

Extraordinary Council

Thursday 7 October 2010

CONFIRMATION OF CABINET RECOMMENDATIONS AND RELEVANT ORIGINATING BACKGROUND PAPERS

ITEM ON SUMMONS	CABINET/COMMITTEE RECOMMENDATION	ORIGINATING REPORT
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Recommendation I:
Cabinet
(14 September 2010)

The IT Service Delivery report and relevant minute extract from the Cabinet meeting on 15 July 2010 are also included within the background papers pack.

3.	IT SERVICE DELIVERY	Joint Report of the Corporate Director Finance, Director Business Transformation and Customer Services and Divisional Director IT (Pages 1 - 58)
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Recommendation II:
Cabinet
(14 September 2010)

4.	EMERGENCY PLANNING	Report of the Corporate Director Finance (Pages 59 - 90)
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Exempt Appendix to the report
presented to the meeting of Cabinet
on 15 July 2010.

3. IT SERVICE DELIVERY
- Joint Report of the Corporate
Director Finance, Director Business
Transformation and Customer
Services and Divisional Director IT
(Pages 91 - 102)
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REPORT FOR: CABINET

Date of Meeting:	14 September 2010
Subject:	IT Service Delivery
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director of Finance Carol Cutler, Director of Business Transformation and Customer Services Mahesh Patel, Divisional Director IT
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation Councillor Graham Henson, Portfolio Holder for Performance, Customer Services and Corporate Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1: Staff Questions & Answers Tracker Appendix 2: Outline Transition Plan

Section 1 – Summary and Recommendations

The Council has embarked on an ambitious transformation programme – Better Deal For Residents – that must be supported by a modern and reliable IT platform.

An ‘in principle’ recommendation for the IT service to be transferred to Capita, subject to further consultation with staff and trade unions, and negotiation, was approved by Cabinet on 15th July 2010.

Cabinet is now asked to confirm the decision and formally approve the funding.

Recommendations:

1. To note that the consultation with staff and trade unions on the service delivery model was completed on 31st August 2010 and to note the outcome of this consultation
2. To note the ongoing arrangements for staff to support them through the transfer period
3. To note the progress that has been made on commercial negotiations with Capita
4. To note the outline transition plan
5. To note the proposals for the payment model
6. To agree to transfer the IT service to Capita with effect from 1st November 2010 subject to completion of satisfactory contract negotiations
7. To delegate authority to finalise and sign the contract to the Corporate Director of Finance in agreement with the relevant Portfolio Holder(s)
8. To approve the virement of £450,000 to cover the additional cost of the contract in 2010-11 (as set out in para 29)
9. To note that any VSS or redundancy costs will be funded from the provision on the balance sheet for employee related matters

Reason: (For recommendation)

- Investment in IT is essential to underpin the Council’s transformation programme.
- There is a strong case for investment in technology.
- The level of investment required must be sufficient to enable future transformation and the investment needs to be made sooner rather than later.
- Investment is required to achieve the Council’s aim to have fewer buildings, fully supported by remote and mobile working.
- Modernised IT services will enable members and staff to be better supported and more productive.
- The Capita proposal is the preferred delivery model – the in-house alternative is expected to have a similar cost, but carries significantly more risk and is likely to take longer to transition.
- There are substantial cashable benefits from investment in IT in terms of wider transformation, accommodation etc.
- There are substantial non cashable benefits for Members, staff and customers.
- If we proceed with Capita, they have demonstrated that every effort will be made to mitigate the impact on staff directly affected by the transfer of services
- An open tender would be costly to run, take a long time and delay service improvement, and the result would very probably be the same.

Section 2 – Report

1. On 15th July Cabinet agreed in principle to transfer the IT service to Capita. Since then officers have been progressing four strands of work:
 - Consultation with staff and trade unions
 - Due diligence and contract negotiations with Capita
 - Development of the transition plan
 - Development of the payment model
2. This report updates Cabinet members on progress in these four areas, particularly the consultation workstream.

Options

3. The options are to do nothing (ie carry on with the existing delivery model), to enhance and invest in the in house service, or to transfer the service to Capita. The report to Cabinet in July explored these options in considerable detail and concluded that, in principle, the service should be transferred to Capita.
4. In summary, all four workstreams outlined above are progressing well, and therefore Cabinet is asked to confirm the decision to transfer the service to Capita.

