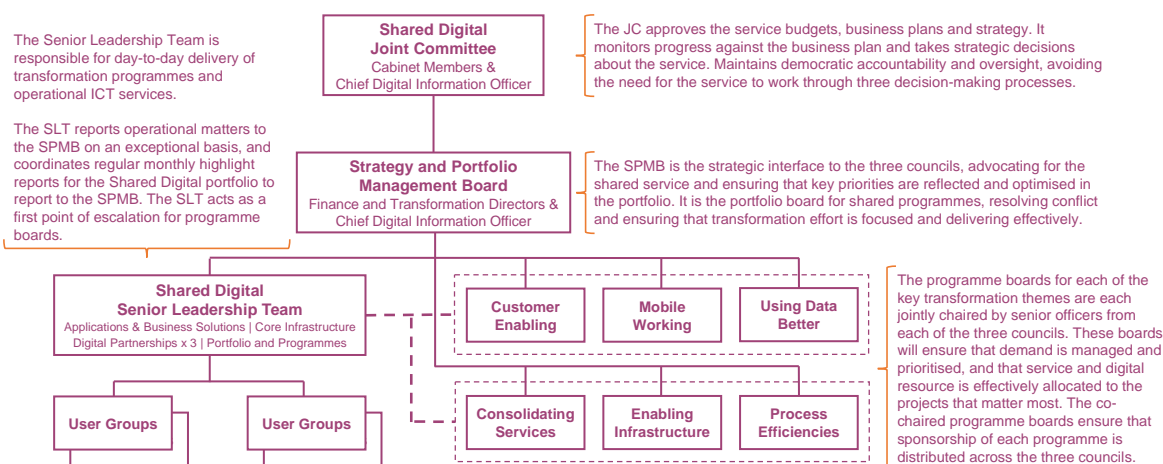
To meet the Councils' ambitions, and provide stability for staff in the service, a new governance model is urgently needed.

#### **Option 1: a 'lean' Joint Committee**

- 3.6 In this model Haringey and Islington would directly **delegate their Digital and ICT services to Camden as 'host' authority under s101** of the Local Government Act 1972 (this is the model used by Brent, Lewisham and Southwark for their shared ICT service) but with that being strategically directed by the Joint Committee.
- 3.7 This **delegation would include employing the staff, managing the service and making day-to-day operational decisions about the service subject to strategic direction by the JC.**



- 3.8 **Staff would be transferred to Camden under TUPE Regulations.** Pension fund arrangements will need to be examined and addressed by the three Councils as part of the transfer due diligence.
- 3.9 The arrangement would be underpinned by **inter-authority agreements and service descriptions which set out roles and responsibilities of in particular the Joint Committee and mutual expectations generally.**
- 3.10 **A Joint Committee of the partners would approve business plans and strategies;** monitoring high-level progress against the business plans and financial budgets.
- 3.11 Re-casting the arrangements to include standard consistent and specific delegations to the host authority and to Joint Committee would streamline decision-making while retaining transparency and accountability.
- 3.12 The principles of a governance framework to support the 'lean' Joint Committee are set out Table 4.1, paragraph 4.7 of Appendix 1.
- 3.13 An overview of the governance framework aligned with the lean Joint Committee is shown below, with four key elements:



1. The **Shared Digital Joint Committee** approves the service budgets, business plans and strategy. It monitors progress against the business plan and takes strategic decisions about the service and high value procurement decisions at a level to be decided by the three Boroughs. It maintains democratic accountability and oversight, avoiding the need for the service to work through three decision-making processes. It will be decision making.
2. The **Strategy and Portfolio Management Board** is the strategic interface to the three Councils, advocating for the shared service and ensuring that key priorities are reflected and optimised in the portfolio. It is the portfolio board for shared programmes, resolving conflict and ensuring that transformation effort is focused and delivering effectively.

3. **Priority shared digital transformation themes/** programme boards for each of the key transformation themes. These are each jointly chaired by a senior officer from each of the three Councils. These boards will ensure that demand is managed and prioritised, and that service and digital resource is effectively allocated to the projects that matter most. The co-chaired programme boards ensure that sponsorship of each programme is distributed across the three Councils.
4. The **Shared Digital Senior Leadership Team** is responsible for day-to-day delivery of transformation programmes and operational ICT services. The SLT reports operational matters to the Strategic Portfolio Management Board on an exceptional basis, and coordinates regular monthly highlight reports for the Shared Digital portfolio to report to the Strategic Portfolio Management Board. The SLT acts as a first point of escalation for programme boards.

### Option 2: a public services company

- 3.14 The three Councils can setup a publicly owned company (without requiring a procurement exercise providing they all take part in the control of the company (this is often called the 'Teckal exemption')).
- 3.15 The company can offer a proportion of its services commercially to external customers up to a maximum of 20% of its turnover. If that threshold is exceeded the company will lose its Teckal exemption and the work undertaken by the company on behalf of its owning bodies will need to be put out to tender by those owning bodies in line with public procurement regulations.
- 3.16 Legal arrangements for a company owned by local authority partners would need to be put in place and would include:
  - The **articles of association of the company** which sets out the governance of the company, including issues such as decision-making arrangements for shareholders and directors.
  - A **shareholders' agreement**: this will cover arrangements between the owning partners such as mechanisms for managing changes to shareholdings; and notice periods and provisions from withdrawal from the company.
  - The **contract between the company and each of the owning authorities**, identifying the service provided and the payment mechanisms.
  - **Reserved matters**: this will include decisions (eg over major expenditure and taking on new partners) that the owning partners will not delegate to the board of directors.

- 3.17 A **board of directors would need to be established**. A local authority company's board of directors would generally include a combination of staff, directors, and/ or elected members from the owning authorities. Elected members can be nominated to sit on the board of directors for the company. If they are appointed as directors, they will have a duty to 'promote the success of the company' which may sometimes be at odds with the objectives of one or more of the shareholding owners. As a result, a separation is advisable between decisions made by the board of directors and decisions made by shareholders (eg at general meetings of shareholders).

#### **4 WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?**

- 4.1 This report recommends that the Joint Committee model be refined to address the issues set out in paragraph 3.4 and that the service be governed under a 'lean' Joint Committee model.
- 4.2 The Councils' Digital and ICT teams have been in a state of transition for a number of years. Ongoing uncertainty is adversely impacting staff morale, and in turn the service. It is imperative that the future governance arrangements for the shared service be confirmed and implemented.
- 4.3 The interim 'secondment' arrangement currently in place is not considered sustainable in the long term nor are long term secondments generally considered to be good practice, and such arrangements are not aligned with the Councils' ambition to establish a high-performing single team that retains and attracts the best Digital and ICT staff. Both of the options discussed in this paper involve the formation and development of a single team. Delay in implementing the single team will compromise committed savings and further undermine staff morale.
- 4.4 The public services company model is not recommended at this time as it is considered on balance that the lean JC model will be able to satisfactorily develop this project at this time. Should the Councils wish to trade services in the future, a trading arm could be established to facilitate that.
- 4.5 The 'do nothing' option is not recommended for the reasons set out in paragraph 3.4 above.

#### **5 WHAT ARE THE IMPACTS/ RISKS? HOW WILL THEY BE ADDRESSED?**

- 5.1 If the Shared Digital Joint Committee approve the recommendation, Camden would be responsible for employing staff engaged to deliver the Shared ICT Service. As a result of the service transferring under this model, as stated in paragraph 3.8, it is considered likely that some Islington and Haringey staff would be eligible to transfer to Camden (as the host authority) under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Pension arrangements and liabilities arising from transferring staff will need to be determined. Haringey, Islington and Camden will be required to comply with their usual statutory obligations. The Council's respective procedures on managing change and consulting with departments, staff and the respective unions will be followed in respect of all affected staff where applicable.

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

- 6.1 If the Shared Digital Joint Committee agrees the recommendation, officers will prepare a report for the consideration at the 6 December Cabinet in Camden, the 12 December Cabinet in Haringey, and the 23 November Executive in Islington.
- 6.2 The report will seek approval or delegated approval for other all of the changes needed to legally implement the recommended option so that this can be implemented as efficiently as possible once the decision is taken.
- 6.3 If the Shared Digital Joint Committee is unable to agree the recommendation, the risks associated with uncertainty for staff would continue and would be exacerbated. This could impact service delivery and resilience.

## **7 CONSULTATION**

- 7.1 A series of stakeholder engagement sessions have taken place with senior officers and Members from Camden, Haringey and Islington, around the governance model detailed in this report and associated appendices, including:
- meetings with the Legal services on 22 and 29 September
  - meetings with the Shared Digital Delivery Board on 22 and 29 September
  - meetings with members of the Shared Digital Joint Committee on 24 July (at an informal meeting), and in a series of interviews over the second half of September
  - meetings and calls with the three Chief Executives in September and October
- 7.2 Staff across the service have been advised that this review of governance options is underway and there have been informal discussions at staff 'huddle' meetings. Further consultation with staff on transfer will take place, subject to the decision of the Joint Committee and Cabinet/ Executive.

## **8 LEGAL IMPLICATIONS**

- 8.1 The report recommends that each Council now re-cast the current arrangements for the delivery of a joint ICT service. In summary, it recommends:
- (i) That the operation of ICT-related functions are transferred to Camden including the employment of staff (which will entail on the day this “delegation” takes effect a TUPE transfer of the relevant staff to Camden) subject to (ii).
  - (ii) That the Joint Committee is re-constituted to provide strategic oversight on behalf of the three Boroughs including monitoring and approving budgets and business plans and taking high value procurement decisions with other specified matters delegated to the Chief Digital Information Officer under the general direction of an officer Strategy and Portfolio Management Board.
- 8.2 So far as the Joint Committee is concerned, the power to make joint arrangements originates from s. 101(5) of the Local Government Act read with Part 4 of SI 2012/1019 (“the Discharge of Functions Regulations”). These provisions confer power upon the executive of each Council (reg. 4 of the Discharge of Functions Regulations) to make arrangements for the joint exercise of their powers with another authority. The functions here, ICT and related activity, are matters within the power of the executives. The ultimate form of “delegation” to a Joint Committee must be aligned with each Council’s constitution in the sense that a constitution might prevent or limit the scope of “delegation” to a Joint Committee, or might impose conditions as to the further “delegation” of decision-making power by a Joint Committee, but subject to any express provision to that effect, the power to “delegate” to a Joint Committee, and the terms on which powers may be exercised by a Joint Committee, are a matter for the executive to determine by way of the particular arrangements entered into pursuant to s. 101(5). If no express provision is made then the default position in s. 101(5)(a) and 101(2) will apply and the Joint Committee will be entitled to arrange for the discharge of its functions by a sub-committee or officer.
- 8.3 Therefore, it will be open to each authority to impose express limitations on the exercise of power by the Joint Committee in the terms of the arrangements regarding transfer of powers to the Joint Committee. Once functions have been “delegated” to the Joint Committee then their exercise is for the Joint Committee to manage subject only to the terms of that “delegation”. Hence, for example, the schemes of delegation which apply internally within each Council regarding the exercise of decision-making power by committees and officers within that Council do not apply to the delegation of power to the Joint Committee (unless they are expressly incorporated into or otherwise applied to the terms of “delegation” of power to the Joint Committee).

- 8.4 Similarly, the transfer of certain 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 Discharge of Functions Regulations. 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 default of specific provision, it can be expected that Camden’s scheme of “delegation” will apply to decisions taken by Camden pursuant to the transfer of functions to Camden by Haringey and Islington.
- 8.5 The proposed new model – of direct “delegation” to Camden of some functions and the re-casting of the JC to provide strategic oversight – can be achieved without the need to change constitutions (unless, exceptionally, a constitution has already made express provision which would restrict the power of the executive to “delegate” functions to the Joint Committee or the powers of the Joint Committee to exercise those functions).

### **Next Legal steps**

1. Each Council to confirm that there are no constitutional bars to the proposed arrangements and if there are to take appropriate steps to amend those provisions or seek dispensation for these particular arrangements
2. Each Council to work up the detail around the proposed amended terms of reference for the JC and Strategy and Portfolio Management Board. The powers of this Board will need to be carefully considered and distinguished from those of the Joint Committee and Camden
3. The results of the above to feed into agreed decisions to be taken by each Executive
4. The Councils to agree a go live date for the transfer of the function to Camden and therefore the TUPE date for staff to be captured in the decisions of the Executives

## **9 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)**

- 9.1 The implications below are agreed across Camden, Haringey and Islington.
- 9.2 The two options for proposed governance models of Shared Digital presented this paper will carry different financial implications. Whichever governance model is chosen, any costs associated should be shared equally between the three authorities, as per the agreed financial approach for Shared Digital, and additional funding will need to be identified to support this.

- 9.3 The lean Joint Committee option builds on the current governance model, and no significant cost increase would be expected. The public services company model will incur additional governance and set up costs. These are as yet unquantified but further due diligence, including professional legal and tax advice, will be needed for a detailed assessment of financial implications.
- 9.4 The transfer of staff under TUPE would result in the transfer of pension liabilities to the host employer's pension fund, with accompanying proportional transfer of assets to be determined by actuarial valuation. Cost associated with the transfer would also be shared equally between authorities as per the agreed financial approach. The arrangements for cost of staff transferred under TUPE will be covered by the wider arrangements for ongoing cost of service, and align with the funding agreements across the three councils.

## **10 APPENDICES**

- 10.1 Shared Digital Governance Model Options Discussion Paper (Appendix 1) prepared by Activist Group.

**REPORT ENDS**

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# Camden, Haringey and Islington

## Shared Digital Governance Model Options

### Discussion Paper

**Activist Group**

**October 2017**

This report was produced on behalf of Camden, Haringey and Islington Councils by Activist Group.

### Report Details



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# Contents

Contents .....	2
Executive summary.....	4
Table 0.1: Success factors for shared ICT services .....	4
1.        Introduction.....	6
Purpose of this report	6
Background to the report	6
Our approach	6
Table 1.1: Activist work programme for phase 1 - exploration .....	6
Table 1.2: Activist work programme for phase 2 - evaluation.....	7
How we engaged with people	8
The process for identifying the right governance model	9
Figure 1.1: Process for identifying a preferred governance model option .....	9
2.        Summary of findings in phase 1 .....	10
Introduction	10
What makes for a successful shared ICT service	10
Table 2.1: Success factors for shared ICT services .....	10
Initial governance of the shared service	11
Issues identified by stakeholders	13
Table 2.2: List of issues identified by stakeholders and their impact on the service .....	13
Our assessment of the issues identified	16
Building the partnership.....	16
Decision-making .....	16
Management, recruitment and retention.....	17
Summary of our findings on the issues identified .....	18
Table 2.3: Fundamental issues to be resolved in next governance model.....	18
Confirmation of outcomes and evaluation criteria	19
Table 2.4: Outcomes framework for Shared Digital.....	19
The key issues to inform the evaluation criteria	20
Table 2.5: Key questions for evaluating the governance model options .....	20
Summary of our findings on the initial governance model	21
3.        What governance options are available? .....	22
Introduction	22
Table 3.1: Sourcing options.....	22
Table 3.2: Longlist of options for consideration (longlist highlighted in red).....	22
Option 1: joint committee structures	23
The legal context .....	23
Setting up a joint committee under the 1972 Act.....	24
Models for shared services using joint committees .....	24

Option 2: company structures	25
Introduction.....	25
The legal context .....	25
Setting up a company.....	26
Governance arrangements.....	26
Involvement of the private sector	27
Introduction.....	27
Working with service providers.....	27
Working with software and hardware providers and specialists .....	28
The likely future role of private partners .....	28
Case studies – key points and findings	29
4.    Evaluating the governance model options.....	30
Introduction	30
A ‘lean’ joint committee model	30
Key features of the lean model.....	30
Governance framework for lean joint committee .....	31
Table 4.1: Governance framework for lean JC – advantages and disadvantages .....	31
Evaluating option 1: the ‘lean’ joint committee option	33
Table 4.2: Evaluation of ‘lean’ joint committee .....	33
Evaluating option 2: the public sector company option	35
Table 4.2: Evaluation of public sector company model .....	35
Conclusions	38
5.    Next steps .....	39
Introduction	39
Implementation – Joint Committee	39
Action plan.....	39
Table 5.1: Key activities for the implementation of a ‘lean’ joint committee .....	39
Key risks.....	40
Table 5.2: Key risks and suggested mitigations .....	40
Implementation – public service company	42
Action plan.....	42
Table 5.3: Key activities for the implementation of a company model.....	42
Key risks.....	44
Table 5.4: Key risks and suggested mitigations .....	44
Summary	45
Appendices .....	46
Appendix 1 .....	47
Examples of sourcing options .....	47
Appendix 2 .....	48
Case studies .....	48

### Executive summary

1. This purpose of this report is to provide the basis of a discussion about the best governance option for the 'Shared Digital' service for the London Boroughs of Camden, Haringey and Islington. It is designed to enable you to meet the partners' commitment to a detailed report in the depth required to explore fully the governance options available.
2. Camden, Haringey and Islington Councils have recognised that sharing their digital and ICT services would bring numerous benefits, including saving money and improving their performance and resilience. Building on the initial plans for a shared service between Camden and Islington, the three councils launched their three-way shared Digital and ICT Service in 2016.
3. Activist Group were commissioned by you to provide independent advice on the most suitable governance model for Shared Digital and this report sets out to meet the requirements of the Joint Committee's terms of reference for a detailed report on the options.
4. We have carried out our work for you in two phases – the first phase explored the current position for Shared Digital, including your initial governance framework and supporting agreements. The second phase involved working with stakeholders from all the partners to establish:
  - Their views about the issues around the current governance arrangements.
  - What their ambitions are for the Shared Digital service, expressed as a series of outcomes.
  - Which of these are critical to evaluating a new model.
  - What governance options are available.
5. In our experience, there are a number of factors that are characteristic of effective ICT shared services and which have helped to inform our analysis:

**Table 0.1: Success factors for shared ICT services**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• <b>Commonality of vision</b> and strategies between the partners.</li><li>• <b>Senior business sponsorship</b> of transformation and technology.</li><li>• <b>Shared expectations</b> about relationships between the shared service and partners - and between partners.</li><li>• <b>Partners working together</b> as a joint sponsor rather than as separate clients.</li><li>• <b>Close collaboration</b> between partner authorities and the shared service.</li><li>• <b>An agreed balance</b> between cost and quality that is endorsed by all partners.</li><li>• <b>Transparency</b> over performance and costs between the shared services and the clients.</li><li>• <b>Simplicity and consistency</b> in governance and charging arrangements.</li><li>• <b>Clarity</b> about what the service is and what it isn't.</li></ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

6. We have found that Shared Digital demonstrates many of these success factors. For example, we found it possible from our discussions with senior stakeholders to identify an ambitious yet realistic set of outcomes with which the partners were well aligned.

## Shared Digital governance options

7. However, our assessment of the issues reported to us that have arisen from Shared Digital's initial governance model suggested that the current model acts as a barrier to you achieving your ambitions. As a result, we have recommended that you replace the current model. You wisely planned to review your initial governance model after the first year of operation and now have the opportunity to identify the right model for the future.
8. We have developed two shortlisted alternative models for consideration and used evaluation criteria to assess their competing claims:
  - **Option 1: a 'lean' joint committee**, which is designed as a streamlined version of the current arrangements.
  - **Option 2: a public service company** that would be jointly owned by the three partners.
9. We have considered how these models support the desired outcomes and address the issues raised. The remainder of the report considers the activities required to implement these models and the key risks involved.
10. We have concluded that either of these models would be capable of enabling you to meet your objectives, although each has nuances that need to be considered by you before you decide on recommendations to your cabinets or executives about the future governance model for Shared Digital.
11. The partners in Shared Digital have recognised the need to keep the governance model under review and examine opportunities for improving its effectiveness. This discussion document is designed to help the Joint Committee to steer Shared Digital towards the next landmark in its journey.

### Summary of recommendations

1. That it be noted that the initial governance model for Shared Digital cannot address the fundamental issues summarised in table 2.3 and that a new model will be required in order to deliver the partners' ambitions.
2. That the outcomes framework set out in table 2.4 be endorsed as the basis for further work to guide the development of Shared Digital.
3. That each partner ensures that its senior political and managerial leadership provides active sponsorship for the technology-enabled transformational programmes that Shared Digital will support.
4. That regardless of the model selected, if necessary, you proceed to amend your constitutions as envisaged in your legal agreement and, in particular, to align your schemes of delegation in respect of Shared Digital.
5. That you consider our evaluation of two models and decide which governance model or models are most likely to deliver the outcomes you are seeking at this stage of the development of Shared Digital.

# 1. Introduction

## Purpose of this report

- 1.1 This purpose of this report is to provide the basis of a discussion concerning the best governance option for the 'Shared Digital' service for the London Boroughs of Camden, Haringey and Islington. It is designed to enable you to meet the partners' commitment to a detailed report in the depth required to explore fully the governance options available.

## Background to the report

- 1.2 Camden, Haringey and Islington Councils have recognised that sharing their digital and ICT services would bring numerous benefits, including saving money and improving their performance and resilience. Building on the initial plans for a shared service between Camden and Islington, the three councils launched their three-way shared Digital and ICT Service in 2016.
- 1.3 The shared service partnership was established using a joint committee governance structure. As part of the original terms of reference for the Joint Committee, it was agreed that the Joint Committee would:

“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.”

- 1.4 Activist Group were commissioned by you to provide independent advice on the most suitable governance model for Shared Digital and this report sets out to meet the requirements of the Joint Committee’s terms of reference for a detailed report on the options.

## Our approach

- 1.5 Our work has been undertaken in two phases, beginning with an initial, **exploratory** phase to help to shape the subsequent **evaluation** phase. The first phase focused on engagement with your senior stakeholders to establish a shared grounding in the options and to identify your individual and collective ambitions for the future.

**Table 1.1: Activist work programme for phase 1 - exploration**

Activities	Tasks
<p><b>Exploring the future:</b> helping the partners to develop a shared understanding of the options available and to confirm their future ambitions.</p>	<ul style="list-style-type: none"> <li>Identify the current position, including a document review of the background and strategic context for each partner.</li> <li>Interview senior stakeholders to identify their aspirations and expectations.</li> <li>Analyse the results and provide collective and personal feedback to the stakeholders.</li> </ul>

## Shared Digital governance options

Activities	Tasks
	<ul style="list-style-type: none"> <li>• Design and facilitate workshops and meetings for officers and Members of the Joint Committee to brief on the options and confirm the partnership's ambition.</li> <li>• Develop and agree an outcomes statement to govern the choice of governance model.</li> <li>• Present preliminary findings and agree the next steps.</li> </ul>

1.6 Following the completion of that first phase, we established the focus and extent of phase 2 of the work:

- The work of phase 2 would focus on evaluating two principal options: the joint committee and public service company.
- There was some concern that the current arrangements for the Joint Committee have raised governance issues that will need to be addressed so that Shared Digital can operate in a more agile and efficient way.
- The report to the Joint Committee required by its terms of reference would take the form of a discussion paper that will lead to recommendations for a decision by the three Cabinets/ Executives on the future model by the beginning of 2018.

1.7 The work programme identified for phase 2 is summarised below.

**Table 1.2: Activist work programme for phase 2 - evaluation**

Activities	Main tasks
<p><b>Evaluating the options:</b> undertaking an initial evaluation of the options for inclusion in discussion document for Joint Committee.</p>	<ul style="list-style-type: none"> <li>• <b>Prepare and plan:</b> revise, update and consult on the engagement plan and develop a mini-project plan for phase 2.</li> <li>• <b>Develop proposals for improving the governance of Shared Digital, including:</b> <ul style="list-style-type: none"> <li>• Review and validate your summary of governance issues faced by Shared Digital to identify the underlying constitutional position and the changes required to address those issues.</li> <li>• Develop the model of a 'lean' JC that addresses the current governance issues in discussion with partners' legal teams.</li> <li>• Develop a new current governance framework that is capable of addressing the strategic and operational direction and management of Shared Digital.</li> </ul> </li> <li>• <b>Undertake the appraisal of the principal options for the future governance model for Shared Digital:</b> <ul style="list-style-type: none"> <li>• Update the outcomes framework and confirm the evaluation criteria for the choice of governance model.</li> <li>• Undertake a review of examples of public service companies and shared services operating under a joint committee (JC) and identify their essential differences.</li> </ul> </li> <li>• <b>Support the partners' decision-making and implementation planning:</b></li> </ul>



## Shared Digital governance options

Activities	Main tasks
	<ul style="list-style-type: none"><li data-bbox="655 264 1422 398">• Advise on the implementation and transition plans from the current shared service governance model to a new one for both a public service company and a lean JC, including a risk management plan.</li><li data-bbox="655 398 1342 465">• Consolidate the findings into a written discussion document suitable for the Joint Committee.</li></ul>

### How we engaged with people

1.8 During the course of our project, we have undertaken a range of activities to engage with senior stakeholders. These have included:

- Interviews with members of the Joint Committee.
- Meetings with the Joint Committee.
- Interviews with representatives of the officer-level Management Board.
- Meetings with the Chief Executives.
- Meetings with the Delivery Board.
- Meetings with the Councils' legal advisers.

1.9 These informal meetings served to clarify the partners' ambitions, preferences and perceptions as well as the issues they wanted to see addressed by our project.

1.10 Later in this report, we have recommended wider engagement and communication in order to enable Shared Digital to thrive, regardless of the governance model the partners eventually choose.

### The process for identifying the right governance model

- 1.11 Our approach to this review has been based on ensuring that ‘form follows function’, i.e. you are able to select the model that is most likely to deliver your ambitions for Shared Digital. As a result, we started by identifying your ambitions and translating them into an outcomes framework for Shared Digital. That framework would then be used to evaluate the model most likely to deliver what you want to achieve. This process is summarized in the diagram below.

**Figure 1.1: Process for identifying a preferred governance model option**



## 2. Summary of findings in phase 1

### Introduction

2.1 Our work in phase 1 centred on engaging with stakeholders to establish:

- The current governance model for the service.
- Their views concerning the current service, the efficacy of the governance and their ambitions for the service.
- What outcomes any new model should support and how this could be evaluated.

### What makes for a successful shared ICT service

2.2 Drawing from our experience working with shared services, including looking at case studies, we have established a list of success factors for ICT shared services. These are:

**Table 2.1: Success factors for shared ICT services**

- **Commonality of vision** and strategies between the partners.
- **Senior business sponsorship** of transformation and technology.
- **Shared expectations** about relationships between the shared service and partners - and between partners.
- **Partners working together** as a joint sponsor rather than as separate clients.
- **Close collaboration** between partner authorities and the shared service.
- **An agreed balance** between cost and quality that is endorsed by all partners.
- **Transparency** over performance and costs between the shared services and the clients.
- **Simplicity and consistency** in governance and charging arrangements.
- **Clarity** about what the service is and what it isn't.

2.3 We have used these success criteria to test Shared Digital's governance arrangements as all of these factors relate to the governance of the service in several connected aspects. In particular, consideration of the 'governance' of a shared service needs to address:

- The formal governance model,
- The protocols and processes through which the model is managed, and
- The culture and behaviours of the partners.

2.4 All three need to be aligned to support a successful shared service.

### Initial governance of the shared service

- 2.5 The current governance of the Shared Digital services is underpinned by a legal agreement drafted in April 2017 and signed in July 2017<sup>1</sup>. The legal agreement works within the framework of the Local Government Acts 1972 and 2000, and the Localism Act 2011, which give local authorities powers to delegate the discharge of functions to another local authority or to a joint committee, and to make staff available ('place' staff) in order to discharge the functions.
- 2.6 The legal agreement delegates power to govern the operation of the shared service to the Joint Committee ('the Committee') and includes Terms of Reference (TOR) for the Committee. The powers delegated to the Committee include:
- Providing democratic oversight to the shared service.
  - Approving the strategic service and financial plan, including performance measures.
  - Agreeing the procurement strategy and awarding contracts related to digital and IT spend where the total estimated value exceeds £2m revenue and/or £5m capital<sup>2</sup>. Below these thresholds the authority to agree procurement strategies and award contracts is delegated to the Chief Digital and Information Officer ('CDIO').<sup>3</sup>
  - Suggesting revisions to their TOR to be referred back to the Leaders and/or Executive for approval.
  - Receiving a detailed report by October / November 2017 that considers the Governance Model for Shared Digital and to make recommendations to the Cabinet / Executive of each partner council.
  - Delegating all matters not specifically mentioned above to the CDIO, and delegating any matters mentioned above to a named officer or any of the councils.
- 2.7 The Committee comprises six members, two appointed by each council of which one must be the Cabinet/Executive member responsible for information and digital technology.

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<sup>1</sup> Shared Digital Agreement 180417 (Clean)

<sup>2</sup> It has been suggested that this may not yet align with Haringey's constitution.

<sup>3</sup> This is a recent amendment to the Committee TOR, proposed in September 2017 which clarifies the position regarding the powers to award contracts. These changes will take effect from October 1<sup>st</sup>, 2017. in relation to Camden and Islington. In the case of Haringey see Cabinet minutes 12 September 2017 item 60:

<http://www.minutes.haringey.gov.uk/documents/g8289/Printed%20minutes%2012th-Sep-2017%2018.30%20Cabinet.pdf?T=1>

"The Cabinet Member for Corporate Resources further referred to the legal comments in the report, which highlighted that the Council's Constitution has set a threshold of £500,000 or above where decisions to award contracts or expenditure on a service would be a key decision, which our constitution prohibits an officer from taking.

This meant that awards of contracts related to the Shared Digital IT spend, where Haringey's contribution is estimated to be £500,000 or above, that would be taken by the Chief Digital and Information Officer on behalf of Camden and Islington, would be taken in parallel by a Cabinet Member for Haringey

This was for an intermediate period until a more detailed review of the Shared ICT and Digital Service Joint Committee Terms of Reference is carried out as part of the Governance Model review which will include a review of the current Joint Committee model.

## Shared Digital governance options

- 2.8 All Members appointed to the Joint Committee must be members of the Executive or Cabinet of their own council. The Chair of the Committee rotates between the three councils. The Committee must meet at least three times a year at a venue agreed by the Committee<sup>4</sup>. Authority is delegated to Camden to support the Committee in terms of administration.
- 2.9 The legal agreement also includes Terms of Reference for a Shared Digital Management Board. This is an Officer Board made up of 10 members including the CDIO and the Corporate Director responsible for Finance and/or Resources from each council. This board has overall responsibility for strategic management to ensure the delivery of the joint digital service provided to Camden, Haringey and Islington. The TOR for the SD Management Board also refers to a Delivery Board which oversees the programme to deliver the shared service.
- 2.10 The Management Board also has responsibility for:
- The business plan and strategy, including key service objectives and investment priorities.
  - Ensuring that there are sufficient resources – both financial and non-financial – in place to achieve the key priorities and objectives for the service.
  - Monitoring and reporting, to the partner councils, on Shared Digital's performance against agreed metrics on a quarterly basis, taking any corrective action as and when required. The portfolio reporting will include all digital and technology initiatives, a combination of sovereign and SD projects/ programmes.
  - Leading on the financial strategy and investment priorities for the service.
  - Overseeing and agreeing the cost and benefit sharing framework, ensuring that it remains fair and appropriate for all partners.
  - Providing updates on the strategic business plan and performance to the Joint Committee.
  - Overseeing the development of work to ensure that, by October 2017, the Joint Committee is presented with, considers and makes a decision regarding the options for the Shared Digital Service to be delivered via a corporate model rather than a joint committee structure.
- 2.11 The TOR for the Joint Committee and the Management Board recognise the need for an early review of the initial governance model for Shared Digital and consider opportunities for change and improvement, drawing on the experience of the first phase of Shared Digital's operation.
- 2.12 The Job Description for the CDIO says that the CDIO will report to the Executive Director of Corporate Services in Camden with dotted line reporting to the Chief Operating Officer in Haringey and the Corporate Director Resources in Islington.<sup>5</sup>

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<sup>4</sup> The recent amendment says that meetings will rotate around the partners in alphabetical order

<sup>5</sup> See Job Description in the Shared Digital Agreement 180417 (Clean)

### Issues identified by stakeholders

2.13 During the course of our discussions with stakeholders, we were asked to summarise the issues identified that the governance model review needed to address. We have summarised the issues reported to us by various stakeholders, including members of the Joint Committee and the management of Shared Digital. The issues raised with us were a mixture of problems experience so far, perceptions and hypotheses. The issues and their potential impact are summarised in the table below. In the next section we have commented on these issues reported to us before highlighting what we perceive to be the key, fundamental challenges that any changes to the governance model should seek to address.

