



ONESOURCE JOINT COMMITTEE AGENDA

10.00 am	Friday 28 July 2023	Virtual Meeting
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COUNCILLORS:

LONDON BOROUGH OF HAVERING

Councillor Paul Middleton
Councillor Ray Morgon
Councillor Christopher Wilkins

LONDON BOROUGH OF NEWHAM

Mayor Rokhsana Fiaz
Councillor Charlene McLean
Councillor Zulfiqar Ali

**For information about the meeting please contact:
Bernadette Lynch 01708 434849
bernadette.lynch@havering.gov.uk**

NOTES ABOUT THE MEETING

1. HEALTH AND SAFETY

The Joint Committee is committed to protecting the health and safety of everyone who attends its meetings.

At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. **For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

2. MOBILE COMMUNICATIONS DEVICES

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

3. CONDUCT AT THE MEETING

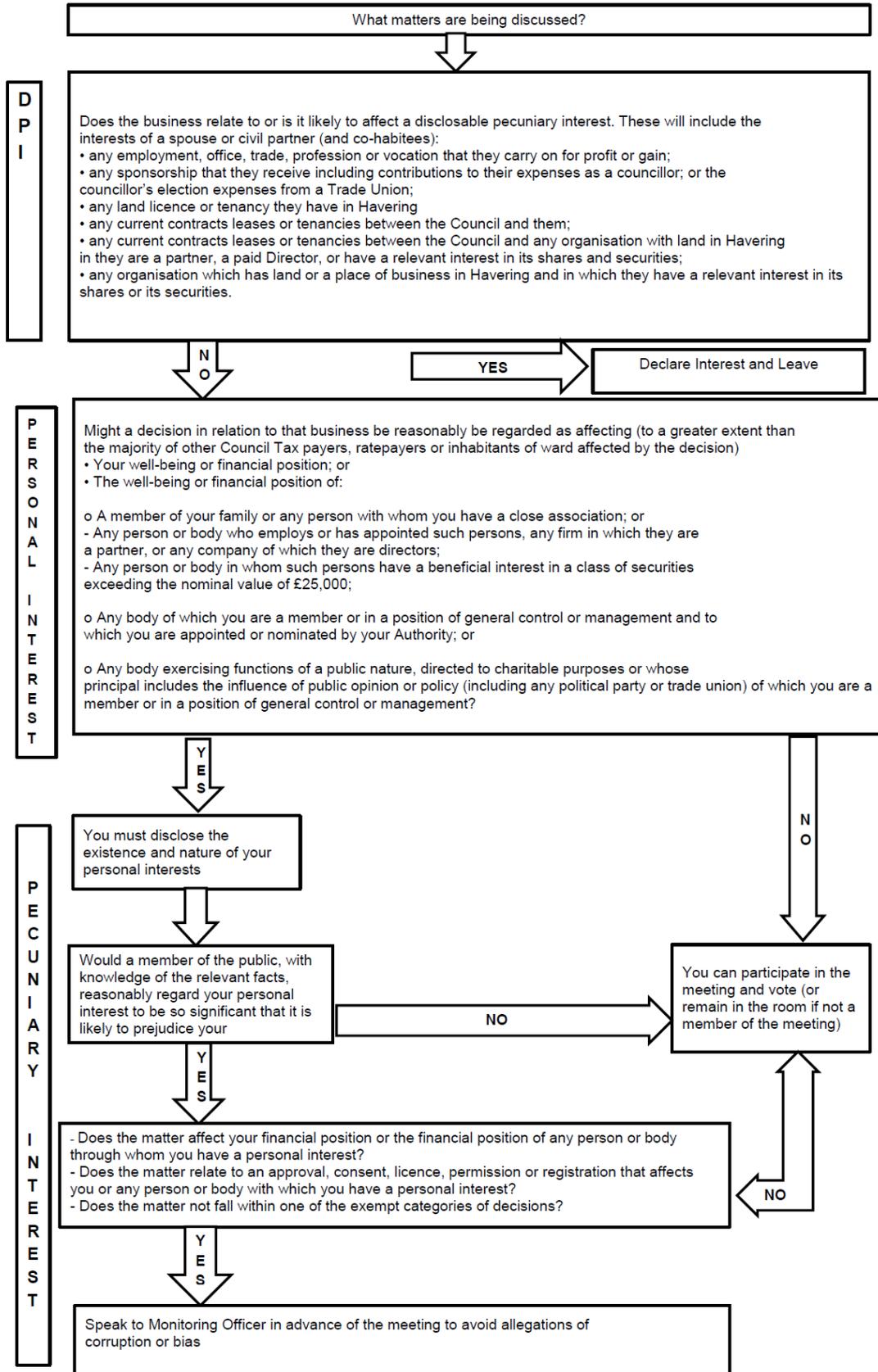
Although members of the public are welcome to attend meetings of the Joint Committee, they have no right to speak at them. Seating for the public is, however, limited and the Joint Committee cannot guarantee that everyone who wants to be present in the meeting room can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Joint Committee will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.

The Chairman of the meeting has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Clerk before the meeting so that the Chairman is aware that someone wishes to ask a question.

PLEASE REMEMBER THAT THE CHAIRMAN MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the meeting room.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA ITEMS

1 APOLOGIES

Apologies received from Councillor Paul Middleton

2 DISCLOSURE OF INTERESTS

If any, receive.

3 MINUTES FROM PREVIOUS MEETING (Pages 1 - 2)

To agree as a correct record the minutes of the meeting held on **28th April 2023** (attached) and to authorise the Chair to sign them.

4 PROGRAMME UPDATE (Pages 3 - 10)

5 FINANCE UPDATE (Pages 11 - 16)

6 GOVERNANCE UPDATE (Pages 17 - 22)

7 UPDATE ON THE TRANSITION OF ONESOURCE IT SERVICES Pages 23 - 28)

8 AOB

**MINUTES OF A
ONESOURCE JOINT
COMMITTEE MEETING
Virutal Meeting via Zoom
Friday, 28 April 2023
(10.00 - 10.11 am)**

Present:

Members Present

Councillor Luke Charters

Mayor Rokhsana Fiaz

Councillor Paul Middleton

Councillor Ray Morgon

Councillor Zulfiqar Ali

Cabinet Member responsibility:

London Borough of Newham

London Borough of Newham
(Mayor)

London Borough of Havering

London Borough of Havering
(Leader of the Council)

London Borough of Newham

44 APOLOGIES

Apologies for absence were received from Councillor Christopher Wilkins.

45 DISCLOSURES OF INTEREST

There were not disclosures of interest.

46 MINUTES OF 18 NOVEMBER 2022

The minutes of the meeting held on 11 November 2022 were agreed as a correct record. There were no matters arising.