The Consultation Process

5. The consultation process was launched on 1st July 2010 Staff were consulted on the delivery model and the implications associated with a transfer of service to Capita.
6. Formal consultation on a TUPE transfer will commence once a decision has been taken to transfer the service.
7. The following table outlines the meetings that have taken place or are booked to take place:-

Date	Activity
01 July 2010	Trade union briefing and copies of proposal by Capita
20 July 2010	All staff meeting (attended by Leader and Portfolio Holder)
10 August 2010	Introductory meeting with Capita LBH and trade union representatives
11 August 2010	Capita presentation to staff and trade unions and a Q&A session
12 August 2010	Trade union update meeting
18 August 2010	Informal meeting with the Chief Executive for staff and trade unions
25 August 2010	Trade union update meeting
30 August 2010 (w/c)	All staff meeting and feedback following consultation
31 August 2010	End of the consultation process on the service delivery model
02 September 2010	Pensions briefing and surgeries
06 September 2010 (w/c)	1 to 1 meetings
09 September 2010	Pensions briefing and surgeries
09 September 2010	Capita/LBH/Trade Union update meeting
14 September 2010	Cabinet Meeting
15 September 2010	Start of formal consultation on TUPE transfer
15 September 2010	Issue Employee details to Capita "TUPE List"
15 September 2010	Employee surgeries with LBH and Capita HR

Date	Activity
16 September 2010	Employee surgeries with LBH and Capita HR
20 September 2010 (w/c)	Full staff briefing
23 September 2010	Capita/LBH/Trade Union update meeting
29 September 2010	All staff meeting
21 October 2010	All staff meeting
01 November 2010	Proposed transfer date

8. Cabinet members should note that meetings with individuals on their particular circumstances will continue with Harrow managers and Capita managers. These will be both scheduled and ad hoc. The IT service has appointed an Interim HR manger to provide dedicated support to this project, including one to one support for staff.
9. Staff have been submitting questions to an on-line tracker (Appendix 1), which is reviewed periodically, answered and revised when information becomes available. This will continue up to the point of transfer. A summary of the main issues raised by staff are set out below:-
 - Availability of information on the future of individual roles post transfer (closely aligned with the transition plan)
 - Concerns about the location of possible future jobs in Capita (in London)
 - Whether TUPE plus will be an option
 - What happens to continuity of benefits related to service if staff return to Harrow Council employment after a period with Capita
 - The date of transfer and the time available for staff to make an informed decision
 - The relationship between the Voluntary Severance Scheme (VSS) and the transfer
10. The Council has responded positively to these questions and comments, providing as much additional information as possible at this stage.
11. Capita are now engaged in the process of due diligence and detailed negotiation with the council. We do not expect this process to be concluded before mid October 2010 at which point Capita will produce a measures letter detailing the impact from this transfer.
12. Staff and trade unions have been advised that TUPE (Transfer of Undertakings Protection of Employment) will apply to all HITS employees and employees from Applications Support who may be identified through the Due Diligence process. All of the employees within "Scope" will be transferred to Capita when the contract is agreed and signed.
13. A voluntary severance scheme was launched on 17th August 2010 and staff will have the opportunity to apply for severance under this scheme. The scheme will operate in a similar way to the scheme run in 2009 in that volunteers will only be accepted where there is a business case that supports their request.

In-House Alternative

14. Consultation on the service delivery model with staff and unions finished on 31st August 2010. At the time of writing this report, a final submission relating to the alternative in house proposal is expected from Unison and will be the subject of formal joint review prior to the 15th September Cabinet. The proposal will be reviewed against the risks articulated in the paper submitted to Cabinet on 15th July 2010 and will feed into the

decision making process. The evaluation of the in-house alternative against the Capita proposals will include :

- The comparisons for successful delivery of the service including access to future technologies and shared solutions.
 - The cost of delivery of the service and potential for savings and efficiencies.
 - The risks associated with failure to deliver the service within the timeframes.
 - The access to technologies and ability to leverage specialist knowledge and experience.
 - The quality and flexibility of the service provision including access to new technologies and their ease of deployment.
15. Transformation projects are underpinned by the requirement for a new ICT infrastructure and changes to working practices and staffing arrangements which would be difficult to deliver internally. The need to access skills and experience with the technology solutions are viewed as significant risk elements which the Capita proposal is able to answer by reference to their existing workforce.
16. Any in-house solution would require significant up front changes and investment in new technology, restructuring and retraining of staff. The risk associated with delay in building an internal team and delay in implementing the new ICT infrastructure would put at risk the council's Better Deal for Residents Transformation programme which could ultimately lead to the council not achieving its target savings.

Contract Negotiations

17. The existing partnership contract with Capita, which runs from October 2005 to September 2015, with an option to extend for a further 5 years, contains many of the provisions required for the IT service, including for instance a schedule on TUPE.
18. Work is progressing to develop the schedule that describes the services which will be a more detailed version of the service specification that was developed earlier in the process. This will form the basis for performance management in the future.
19. Negotiations are going well and there are no significant points of difference at this stage.
20. It is intended that the duration of the outsourced IT service will coincide with the existing partnership contract though due to the proposed 1st November 2010 service transfer date, first year costs will be prorated accordingly.

Transition Plan

21. A key part of the process is the development of a transition plan. An outline plan is attached at Appendix 2 – this gives approximate dates when major changes will be made and runs for 18 months in total. The transition plan will continue to evolve up to and beyond the transfer date.