**Table 2.2: List of issues identified by stakeholders and their impact on the service**

No.	Description of reported issue	Suggested impact
<b>Building the partnership</b>		
1	<p><b>Lack of understanding about Shared Digital.</b> Information about SD is not widely known. Some do not regard Shared Digital as part of them, it is rather perceived as an external new entity. This leads to them making a choice between the concerns of their staff and driving forward the shared service.</p> <p>Members established at the last Joint Committee that their role is to keep other members briefed, but is that happening among officers?</p> <p>This is exacerbated by Shared Digital staff still being employed across the three partners meaning they naturally look to their employing borough to resolve issues rather than to Shared Digital as their lead employer.</p>	<p>Lack of information allows rumours to spread and impact morale and joint working. This impacts the capacity to deliver and leads to partners reverting to their old ways of working, making it difficult to build a trusting relationship between the partners and the shared service.</p>
<b>Decision making</b>		
2.	<p><b>Different key decision thresholds and planning processes.</b> The three partners have different key decision thresholds and different forward planning processes.</p>	<p>Decisions, especially spending decisions, can be complex to plan and time consuming to steer through each partner's planning processes. In one example, this has added over 50% (3.5 months) to the 6 month procurement timetable. This is likely to delay service improvements (and potentially delay efficiency savings).</p>

## Shared Digital governance options

No.	Description of reported issue	Suggested impact
3	<p><b>The Legal Agreement and JC TOR do not yet align with parts of the constitutions of each partner.</b> The intention of the delegations within the legal agreement and JC TOR seems to be to delegate authority to procure to the CDIO – however this is not yet reflected within the constitutions of the partners. It was envisaged that the partners (as reflected in the legal agreement) would review their constitutions to reflect the plans for Shared Digital.</p> <p>This also causes concern about the delegations within the legal agreement, and whether they can be adopted, rather than following the procedures in each constitution.</p>	<p>Lack of clarity about decision making processes adds time and confusion to the decision-making processes. Added to this is a continuing risk of challenge on issues such as the design and shape of the service and the extent to which the CDIO has authority for such matters as restructuring the service.</p> <p>This could lead to an increased use of call-in.</p>
4	<p><b>Different report formats and report styles leading to nuanced final decision reports.</b> Each council has different approaches to council reports. The differences mean that the reports can be, albeit unintentionally, amended so that there are differences to the meaning. Advice such as from Finance and Legal advice can be inconsistent leading to three different understandings of the same report.</p>	<p>Each partner's understanding of the meaning of the reports can be different as a result of differing perspectives, leading to confusion.</p> <p>Extra time needs to be taken to develop reports for each partner.</p> <p>Time wasted through duplication; asking three finance and legal teams to review the same decision separately.</p>
5	<p><b>Inflexible forward planning processes.</b> Timescales for decisions are fixed and can be inflexible if urgent and/or sudden changes need to be accommodated.</p>	<p>Decision cycles can be up to three months – if any urgent changes are required the processes are not flexible enough to accommodate this. The delays could have serious negative impacts, eg delaying savings or critical service improvements.</p>

## Shared Digital governance options

No.	Description of reported issue	Suggested impact
6	<p><b>Lack of clarity within the procurement section of the legal agreement.</b> The legal agreement states that procurement will be delegated to one partner whose contact standing orders and processes should be followed. Later it says any procurement must take account of the other councils' policies. Exactly what this means is unclear. Further the new JC TOR delegates authority to award to the CDIO but does not specify which procurement processes should be followed.</p>	<p>Lack of clarity over what procurement processes need to be followed impacts procurement decisions and timescales and effective and timely contracting and delivery of benefits which are dependent on the procurements being proposed.</p> <p>Could also result in a clash between the procurement processes and introduce the risk of unlawful decisions being made.</p>
<b>Management, recruitment and retention</b>		
7	<p><b>Lack of clarity about the terms of the 'lead employer' status.</b> When initial discussions took place, it was envisaged that Camden would be the 'lead employer', so that it would be responsible for providing a range of support and advice services such as finance, procurement and HR. The legal agreement, however, does not include any terms to clarify the role of 'lead employer' and this has led to confusion about whether there is a lead or host borough or not.</p>	<p>The legal agreement does not mention a 'lead' borough as such although several functions such as committee support and employment of new staff are delegated to Camden. This lack of clarity can cause confusion around roles and responsibilities.</p>
8	<p><b>Difficulty in retaining staff.</b> Some key staff have left citing as their reasons the slow progress towards implementing the shared service and the difficulty of reaching decisions. Managing staff with different Ts and Cs can also cause difficulties. This may also be the result of the brand 'Shared Digital' not being widely recognised and/or understood.</p>	<p>Key staff will be lost, further hampering the implementation of an effective service.</p>
9	<p><b>Inability to vary Ts and Cs to attract the best talent.</b> LA terms and conditions may not be flexible enough to attract and retain the best talent, especially in competition with the private sector.</p> <p>It can also be hard to build a single team in an environment when everyone has a different 'deal'.</p>	<p>The service cannot recruit the best candidates and/or loses staff to the private sector. Effective management of the single team is difficult.</p>



### Our assessment of the issues identified

- 2.14 We have reviewed the issues reported in the table above and would make the following observations for each group of issues:

#### **Building the partnership**

- 2.15 We have found a high degree of alignment of vision and ambition (as we demonstrate below in the proposed outcomes framework) among the members of the Joint Committee and the managerial leadership of the three authorities. Almost without exception, our interviews with senior stakeholders demonstrated an impressive unanimity of purpose and a commitment to collaboration.
- 2.16 In the next phase of the development of Shared Digital, senior stakeholders will have the chance to communicate, champion and spread this unanimity and commitment throughout the three authorities. Key to this next phase will be the demonstration of **active sponsorship** by the political and managerial leadership in each authority of the cross-cutting programmes of technology-enabled change that Shared Digital will support. While the choice of governance model will assist or hamper that change, the quality of collective leadership will determine Shared Digital's ultimate success. We consider this to a fundamental issue that will need to be pursued regardless of the model chosen.

#### **Decision-making**

- 2.17 Like many shared services, Shared Digital has faced some challenges in navigating the different decision-making arrangements in the three authorities. Having examined one example of a procurement exercise that fell foul of the different delegation levels and committee cycles, it is clear that the current arrangements (with different delegation levels and decision-making processes and cycles) are complicated and protracted.
- 2.18 Unlike most shared services, the partners in Shared Digital anticipated this issue, by building into their legal agreement a commitment to keep their governance arrangements (including their constitutions) under review to ensure they support, rather than hinder, the work of Shared Digital.
- 2.19 It might be suggested that navigating the differences in the partners' governance processes is the lot of a local government officer and one that should be undertaken with patience and good planning. However, it can be argued that adding several months to an important procurement exercise is not something that should be tolerated. Savings, service improvements or cyber-security measures could be delayed – with serious consequences.

### Management, recruitment and retention

- 2.20 The issues raised by stakeholders about the impact of the current arrangements for employing staff on the service's ability to manage, recruit and retain are consistent with routine expectations of what will enable an employer to recruit and retain effective staff. Human resource professionals will argue that an employer needs a distinctive set of vision and values which are reflected in an employment relationship in which the employee feels respected and valued. They will stress the importance of communication and clarity and a commitment to staff involvement and engagement. This review provides an opportunity to clarify a number of issues, including the role of the 'lead employer'.
- 2.21 Given the length of time that Shared Digital has been in operation, it is too early to identify firm trends based on current levels of staff turnover from the evidence available. As the service is embarking on a major change programme there will be degrees of uncertainty for staff a period until the transformation is complete.
- 2.22 In validating the other employment issues raised, we would make the following observations:
- Branding: it is possible for shared services to develop a distinctive and recognisable brand whichever the model chosen (as demonstrated by the case studies we explore later). The impact of a particular brand on recruitment and retention is more difficult to predict and would merit being tested before being finalised.
  - Standardisation of terms and conditions: the challenge for line managers dealing with team members on different terms and conditions and employment procedures has been highlighted as a problem in our work for other shared service partnerships. Some of our case study interviewees identified this as an issue, others did not, putting up with 'muddling through' (as one interviewee described it). We would suggest that muddling through is not advisable as a management practice and that any *avoidable* complexity in operational management should be eliminated if at all possible.
  - Flexibility in terms and conditions: the question has been raised whether a company model would enable Shared Digital to respond more quickly and flexibly to difficulties in recruitment and retention in a competitive marketplace for scarce skills. A company can establish its own terms and conditions, but the process for changing the contracts for existing staff would be protracted and may be contentious. Local authorities can and do use market supplements to address skill shortages, so can respond to market pressures.
  - Creating a single team: the partners recognise that the benefits of sharing depend on creating a single, cohesive organisation. Shared Digital is currently investigating the best way of achieving that, whether through an overarching shared service employment protocol (that gives the staff of all three organisations equal access to opportunities in Shared Digital) or through transferring all staff to one employer.

### Summary of our findings on the issues identified

- 2.23 Having reviewed the issues raised by stakeholders and tested them based on our experience advising numerous other shared services, we have concluded that some of the issues raised have little substance, but others present a serious threat to the success of Shared Digital unless addressed and are not capable of being resolved adequately within the current governance model.
- 2.24 Other shared service partnerships often put up with ‘muddling through’. The partners’ wisdom in undertaking an early review of your initial governance model enables you to avoid repeating the mistakes of others and of building a more effective and sustainable partnership. The partners have a vision of Shared Digital becoming a high-performance organisation. Tortuous decision-making processes and fudged management arrangements are not compatible with your aspiration.
- 2.25 We consider that the issues summarised below are likely to interfere with the next stage of Shared Digital’s development and are not capable of being addressed satisfactorily within your initial governance model.

### Table 2.3: Fundamental issues to be resolved in next governance model

- **Complex decision-making:** current decision-making processes and delegations are complex and introduce unnecessary risks and delays.
- **Constitutional differences:** the partners are committed to reviewing their constitutions to facilitate Shared Digital and changes will be needed to ensure consistency.
- **Diffuse employment arrangements:** the current arrangements for employment (with three employers) add complexity and impede the formation of a cohesive organisation.

### Recommendation 1

That it be noted that the initial governance model for Shared Digital cannot address the fundamental issues summarised in table 2.3 and that a new model will be required in order to deliver the partners’ ambitions.

**Confirmation of outcomes and evaluation criteria**

2.26 In the introductory section, we set out an approach based on ensuring that form follows function, ie that the governance model chosen reflects your ambitions. They are summarised in an ‘outcomes framework’ as the basis for evaluating your governance model options. Working with stakeholders, we have developed the outcomes framework below to summarise your ambitions for Shared Digital over the next two to three years:

**Table 2.4: Outcomes framework for Shared Digital**

Primary outcomes	Secondary outcomes
<b>1. Delivering an excellent digital service</b>	1.1 We enable our partners to make the best use of technology to achieve the right outcomes for our boroughs. 1.2 We provide a great digital offer to residents and help them to take part in a digital world. 1.3 We provide a reliable, quality user experience to all our staff and elected members. 1.4 We ensure our users have the digital skills and tools to work effectively and intelligently. 1.5 We enable partners to use business intelligence to deliver better results for their residents. 1.6 We provide digital leadership to encourage innovation and transformation.
<b>2. Providing great value for money</b>	2.1 We maximise economies of scale, taking a common approach wherever practical and beneficial. 2.2 We offer affordable costs that compare well with other providers. 2.3 We benefit by sharing the cost of investment in new developments. 2.4 We invest together in the technology-enabled transformation of our services. 2.5 We deliver constant improvement by keeping service levels and processes under review.
<b>3. Forging a lasting partnership</b>	3.1 We are a collaborative partnership of equals that everyone benefits from. 3.2 We are streamlined and agile in our decision-making and management. 3.3 We govern the service and its expenditure with transparency and accountability. 3.4 We deliver greater resilience by sharing and mitigating risks. 3.5 We offer each partner more capacity and capability by pooling resources and knowledge. 3.6 We have recruited and retained a talented team with a great reputation for supporting the business of each partner. 3.7 We will consider growth where suitable opportunities present themselves.

### Recommendation 2

That the outcomes framework set out in table 2.4 be endorsed as the basis for further work to guide the development of Shared Digital.

### The key issues to inform the evaluation criteria

2.27 From the outcomes set out in the table above we have selected those which are particularly pertinent to a governance discussion and set them out below with some additional questions – these will form part of the evaluation criteria for a new governance model (see section 4). The questions have also been informed by the fundamental issues with the initial governance model we identified in table 2.3 above.

**Table 2.5: Key questions for evaluating the governance model options**

No	Secondary outcome	Key questions
2.1	Taking a common approach	<ul style="list-style-type: none"> <li>Does the model make it more or less likely that the partners will be able to adopt a common approach?</li> </ul>
3.1	Collaborative partnership of equals	<ul style="list-style-type: none"> <li>Will the model help the partnership feel truly equal?</li> <li>Does the model distribute ownership and risk better?</li> </ul>
3.2	Streamlined and agile	<ul style="list-style-type: none"> <li>How could it help to streamline and speed up our decision-making?</li> <li>How does it help address the fundamental issues that have been highlighted?</li> </ul>
3.3	Transparency and accountability	<ul style="list-style-type: none"> <li>Does the model support transparency and accountability sufficiently to reassure partners?</li> </ul>
3.4	Greater resilience	<ul style="list-style-type: none"> <li>Does the model help to distribute and mitigate risks?</li> </ul>
3.5	Talented team	<ul style="list-style-type: none"> <li>What implications would it have for staff's terms and conditions?</li> <li>Would it help to improve ability to compete for staff?</li> <li>Could it enable more simplified staff management?</li> </ul>
3.7	Considering growth	<ul style="list-style-type: none"> <li>Will the model allow for growth if the opportunity arises?</li> <li>Would it be straightforward for another organisation to join?</li> </ul>

### Summary of our findings on the initial governance model

- 2.28 The partners have demonstrated a readiness to keep the governance of Shared Digital under review to ensure it supports its work and your ambitions. We have been struck by **the impressive degree to which your ambitions for Shared Digital are aligned and complementary**. The initial governance model for Shared Digital presents some significant issues that will hamper its subsequent development. The opportunity of this review will enable you to resolve those fundamental issues and choose a governance model that provides a firm foundation for the success of Shared Digital. That success will, however, only be delivered if the partners' senior political and managerial leadership provide active sponsorship for the technology-enabled transformational programmes of change that Shared Digital will support.

#### Recommendation 3

That each partner ensures that its senior political and managerial leadership provides active sponsorship for the technology-enabled transformational programmes that Shared Digital will support.

### 3. What governance options are available?

#### Introduction

3.1 Local authorities have four basic ‘sourcing’ choices (make, buy, share or divest) when considering how best to organise the delivery of the services that it wants. These are summed up in the table below.

**Table 3.1: Sourcing options**

Make	Buy	Share	Divest
<ul style="list-style-type: none"> <li>• In-house transformation</li> <li>• Continuous improvement</li> <li>• Arm's length trading company</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourcing to private sector</li> <li>• Outsource to third sector</li> <li>• Private-sector joint ventures</li> </ul>	<ul style="list-style-type: none"> <li>• Shared services</li> <li>• Shared management</li> <li>• Public sector joint ventures</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer to community</li> <li>• Spin-out to mutual or trust</li> <li>• Devolve to district or parish</li> <li>• Closure</li> </ul>
<b>Examples<sup>6</sup></b>			
<ul style="list-style-type: none"> <li>• Westco Trading</li> <li>• iCo</li> </ul>	<ul style="list-style-type: none"> <li>• Elevate East London</li> </ul>	<ul style="list-style-type: none"> <li>• LGSS</li> <li>• Norse</li> </ul>	<ul style="list-style-type: none"> <li>• GLL</li> <li>• BIT</li> </ul>

3.2 In our discussions with stakeholders, we explored the options available and identified a longlist of four options to consider as highlighted in the table below.

**Table 3.2: Longlist of options for consideration (longlist highlighted in red)**

Make	Buy	Share	Divest
<ul style="list-style-type: none"> <li>• In-house transformation</li> <li>• Continuous improvement</li> <li>• Arm's length trading company</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourcing to private sector</li> <li>• Outsource to third sector</li> <li>✓ <b>Private-sector joint ventures</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Shared services</b></li> <li>• Shared management</li> <li>✓ <b>Public sector joint ventures</b></li> </ul>	<ul style="list-style-type: none"> <li>• Transfer to community</li> <li>✓ <b>Spin-out to mutual or trust</b></li> <li>• Devolve to district or parish</li> <li>• Closure</li> </ul>

3.3 The option of a spin-out to a mutual was explored and rejected. It would take a considerable amount of time and introduce risk, not least because it would require a procurement exercise. This would quite probably be won by a private sector provider, thus resulting in a model that had already been discounted.

<sup>6</sup> A short summary of these public sector examples is shown in Appendix 1.

- 3.4 The option of a private sector joint venture was explored and considered to be unrealistic. Again, this would require a substantial investment of time with uncertain results. However, it was recognised that Shared Digital would have a relationship with the private sector and we were asked to explore that further (see paragraph 3.24 onwards).
- 3.5 Following a review of the suggested longlist, two options were selected for further examination:
- **Option 1: shared services, focusing on a joint committee model**, including variations to the current model.
  - **Option 2: company models**, which would take the form of a joint venture between public sector partners.
- 3.6 We have described the main features of each of the two models below and have illustrated them with experience drawn from a number of case studies. We have provided a lay summary of the main legal provisions, but we have not been asked to provide a legal opinion and so we would advise you to draw on your own legal teams to confirm the legal position and the most appropriate legal mechanisms to deliver your objectives.

### Option 1: joint committee structures

- 3.7 Joint committees are used by English local authorities in a wide range of contexts. Many are partnership boards representing two or more authorities set up in order to discuss, for instance, an area strategy. Joint committees for shared services are rather different as they are usually set up with powers delegated from the partner LAs to monitor and make decisions concerning shared services.

#### The legal context

- 3.8 One or more local authorities engaging in collaboration or shared services arrangements may delegate one or more of their functions to:
- Another local authority (Section 101 (1) Local Government Act 1972);
  - The executive of another local authority (Section 19 and 20 Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000; or
  - A joint committee (Section 101(5) Local Government Act 1972).
- 3.9 Local authorities can also make staff available ('place' staff) to another authority for the discharge of their functions.
- 3.10 Most local government shared services use a combination of the powers set out above to govern the shared service.



### Setting up a joint committee under the 1972 Act

- 3.11 Local authorities have considerable flexibility to set up a joint committee appropriate to the purpose of the shared service. Some LAs have a single shared services joint committee which covers several different shared services, some will have one for each shared service. However, all joint committees are public meetings subject to the same governance and scrutiny as other Member meetings of the partner LAs.
- 3.12 Typically, one of the partner LAs will be chosen to support the JC in terms of administration, although this can rotate round the partners. Similarly, a different LA can be chosen to support the JC on financial matters. Arrangements need to be made for paying expenses, declarations of interest and nomination of substitute members as in any Member Committee. Frequently the Chair of the committee will rotate on a yearly basis. Meetings can be of any frequency which is appropriate.

### Models for shared services using joint committees

- 3.13 A variety of models use joint committees as part of the governance for shared services – below are examples of three models:
- **Joint committee overseeing one or more individual section 101 delegations:** each partner delegates the running of the service, including the operational management, employment, administration of the JC and financial management to a single LA, overseen by a joint committee, which monitors the service and may also review budgets and business plans.
  - **Joint committee delegating some aspects of the function to one or more LAs:** in this model, the responsibility for running the service is delegated to the joint committee, which then delegates different aspects of running the service to individual LAs. This is the model closest to Shared Digital's.
  - **Joint committee with no further delegations to LAs:** in this model, the responsibility for running the service is delegated to the joint committee supported by staff from partner organisations.
- 3.14 Whatever the model, a joint committee provides democratic accountability for monitoring the shared services. We were asked to examine whether there are alternatives to the current Shared Digital Joint Committee arrangements that could help to deliver the streamlined approach being sought. We have described such a 'lean joint committee' option in section 4 of this report

### Option 2: company structures

#### Introduction

3.15 Company structures are commonly used by public bodies to deliver services on their behalf. The companies can be owned by a single organisation or the ownership can be shared. Numerous local authorities have established trading companies (such as Islington's iCo) in order to offer services on a commercial basis to other authorities, sometimes to the private sector and, occasionally, direct to the public. Companies are frequently created with the express aim of securing a profit for the benefit of its public sector owners and often form part of an authority's embrace of 'commercialism' in response to financial pressures.

#### The legal context

3.16 The legal framework for company governance has evolved over the course of centuries through legislation and common law. The principal legislation is incorporated in the Companies Act 2006 (with subsequent amendments), which provides extensive provisions covering issues such as company formation, constitutional arrangements, shareholding and the duties of directors.

3.17 There are other provisions which impact on the operation of companies owned by local authorities:

- Localism Act 2011: Local Authorities wishing to provide service on a commercial basis to make a profit must do so via a company.
- Public Procurement Regulations 2015: allows the direct award of a contract by an authority to a body it controls and for it is the principal client<sup>7</sup>. These regulations put into effect the updated 2014 EU directive on public procurement.

3.18 A publicly owned company can be owned jointly by more than one public body and each body can award a contract without a procurement exercise directly to the company providing the body takes part in the control of the company (this is often called the 'Teckal exemption'). The company can offer a proportion of its services commercially to external customers up to a maximum of 20% of its turnover. If that threshold is exceeded the company will lose its Teckal exemption and the work undertaken by the company on behalf of its owning bodies will need to be put out to tender by those owning bodies in line with public procurement regulations.

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<sup>7</sup> Subject to minimum threshold of 80% of the company's revenue being undertaken on behalf of its owner. If this 'function' test and the control test are met, the public sector own can award a contract to the company without undertaking a tendering exercise. This is called the 'Teckal exemption' from EU procurement regulations, with the name Teckal deriving from case law (Teckal Srl v Commune di Viano (1999)).

### Setting up a company

- 3.19 The administrative process for registering and setting up a company is very straightforward. In addition to registering a company at Companies House (which can be undertaken quickly and online), other administrative arrangements need to be put in place, including banking, insurances and registering with HMRC.
- 3.20 The company will typically take the form of a company limited by guarantee or a company limited by shares. Agreement will need to be reached between the owning bodies about the distribution of ownership (eg the proportion of the shares each body will own). The process of establishing the legal arrangements between the local authority owners and the company they own can be more complex.
- 3.21 Although staff are sometimes seconded to a company, it is likely that a planned long-standing company arrangement would involve the transfer of staff's employment from the authority to the new company.

### Governance arrangements

- 3.22 The various legal arrangements for a company owned by local authority partners will include:
- The articles of association of the company which sets out the governance of the company, including issues such as decision-making arrangements for shareholders and directors.
  - A shareholders' agreement: this will cover arrangements between the owning partners such as mechanisms for managing changes to shareholdings; and notice periods and provisions from withdrawal from the company.
  - The contract between the company and each of the owning authorities, identifying the service provided and the payment mechanisms.
  - Reserved matters: this will include decisions (eg over major expenditure and taking on new partners) that the owning partners will not delegate to the board of directors.
- 3.23 A local authority company's board of directors will generally include a combination of staff directors, directors and/or elected members from the owning authorities. Elected members can be nominated to sit on the board of directors for the company. If they are appointed as directors, they will have a duty to 'promote the success of the company' which may sometimes be at odds with the objectives of one or more of the shareholding owners. As a result, a separation is advisable between decisions made by the board of directors and decisions made by shareholders (eg at general meetings of shareholders).

### Involvement of the private sector

#### Introduction

- 3.24 In establishing Shared Digital, the partner authorities chose a 'sharing' option in preference to a 'buy' option, i.e. outsourcing the service to the private sector or entering into a joint venture partnership with the private sector.
- 3.25 While recognising the direction of travel that has been embarked upon, it was suggested during our discussions that it would be helpful to clarify what role the private sector might play in Shared Digital's development. We explore this briefly in this section.
- 3.26 In the field of ICT and digital services, there are four principal types of private sector provider:
- Software: companies that develop applications, increasingly cloud-based.
  - Hardware: vendors of devices and other hardware (eg servers).
  - Services: outsourced service providers.
  - Consultancies: advisers on the selection and implementation of systems.
- 3.27 The market is highly diverse and rapidly changing, with some companies trying to offer a comprehensive service across all fields and others specialist (at least initially) in a particular niche.

#### Working with service providers

- 3.28 There are various arguments made for entering into service delivery partnerships with private sector ICT providers. These include a desire to reduce costs and/or improves services and are based on an assumption outsourcing will provide economies of scale; access to expertise; access to funding; and greater innovation.
- 3.29 The evidence of such benefits has been mixed. Some more generalist ICT providers have not been able to satisfy local authorities' expectations and Southwark and Lewisham Councils have both chosen to share with Brent Council rather than continue with outsourcing to the private sector.
- 3.30 A number of authorities have entered into joint venture arrangements, sharing in the creation of a new company jointly owned with the private sector. Examples include the more recent creation of Elevate East (a joint venture between Barking and Dagenham and Agilisys). Such joint ventures can prove highly complex - our case study of Southwest One illustrates some of the reported lessons.
- 3.31 Whether outsourcing a substantial part of the service or entering into a joint venture, this would require an expensive and time-consuming procurement exercise and would demand a well-resourced client function once established.

- 3.32 Given the demands of creating such a partnership and the experience of other authorities, the partners in Shared Digital would need to satisfy themselves that the provider market could now offer an attractive proposition and that the partners had the time and capacity to make such arrangements work.

### **Working with software and hardware providers and specialists**

- 3.33 Shared Digital already operates a mixed economy, buying both software, hardware and specialist advice from the private sector.
- 3.34 Few authorities would attempt to write their own large software systems, given the costs and risks involved. Instead, authorities buy software off the shelf or, increasingly, 'rent' applications hosted in the cloud, cf Shared Digital's implementation of Office 365. Local authority digital teams may also develop and maintain small applications and interfaces between systems.
- 3.35 No authorities would try to build their own hardware and devices and even the direct ownership of server hardware is reducing as storage capacity becomes cloud-based.
- 3.36 Authorities will also continue to buy specialist expertise to help implement new applications, whether hiring freelance specialists or support from specialist consultancies. The extent of their use is likely to reduce as more technology is 'commoditised', ie it becomes more standard and less configuration is required.
- 3.37 Such support is likely to be time-limited and project-specific. Using experienced support who have implemented particular solutions on numerous occasions will be quicker, cheaper and less risky than asking in-house teams to learn how to implement a solution that is new to them.

### **The likely future role of private partners**

- 3.38 Given the progress in creating Shared Digital, an organisation with significant capacity in its own right, there is likely to be little benefit in entering into a long-term partnership with a provider of outsourced services.
- 3.39 However, Shared Digital can be expected to continue with a mixed economy model in which it will increasingly rent cloud-based applications and server storage, drawing on a project basis on specialist advice and expertise.

### Case studies – key points and findings

3.40 We looked at seven case studies as part of our work:

- OneSource shared service
- Hoople Ltd.
- LGSS shared service (and trading company)
- Anglia Revenues Partnership shared service
- Southwest One
- Sutton/Kingston
- Brent, Southwark and Lewisham

3.41 The case studies can be found in Appendix 2 to this document. We are grateful to the organisations who were willing to help us undertake the case studies. The text of each case study reflects their own words and was approved by them.

3.42 The shared service examples illustrate the broad range of shared service arrangements which are possible from a legal partnership through to a joint committee arrangement. Those choosing a joint committee arrangement commented on the fact that it was straightforward to set up and administer, although too many meetings might lead to too much paperwork. Another recommended ensuring that the governance aligns with the political and organisational agendas of each partner for the coming 3-5 years. Another suggested that a joint committee structure helps to ensure that all partners are treated equally. One theme was the importance of setting the delegations at the right level.

3.43 Other points that emerged from the case studies include:

- **Strategic principles of each partner:** interviewees commented that the strategic principles of each partner for the foreseeable future should drive the governance and service model, based on what they value most, e.g. improved service quality, generating new trading income or solely saving money.
- **SLAs:** a number of interviewees stressed that having clear SLAs in place will ensure there is absolute clarity about what is going to be delivered and at what price for each partner, as well as providing a baseline for service planning, savings and any future changes. Comments were also made about the need to build in opportunities for reaffirming and realigning SLAs to adapt to changes in partner circumstances or their drivers for sharing services.
- **Staff terms and conditions:** a number of interviewees took the view that it is easier for all staff to be on the same terms and conditions, but some did not consider addressing this to be priority and suggested that gradual harmonisation can be managed and take place over time through the naturally occurring turnover of staff.
- **Infrastructure:** reliable, shared and common ICT infrastructure should be introduced as soon as possible to enable better collaboration – e.g. WiFi that works for everyone and video conferencing facilities.
- **Procurement:** some of the shared services reported that decisions over certain thresholds were taken at the Joint Committee or were referred to the partners' cabinets for decision. In one case, an authority had delegated procurement decisions to the host authority.

# 4. Evaluating the governance model options

## Introduction

- 4.1 In this section we consider how the two shortlisted governance model options will enable you to achieve your ambitions for Shared Digital, as reflected in the outcomes framework set out in section 2 (see table 2.4).
- 4.2 Each model is examined in turn, using the evaluation criteria set out in table 2.5 which focus on those secondary outcomes most likely to be impacted by Shared Digital's governance model. Before evaluating each model, we have examined how the existing joint committee model could be improved to address the issues identified with the initial governance model option.
- 4.3 In section 2, we concluded that the initial governance model for Shared Digital does not address the fundamental issues identified in table 2.3:
- Complex decision-making.
  - Constitutional differences.
  - Diffuse employment arrangements.
- 4.4 As a result, the current joint committee model has been discounted. However, we have identified that it is possible to adopt a 'lean' joint committee model that could deliver the more streamlined, unified approach the partners are seeking.

