



**Joint Committee of the London  
Boroughs of Brent, Lewisham and  
Southwark**

8 July 2020

**Report from the Managing Director  
of Shared Service**

**Shared ICT Service Update**

<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	1 Appendix A - Shared ICT Services Performance Pack
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Fabio Negro Managing Director of Shared Service <a href="mailto:Fabio.Negro@brent.gov.uk">Fabio.Negro@brent.gov.uk</a>

## **1 Purpose of the Report**

1.1 This report provides an update on the Shared ICT Service.

## **2 Recommendation(s)**

- 2.1 The Shared ICT Service Joint Committee is asked to:
- Note the actions being taken in Section 3 – Detail
  - Note the contents of the Performance Pack as attached in Appendix A

## **3 Detail**

### **Summary**

- 3.1 Since the Joint Committee last met (5 months), there have been 28 priority 1 incidents, of which 16 were resolved within the service level agreement. This is compared with the previous reporting period (4 months - 27 priority 1 incidents), work continues in this area to reduce these numbers.

- 3.2 Given that most staff were unable to head into the IT hubs of councils' head offices, shared services introduced a telephone-based service desk to deal with events where staff needed instant 1-2-1 support.
- 3.3 To further support the transition of officers working from home, we introduced an out of hours support telephone service which is backed up by a third-party company.
- 3.4 During the Covid-19 crisis, we saw rises in the number of calls logged for SICTS services on the service desk compared with the same time period last year. For example, for February to June in 2019, there were 18,760 Priority 4 calls logged. This year, there were 24,344, a 29.7% increase.
- 3.5 During the Covid-19 crisis, the shared service supported over 7,000 users working remotely on a daily basis, demonstrating our BCP capability when strategic office locations were unavailable.
- 3.6 We saw a mass migration for all three councils to MS Teams, this quickly became the default method of communication for internal staff. Instant messaging quickly became the preferred method for conversations and meetings have started to be hosted in MS Teams as opposed to the current telephony platforms.
- 3.7 The new appointments to the Shared ICT Services Senior Leadership Team are now in place. A Senior Programme Manager was appointed in April to lead the development of our Target Operating Model.
- 3.8 The Shared ICT Service had an underspend for 2019-20 of £59,056, against a total budget of £14,663,694. The underspend is primarily due to investment cases being formally approved and funding being made available to cover identified revenue pressures.

### **Service Performance**

- 3.9 The shared service logged 56,594 tickets between 1<sup>st</sup> February and 30<sup>th</sup> June (against 44,444 in last period, October to January), these tickets were made up of issues, service and change requests. This is broken down by:
  - Shared ICT Services – 40,101 (against 29,099 last period)
  - Brent – 10,404 (against 10,528 last period)
  - Lewisham – 3,957 (against 3,120 last period)
  - Southwark – 811 (against 806 last period. Some of Southwark applications are within the business)
  - Other (LGA) - 1,321 (against 891 last period)
- 3.10 Since the Joint Committee last met (5 months), there have been 28 priority 1 incidents, of which 16 were resolved within the service level agreement. This is compared with the previous reporting period (4 months - 27 priority 1 incidents), work continues in this area to reduce these numbers.