Pricing Model

22. Work has also been carried out, in conjunction with PWC, on the detailed pricing model that will support flexibility around change within the contract. The principle is that the price will vary depending on change to any one of; the volume of IT users, the number of sites and/or the number of applications being supported. This is designed to ensure that,

as the Council transforms more widely, the IT service can be scaled up or down accordingly. It also means that the Council will be able to capture efficiencies.

23. Amendment to the existing Capita rate card to incorporate operational change requests is the subject of further commercial negotiation.

Financial Implications

24. The July cabinet report provided a lot of detail on the cost of the Capita proposal and a value for money assessment.

25. The table below analyses the difference between the Harrow revenue budget and the bid over the same 5 year period, taking into account the cost of the client team and redundancies, and the impact on capital financing costs.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue difference	£0.6m	£1.1m	£1.2m	£1.0m	£0.9m	£4.8m
Client Team	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£1.5m
Redundancy costs	£0.5m					£0.5m
Cost/saving on capital financing costs	nil	£0.3m	£0.1m	(£0.1m)	(£0.4m)	(£0.1m)
Net additional cost	£1.4m	£1.7m	£1.6m	£1.2m	£0.8m	£6.7m
Saving on financing years 6-10						(£2.7m)
Final additional cost						£4.0m

Notes:

- The bid was based on a start date of 1 October, and will have to be adjusted to reflect the revised start date of 1 November
 - Generally, contract years will run from 1 October to 30 September.
 - It is assumed that a contingency/change control budget to be used by the Client Team to fund/sponsor strategic ICT change will be capital, but in practice it may need to be split between capital and revenue.
 - The total saving on capital financing costs is £2.8m over 10 years as they have a long tail.
26. If we proceed with Capita's 5 year proposal, the revenue spend on IT services will increase by £1.4m in year 1. Thereafter the figures vary year to year, and the full benefit of reduced capital financing costs is not secured until year 10. The net additional cost over 5 years is £6.7m. The benefit of lower capital spend accrues mainly in years 6-10 and equates to £2.7m, giving a final additional cost of £4m. This is a very significant issue as it adds to future funding gaps and increases the pressure to find savings elsewhere.
27. A longer term deal would secure an improved price. It should also be noted that the Capita bid involves flexible pricing – this means that if staff numbers or the number of sites reduce over the term of the contract the price will reduce accordingly. It would be difficult to mirror this approach internally.
28. As noted earlier in the report, there are significant benefits, particularly to the wider transformation programme, which cannot be ignored and this should be regarded as an invest to save proposal. Benefits include:

- Savings to a number of proposed transformation projects, including an estimated reduction in the cost of the Flexible and Remote working transformation project by £858k
 - Significant savings in office accommodation enabled through flexible working,
 - Future cost avoidance by hosting services at Capita premises.
 - Investment in refreshed hardware; refreshed network; extended hours of availability; self-service and simplified sign-on - generating productivity savings throughout the Council.
 - Fewer additional charges for operational changes through a more flexible Capita delivery model.
 - Service provision that is to best practice within the IT industry.
 - Improved staff motivation and performance through access to modern technology and remote and mobile working.
29. Directorates may see some reductions in charges for things like new user set up and moves and changes, but these will be subject to the rate card negotiated with Capita in due course.
30. It should be noted that the 2010-11 budget for the Finance Directorate included an assumed saving of £100k from this project which will not now be delivered. Alternative savings are being sought to fill this gap in the current year.
31. Should Cabinet agree to proceed with the Capita proposal, the total additional cost in 2010-11 will be up to £0.95m, being up to £450k¹ for the additional cost of the contract and up to £500k for severance or redundancy costs. Any severance or redundancy costs that arise will be met from the employment provision held on the balance sheet. The additional service costs of £450k will be met from the earmarked reserve for Building Schools for the Future (£400k) which is no longer required, and the forecast surplus on treasury management activity this year (£50k).
32. Cabinet is therefore requested to approve the following virement:

From	To	£000
Earmarked Reserves – BSF	IT Service	400
Treasury Management activity (capital financing costs and investment income)	IT Service	50
Total		450

33. The total additional cost in 2011-12 will be £1.3m and this will be managed through the budget round for 2011-12.

Performance Issues

34. IT has no National Indicators, however, the ITO is seeking to improve IT performance and therefore indirectly improve wider service performance.

¹ Note that the year 1 cost will be reviewed during the negotiations given the revised contract start date of 1 November

Legal Implications

35. The contract is being negotiated for up to 10 years, but with the option of a break in 5 years at a date which would be co-terminus with the existing partnership agreement.
36. All of the contractual schedules within the existing partnership contract are being reviewed and amended where necessary. New schedules detailing the service and how it will be delivered are also being developed. We have appointed Eversheds as our professional legal advisors to conclude contract negotiations.

