



Haverling

LONDON BOROUGH

OVERVIEW & SCRUTINY BOARD AGENDA

7.30 pm

Wednesday
29 November 2023

Council Chamber,
Haverling Town Hall,
Main Road, Romford

Members 12: Quorum 5

COUNCILLORS:

Conservative Group (4)

Dilip Patel
Keith Prince
Timothy Ryan
David Taylor

Labour Group (2)

Mandy Anderson
Katharine Tumilty

Haverling Residents' Group (5)

Laurance Garrard
Gerry O'Sullivan (Chairman)
Philip Ruck (Vice-Chair)
Natasha Summers
Bryan Vincent

East Haverling Residents (1)

Martin Goode

For information about the meeting please contact:
Anthony Clements 01708 433065
anthony.clements@oneSource.co.uk

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

OVERVIEW AND SCRUTINY BOARD

Under the Localism Act 2011 (s. 9F) each local authority is required by law to establish an overview and scrutiny function to support and scrutinise the Council's executive arrangements.

The Overview and Scrutiny Board acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees can be coordinated to avoid duplication and to ensure that areas of priority are being reviewed. The Board also scrutinises general management matters relating to the Council and further details are given in the terms of reference below. The Overview and Scrutiny Board has oversight of performance information submitted to the Council's executive and also leads on scrutiny of the Council budget and associated information. All requisitions or 'call-ins' of executive decisions are dealt with by the Board.

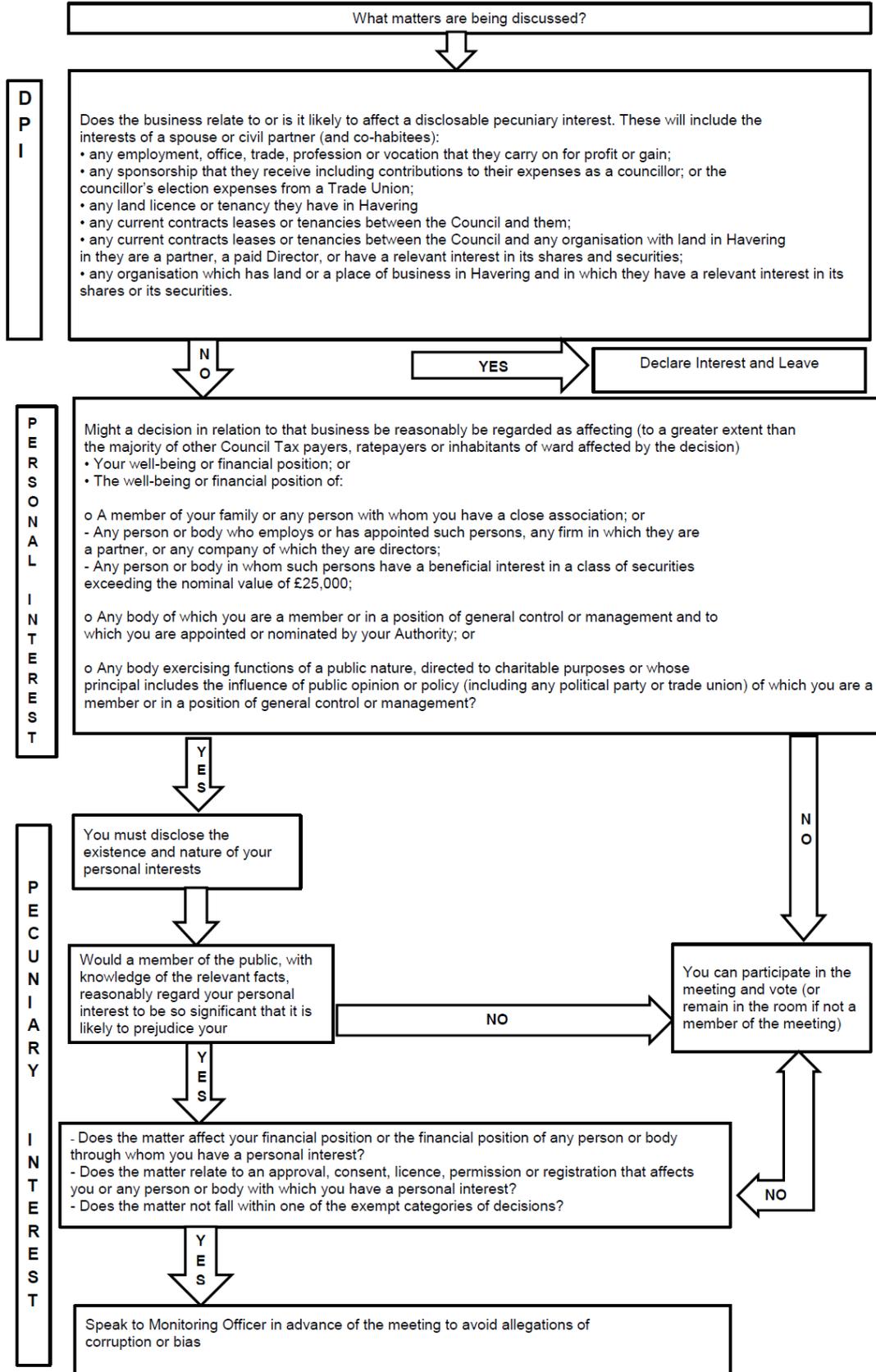
The Board is politically balanced and includes among its membership the Chairmen of the six themed Overview and Scrutiny Sub-Committees.