47 FUTURE OF ONE SOURCE - CABINET DECISIONS AND NEXT STEPS

The One Source shared service report presented the decision to return a number of services to each borough, and retain a small number of services within one source was approved by each council cabinet on 4th April (Newham) and 12th April (Havering) respectively.

This report noted the decisions approved by both cabinets, and the next steps in the programme delivery.

Final decisions were reached by both councils' cabinets and were contained within the report. There would an update at the next meeting on 28 July 2023.

Members reciprocated a thank you to both Council's officers and Members for their contribution and work with this.

The Committee **noted**:

- The decisions taken by London Borough of Havering and Newham cabinets;
- the next steps in the delivery of the project.

Chairman

**ONESOURCE JOINT
COMMITTEE**

28th July 2023

Subject heading:

**Future of One Source –
Programme Update**

Report author and contact details:

**Conrad Hall - Corporate Director
Resources (LBN)**

Conrad.hall@newham.gov.uk

**Dave McNamara - S151 Officer
(LBH)**

dave.mcnamara@havering.gov.uk

Financial summary:

SUMMARY

At the last Joint Committee on 28th April, it was asked to note the decisions taken by London Boroughs of Newham and Havering cabinets of 4th / 12th April respectively to return a number of services to each borough, and retain a small number of services within one source. Joint Committee was also provided with the next steps in the delivery of the programme. This report provides an update on the progress with the delivery of the programme, and the next steps.

RECOMMENDATIONS

The Joint Committee are asked to note the:

- a. progress with the delivery of the programme;
- b. next steps in the delivery of the programme.

REPORT DETAIL

1. Background

- 1.1** One Source was established in 2014 by way of a Joint Committee and Delegation Agreement (the “Agreement”) as a joint arrangement between The London Borough of Newham (“LBN”) and The London Borough of Havering (“LBH”) to provide most of the back office or support

functions that the councils depend on to deliver other services. The Future of One Source was considered by both councils, culminating in proposals and recommendations presented to Newham Cabinet on 4th April, and Havering Cabinet on 12th April with approval to:

<p>1. <u>Withdraw</u> delegation from One Source of the following shared services:</p> <ul style="list-style-type: none"> • Human Resources and Organisational Development (HROD) • Procurement • ICT • Asset Management • Finance: Pensions Accountancy and Treasury, Reconciliations 	<p>2. <u>Retain</u> existing delegations to those functions that remain within One Source, namely:</p> <ul style="list-style-type: none"> • Legal and Governance • Exchequer and Transactional • Corporate Business Systems Team • Print Services
<p>3. <u>Authorise</u> the Corporate Director of Resources (LBN) S151 Officer (LBH), in consultation with the Chief Executives, to make all necessary arrangements to give effect to 1 & 2 above.</p>	<p>4. <u>Waive</u> the right to any compensatory payments</p>

1.2 The arrangements to give effect to the withdrawal and retention of services in 2.1 above included but were not limited to:

- Implementing the HR and other operational processes to give effect to the recommendations.
- Agreeing the dates for the withdrawal of those services listed in 1.1
- Agreeing, amending and finalising any variation or variations to the Agreement and the delegations contained therein as necessary to give effect to 1.1, and thereafter to sign and complete any variation on behalf of LBN and LBH.
- Making arrangements to receive staff into LBN and LBH as a result of the amendments to the Agreement.
- Making arrangements (whether contractual or otherwise) to allow LBN and LBH to share some of the proposed withdrawn services for a transitional period beyond the agreed date of implementation whilst permanent arrangements are put in place within LBN and LBH.
- Making arrangements to provide a support service to the retained One Source services.

2. Progress with the delivery of the programme

2.1 Delivery has been underway since April, mapping and implementing the return of services to boroughs, and the work required for the remaining services within one source. The overall programme plan is being monitored via an officer Programme Board, attended by senior officers from each Council and by the oneSource Directors. Progress is reported to both councils internally as requested and to Joint Committee.

2.2 Underpinning the return of services to each borough and the reshaping of the remaining one source services is effective transition and change management, including communications and engagement with staff, trade unions, and each borough.

3. Return of services to boroughs

3.1 Almost all of the services which the two councils agreed to remove from the oneSource arrangement have now moved into the formal staff consultation and selection processes required to effect the practical change. The exceptions are the small reconciliations team, where some necessary software upgrades are being applied first, and the ICT function, which is on a longer time-frame as set out in paragraph 3.2. All the usual HR processes are being applied, including consultation with Trade Unions, and with staff (45 days) and Appendix 1 sets out the current schedule.

- 3.2** A jointly agreed ICT separation model is now being followed by a detailed road map for the return of IT to each borough. The IT programme includes the internal restructure of IT (as part of IT stabilisation), prior to the return of IT to each borough. The timeline for the return of reconciliations is currently being finalised.
- 3.3** Human Resources & Organisational Development (HR&OD) and Property concluded their staff consultations in June, and are now implementing the return of function and staff to each borough, including staff selection. Property is due to return by early September, and HR&OD by early October.
- 3.4** Capital Development and Corporate Estate, Pensions and Treasury, and Procurement commenced staff consultation in July, and are due to return to the individual boroughs between November and December. The dates given below are the latest dates; practically most of the arrangements are expected to have concluded somewhat earlier.

Service	Consultation period	Return to Borough
Property Services	28 th April – 9 th June	Early September
Human Resources, Organisation Development	24 th April - 19 th June	Early October
Capital Development Corporate Estate	10 th July – 24 th August	Early November
Pensions and Treasury	12 th July – 29 th August	December
Procurement	20 th July - 5 th September	December

- 3.5** All services returning to LBN apart from IT, will moved to the Resources Directorate. IT will be moved to the Chief Digital Officer Directorate. The remaining one source services will report to the Resources Directorate. Appendix 2 sets out a structure chart for this.
- 3.6** All services returning to LBH will be located within 'Place' and 'Resources' Directorates. All LBH non-shared services will be assimilated into the new LBH structure over the coming weeks, and is being managed as part of the LBH Operating Model Programme. The remaining one source services will report to the Resources Directorate. See Appendix 3.

4. Services remaining within one source

- 4.1** The support requirements of the remaining one source services are being finalised, and proposals being developed for the future provision of a central support function appropriate to the remaining size of oneSource. The future governance arrangements are also being developed, and is covered in a separate paper to Joint Committee.
- 4.2** Legal Services continue to operate as normal but is undertaking a service improvement exercise. The service improvement plan is attached and is due to complete by the end of December 2023, with a report measuring the success of the plan following thereafter. The progress of the plan is reported to the OneSource Programme Board on a monthly basis, with the latest snapshot of progress attached for information.