Environmental Impact

37. The move of the Data Centre to a shared environment and the consolidation of equipment into a modern virtual technology will reduce power and energy requirements that the authority will have for operating its IT infrastructure.
38. Within Capita's proposal they have calculated a potential carbon footprint reduction of 30.9%. This is delivered through the use of their data centres and a refresh to more efficient computer hardware.

Risk Management Implications

- | | |
|---|-----|
| Risk included on Directorate risk register? | Yes |
| Separate risk register in place? | No |

Equalities implications

- | | |
|--|-----|
| Was an Equality Impact Assessment carried out? | Yes |
|--|-----|
- If yes, summarise findings, any adverse impact and proposed actions to mitigate / remove these below:

39. An update of the equalities impact assessment is being carried out to establish the impact of the inclusion of staff engaged in support of Applications which are considered to come within the scope of the Project.

Corporate Priorities

40. The Council has embarked on an ambitious transformation programme – Better Deal For Residents – that must be supported by a modern and reliable IT platform.
41. Investment in IT is essential to underpin the Council's transformation programme.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett



Chief Financial Officer

Date: 23 August 2010

Name: George Curran



On behalf of
Monitoring Officer

Date: 23 August 2010

Section 4 – Performance Officer Clearance

Name: Martin Randall



On behalf of
Divisional Director
Partnership Development &
Planning

Date: 23 August 2010

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental Services)