Terms of Reference:

The areas scrutinised by the Board are:

- Strategy and commissioning
 - Partnerships with Business
 - Customer access
 - E-government and ICT
 - Finance (although each committee is responsible for budget processes that affect its area of oversight)
 - Human resources
 - Asset Management
 - Property resources
 - Facilities Management
 - Communications
 - Democratic Services
 - Social inclusion
 - Councillor Call for Action
-

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive.

3 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

4 EXEMPTIONS FROM CALL-IN (Pages 7 - 16)

Presentation attached for noting and discussion.

5 UPDATE ON SPENDING CONTROLS PUT IN PLACE TO CONTAIN THE 2023/24 PROJECTED OVERSPEND (Pages 17 - 26)

Report attached.

6 IT SERVICE REPATRIATION UPDATE (Pages 27 - 70)

Report attached (appendices not available to press or public).

Zena Smith
Head of Committee and Election Services

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Havering

LONDON BOROUGH

Exemptions from Call-in

Havering's Decision-Making Process



Key Decision Criteria in Havering

- A decision is key where it is likely:
- (i) To result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates. For this purpose "significant" is defined as (a) In excess of £500,000 (b) In excess of 10% of the gross controllable composite budget at Head of Service level (subject to a minimum value of £250,000) Whether relating to revenue expenditure/savings or capital expenditure
- (ii) To be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority.
- A Key Decision can be taken by either a Senior Officer, an individual Cabinet Member or Cabinet in accordance with delegated authority.

Havering Governance Process – Key Decisions

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i-Decision

Statutory
Forward Plan (–
28 days notice)

All Key Decision
are discussed at
Themed Board

An unsigned
copy is published
on the Thursday
immediately
after the
Themed Board
Meeting

The following
Thursday, a
signed copy is
published and
Call-in begins

Call-in expires at
midnight on the
following
Wednesday

Provided that no
requisitions are
received, the
decision is then
implemented

Urgency Provisions– Key Decisions

- A Key Decision that is not shown on the Forward Plan may only be taken in exceptional circumstances. In such cases, permission is requested from the Chair of the Overview & Scrutiny Board to waive Call-in. There are a range of measures used to reflect the varying degrees of immediacy:
- **Special Urgency** – indicates that the decision has had less than 5 days' notice on the Statutory Forward Plan (public website)
- **General Exception** – indicates that a decision has had less than 28 days' notice, but more than 5 days'. (**NB:** Any decision made in this way can still potentially be subject to Call-in)

Urgency provisions within the Constitution

- Very occasionally, there are circumstances where the decision has had the full 28 days' notice, but circumstances arise where the Call-in mechanism would delay the business of the Council. In these cases, the Service area must seek advice from the Monitoring Officer before requesting exemption from Call-in and Part 4, OVERVIEW & SCRUTINY COMMITTEE PROCEDURE RULES, para.4.9.18 of the Constitution is used:
 - (a) The call-in procedure set out above shall not apply where a key decision being taken (irrespective of the decision maker) is urgent. A decision will be urgent if any delay likely to be caused by the call in process would seriously prejudice the Council's or the public interests. The record of the decision and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.**

Grounds For Urgency Provisions

As a public authority, we have a statutory duty to give reasons for the decisions we make (Regulation 7, The Openness of Local Government Bodies Regulation 2014.)