## A 'lean' joint committee model

### Key features of the lean model

- 4.5 A joint committee governance model could take several different forms as summarised in section 3. We consider the following option balances an agile and 'lean' governance process, which supports the development of a single identifiable organisation, while retaining robust democratic transparency and accountability. Legal advice should be taken on the best approach to delegating decisions to the Joint Committee.
- 4.6 The key features of the lean model would be:
- **Haringey and Islington directly delegate their digital services to Camden** as 'host' authority under s101 of the Local Government Act 1972. This is the model used by Brent, Lewisham and Southwark for their shared ICT service. This would include employing the staff, managing the service and making day-to-day operational decisions about the service below an agreed level. Staff could be transferred under TUPE or could be seconded (although this does not represent a long-term solution). The arrangement would be underpinned by inter-authority agreements and service descriptions which set out roles and responsibilities and mutual expectations.

## Shared Digital governance options

- **A joint committee of the partners** approves business plans and strategies; monitors - at a high level - progress against the business plans; and has delegated authority from all three partners to make decisions according to their constitutions. If necessary, the constitutions for all three partners would be amended to include **standard specific delegations** to the Host authority and to the Joint Committee. For example, if each partner delegated authority to the Joint Committee to make decisions above a financial threshold of, say, £500K per partner, and authority to the CDIO to make decisions below this limit, the resulting clarity should make decision-making more streamlined while retaining transparency and accountability at Joint Committee level.

### Governance framework for lean joint committee

- 4.7 These changes would also need to be reflected in a new governance framework for the lean joint committee (lean JC) model. The key elements are set out below:

**Table 4.1: Governance framework for lean JC – advantages and disadvantages**

Element of model	Advantages	Disadvantages
Islington and Haringey separately delegate operating the service to Camden, including employment and financial management, using s101 of the 1972 Act. This would be underpinned by an inter-authority legal agreement and a service level agreement. If necessary, partners could rationalise their constitutions in terms of the level of decisions which can be delegated to the host authority.	<ul style="list-style-type: none"> <li>• Unifies the service under one host authority.</li> <li>• Makes it easier to work as a single team and rationalise terms and conditions over time.</li> <li>• Streamlines decision making, particularly if a single set of thresholds and delegations is agreed.</li> <li>• May be easier to establish a brand for a unified organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Could be perceived as a 'takeover' by host council, rather than partnership of equals.</li> <li>• Pension fund arrangements will need to be examined and addressed if the decision is to TUPE staff to the host authority.</li> <li>• May require changes to the partners' constitutions if certain key decisions or procurement decisions were to be delegated to Camden.</li> </ul>
The Joint Committee monitors progress against the business plan; approves budgets and strategies/business plans; also takes decisions over officer delegated limits.	<ul style="list-style-type: none"> <li>• All decisions not delegated to Camden come to the JC rather than to 3 councils.</li> <li>• Maintains democratic accountability and transparency, including scrutiny.</li> <li>• Avoids the need to go through three separate decision-making processes.</li> </ul>	<ul style="list-style-type: none"> <li>• May require amendments to all three constitutions to set up a standard set of delegations to the Joint Committee and Host Authority.</li> <li>• Still requires a formal decision-making process.</li> <li>• Still open to call-in and any delays that might result.</li> <li>• Shared services under joint committee</li> </ul>



## Shared Digital governance options

Element of model	Advantages	Disadvantages
		arrangements cannot trade (although can set up trading arms).
An officer portfolio board monitors implementation programme and is then convened where necessary over periods of major change. This could become a portfolio management board for the transformational change programme with officers from different partners providing managerial sponsorship of the delivery of each programme. Themed programme boards may report to the portfolio board.	<ul style="list-style-type: none"> <li>• Keeps focus of service monitoring board on operational matters.</li> <li>• Ensures change programmes are driven forward on behalf of JC.</li> <li>• Distributes sponsorship of programme delivery across the 'partnership of equals'.</li> </ul>	<ul style="list-style-type: none"> <li>• Could result in duplication if not aligned with partners' governance arrangements for other transformation programmes.</li> </ul>
A service monitoring board made up of officers from each partner monitors operational service on behalf of JC.	<ul style="list-style-type: none"> <li>• Keeps the JC focussed on strategic matters.</li> <li>• Could include a commissioning function.</li> </ul>	<ul style="list-style-type: none"> <li>• Having a separate monitoring board would increase the management demands.</li> <li>• May create a customer-supplier mindset.</li> </ul>

4.8 This model has the benefit of being consistent with both the outcomes for Shared Digital and the original direction of travel set by the partners:

- Camden already acts as the 'de facto' host for Shared Digital as it employs new staff and provides a number of specific support services.
- It removes the concept of a 'lead' organisation and embeds the 'partnership of equals' through shared strategic leadership and decision-making by the Joint Committee and portfolio board.
- The partners have already anticipated in the legal agreement the potential need to change and align their constitutions to support Shared Digital's operation.<sup>8</sup>

<sup>8</sup> This may not be necessary under direct s101 delegations.

## Evaluating option 1: the ‘lean’ joint committee option

4.9 In this section, we evaluate the ‘lean’ joint committee model against the ‘key questions’ set out in table 2.5, to assess the model’s ability to support the achievement of the outcomes for the service.

**Table 4.2: Evaluation of ‘lean’ joint committee**

	Secondary outcome	Key questions	Evaluation
2.1	Taking a common approach	<ul style="list-style-type: none"> <li>Does the model make it more or less likely that the partners will be able to adopt a common approach?</li> </ul>	<ul style="list-style-type: none"> <li>All routine operational matters will be carried out by Camden as host borough who can then lead the adoption of common approach to policy, procedure and practice.</li> <li>Having a single organisational structure will enable SD management to spot inconsistencies and inefficient variations more easily.</li> </ul>
3.1	Collaborative partnership of equals	<ul style="list-style-type: none"> <li>Will the model help the partnership feel truly equal?</li> <li>Does the model distribute ownership better?</li> </ul>	<ul style="list-style-type: none"> <li>Could be seen as a ‘takeover’ rather than a partnership of equals, although the oversight of the Joint Committee and the shared officer governance boards should mitigate this as should the role of CDIO as CO in each authority</li> <li>Appointing sponsors of change programmes from all the partners should help to ensure ownership across the partnership.</li> <li>Should not require any additional client-side management.</li> </ul>
3.2	Streamlined and agile	<ul style="list-style-type: none"> <li>How could it help to streamline and speed up our decision-making?</li> <li>How does it help address the fundamental issues that have been highlighted?</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day operational decisions should be streamlined with a single host authority.</li> <li>If decisions only need to go to the JC, and not to individual cabinets, this should speed up decision-making.</li> </ul>

## Shared Digital governance options

	Secondary outcome	Key questions	Evaluation
3.3	Transparency and accountability	<ul style="list-style-type: none"> <li>Does the model support transparency and accountability sufficiently to reassure partners?</li> </ul>	<ul style="list-style-type: none"> <li>The Joint Committee, supported by the joint management and delivery boards, should offer sufficient transparency for partners.</li> <li>If strategic decisions are made by the Joint Committee this ensures that key democratic elements, such as scrutiny and call-in, are in place.</li> <li>The partners can ensure robust reporting is built in to the service descriptions with the host authority.</li> </ul>
3.4	Greater resilience	<ul style="list-style-type: none"> <li>Does the model help to distribute and mitigate risks?</li> </ul>	<ul style="list-style-type: none"> <li>The host borough could take on disproportionate liabilities (e.g. pensions) unless itemized, quantified and addressed through legal agreements.</li> <li>Shared leadership sponsorship of transformation programmes should mitigate risk.</li> </ul>
3.5	Talented team	<ul style="list-style-type: none"> <li>What implications would it have for staff's terms and conditions?</li> <li>Would it help to improve ability to compete for staff?</li> <li>Could it enable more simplified staff management?</li> </ul>	<ul style="list-style-type: none"> <li>If staff transfer to the host authority under TUPE, terms and conditions will have protections in line with TUPE law.</li> <li>It should be more straightforward to develop an identifiable brand for the shared service which may help to recruit staff.</li> <li>It should be easier for the CDIO to manage staff if they are employed by a single employer.</li> </ul>
3.7	Considering growth	<ul style="list-style-type: none"> <li>Will the model allow for growth if the opportunity arises?</li> <li>Would it be straightforward for another organisation to join?</li> </ul>	<ul style="list-style-type: none"> <li>The service will not be able to trade but additional local authorities can join the Joint Committee without the need for procurement by delegating the service to Camden.</li> </ul>

**Evaluating option 2: the public sector company option**

4.10 In this section, we evaluate the public sector company model against the ‘key questions’ set out in table 2.5, to assess the model’s ability to support the achievement of the outcomes for the service.

**Table 4.2: Evaluation of public sector company model**

	Secondary outcome	Key questions	Evaluation
2.1	Taking a common approach	<ul style="list-style-type: none"> <li>Does the model make it more or less likely that the partners will be able to adopt a common approach?</li> </ul>	<ul style="list-style-type: none"> <li>All strategic and operational matters will be carried out the company which would ensure a common approach to policy, procedure and practice.</li> <li>The company should be able to spot inconsistencies and inefficient variations more easily if they are fully hosting the service.</li> </ul>
3.1	Collaborative partnership of equals	<ul style="list-style-type: none"> <li>Will the model help the partnership feel truly equal?</li> <li>Does the model distribute ownership better?</li> </ul>	<ul style="list-style-type: none"> <li>The joint ownership of the company would visibly distribute ownership among the partners.</li> <li>Appointing sponsors of change programmes from all the partners should help to ensure ownership across the partnership’s organisations.</li> <li>Would require some client-side management.</li> </ul>

## Shared Digital governance options

	Secondary outcome	Key questions	Evaluation
3.2	Streamlined and agile	<ul style="list-style-type: none"> <li>• How could it help to streamline and speed up our decision-making?</li> <li>• How does it help address the fundamental issues that have been highlighted?</li> </ul>	<ul style="list-style-type: none"> <li>• Day to day operational decisions should be streamlined within a single organisation.</li> <li>• A separation of duties would be required between shareholders' representatives and directors appointed by the authorities, adding a layer of complexity.</li> <li>• Unless a 'light touch' approach is taken to reserved matters and delegations, the company could be subject to the same variances in decision-making processes present in the current arrangements.</li> <li>• If key decisions were delegated to shareholders' representatives and the board of directors and not to individual cabinets, this should speed up decision-making.</li> <li>• Requires commercial administration and accounting disciplines that introduce an additional overhead and are likely to require recruitment.</li> </ul>
3.3	Transparency and accountability	<ul style="list-style-type: none"> <li>• Does the model support transparency and accountability sufficiently to reassure partners?</li> </ul>	<ul style="list-style-type: none"> <li>• Public meetings of the board of directors, supported by the joint management and delivery boards, should offer transparency for partners.</li> <li>• If key decisions are made by the shareholder representatives or the board of directors, care will be needed to ensure that key democratic elements, such as scrutiny and call-in, are in place.</li> <li>• The partners can ensure robust reporting is built in to the service level agreement with the company.</li> <li>• Would require a formal service contract and more complex service level agreement to be established.</li> </ul>

## Shared Digital governance options

	Secondary outcome	Key questions	Evaluation
3.4	Greater resilience	<ul style="list-style-type: none"> <li>Does the model help to distribute and mitigate risks?</li> </ul>	<ul style="list-style-type: none"> <li>The model avoids any one authority taking on a particular burden of risk.</li> <li>In theory, the partners' liability would be reduced through a limited company. In practice, the partners would find it hard to walk away from the company's liabilities.</li> </ul>
3.5	Talented team	<ul style="list-style-type: none"> <li>What implications would it have for staff's terms and conditions?</li> <li>Would it help to improve ability to compete for staff?</li> <li>Could it enable more simplified staff management?</li> </ul>	<ul style="list-style-type: none"> <li>If staff transfer to the company under TUPE, terms and conditions will have protections in line with TUPE law.</li> <li>It should be more straightforward to develop an identifiable brand for the company which may help to recruit staff.</li> <li>It should be easier for the CDIO to manage staff if they are employed by a single employer.</li> </ul>
3.7	Considering growth	<ul style="list-style-type: none"> <li>Will the model allow for growth if the opportunity arises?</li> <li>Would it be straightforward for another organisation to join?</li> </ul>	<ul style="list-style-type: none"> <li>The service will be able to trade but within limits set by the Teckal exemption (see section 3).</li> <li>New partners can join without the need for a procurement exercise, providing they share in the company's ownership and control.</li> <li>The company will be able to trade for profit, but the market will be highly competitive and the prospects uncertain.</li> <li>Profits will be subject to corporation tax, but can be reduced if prices to owning partners are reduced.</li> <li>VAT implications will need to be identified.</li> <li>Will require investment in business development and sales pipeline management and likely to require specialist skills.</li> </ul>

### Conclusions

- 4.11 In this section, we have set out to provide a summary evaluation to aid the Joint Committee's discussion. As requested, we have not conducted an exhaustive, formal evaluation including ratings, weightings and a cost/benefit analysis. Given the low set-up costs for each of the two options and the number of similarities, we do not think this would be necessary.
- 4.12 Nevertheless, we would observe that both models appear capable of delivering the outcomes required for Shared Digital, albeit that the joint committee model does not allow for commercial trading and the company model introduces some additional governance complexities. As demonstrated by the LGSS case study, it would be possible to operate both models in parallel - perhaps at a point when the partners felt that the service was mature and robust enough to make trading for profit a realistic prospect. As trading for profit is not an immediate focus for the partners, a company model may not be a priority.
- 4.13 For both models, the key to achieving the outcomes you are aiming for, the partners should ensure:
- That you pursue your intention to examine how your constitutions can be aligned to facilitate streamlined decision-making by Shared Digital and the Joint Committee.
  - That there is a focus on ensuring senior political and managerial sponsorship of technology-enabled transformation programmes across the three authorities.

### Recommendation 4

That regardless of the model selected, if necessary, you proceed to amend your constitutions as envisaged in your legal agreement and, in particular, to align your schemes of delegation in respect of Shared Digital.

### Recommendation 5

That you consider our evaluation of two models and decide which governance model or models are most likely to deliver the outcomes you are seeking at this stage of the development of Shared Digital.

## 5. Next steps

### Introduction

- 5.1 In this section, we set out the main activities which would be needed to implement the two models, and comment on the key transition risks and issues associated with the models.

### Implementation – Joint Committee

#### Action plan

- 5.2 The key activities required to implement the ‘Lean’ Joint Committee structure are outlined below in table 5.1. It is important that the changes are managed as a single project or programme so that stakeholders can see how each change is linked to the successful outcomes and those working on the project or programme can understand the importance of timely delivery of each activity and task.

**Table 5.1: Key activities for the implementation of a ‘lean’ joint committee**

Activity area	Key activities
Project planning	<ul style="list-style-type: none"> <li>Develop and agree the programme or project definition and plan. Put in place appropriate project governance.</li> </ul>
Engagement	<ul style="list-style-type: none"> <li>Agree and implement an engagement plan to ensure all stakeholders understand the change and the reason for it.</li> </ul>
Develop / amend Service Plan for Shared Digital to include the changed responsibilities and, crucially, the new staffing structure	<ul style="list-style-type: none"> <li>Review existing plan and agree changes.</li> </ul>
Commence staffing project	<ul style="list-style-type: none"> <li>Plan the project to transfer staff (if agreed), building in appropriate policies and procedures and formal consultation timescales.</li> <li>Include an investigation of potential pension fund issues if staff are TUPEd (see Financial Planning below)</li> <li>Review your support service arrangements in each council in respect of the staff transferred to the host authority.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Draw up and agree the legal agreements required for the s101 delegations.</li> <li>Make decisions regarding any changes to the constitutions of any of the partners.</li> <li>Revisit the TORs for the Joint Committee and the Shared Digital Management Board and agree changes.</li> <li>Develop and agree the Service Description including roles and responsibilities and mutual expectations.</li> </ul>



## Shared Digital governance options

Activity area	Key activities
Financial planning	<ul style="list-style-type: none"> <li>• Revisit the budget necessary for the new arrangements and agree any changes.</li> <li>• Assess the financial impact of TUPE including pension issues and support service arrangements.</li> <li>• Agree apportionment of any redundancy and early retirement costs and any revisions to support service costs.</li> </ul>
Team building and workforce development planning	<ul style="list-style-type: none"> <li>• Invest in a training plan that will double up as a team building programme.</li> <li>• Create a workforce development plan as part of the business planning process.</li> <li>• Develop an organisational development plan for all three partner organisations to develop the culture and management practices required to support Shared Digital and undertake cross-partner, technology-enabled, transformational change programmes.</li> </ul>

### Key risks

- 5.3 The table below sets out the key risks associated with the implementation of the 'lean' Joint Committee model.

**Table 5.2: Key risks and suggested mitigations**

Risk	Likelihood and impact	Proposed mitigation
The change will be seen as a 'takeover' by Camden and the relationship will shift towards an 'us and them' relationship rather than a partnership of equals.	Medium/High	<p>Significant engagement with all levels of stakeholders, including staff, Members and Trade Unions explaining the reasons for the change.</p> <p>Make clear that Camden is simply the 'host' and that overall leadership is provided by the Joint Committee and by officer governance boards.</p> <p>Ongoing communication about the service so that all partners feel included.</p> <p>Staff from all partners working on change programmes.</p>
TUPE will be resisted and key staff will leave.	Medium/High	<p>Engagement as above.</p> <p>Communication of new opportunities arising from the changes.</p>

## Shared Digital governance options

Risk	Likelihood and impact	Proposed mitigation
Issues with pension deficits and liabilities makes TUPE unaffordable.	Low/Medium	Very early engagement with the actuaries to assess the impact of any pension issues.
Delays drawing up changes to the constitutions and 101 legal agreements undermine the effective working of the service and partnership.	Medium	Careful planning and management of the implementation project, and excellent engagement on all levels should mitigate this risk.

### Implementation – public service company

#### Action plan

- 5.4 The key activities required to implement a company model are outlined below in table 5.2. Again, it is important that the changes are managed as a single project or programme so that stakeholders can see how each change is linked to the successful outcomes and those working on the project or programme can understand the importance of timely delivery of each activity and task.

**Table 5.3: Key activities for the implementation of a company model**

Activity area	Key activities
Project planning	<ul style="list-style-type: none"> <li>Develop and agree the programme or project definition and plan. Put in place appropriate project governance.</li> </ul>
Engagement	<ul style="list-style-type: none"> <li>Agree and implement an engagement plan to ensure all stakeholders understand the change and the reason for it.</li> </ul>
Develop / amend Service Plan for Shared Digital to include the changed responsibilities and, crucially, the new staffing structure	<ul style="list-style-type: none"> <li>Review existing plan and agree changes.</li> </ul>
Commence staffing project	<ul style="list-style-type: none"> <li>Plan the project to transfer staff (if agreed), building in appropriate policies and procedures and formal consultation timescales.</li> <li>Include an investigation of potential pension fund issues if staff are TUPEd (see Financial Planning below).</li> <li>Review your support service arrangements in each council in respect of the staff transferred to the host authority.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Draw up and agree legal agreements required, eg shareholders' agreements.</li> <li>Make decisions regarding any changes to the constitutions of any of the partners.</li> <li>Develop the governance framework for company, including delegations to shareholders' representatives and the board of directors.</li> <li>Form and appoint board of directors and shareholders' representatives and induct into their new roles.</li> <li>Develop service contract including service level agreements and contract performance management framework.</li> <li>Establish client side arrangements and client side governance arrangements.</li> </ul>
Company formation	<ul style="list-style-type: none"> <li>Develop and implement plan for company formation, including registrations and administration.</li> </ul>

## Shared Digital governance options

Activity area	Key activities
	<ul style="list-style-type: none"> <li>• Establish accounting arrangements for company, including separate accounts.</li> <li>• Appoint suitably qualified commercial company secretary and commercial accountancy support.</li> <li>• Establish commercial disciplines, such as cashflow and profit and loss account management.</li> <li>• Establish support service sourcing policies, considering option for continuing support from the partners.</li> </ul>
Financial planning	<ul style="list-style-type: none"> <li>• Revisit the budget necessary for the new arrangements and agree any changes.</li> <li>• Assess the financial impact of TUPE including pension issues and support service arrangements.</li> <li>• Agree apportionment of any redundancy and early retirement costs and any revisions to support service costs.</li> <li>• Identify cashflow plans for new company, including any start-up funding.</li> </ul>
Team building and workforce development planning	<ul style="list-style-type: none"> <li>• Invest in a training plan that will double up as a team building programme for the management and staff of the new company.</li> <li>• Create a workforce development plan as part of the business planning process.</li> <li>• Develop an organisational development plan for all three partner organisations to develop the culture and management practices required to support the new company and undertake cross-partner, technology-enabled, transformational change programmes.</li> </ul>

### Key risks

5.5 The table below sets out the key risks associated with the implementation of a company.

**Table 5.4: Key risks and suggested mitigations**

Risk	Likelihood and impact	Proposed mitigation
The new company will be seen as an outside body and there will be a shift towards an 'us and them' relationship rather than a partnership.	High/High	<p>Significant engagement with all levels of stakeholders, including staff, Members and Trade Unions explaining the reasons for the change.</p> <p>Make clear that the company is <i>our company</i> that the partners own and control.</p> <p>Ongoing communication about the service so that all partners feel included.</p> <p>Staff from all partners working on change programmes.</p>
TUPE will be resisted and key staff will leave.	Medium/High	<p>Engagement as above.</p> <p>Communication of new opportunities arising from the changes.</p>
Issues with pension deficits and liabilities makes TUPE unaffordable.	Low/Medium	Very early engagement with the actuaries to assess the impact of any pension issues.
Delays drawing up legal arrangements which undermine the effective working of the service and partnership.	Medium/medium	Careful planning and management of the implementation project, and excellent engagement on all levels should mitigate this risk.
Difficulties in developing the skills and disciplines required to manage a commercial organisation.	Medium/high	Careful planning for the commercial requirements for company management, recruiting the experienced resources required to support a commercial operation.
Inability to compete effectively for new business.	High/medium	<p>Create and resource business development plan.</p> <p>Develop bidding and contracting disciplines and client relationship management.</p>

### Summary

- 5.6 There is a good track record in local government of implementing joint committee and company governance arrangements and the partners in Shared Digital have the resources, skills and commitment required, drawing on external specialist advice as and when needed.
- 5.7 Ultimately, the success of Shared Digital will depend on effective collaborative leadership and committed partnership working. While the governance model is important, culture and leadership will be critical if you are to achieve your ambitions.

## Appendices

## Appendix 1

### Examples of sourcing options

In table 2.1, we have provided some examples of the sourcing options (make, buy, share or divest). The examples are summarised below.

Example	Summary
Westco Trading	Westco Trading is the trading company for Westminster Communications, a communications and market research consultancy established by the City of Westminster Council.
iCo	iCo is the trading name of Islington Limited, a trading company established by Islington Council to provide engineering and environmental services.
Elevate East London	Elevate East London is a joint venture between London Borough of Barking & Dagenham and Agilisys, an IT service provider which provide customer services, revenues and benefits, ICT and other back office services.
LGSS	LGSS is a shared service partnership between Cambridgeshire, Northamptonshire County Councils and Milton Keynes Council. It provides a range of support services to the partners and other authorities.
Norse	Norse Group is a holding company with a turnover of over £250m, wholly owned by Norfolk County Council. Norse Group's companies provide a wide range of services (eg technical, environmental, catering and building maintenance) to a range of partners and clients across the country.
GLL	Greenwich Leisure Limited (operating under the brand 'better') is a charitable social enterprise providing leisure and library services to various authorities around the country.
BIT	The Behavioural Insights Team, which began as 'the Nudge Unit' in the Cabinet Office was spun out to into a company jointly owned by the UK government, Nesta and its employees. It now operates across the world offering behavioural insight advice to the public sector.



## Appendix 2

## Case studies

Seven case studies have been developed, six with the assistance of the organisations involved. After speaking to each interviewee, we drafted the text of a case study. That draft case study was then forwarded to the interviewee to review and approve. As a result, the case studies reflect their own words, which we have not sought to validate further. The case study on Hoople Ltd is drawn from publicly available material and is not the result of an interview.

Ref	Organisation
1	OneSource
2	LGSS
3	Hoople Ltd
4	Southwest One
5	ARP
6	Sutton/Kingston
7	Brent, Southwark and Lewisham

### Case study: oneSource – joint committee

#### Shared service

oneSource is the shared back office support service for Havering, Newham and Bexley Councils. In April 2016, Bexley's financial services joined the two founding councils. The three councils are estimating to achieve approximately £40M in savings by 2018/19.

#### Summary

oneSource has approximately 1000 staff and a £36m budget. They provide a shared service solution covering a wide range of 22 transactional, operational and strategic services, including finance, ICT, legal, HR, transport for Havering, support services and property.

#### Shared service governance model

The joint committee (JC) was set up in 2014. Havering and Newham have 3 JC members each. As Bexley joined with financial services only, they have 1 member on JC, making 7 members on JC in total. Each council has delegated certain powers to JC in line with their constitutions and organisational needs.

In terms of procurement, oneSource contract from a lead authority on behalf of the other two. The preferred lead authority depends on the nature of the procurement and the democratic processes that need to be followed (such as delegated financial limits and speed). The Managing Director is delegated permission to spend up to £500k before it refers to JC.

With close to 4 years of successful operations, oneSource is currently exploring its future options and examining the market. It is perceived that being delegated more autonomy at arms-length could enable the delivery of greater efficiencies and help oneSource grow its customer base beyond the current three boroughs, generating more income for its shareholder councils.

#### Why the model was chosen

The JC was chosen for reasons of speed of set up – it was considered the quickest and speediest way to get the new model in place and help deliver savings.

All oneSource staff have stayed employed by their home boroughs – there has been no TUPE. If someone leaves, they are replaced on the same T&Cs. This help keep staffing levels consistent across the partners. oneSource manage the range of T&Cs across the organisations without much difficulty. Staff have experienced some challenges, as two of the partners have gone recently through their own T&C transformation changes that affected staff who are part of oneSource. No TUPE has also minimised the perception of risk with Unions and staff, as well as pension considerations and cash flow at each employing borough.

#### Lessons learned

oneSource recommend ensuring that the governance model aligns with the political and organisational agendas of each partner for the coming 3-5 years. This avoids conflicts and establishes a timescale for the journey ahead. Realistic, open budget conversations are also required to ensure everyone is clear about what is in, or out, of the partnerships – SLAs are essential to confirm these arrangements. Confirming the customer relationship and business culture is also important. oneSource are there to support their customers, not to act as policemen – and Customer Boards are in place to address developing issues formally as and when required. Finally, it is considered inevitable that the more partners involved, the more complicated reaching decisions can theoretically be. The best way to get around this is through trust and delegations that suits the needs of the partners.

### **Key learning points**

The strategic direction and priorities of each partner council must be considered when deciding upon a preferred governance model and plans for the future growth of a shared service. A visible and credible brand for the service is also extremely helpful when recruiting, which can be helped by promotion efforts and visibility at awards and exhibitions. The topic of having staff on different T&Cs is considered a minor frustration. Market supplements can be offered when required, but areas such as upskilling of staff and costs of training can become sticky. It is considered that a single set of T&Cs for all staff would eventually be the ideal situation but it isn't a priority in the short term.

### **For further information**

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### Case study: LGSS - joint committee and public service company

#### Shared service

LGSS is one of the largest public sector shared services ventures in the UK, jointly owned by Cambridgeshire, Northamptonshire County Councils and Milton Keynes Council. LGSS was originally created in 2010 through the merger of Corporate Services operations at Cambridgeshire and Northamptonshire into one unified, public-to-public shared service. LGSS has since secured new partnerships across the region with other public services including Norwich City and Northampton Borough Councils, and the Northamptonshire Foundation Health Trust. From 1st April 2016, Milton Keynes became a full partner with representation on the LGSS Joint Committee (JC) board.

#### Summary

LGSS has grown to approximately 1600+ FTEs providing the full scope of Business Support Services, including all Finance and Audit, HR & Payroll services, Legal Services, ICT and Business Systems to its customers. It has a turnover in the region of £85m pa of which c£8.5m is being generated by its subsidiary company LGSS Law (which has Admitted Body Status with the SRA). LGSS Law Ltd staff were transferred under TUPE from each of the three ownership councils' T&Cs, with no specific plans to harmonise T&Cs.

#### Shared service governance model

LGSS shared services is governed under delegation to an LGSS joint committee board. Each council or public body has therefore delegated budgets, staff management and the employment responsibilities to the LGSS JC who in turn delegated operational management responsibility to the LGSS Managing Director and shared Service Directors. There is no lead authority as service and budget responsibility has been delegated to the LGSS JC. The LGSS Law Ltd legal service arm was originally formed as a jointly owned company limited by shares between Cambs and Northants, which was recently expanded to include Central Bedfordshire Council.

The LGSS JC is a cross-party, members based board of governance structure whereas LGSS Law Ltd is governed through a shareholders' board consisting of the MD, NEDs, Finance and Legal Directors, with each Portfolio holder having the shareholder representatives and voting rights.). LGSS JC meetings are held quarterly whereas LGSS Law Ltd holds regular shareholder general meetings typically 3 times a year. The Chair is replaced annually on a turn-taking basis and holds a power of casting vote.

For LGSS Services it is usual for the retained Finance Director of partner authority to act as an intelligent client or LGSS Services Commissioner. LGSS operates a business partner model and adapt is able to customise and adapt their model to meet specific service requirements of each customer. There are formal SLAs agreed between LGSS and all its customers including the three owning councils (i.e. as LGSS customers). LGSS Law Ltd also operates a Business Partner customer service engagement model.

To date, there have been no real issues with joint procurements of shared systems and assets, as the approach is production of joint investment and joint business cases whereby each partner is asked to invest against discrete benefits/ costs/ risks/ rewards as part of any co-commissioned or jointly planned programmes between the various parties who choose to participate. There are currently no major changes planned in the LGSS shared business model apart from LGSS continuing to evolving its current governance structure as it grows and responds to its core partners' circumstances and their challenges.

Any additional full scope major partners for LGSS Services would simply involve extending the LGSS JC membership over time. And for LGSS Law Ltd specifically we have the ability to issue new shares to help facilitate strategic mergers and consolidations for legal service public service partnerships and growth plans.

### Why the model was chosen

During the setup of LGSS, a range of options were considered. The partners felt that the JC route offered the best route for ownership and political partner buy-in at the time, as well as its simplicity it avoided staff TUPE transfer concerns. It is perceived to be the most expedient governance model for start-up with the minimum pain, change and member resistance associated with its inception. New customer and shareholders can be brought on-board fairly easily through delegation and avoid time consuming, costly and expensive OJEU procurement procedures to new partners. We moved LGSS Law Ltd to the ABS SRA regulated model because this best suits the professional service plans we have for it, and it affords LGSS Law Ltd greater degree of freedom when it comes to workforce development, and competing for legal skills in recruitment and retention terms.

### Lessons learned

LGSS note the value in retained council commissioners sitting with the councils acting as senior intelligent client role. From practical experience, some service areas do not suit being delegated or shared, so it is important to consider carefully what gets included. It is essential to have SLAs and agreed annual service charge arrangements in place with each partner, to provide baselines for service planning and change management, measuring quality and service delivery expectations, and agreeing what, how and where savings will be achieved and their agreed impacts on service over time, and to do this joint service planning openly as part of the normal Mid-Term Financial Planning individually with each partner annually.