Date: 23 August 2010

Section 6 - Contact Details and Background Papers

Contact: Myfanwy Barrett, Corporate Director of Finance 020 8420 9269

Background Papers: Report to Cabinet on 15 July 2010 on IT

NOT APPLICABLE

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

Appendix 1 - Staff Questions & Answers Tracker

2010 Register

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Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
1	16/07/10	Please can we have revised redundancy figures?	16/07/10	Peter Malcolm	Closed	16/08/10 Capita These will be provided to you when you are consulted with regarding any restructure or redundancy exercise is undertaken, post transfer. 31/08/08 A ready reckoner has been placed on the hub so that staff can calculate their entitlements	
2	16/07/10	Is there a time limit, if TUPE'd across to Capita that I could return to Harrow's employment without my continuous service being affected?	16/07/10	Peter Malcolm	Closed	16/08/10 When you are transferred your service is transferred to Capita. If you leave to take up a role in the council are any other organisation your service would be broken and you would start again. 31/08/08 There is a protocol that protects Service Related benefits for two years after transfer. All other entitlement would be discretionary.	
3	23/07/10	If a person is made redundant having been transferred to Capita how is it calculated? Is the length of service at Harrow recognised? What would the calculation be? Is it the same as harrow's calculations ?	27/07/10	Peter Malcolm	Closed	16/08/10 Calculations will be done on the same basis as Harrow and all service transferred will be taken into account as long as there has been no break of service.	
4	23/07/10	If you wish to keep your pension with Harrow what do we do?	27/07/10	Peter Malcolm	Open	31/08/10 There will be a pensions advisor from the Council who will answer these questions as part of the consultation process.	
5	23/07/10	Would the VSS be available after the transfer and how long would it be on offer? At what point will we be told?	27/07/10	Peter Malcolm	Closed	16/08/10 Under existing agreements the VSS is only as available up to the point of transfer. 18/08/10 Details of a revised VSS scheme have been published and applications can be made from 18 th August 2010 31/08/08 Please see HUB for Q&A documents for more information on the VSS	
6	23/07/10	I believe Capita will probably keep application support at Harrow for a transitional period. Assuming this lasts for a year or so, if the staff are then re-deployed to sites which cause a large	27/07/10	Peter Malcolm	Open	16/08/10 TUPE applies indefinitely unless there is a consultation that takes place with an employee and there is an agreement to change the contract. The question of redeployment to another role	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
		commute would TUPE still apply and redundancy offered due to change in location or would it be that a year has gone by so it would be up to Capita?				will depend on what that role is and whether it would be regarded as a "reasonable alternative" to redundancy. Capita Your contractual terms and conditions would transfer under TUPE to Capita and would remain protected for the duration of time you remain working in your current role on the Harrow account.	
7	23/07/10	<p>You said in the meeting that you could not let us know on an individual basis how the outsourcing would affect us, even though Capita have given a specific head count of staffing levels after the contract has been signed, thus indicating that they have a good idea of what their intentions are.</p> <p>However, in the meeting, it was also agreed that you should be able to get an idea of how each area would be affected ie. Desktops, DB, networks, application support, Helpdesk. When will you be able to come back to us on that?</p>	27/07/10	Peter Malcolm / Capita	Open	<p>16/08/10 Capita are still carrying out due diligence and clarification with the Council therefore cannot, at this stage provide details of how each area of HITS would be affected from a staffing perspective.</p> <p>13/08/2010 However we are hopeful that we will be able to do so by early September.</p>	
8	23/07/10	<p>In the meeting we were told that Harrow would not countenance employees making decisions without knowing all the facts. However, as an example, when Sue Delgado asked for specific information only generalised information was returned.</p> <p>When, specifically, we would be told actual details and not generic overviews?</p> <p>Given that we have been told to get independent advice, and October 1st was the date we were told to assume was the 'goal date' can you let me know when you envisage when specifics are told to the employees.</p> <p>So how long will we have to get independent advice once we know all the information?</p>	27/07/10	Peter Malcolm	Open	<p>16/08/10 The TUPE regulations require that we consult on the impacts of the transfer.</p> <p>Information will be provided and included for consultation as it is received.</p> <p>Staff will be advised on all of the decisions that are made as soon as possible to allow for advice to be taken.</p>	
9	23/07/10	<p>You made mention that you would re-introduce a file with questions and answers that would be available to HITS to view.</p> <p>When will you start this and confirm with HITS staff?</p>	27/07/10	Peter Malcolm	Open	16/08/10 This document will be used to capture questions and answers and for these to be shared. Individual meetings will be scheduled to answer specific personal questions and these will be confirmed in writing where possible or appropriate	
10	23/07/10	Who in HR is the person we can speak to if we have specific pension questions?	27/07/10	Peter Malcolm	Open	16/08/10 The Council Pensions dept will be asked to provide a contact and to carry out surgeries to allow staff to raise issues as part of the consultation schedule.	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
11	27/07/10	<p>If we are transferred to Capita will it be with the same terms and conditions?</p> <p>Will flexi and overtime rules still apply?</p> <p>Will be expected to do the same hours?</p> <p>If not when will we be given the details, before or after the transition?</p> <p>If before then how soon before?</p>	27/07/10	Peter Malcolm	Open	<p>16/08/10 Your individual contractual terms and conditions will transfer with you to Capita under TUPE.</p> <p>Following consultation and prior to the transfer date, measures will be notified to you.</p>	
12	20/07/10	If Capita will only get paid on delivery of a successful project, who decides whether the project was successful or not?	27/07/10	Peter Malcolm	Open	16/08/10 This would be an issue for the Contract negotiation and the scope of the project.	