- 3.11 During the Covid-19 crisis, we saw rises in the number of calls logged for SICTS services on the service desk compared with the same time period last year. For example, for February to June in 2019, there were 18,760 Priority 4 calls logged. This year, there were 24,344, a 29.7% increase.
- 3.12 Numbers of priority 1 incidents is reducing period on period. SICTS has invested considerable time in improving the reliability of the core network and storage infrastructure.
- 3.13 Priority 2 and 3 incidents remain an area of concern. We see an average of 44% and 66% compliance with the service level agreements. Service improvement activities are being undertaken in this area to reduce the level of incidents being received.
- 3.14 The Joint Committee had requested further detail as to the categorisation of the P2 and P3 calls. We have three one day workshops scheduled in June with our service desk out of hours partner (Risual), to develop reports around these calls for us so that we can better understand the pain points. This will enable us to pinpoint any underlying problems and target our resources accordingly.
- 3.15 We have downgraded printer calls from P2 to P3 (unless the device affected is the only one in a given location). Some analysis of P2 calls showed that printer issues were making up nearly 30% of P2 calls.
- 3.16 Priority 4 service requests have an 80% compliance with the service level agreements.
- 3.17 At the height of the Covid-19 crisis, SICTS service desk ticket queues experienced tremendous pressure, but since the peak we have been able to reduce the number of open tickets by around 1000. We continue to work to reduce our overall backlog and are also looking at alternative options in conjunction with the partners for this.
- 3.18 As we continue to close old tickets in the backlog, this will have an adverse effect on our overall SLA percentages. We are looking at ways of reporting current performance such as presenting a rolling average of a specified time period and discounting very old calls from the calculations. It is also important to note that our Net Promotor score across the three councils for the period of February to June was 58.21. Anything above zero is considered to be good, with above 50 ranked as excellent. The score is based on the results of 1,553 survey responses.
- 3.19 We are developing the Hornbill customer portal to present a more user-centric experience which should lead to better categorisation of calls when being logged. This in turn, should allow us to introduce more automated workflows to speed allocation and resolution of incident and request tickets. The ambitions are to be automate or enable self-serve as much as possible.
- 3.20 Previously we have had issues with consistency of reporting using different tools, but in-house development of a Microsoft PowerBI report has given a single

source of statistics going forward. Further work on the report has been carried out to include the Net Promoter score for the shared service.

- 3.21 We have developed a service status dashboard (based on Squared Up reporting software) that shows status of key internal line of business applications. In addition, for council public facing web portals, we are using Azure's URL monitoring capability to provide automated alerting and historical availability.
- 3.22 The service has also standardised on the Orion SolarWinds monitoring product, initially for the network infrastructure, but this will be expanded to cover other key components such as server compute and storage.
- 3.23 All three councils had been experiencing poor call quality of the telephony platforms, some significant changes had been made to improve the efficiency of the infrastructure and has since seen a dramatic improvement.

### **Covid-19 Impact and Response**

- 3.24 The three councils approached the Covid-19 situation with a similar approach and pace. Decisions were that key workers and frontline staff continue to operate as required and advising the rest of the workforce to work from home where possible.
- 3.25 We saw a mass migration for all three councils to MS Teams, this quickly became the default method of communication for internal staff. Instant messaging quickly became the preferred method for conversations and meetings have started to be hosted in MS Teams as opposed to the current telephony platforms.
- 3.26 The shared service deployed MS Teams to each of the councils within a few days from being given approval. We saw issues similar to those being experienced with the telephony platforms, in that the call quality was not optimal. During April and May shared services worked with our technology partners to tune our network. We believe that the experience is as it should be, and any performance bottle necks have been resolved, any performance issue we are seeing are now mostly related to personal broadbands and internet connections, generally staff feedback is supportive of MS Teams, most comments are that the interface is intuitive and feels more natural.
- 3.27 Lewisham and Southwark have not completed their projects to migrate away from thin clients to laptops and we therefore saw a surge in requests as staff wanted the latest technologies whilst working from home during the recent situation. Shared services worked with the local teams to expedite implementation of laptops and although the project is not complete, we targeted the distribution toward front line and key workers as a priority.
- 3.28 During the Covid-19 crisis, the shared service supported over 7,000 users working remotely on a daily basis, demonstrating our BCP capability when strategic office locations were unavailable.