In addition, report authors must take into account the principles of decision making set out in Part 2.9 of the Constitution, *and in compliance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012*

not least that decision are made:

(d) *with the presumption in favour of openness*

Waiver from Call-in is not an automatic right. In seeking permission from the Chair of the Overview & Scrutiny Board, Officers are required to make a business case for invoking urgency provisions and demonstrate why the call-in process would impair the business of the Council.

In Conclusion

- A list of Exemptions from Call-in are reported to Full Council at quarterly intervals.
- Urgency provisions are intended to be used sparingly, so that the right to call in a decision is removed in only the most exceptional circumstances.
- The aim is always to ensure maximum transparency in decision making.

THINGS TO REMEMBER

- A decision is only urgent if it cannot wait for the usual decision making process and delay would seriously prejudice the Council's or the public's interests.
- Urgent decisions should only be used rarely and in exceptional circumstances.
- **Urgency is not the same as lateness.**
- Urgency procedures may be quicker than usual decision making processes but there are stringent reporting requirements that need to be adhered to
- Decision takers need to obtain the permission of the Chair of Overview and Scrutiny and comply with the relevant governance procedures.
- Report authors must have business partners' (e.g. legal and finance) comments and input.
- Democratic Services can help advise whether a decision is urgent or not and if in doubt will refer the matter to the Monitoring Officer.
- Failing to comply with or misusing the urgency provisions may mean that the final decision is open to challenge (by the Ombudsman or by way of a judicial review)

Any Questions?



OVERVIEW AND SCRUTINY COMMITTEE

Subject Heading:

Update on Spending Controls put in place to contain the 2023/24 projected overspend

Cabinet Member:

Councillor Chris Wilkins (Cabinet Member for Finance and transformation)

SLT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Richard Tyler
Head of Financial Strategy and Business Intelligence
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Richard.Tyler@Havering.gov.uk

Policy context:

The report provides an update on the Finance and Spending Controls put in place in 2023/24 in order to contain expenditure

Financial summary:

This report includes:

- List of Spending Controls put in place for 2023/24
- Update on the impact of the spending controls

Is this a Key Decision?

No

1. Executive Summary

- 1.1. The Council identified emerging spending pressures for 23/24 at an early stage of the financial year particularly in Social Care through rising unit costs and demographic pressures. A report to October cabinet identified a potential £23m overspend on the revenue budget for 23/24.
- 1.2. The Council acted swiftly and robustly and put in place a series of spending controls and other savings measures to help reduce this pressure. This report sets out the Spending controls put in place in order to contain the 2023/24 revenue overspend.
- 1.3. The Council has made it absolutely clear to all staff that only essential or statutory spend should be incurred until further notice. The Council has communicated this very clearly as set out in section 5 of this report and there have been regular management briefings to enforce this. There is a recruitment panel in place to ensure that only statutory and essential posts are recruited to with the objective that where possible roles and functions are covered by existing staff.

2. RECOMMENDATIONS

- 2.1. Overview and Scrutiny Committee are asked to note the Spending Controls put in place in order to contain expenditure for the remainder of 2023/24 as set out in Section 4 of this report

3. BACKGROUND

- 3.1. The early months of 2023/24 has seen significant pressures on the Council's budget. A report to October Cabinet identified a £23m overspend on the 2023/24 revenue budget and a gap of £31.2m to close to balance the 2024/25 budget.
- 3.2. The Council has acted robustly to bring in measures aimed at mitigating the 2023/24 overspend and also to identify proposals to close the 2024/25 budget gap. A further report to November cabinet identified £11.9m of savings proposals to help close the 2024/25 budget gap and these proposals will be consulted on in the coming weeks.
- 3.3. The 2023/24 revenue overspend has been caused by significant pressures in the following areas
 - 3.3.1 *Housing Demand* - The increase in cost of living has had a resultant impact on the cost of Housing provision across London. The number of people the Council has a statutory duty to house has increased sharply and the Council has been forced to use high cost temporary accommodation on an increasing basis. The number of PSL's has decreased over the last two years forcing the Council to increase the use of hotels and B and B.
 - 3.3.2 *Looked after Children with Complex need* - The numbers of Looked After Children requiring Council support has increased over the last few years. In 2022/23 the number

of Children requiring complex support through residential placements has risen from 16 up to 29 placements. This number has continued to increase and there are now over 30 children in residential care. These placements are complex and high cost resulting in a significant pressure on the budget. The Council has a statutory duty to support these Children and will regularly review each placement to ensure the best outcomes for each individual.