13	20/07/10	<p>If we all 30 permanent staff are to transfer on 1st Oct (point 77 on the Cabinet Supplemental Agenda) :</p> <p>a. Does this mean that it is Capita who will decide on who is made redundant, who get VSS, who get employed etc.</p> <p>b. Will Capita pay for the 19 who are at risk of redundancy?</p> <p>c. It says in para 79 that 12 will be kept in the first year and 7 in the second year. What if Capita restructures before the second year. Do the 5 who are made redundant lose their redundancy?</p>	27/07/10	Peter Malcolm	Open	<p>16/08/10</p> <p>a) Staff who are employed in the service at the transfer date will become employees of Capita. After that date Capita will have the duty to make decisions and consult with employees. The council will make decisions on VSS for Staff who elect to apply as Council employees.</p> <p>b) This is an item for the negotiators of the contract to address</p> <p>c) Contractual terms and conditions, including redundancy entitlements will transfer under TUPE. Staff who are made redundant will be entitled to receive a redundancy payment.</p>	
14	28/07/10	When we transfer to Capita, under TUPE regulations, I understand that I take my Terms and Conditions. But what about my 21 years of service - are they taken into consideration, or is it considered that if Capita should decide to make me redundant it would be with 0 (zero) years prior service with them?	28/07/10	Peter Malcolm	Closed	<p>16/08/10 Your service transfers with you as does the calculation formulae for the redundancy pay etc.</p> <p>The amounts you would get would be determined by your service (including 21 years with Harrow) to the date you were to be made redundant plus any notice not worked.</p>	
15	28/07/10	Will there be coordination between the various Capita project managers and projects in Capita so that projects are aligned and cost savings are made because we are reusing already established frameworks?	29/07/10	Peter Malcolm / Capita	Open	16/08/10 HBU and ITS will work together under a single governance structure to ensure that the ITO and Transformation projects are aligned from a technology perspective in order to realise value for money for the Council.	
16	29/07/10	<p>Agenda Item 20a of the council Cabinet paper dated 15th July states that "potentially up to 19 of the transferred staff would be at risk of redundancy" and "Capita have indicated that they will be looking to retain 12 of the transferred staff in the first year and 7 in subsequent years on site at Harrow."</p> <p>Why have these 19 staff not been given an at risk</p>	30/07/10	Peter Malcolm / Capita	Open	<p>(16/08/10)</p> <p>Staff in scope to transfer to Capita will do so on the transfer date.</p> <p>16/08/10 Consultation with staff will take place as part of any restructuring exercise at the appropriate time.</p>	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
		notice? This action is denying staff the chance to be considered for redeployment within Harrow. The Cabinet paper 15th July 2010 states that "Actively seeking redeployment opportunities for affected staff within the Council and through partner organisations running up to the transfer" will be used a method of mitigating potential redundancies.					
17	29/07/10	<p>The Harrow employee handbook states "In accordance with your terms and conditions of employment, the Council reserves the right to change your place of work. You may be required to work at any location within the London Borough of Harrow. The Council does not pay excess travel costs incurred in this situation."</p> <p>If an employee declines an offer of a job, which is not based in Harrow, as they felt that the new location offered was not a reasonable distance from their home, would they be made redundant?</p> <p>If so, on what terms (i.e statutory or other)?</p> <p>If they were not made redundant what would happen to them?</p>	30/07/10	Peter Malcolm / Capita	Open	<p>(06/08/10)Capita have indicated that redundancy will be a last resort .</p> <p>The questions of what is a suitable alternative employment is something that must be judged on individual circumstances and it is very difficult to generalise.</p> <p>The Redundancy Consultation process would give staff the opportunity to discuss and consider their options</p> <p>Staff who transfer to Capita and remain on TUPE terms and conditions, would be entitled to a redundancy payment in line with the transferred terms and conditions if they were served with notice of redundancy.</p>	
18	29/07/10	After transfer, if an employee accepts a job located outside of Harrow, will any excess travel costs incurred be paid by Capita and if so for how long?	30/07/10	Peter Malcolm / Capita	Open	(06/08/10) This will depend on whether your contractual terms and conditions offer to pay excess travel costs.	
19	29/07/10	What will happen to employee's pension? What is the best course of action for employees regarding their existing Harrow pension?	30/07/10	Peter Malcolm / Capita	Open	(06/08/10)There will be a pension briefing and surgery with Harrow Pensions Department.	
20	29/07/10	What pension scheme will be supplied with the new company?	30/07/10	Peter Malcolm / Capita	Open	(06/08/10) Capita's preferred approach would be to apply for Admitted Body Status (ABS) for those staff who currently pay into the LGPS allowing staff to continue to pay into the LGPS. The admissions agreement will be drafted by the administering Authority and will need to be terms agreeable to Capita.	
21	29/07/10	Will Capita provide a Child Care voucher scheme?	30/07/10	Peter Malcolm / Capita	Open	(06/08/10) Yes.	
22	29/07/10	If an employee is offered a job by Capita or Harrow that has a lower salary, will they be protected on their existing salary and if so, for what period of time?	30/07/10	Peter Malcolm / Capita	Open	(06/08/10) For those staff who transfer to Capita, it depends if your contractual terms and conditions include provisions for pay	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
		If there is a significant difference in the salary and they decline the position offered to them what will happen?				protection following redeployment. The Harrow Pay protection Arrangements will transfer under TUPE where the role continues the transferred terms and conditions.	
23	29/07/10	If an employee accepts VSS or voluntary redundancy does that affect their rights to claim unemployment and housing benefits as they have effectively chosen to make themselves unemployed?	30/07/10	Peter Malcolm	Open	(06/08/10) Assessment for benefits is a very complex process and it is impossible to generalise. Because each assessment may take into account many factors each individual will need to check with a benefits advisor.	