- 3.29 Given that most staff were unable to head into the IT hubs of councils' head offices, shared services introduced a telephone-based service desk to deal with events where staff needed instant 1-2-1 support.
- 3.30 The three councils utilised officers outside of the local IT teams and redirected them as auxiliary service desk to better support their councils. This was managed via IVR options and scripts were written. Items that could not be resolved via the auxiliary service would return back to the SICTS service desk for further support and resolution.
- 3.31 To further support the transition of officers working from home, we introduced an out of hours support telephone service which is backed up by a third-party company.
- 3.32 The three councils have slightly different approaches to public meetings.
- Brent have chosen the use of Zoom and Public-i for meetings.
  - Lewisham have chosen a mix of Public-i and MS Teams.
  - Southwark were one of the first Local Authorities to operate a digital public meeting and have now chosen to use MS Teams and publish to Youtube.
- 3.33 There are a few cyber security implications for the use of Zoom and Teams for public meetings, the most common of them being "Zoom bombing". There were a growing number of global incidents as people moved to these technologies. Shared services took advice from the National Cyber Security Centre and created policies and guidance around the use of services like Zoom to protect not only public meetings, but published meetings with external people.
- 3.34 During the Covid period, shared service provided minimal on-site staff at the three main locations, all other shared services staff were required to work from home. The minimal staffing was organised in order to support those officers still working out of the main campuses. We have allowed staff to continue to work from home until formal advice is given for a safe return to work.
- 3.35 A number of projects have been delayed due to the need of being physically present on site and of staff availability. Shared services carried out a review of projects and associated agency staff, delayed the recruitment of some staff until projects are able to restart and redirected staff to support areas that were in greater need.
- 3.36 Shared services cloud programme is currently focusing on delivering the Office365 platform into the three councils and the migration of the Southwark Data Centre. During the Covid-19 situation, the cloud programme instead supported the three councils in getting the shielding platforms ready and were responsible for building the backend foundations. All three digital teams worked closely with LOTI (London Office of Technology and Innovation) to ensure commonality and all areas of consideration were captured, to better protect out residents.
- 3.37 Moving forward to a post covid-19 workforce, we are seeing staff continuing to work from home, utilising the IT provided. Brent are reviewing their facilities and

are reducing the person to desk ratio from 10:6 to 10:3. Brent Civic Centre from 6 July, Lewisham and Southwark are yet to announce any formal return to the office, and advice continues for staff to remain working from home.

3.38 There has been a huge culture change with officers being comfortable using video technologies, it had previously been utilised less with the primary method of communication being audio/conferencing. Covid has highlighted a need and enabled a different approach and attitude to video technologies.

3.39 This change in the way we work required our shared services to invest in technologies to support collaborative meetings. We will do this by installing video cameras and upgrading the conferencing equipment and in some cases we will be considering the use of touch screens to further leverage the technologies we are already subscribed too.

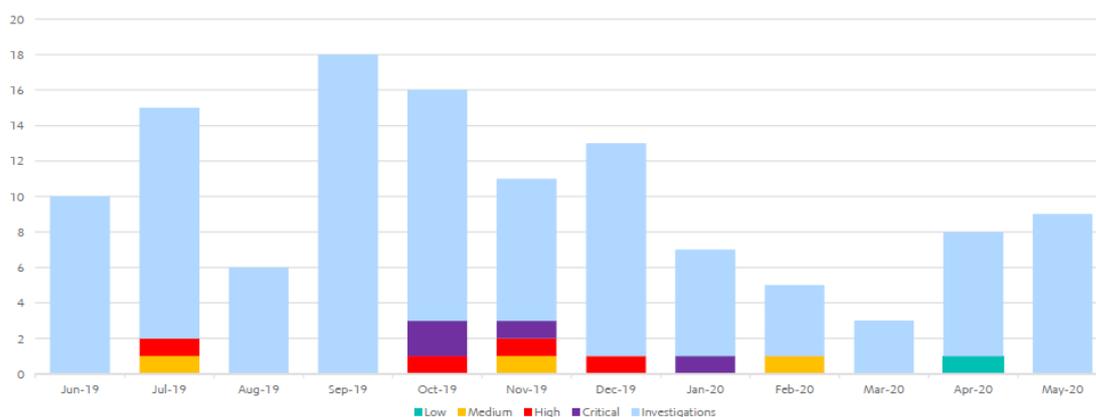
3.40 Support calls that require physical interaction such as laptops and mobile phone faults are being carried out with the appropriate PPE equipment. We have put various exercises in place to ensure that staff feel comfortable with protection given and most have felt supported. We will continue to ensure that minimal risk is taken.