5. Next Steps

- 5.1** To complete the return of shared services to each borough by December 2023, and finalise the governance arrangements for one source.
- 5.2** To implement the transition plan, and communications and engagement plan, to support the return of staff and services to each borough, and for the remaining shared services.
- 5.3** To continue to engage with staff and trade unions, by service, and all-staff briefings.
- 5.4** To report back to Joint Committee on 10th November.

Appendix 1 – Roadmap - Return of Shared Services

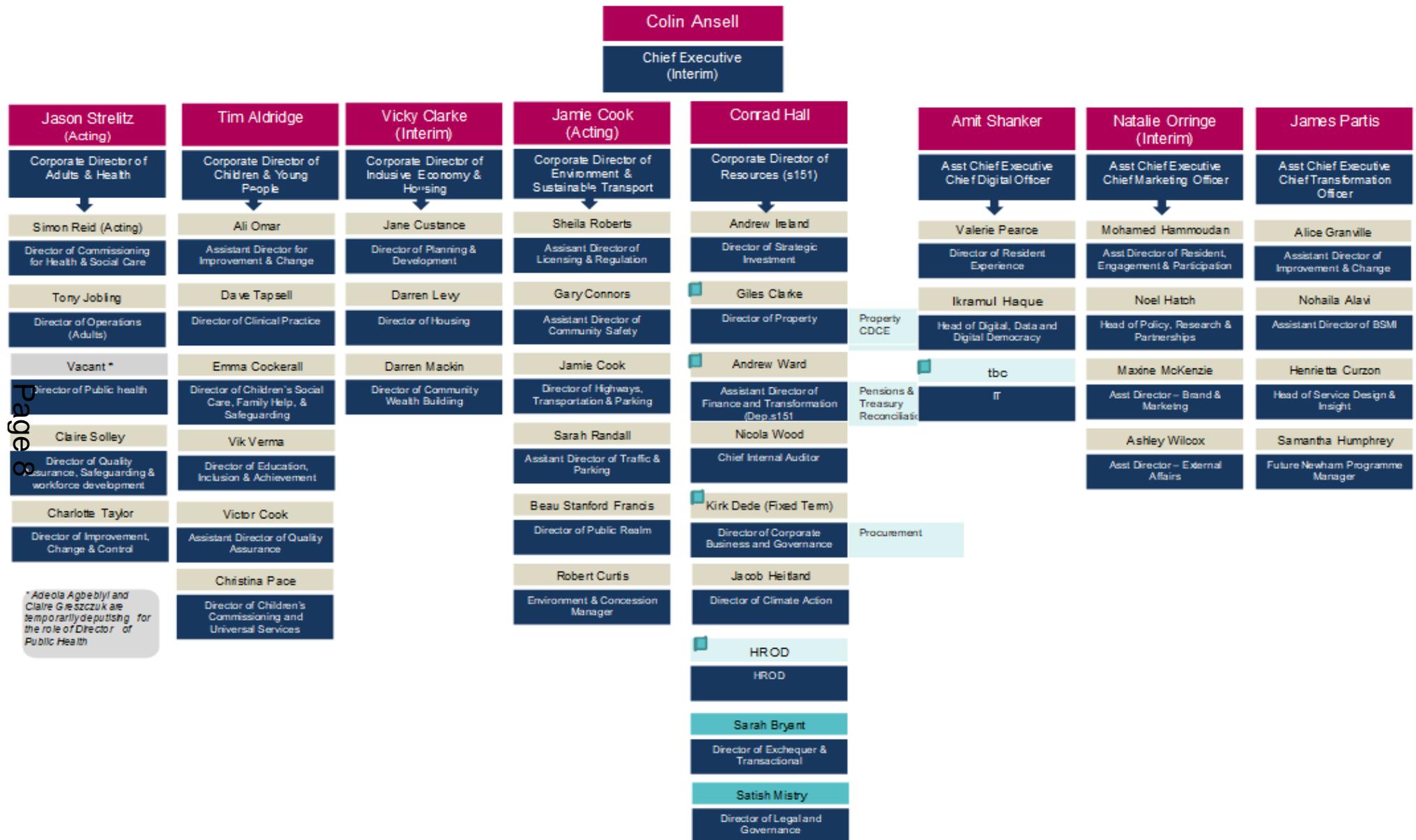
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Work-streams		APR - JUN			JUL - SEP			OCT - DEC		
Asset Management	Property	1 28/04/23	2	3 09/06/23			4 Early September			
	Cap Dev Corp Estate				1 10/07/23	2	3 29/08/23		4 Early November	
HROD	Human Res Org Dev	1 24/04/23	2	3 19/06/23				4 Early October		
Procurement	Procurement				1 19/07/23	2	3 31/08/23			4 December
Finance	Pensions & Treasury				1 12/07/23	2	3 29/08/23			4 December
	Reconciliations					1 timeline confirmed				
IT	Restructure and return to borough					1 timeline confirmed				