### Key learning points

To avoid the perception of 'forced' changes upon any partner, it is crucial all partners and members share an understanding of how the shared service and JC will operate. LGSS saves money by getting bigger (i.e. it's a shared risk/ reward economies of scale model. LGSS' key purpose is to serve its customers, offering value for money and at an agreed quality of service, i.e. a not for profit model. The idea of "thinking like a customer, acting like a tax payer" is LGSS's business ethos and it aligns with each partner's long-term goals. Having staff on different sets of T&Cs is considered a distraction, rather than a real issue to contend with and is effectively managed as part of the shared services model. Experiences in the private sector has seen similar shared teams working with multiple T&Cs so why would shared services be any different? Gradual harmonisation can be managed and take place over time at service team levels if beneficial and is naturally occurring and managed through normal staff turnover.

### For further information

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### Case study: Hoople Ltd - public service company

#### Summary (taken from public domain reports)

Hoople was created in 2011 by Herefordshire Council, the Wye Valley Trust and the then Herefordshire Primary Care Trust as a “Teckal” or “in house” company with a vision “to provide excellent business support services to the public sector and those who work with them”. Since 2011, Hoople has established itself as an effective organisation and has delivered significant cost savings to the shareholders.

Over the past two years, a number of changes have been introduced to ensure the company remains able to deliver back office services to the shareholders and other customers in the future. Herefordshire Council and Wye Valley Trust are the two shareholders with 85% and 15% shareholding respectively. Reductions in management overheads were delivered in 2015/16 and the size of the company board reduced to ensure the company focused on future priorities of the shareholders. The company board currently comprises Andrew Cottom (Wye Valley Trust), Councillor David Harlow (Herefordshire Council) and Geoff Hughes (Herefordshire Council).

The council commission services with Hoople through a strategic service level agreement with services provided at cost with no profit element. Performance of the services delivered through the SLA is currently reported and monitored in accordance with the Council’s Performance and Risk Opportunity Management (PROM) framework through Directorate performance processes on a monthly basis. Current requirements in relation to service volumes and key performance indicators are included within the SLA. The revenue expenditure through the Hoople SLA for 2017/18 is expected to be £5.545m. This is contained within existing budgets and provides for a range of services covering ICT, Human Resources, payroll, recruitment, training support, finance, revenues and benefits.

The Parties understand and agree that the success of the delivery of the services is heavily reliant on the implementation of a robust and appropriate governance structure. Effective governance is essential in achieving the objectives of any Partnership, especially one where outputs rather than inputs, are the defined objectives.

The three key aspects of governance in this relationship are:

1. Formal Communication – regular meetings at operational level and relationship level to monitor the performance of the services and for both parties to understand the impact of day to day activities and decisions.
2. Reporting Performance – monthly performance reports focusing on key performance information along with corrective action plans as necessary.
3. Escalation – wherever an issue or potential issue that cannot be resolved by those directly involved occurs, it is incumbent upon those involved to escalate to their line manager (who may in turn escalate further up the management hierarchy) to ensure that a prompt resolution or action plan to achieve resolution is implemented.

Monitoring takes place through regular meetings between service leads from both organisations. In addition, meetings at senior level take place quarterly to ensure there are no major contract changes or quality issues to address. Without effective governance it is acknowledged that the delivery of the Services will be compromised and that the Partnership Statement will not be fully achieved.

#### For further information

Hoople Ltd, E: [enquiries@hoopleltd.co.uk](mailto:enquiries@hoopleltd.co.uk)

### Case study: Southwest One – private sector involvement

#### Shared service

The Southwest One (SWO) partnership and contract was originally entered into by Taunton Deane Borough Council (TD) in conjunction with Somerset County Council (SCC) and IBM in 2007. Avon and Somerset Police (ASP) joined in 2008. The 10-year contract was for the delivery of a range of back office services and a number of key transformation projects. At the time of exit, SWO was one of TD's largest contracts, costing circa £1.7m per annum, although this had significantly reduced by service de-scoping during the term.

#### Shared service governance model

SWO was set up as a third party joint venture company, with IBM as the majority shareholder and the public sector partners holding percentage shares based on original contract size. The Board had equal shareholder representation, but with certain reserved matters per shareholder. The Board received regular updates on performance and financials, but it is felt that the right things were not always being measured and that actual achievements versus targets were only a small part of the overall picture.

SWO ran a secondment model - there was no automatic TUPE of staff – and seconded staff had a 10-year period of assured employment. However, this meant SWO was unable to reduce staffing levels to help it deliver savings. SWO teams would consist of a mixture of staff from the two councils, SWO direct employees, police, IBM and/or agency staff. This occasionally caused confusion and conflicts with communications being issued to staff from SWO as well as their host organisations.

Initially, it was intended that the public sector partners would have a joint client team. In reality, separate client teams represented each partner's interests. This made life difficult for SWO as each had different aims and priorities. Insisting on a joint client team may have informed the development of a shared strategy for SWO.

#### Why the model was chosen

In pre-recession 2005-06, TD and SCC had been rated as Excellent councils and were exploring avenues for achieving Gershon savings targets of c2.5%. Entering a contract with a private sector partner to deliver savings and reinvest in service delivery was considered a positive move, with a standalone 3rd party company, following a growth model, considered the best vehicle to achieve this. The idea led to the formation of SW1 in 2007, led by TD and SCC, with ASP joining 6 months later.

It was perceived that great opportunities for economies of scale existed within the new SWO's body of over 1000 employees, as well as year on year price reductions, primarily through procurement savings of c£200m over 10 years and creation of a new back office hub that would attract new business from within the public sector. There was a lot of initial enthusiasm and interested parties, but the effects of the recession and harsh austerity meant that the money was no longer available in the sector to invest - the sector had tightened its belts. Delays to the major programme of work required to integrate the partners also led to a significant period of time elapsing before SWO was fully up and running, coupled with the need for additional investment being required by IBM to make it all work.

By 2010, the Councils had much larger savings targets as a result of the recession, but basically had a fixed price contract with SWO, and no new joiners to provide SWO with opportunities for efficiencies. The initial vision had fizzled away and contracts were all that was keeping the partners together. SWO/IBM had been left with a service contract, predicated on a growth model. As a result, SWO was reporting significant losses.

### Lessons learned

The world has changed significantly since TD entered the SWO contract in 2007. The recession had an unforeseeable impact on local government funding and the levels of savings TD needed to make. The ambitions and direction of travel of the partners also became significantly different to how they were when they started. Whilst there are still opportunities to work together in specific areas, TD no longer look to combine services in an organisation the size of SWO. Advice and guidance from central government has also changed and recognises that large, multi-faceted and lengthy contracts are not the right solution in the current environment. Instead, best practice has recommended smaller, more focussed contracts where outsourcing is being considered.

TD have brought back in-house a number of services from SWO during the past 3 years. The remaining TD services returned early in two phases in Dec 2016 and March 2017 being Customer Contact, ICT, Procurement and the transactional elements of HR (including Payroll) and Finance. The 10-year contract was scheduled to end on 1st November 2017.

### Key learning points

Creating a stand-alone organisation may be speedy, but it can lead to a loss of control, particularly around the new organisations procurement policies. It is essential to maintain alignment of strategic objectives and desired outcomes of each partner. Ensuring each partner keeps an element of service expertise in-house also means that an intelligent client team has the knowledge and skills to influence, inform and shape the delivery and service's strategic direction.

Working with different sized partners can cause problems – but if you are broadly the same size, it can make it easier. Mixing teams with a bigger organisation can lead to the most common cultures being embedded as the new norm, which can frustrate smaller partners.

Contracting a large basket of services over a lengthy period is also to be avoided. Breaking up contracts into smaller chunks is recommended. Ensuring there are opportunities to adapt to inevitable changes in partners' circumstances and objectives is also recommended, as is avoiding complex contracts that are ambiguous or difficult to unpick. Building in review periods to reaffirm, reflect and realign contracts is recommended.

Being realistic about savings is also important. Setting expectations over a foreseeable period will mean the service can move forward with realistic targets in sight. Bundling in big packages of work over lengthy periods leads to more uncertainty for all parties involved.

### For further information

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### Case study: Brent, Southwark and Lewisham - joint committee

#### Shared service

A three-way shared ICT service is in place between the London Boroughs of Brent, Southwark and Lewisham. With a combined team of approximately 100 people, Brent is delegated to act as the host authority for delivery of the ICT service within the agreed scope, including the procurement of ICT related goods and services and management of shared ICT service staffing.

#### Shared service governance model

The service operates a joint committee (JC) model. The model was chosen for reasons of simplicity – it was considered the least painful to setup legally. Most decision making is delegated to JC by the partners under S101 arrangements. JC acts as a place to resolve any conflicts and report performance to. Under normal circumstances, the service is run by the Service Manager.

In terms of procurement, there are two arrangements. Southwark delegate to Brent, who follow Brent's procurement rules, with a procurement limit of £500k, and anything above this is referred to the Brent Cabinet for approval. Lewisham refer expenditure decisions of over £500k to their Mayor & Cabinet, but require supporting reports.

Moving forward, the service is ambitious about growth, so the model may be reviewed, and the possibility of a company explored, to accommodate a shift towards trading and selling services in addition to the current sharing arrangements. Brent already currently sell services to the LGA through a jointly-owned Teckal company.

#### Why the model was chosen

The JC was chosen to suit the partners' circumstances at the point of establishing the shared service. It is not believed to be workable to keep adding extra representatives to the JC should the service grow further as is the intention, so a range of potential options for the future are currently being explored.

Due to the host authority approach, Brent received Lewisham's teams from Capita (as the external provider of the service). It is possible that staff from other retained/devolved Lewisham teams may TUPE to join Brent going forward. Southwark are in a similar situation, although staff in scope have not yet been transferred to Brent. Upon receiving Lewisham/Capita staff under existing T&Cs, Brent conducted a full restructure of the new service resulting to all staff, either existing Brent or transferred to Brent, being issued with new JDs. This was done with the intention of delivering a structure that is fit for purpose to deliver services to a wider user base across multiple authorities. This exercise also resulted in all staff having standard Brent T&Cs and the new JDs are suitable for receiving new staff when required.

The lead authority approach has meant that, with Brent as the host, all contracts are novated to, and new contracts procured by, Brent as a single contract. This has been a time-consuming process, as upon exploration, historic contract records have been patchy and therefore difficult to baseline and novate. This has caused delays, but has been a worthwhile process to achieve benefits and secure savings for the partners.

### Lessons learned

Whilst the JC process is smooth, it is recommended that JC meets as little as possible in order to minimise overheads and reduce the need for report preparation. Quarterly meetings currently take place, but often there is not much to report, due to smooth progress.

1 year in, there is occasionally a perception that the service is external (i.e. provided by Brent) to the other partners. This is considered something that will iron out over time as ways of working and sharing culture becomes the norm.

### Key learning points

Brent believe that growing further will produce more savings opportunities, built on being able to achieve greater economies of scale. However, it is not felt that new partners would choose to go with an LA over an external brand for reasons of cost alone, and that the brand and culture of local government offers a USP to shared services.

Pursuing a shared service is considered the obvious 'no-brainer' solution for the partners. Savings have been delivered, resilience has increased as well as the number of staff in the service.

### For further information

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### Case study: Anglia Revenues Partnership - joint committee

#### Shared service

The Anglia Revenues Partnership (ARP) is a group of seven district/borough councils working together to provide a shared service to the residents of Breckland District Council, East Cambridgeshire District Council, Forest Heath District Council, Fenland District Council, St Edmundsbury Borough Council, Suffolk Coastal District Council and Waveney District Council. ARP deliver a range of services, primarily billing, council tax, housing benefit, benefit fraud, bailiff enforcement and training.

#### Shared service governance model

ARP operates a S101 delegated joint committee (JC) arrangement with no lead authority - all partners are equal. There is a single Member representative per authority for quorum of JC, with majority vote rule, and the Chair having the power of casting vote. The position of Chair rotates annually amongst the partners. Reports are created following one of the original authority's templates, with officers at each partner authority creating their own tailored versions as required.

In terms of procurement, a lot of decisions are not delegated to JC. Major procurements would go to JC, but then each decision would be noted by, or goes through, each individual Council's approval processes as per their individual constitutions. Members revert back to their individual Councils if anything is over their individual financial limits – however approvals don't necessarily need to go through any great decision-making timeline.

#### Why the model was chosen

A range of options were considered at the point of set up, including a lead authority approach or joint venture company. However, the strategic desire of each authority was to retain the staff, so no TUPE's have taken place (except for one previously outsourced partner's teams who have been brought into the partnership). ARP staff work on different T&Cs whilst still being employed by their sovereign authorities, with a little bit of geographic movement having taken place for operational benefits. In addition, actuarial advice flagged a detrimental impact on pension schemes were a number of staff to be TUPE'd out, reinforcing the decision to follow this approach and not pursue becoming a Teckal company.

#### Lessons learned

ARP believe any governance model can be made to work, but each have pros and cons. The JC model best suits ARP, but care is needed to avoid holding up decision making and over-onerous processes being introduced or retained. One advantage of a JC is considered to be that all partners come out with a shared outcome, however if there is any sense of imbalance at the start, this must be addressed. It is not perceived that there is any better model to choose than JC.

It is noted that co-locating staff can make different T&Cs more of an issue amongst staff, but offer greater managerial economies of scale. The topic occasionally rears its head, but is considered a distraction, rather than a significant issue, and will solve itself over time.

It is suggested that the strategic principles of each partner should drive the end model, based on what is most valued – e.g. value for money, service quality, generation of income from trading or just saving money. ARP are also no longer interested in adding any extra full partners as they have now reached a critical size where the operational benefits will not outweigh the risks. Getting actuarial advice on the pension implications of each model being considered is also strongly advised.

#### For further information

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### Case study: Sutton and Kingston – shared service

#### Shared service

Since 2013, the Royal Borough of Kingston Upon Thames and the London Borough of Sutton (KS) councils have shared an ICT service, saving c£4m to date. The authorities believe that sharing ICT helps enable digital transformation, saves money, modernise ways of working and improve service delivery to residents.

#### Shared service governance model

KS do not operate a joint committee arrangement. Instead they report to a monthly shared Director-level management board as the decision-making body. Within the scope of a shared legal agreement, KS each have a vote, with a legal framework in place to resolve potential deadlocks, although it has never been used. Both KS have a small number of reserved matters that they retain sovereign control over. A Member board leads on service communications and provides strategic oversight, but it is not a decision-making committee.

When the service was set up, approximately 30 Sutton staff TUPE'd to Kingston as the host authority. This was followed by a restructure, leaving the service with a workforce of about 90 people. T&Cs have not been an issue, as both sets of staff were fairly aligned pre-TUPE.

In terms of procurement, KS trust the effectiveness of each other's commissioning processes. A preferred process will be followed depending on the nature of the service area according to the commissioning rules of the Council.

#### Why the model was chosen

ICT was one of the early shared service arrangements between the two Councils, and the belief was that having ICT in place has made it easy to share other services subsequently. Each service is hosted by a lead from one of the two partners. Decision making feels efficient and KS have deliberately tried not to over-engineer the governance arrangements. The levels of management – up to Director level, with a shared decision making management Board - works well and is not overly complex. The ICT Head of Service has arrangements in place to report to the portfolio holding Member at each Council.

The shared model is perceived to drive cost savings, provide value for money and help KS pursue new business. At the start, KS had poor ICT infrastructure, which has since been completely modernised through the use of partners such as Citrix and Google. This early investment in shared ICT has enabled the councils to share other services more effectively, such as HR, Finance, customer services, Environmental Services and shared telephony.

#### Lessons learned

The organisational and infrastructure requirements to best support the sharing of ICT has had to be refined and evolved since the service was set up – it would be difficult for any shared service to get it 100% correct from the start. Bringing different organisational cultures together has also taken time as staff had to adapt to new ways of working. Stakeholders comment that the service feels like a single joint-team providing ICT to multiple organisations, with a shared single set of collaborative, integrated technology infrastructure and email structure helping facilitate this. A focus on getting the basics right from the start - e.g. making sure the Wi-Fi works everywhere for everyone – was essential. It is worth noting that service failures can happen like with any ICT service – but they are never due to it being a 'shared' ICT service.

### **Key learning points**

KS perceive the partners' cultures and location of the teams as important to consider and integrate from the start. Reliable, shared and common ICT infrastructure should be introduced as soon as possible to help collaboration happen remotely – e.g. video conferencing facilities. KS note the amount of time they save by having made it the new norm for meetings to take place where not everyone is based in the same room. This continues to save colleagues travel between geographical sites and enables other shared services outside of ICT to do the same as well.

### **For further information**

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<p><b>REPORT TITLE</b> Shared Digital Strategy – Reviewing the Draft</p>	
<p><b>REPORT OF</b> Ed Garcez, Shared Digital Chief Digital and Information Officer</p>	
<p><b>FOR SUBMISSION TO</b> Shared Digital Joint Committee</p>	<p><b>DATE</b> 30 October 2017</p>
<p><b>SUMMARY OF REPORT</b> This report provides a picture of the draft shared digital strategy for the next three years. The strategy describes how we will support, help shape and deliver the aspirations of Camden, Haringey and Islington; how we will manage our resources effectively and efficiently to make the most of opportunities with those resources.</p> <p>The strategy (Appendix D) describes in three parts: the priorities of the three councils (demand); what our resources are and how we manage them (supply); and how we match supply with demand successfully through governance and control mechanisms (control).</p> <p>The strategy is still in draft and would benefit from feedback from the Joint Committee and further consultation. Throughout the paper there are key decisions or open-ended prompts for the Joint Committee to consider, written in blue.</p> <p>The report is coming to the Shared Digital Joint Committee:</p> <ul style="list-style-type: none"> <li>• For feedback on the direction and content of the strategy up to this stage; and</li> <li>• To share details of the consultations that have taken place so far, so that the final draft of the strategy can be agreed by the Committee in February 2018.</li> </ul> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>The following document(s) has been used in the preparation of this report:</p> <ul style="list-style-type: none"> <li>• Shared Digital Strategy (Draft)</li> </ul> <p><b>Contact officer:</b> Ed Garcez, Chief Digital and Information Officer 5 Pancras Square, London, N1C 4AG</p> <p><a href="mailto:ed.garcez@camden.gov.uk">ed.garcez@camden.gov.uk</a> 0207 974 4583</p>	
<p><b>WHAT DECISIONS ARE BEING ASKED FOR?</b> That the Shared Service Joint Committee:</p>	

1. Comment on the key points proposed, direction, and content of the draft shared digital Strategy and provide recommendations for the final version that will be brought to the Committee for approval in February 2018.
2. Provide feedback on the next phase of the strategy, including the Joint Committee's views on what type of stakeholders they feel are key engagement priorities to make sure the strategy's message is sound and right.

Date: 19/10/2017

Signed:



## 1 WHAT IS THIS REPORT ABOUT?

- 1.1 This report proposes a draft of a single strategy for Digital across Camden, Haringey and Islington.
- 1.2 At the meeting of 19 June 2017, the Shared Digital Joint Committee asked officers to work towards a single shared strategy with a view to:
  - Understanding whether there were any strategic differences between the three local authorities (and if so, to highlight these early)
  - Consider and set out the areas of overlap (as noted in the minutes for the Joint Committee Meeting of 19 June 2017) and how we can best support these with collaboration across the three councils
  - Setting out a delivery plan based on key priorities
- 1.3 A single shared digital Strategy is a key step in further establishing the case for working together to reduce cost and maximise shared learning and benefit from collaboration across Camden, Haringey and Islington. It will also provide a clear framework for knowing what matters most and supporting our prioritisation.

## 2 WHY IS THIS REPORT NECESSARY?

- 2.1 At the meeting of 19 June 2017, the Shared Digital Joint Committee asked officers to work towards a single shared strategy that would be brought to the October 2017 meeting in draft form; with the aim of completing the strategy by the February 2018 Joint Committee meeting.

## 3 OPTIONS

### 3.1 Option 1

Do nothing. This option would mean no (new) digital strategy. A Shared Digital delivery plan would be embedded in the corporate strategies for the councils separately; or a digital strategy is deemed unnecessary by the Joint Committee.



**Rejected:** A Shared Digital strategy is key to further establishing the case for working together to reduce cost and maximise shared learning and benefit from collaboration across Camden, Haringey and Islington.

### 3.2 Option 2

Determine insufficient overlap to have a single strategy. In this scenario, it may be deemed unnecessary to have a single strategy because of the perceived lack of sufficient overlap between the three councils to make a single strategy worthwhile. In such a case, the three councils would create separate digital strategies or no strategy at all.

**Rejected:** Evidence (Appendix A – Section 4) shows that, there is a clear and significant overlap between the three councils’ corporate and digital priorities.

### 3.3 Option 3

Set out a shared digital strategy based on the current draft, using a template from a Gartner paper (Appendix B).

**Recommended:** The three councils have parallel digital priorities, but this demand outstrips Shared Digital’s capacity to deliver. A single strategy will enable us to meet that demand collaboratively to the highest degree by prioritising work across the three boroughs and using our resources effectively and efficiently.

The Gartner template we have used looks at our service in the lens of what our demand, supply, and governance control looks like. Using this template, we can focus on showing that we know:

1. What the councils want to deliver digitally, including what our top priorities are.
2. What resources (in money and people) Shared Digital has to tackle that demand.
3. How we organise and position ourselves to react to demand and what we do to use our resources wisely and prioritise the transformational projects that will have a massive positive impact on the councils.

## 4 WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

- 4.1 A single digital strategy, shared between the three councils, cements the shared position the three councils are in.
- 4.2 A single strategy will emphasise the need for collaboration in order to achieve savings. One of the key points raised in our current consultation with the Activist Group is that “Partners working together as a joint sponsor rather than as separate clients” is a key success criterion to shared ICT services.
- 4.3 A shared strategy helps clarify the combined digital vision of the three councils to Members, residents, partner councils, and external organisations.

In not pursuing a shared strategy, we risk not achieving the ambitions, savings, and vision set out for Shared Digital in its mandate. We also risk leaving unaddressed the massive challenge of managing shared resource in the face of high demand.

## **5 WHAT ARE THE IMPACTS/ RISKS? HOW WILL THEY BE ADDRESSED?**

- 5.1 If a shared strategy for digital is not implemented, the councils risk not achieving the ambitions and objectives that have been established (Appendix C – slide 16).
- 5.2 Without a strategy, Shared Digital risks not being understood by partners, members, and external organisations, with respect to its vision, purpose, and position within the three councils.
- 5.3 Without a single shared strategy, our ICT service risks a disjointed and uncoordinated approach to prioritising demand. Our ability to manage shared resources would be hindered without a shared direction and strategy.
- 5.4 Should a strategy be implemented, there is a risk that it does not align with the three councils' priorities or that the strategy doesn't accurately represent Shared Digital's position. Mitigating this, we have based the strategy on sound research, expertise, and consultation throughout the boroughs so that the strategy aligns with and benefits the strategic direction of all three councils

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

- 6.1 We will continue to develop the strategy and present a final version for consideration and agreement at the February 2018 Joint Committee meeting.
- 6.2 We will extend further engagement and consultation with key stakeholders across the three councils, specifically to inform thinking and prioritisation within the key themes of activity that the councils have agreed, and to help shape the narrative of the overall strategy.

## **7 CONSULTATION**

- 7.1 The Strategy has been developed in consultation with the Shared Digital Senior Leadership Team and the Shared Digital Delivery Board.

- 7.2 Many elements that make up the strategy have gone through extensive consultation and co-design stages with stakeholders across the three councils as well as externally throughout the past few years. The Functional Model was created in co-design workshops with Shared Digital employees and expertise from an external consultancy group; the six themes emerged out of engagement with key officers in departments across the councils and from the expertise of Shared Digital business partners; and we have consulted an expert consultancy firm for our governance structure. These key elements that make up our strategy have strong roots in sound evidence and extensive consultation.
- 7.3 In the second phase of creation (before the February 2018 Joint Committee meeting), we aim to consult further with key stakeholders, Members, residents, and external partners.

## **8 LEGAL IMPLICATIONS**

- 8.1 Legal services has reviewed this report in the light of the Public Contract Regulations 2015 (the 'Regulations') and the Shared Digital Joint Committee's Terms of Reference (the 'TORs') which must be complied with.
- 8.2 The TOR (Term #2) states that the Joint Committee shall approve the strategic service plan. It is noted that no firm Shared Digital strategy has been decided on at this present time. Legal Services should be consulted on the final strategy before it is submitted to the Joint Committee for approval.
- 8.3 The Council must take into account in coming to any decision its equality duties. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc. the protected characteristic of marriage and civil partnership is also relevant.
- 8.4 The recommendations in this report have no impact on service provision; therefore, an EIA is not required.

## **9 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)**

- 9.1 Shared Digital is expected to deliver cumulative savings of £6m per annum across the three councils, to be shared equally between Camden, Haringey and Islington, through identification and promotion of cross-borough and cross-service saving opportunities

- 9.2 A single strategy for Shared Digital will promote greater collaboration and integration within the service, and more broadly across the three councils, which should maximise opportunities to generate savings through efficient resource planning, joined up support and economies of scale.

## **10 APPENDICES**

- 10.1 Appendix A – Camden Cabinet ICT Shared Service Programme
- 10.2 Appendix B – Gartner IT Strategy template
- 10.3 Appendix C – Review of Opportunity for Haringey to join the Camden and Islington ICT Shared Service
- 10.4 Appendix D – Draft Strategy
- 10.5 Appendix E – Draft Strategy – Easy version

**REPORT ENDS**

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS ALL</b>
<b>REPORT TITLE</b> Camden, Haringey and Islington ICT Shared Service Programme (FIN/2016/09)	
<b>REPORT OF</b> Cabinet Member for Finance and Technology Policy	
<b>FOR SUBMISSION TO</b> Resources and Corporate Performance Scrutiny Committee Cabinet	<b>DATE</b> 5 <sup>th</sup> April 2016  6 <sup>th</sup> April 2016
<p><b>SUMMARY OF REPORT</b></p> <p>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.</p> <p>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.</p> <p>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'.</p> <p><b>Local Government Act 1972 – Access to Information</b> No documents required to be listed were used in the writing of this report.</p> <p><b>Contact Officer</b> Jon Rowney, Deputy Director of Finance, telephone 020 7974 6960, email <a href="mailto:jon.rowney@camden.gov.uk">jon.rowney@camden.gov.uk</a></p>	
<p><b>WHAT DECISIONS ARE BEING ASKED FOR?</b> <b>The Resources and Corporate Performance Scrutiny Committee</b> is asked to consider the report and refer any comments to the Cabinet.</p> <p><b>The Cabinet is asked to:</b></p> <ol style="list-style-type: none"> <li>Agree to establish a shared ICT service between Islington, Camden and Haringey councils;</li> <li>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;</li> <li>Note that the Leader, subject to the Cabinet agreeing the above, will in consultation with the Cabinet Member for Finance and Technology, make</li> </ol>	

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
<b>Annual Savings</b>	
Staff Savings	3,400
Non staff savings	2,600
<b>Total Annual Savings</b>	<b>6,000</b>
<b>Investments and One-Off Costs</b>	
Project Team and Support	3,000
Capital Investment	2,500
Severance Pay	2,000
<b>Total Investment and One-off Costs</b>	<b>7,500</b>

## 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

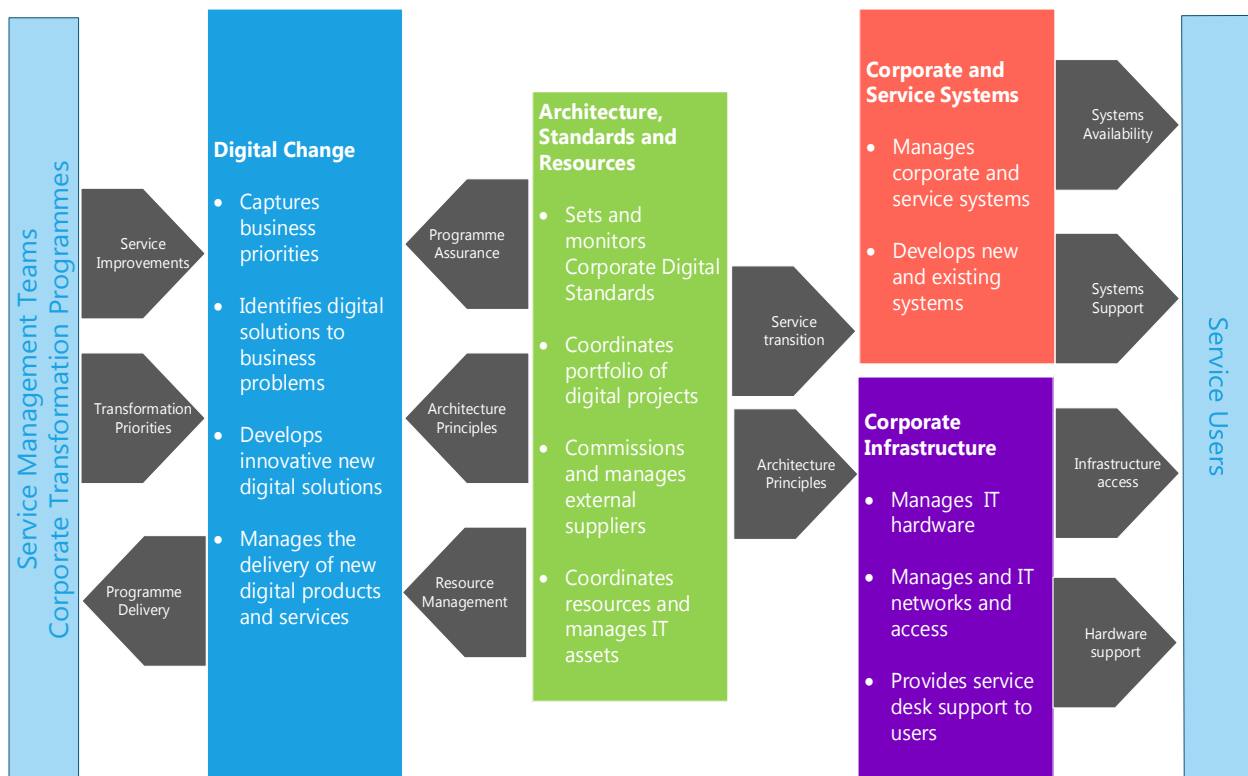
Appendix B: Proposed Target Operating Model



## 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



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## Gartner IT Strategy Template

### Introduction

This template presents suggested sections, content and format for a world-class IT strategy document. It is applicable to both private and public sector enterprises.

Excepting this introduction and the reference section at the end, this document forms the structure for an IT strategy document, and is intended to be used as a template. The main sections of the strategy are grouped into three categories: *Demand Strategy*, *Control Strategy* and *Supply Strategy*. Each group has four parts. In addition, there is an *Executive Summary* at the beginning and a *Risks and Issues* section at the end.

A concise IT strategy document is a key success factor and an indicator of a well-run IT organization. The IT strategy document should be clear, compelling, and useful for business executives, IT leaders and IT staff alike. It should summarize how the IT organization and IT services will contribute to the success of the enterprise, but be specific enough to drive IT decision making. Typically, an IT strategy document can be used for three to five years, with annual updates.

An IT strategy document is one of the set of documents a well-run IT organization should maintain. Others include the IT strategic plan, the IT budget, the IT architecture and the procedures for all the key IT processes, such as help desk operations and risk management. Together with business strategy, financial planning and other functional strategies (such as production and marketing strategies), these form part of the overall enterprise strategic document set.