## Cyber Security

3.41 As we continue to harden our infrastructure, we have seen a reduction in security incidents. Other than false positives, no incidents have been raised in this period by our threat protection partner.

## 2 FINDINGS AND INVESTIGATIONS

### 2.1 Graphs & Trends



3.42 MetaCompliance cyber security training and a phishing simulator are also now in place. ProofPoint (our mail filter software) has indicated that click rates on web links in emails are higher than average across all three councils. The MetaCompliance tool and training should show a reduction in click rates in suspect emails.

- 3.43 We had 942 devices across all three councils that were in need of upgrading or security updates, mainly servers. This is due to the fact that they have, or are about to, fall out of support. Most of these servers have been or will be upgraded, replaced or decommissioned within the next 9 months, as a part of the Cloud Programme. All three councils have purchased Windows 2008 R2 Extended Security Updates (ESU) to ensure continued support and updating for those servers.
- 3.44 The internal infrastructure was critically behind on some of our security controls and there has been an active programme to bring the infrastructure to acceptable levels. During the coming months there will be a continued focus on the hardening of our infrastructure.
- 3.45 Public Service Network (PSN) compliance allows the councils to connect to other government networks such as the NHS and DWP. Lewisham Council achieved PSN compliance late last year and Brent Council achieved compliance in May of this year. For Southwark, we will aim to carry out the quarterly health checks, this will require some physical access with a submission by end of July. There will need to be a significant gap report and it is expected that Southwark is unlikely to get the certification at this time. Going forward, the feedback from the report will be used to prioritise work to obtain PSN compliance.
- 3.46 In March, Brent and Lewisham conducted a Cyber Penetration test for their certification of the Payment Card Industry (PCI). The results of the March penetration test was successful and the next one is due in August for both Brent and Lewisham. Southwark Council do not conduct payment transactions, they are carried out by a third party.
- 3.47 Brent and Southwark are about to undertake their Data Security Protection Toolkit Assessment (DSP) this will enable partnership working with the NHS. This was scheduled for March, with Lewisham's renewal scheduled for June. Due to the Covid-19 crisis, the NHS has moved the March deadline to September. Brent submitted in May, with Lewisham and Southwark still to submit. However, all the security questions for both have been completed by SICTS.
- 3.48 Brent and Lewisham have an old smartphone estate which is being scheduled for 46upgrade. These devices are falling below current compliance levels. Discussions have started with Brent's Information Governance Team around the legacy estate as this will need to be targeted if it wishes to obtain Cyber Essentials Certification.
- 3.49 A review is underway to centralise our cyber protection tools. Investment cases will be brought forward to purchase tools which will enable the shared services to continue to be proactive around cyber threats. A proof of concept (POC) is in place for a vulnerability management tool. A POC for a network intrusion detection tool has been delayed due to Covid-19 because physical access to the datacentre is required.

3.50 All three councils had a number of inactive accounts which were in need of a review. All accounts that have not been used in the past 90 days have been set for deletion or archive. We have been working with each of the councils to identify long term sick, staff on maternity and other scenarios which we may see officers still in the council but not using the IT for more than 90 days.

3.51 We have seen 58.8 million emails attempt to reach the councils within the last 90 days. Over 86% of those emails were spam or malicious email such as ransomware and the layers of protection have ensured that the councils have avoided incidents.