KEY

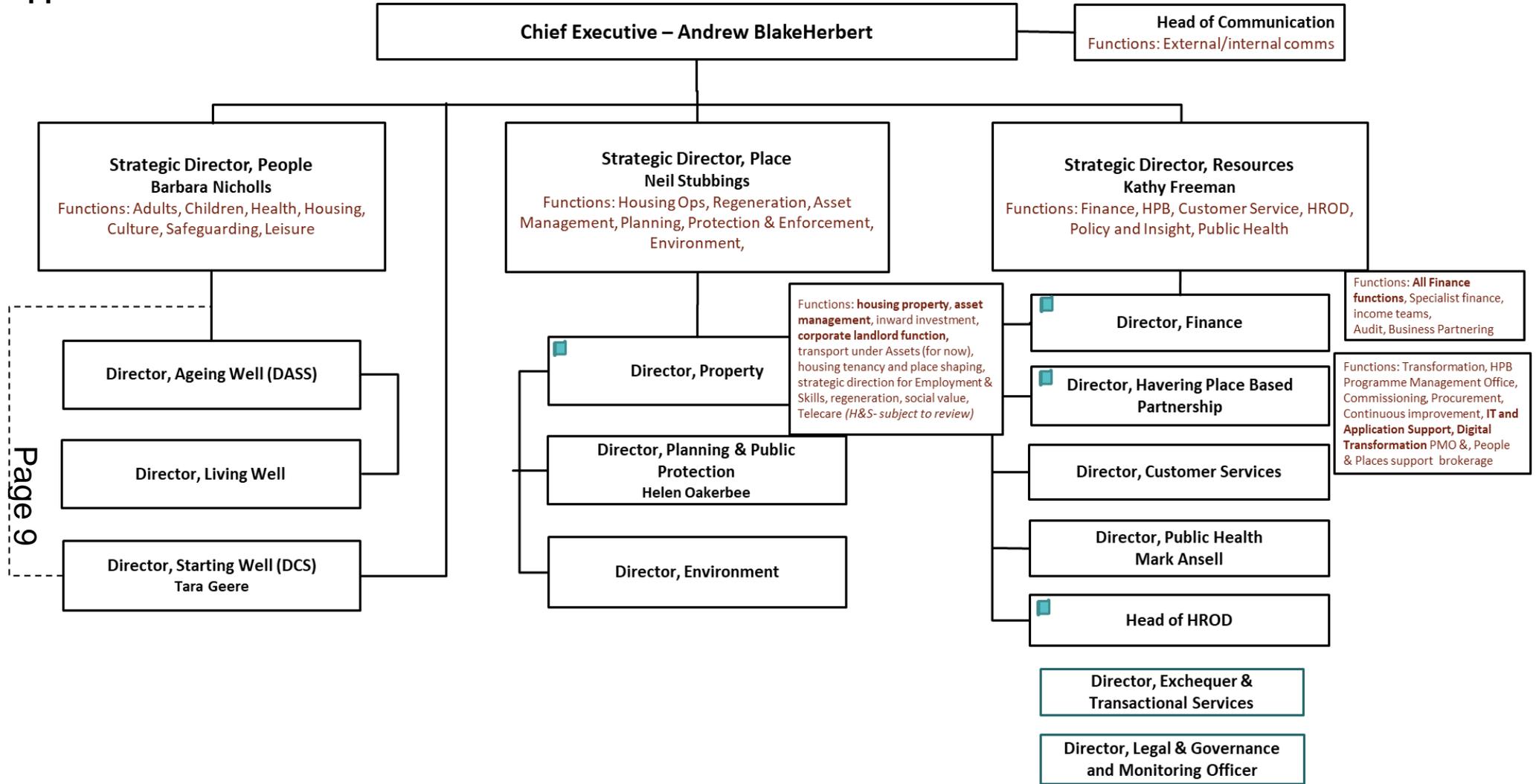
-  Key activity informing restructure
-  Change case approved
-  Consultation launch
-  Consultation close
-  Return to Borough
-  Completed

Appendix 2 – LBN Structure



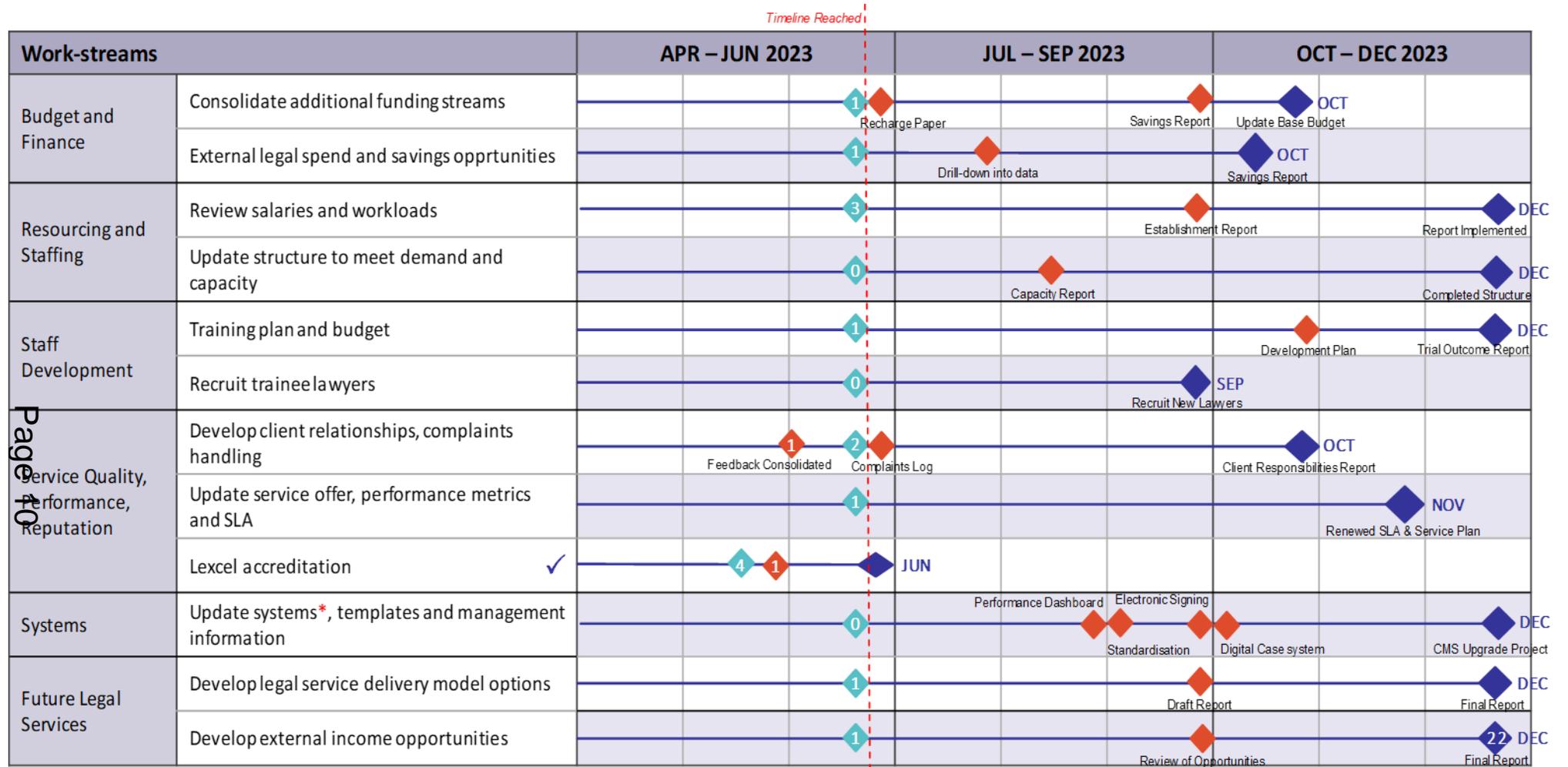
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Appendix 2 – LBH Structure



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Appendix 4 Legal Service Improvement Plan



KEY

- Workstream Target Date
- Tasks Completed
- Milestones Achieved
- Workstream Completed

* CMS Upgrade Project – implementation phase to start in 2024

**ONESOURCE JOINT
COMMITTEE**

28th July 2023

Subject heading:

oneSource Finance Update

Report author and contact details:

**Dave McNamara – (Interim)
Director of Finance**
Dave.mcnamara@oneSource.co.uk

Financial summary:

The OneSource 22/23 outturn position was an overspend of £3.5m (against a period 11 forecast of £4.4m). The 23/24 net budget currently stands at £36.4m. The 23/24 P2 forecast is £5.2m overspend.