It is very important to note the difference between the IT strategy and the IT strategic plan. The strategy sets direction, whereas the strategic plan outlines the specific initiatives and expenditures over the next few (typically two to three) years, in varying levels of detail.

The strategy document should be a brief, high-level, business-oriented IT strategy, about 15 pages long, that refers to supporting detailed documents. Gartner's experience is that an IT strategy document prepared in this way is more widely read, better understood and hence more influential with a range of stakeholders.

Guiding principles for creating the document are:

- Use business language wherever possible. Avoid overly technical terms, and ensure that any specialist terms (IT acronyms, for example) are in a glossary at the end.
- Be as brief as possible, referring the reader to more detailed documents (e.g., IT budget, IT organization chart, IT architecture).
- Avoid generic statements such as, "IT is a critical input to the business." Focus on what is specific to your enterprise.
- Separate the IT strategy document from the more detailed IT strategic plan.

## 1. Executive Summary

**Recommended length:** Half a page

**Purpose:** A summary of the document, written for senior business executives.

**Contents:** This section should capture the essence of the strategy, including the “trail of evidence” from IT strategy to business value.

## 2. Demand

### 2.1 Business Context

**Recommended length:** Half a page

**Purpose:** A summary of key facts about the area(s) of the business included in the scope of this IT strategy, to provide context and to highlight challenges and opportunities the business faces.

**Contents:**

- (i) The value proposition (what value we provide to which customers and markets).
- (ii) Our position in the value chain/business ecosystem.
- (iii) Our business model.
- (iv) The competitive environment (if one exists).
- (v) External macro-level drivers, such as regulatory, macroeconomic and political environments. This section (along with the next one) should reference relevant enterprise and business unit strategy documents.

### 2.2 Business Success

**Recommended length:** Half a page

**Purpose:** A clear expression of the *strategic posture* of the business: why customers will buy from us and/or why we will win. In a public sector context, this is about why we will succeed in fulfilling and/or growing our mission.

**Contents:** This section should clarify what will make the business win. Ideally, it will identify no more than one or two aspects of our business. A powerful framework that can be used here is the value disciplines of Treacy and Wiersema (see references), which state that successful businesses choose to be excellent at one of three things—customer intimacy, operational excellence or product leadership—and choose to be good enough at the other two. This section must answer the question, “Why will we win?” and may include the business’s mission, vision, goals and/or business principles. A critical part of the strategy, it should define the focus of the business, which should be used to drive trade-offs in IT. A useful framing question here is, “What won’t we do?” Ensure that this section is in plain English, understandable to the layman.

### 2.3 Business Capabilities

**Recommended length:** Half a page

**Purpose:** A description of the business capabilities that will be needed to support the strategic posture described in the previous section.

**Contents:** This section should clarify business capabilities required for the business to win, and then outline the gaps between existing and needed capabilities. Examples include the ability to collaborate within the enterprise, the ability to conduct mergers and acquisitions, product innovation capabilities and the transparency of performance metrics. This should list capabilities at a strategic level; typically there should be no more than five.

## 2.4 IT Contribution to Business Success

**Recommended length:** Half a page

**Purpose:** An explanation of how IT capabilities and plans will contribute to business success. This is the IT equivalent of the enterprise mission and vision statements.

**Contents:** This section specifically connects IT activities to business success and business capabilities, as described in the previous sections. For example: “By making business process costs in customer service more variable, IT will reduce the impact of demand volatility.” This section should be pulled out and used in very high-level presentations (e.g., to the board of directors). It represents the “elevator pitch” as to how IT adds value to the business.

## 3. Control

### 3.1 IT Principles

**Recommended length:** Half a page

**Purpose:** A high-level set of five to 10 principles that guide IT decision making and reflect the IT contribution. IT principles guide day-to-day IT decision making and IT governance. It is preferable to present the IT principles alongside a set of business principles, if available.

**Contents:** Typical topics covered by the IT principles include: where agility is needed, how the IT organization will be structured, how to approach risk, how to approach sourcing and what kind of staff/skills are key. An example of a principle concerning agility would be: “We will prepare IT assets and services that can rapidly scale to support acquisitions.” An organizational structure example would be: “We will centralize every asset and process identified as a business commodity.” The test for inclusion in this section is, will the principle guide decisions that contribute to business success in my enterprise, or could it apply to any enterprise? A good principle satisfies three criteria:

- (i) Clearly connected to business success.
- (ii) Specific to your enterprise. It is important to avoid truisms that apply to all IT organizations (e.g., “We will provide high-quality, reliable IT services.”).
- (iii) Detailed enough to drive decisions, behaviors and trade-offs.

### 3.2 IT Governance

**Recommended length:** One page

**Purpose:** An explanation of how IT decisions will be made.

**Contents:** For each type of IT-related decision, this section explains who will have input, who will make the decision, and what tools and mechanisms will be used in making, communicating and enforcing the decision. Typical types of decision include: IT principles, investment, infrastructure, architecture, security and risk, projects, programs and benefits. The governance matrix developed by MIT and Gartner is a concise way to outline governance (see references).

### 3.3 IT Financial Management

**Recommended length:** One page

**Purpose:** An explanation of sources, uses and control of funds for IT.

**Contents:** This section explains whether the IT organization is operating as a cost center, profit center or investment center. It also explains how funds will be supplied to IT—e.g., whether discretionary IT project funds will be separate from overall business project funds—and whether chargeback will be used for recovering IT costs, and if so what type. This section typically refers to detailed IT budget and enterprise financial strategy documents.

### 3.4 IT Metrics

**Recommended length:** One page

**Purpose:** A description of how the success of the IT organization will be measured.

**Contents:** This section summarizes the metrics used to measure the IT organization's performance. Ideally, the number of high-level IT metrics will be small (four or five) and will map directly to a similarly small number of business success metrics. The IT metrics may then expand into a larger list. The business success metrics should be those recognized by senior business leadership, if they exist. Ideally, both business and IT metrics will be a mix of lead and lag indicators. The focus of this section should be on how the metrics link to business success, rather than on specific targets for the metrics over time. (The targets should be part of the IT strategic plan.)

## 4. Supply

### 4.1 IT Services and Processes

**Recommended length:** One page

**Purpose:** An explanation of the scope of, and the approach to, IT services.

**Contents:**

- (i) A list of services provided. This should be a relatively small high-level list of up to 15 items. Similar services should be grouped together in a way meaningful to a senior business person. Focus on any nonstandard choices of services included/excluded that differ from the normal scope of an IT organization—for example, inclusion of business process design/change services, information management services or services that form part of the end-customer product (as opposed to services for employees only).
- (ii) A summary of the approach to services and processes (e.g., the use of standards such as ITO 20000 and ITIL).

## 4.2 Enterprise Architecture

**Recommended length:** Two pages

**Purpose:** A clarification of how business processes, IT assets and services are designed to support current and future business models.

**Contents:** This section presents a high-level overview of the as-is and to-be enterprise architecture, as well as the benefits of moving from as-is to to-be. It should include business process, information, application and infrastructure layers. In addition, it should explain the approach to architecture and whether any architecture standards are used (e.g., Zachman, TOGAF, FEAF). Details such as the list of applications in the portfolio, and components of the infrastructure, should be left to appendices or separate documents.

## 4.3 People

**Recommended length:** One page

**Purpose:** A summary of the key human capital management aspects of the IT strategy.

**Contents:** This section summarizes the as-is and to-be human capital management picture, including current and needed IT organizational structure (org chart), and current and needed skills inventories.

## 4.4 Sourcing

**Recommended length:** One page

**Purpose:** A summary of the approach to sourcing and any important relationships.

**Contents:** This section explains the approach to sourcing, along with the rationale. This may be expressed as a set of sourcing principles. In addition, any important relationships (e.g., a long-term contract with a provider of support services) should be highlighted, with relevant details such as the relationship's scope and duration.

## 5. Risks and Issues

**Recommended length:** Half a page

**Purpose:** An outline of the major risks and issues associated with the IT strategy, with approaches for mitigating them.

**Contents:** This section, similar to the risks section of annual reports and business plans, should focus on the most material high-level categories of risk and not be a laundry list of hundreds of detailed risks. For example, an IT strategy heavily dependent on external partners is a high-level category of risk, and the mitigation might be to ensure that partners use standard methodologies that are well documented. Ideally, there should be less than 10 risks covered here. If there are more, shorten the list by combining several related issues into one, and then choose only the highest-impact ones.

## 6. Appendices

**Recommended length:** Variable

**Purpose:** A collection of detailed facts and figures, not easily available from other documents, that supports statements made in the main document.

**Contents:** This section typically includes a glossary and further details on subjects covered in the previous sections, as well as references to other documents.



## References

This section is for reference rather than part of the strategy document. Some of these references are mentioned above; others are useful for creating IT strategies.

### Gartner EXP Reports

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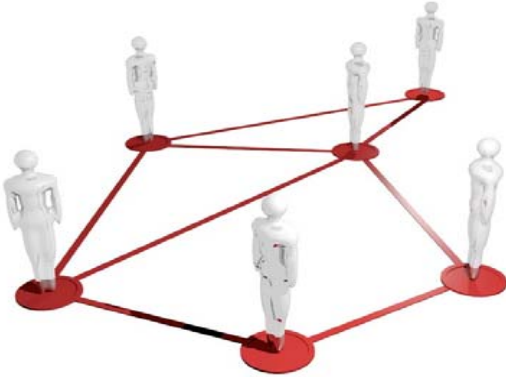
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**Review of Opportunity for Haringey to join the  
Camden and Islington ICT Shared Service**

**Draft Summary of ICT Shared Service  
Business Case Analysis**

November 2015

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## Summary Recommendations

### Recommendations:

- **That Haringey should join the shared digital service with Camden and Islington Councils to deliver shared priorities, save money and enable transformation**
- **That the Council becomes member of the Joint Committee being established by Camden and Islington for the management of the Shared Service**
- **That Haringey should seek to join the ICT Shared Service as early as possible in order to be in a position to shape the service to meet its needs, as well as those of Camden and Islington, and to ensure that current IT staff have access to opportunities in the new service as it takes shape.**
- **The change must be underpinned by structural changes in IT and by culture change in the 3 IT teams**

This recommendation is based on

- Engagement with the senior stakeholders in Haringey to assess appetite and potential blockers
- Engagement with the IT / Digital Leadership Team
- A review of the revenue spend in the Council and comparison with the spend profiles for Camden and Islington
- A review of the technology and architecture of the Council and the degree of alignment with Camden and Islington
- A review of key documents and previous IT reviews



# Summary Conclusions

**We recommend that the Council join the shared digital service being created by Camden and Islington to deliver shared priorities for residents & businesses.**

## The Challenge:

- Together the 3 Councils have to deliver estimated budget cuts of over **£250million** to achieve by 2018/19 at a time when expectations are rising (.e.g. through easy to use consumer technology) and socio-economic pressures are mounting (e.g. people are living longer)
- The use of new digital solutions to service delivery will continue to be a core approach to delivering services in more cost effective way. Increasing use of the web rather than more expensive alternative (e.g. by making it simple and easy to transaction on line) , improving productivity (e.g. through mobile working) and putting resources where they are most needed through prioritisation and targeting of scarce resources (e.g. through business intelligence) will be key elements in digital service transformation.

## The Opportunity :

- Saving money across the 3 Councils by lowering IT costs through workforce efficiencies, economies of purchasing scale , rationalisation of IT systems, joint investment and knowledge sharing as opposed to duplication of effort
- There is significant commonality in Council priorities and objectives that are critical to delivering synergies and sharing.
- This commonality makes it possible to deliver shared Council priorities by accelerating, scaling and collaboratively investing in digital technologies that are already delivering benefits in each Borough
- These opportunities include improving customer access (e.g. the web), enabling staff to in a more flexible and agile way (e.g. through enabling mobile working), joining up services (e.g. a single view of the customer) to deliver multi disciplinary teams / cross sector working as well as freeing up resources & targeting them effectively (e.g. through use of analytics and business intelligence )

## The Risks

- Experience in other shared services indicates that it is critical to centralise digital services, people and budgets. Alternatives are less effective (e.g. critical friends review)
- That governance is too bureaucratic and slows the pace of change
- That existing attitudes and behaviours do not change to support the principle of a shared approach but continue to reinforce fragmentation and silo based approaches

## Financial Savings and Implementation Costs:

Summary	Camden & Islington		Total
	Haringey		
	£K	£K	£K
<b>Total Annual Savings</b>	<b>4,000</b>	<b>1,365</b>	<b>5,365</b>
<b>Total Investment Cost</b>	<b>4,917</b>	<b>1,918</b>	<b>6,835</b>
<b>End State FTE Reduction</b>	<b>50</b>	<b>16</b>	<b>66</b>

Annual Savings Detail			
	£K	£K	£K
<b>Staff Savings (using service average £/FTE)</b>	<b>2,457</b>	<b>967</b>	<b>3,424</b>
<b>Non Staff Savings</b>	<b>1,543</b>	<b>398</b>	<b>1,941</b>
<b>Total Annual Savings</b>	<b>4,000</b>	<b>1,365</b>	<b>5,365</b>

Investments and One-Off Costs			
	£K	£K	£K
<b>Design, build and implementation cost</b>			
<b>Project Team Costs</b>	<b>1,900</b>	<b>560</b>	<b>2,460</b>
<b>Capital Investment Required</b>	<b>1,600</b>	<b>800</b>	<b>2,400</b>
<b>Severance Pay</b>	<b>1,417</b>	<b>558</b>	<b>1,975</b>
<b>Total Project Investment and One-off Costs</b>	<b>4,917</b>	<b>1,918</b>	<b>6,835</b>



## Review Findings - Context

### **Organisational context**

- There is a strong appetite for the proposal for Haringey to join the Camden/ Islington among the Corporate Leadership and Members, where the benefits of doing so are clear and attainable
- There is little apparent resistance to the idea of Haringey joining the Camden/Islington Shared Service among the current senior user community
- There are some frustration among the user community with the current engagement by IT Services with the wider service organisation and its responsiveness to service demands.

### **State of Current IT Service**

- The management of the IT infrastructure is generally sound and individuals in the ITS team are working to deliver an effective operational service
- However, there is very limited programme delivery and transformational capacity in the current ITS team
- The team do not appear to be working within an agreed strategic technology framework
- This is despite the fact that Haringey has a fairly comprehensive strategy and a documented roadmap for its infrastructure and Operating System level technology
- The strategy, however, is fairly departmentally focused and suffers from a lack of insight into information management.
- The infrastructure roadmap is very comprehensive but is not visionary in nature; it is very technology focused and is structured in technology silos.
- Therefore it is more focused on maintaining and enhancing existing capability than looking for innovative technology driven change based on the business needs.
- Haringey is currently challenged by some significant information management issues as evidenced by the costs currently expended in areas to do with data matching and cleansing
- Haringey would benefit significantly from a strong Information Governance Board



# Key Findings – Finances and Staffing

## Comparison of Spend and Staffing Numbers with Camden and Islington

- Despite similar overall spend profiles for the service, Haringey employees significantly fewer staff in ITS:

	Staff Costs	Non-Staff Costs	External Income	Non-Cash (Capital Financing)	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
<b>Camden</b>	8,555	4,681	-1,292	1,899	13,843
<b>Islington</b>	6,747	6,003	-96	2,530	15,185
<i>sub-total</i>	15,302	10,684	-1,388	4,429	29,028
<b>Haringey</b>	5,334	6,383	0	2,035	13,752
<b>Total</b>	<b>22,049</b>	<b>23,071</b>	<b>-1,483</b>	<b>6,960</b>	<b>50,597</b>

	Islington	Camden	Haringey	Total
<b>Strategic Leadership</b>	6.0	6.0	8.0	20.0
<b>Transformation</b>	17.5	44.8	13.0	75.3
<b>Customer Focused IT/ ICT Operational</b>	96.7	110.2	58.0	264.8
<b>Architecture, Resource Planning, Policy</b>	17.9	14.0	12.7	44.6
<b>Total</b>	<b>138.1</b>	<b>175.0</b>	<b>91.7</b>	<b>404.7</b>

- Some Reasons:
  - IT Services to Schools included in IT Services in both Camden and Islington but not a service provided by Haringey
  - Some services are delivered through external managed services in Haringey but are managed by in-house teams in Camden and Islington (e.g. Network Services)
  - Transformation resources for some corporate programmes are included in IT in Camden but tend to be in programmes outside of IT in Islington and Haringey



## Review Findings – Opportunities

### Opportunities

- We have 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 3 Councils. These opportunities include:-
  - Customer Access
  - Workforce collaboration and mobile working
  - Health & social care Integration
- We have 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 3 councils for buildings control, planning and land charges;
  - Haringey uses the Impulse and Mosaic systems for Adults and Children’s Social Care – the same as Camden;
  - Haringey and Islington both use Northgate’s iWorld for Revenues and Benefits
- Like Camden and Islington, **Haringey has a need to review its future datacentre provision** due to the planned closure of Technopark in 2017. This offers a **significant opportunity to take an integrated approach across the 3 Councils and develop a consolidated datacentre infrastructure** that will save money, improve resilience and provide a platform to widen the partnership further or provide services to other public sector bodies.





## Challenges and Risks

There are significant differences and challenges ahead for the delivery an integrated shared ICT service across the 3 boroughs:

- The Councils currently have **different structural approaches to the management of IT/Digital Services which will need to be aligned to achieve the full benefits of a shared services**
  - There is a fully centralised structure with business partner model in Camden with a strong transformation focus
  - There is a decentralised approach to management of main service systems in Islington
  - There is a centralised, but operational focused IT service in Haringey with little transformational capacity
- There are **cultural differences between the three Councils' IT Services that will need to be aligned.** We recommend:-
  - The implementation of a common set of guiding principles to support the delivering of digital across the services
  - A light touch governance based around the proposed new Joint Committee
  - A recognition that there will be some nuances in the model to cater for different approaches in the 3 Councils (e.g. information governance)
- Haringey's use of **SAP** and the length of the current support agreement may limit the potential for integration savings around the management of Finance, HR and Procurement systems in the short to medium term



## Potential Early wins

- Review the business case and appetite to accelerate the implementation of digital platforms that are being successfully used in one Borough but not yet available in the other – to maximise investment and accelerate delivery in common res of transformation
- Undertake an early review of the opportunities for an integrated datacentre infrastructure to underpin the new shared service, save money and provide a platform for service provision to others.
- Agree a joint approach to the management of common application suppliers and align procurement timetables, where appropriate, to maximise spending power
- Take a joint approach to the development of standards, a common architectural approach and agreed application and infrastructure roadmap



## Design Principles for a Responsive Shared Service

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



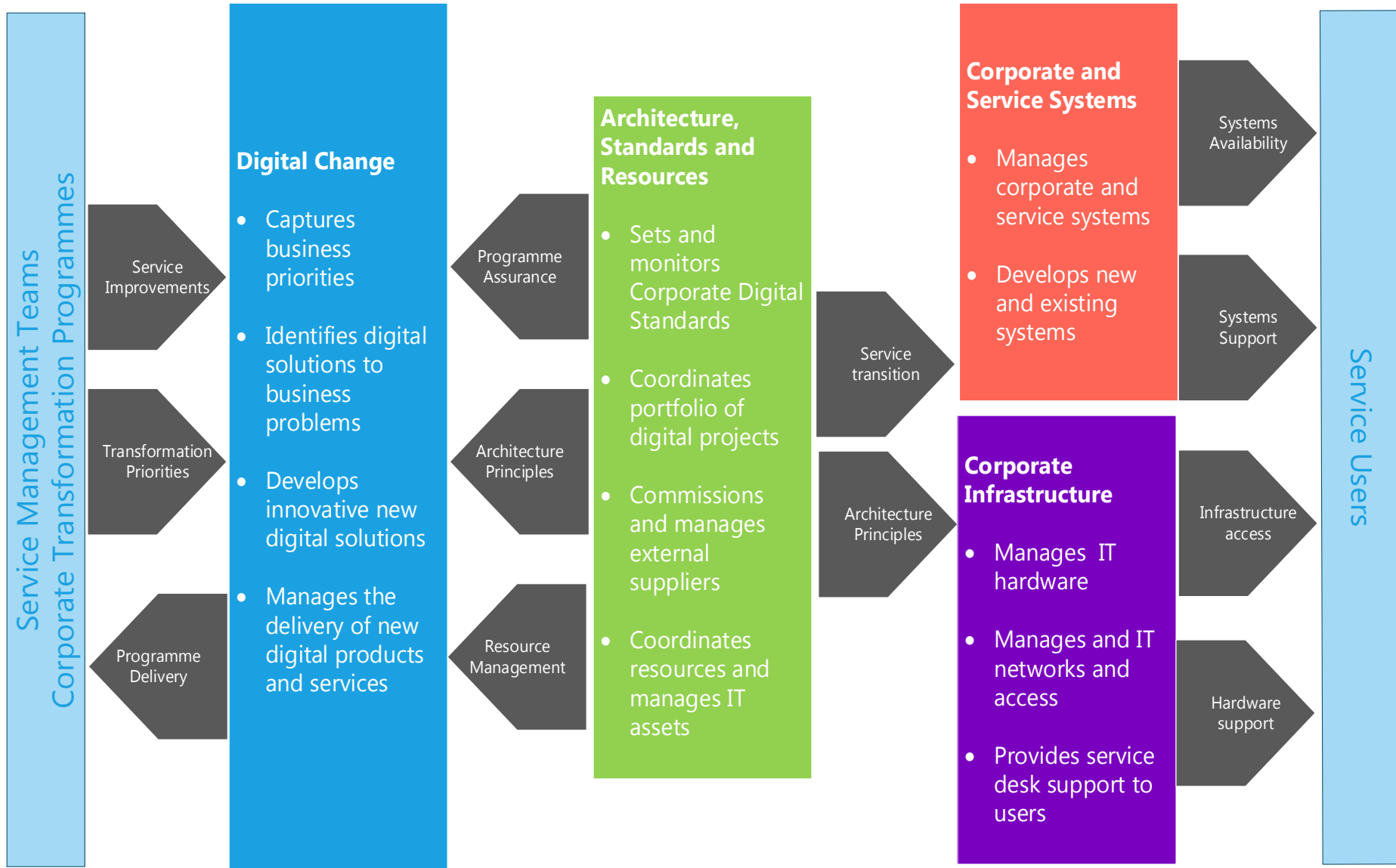
## The Shape of the New Service

**We are recommending a Target Operating Model based on bringing together staff into four key functional areas that will support all 3 Councils:-**

- 1. The digital change functions are about ensuring that new digital developments are aligned with Council priorities** at both a departmental and corporate level. This will be led by the business partners, project resources and technical specialists responsible for delivering technology platforms that save money, integrate services and enable new ways of working. **As the volume of change is variable the size and shape of the function will vary depending on demand. Based on a review of the Digital Strategies of the 3 councils we are proposing** business requirements are aggregated into five cross cutting portfolios – customers, workforce, insight & data, multi agency working and digital place – to enable synergies, joint investment, knowledge sharing and common approaches
- 2. An Applications Support team brings together the staff who support corporate and department systems.** We are proposing that teams are arranged into cluster of related apps to support economies of scale and consolidation of platforms
- 3. The Common Infrastructure function is about integration and consolidation of underlying infrastructure** to save money and flex on demand to meet the needs of the organisation
- 4. The Strategy and Architecture function will ensure that the work across all the functions above is joined up,** risks are managed and standards are driven up

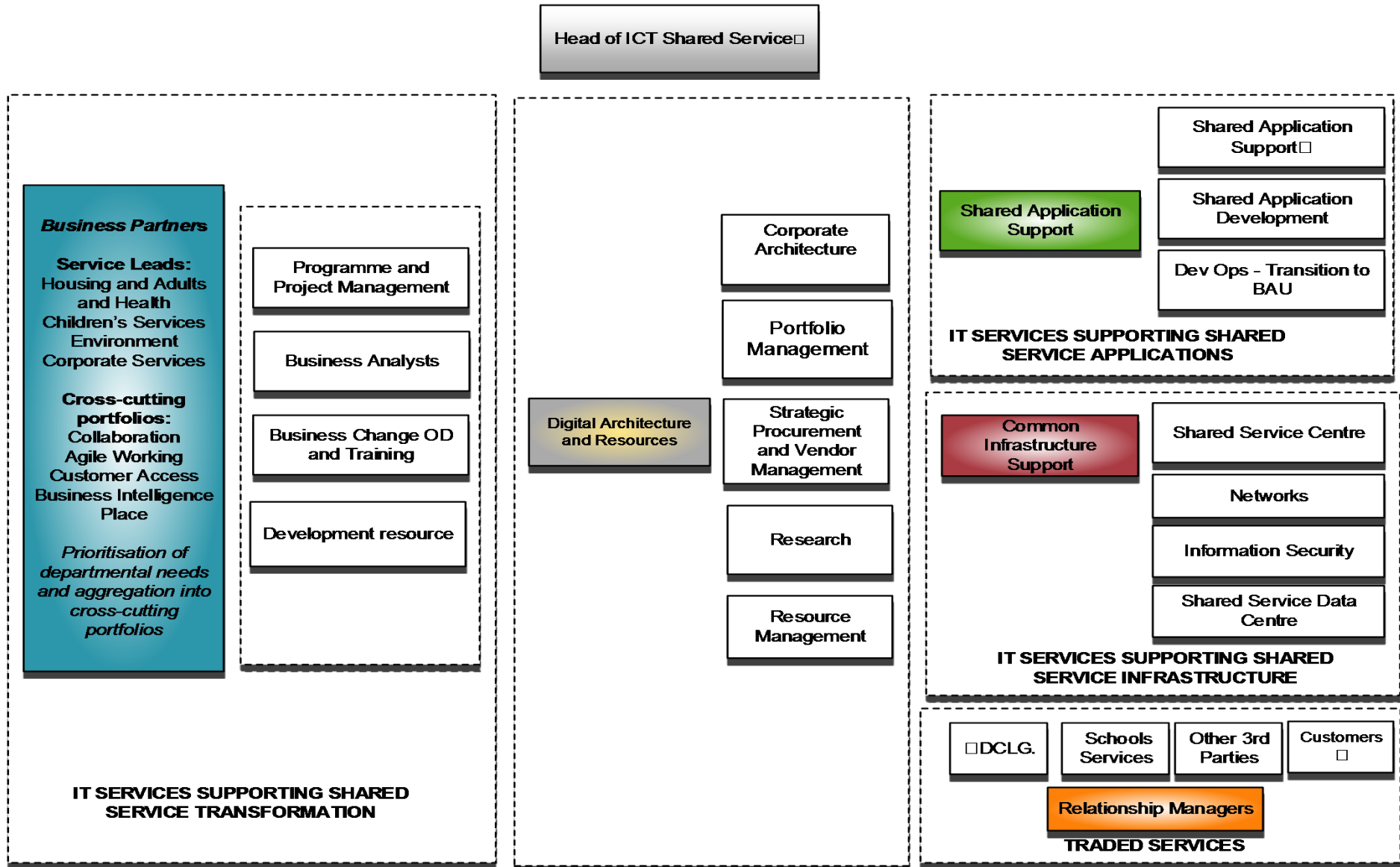


# Shared Service - High-Level Operating Model





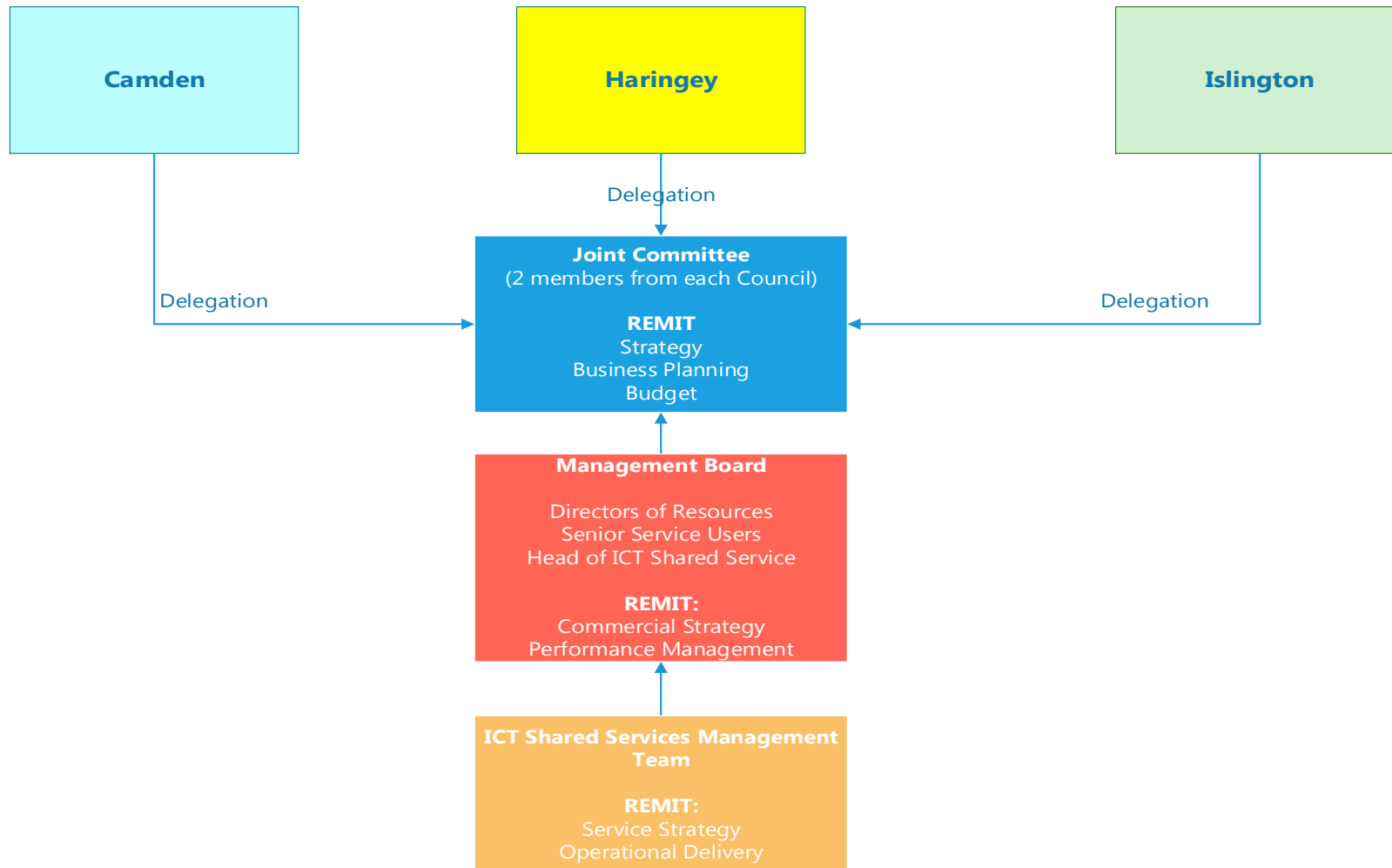
# Shared Service - Detailed Operating Model





# Streamlined Governance – Joint Committee

## Proposed Governance Model





# Indicative Implementation Timetable

- **Milestones 0 – 6 Months**
  1. **Appoint Single ICT Head of Service (designate)** to be accountable for delivery
  2. **Agree shared service governance model** (including funding model and business plan) & implement
  3. **Engage with stakeholders to develop detailed design**, consultation and proposals to deliver efficiencies along with implementation costs
  4. **Develop programme of proposed Quick Wins** and accelerate implementation where business case to do so
  5. **Investigate Data Centre Options**
  6. **Baseline priorities and demand** across 3 Councils and aggregate into cross cutting portfolios that enable synergies, savings and joint development opportunities to be identified
  