### **Continuous Service Improvement Plan**

3.52 Since January and the appointment of the new members to the Shared ICT Services Senior Leadership Team, the CSIP has undergone a complete review, both of the items listed and of the methodology for managing progress and tracking activity of the CSIP itself. The original 2019-2020 plan activities have now been signed off by the three partners and we will shortly be reviewing, prioritising and adding new activities to determine our 2020-2021 focus.

3.53 All activities have clear ownership, target dates and priorities and are being actively tracked via Management meetings throughout the Shared ICT Service.

3.54 Additions, deletions and completions have been communicated to the Operational Management Board and with members of the board, the CSIP activities have been prioritised to focus progress on those activities with the most benefit or value to all.

3.55 Activities in the CSIP are now categorised under the following workstreams:

- Strategy & Governance
- Network & Communications
- Infrastructure
- Finance & Procurement
- Enterprise Support
- Customer Experience
- Service Desk

3.56 As part of the Service Desk workstream, we are evaluating the service desk portal, with the aim to simplify the options displayed to our users, as there are too many options currently (20+ in some instances) to realistically expect a user to correctly identify and categorise a particular problem they are experiencing.

3.57 We have analysed the current categories available and we are now at the stage of demonstrating a prototype for a new portal version with a selection of our user community in a 'show and tell' session. This both simplifies the pathways and options and improves our ability to communicate identified issues, outages etc. to our user groups.

3.58 We are targeting the launch of this redesign portal later this summer and expect it to improve the categorisation of user reported issues as well as the subsequent

handling and reporting; the ultimate aim being to reduce the average time to resolution.

## Audits

3.59 The following audits have been undertaken across the three councils in the last 12 months:

- Brent - IT Governance Review Audit. This audit is to ensure that appropriate financial, decision-making and portfolio management structures are in place so that IT can enable the Council to deliver on its objectives and mandate.
- Brent - IT Platform Review Audit. This is to ensure that IT platforms (Microsoft Windows) have appropriate governance, operational and security controls and that the security configurations are maintained and kept updated.
- Brent - IT Sourcing Review 2019/20 to assess the design and operating effectiveness of the IT sourcing controls.
- Lewisham – Telecommunications Audit – this focuses on resilience, system security, application governance of the telephony system
- Southwark - Shared ICT Service Audit. This focuses on governance and performance, issue resolution and future planning.
- Southwark – Public Facing Web Server Security audit review

Audit Name	Borough	Audit findings High	Audit Findings Medium	Audit Findings Lows
IT Sourcing	Brent	0	4	1
IT Governance	Brent	0	4	1
IT Platform Governance review	Brent	2	2	1
Telecommunications Audit	Lewisham	0	6	9
Public Facing Web Server Audit	Southwark	1	3	4
Shared ICT Review	Southwark			

3.60 Going forward in 2020/2021, we will be working with Heads of Audit across the three councils, to align audits across the three boroughs, ensuring that there is no duplication of effort and a realisation of potential cost savings by using one audit company.

3.61 The 2020/21 audits are yet to be agreed by all three boroughs. But the proposed audits in Brent for 20/21 are as follows:

- PCI DSS – Review of process and controls to include
- Monitoring and compliance
- Data Breaches
- Policies and procedures IT Disaster Recovery – a review of the risks and controls over the tools to support IT Resilience
- IT Project Governance – project management review to include methodology across the three boroughs
- IT Cyber Security– to facilitate a workshop to cover related risks and controls
- IT Asset Management in the Shared Service – review to include hardware and Software

## Road Map

3.62 The technology road map is progressing well. We are building a 3-5 year plan, the focus of which is to be specific for the next three years and ensure various check points where we will introduce any emerging technology that fit and will reevaluate the needs of each of the councils to ensure that years 4 and 5 remain valid.