2

SUMMARY

The 22/23 year end outturn position across the shared and non-shared areas was £3.5m (an improvement of £0.9m on the period 11 forecast of £4.4m overspend). As part of 23/24 budget setting £0.388m of savings were removed from the oneSource budgets and £5.217m of growth was allocated. The 2023/24 period 2 forecasted overspend is £5.2m

RECOMMENDATIONS

The joint committee are asked to note:

- the 2022/23 outturn position and its improvement from period 11;
- the updated 2023/24 budget;
- 2023/24 period 2 forecast;

REPORT DETAIL

1. Background

oneSource shared areas are funded by Havering and Newham Councils in order to deliver shared back office support services. OneSource is also currently responsible for the

management of non-shared areas within each council, including the delivery of commercial property income generation, elections, procurement savings and schools education and ICT capital programmes. It is noted that many of these areas subject to a reconfiguration process aimed at returning certain services to the control of their sovereign authorities. However, the content of this report pre-dates the aforementioned process and so its impact is not reflected in the figures contained within.

Each council reports its own share of the oneSource position through its own monitoring, budget setting and outturn reporting, however, it is also presented here in a combined presentation for the benefit of Joint Committee.

The budget spend and outturn figures include controllable budgets only ie those which the service managers directly influence and control through delivery of their services. The non-controllable element, which have been excluded, largely relate to corporate recharges and do not result in any variances (overspend or underspends) at year end as the expenditure incurred is matched by the necessary budget.

2. 2022/23 Outturn

Shared

2.1 oneSource shared ended 2022/23 with an overspend of £2.7m against budget which is an improvement of £0.9m on the period 11 position of £3.6m. The final overspend was shared £1.7m to the London Borough of Havering and £1m to the London Borough of Newham. Note these figures are inclusive of £0.7m of one-off Newham reserve funding within the enforcement area of which 100% of the benefit was attributed to Newham via the cost sharing model.

2.2 The majority of the improvement between period 11 and outturn reflects previously un-forecasted funding within the Havering council tax and benefits service, much of which was received towards the end of the financial year.

2.3 The outturn overspend is due in part to unmet savings targets and cost pressures within ICT and in part due to a shortfall of enforcement income against targets.

Newham non-shared

2.4 Newham non-shared closed 2022/23 with an underspend of (£0.2m) which was broadly in line with the forecasted underspend of (£0.3m) reported at period 11.

2.5 The overall directorate underspend of (£0.3m) is a net position reflecting a number of larger variances at service level. These include:

- an underspend of (£0.6m) in relation to a revenue budget recently created to fund council-wide devices; the cost of lap tops was charged to capital for 2022/23 on a one-off/one-year only basis to help offset revenue pressures in other areas
- an overspend of £0.8m in relation to payment acquirer charges; an overspend of this size will not be repeated in 2023/24 owing to the combination of £0.1m growth provided in the 2023/24 budget and significant cost reductions as a result of a newly procured contract due to take effect in the first quarter of the new financial year
- non-delivery of savings targets of £0.3m within legal budgets; coding has been set up within the ledger to help identify spend which hasn't been commissioned via the Director of Legal services with a view to analysing such spend to ensure value for money

- an underspend of (£0.9m) within Asset Management reflecting a reduction in security costs relating to a small number of council owned sites, the recent letting of additional floor space on the east wing of Dockside and deferral of corporate landlord spend into next financial year

Note that this position is net of one-off funding of £3.53m re procurement savings write off, of which £3.230 was funded permanently as part of 2023/24 budget setting (see below).

Havering non-shared

2.6 Havering non-shared closed 2023/24 with an overspend of £0.7m. This is an improvement of (£0.3m) on the period 11 forecast of £1m. The favourable swing between period 11 forecast and outturn was due in the main to the provision of one-off funding for the ICT evergreening revenue spend which was assumed unfunded at the time of the period 11 forecast.

2.7 The Havering non-shared overspend relates to a shortfall of commercial property income against target, slippage on the Mercury House decant saving and an overspend on the corporate landlord budget. It is hoped the commercial property income pressures will resolve upon greater certainty over the Hilldene regeneration area and that the corporate landlord pressures will be eased in 2023/24 as a result of the inclusion of capital funding within the budget.

3. 23/24 Budget Setting

Shared

3.1 In the main, the joint decision was taken by the two authorities not to apply savings to the shared budgets as part of 2023/24 budget setting process. This in part was in light of the decision to remove a number of services from the oneSource sharing arrangement and return them to sovereign control. As part of that process, for each service returning, an organisational change report will be undertaken which will provide each borough with the opportunity to revisit the service offer and structure in detail. Each service has been tasked with designing post-split structures which are containable within existing budgetary parameters, however, should any resulting budgetary implications arise from each of these reviews, they will be picked up as part of each business case and where necessary factored into 2024/25 budget setting processes (in the case of Newham) or met from growth provided within the 2023/24 budget to fund costs associated with the split in the case of Havering. That being said, a small saving was applied to the Business Services area where a known reduction in SMR post was assured.

3.2 A number of jointly agreed growth items were also provided including most notably for Microsoft Enterprise licences which had been previously met by one-off funding in 2022/23. It was jointly agreed that neither borough would allocate inflation growth to the 23/24 shared budgets.

The table below summarises 2023/24 savings and growth entries:

	Newham	Havering	Total
Microsoft Enterprise Licences	£400k	£400k	£800k
SMR Post	(£44k)	(£44k)	(£88k)
Systems Team TOM*	£134k	£267k	£401k
Payroll SME & Manager	£48k	£48k	£96k
Total	£538k	£671k	£1,209k

*Havering's larger share of the growth represents a re-balancing of previous underfunding in 2022/23

The table below summarises the movements from the closing 2022/23 budget to the opening 2023/24 budget:

Council	LBH	LBN	LBH	LBN	LBH	LBN	LBH	LBN	LBH	LBN	LBH	LBN
Item	2022/23 close		NI Adjustment		Remove one-off		Growth		Savings		2023/24 Open	
£m	12.19	14.25	-0.04	-0.11	-1.09	-1.12	0.70	0.60	-0.04	-0.04	11.72	13.58

Non-shared

Newham

The table below summarises the movements from the closing 2022/23 budget to the opening 2023/24 budget:

Item	2022/23 budget at P10	Removal of one-off funding	Savings	Growth	Opening 23/24 budget
£m	7.57	(3.53)	(0.23)	3.63	7.44

The table below summarises 2023/24 savings and growth entries:

	Growth		Savings
Inflation allocation	0.27	Election costs	(0.15)
Payment acquire costs	0.10	SMR grade	(0.08)
Civica pay licences	0.01		
Business rate maximisation	0.02		
Procurement saving write off	3.230		
Total	3.63		(0.23)

Havering

The table below summarises the movements from the closing 2022/23 budget to the opening 2023/24 budget:

Item	2022/23 budget at P10	Removal of one-off funding	Savings	Growth	Opening 23/24 budget
£m	3.48		-0.07	0.29	3.7

The table below summarises 2023/24 savings and growth entries:

	Growth		Savings
MFD print recharge target	0.20	Voluntary Redundancy	(0.07)
Trade Union Facility	0.09		
Total	0.29		(0.07)

3.3 Note that as the year progresses it is likely that further budget adjustments will be made (ie reserve funding drawdowns, pension cost adjustments, 2023/24 pay award etc).