- **Milestones 6 – 12 Months**
  1. **Centralise IT staff & budgets into the shared service** – no change fundamentally in operating model, may be a change in reporting lines, staff stay in same location
  2. **Appoint senior management structure**
  3. **Align staff into the new operating model**
  
- **Within 12 – 18 months**
  1. Implement service efficiency programme to deliver efficiencies
  2. Assuming operating model stable, explore proactively opportunities to expand
  3. ICT Target Operating model in place





## Appendices

Detailed financial and design information

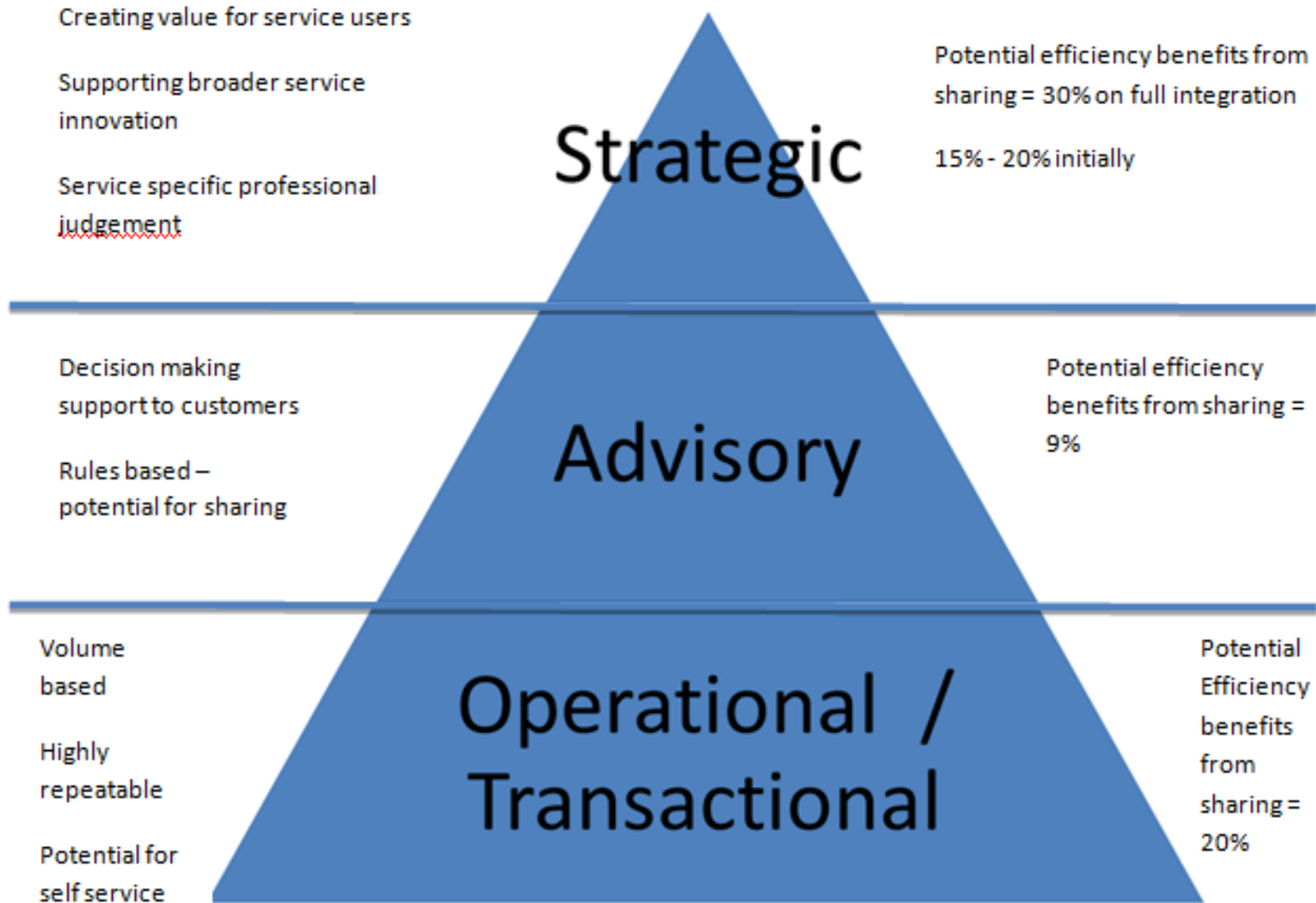


## Key Risks and Issues

- Lack of common structure will add costs and cause operating and project management issues
- Lack of pooled budgets will prevent economies of scale and common approach
- Failure to address culture change will create and reinforce existing tensions between IT and the business
- Agreed approach as to how existing savings will be treated and incorporated into the efficiencies expected from the shared service
- Loss of key staff during the transition
- Lack of buy-in from key stakeholders in both Council's means that the shared service is not supported and potentially set-up to fail from day one



# Savings Opportunities from Shared Service





# Draft Financial Projections

Current FTE for services in scope:

<b>Current FTE for TOM services in scope:</b>				
	<b>Islington</b>	<b>Camden</b>	<b>Haringey</b>	<b>Total</b>
<b>Strategic Leadership</b>	6.0	6.0	8.0	20.0
<b>Transformation</b>	17.5	44.8	13.0	75.3
<b>Customer Focused IT/ ICT Operational</b>	96.7	110.2	58.0	264.8
<b>Architecture</b>	17.9	14.0	12.7	44.6
<b>Total</b>	<b>138.1</b>	<b>175.0</b>	<b>91.7</b>	<b>404.7</b>

Current Cost of Service and forecast savings:

<b>Current Cost of Service and forecast savings:</b>				
	<b>Baseline budget (2015/16)</b>	<b>Investment cost (2015/16 to 2019/20)</b>	<b>Anticipated cost after investment (by 2019/20)</b>	<b>Anticipated annual savings (by 2019/20)</b>
	<b>(£'000)</b>	<b>(£'000)</b>	<b>(£'000)</b>	<b>(£'000)</b>
<i>In scope - shared service</i>				
<b>Camden</b>	13,843	2,570	11,724	2,119
<b>Islington</b>	15,185	2,347	13,304	1,881
<i>sub-total</i>	29,028	4,917	25,028	4,000
<b>Haringey</b>	13,752	1,918	12,386	1,365
<b>Total</b>	<b>42,780</b>	<b>6,835</b>	<b>37,415</b>	<b>5,365</b>



## Implementation Costs

- **Project support to support the start-up and transition to the shared service**, including
  - OD, process redesign and governance arrangements
  - Programme Management Support
  - Contract Rationalisation support
  - Procurement support
  - Legal costs
- **Restructuring costs** – Job design, job evaluation, assimilation, selection, recruitment costs, redundancy costs
- **Building a common base e.g. platform / Infrastructure costs** to bring the two Councils to a common standard / approach , datacentre consolidation



## Governance Framework – 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

Managed by designated officers

### Pros

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, bearing in mind the restrictions of European procurement rules

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

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 contracting)

### Cons

Arrangements for employing new members of staff into the shared service need to be agreed – may become complex and impact on individual pension funds needs to be monitored

Likely to need to operate within the confines of the employment terms and conditions and salary structures of the founding Councils, which may not attract or retain the best talent in a highly competitive market-place

The ability to "trade" is subject to legal challenge – need to ensure external service provision remains within the boundaries of the Local Government Act 1972

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)

Can be bureaucratic - as new partners join the Joint Committee competing viewpoints increases the risk of more cumbersome strategic decision-making

No corporate entity to be able to contract or own property in its own name (e.g. one of the principals needs to lead for external

## PURPOSE OF THIS DOCUMENT

1. This document sets out the strategy for the Shared Digital for the next three years. It describes how we will support, shape and deliver the aspirations of Camden, Haringey and Islington, how we will manage our resources effectively and efficiently to get maximum bang for our buck; and how we will work together to achieve the greatest benefits for residents and stakeholders.

## INTRODUCTION

*[This section provides the wider context for the shared service and the role that technology can play in transforming public services. Some of the language may need further refinement]*

*[Does this provide the right framework for the work that follows?]*

2. Technology is changing the world at an incredible rate. The internet is not yet 30 years old, but it has fundamentally changed the way we live, work and learn. It allows people, all over the world, to do new things when and how they want to, to allow people to create and do things together, it has opened new markets, opportunities and communities. People are more connected than at any time in human history, and the rate of change is still accelerating.
3. Public services are going through enormous changes at the same time – the pressure on finances is set to continue, the expectations of residents, businesses and partners are increasing – and we are having to ask questions about our purpose and place in society. The world is now so complicated that no one organisation can hope to solve the issues society faces, and effective solutions will require organisations and residents to work together – across geographical and organisational boundaries.
4. Shared Digital has been created by Camden, Haringey and Islington to help meet these challenges through enabling IT capabilities – to help meet rising expectations, to manage diminishing resources, and to help deliver the key outcomes of the authorities.

5. This strategy sets out our vision for the future, how we will work, how we will spot and take advantage of new technologies to deliver better outcomes, how we will improve the day-to-day services for residents and staff and how we will help the councils learn from each other, and collaborate to find the most effective solutions.

## VISION AND PURPOSE

*[This section sets out the purpose of the shared service, and a vision for its development. Some of this was set in the original business case, and some has come from engagement work across all three councils.]*

*[Is the vision and purpose broadly right?]*

6. Shared Digital exists to help the three councils deliver their ambitions. We want to deliver not only the best IT services to the organisations and residents, but to help the councils transform how they do things to meet the needs of a fast evolving digital era.
7. Camden, Haringey, and Islington boroughs are home to more than 700,000 residents who are served by approximately 10,000 officers in the three councils.
8. Our horizons have widened. With 8% of London's residents in our reach, we can make a difference to so many more lives than we could before, and we can transform the way people interact with their city and services in exciting ways.
9. Since becoming a shared service, when we make changes to the digital things that residents don't see, we are impacting 10,000 working lives. This is larger responsibility that is both humbling and inspiring.
10. With our larger area of influence comes new and exciting opportunities for digital that couldn't be done before. At every opportunity, our ambition needs to match that.



11. We will:

**Work hard every day to provide outstanding products and unsurpassed service that, together, deliver premium value to our customers OR**

**We work together, across boundaries, to meet the needs of our customers and help deliver value to residents OR**

**Work together to meet the needs of Camden, Haringey and Islington and ensure that technology is delivering a better future for residents**

12. We will do this by:

- Creating **new opportunities for collaboration** by opening up access to talent across all three boroughs
- **Reaching common goals once**, not three times, using our resources wisely
- **Delivering modern, robust and reliable infrastructure, services and equipment** so that staff and residents can meet their needs and work efficiently
- **Nurturing access to and use of digital technologies** in more effective ways
- Building a **public service structure that is robust** and resilient
- **Building upon the transformation projects already delivered** in the councils; we have no desire to reinvent the wheel, and want to share learning as far as we can.

13. The shared service is an ambitious statement of intent by the three boroughs, that can help to transform how important services are planned and delivered. By coming together, we can take advantage of opportunities and experience we could not on our own.

14. These opportunities give us the chance to transform the way we design and deliver our services; this is not just about the products we buy or the software we support. Our work will encompass the full range

of activities – from bold, front facing transformation projects to changes in the back room that people will not even notice at first. Making sure that people are working with fit for purpose and reliable equipment and networks is an important step.

15. To achieve maximum impact, we need to work in partnership across the three councils. By working together we can achieve so much more than we could working on our own.

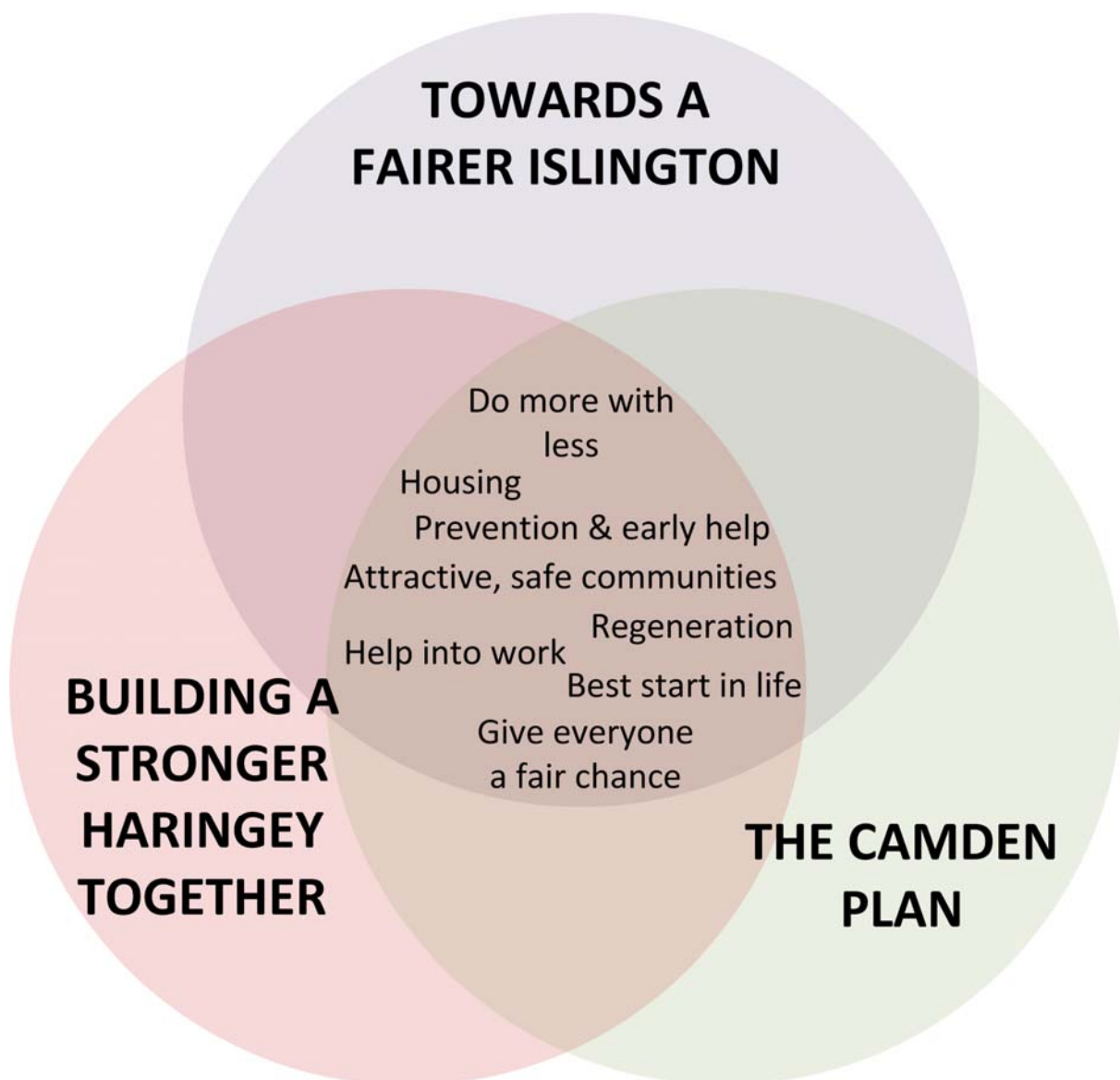
16. There are three key parts to this approach – demand, supply and control.

[NB “Control” may not be the right word. We mean it in the sense of controlling a machine rather than command and control. What would be a better description?]

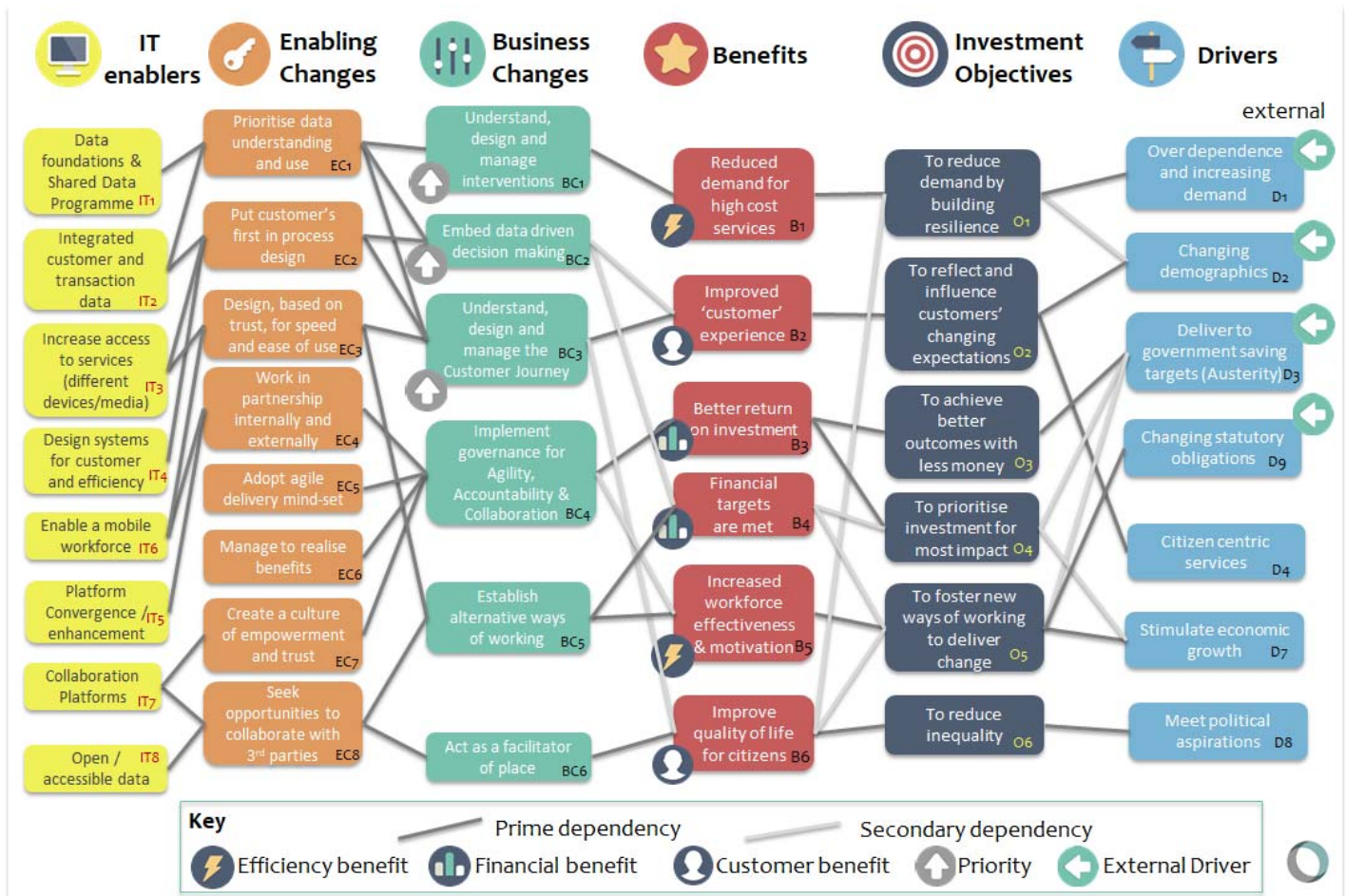
- **Demand** is the list of things the councils want us to do, or that we want to do ourselves. It covers everything from routine business as usual (running the help desk, keeping the servers running, networks etc) through to top-to-bottom service transformation.
- **Supply** is the resources we have to deliver projects – the people, equipment, skills and money.
- **Control** is the means by which we allocate the resources to the areas of greatest impact. We expect demand to outstrip supply and need to prioritise.

## SECTION ONE: DEMAND

17. Organisations only invest in technology to help them achieve business objectives. And all three boroughs have bold, ambitious visions for the future of their communities. All of these will depend upon digital to help deliver those visions.
18. Analysis of the three organisations' corporate strategies shows that there is a lot of overlap: all want to tackle inequality, promote economic growth, give residents the best possible start in life, and encourage preventative approaches wherever possible.



19. This overlap in terms of corporate objectives is mirrored in the role the councils see technology playing. Early work by officers from across all three boroughs has identified a number of areas where all are keen to make progress:



20. We have carried out a series of co-design workshops with more than 250 staff across all three authorities. These workshops were aimed at helping to understand need and areas of commonality across the three authorities. The ideas that are emerging build on the thinking that had already been happening within and between the three boroughs. This analysis and development of common needs helped identify six emergent themes of work:

[do these look like the right themes?]



21. In extensive research and consultation across the three boroughs, we looked at the challenges that officers face every day. We used the expertise in Shared Digital to predict how shifting priorities and changing landscape will affect us. And, sometimes, departments can be unaware of the potential for digital to transform their services, so we also developed a picture what we need to do to be a proactive partner with the councils. Because of this research, consultation, and in-house expertise, we know that these six themes are the areas where we can start making an immediate and deep impact to the councils.

**Using data better**

- a. Sharing data within and *between* councils will help us make better business decisions, have an accurate picture of what is happening, target resources more and enable us to share learning across the authorities to benefit.

We are already starting to make headway by joining up our efforts in Adult Social Care – all three councils’ ASC departments are our partners in an ASC performance reporting programme that will establish a standardised and improved way of reporting on ASC back-office data.

When we talk about data, sometimes this means finding new and exciting ways of getting data that we never had access to before. Initiatives in the three boroughs are looking at taking on “Smart Cities” technology – a vision of the boroughs where we use IoT devices for data gathering to help inform services and decision-making, from waste management to homelessness and community safety. These are initiatives that can be tackled with more expertise and more efficiently through a shared digital service, rather than any one borough alone.

### ***Enabling a mobile workforce***

- b. We need to continue on our smarter working journey, and continue improving both the ways we work in the councils, and how we can better empower and inform our staff working out in our communities.

We are already putting power into the hands of frontline workers across the three councils with our Office365 programme, tackling our investment objective of finding new ways of working by giving officers a way to gain remote access to information, apps and services through an easy-to-use package.

### ***Customer enabling***

- c. Modernising business processes – which in many cases have been largely unchanged in years – can make it easier for residents to meet their own needs, and manage their own lives more effectively. We can be more proactively serving the needs of communities who increasingly prefer to do things at a time and in a way that suits them, and helps save money at the same time. The more that can be saved from modernising transactional processes in particular, the more that face to face for the most vulnerable can be protected.

All three councils have a history of shifting various services online, so there is a lot of in-house expertise that gives this theme massive potential to make far-reaching changes to residents across the boroughs by responding to their changing expectations.

### ***Joining up services***

- d. Moving from hundreds of different suppliers to a smaller number will allow us to benefit from economies of scale, and lower support costs. It will also reduce the costs of procuring and maintaining systems.

This theme is supplementary to all other themes – not a focus in-and-of-itself, but something that we aim to do at every good opportunity. We have started ambitious data-centre consolidation and network transformation projects that will standardise our back-office functions in a way that suits a shared ICT service, and make savings in the process.

### ***Business process efficiencies***

- e. By creating new digital opportunities and continually improving on our existing portfolio of software, we can provide a resilient and capable digital services for our colleagues in the three councils so we can serve residents in a better way.

All three councils have separate processes and ways of working. Shared Digital has already opened up opportunities in business process efficiencies by standardising legal case review software across the three boroughs, changing not just the service we provide, but enabling business processes to change with digital opportunities.

### ***Enabling infrastructure***

- f. In a fast changing and challenging digital environment, we are improving our infrastructure, data resilience, and information security so that we reduce risk for residents and colleagues throughout the boroughs to experience issues from connectivity, to data loss, and security breaches.

This area is important to us because we know that officers throughout the councils need to be confident that their equipment, software and services “just work.” As we join up our infrastructure, we will need to be proactive with opportunities to redefine the standard of our cyber-security and resilience so that officers across the boroughs can work digitally safely and easily.

- 22. As our work takes shape around these themes, we will work in collaboration with key stakeholders and programme boards for these themes (more on this in the “control” section) to refine their scope and to make sure we are getting the right results for all three councils.

### ***Targeting resource***

23. For us to achieve the maximum benefits of coming together, we need to target our resources where they can do most good. We need to have a partnership approach with the councils, and agree between us what is most important. We are committed to working together to share learning, economics of scale and efficiencies, but from time to time, there may be occasions when one council needs to do something on its own or differently to the others.
24. Progress has already been made to use the six themes as the basis for six programmes of work, so we can focus our efforts and resources to these areas effectively. We are shaping a picture that puts the three transformational themes (customer enabling, using data better, mobile workforce) at the heart of what we do, so we can make the greatest impact with our resources, while we keep a steady steer on the three
25. The new arrangements are already starting to deliver and realise financial benefits.
26. We are driven by a strong belief that a shared service works best when it is viewed as a genuinely shared endeavour, so the growth and development of these programmes will be iterative with a close ear to their progress in all three councils.
27. [We will aim to develop a shared work programme, but this will not be ready for the October meeting]

## Conclusion

28. A clear view of demand is emerging, based upon discussions with the three councils, analysis of their strategic priorities and work already underway. This has identified common areas of work, common priorities and workshops have then developed themes to shape our work programme. These themes, we believe, cover the right areas, and will support the effective delivery of critical outcomes for Camden, Haringey and Islington.
29. Working and learning together will be crucial, and the themes have already seen senior officers from the councils coming together to lead the themes and the work emerging from them. This partnership will be



vital in helping to shape the demands of the councils to ensure that our shared resources are focused on the issues of greatest priority.

## SECTION TWO: SUPPLY

30. This section considers the resources SD has at its disposal, and how it can use them most effectively to achieve the business objectives agreed with the boroughs.

31. The scope and resources were defined in the original business case. The numbers have been refined since, and currently stand at around 460 staff, and a total annual budget of £44m. Around £20m of this is non-staff, and the staff budget is as follows:

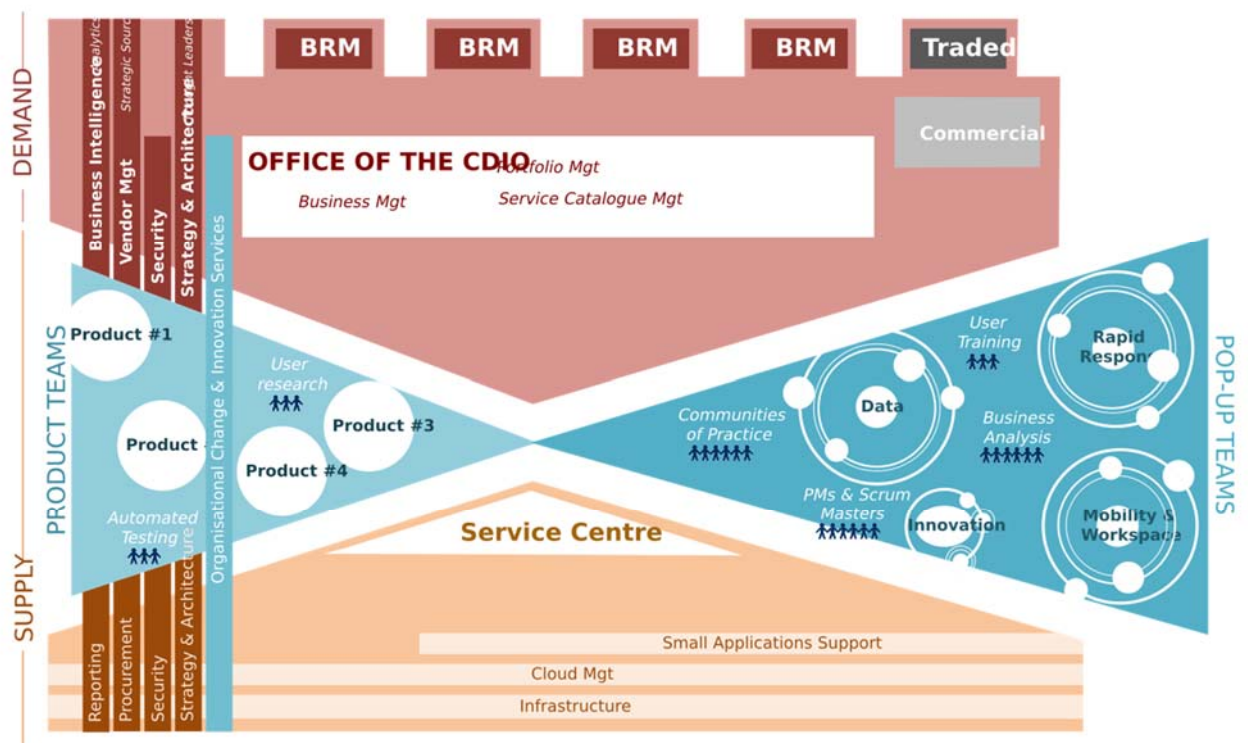
Total for all Shared Digital		
<i>SD resource type</i>	<i>FTE</i>	<i>Budget 2017-18 (£000s)</i>
BAU staff	355	19,744
Continuous improvement: permanent funded transformation	104	4,495
Total	459	24,239

32. The business case assumed savings of at least £2m per council, per annum and we are confident in delivering these savings, though it is important to note these savings will come from all types of resources.

33. Our resources come in many forms; people, contracts, assets – we use money to quantify these resources, but are keenly aware that there is a balance between these different resources that must be found, especially as we aim to converge these resources to make savings.

## **How we will work**

34. Our role is so fundamental to delivering change and improvement across all service areas, that we need to build strong, trusting partnerships at all levels across Camden, Haringey and Islington. We need to see ourselves and be seen as part of all three councils. We need to trust and be trusted, and have the relationships to be able to work together, discuss and disagree with each other.
35. We want to want to tackle these priorities head on, and help to shape strategies and priorities, highlighting opportunities to transform services and reduce costs. This will not be an easy challenge. It is hard enough to deliver robust ICT services to one organisation, and harder to deliver it to three. Delivering transformation is even harder. We are determined to rise to this challenge, and to build the partnerships across the councils to let us deliver together.
36. We can deliver savings for all councils and improve council services effectively, in order to do this and keep pace we will expect and promote synergy, coordination, and compromise between parallel functions across the three boroughs. Digital transformation isn't just about the products we buy or the software we do, but it means changing the way we do things to suit a digital era. If we are to do this effectively, we need to make sure that we are sharing learning and experiences regularly to help us all learn more quickly and develop better solutions.
37. We are developing a functional model of how our service will operate, through consultation and co-development with our officers in Shared Digital and throughout the three councils, as well as externally sourced expertise. What we have now has gone through several iterations:



38. This model demonstrates the flow of demand to supply; a prioritisation framework at the top filters down demand to the resources we can supply at the bottom, assisted by our product and pop-up teams to deliver changes in a fast and fluid way.
39. Modelling our service after this functional model converges our teams so we can maximise the benefits of collaboration. Bringing excellence and skills together like this is a massive boon to Shared Digital so we can be confident that our internal talent is at full potential.
40. When making this model, we reimagined how our services could be more adaptable to change and how we can free-up expertise more easily when the councils' services go through large-scale transformations. Our pop-up teams are designed so that we can disengage from static projects and move our expertise on to transformational projects where we are needed most.
41. Developed through collaboration with officers from across the three boroughs and within our service, our functional model serves as a blueprint so that we can maximise collaboration, prioritise demand efficiently and effectively, and be a fluid, responsive and proactive service for our partners in the councils.