3.63 We have identified 8 technology themes to consider:

1. Working Practices
2. Network Layer
3. Virtualisation, Storage and Processing
4. Cloud hosting
5. Security and Cyber
6. End User Devices
7. End User Platforms
8. Customer Facing

3.64 The 3 Year roadmap will be integral for the design of the future target operating model and is being developed in tandem with this. To support the roadmap and understand how to best choose and use current and emerging technologies that will provide value to the councils, SICTS has worked with existing technology partners and industry leading organisations in a series of workshop/presentations. These included:

- Dell – introduced their new hyper-converged technology for optimising the compute and storage platform into one unit for on-premise services. Dell are our existing primary storage and compute provider.
- HP/Aruba – presented around network offerings particularly WiFi technology and Security.

- VMWare – introduced the new features and benefits of their upcoming virtualization technology with some emphasis on cloud offerings.
- Cisco – The first workshop concerned advancements in networking with emphasis on Security, WAN and WiFi technologies. A further workshop is planned to look at datacentre storage and compute.
- Juniper – Our existing primary network equipment provider. A presentation is planned for early July to review their technology offerings and what could enhance our current infrastructure.

3.65 As we look to get the best value from any investments made in infrastructure components and services, we have also been working with Gartner to look at the maturity of our own service and to provide assurance around the quality of our technology partners.

3.66 To inform our thinking during the formation of the roadmap, we are undertaking a number of supplier sessions across the IT industry to better understand their technology roadmaps and how we can maximise the potential of our own.

3.67 It is worth noting that the industry has been moving away from large capital investments and purchases for a number of years now, towards a consumption or subscription model. The implications of this is that whilst overall costs should be more manageable, with fewer injections of cash for large capital projects required, the overall shift to revenue will add some additional pressure.

### **Target Operating Model**

3.68 The new appointments to the Shared ICT Services Senior Leadership Team are now in place. A Senior Programme Manager was appointed in April to lead the development of our Target Operating Model.

3.69 We have a new Programme Manager, who reports to the Head of Projects and Digital Transformation and will work in collaboration with the project managers to streamline process, ensure governance is followed (with particular emphasis once TOM is concluded and in place). They will also be working with our partner councils to ensure correct management and governance is in place to control the flow of projects into the shared service.

3.70 The Terms of Reference, defining the scope of the Target Operating Model review and design, has now been agreed by the Joint Management Board. This includes a review and refinement to the Inter Authority Agreement where required.

3.71 Initial interviews have been held with all Senior Stakeholders to ascertain the collective view on the Shared ICT Service and understand the particular areas that should be addressed as part of the Target Operating Model design.

3.72 A number of workshops have been held to promote debate and discussion on the Shared ICT Service's future shape. The Senior Leadership Team's view is that the design and delivery of a Target Operating Model should be as open and collaborative as is possible.

- 3.73 The apportionment model of the shared service continues to operate as Brent 30%, Lewisham 25% and Southwark 45%.
- 3.74 Work is being undertaken to benchmark the Shared ICT Service with comparative organisations and we are liaising with both Gartner and the SOCITM (Society of IT Managers) to assist us with this.
- 3.75 A high-level timescale has been created for the delivery of the Target Operating Model and the restructure that will follow with an anticipated completion in Q1 2021.
- 3.76 Initial funding for an increase in capacity was identified as 1.1 million from the pre-design work carried out by Methods Consulting. It was recommended to increase the FTE by an additional 32 posts.

### **Lewisham Homes**

- 3.77 We are in discussions with Lewisham Homes around a possible return to Lewisham for their IT Support. An options paper will be taken to the Joint Management Board later this year.
- 3.78 The evaluation was put on hold during the Covid-19 crisis and is projected to resume in early July 2020.
- 3.79 Lewisham Homes IT has collected inventory data around hardware/software assets, contracts and affected employees. This data is being reviewed to determine impact on the shared services and the cost of delivering a service to Lewisham Homes. There are approximately 700 users to support in Lewisham Homes, with 450 being office-based and 250 in the field.
- 3.80 There are also staff TUPE implications to consider for both the shared services and for Lewisham Council. The commercial model itself is still to be decided.
- 3.81 If Lewisham Homes are to come on board, the two main options are:
- Become a direct customer of the shared service.
  - Receive services through the existing partnership with Lewisham council and change the apportionment.