24	30/07/10	If there has been no investment in IT why are staff facing possible redundancy when higher management look to have job security, when it is senior management have had control of the budget? Are Senior management not responsible for the state of the services, highlighted by a global email from Myfanwy yesterday?	30/07/10	Peter Malcolm	Open	The council has recognised that IT has been underinvested in the council's IT infrastructure and both senior officers and members have agreed to make the investment needed. All roles in IT will have some change including the most senior roles. I cannot comment on what has gone on in the past, but in the 2.5 years that I have been here, we have been very open and transparent about the costs of IT.	
25	30/07/10	It was identified in the presentation that Harrow spent 0.6% of the organisation's running costs on IT. Given that the average spend for other Boroughs was 2.9% - and that many senior managers had expressed concerns about the quality of the IT Service they were receiving - why was this not picked up by Harrow's Senior Managers in their strategic planning and considerations?	30/07/10	Peter Malcolm	Open	The detailed financial came from the work carried out by PwC as part of the 'Better Deal for Residents'.	
26	30/07/10	Harrow council have a BTP contract with Capita; why is it that we have to outsource IT when in reality we should be transforming the IT department through BTP for the future as per the original contract?	30/07/10	Peter Malcolm	Open	Transformation of the IT service with Capita had been attempted at the beginning of the BTP contract but was deemed not successful. With the level of change now required and with IT underpinning the 'Better Deal for Residents' programme outsourcing has been concluded as the most appropriate option for this authority.	
27	30/07/10	Why was their a desktop refresh project done when thin client has been talked about for a number of years and is cheaper to implement? Also are you aware that the Servers have been purchased already at a cost of approximately £150,000 and are just sitting in storage?	30/07/10	Peter Malcolm	Open	Servers were purchased to stabilise the Citrix environment. As we went to ITO process, it was initially suggested that thin client would not be way Capita would deliver the core technology platform. For this reason the commissioning of this equipment was put on hold.	
28	30/07/10	At the Cabinet meeting it was read out that Harrow IT ask BTP for help but staff would like to know when this has happened as we are not aware of ever doing this?	30/07/10	Peter Malcolm	Open	I think it was a generalisation in that we work with BTP to deliver IT related projects. I believe the point that was to be made here was that in the event that we deliver the service	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
						internally, we would use Capita\BTO to assist with the delivery of the new ICT Infrastructure.	
29	30/07/10	BTP/Capita failed to deliver a project for scanners in access harrow. Are you aware that HITS took over the project and implemented and completed it and that we still support them up to this day?	30/07/10		Open		
30	30/07/10	Where did the figure of 95%of HITS hardware needing replacing come from?	30/07/10	Peter Malcolm	Open	This came from the due diligence that was carried out by Capita and verified by the project team.	
31	30/07/10	BTP delivered a HARP project which HITS staff implemented to PC's but are you aware that each laptop purchased cost around £1200 which did drop to £800. A better specification laptop would have cost £600?			Open		
32	30/07/10	Are you aware that each PC cost the council £490? There were discussions with Viglens to purchase PC's from them directly for £270 but this was discounted as any savings made by HITS would be passed to the BTP instead?	30/07/10	Peter Malcolm	Open	It is my understanding through the team that we unable to build a suitable and stable image for the Viglen PC's and this is why we reverted to the previous standard	
33	30/07/10	If the Council is so strapped for cash, why are we employing contractors in non-substantive posts within our service?	30/07/10	Peter Malcolm	Open	As the service is going through such change we took a strategic decision not to employ permanent staff. Contract staff have filled this gap and provides us greater flexibility to change the skills set needed which allows us to manage this change programme effectively	
34	30/07/10	When a final decision is put in place, how will staff and contractors be advised? My concern is that contractors need only give a week's notice (permanent staff much, much longer) and we could easily end up with a very large recruitment drive and a loss of knowledge on council systems - and no-one on the Service Desk.	30/07/10		Open		
35	30/07/10	Can we see what contracts have been signed by Capita managers whose role for a short time was the Harrow IT manager?	30/07/10	Peter Malcolm	Open	I will raise this question with Capita, but am not sure if this will be possible as individual contracts are usually confidential.	
36	30/07/10	Are you aware that no financial investment has been made in members of the staff since 2006 and if any has been made it has been directed at management level and not below?	30/07/10		Open		
37	30/07/10	Have the CSB and Councilors thought about if Capita fail to deliver the service level agreement how the council will go back in house and what the financial implications could be?	30/07/10	Peter Malcolm	Open	As part of the contractual negotiations, a specific schedule will be developed in relation to termination. This will have all of the details how and what happens in the event the contract with Capita is ended.	
38	30/07/10	Do you have a rough estimate of how much this could be?	30/07/10	Peter Malcolm	Open	This will be part of the negotiations	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
39	30/07/10	There are many recent examples where a Capita Service Support Solution has run to debt (TfL, Service Birmingham, Lambeth). Whilst the Council will reflect that they will levy penalty charges; is the Council Leadership satisfied that this will appease the citizens of Harrow if a critical service is not delivered?	30/07/10	Peter Malcolm	Open	The 'in principle' decision has been approved by CSB and Cabinet which is the highest level of decision making in the authority. They ultimately represent what is right for the borough.	
40	30/07/10	Can you confirm if supporting the IT for elections was cheaper in house or if BTP was cheaper? (note: Capita ITS quoted £28k; we quoted £12.5k for the same service)	30/07/10		Open		
41	30/07/10	Will Capita be working to ITIL Policy procedures?? (Support Guidelines)	30/07/10		Open	Yes	
42	30/07/10	How much as this outsourcing process cost the Council over the last 2 ½ years?	30/07/10		Open		