3.3.3 Uncertainty over continued Health Funding and the rising unit cost of Adult placements

The number of Adults in Social care continues to rise but more significantly the unit cost of provision driven by inflation and the provider market has significantly increased. People Services will continue to work closely with Health partners to recognise the Council's pressures and to secure funding where it is due.

3.4 The Council provided over £20m of growth into the People budget as part of the budget in 2023/24 to mitigate known inflationary and demographic growth but the scale of the increase in unit costs of provider packages has resulted in the current forecasted pressure. The increased number of homeless families coupled with a chronic shortage of available Housing has also resulted in an emerging pressure on the temporary accommodation budget. These pressures are not unique to Havering with many other authorities reporting similar pressures.

3.5 The Council identified and approved £9.6m of service savings in setting the 2023/24 revenue budget. Most of these savings are on track to be delivered but the Period 4 cabinet report identified £2.2m which have been Rag Rated as red. The monitoring position takes account of the non-delivery of these savings but services are still aiming to either achieve a proportion of the savings or identify other mitigations to reduce the pressure

Savings Currently Rag Rated as Red

Saving	(M)
Fund Climate Posts from CIL rather than base budget	(0.150)
Targeted Reviews - Living Well	(0.500)
Assistive Technology - Ageing Well	(0.250)
Develop integrated commissioning function to support the Havering Borough Partnership	(0.250)
Better Living (part of saving)	(0.800)
Saving on Permits	(0.220)
Closure of Corbets Tey toilets	(0.024)
TOTAL RED SAVINGS	(2.194)

3.6 The Council however still has a centrally held staffing saving of £5.2m within the current budget. Staff are considering the best way of treating this saving moving forward. There are a number of restructures across the organisation and further work on the Target

Operating Model which will produce savings but in order to avoid the possibility of double counts consideration is being given to appropriating a proportion of the savings across services in the form of an increased vacancy factor. Clearly if this route were taken the current vacancy factors and staff turnover rates would need to be carefully modelled before any appropriations were made.

3.7 The October cabinet report identified a £31.2m gap to be closed in order to balance the 2024/25 revenue budget. The Council has acted quickly to help close this gap and £11.9m of new savings and income options were presented in a report to November cabinet. These proposals will now be consulted on in the coming weeks before decisions are taken on the final budget

3.8 Even after all these savings proposals and a maximum 4.99% increase in Council Tax the Council is still facing a £12m gap for 2024/25. The Council cannot afford to wait for Government support that might not be forthcoming and so as had no alternative but to apply for a Capitalisation Direction to close the remaining gap. Work must be done simultaneously to ensure the proposed savings are delivered by the 1st April 2024 and officers will continue to work hard on the initiatives set out in this report in order to minimise the actual requirement for the Direction but has had to take this route to avert a potential S114 notice in the new year

4. Introduction of Spending Controls and the identification of Savings to improve the forecast outturn position

4.1 The Council has introduced strict Spending Controls for the remainder of the 2023/24 financial year. These measures are as follows and further information is provided in the paragraphs below:

- Reviews of all high-cost social care placements to ensure the placement is both appropriate for the service user and represents best value for the authority
- Review of placements to identify in-house opportunities rather than more expensive out of borough placements
- Review of staffing and structures including ensuring funds are appropriately charged to revenue, capital and the Housing Revenue Account
- Improve debt collection within Housing and from Private Sector Landlords
- Joint work with Health and hospitals to ensure better outcomes for adults leaving hospital and costs for continuing care are shared appropriately
- To cease all non-essential spend
- To consider recruitment to all posts to determine if the vacancy can be filled by someone else in the team, or if the activity can be stopped.