### **Project Updates**

- 3.82 We are working with colleagues to develop better forward-plans for both SICTS-lead projects and council-lead projects with technical requirements. The plans are currently in the very early stages of development and we intend to share it more widely as we develop it further. We have recruited a Programme Manager to give this the focus it needs.
- 3.83 All projects within our wider portfolio are being re-baselined with better understanding of need and purpose. This enables us to better accommodate the

scale and scope of work needed and to plan and schedule resources with higher degrees of certainty for both our own and our partner's ongoing developments.

3.84 We are embarking on a process of a re-design of project principles, engaging with both SICTS and the wider-councils' PMO's to develop a unified and agreed approach. The newly appointed Programme Manager will be responsible for driving this. We are introducing our own PMO to improve the management process surrounding projects.

3.85 The Cloud Programme will complete the Office365 design works in early July 2020. InfoSys (the technology partner for the Cloud Programme), has provided the templates to move the programme to the next stage of delivery.

3.86 The Cloud Programme will produce the business cases to move staff to the Office365 platform in conjunction with the local IT teams.

3.87 Alongside the delivery of Office365, The Cloud Programme is continuing to migrate the Southwark data centre to the cloud, this is scheduled for completion April 2021.

3.88 Our Project Portfolio:

The Programme Manager has begun reviewing the current governance process around delivering high quality projects. The following is now in place:

- A revamped highlight report that provides better all-round information
- A weekly project triage meeting has now been scheduled to look at projects in the pipeline
- A bi-weekly Project Review Board is now in place to review the progress of the projects currently in flight

3.89 As at 30 June 2020, we have a total of 38 open projects:

- 14 for Brent (of which 3 are green (indicating that they are on track), 10 amber (indicating some delay or change) and 1 red (indicating significant concerns).
- 10 for Lewisham (1 green, 9 amber, 0 red)
- 12 for Southwark (2 green, 10 amber, 0 red)
- 2 covering multiple partners (0 green, 1 amber, 1 red)

The table below shows the number and status of projects across the three partner councils.

Lead Council/RAG Status	As at 30 June 2020	Previous Report	Movement
<b>All 3 Partners</b>	<b>2</b>	<b>2</b>	<b>0</b>
Green	1	1	0
Red	1	1	0
<b>Brent</b>	<b>14</b>	<b>15</b>	<b>-1</b>
Green	3	3	0
Amber	10	10	0

Red	1	2	-1
<b>Lewisham</b>	<b>10</b>	<b>11</b>	<b>-1</b>
Green	1	1	0
Amber	9	10	9
<b>Southwark</b>	<b>12</b>	<b>15</b>	<b>-3</b>
Green	2	11	-9
Amber	10	4	6
<b>Grand Total</b>	<b>38</b>	<b>44</b>	<b>-6</b>

3.90 Where a project is tracking as amber, increased scrutiny is being added by senior managers from SICTS in partnership with senior stakeholders from the affected councils. When tracked as red, additional support is being provided by senior colleagues to ensure that issues can be defined and addressed.

### Procurement Updates

3.91 Brent has renewed its Microsoft agreement to the value of £1.45m with Bytes, under the Kent County Council Framework.

3.92 Other larger procurements have been the Oracle System implementation partner for Brent (£1.96m) and the new Oracle Cloud licences (£2.23m over 5 years).

3.93 The O2 contract for Southwark reported at the last committee (value of £300k for the year), was not awarded – it was held by Legal but it can now be moved forward.

3.94 Southwark will be looking to refresh all network access edge switches, (250 switches in 111 locations). Initial cost estimate for hardware under an existing supply agreement is approximately £400k, plus £200k for professional services to install the hardware.