4. 2023/24 Period 2 Forecast

Shared

4.1 The projected overspend at period 2 is £4m which is split £1.8m and £2.2m to London Borough of Newham and Havering respectively through the cost sharing model. Much of this projected overspend resides within those areas which are not coming out of the sharing partnership over the course of 2023/24.

4.2 Of the £4m overspend, £2m relates to pressures with the ICT budgets as a result of a combination of unmet savings targets (£1.1m) and increases in costs within non-staffing budgets. ICT is due to exit the oneSource sharing arrangement albeit due to the complexities involved it is working to a slightly longer timescale. Responsibility for ICT is transitioning to the Chief Digital Officer at Newham and Director of Resources at Havering.

4.3 Exchequer and transactional are forecasting a pressure of £1.4m which pertains in the main to enforcement income shortfalls against target. This year additional income is expected due to the service having secured a number of new contracts, however, the impact of these won't take effect until the latter part of the financial year.

Havering non-shared

4.4 The majority of the £0.4m forecasted overspend being projected at period 2 relates to Asset Management and is as a result of forecasted shortfalls against target in relation to commercial property (including Romford Market) and slippage on the Mercury House decant saving.

Newham non-shared

4.5 Of the forecasted £0.7m overspend, £0.3m is a projected shortfall against the remaining procurement saving target and £0.3m is in relation to the external legal services saving target. As and when savings are identified the forecast will be amended accordingly. The remaining £0.1m reflects slippage on the start date of the new procurement payment acquire contract.

Legal implications and risks:

There are no legal implications arising directly out of this report or its recommendations.

Financial Implications and risks:

There are no financial implications resulting directly from the recommendations set out in this report, however, the report itself makes reference to the 2022/23 outturn overspend and projected 2023/24 overspend of the oneSource budgets which is in itself of financial significance to both Councils.

HR Implications and risks:

There are no HR implications arising directly out of this report or its recommendations.

Background Papers

ONESOURCE JOINT COMMITTEE

28th July 2023

Subject heading:

OneSource – amendment to the joint committee agreement and scheme of delegations

Report author and contact details:

Gavin Milnthorpe, Deputy Director of Legal and Governance.
gavin.milnthorpe@haverling.gov.uk

SUMMARY

1. As the various services within OneSource are to be returned to the sovereign control of the London Boroughs of Havering (“LBH”) and Newham (“LBN”), it is important that the joint committee (“JC”) is sighted on the necessary changes to the governance of, and management reporting lines within, OneSource.
2. This report provides information to the JC on those matters and details the changes envisaged to the underlying legal documentation.
3. This report also details a proposal to dissolve the limited company incorporated around the time of the creation of the JC, but which has never been used.
4. The proposed changes are to be noted by the JC.
5. The authority to agree and enact the required changes have already been taken by LBH and LBN by way of Executive decisions dated 12 April 2023 and 4th April 2023 respectively.

RECOMMENDATIONS

6. The joint committee is asked to note:
 - 6.1 the proposed changes to the joint committee agreement and the ancillary scheme of delegations of functions;
 - 6.2 the revised organisational structure chart as appended to this report; and
 - 6.2 the proposed dissolution of OneSource Partnerships Ltd (company number 08986114).

REPORT DETAIL

Background

7. By way of an agreement dated 1 September 2014 (the “Agreement”), LBH and LBN established the JC under s.101(5) of the Local Government Act 1972 for the discharge of various functions via a shared service, known as OneSource.
8. The attached scheme of delegation of functions (the “Scheme”) was approved by LBH and LBN in 2015.
9. By way of Executive decisions dated 12 April 2023 (LBH) and 4th April 2023 (LBN) both LBH and LBN have approved the return of certain services into their sovereign control. The returning services include procurement, property management, etc as fully detailed in those reports (the “Returning Services”). It is envisaged that the Returning Services will be absorbed into the LBN and LBH on a staged basis.
10. The following services shall remain within OneSource (the “Retained Services”):
 - 10.1 Legal Services;
 - 10.2 Exchequer and Transactional; and
 - 10.3 Corporate Business Systems Team
 - 10.4 Print Services
11. As a result the Agreement and the Scheme require an update.
12. This report details the proposed changes to the Agreement and the Scheme.
13. Further, LBN and LBH propose to dissolve OneSource Partnerships Ltd (the “Company”), a limited company set up around the time of the formation of the JC, but which has laid dormant ever since.
14. The substantive decisions associated with this process have been delegated to the s.151 officers at LBN and LBH by virtue of the following Cabinet resolution: (below is an extract from the LBH Cabinet decision made on 12 April 2023. LBN made the same resolution within its Cabinet report):

Cabinet authorised the s.151 Officer, in consultation with the Chief Executive, to make all necessary arrangements to give effect to the authorisation at 1 above, including but not limited to:

 - b) Agreeing the dates for the withdrawal of those services listed at 1(a).
 - c) Agreeing, amending and finalising any variation or variations to the Agreement and the delegations contained therein as necessary to give effect to 1 above, and thereafter to sign and complete any variation on behalf of LBH.
 - e) Making arrangements to allow LBH to share some of the proposed withdrawn services for a transitional period beyond the agreed date of implementation whilst permanent arrangements are put in place within LBH.
15. The JC is therefore asked to note the proposals only.

The agreement and ongoing governance arrangements

16. Once the Returning Services have been returned to LBN and LBH it is envisaged that the Agreement will be restated in its entirety so as to properly reflect the governance and management processes required to administer the Retained Services.
17. Clause 13 of the Agreement allows for the Agreement to be varied from time to time with the consent of the parties. It is envisaged that the Agreement will be restated in accordance with this clause.
18. In the meantime, the JC shall continue to apply to the Retained Services and those Returning Services until the date upon which they are formally returned to LBN and / or LBH, as notified by the s.151 officers.
19. The Agreement shall continue in full force and effect except as detailed in this report. Where there is any discrepancy or contradiction within the Agreement, arising for whatever reason, the s.151 officers from LBN and LBH shall jointly determine the issue. If they are unable to resolve the issue between themselves, the dispute resolution mechanism within the Agreement shall apply.
20. Attached to this report is a proposed line management diagram which shall apply to the Retained Services.