4.1.1 All Service managers have been instructed to only spend where absolutely necessary. A central review of all running costs will be undertaken with the expectation managers will retain underspends on all non-essential items. Whilst the Spending Controls are now in place it will be sometime before the full impact of these measures are reflected in an

improved monitoring position. Officers will continue to review the budget position on a monthly basis to assess the impact of these measures

- 4.1.2 All Social Care placements are being systematically reviewed. These reviews, which are already underway, will initially focus on the highest cost placements and will consider whether there are lower cost alternatives which still provide the level of care and best outcomes for the users. The reviews will also consider whether there are step down opportunities for some users to more cost effective packages.
- 4.1.3 Starting Well have undertaken a staffing restructure to ensure that the new structure is appropriate to deal with the current levels of Looked After Children. The new structure includes investment in newly qualified Social Workers which will increase the level of permanent staff thereby reducing the need for expensive agency staff. Increasing the number of permanent staff providing social care will not only reduce agency costs but will also help the looked after children through more stable care support.
- 4.1.4 The Council is undertaking a review of all its costs to ensure that expenditure attributable to capital projects are correctly charged. This review will also consider the charges to the Housing Revenue Account to ensure that any services specifically supporting Council tenants are charged to that fund.
- 4.1.5 Officers are reviewing the use of purchase cards across the Council. This will include ensuring purchase cards are only used in areas where they are absolutely needed and also reviewing the higher spend areas to make sure all costs have minimised wherever possible
- 4.1.6 There will be further work to fully understand and document our unit costs. Benchmarking and comparative studies have shown that Havering has some of the lowest unit costs in London but there may still be areas where the Council can use this information to drive down costs and seek efficiencies. The assumptions in the Medium Term Financial Plan are also regularly tested to ensure they use the latest inflationary and unit cost data when making assumptions on future growth requirements
- 4.1.7 The Council has put in place a recruitment panel to oversee all permanent and agency recruitment. All managers have been reminded of the need to hold vacancies where possible and only put posts up to the recruitment panel where there are either statutory obligations or a clear and pressing service need. The Council is still encouraging recruitment to posts to replace expensive agency staff but only where those agency staff are covering statutory need such as social care posts.
- 4.1.8 The Council is systematically reviewing all agency and consultancy costs. Some of these staff are carrying out statutory functions and in those cases service managers are aiming to recruit permanently where possible. Executive management receive regular agency level reports and are making it clear to all service managers that agency staff need to be released wherever possible.
- 4.1.9 The ageing well budget pressure is in part due to uncertainty over Health Funding both for 2023/24 and forwards into future years. The Council is working very closely with its

health partners to ensure better outcomes for adults leaving hospital but also to ensure that the appropriate costs are met by Health where they are due.

4.1.10 The Council is reviewing debt recovery to reduce the amount of bad debt and increase income to the Council. An example of this would be within Adoption where over £1m of outstanding invoices from other boroughs have been fully settled in the past four months. The Council will continue to work to recover as much debt as possible through effective chasing and enforcement. The Council already has one of the highest collection rates on Council Tax in London

4.2 The Council has also identified a number of Corporate savings and adjustments in order to reduce the budget gap. These proposals include:

Corporate Adjustments and inyear savings	Value	Description
Redirect agency levy in 23/24 to assist the General Fund Budget	1.500	The levy is an 8% overhead on agency costs which is passported to the pension fund to reflect the loss of contributions from permanent staff to the fund. The financial cash position of the pension fund is such that this can be redirected for 23/24 and 24/25 safely
Temporarily stop payments to the Zurich Insurance imprest account	0.450	Saving is planned until March 2025 and would need reviewing based on balance on account. The account has sufficient funds to pay claims over the next 18 months
Treasury adjustment to reflect HRA benefit of using internal borrowing to fund the capital programme	1.500	Each year the HRA builds in a budget for external borrowing to fund the capital programme. The Council however has used internal borrowing to fund the HRA capital programme. The balances are largely General Fund related so it is estimated that a year end adjustment is needed to reflect this imbalance
TOTAL CORPORATE ADJUSTMENTS AND INYEAR SAVINGS	3.450	

4.3 Services are also reviewing their budgets to identify in year savings. As part of the proposed 2024/25 savings to November cabinet three savings were identified which if actioned early would generate a saving for 23/24. These savings are:

- Removal of 50% discount for unsuccessful PCN appeals
- Reducing to basic reactive maintenance
- Pausing the Highways Capital programme

Officers and members are reviewing these options and if they are brought in for 23/24 they will be introduced through a separate executive decision.

5. COMMUNICATION AND AWARENESS

5.1 The Council has undertaken a communication campaign both internally and externally to raise awareness of the Council's financial situation.