3.95 A limited extension to the MobileIron MDM contract for Brent and Lewisham is being sought with a view to consolidating MDM onto Microsoft InTune later in the year. There may be some challenges in achieving this in a shorter timeframe. When the consolidation happens, savings will be realised as the MobileIron contract will have ceased – the current MobileIron contract cost is £60k.

3.96 A proposal for replacement of core network switches for Lewisham is underway. The current core switches are ten years old. The cost of the proposal is a one-off cost £56.6k to cover the purchase and installation of new hardware, and the decommission of the old switches.

## 4 Financial Implications

- 4.1 The Shared ICT Service had an underspend for 2019-20 of £59,056, against a total budget of £14,663,694. The underspend is primarily due to investment cases being formally approved and funding being made available to cover identified revenue pressures.
- 4.2 The total budget of £14.66m is a combination of non-controllable expenditure of £8.33m and controllable expenditure (staffing and consultancy) of £6.33m. The full-year SICTS expenditure was £14.63m.
- 4.3 One of the key improvements in the charging process was the recharging function SICTS put in place. A total cost of £3.76m was identified and recharged to different departments across the three partners. This eliminated any budgetary pressure SICTS would have encountered if these costs were absorbed in the core budget.
- 4.4 This favourable financial position has developed due to a number of improved practices:
- Financial reporting – monthly budget review meetings with all partners
  - Clarity around licencing costs – material licences have been identified and have been built into the core 2020/21 budget
  - The Microsoft settlement being finalised, and funding being made available to cover this (note 4.5 provides more detail)
  - Capital costs being correctly identified and treated taking away any revenue pressures
  - Identifying all consumables through a new internal reporting process, this has allowed year to date £3.76m recharges to be stripped out the core financial position
  - This practice also allows project costs to be better tracked and managed
- 4.5 The shared service has 72 members of staff participating in the London Borough of Brent Pension Fund. At the 2019 actuarial valuation, the Fund was assessed as 78% funded and that employer contributions of 35% were required (between 2020/21 and 2022/23) to reduce the overall deficit.
- 4.6 The employer contribution rate for Lewisham and Southwark is noticeably lower at 22.5% and 20.9% respectively (based on the 2016 actuarial valuations). Therefore, this means that the overall 'cost of employment' for Brent is higher than the other boroughs. This does not have an impact on Brent's share of the apportionment of costs as their budgets are funded to the 35% level, and it is recognised that Lewisham and Southwark will therefore experience higher costs than they would usually anticipate when staffing costs are recharged.
- 4.7 The Finance leads from all three councils and the shared service leads have met twice to discuss the current arrangements and possible alternative options to ensure a fairer distribution of employer pension contributions. At this stage, discussions are ongoing.

## **5 Legal Implications**

- 5.1 This report is for noting. Therefore, no specific legal implications arise from the report at this stage.
- 5.2 Brent Council hosts the Shared ICT Service, pursuant to the Local Government Act 1972, the Local Government Act 2000, the Localism Act 2011 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. These provisions allow one council to delegate one of its functions to another council as well as allowing two or more councils to discharge their functions jointly with the option of establishing a joint committee. Joint committees can in turn delegate functions to one or more officers of the councils concerned. Decisions of joint committees are binding on the participating councils. However, subject to the terms of the arrangement, the council retains the ability to discharge that function itself.

## **6 Equality Implications**

- 6.1 During the current Covid-19 crisis, the Shared Service has followed government and council guidelines and policy at all times to ensure the safety of our officers. Those officers in vulnerable categories or caring for others who may be vulnerable have been working from home at all times. We have maintained a small staff presence at the council head offices, and have provided appropriate PPE equipment along with social distancing measures at all times.

## **7 Consultation with Ward Members and Stakeholders**

- 7.1 There are none.

## **8 Human Resources/Property Implications (if appropriate)**

- 8.1 The Target Operating Model will indicate the need for a future restructure of the service, this will be presented with a business case by the Managing Director.

**Report sign off:**

**PETER GADSDON**

Strategic Director of Customer & Digital Services