The Scheme

21. The Scheme shall continue in full force and effect in relation to the Retained Services and any of those Returning Services up to and until they are formally returned to LBH and / or LBN as notified by the s.151 officers.
22. As both LBN and LBH are currently undergoing internal constitutional reviews and given the reduced scope of OneSource with the Retained Services, it is envisaged that the Scheme shall no longer be necessary.
23. The variation to the Agreement as referred to above shall formally bring the Scheme to an end.

The company

24. The Company was incorporated around the commencement of the JC. It was created to allow OneSource to trade on a commercial basis, if it chose to do so. This has not transpired and the Company has laid dormant since incorporation. It is therefore deemed sensible to dissolve / strike off the Company.
25. The costs, if any, of dissolving the company shall be borne equally by LBH and LBN.

Implications and Risks

Legal implications and risks:

The legal work required as a result of the proposals of this report will be undertaken by OneSource Legal Services, with all necessary due diligence.

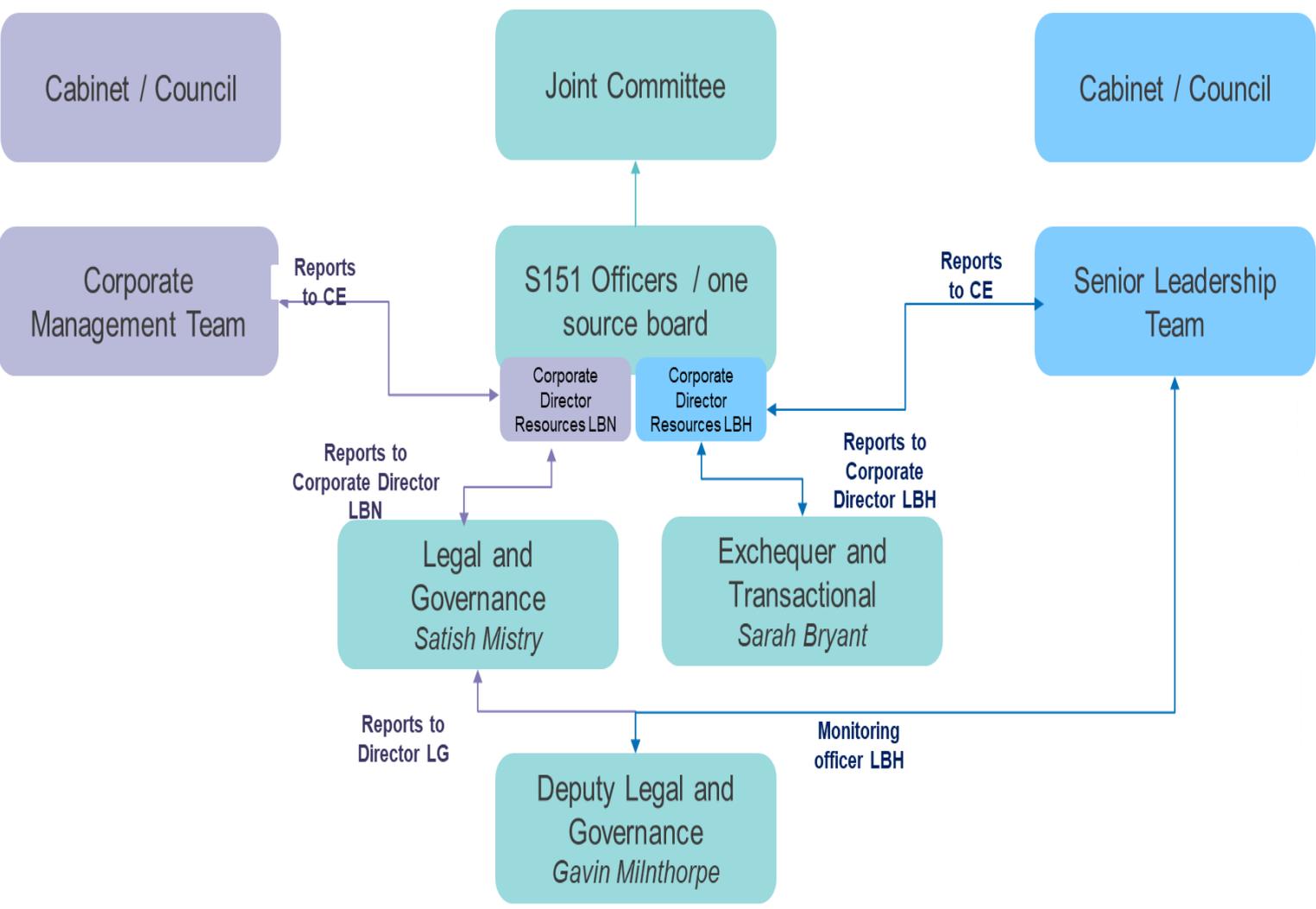
Financial Implications and risks:

There are no financial implications resulting directly from the recommendations set out in this report.

HR Implications and risks:**Background Papers**

None.

Appendix 1 - one source remaining services chart



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ONESOURCE JOINT COMMITTEE

28th July 2023

Subject heading:

oneSource IT Update

Report author and contact details:

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Director of Finance**
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Financial summary:

To be reported to Cabinet in October

SUMMARY

This report covers the progress of IT transition up to 21st July 2023. A jointly agreed ICT separation model is now being followed by a detailed road map for the return of IT to each borough. The IT programme includes the internal restructure of IT (as part of IT stabilisation), prior to the return of IT to each borough.

RECOMMENDATIONS

The joint committee are asked to note:

- the progress made on the transition and stabilisation programmes for ICT;
- the appointment of Third Value Impact (TVI) to support the transition programme;
- Procurement Strategy to be presented to members in October for their consideration;

REPORT DETAIL

1. Background

- 1.1 In April 2023, the Cabinets of both councils took the decision to return a number of one source services, including ICT to sovereign control. The section 151 officers of both councils, in consultation with the respective chief executives were authorised to make all necessary arrangements to give effect to that decision.
- 1.2 Since that time officers from both council including officers of one source services have been working together to progress the transition of ICT services to sovereign control. Given the length of time that this will take there has also been a focus on the necessary improvements of ICT service, this is referred to as the Stabilisation Programme.
- 1.3 This report sets out the work being done in the Stabilisation Programme and progress made on the Transition Programme including an analysis of the options appraisal that

determined the work to be done, and a plan that sets out the programme to achieve transition,

2. Stabilisation Programme

- 2.1 As the transition programme will take some time there is a need to ensure that the ageing IT infrastructure is maintained and is accompanied by an improvement in performance. There is a series of projects that have been set out and are being progressed alongside preparation for transition. This will require increased capability within the one source IT team, and an organisational change proposal is being developed for consultation

3. Transition Programme

- 3.1 In order to support the aspirations of both boroughs it is essential that appropriate care and attentions is given to establishing the right approach, careful consideration of a detailed plan and the appropriate technical support.