The external campaign is mainly focussed on:

- Lobbying the Government to understand Havering's position with the aim of increasing external support to the Council
- Raising awareness amongst our residents of the fact that despite being a low cost efficient Council historic Government underfunding has placed the Council in the current financial situation

5.2 The Council has also communicated the financial situation with all staff. Apart from raising awareness of the financial position this process is also making sure that all staff understand their responsibilities to minimise costs and make savings wherever possible. The Chief executive and other senior officers have conducted a number of all staff briefings and regular updates on the budget have been provided on the Councils all staff communication channels including the Core brief.

5.3 Senior officers fully understand the need to have the full support of both staff and the residents of the borough on the difficult financial decisions that lie ahead. Strong and open communication is a key part of this process to make sure all staff in particular understand how they can help the Council by minimising costs moving forward.

5.4 The Council has also openly asked staff for their ideas on the budget and savings that could be made. The responses to this have been very good and a number of ideas have emerged which will be worked up for consideration by members. These include:

- Investing in staff to increase the amount of revenue and outstanding debt collected
- Full review of Agency staff and consultants (already underway)
- Review of IT costs and licences and equipment
- Look at hibernating projects for a year or two until the financial situation is more stable

Other ideas are still coming in and officers will make sure that any initiatives that can be actioned immediately are adopted and other options are presented to members to consider.

6.0 Conclusion

- 6.1 The Council has identified the financial position it faces for both 2023/24 and for future years at an early stage of the financial year. This has enabled action to be taken to help reduce and mitigate the projected overspend. Whilst these actions are expected to help reduce spend it also needs to be recognised that the overspend is primarily due to increased user numbers and provider costs and the Council may face further pressures in the future. The number of children in the borough is sharply increasing and it is inevitable that more children will require support moving forward. The forecast budgeted position does allow some contingency to combat this but it remains to be seen if this is sufficient to any further increases in demand.
- 6.2 The Council will continue to lobby the Government both for additional support both in the current year and the future. The measures set out in this paper will reduce the 2023/24 overspend and this will be reported on via monitoring reports throughout the remainder of the financial year.

7. IMPLICATIONS AND RISKS

7.1 Financial Implications and Risks

The financial implications are the subject of this report and are therefore set out in the body of this report. The report also sets out the options being undertaken to reduce the 2023/24 overspend and the implications if the Council is unable to reduce its pressures in order to deliver a balanced budget.

7.2 Legal Implications and Risks

- 7.2.1 Under S151 of the Local Government Act 1972 a local authority has to make proper arrangements for the administration of its financial affairs.
- 7.2.2 Under S 28 of the Local Government Act 2003 a local authority has to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget.
- 7.2.3 The Council is under a duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” s 3 Local Government Act 1999. As part of that process it must consult tax payers, those who use or are likely to use services and others who may have an interest in an area where the Council carries out its functions.

7.3 Human Resource Implications and Risks

- 7.3.1 There are no immediate Human Resource implications or risks arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any current or future savings proposals or changes to the funding regime that impact on staff numbers or job roles, will be managed in accordance with both statutory requirements and the Council's Organisational Change policy and associated procedures.

7.4 Equalities and Social Inclusion Implications and Risks - There are no immediate Equalities and Social Inclusion implications arising from the report

OVERVIEW AND SCRUTINY COMMITTEE

Subject Heading:	IT Service Repatriation Update
SLT Lead:	Kathy Freeman
Report Author and contact details:	Simon Oliver Director IT, Digital and Transformation
Policy context:	N/A

SUMMARY

Provision of an update on the approach to the Repatriation of IT Services as requested on the O&S Forward Plan.

RECOMMENDATIONS

Reporting for noting only.

REPORT DETAIL

1. Background

- 1.1. The informal agreement to repatriate a range of services from the oneSource shared arrangements was made by the Boroughs in November 2022.
- 1.2. A decision to repatriate the IT Service from oneSource shared arrangements to Borough sovereign control was formalised by Cabinet in April 2023.
- 1.3. The informal decision on approach to meet the objectives of the IT Service Repatriation to enable plans to be developed and presented for formal Cabinet Decision was agreed at ELT and Theme Board.