## Target operating model

42. The success of SD will demand a resilient operating structure and model. The structure has been created to help us converge and collaborate to deliver the best services to the three boroughs.
43. The Target Operating Model has been developed alongside the functional model to show, in broad strokes, how we see ourselves evolving and converging our services to meet demand. Functions have been designed to be cross cutting, and senior roles have both functional and geographical responsibilities.
44. The function will consist of four teams:
  - a. **Digital change** – to ensure digital developments are aligned with corporate priorities and focusing on delivering change and improvements
  - b. **Application support** – supporting corporate and departmental systems
  - c. **Common Interface** – focusing on integration and consolidation of infrastructure
  - d. **Strategy & Architecture** – overall responsibility for strategic direction and operational performance of the function.

## Skills and capabilities

45. At go live, SD will have the skills and capabilities it needs to deliver the short term aspirations of the boroughs. But technology, business practice and ambitions change quickly and we will need to keep this under review.



## SECTION THREE: CONTROL

[Is 'control' the right word? It's not meant in the sense of trying to 'control' the three authorities, but in the sense of building a collaborative endeavour, driven by people who have a clear sense of what they want to do, and are coming together to deliver jointly. The Portfolio Boards will be a key expression of this – they will have the strategic view of what they are trying to achieve and what action is needed to deliver]

46. This section outlines how we will match demand and supply, so that we are getting maximum value for money and impact. We need to have confidence, and give others confidence, that we are using resources wisely, and focusing on the right things.

*Joint working – all for one, one for all?*

47. SD is built around the dedication to joint working. There will be times when procurement and service timelines align across the three councils. There will be others when it does not. We cannot predict the minutiae that might from these challenges, but what we do have is a guiding vision to help us navigate demand reflexively.

48. Shared Digital is a fundamentally ambitious undertaking by the three councils, and we aim to continue that ambition. We are ready to renew systems as and when the need arises, but also, we are willing to take on the challenge of a more fundamental review of the end-to-end business process, seeking improvements and efficiencies by working across all three councils.

49. Part of how we built in this confidence into our service is found in our principles and from the democratic direction that the Joint Committee has given us. We know that the Joint Committee has given us the mandate to converge by default and take every good opportunity to combine services, products and contracts [Joint Committee Meeting, 19 June 2017]. Because of this, we have designed our "control" mechanisms to focus our efforts into action rather than reaction. Our key themes of work were determined through collaborative and evidenced research, so we have a sound base of evidence on which

we place our priorities. Our programme boards have been shaped around the evidenced priority themes. The governance model is built to monitor our transformational programmes and operational resources effectively and efficiently.

50. Our brief history is an iterative story of evidence, collaboration, and adaptation, so we will continue this journey towards shaping our governance structure, functional model, and target operating model to make the most out of our shared digital service.

### *Prioritisation*

51. We will need to agree how best to prioritise demands. There will be questions about how rigidly we wish to do this, and what criteria should be used. All three councils are thinking about how to prioritise internally, so SD will need to work with this, and develop this in a collaborative way.

52. There were a number of principles established in the initial business case, which will be a base to build upon:

[we propose the following as the basis of a set of criteria to consider projects against. Proposals could be assessed and ranked against the following – are these the right questions to ask of potential projects?]

- **Partnership: how will the proposal help to join up delivery, reduce costs and accelerate innovation?**
- **Responding to customer need: how will the proposal responding to customer need and how is it helping to deliver corporate priorities?**
- **Embedding with service needs: how will the service own and shape the solution, and support delivery of the programme and then assume delivery moving forwards?**
- **Aggregation: how does the proposal help join up systems, reduce customisation and deliver process efficiencies?**



- **Building resilience: how will the proposal sharing knowledge to make our councils, communities and partnerships stronger?**
- **Transforming the business: how will the proposal accelerate innovation or help to transform the business?**

53. One of the measures we have taken in monitoring demand and being responsive to business changes is the dedicated channels we have commissioned to partner with key functions across the three boroughs. These channels are the AD positions set out in the governance structure, bridging across councils and acting as the digital face of key corporate functions. These officers act as the catalyst between supply and demand; shaping the roadmap for transformation, informing – and sometimes leading – the digital journey of our partners in the councils.

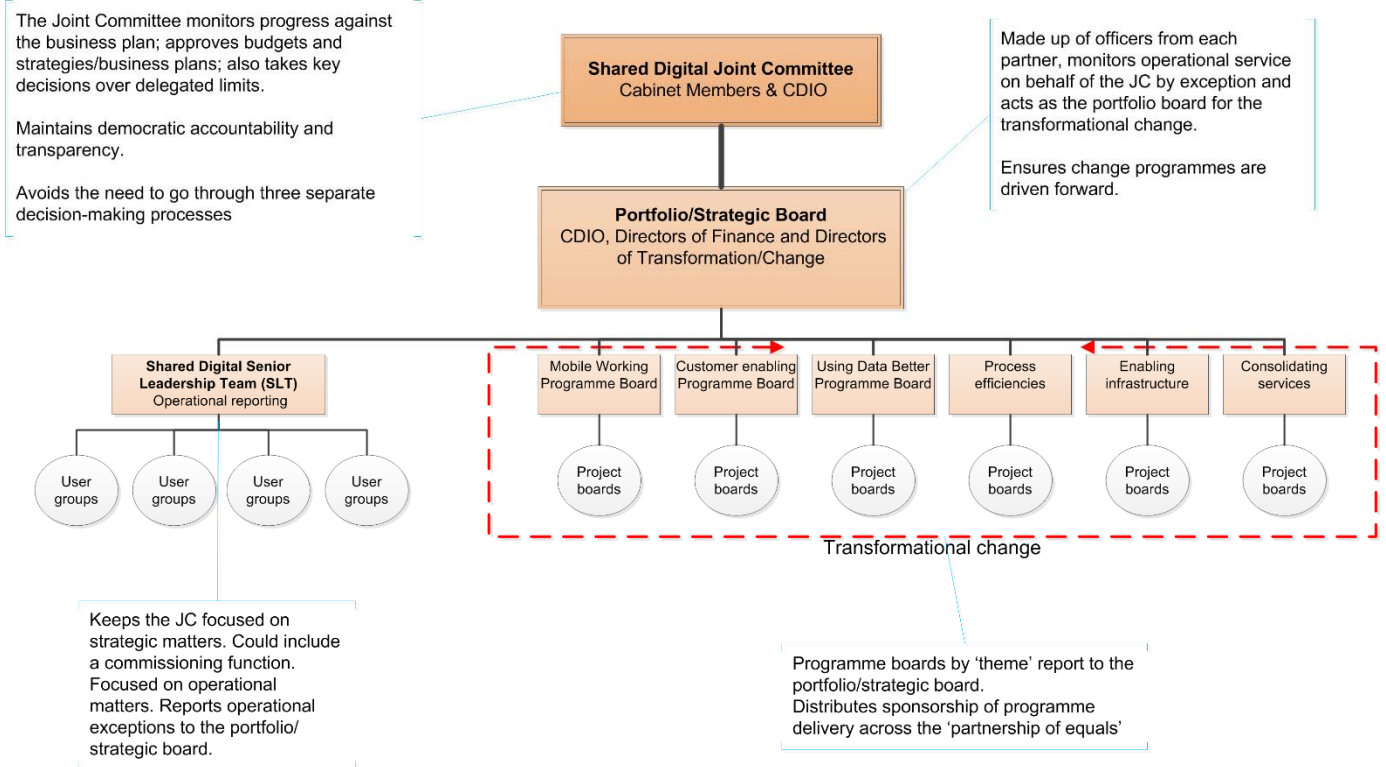
### *Governance*

54. SD has been operating under a Joint Committee structure, with 2 members from each council. The Joint Committee has been supported by a Management Board and a Delivery Board.

55. The current structures are providing strong financial controls, and are managing the key decisions in a robust way. However, there are areas where improvements in the speed and agility of decision making look feasible. These structures are being reviewed, to ensure that they are operating as effectively as needed as SD moves into its next phase, whilst still giving strong assurance to the councils that proper procedures are being followed.

56. We are looking at how the roles of the top-level governance structure can enable us to move towards the target operating model and the functional model, and how we can improve on the governance model thus far. So far, this is how we predict successful governance will work in Shared Digital:

## SD Governance - DRAFT



[NB: Governance Structure is subject to change]

57. This proposed governance structure is designed so that smarter decisions can be made quicker, the process of governance is owned equally between the three boroughs, and that oversight is not lost while we drive towards our high-priority transformational programmes.

58. The structure on the lower-right has been moulded around the six priority themes of work we have identified through extensive consultation. Shaping the structure around the six themes means we can be confident that we are keeping pace towards the convergent priorities for the three boroughs, and that there is built-in resilience and oversight to shifting priorities at that level and beyond. These programme boards will be made up of key stakeholders from each borough, so equality is built into the structure too.

59. Across from the transformational programme boards, there is the operational reporting function that allows a health-check of how well we are delivering our services. This gives our officers a channel for key

issues to travel upwards and be addressed quickly by both the SLT and Portfolio/Strategic board.

60. Beyond the programme boards and operational reporting structure, the Strategic/Portfolio Board operates on behalf of the Joint Committee, ensuring that the Joint Committee's democratic oversight is heeded and that transformational and operational programmes are successfully being driven forward.
61. The picture above of governance is one step in an iterative journey – a snapshot of our growth as a shared service. One year on from Shared Digital's establishment, we already have a different governance structure that is more efficient. We continue to pursue what works best for us and have defined a set of outcomes to inform the development and evolution of the governance framework – the arrangements should ensure that we:
- a. Deliver an excellent service;
  - b. Provide value for money; and
  - c. Forge lasting partnerships.

## **CONCLUSION**

62. The world around us is changing quickly. Its challenges become more complex and interconnected. Shared Digital represents a brave and bold response by the three boroughs, one that shows their commitment to ensuring that technology plays a full role in delivering better outcomes and better value to the taxpayer.
63. Not all of our work will be on the cutting edge or very exciting – there will be real advantages and benefits in ensuring that our staff have modern and reliable equipment and systems that enables them to work efficiently and effectively. Residents expect certain basics and that things 'just work' and we need to ensure we have a strong platform to get these right.
64. Financial pressures are not going to ease in the foreseeable future, and there are still areas where we can reduce costs and increase flexibility by using technology fully.

65. We can also expect a continued emphasis on accessibility, inclusion and finding new ways to work with our communities. Given that many of our residents are spending more of their lives online, it is right that we should be using online techniques to work with them more effectively.
66. Inevitably, there will be challenges along the way. We will not get everything right all the time, but we are committed to building genuine and strong partnerships with all three boroughs – both one to one and across SD and the three boroughs collectively. We are stronger when we stand together, and can maximise the use of resources through developing a shared vision for the service and how we want to use it.
67. This document is the first step on that very exciting journey.

# The digital strategy

for Camden, Haringey, and Islington

Page 157

Draft

# Why do we need a strategy?

We've reached the one year mark

It's time to ramp up our efforts

We need to...

- co-ordinate and rally to a single message
- tell the world (and perhaps ourselves!) who we are and what we do
- tell the councils how we will partner with them.

The strategy is just one step in a journey towards a fully-fledged shared service.



THREE YEAR

# Ambition

Shared Digital is an ambitious undertaking by the three councils. In the face of many pressures and drivers, we need to carry the torch on and be just as ambitious.



We have the humbling and exciting responsibility to serve 10,000 council staff and 700,000 residents (8% of London's population!)



# Ambition

We want to...

- Deliver an **excellent digital service** through:
  - Making the best of technology in the councils
  - Providing great digital services to residents
  - Enabling innovation and transformation
- Provide **great value for money** through:
  - Maximising economies of scale
  - Offering affordable costs
  - Investing in transformation of services
- Forge a **lasting partnership** through:
  - Collaborating and promoting equality
  - Managing and governing effectively, transparently, and with accountability.
  - Sharing and mitigating risk together



## DEMAND

What do the councils want us to work on?

What sort of pressures are we facing?

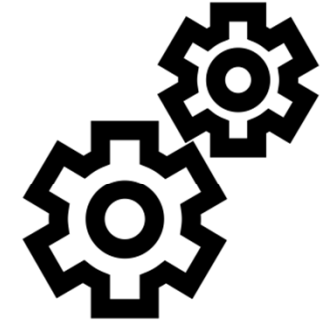
What are our priorities?



## SUPPLY

What resources do we have (money, people, contracts)?

What ways of organising our resources do we have?



## "CONTROL"

How do we prioritise?

How do we manage our resources responsibly?

How do we make a shared service work?

What do the councils want? What do we deliver if we want to be a successful digital and ICT partner?

Research



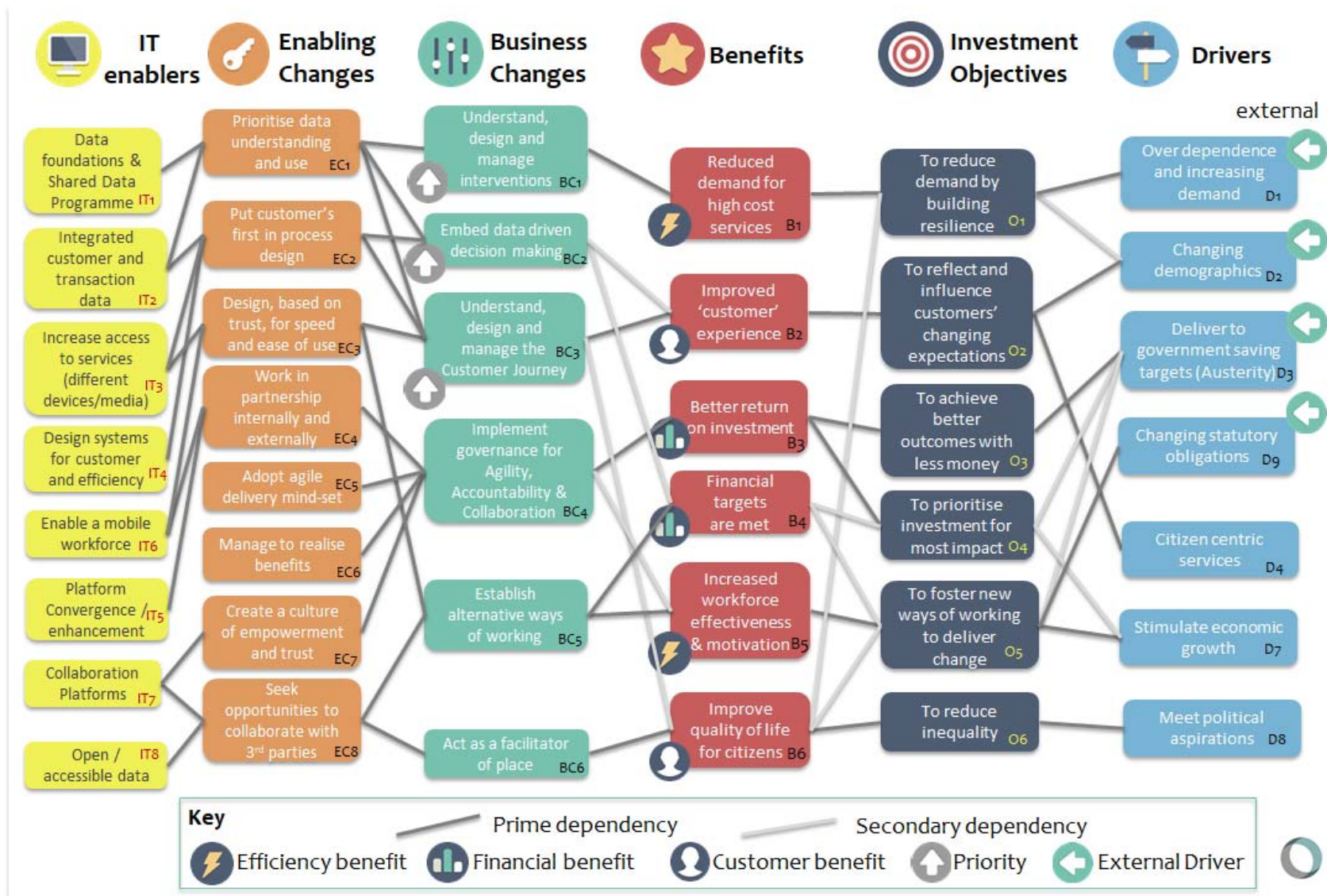
Consultation



Expertise









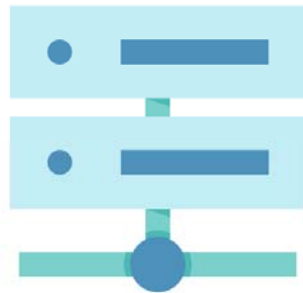
**using data better**



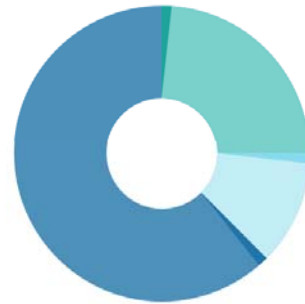
**customer enabling**



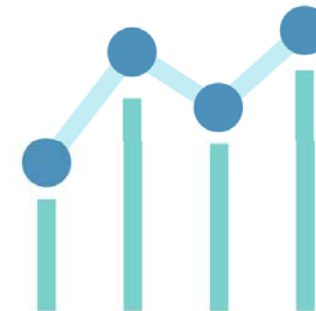
**mobile workforce**



**enabling  
infrastructure**



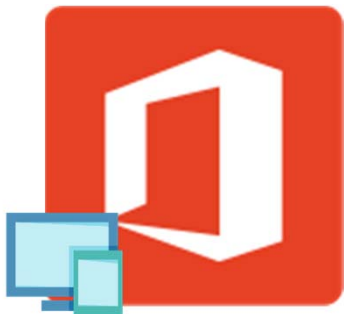
**consolidating  
services**



**process  
efficiencies**

# Demand

- Our three corporate objectives overlap
- Lots of the same pressures and drivers
- IT + digital can play a role in tackling these pressures and areas of overlap
- The important work we already do in the three boroughs falls into six themes
- Focussing on these themes means we focus on the right priorities.
- We are already doing some exciting shared work with these themes, and more big-impact work has been identified for the future:



Office365



ASC reporting programme



Joint Procurement



Legal case management

What money do we have? How many people do we have? How do we plug into the councils?

Page 168

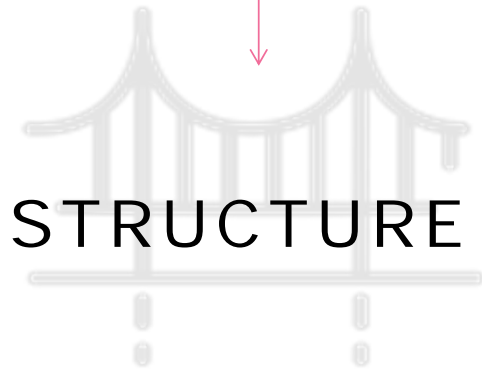
Research



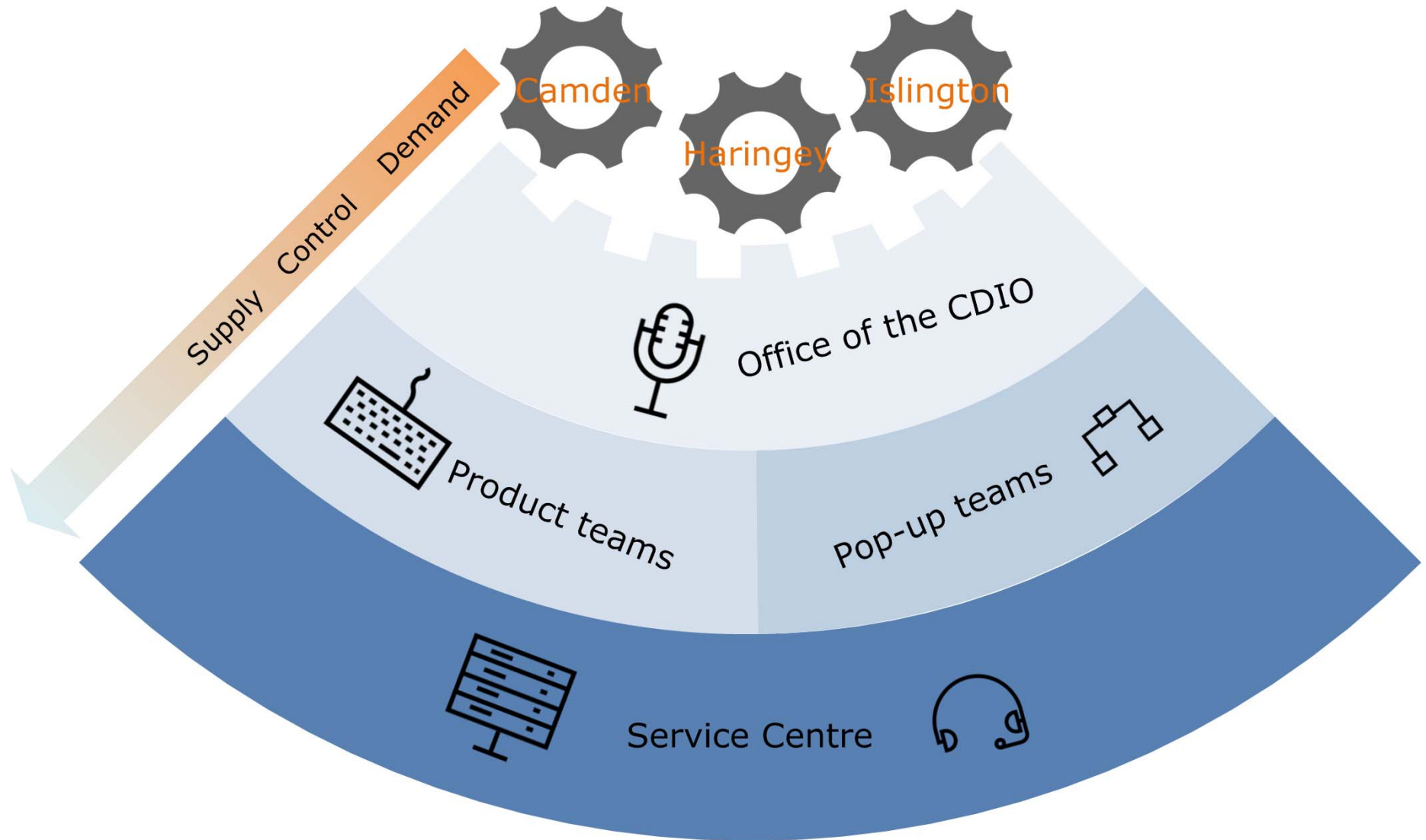
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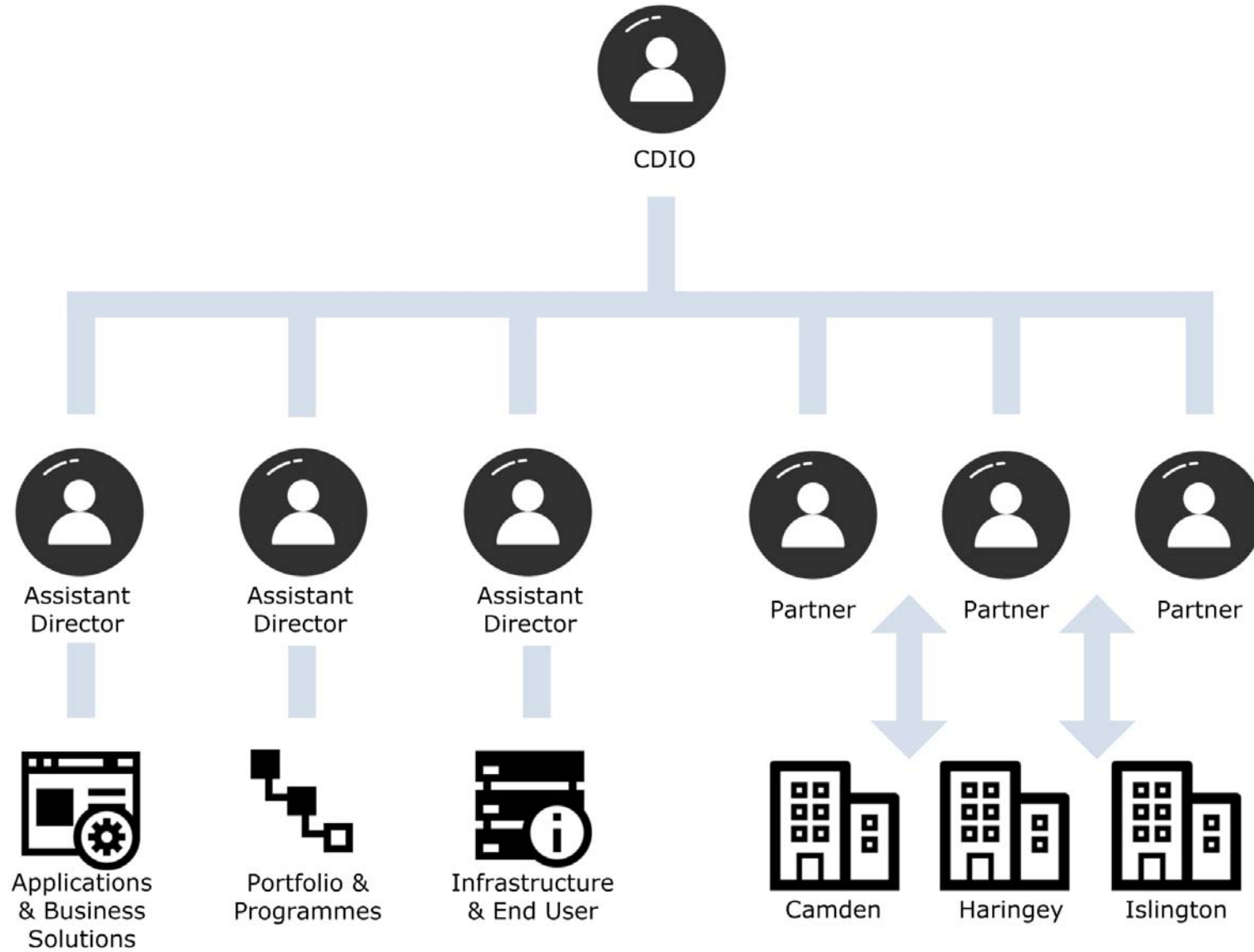


Expertise









# Target Operating Model

The success of SD will demand a **resilient operating structure**.

The main takeaways from the Target Operating Model are that:

- We will **converge services** to meet demand.
- Functions will be **cross-cutting** (meaning that they won't just have one geographical responsibility, or separated into siloed parts).
- senior roles have both **functional** and **geographical** responsibilities.

Page 171



Digital Change



Application Support



Strategy & Architecture



Common Interface

# Supply

- We know how we want to work:
  - Responsive to our partners (the three councils)
  - Flexible in our projects
  - Fast in our decision making
  - Joint in delivery (across councils and across IT disciplines)
- We are already shifting towards the functional model and target operating models
- We have the skills in-house, we just need to join them up for maximum impact.

How do we match our supply with demand? How do we make sure we are doing the right thing? How can we weather change well?

Research



Consultation



Expertise



CONTROL

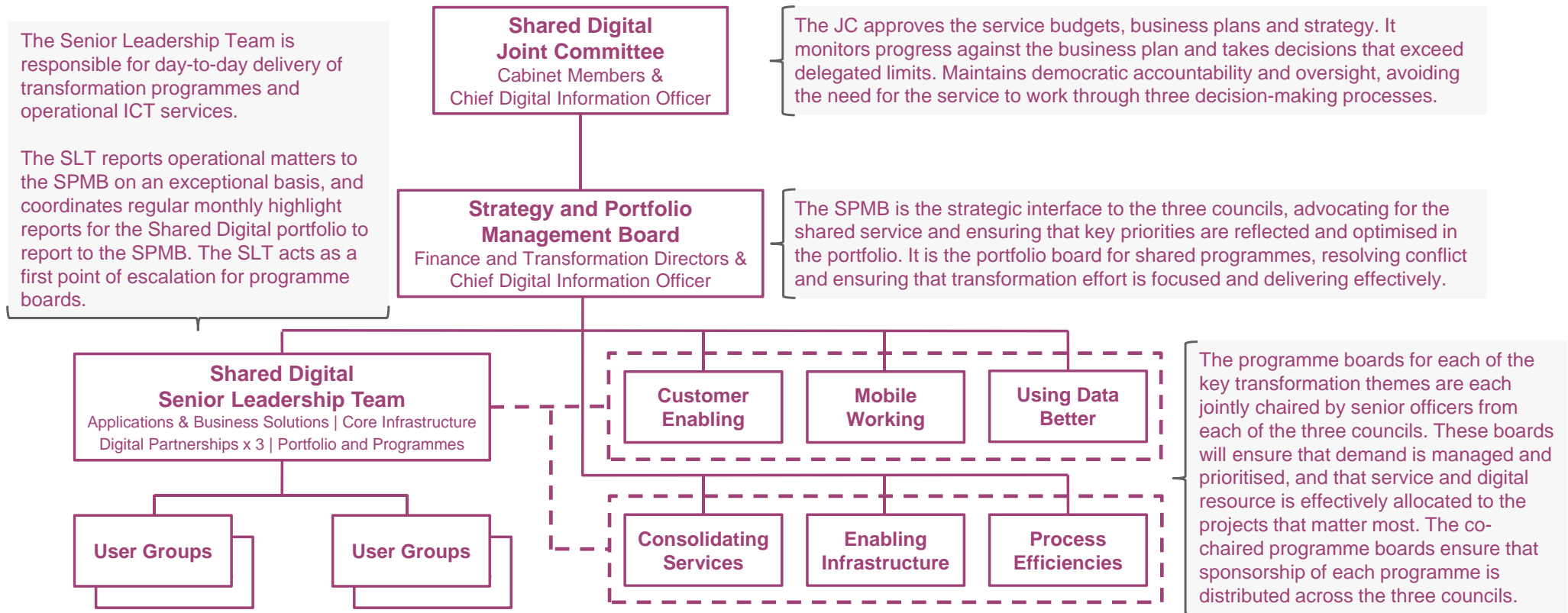


# Principles

Some principles we've worked with since the beginning:

- Partnership
- Responding to need
- Embedding with service needs
- Aggregation
- Building resilience
- Transforming the business

# Shared Digital governance framework



# Control

- One year on, we are **still developing**. The “controls” we’ve identified and put in place are just one step towards a streamlined service.
- We need to stick to our principles so we can work out priorities as we look forward.
- We have to be efficient in our decision-making, and keep sight of the right things (our six themes).
- We have to be ambitious.