3.2 Approach

The various options to transition IT services back into each borough have been explored, and the recommended approach has been informed by the following key factors

3.2.1 Technology.

Each council will need to split the technology to achieve sovereignty over their IT services and enable their Digital Strategy. However, the existing shared infrastructure is largely on premise, complex and in significant need of investment and modernisation. Investing in and splitting the current infrastructure will be high risk, time consuming and wasted investment due to the future strategy to move to cloud services. A modernisation programme will therefore be needed to migrate each council onto their own modern cloud platforms to enable the split to occur.

3.2.2 Risk and Speed.

Each council would like the split to occur as soon as possible to enable more freedom to enact their digital strategy, with risk to council services minimised. There is insufficient capability and capacity in the current IT operational teams to deliver this extensive level of modernisation so partner support will be needed to deliver the modernisation and reduce the risk, with procurement undertaken through procurement frameworks to minimise the time taken to select and choose the strategic partner that will undertake this work.

3.2.3 IT Services Management.

The move to modern cloud platforms and services will require new IT skillsets and capabilities to effectively manage and configure these ever-evolving services, with these skillsets often proving challenging to recruit into council IT teams. For this reason, the recommendation is that some of the transactional cloud services will be partner managed, with investment in council teams focussing on those capabilities to enable the digital agenda.

- 3.2.4 **Cost.** All options considered had outline business cases produced for the modernisation costs, as well as the impact on ongoing operational run costs over the next 5 years. The recommendation had the optimal business case.

3.2.5 A number of alternative approaches have been considered and these are set out in the table below

Option Overview		DELIVERY RISK	TECHNICAL RISK	BUSINESS CONTINUITY RISK	WASTED EFFORT / COST	TIME TO VALUE	MODERNISE COST	ONGOING OPERATIONAL COST
1	Split organisational structures into two host boroughs. Both organisations then manage shared infrastructure and separately modernise off this shared infrastructure.	HIGH	HIGH	HIGH	HIGH	LONG	HIGH	HIGH
2	Split organisation and existing infrastructure. Both organisations then separately modernise this infrastructure	HIGH	HIGH	HIGH	HIGH	LONG	HIGH	HIGH
3	One council builds new in the cloud and the other council takes ownership of existing infrastructure, and upgrades/modernises this infrastructure	HIGH	HIGH	MEDIUM	MEDIUM	LONG / MEDIUM	HIGH	HIGH
3a	Use one source to build new and migrate to cloud services, then hand cloud platforms over to council teams to support	HIGH	HIGH	HIGH	LOW	LONG	MEDIUM	MEDIUM
3b	Use Partner/s to build new and migrate to cloud services, then hand cloud platforms over to council teams to support	MEDIUM	MEDIUM	MEDIUM	LOW	LOW	MEDIUM	HIGH
3c	Use Partner/s to lead technical modernisation to cloud services	MEDIUM	MEDIUM	MEDIUM	LOW	LOW	MEDIUM	LOW
4a	Use Partner/s to support technical modernisation to shared cloud services, then support split to individual council cloud services, then hand over to council teams to support	LOW	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM
4b	Use Partner/s to support technical modernisation to shared cloud services	LOW	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	LOW
Final	Undertake initial cloud migration to Azure multi-tenant solution. Use Partner/s to lead technical modernisation to cloud services	LOWEST	LOWEST	LOWEST	LOW	LOWEST	MEDIUM	LOW

3.2.6 The modernisation programme changes all the underlying technology, so all options pose a level of technical and delivery risk. However, the final recommended option has the lowest comparative risk, the lowest time to value, and is expected to have the lowest comparative modernisation and operational cost.

3.3 Planning & Technical Approach

- 3.3.1 The recommended approach is to procure an IT Strategic Partner to transition and modernise each borough's infrastructure to modernised cloud platforms
- 3.3.2 This will be a joint procurement between both Councils with LBN as the authority to appoint the partner, who will transition each council to their own cloud services platforms. (A joint procurement to appoint a single partner is required to reduce the risk and complexity of migrating two councils off shared legacy infrastructure)
- 3.3.3 The entire process to design and document the target IT architecture and services and undertake a competitive procurement for the strategic partner is expected to take circa 12-14 months. The cost, including specialist procurement support, to run this process is estimated to be £450K for each borough.
- 3.3.4 During the 12-14 month procurement process, initial stabilisation projects will be agreed to address current technical risks and constraints and maintain business continuity. (Agreement for these projects will be undertaken separately)
- 3.3.5 The modernisation programme is then expected to take 9-12 months. It is currently estimated that no additional capital budget is required (in addition to that already allocated).
- 3.3.6 During the modernisation programme, the planning for the organisational split will be undertaken, with the one source organisation being split into various services supporting LBH or LBN
- 3.3.7 Third Value Impact (TVI) have been appointed to support both councils through this project and have led on the development of the plan in collaboration with officers from both Councils. TVI have submitted a proposal for the first three stages of the procurement



- 3.3.8 Within these stages will be critical tasks of capturing current baseline and agreeing the target state including architecture configuration, workload & data locations. They will also lead on advising the procurement approach and detailing requirements specifications for consideration by council officers to given greater assurance.
- 3.3.9 TVI have also submitted a proposal for the final two stages of the procurement, the detail of which will be dependent on the approach agreed.



Having constructed plan, and been involved in the construction of the detailed specification, TVI's continued involvement should be assured to optimise the success of the project.

3.4 Governance

- 3.4.1 Whilst LBN will lead on the procurement on behalf of both Councils complementary Procurement Strategy reports will be presented for members' consideration at October cabinet meetings which will also include indicative costing arrangements.

3.4.2 Appropriate Governance has been established for the transition programme including procurement and the Stabilisation programme. This will include the Lead Client directors for both Councils and the respective Section 151 officers. This will run alongside the regular briefing session for the respective cabinet member for each council.

Legal implications and risks:

There are no legal implications arising directly out of this report or its recommendations.

Financial Implications and risks:

The wider financial implications will be reported to Cabinet in October

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HR Implications and risks:

There are no HR implications arising directly out of this report or its recommendations.

Background Papers

Stabilisation Programme

Commercially sensitive programme management reports on the Transition Programme

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