2. Activity Pre-Business Case

- 2.1. In December 2022, the oneSource CIO developed an outline plan to undertake the safe repatriation of the IT Service.
- 2.2. Once the IT Client Leads were established in posts, an Advisory Partner was appointed to help evaluate options and approaches that could be undertaken to achieve IT Service Repatriation.
- 2.3. In May 2023, agreement was reached between the two IT Client Leads on a way forward to achieve the oneSource IT Repatriation. This was agreed on the basis of;
 - Utilise an interim multi-tenancy approach to enable the Boroughs to continue to deliver their Digital Transformation agenda throughout the intervening period prior to full split
 - Joint Operations and Portfolio (Change Delivery) Boards were set up to enable the IT Client Leads to jointly set direction and priorities for the oneSource IT Service
 - An Applications Insight Discovery project was commenced to enable a full analysis on the scale and challenges of a full 'cloud migration' to be undertaken
 - Joint funding and prioritisation of an 'IT Stabilisation' Programme of work which would focus on easing any blockers to cloud adoption, reduce cyber security risks and improve service delivery in the intervening period
 - Continue to support an IT Restructure to address Management issues, and to provision funding for the additional required posts
- 2.4. The need for additional support to develop the procurement approach and supplier requirements was recognised. As a result, a further scope for the Advisory Partner was received to include specification development and procurement support.
- 2.5. During the period of May to October 2023, the two Borough IT Client Leads worked with the Advisory Partner, Procurement colleagues and oneSource IT Team to develop a plan to undertake the IT Service Repatriation.
- 2.6. Market Engagement was conducted during September 2023 to confirm decisions on approach and cost estimations to enable the plan to be tested, and predicted scope and timescales to be established.

2.7. A formal plan to undertake the IT Service Repatriation was due to be presented for Cabinet Decision in November 2023.

3. The Need for a Business Case

3.1. In October 2023, the Havering s151 Officer requested for the Interim Director of IT, Digital and Transformation to pause the procurement of the Managed Service Provider as the future service delivery model for the borough.

3.2. A Business Case to be developed putting forward the options available for the provision of IT Services post the oneSource separation due to the following reasons:

- Some significant decisions, such as outsourcing and scale of outsourcing was not subject to a formal business case. Therefore, there was a lack of options to be evaluated, and the cost/risk/time implications of the options could not be considered.
- Both Boroughs have a difficult financial position, therefore the need for elevated due diligence and consideration of all financial decisions was required.
- There have been significant changes in personnel and delegated leads during the period of November 2022 and October 2023, and this provided an opportunity to ensure the current approach and objectives was accepted by the current delegated authority.

3.3. An oneSource Joint Committee meeting was convened to discuss the approach in October 2023. At this meeting the Borough confirmed that it wished to review the options via a Business Case prior to agreement to the proposed approach.

3.4. The main alternative option to be analysed was to include;

- Not undertaking joint procurements or joint specifications with the Partner Borough, and gaining sovereignty of outcomes
- Not seeking to undertake current or future activity utilising a single Partner, and to seek to adopt 'best of breed' for each element
- Not pre-determining the IT Service being outsourced en masse, and not to risk the off-shoring of key IT functions

3.5. The Borough agreed to inform the Partner Borough of its intentions 'at the end of October' to enable the impacts to be determined.

4. The Business Case

- 4.1. The Business Case set out three options for consideration in regards to the approach to Repatriate IT Services (**Appendix A**)
- 4.2. The financials within the Business Case were utilised to demonstrate that the costs between the options are broadly similar, rather than representing a fixed expectation, or being used as a confirmed cost differential. There is considerable ability for the financials to be impacted by future decisions in regards to service levels, scope and requirements for staffing.
- 4.3. This risk profiles for the options were presented at a high-level.

Option One (Joint Modernisation and Managed Partner)

4.3.1. To enter into three contracts (one joint with the Partner Borough, and one for each Borough), with a single supplier for;

4.3.2. A joint Modernisation Programme Contract to;

- Any residual activity not covered by Stabilisation to enable the Technology Split
- To implement a zero-trust Network Solution
- To decommission any remaining Shared Infrastructure or Services
- To complete the total Technology and Service separation of the Boroughs

4.4.2 A Managed Partner & Future Digital Contract for each Borough, but with the same supplier and specification, to;

- Deliver new outsourced services for Cloud Hosting, Telephony, Service Desk, M365 and Managed desktop (during or at the completion of the Modernisation Programme)
- Continue to deliver currently outsourced services for Security Operations Centre
- Provide a call-off contract capability for future Digital Services during the lifetime of the contract

4.4. Option Two (Borough-led Modernisation and In-House Service)

- 4.4.1. To undertake Modernisation utilising the continued oneSource IT Service by using a range of skilled Partner organisations, and gaining Partner Borough agreement to adopt this approach
- 4.4.2. To invest in a retained IT Service, with only consideration for outsourcing where there is compelling evidence to do so