<p><b>REPORT TITLE</b> Review of Adult Social Care and Children's Services Case Management System Provision</p>	
<p><b>REPORT OF</b> Ed Garcez, Shared Digital Chief Digital and Information Officer</p>	
<p><b>FOR SUBMISSION TO</b> Shared Digital Joint Committee</p>	<p><b>DATE</b> 30 October 2017</p>
<p><b>SUMMARY OF REPORT</b> This report outlines the opportunity to establish a cross council working group to develop a strategy which lays out the technology requirements for social care services working across the three councils.</p> <p>It takes account of the councils' agreed digital and ICT design principles, the existing system delivery models; and, recognises the complexity of change that would be likely working with social care teams.</p> <p>Additionally, this report outlines a review of the contract arrangements for the Adult Social Care/Children's Services case management systems in use across the London boroughs of Camden, Haringey and Islington, recommending procurement activity to provide a co-terminus date of July 2020 for these contracts.</p> <p>This would support the councils in providing sufficient time to develop a technology roadmap and strategy for social care services.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>The following document(s) has been used in the preparation of this report: none.</p> <p><b>Contact officer:</b> Ed Garcez, Chief Digital Information Officer 5 Pancras Square, London N1C 4AG</p> <p><a href="mailto:ed.garcez@camden.gov.uk">ed.garcez@camden.gov.uk</a> 0207 974 4583</p>	
<p><b>WHAT DECISIONS ARE BEING ASKED FOR?</b> It is recommended that the Shared Digital Joint Committee:</p> <ol style="list-style-type: none"> <li>1. Supports the development of a cross council working group drawn from Adult Social Care; Children's Services; and, Shared Digital to develop a future technology strategy for social care services across the three councils.</li> </ol>	

2. Approves a co-terminus contract date of July 2020 for the case management systems used in adult social care and children's services across the three councils.
3. Delegates to the Chief Digital and Information Officer authority to a) extend the Camden contract and b) approve the procurement strategy and contract award for the Haringey and Islington case management systems.

Date: 19/10/2017

Signed:



## 1 WHAT IS THIS REPORT ABOUT?

- 1.1 This report considers the future technology provision, including case management systems for the adult social care (ASC) and children's services (CHS) teams operating in the London boroughs of Camden, Haringey and Islington.
- 1.2 The report proposes that the three councils use the opportunity, which has arisen through key social care IT systems contracts expiring, to work together to develop a strategy which details the future technology requirements for social care services in the three councils.
- 1.3 To achieve this, the contracts which are expiring will need to be extended for a short period and, recognising the complexity of aligning the contracts end dates and having sufficient time available to complete the strategy development, it is recommended that the case management contracts align to an end date of July 2020.
- 1.4 The table below details the dates that the contracts for each case management system expires:

Council	Current end date	Extension
Camden	9 July 2019	1 year
Haringey	30 April 2019	None available
Islington	Licences: 17 June 2018  Support and maintenance for LAS and LCS: 31 March 2018	TBC

- 1.5 Three options are presented, with a recommendation that the Shared Digital Joint Committee support the establishment of a cross council working group to develop the technology strategy for social care services.

- 1.6 The impact on not supporting the recommendation is that the councils will limit the ability for our social care services to maximise the use of technology to deliver their services effectively, and reduce the opportunities to maximise savings through joint procurements.
- 1.7 The contract renewals required to provide co-termination of contracts across the three councils would only seek to procure existing services and maintain the status quo. However, should the councils choose to collaborate and specify their technology requirements jointly, significant effort, led by the services departments, would need to be resourced.
- 1.8 Consultation with service heads across social care services continues and feedback confirms that there is a value in the approach to develop a technology strategy for social care services, but some concern on the capacity within service teams to resource this work as there are other transformation initiatives in delivery.

## 2 WHY IS THIS REPORT NECESSARY?

- 2.1 Contracts are expiring and need to be re-procured as there is no option to extend some of the contracts already in place. The recommendations and approach outlined in the report:
- a) affords the councils time to strategically consider options for future technology provision which fully meet the needs of ASC and CHS requirements across all three councils.
  - b) minimises risk of loss of service to business-critical line of business applications which support the councils' most vulnerable residents;
  - c) ensures the councils' have followed a compliant route to market for future system provision.

## 3 OPTIONS

### RECOMMENDED OPTION

#### Option 1: strategically review social cares services' technology needs

- 3.1 Social care services continue to undergo significant changes in provision either through changes in legislation and social policy, public expectation or budgetary constraints. In this scenario, the three councils agree to review jointly their technology requirements taking account of the changes expected in the medium and long term.
- 3.2 The councils would review the existing support provided by technology with a view to defining a set of requirements which:
- a) takes account of existing best practice,
  - b) aligns to a future vision of social care provision; and,
  - c) makes best use of technology to enable effective service delivery

- 3.3 This option would require the councils to establish a service led working group to complete the project. Membership would be cross council and cross service, drawn from ASC, CHS and Shared Digital.
- 3.4 This is the most complex and difficult option but one that could present the biggest opportunities to align to the services' future provision needs, future proof ICT provision, ensuring that staff have the correct tools (and devices) to support increased productivity and generate savings.
- 3.5 The output from this exercise would be a set of accurate ICT requirements which can be taken to market with a view to buying a case management system which will fulfil existing and future needs.

Pros	Cons
Aligns to existing service transformation initiatives in delivery	Complex initiative which will need resourced from across all services
Ensures technology provision supports medium and long term services vision	May require a change programme to support delivery into services
Enables increased staff productivity through more flexible and easier remote working	Staff may need support and training
Likely to generate savings through use cloud based technology	Will require a complex data migration project should the requirements lead to the councils changing moving to a new case management system.

### Risks

Risk	Mitigation
Councils cannot reach agreement on technology requirements	Early collaborative working to identify what works currently, and what may be required in the future.  All requirements gathered and can be accommodated as requirements specific to one council
Uncertainty on how services will be provided in three to five years	Ensure requirements take account of known changes in delivery and aligns strongly to existing transformation initiatives
Insufficient resource available to complete initial requirements exercise	SMT buy-in to resource the project effectively.  Early identification of resource requirements

## NOT RECOMMENDED

### Option 2: Only two councils collaborate to procure a shared system

- 3.6 The assumption in this scenario is that there is appetite for two councils to collaborate to produce a single set of requirements enabling them to procure a single system. The third council would lead on developing requirements and procuring a system specific to their ASC/CHS needs.
- 3.7 There is no requirement to co-terminate contracts in this option. However, co-termination would allow each council to consider options together, which may lead to a single platform at a later stage.

Pros	Cons
Limited staff re-training required	Three/two procurement exercises undertaken, additional costs incurred
Supports move to a cloud based service provision at a later date	Two systems to be maintained
Convergence from three systems to two	Lower level of savings generated
Option to reduce licencing costs if Camden unlimited perpetual licences can be used in Haringey	Data migration in Camden/Haringey is still required as the councils have different data hosting solutions

### Risks

Risk	Mitigation
Delays in completing specification and procurement. Shortened timescales to complete migration.	Competent and experienced PM appointed  Clear escalation of issues for resolution  Each council commits resources to ensure deadlines are met
Complexity of migration of data to new system leads to delays in moving to new platform	Early scoping of data migration requirements  System provider must have relevant demonstrable experience of migrating differing data sets to their platform

## NOT RECOMMENDED

### Option 3: procure systems without aligning contracts (Do nothing)

- 3.8 This continues the existing arrangements, with each council having separate systems, configured to the needs of each council. Contracts are renewed as required. ASC/CHS services in each council will be responsible for developing the specification for the service to be procured. It would need to be led by a service department lead with subject matter expertise provided from SD and Camden's corporate procurement team.
- 3.9 However, when we arrive at the point that the contracts cannot be extended there is a likelihood that the successful bidder may not be the incumbent supplier and the risks outlined above in moving to a new system will re-emerge.

Pros	Cons
In-house experience to deliver procurement	Minimises savings opportunities
Less likely that data migration exercise will need to happen	SD have to maintain three bespoke systems
Assuming same platform, no re-training of staff	Procurement support is required for three procurements rather than one
No disruption to business continuity	Three sets of supplier relationships need to be maintained  Limits opportunity to go to a cloud based service with only one system
Better economies of scale by not going to the market separately increasing prospect of getting best value for money.	None

## Risks

Risk	Mitigation
If the councils go to the market separately they will lose economies of scale reducing the likelihood that best value for money across the contracts will be achieved	None
Three separate tenders could return three separate winning bids from different suppliers meaning that there are three systems to maintain and three supplier relationships to manage	None

## 4 WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

- 4.1 Co-terminating the contracts ensures that the councils' retain access to the case management systems maintaining business continuity until July 2020 as well as providing the councils with sufficient time to consider future options.
- 4.2 Delegating approval of the procurement strategy and contract award to the Chief Digital Information Officer is compliant with the councils' contract standing orders and maintains momentum in the procurement exercise(s).
- 4.3 Agreement to collaborate on defining the future technology requirements of social care services ensures staff have the correct tools (and devices) to deliver effectively.

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

- 5.1 If the councils are unable to agree a single approach to the development of a specification detailing ASC/CHS technology requirements additional time, resource and cost will be incurred completing multiple procurement exercises.

Action – seek to align specification work wherever possible, use same resources on the procurements ensuring lessons are learnt and mistakes not repeated.

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

- 6.1 The table below provides a timeline of activity following approval of the recommendation in this report:

Activity	Date
Review existing contract arrangements	October/ November 2017
Prepare procurement strategies to align contract end dates	December 2017
Undertake procurements	January to March 2018
Establish cross council working group	January 2018
Award contracts	TBC

- 6.2 Once the working group have reached an agreement on next steps this will return to the Shared Digital Joint Committee

## 7 CONSULTATION

- 7.1 Consultation with service departments is ongoing. Feedback from the meetings completed in Camden and Haringey is that there is a recognition that there would be value in collaborating to define future technology requirements. However, there were some concerns over resourcing the working group whilst the services were completing both service transformation initiatives and achieving financial savings targets.

## **8 LEGAL IMPLICATIONS**

- 8.1 Legal services has reviewed this report in the light of the Public Contract Regulations 2015 (the 'Regulations') and the Shared Digital Joint Committee's Terms of Reference (the 'TORs') which must be complied with.
- 8.2 The Council is seeking to define the technology requirements for case management systems for adult social care and children's services across the three boroughs. There are three options being considered in this report. The TOR states that the Joint Committee may delegate its functions to an officer of the Council. The delegation of the procurement strategy and contract award to the Chief Digital Information Officer is in accordance with the TOR.
- 8.3 Existing contract arrangements may need to be extended if a common start date of July 2020 is to be achieved (see table in 1.3). Legal services should be consulted to evaluate any legal risk if the current contracts are to be extended where there is no option to extend. (It is noted that Haringey's case management system contract expires at the end of April 2019). Once a strategy is elected, the Councils are advised to obtain further legal advice.
- 8.4 Councils must take into account in coming to any decision its equality duties. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc. the protected characteristic of marriage and civil partnership is also relevant.
- 8.5 The recommendations in this report have no impact on service provision; therefore, an EIA is not required.

## **9 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)**



- 9.1 Funding for the existing three contracts is captured within the combined revenue budget for Shared Digital. The cost of retendered contracts will need to be managed within this shared financial resource.
- 9.2 By aligning contract end dates and reviewing social care services' technology needs across the three councils, Shared Digital is creating an opportunity to provide a single solution in future, with potential for more efficient use of financial resources.

**10 APPENDICES**

- 10.1 None.

**REPORT ENDS**

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<p><b>REPORT TITLE</b> Network Services Transformation</p>	
<p><b>REPORT OF</b> Ed Garcez, Shared Digital Chief Information and Digital Officer</p>	
<p><b>FOR SUBMISSION TO</b> Shared Digital Joint Committee</p>	<p><b>DATE</b> 30 October 2017</p>
<p><b>SUMMARY OF REPORT</b> This report proposes the convergence of the Councils' network services, specifically their wide area networks (WANs), in light of the need to modernise our infrastructure and decommission legacy telephony circuits and lines by 2025.</p> <p>It outlines the business benefits of moving to a single shared network design, specifically: increased resilience and security, improved flexibility and scalability, and alignment with the Councils' ICT transformation programmes. The existing infrastructure is aging and reliant on inflexible technology. As we move to our new co-located data centres the reliability of our network will be key and this proposal will ensure that our WAN is fit-for-purpose, easy to support and maintain (with a single supplier) and that it is able to meet increasing user needs for high-speed connectivity and improved network security.</p> <p>Together, our consolidated data centres, network services and cloud strategies will provide an enhanced service to our users and customers. As the key foundations to our ICT environment they will enable and support new and smart ways of working including increased flexibility for users to work on the move.</p> <p>To ensure that the WAN service is reliable and supportable it is proposed that the service be provided by a single supplier, and this report recommends that the WAN is procured using a Crown Commercial Services framework agreement. Soft market testing indicates that the implementation and 5-year operation of the WAN for the three Councils will cost c. £5.5m.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>The following document(s) has been used in the preparation of this report: none.</p> <p><b>Contact officer:</b> Michael Johnston, Data Centre and Cloud Lead 5 Pancras Square, London, N1C 4AG</p> <p><a href="mailto:michael.johnston@camden.gov.uk">michael.johnston@camden.gov.uk</a> 020 7974 3394</p>	

## WHAT DECISIONS ARE BEING ASKED FOR?

It is recommended that the Shared Digital Joint Committee:

- a) Approve the strategy for the Councils to share their wide area networks in a single (securely segmented) wide area network provided by a single supplier.
- b) Approve the procurement strategy to go to market via a CCS framework for a managed WAN service via RM1045.
- c) Note that the contract award for the procurement will come to the Shared Digital Joint Committee in February 2018 for approval.

Date: 19/10/2017

Signed:



## 1 WHAT IS THIS REPORT ABOUT?

- 1.1 In November 2016, the Shared Digital Joint Committee approved the strategy for data centre provision across the three Councils, as part of a wider 'cloud first' strategy. This was followed by approval of the procurement strategy and contract award for the migration of the Councils' data centres to facilities provided by Crown Hosting Services in June 2017.
- 1.2 Building on the convergence of the Councils' data centres, this report seeks approval to:
  - a) Form a procurement strategy that addresses evolving industry constraints and converges the Councils' networks to one shared (securely segmented) wide area network.
  - b) Carry out the procurement exercise via a Crown Commercial Service framework agreement – Network Services (RM1045), for the services.
- 1.3 This is an enabling project which assures the compliance and integrity of our core infrastructure and assists in cost reduction by consolidating interlinks for the current data centre and remote sites, as well as being able to introduce newer network technology and build a platform from which further savings can be realised.

### Background

- 1.4 A WAN connects people with systems housed in different locations. Access is usually provided through circuits leased from a specialist service provider.

- 1.5 To date each Council has contracted WAN services independently, and from multiple suppliers. Over time, this has led to a complex environment where it is difficult and expensive to share resources, manage the infrastructure and procure services.
- 1.6 Different, incompatible technologies are deployed in and across Council networks further complicating support and administration and making it more difficult to collaborate.
- 1.7 This proposal aligns directly with, and supports, the benefits that will be realised through the Data Centre project.

## 2 WHY IS THIS REPORT NECESSARY?

- 2.1 The report is being submitted to Joint Committee to seek approval to implement a procurement strategy based on the Framework RM1045 (Crown Commercial Services) for a single network which consolidates the Councils' three WANs to one.
- 2.2 The Councils are currently undertaking several large transformation programmes including migration to shared co-located Data Centres. These will rationalise the current data centre estate and consolidate infrastructure. As part of this development, and to further improve efficiency, a shared network is required.
- 2.3 This project will seek to reduce infrastructure complexity, total cost of ownership (TCO), and simplify supplier management. It will offer improved flexibility, aligning with the Councils' 'cloud first' strategy and offer improved disaster recovery.
- 2.4 Appointment of a sole supplier of network services is needed to support these aims and unlock further savings in enabled projects. For example, the corporate telephony review.

## 3 OPTIONS

- 3.1 In considering and evaluating options officers have considered the:
- need to ensure **compliance** with the latest networking standards, and which has been competitively procured to ensure both value for money and adherence with relevant legislation
  - need to provide an **efficient and secure** WAN service that will be flexible to the Councils' evolving needs, and which delivers high levels of availability and performance
  - critical role that our network plays as an **enabling foundation** to all of our ICT infrastructure, and the future opportunities that will be enabled with the right design (eg improved flexible and smart working opportunities and improved citizen services)
  - need to simplify procurement and supplier management while ensuring competition through a **framework** route to market

- 3.2 To achieve the objectives above we have undertaken a soft market testing exercise and identified three options:
1. Do nothing (not recommended)
  2. Renegotiate current contracts for each Council individually (not recommended)
  3. Modernise to a single (securely segregated) secure network (recommended)
- 3.3 Option 1: Do nothing – not recommended**
- 3.4 This option is based on continuing the existing model, replacing end of life hardware, and procuring new contracts for discrete network connections when needed.
- 3.5 The team have determined this option is not viable as it:
- a) would result in increased capital and revenue spend
  - b) does not support or compliment the strategic objectives set for the shared service
  - c) would not improve existing 'end-of-life' technologies and architectures
- 3.6 Option 2: Renegotiate current services for each Council individually – not recommended**
- 3.7 This option would use the existing model of single connections, and bringing all circuits into a single contract for each Council.
- 3.8 The team have determined this option is not viable as it:
- a) would result in increased capital and revenue spend
  - b) would constrain cooperation and resource sharing across Councils (it would however partially support our objectives, by virtue of modernising the infrastructure)
  - c) increases the complexity of the network but would upgrade and improve existing 'end-of-life' technologies
- 3.9 Option 3: Modernise to a single (securely segregated) secure network – recommended**
- 3.10 This option is based on replacing all the existing networks with a single (securely segmented) network service, provided by a single supplier. The independence and sovereignty of Council systems and data would be maintained whilst enabling the sharing of approve, services across Councils and with external partners.
- 3.11 External connections to the Internet, Public Sector Networks (NHS, Police, etc.) would be provisioned once and shared between Councils with enhanced bandwidth, performance, and flexibility.
- 3.12 The team have determined this option as the most suitable as:
- a) annual costs are not expected to increase against current costs (although capital investment will be needed to fund the implementation project)

- b) it will support our strategic objectives and enable further service enhancements and improvements
- c) it would upgrade and improve existing 'end-of-life' technologies and architectures

### 3.13 Assessment of options

3.14 The table below includes the primary criteria used to judge the three options.

Criteria	Option 1	Option 2	Option 3
Replace legacy equipment and circuits	Limited	Yes	Yes
Resilient service	No	Yes	Yes
Flexibility in bandwidth	Limited	Yes	Yes
Ability to carry other traffic (CCTV, voice)	No	Limited	Yes
Enable sharing between Councils	No	Limited	Yes
Cost neutral	No	No	Yes

3.15 Based on the Councils' ambitions for the shared service, future needs for efficiency, improved service delivery and digital services, the recommended option is Option 3: Modernise to a single (securely segregated) secure network – recommended.

### 3.16 Financial Evaluation

3.17 This project is not expected to directly generate significant cost reductions for the Councils. It is expected to fall within existing operating costs.

3.18 As a key enabling technology it is anticipated that this investment will enable the use and adoption of other technologies that will realise cost reductions, eg a move to cloud-hosted telephony, core infrastructure sharing, and the provision of third party network security services, etc.

3.19 Soft market testing indicated likely estimated costs for the recommended option as shown below:

	One-off investment	Annual operating cost	Total 5-year cost (including one-off investment)
Existing service	Nil	£928,000	£4,640,000
Single network	£990,000	£889,000	£5,435,000

### 3.20 Procurement Strategy

- 3.21 A WAN is a commodity service available from several specialist providers. As a result, a full OJEU compliant tender process is not proposed. Rather, it is proposed that the procurement be undertaken through an existing Crown Commercial Service (CCS) framework agreement: RM1045 – network services. The framework is an appropriate and compliant public procurement route.
- 3.22 The framework is split into many lots which cover differing network services. The relevant lot for this procurement is Lot 1 Data Access Services. There are 24 suppliers listed on the framework. It will be a single stage process via the CCS e-portal.
- 3.23 The evaluation criteria will be confirmed once the statement of requirements have been developed fully. It is very likely that evaluation will focus heavily on price as these services are considered commodity services in the current market.

#### **4 WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?**

- 4.1 The recommendation to adopt a single shared (but segregated) network, is based on review of the options noted above and on the basis that the proposed solution will:
- result in a fully modernised service, compliant with all public sector and industry standard network requirements
  - maximise efficiency in its scalability, flexibility, security and resilience whilst maximising the return on investment made in rationalising the data centres and migrating to a co-located hosted service
  - reduce complexity, improve service performance and ensure the Councils' meet the public procurement regulations and contract standing orders by appointing a single network service provider through a CCS framework
  - enable the Councils' to reduce the cost of service over the life of the contracts awarded, unlocking potential for further significant savings in enabled projects.

#### **5 WHAT ARE THE IMPACTS/ RISKS? HOW WILL THEY BE ADDRESSED?**

- 5.1 There will be impacts and risks in migration to the selected network and service provider. However, at this stage permission is being sought only to implement a low-risk procurement strategy.
- 5.2 The impacts of transitioning to the new contract and the risks of implementing a new network across the three Councils will be fully evaluated and submitted in the subsequent presentation to Joint Committee scheduled for February 2018.

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

- 6.1 The team will as part of the next, more detailed, phase of the project:
- analyse the likely requirements for a shared network in terms of the technology and connectivity



- follow the procurement strategy described here and set evaluation criteria for all potential responders
- evaluate responses against set criteria
- review staff training requirements to support the proposed new network
- present findings and a final recommendation with full financial evaluation at next Joint Committee in February 2018.

## 7 CONSULTATION

- 7.1 Soft market testing has been carried out in preparing this report, allowing the project team to confirm through a level of consultancy with partners that the proposed design of the network was the best way forward for the three Councils.
- 7.2 The Councils' technical teams have been consulted throughout informally and as members of the project board. Discussions are being planned with the Councils' SIROs (Senior Information Risk Owners) to validate and seek formal acceptance of the proposed shared (but segmented) network design.

## 8 LEGAL IMPLICATIONS

- 8.1 Legal Services has reviewed this report in the light of the Public Contract Regulations 2015 (the 'Regulations') and the Shared Digital Joint Committee's Terms of Reference (the 'TORs') which must be complied with.
- 8.2 The Council is seeking to call off cross-Council WAN network services over a 5-year period for an aggregate value of £5.435M using a CCS framework. Under the Joint Committee's Terms of Reference the committee may agree the procurement strategy for contracts with a value over £2M in revenue or £5M in capital. The Joint Committee shall approve any award in February 2018.
- 8.3 The call-off process which the Council adopts must adhere to the call-off procedure set out in the CCS framework and any ancillary documents to the framework/call-off instructions. This will include setting evaluation criteria which will be defined as part of the next stage. The Council should also be satisfied that the framework has been set up in compliance with the Regulations. The Council should take care to ensure that the call-off contract contains no substantial changes to the terms laid down in the framework agreement.

- 8.4 The Council must take into account in coming to any decision its equality duties. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc. the protected characteristic of marriage and civil partnership is also relevant.
- 8.5 The recommendations in this report have no impact on service provision; therefore, an EIA is not required.

## **9 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)**

- 9.1 Funding for the existing service is captured within the combined revenue budget for Shared Digital. The cost of retendered contracts will need to be managed within this shared financial resource.
- 9.2 The estimated investment cost of £990K for implementation will be funded from the Shared Digital Evergreening funding provision, a combination of capital and revenue resources allocated by the individual Councils for asset refresh and investment. The investment cost estimates vary by provider and should be reassessed at the point of contract award, and included as part of Councils' planned Evergreening expenditure.

## **10 APPENDICES**

- 10.1 None.

**REPORT ENDS**

<b>REPORT TITLE</b> Shared Digital Finance Update	
<b>REPORT OF</b> Jon Rowney, Deputy Director of Finance	
<b>FOR SUBMISSION TO</b> Shared Digital Joint Committee	<b>DATE</b> 30 October 2017
<b>SUMMARY OF REPORT</b> This report provides an update on the financial position of Shared Digital for the 2017/18 financial year, and lays out the building blocks for budget setting for 2018/19.  <b>Local Government Act 1972 – Access to Information</b>  The following document(s) has been used in the preparation of this report: none.  <b>Contact officer:</b> Jon Rowney Deputy Director of Finance & Procurement London Borough of Camden 5 Pancras Square, London N1C 4AG  <a href="mailto:jon.rowney@camden.gov.uk">jon.rowney@camden.gov.uk</a> 0207 974 6960	
<b>WHAT DECISIONS ARE BEING ASKED FOR?</b> That the Shared Digital Joint Committee: <ol style="list-style-type: none"> <li>1. Note the overall budget position for Shared Digital for 2017/18 and the projected outturn</li> <li>2. Note the proposals for the budget build for Shared Digital for the next financial year 2018/19</li> <li>3. Note the annual budget-to-actual true-up process</li> </ol>	

Date: 19/10/2017

Signed:



## 1 WHAT IS THIS REPORT ABOUT?

- 1.1 This report provides an update on the overall financial position of Shared Digital budget for 2017/18 at Month 5, based on information available in September 2017. It provides a forecast of the outturn for 2017/18.
- 1.2 This report also summarises the principles and process for building the budget for Shared Digital for 2018/19.

## 2 WHY IS THIS REPORT NECESSARY?

2.1 The Terms of Reference for the Joint Committee state that the Joint Committee will:

- Approve the strategic service and financial plan for Shared Digital and the performance measures to ensure services are delivered to the agreed standard and within the resources provided by the Councils.
- Receive updates on the Business Plan and the performance of Shared Digital.

2.2 The Shared Digital Legal agreement states that:

- SCHEDULE 5 (SHARED SERVICE BUDGET CONTRIBUTIONS) will be updated and approved by the Chief Digital and Information Officer and each organisation's Chief Finance Officer or their nominated officers on an annual basis and submitted for approval to the Joint Committee.
- The Chief Digital and Information Officer shall report on financial and operational aspects of Shared Digital to the Management Board and the Joint Committee
- The Councils shall use all reasonable endeavours to ensure that the Shared Service Budget is used in accordance with the planned expenditure for ICT and Digital Services in each Financial Year.
- The Parties shall keep each other informed of expenditure incurred to date and any projection of an Overspend or Underspend in the Shared Services Budget.
- Camden shall provide regular updates to the Chief Digital and Information Officer and the Management Board in respect of the overall financial performance of the Shared Service, including any projected Overspends and Underspends.

### 3 2017/18 BUDGET POSITION

3.1 Table 1 below shows the budget agreed by the Joint Committee in June 2017, providing the baseline revenue funding for Business As Usual services and Continuous Improvement, and also presenting the one-off funding available to each authority for Evergreening (refreshing councils' digital infrastructure and assets) and One Off Transformation (delivering service change).

2017-18 funding				
	Camden	Haringey	Islington	TOTAL
<b>PERMANENT FUNDING REQUIREMENT</b>				
BAU staff	6,524	5,259	7,961	19,745
BAU non-staff costs	4,782	8,551	6,137	19,470
Funding Requirement for BAU	11,306	13,810	14,098	39,215
Continuous improvement: permanent funded transformation	2,017	978	1,500	4,495
<b>Requirement for BAU + continuous improvement</b>	<b>13,323</b>	<b>14,788</b>	<b>15,599</b>	<b>43,710</b>
<b>ONE OFF FUNDING</b>				
Evergreening provision	1,151	950	1,500	3,601
Other one-off funding	3,432	4,439	3,406	11,278
<b>Total one off funding provisions</b>	<b>4,583</b>	<b>5,389</b>	<b>4,906</b>	<b>14,879</b>

3.2 The forecast revenue outturn position for 2017/18, as at Month 5 is presented in Table 2 below:

	2017/18 Agreed budget £'000	2017/18 Forecast £'000	Variance £'000
BAU Staff	19,745	19,878	133
BAU Non-staff	19,470	19,596	126
<b>BAU Total</b>	<b>39,215</b>	<b>39,474</b>	<b>259</b>
Continuous improvement	4,495	4,281	-214
<b>Revenue grand total</b>	<b>43,710</b>	<b>43,755</b>	<b>45</b>

3.3 The overall month 5 forecast is £45k overspend.

BAU staff and Continuous Improvement lines represent staffing costs. The overall staffing cost is £81k under budget due to holding staff vacancies.

BAU non-staff costs principally represent the cost of IT contracts. The slight overspend is a result of the cost of some contracts being higher than anticipated but the service is making efficiencies on these to bring the spend in line with the budget.

While the current position indicates a small overspend of £45k the service is confident that this pressure will be managed within the financial year.

In addition to the forecast above it is worth noting the following pressures:

- Some of the vacancies are covered by agency staff at a higher cost than permanent staff
- Projects in progress losing key staff members
- There is a risk that US contracts will need to be renegotiated with an up to 20% uplift owing to the unfavourable sterling to US dollar exchange rate and general economic uncertainty following Brexit

3.4 The one off funding provisions for 2017/18 have altered slightly since budget setting, largely in the Transformation area, due to adjustments during the first capital review. The current one-off budgets and forecasts for 2017/18 are presented in Table 3 below:

	2017/18 Opening budget £'000	2017/18 Current budget £'000	2017/18 Forecast £'000	Variance £'000
Evergreening	3,601	3,597	1,910	-1,687
Transformation	11,278	12,524	8,968	-3,556
<b>One-off funding grant totals</b>	<b>14,879</b>	<b>16,121</b>	<b>10,878</b>	<b>-5,243</b>

3.5 Underspends in Evergreening are currently being forecast in Islington (£1,454K) and Camden (£233K), while the forecast underspend in Transformation is solely from Haringey.

**3.6 Any underspend from one-off provisions in 2017/18 will remain with the individual local authority for future reallocation.**

## 4 2018/19 BUDGET

4.1 Provision for the 2018/19 funding of Shared Digital will need to be made by each participating authority as part of their Council Tax setting process, ahead of the start of the 2018/19 financial year.

4.2 As stated in the legal agreement, the Shared Digital Management Board shall meet at least three months in advance of the end of the Financial Year to agree the proposed levels of contributions. These shall be considered and approved by the Shared Digital Joint Committee. The agreed contribution amounts will also require approval by each Council's designated Chief Finance Officer or officers nominated by the Chief Finance Officer and by each Council through the annual budget setting process.

4.3 2018/19 base budget:

- 2017/18 budget was set with a view that it can be adjusted in 2018/19 should it prove to be materially different to the actual cost of service.
- No fundamental changes to 2017/18 base budget are considered necessary

- Any risks such as the increase in the price of contracts will be considered as part of the budget-setting process and any relevant uplifts applied to the 2018/19 budget

#### 4.4 Savings:

- It is anticipated that some savings will be realised in 2018/19
- Any savings achieved will be shared equally among the partner councils
- Full-year savings will be realised from 2019/20 subject to key decisions relating to the shared service governance model having been made

#### 4.5 True-up process

To optimise the service delivery Shared Digital will run a single budget hosted by Camden from 2018/19. Haringey and Islington will contribute the agreed budgeted amounts to Camden. A true-up process will take place at the end of each financial year. Relevant share of underspends will be refunded to Haringey and Islington and any overspends will result in an additional charge.

4.6 Regular monthly reports will be provided by Camden to Haringey and Islington to keep partners informed of the financial position.

4.7 The financial plan for the service will be produced to fit within the parameters of the resources available, and be brought to the February Joint Committee for approval.

## 5 CONSULTATION

5.1 The Shared Digital Delivery Board have received papers on the 2017/18 budget position and agreed the presentation in this report. They have also agreed the proposals for the 2018/19 budget.

## 6 LEGAL IMPLICATIONS

6.1 Legal implications are contained within the body of this report.

## 7 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)

7.1 Financial Implications are contained in the main body of the report.

## 8 APPENDICES

8.1 None.

**REPORT ENDS**

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