4.5. Option Three (Joint Modernisation and Hybrid Service)

- 4.5.1. The original Business Case was sent to the Borough's Chief Executive, s151 Officer and the Portfolio Holder for IT & Digital for review which was limited to Option One and Option Two
- 4.5.2. Feedback was collated and presented in the Business Case as an Addendum.
- 4.5.3. Based on this feedback Option Three was developed as a hybrid option.
- 4.5.4. This option considers the continuation of the Stabilisation Programme and entering into a joint Modernisation Programme with the Partner Borough, as per Option 1.
- 4.5.5. The decisions on the best Target Operating Model for the IT Service, and the scope of any Managed Partner Services can be determined as part of the next phase of activity, without the constraints of needing to align with the Partner Borough's approach, as per Option 2.

5. Business Case Decision

- 5.1. As a result of the above factors, it is recommended that Option Three is the only viable approach to meet the stated needs.
- 5.2. Both ELT (3 November 2023) and Theme Board (6 November 2023) agreed to pursue Option 3 of the Business Case;
 - 5.2.1. That the Borough undertakes Option Three, as identified in the Business Case; specifically that the Borough will;
 - Enter into a joint Modernisation Programme with the Partner Borough
 - Seek to implement its own approach to future IT Service Delivery post-modernisation
 - Enter into new Advisory Service contracts for any procurement/specification support post-modernisation

5.2.2 That the Borough will continue to jointly fund and manage the IT Stabilisation Programme and honour the approaches agreed in May 2023.

5.3 The benefits of pursuing Option 3, can be summarised as;

5.3.1 The Modernisation Programme would need to complete to a fixed date that both Boroughs can plan for. A staggered split of 'Identity Management' is not possible due to the significant impacts on the Boroughs.

5.3.2 A joint Modernisation Programme offers a lower financial and delivery risk to deliver.

5.3.3 Not undertaking a joint Managed Partner specification enables the Borough to better determine its own approach to future staffing and investment, service levels, potential outsource scope and wider IT Service costs.

5.3.4 Not undertaking a joint Managed Partner specification reduces the risk of services being identified to be provided from off-shore resources, which was raised as a key concern of the Lead Member.

5.3.5 Not undertaking a joint Managed Partner procurement enables the Borough to determine its own supplier, rather than the best match to the blended needs of both Boroughs. The choice of Partner is at risk of being evaluated against criteria which may not match that of one of the Boroughs.

6. Impacts of the Decision

6.1. The Borough formally wrote its decision to the Partner Borough on 7th November, and a confirmation response was received the same day.

6.2. A more in-depth assessment of the impact of the Option Three decision has been undertaken to inform the oneSource Joint Committee meeting on 14th November 2023 ([Appendix B](#)).

7. Next Steps

7.1. Following confirmation of approach at the Joint Committee meeting on 14th November 2023, a formal plan will be created to cost and timeline activities needed to deliver to the end of the Modernisation Programme.

7.2. Revised Governance and Assurance will be implemented to ensure more detailed planning and activity tracking to be undertaken, as well as ensuring the correct levels of resourcing.

7.3. It is expected that Cabinet Papers will be presented in February 2024 to both the Borough and Partner Borough to enable a firm decision on joint approach and financing of the Modernisation Programme. Both Boroughs will need to simultaneously agree to the approach, timeline and costing, for the Modernisation Programme to be achievable.

7.4. A further Cabinet Paper will be developed for April 2024, which will detail the approach, costs and timeline for activity to prepare for the Repatriation of IT Services at the end of the Modernisation Programme. This will be a Borough-only decision, not impacted by the Partner Borough.

7.5. Indicative timelines at this stage suggest the Repatriation of IT Services is likely to be completed Q3 2025/26.

8. Last Minute Amendment

8.1. Newham have indicated they wish to undertake their own internal 'Business Case' assessment, which will delay the Joint Committee meeting by circa 2 to 3 weeks, and will impact the dates for the Cabinet Reports.

IMPLICATIONS AND RISKS

Financial implications and risks: None arising from this report

Legal implications and risks: None arising from this report

Human Resources implications and risks: None arising from this report

Equalities implications and risks: None arising from this report

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

None arising from this report

BACKGROUND PAPERS

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