43	30/07/10	Given the decision has been given "in principle" further analysis will have to be given to Capita's proposal. In order to test it's effectiveness against alternative options, will you be giving further consideration to an inhouse solution (even if only as a comparator)... and given the cost values have been so close AND given central government's funding cuts; will the council be in a position to decide to reverse the "in principle" decision and decide to retain in house? Or even to develop a hybrid solution?	30/07/10	Peter Malcolm	Open	The -in-house solution is being considered again as part of this consultation process. 31/08/08 The consultation period for submission of further information to support the "In House bid" ends on 31/08/08. Unions were advised on Tuesday 24th August 2010.	
44	30/07/10	Will existing terms & conditions of employment apply for those of us transferred over to Capita will LBH redundancy terms apply should redundancies be made?	30/07/10		Open	16/08/2010 Yes these conditions will continue to apply and will be transferred with you.	
45	30/07/10	When we transfer to Capita, under TUPE regulations, I understand that I take my Terms and Conditions. But what about my 21 years of service - are they taken into consideration, or is it considered that if Capita should decide to make me redundant it would be with 0 (zero) years prior service with them?	30/07/10	Peter Malcolm	Open	(16/08/10) Contractual terms and conditions of employment will transfer with staff to Capita under TUPE. Your continuous service date will also transfer.	
46	30/07/10	Will we loose any of our holiday entitlement when we move over to Capita?	30/07/10	P Malcolm	closed	(06/08/10) No	
47	30/07/10	Is there a maximum number of holidays we can take over?	30/07/10	P Malcolm	Closed	(06/08/10) Your contractual entitlement to annual leave will transfer under TUPE.	
48	30/07/10	Will Capita have the same terms and conditions as Harrow ie. flexi leave, flexi time , no. of hours etc?	30/07/10	P Malcolm / Capita	Open	(06/08/10) Contractual terms and conditions of employment will transfer with staff to Capita	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
						under TUPE.	
49	30/07/10	If we accept VSS will the number of holidays remaining have to be taken, or would they be included in settlement?	30/07/10	P Malcolm / Capita	Closed	(06/08/10) Holidays will normally be required to be taken prior to completion	
50	30/07/10	For the last 15 years or so there has been little or no training given to application support. If training is required will Capita provide it. If not, how would Capita address the issue?	30/07/10	P Malcolm / Capita	Closed	(06/08/10) Refereed to Capita. Capita will ensure that all staff are provided with the appropriate training.	
51	16/08/10	Could you confirm my understanding that if you transfer to Capita under an Admitted Body Scheme under LGPS and are then redeployed within Capita to a job not working on the Harrow Contract you would have to leave the ABS. Given that it is known that most of the people will be redeployed in the short term Harrow is essentially forcing these people out of the LGPS scheme and with little chance of finding a viable alternative, a situation that Redundancy payments were designed to compensate for.	18/08/10		Open	31/08/2010 Where staff are transferred and then accept redeployment into a Role that is not part of the delivery of services to Harrow they will not be able to remain within the Harrow LGPS. The decision to accept redeployment would have to be made given a full appreciation of this change and the attendant terms and conditions as part of a consultation exercise at the time.	
52	16/08/10	What is the position of people who can currently retire and claim their pension with respect to the various pension options being considered on transfer?	18/08/10		Open	31/08/10Options for staff who have already reached retirement age to access retirement pension and benefits are not affected by the transfer.	
53	16/08/10	What specific employee's details will be handed over to Capita on transfer, will it include absence and disciplinary information for instance?	18/08/10		Open	31/08/10All data related to employment will be passed over including payroll data and personnel records. This data is required to be transferred at least 14 days prior to transfer. Up to that point data is shared without personal identifiers within the Data Protection requirements	
54	17/08/10	Does the 40 Day Unpaid Leave rule get carried across to CAPITA?	18/08/10		Open	31/08/10 Yes	
55	17/08/10	<p>Could you clarify your [consultation tracker]response here please.</p> <p>13c. It says in para 79 that 12 will be kept in the first year and 7 in the second year. What if Capita restructures before the second year. Do the 5 who are made redundant lose their redundancy?</p> <p>Answer:</p> <p>c) Contractual terms and conditions, including redundancy entitlements will transfer under TUPE. Staff who are made redundant will be entitled to receive a redundancy payment.</p> <p>In other words if Capita restructures the department(eg because they do not have a</p>	18/08/10	Peter Malcolm	Closed	<p>(17/08/10)</p> <p>If a restructure happened earlier than planned then the consultation on redundancy under the Employment Protection Act provisions would start earlier and the options would be a) redundancy on the existing transferred terms or b) Alternative Employment offer - which would be under the terms for the role on offer as an alternative.</p> <p>Capita will be required to offer either redundancy or a suitable alternative - the only questionable factor here is whether an alternative offer is reasonable - In this respect it is necessary to look at the particular</p>	

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
		middleware team as far as I know at the moment) does this mean you lose your TUPE rights (if they restructure).				<p>circumstances but in general terms an Employment Tribunal (ET) would be looking at continuation of employment with redundancy (and payments) as a last resort. Capita took this stance in their presentation. An ET would expect an employee to accept an offer where it was reasonable for them to continue in employment with some adjustments if they had the skills and experience.</p> <p>Sorry I can't be more specific but it is difficult to speculate without something tangible</p>	
56	19/08/10	At yesterday's 'all staff' briefing, Jon Turner stated that if people TUPE across and return to Harrow within 2 years, there is a 'local agreement' which allows them to have their T's & C's intact (other than continuity of service). As all vacancies are currently being advertised on an 'internal' basis, can we have assurance that during transition, we, as Capita employees, will still be eligible to apply for these vacancies?	19/08/10		Open	<p>31/08/10 The Following link and reference to page 27 gives some guidance on this issue and informed the response in question 2 of the tracker.</p> <p>http://harrowhub/downloads/file/553/the_london_agreements</p>	
57	19/08/10	<p>Last year Bernie Harrison asked the following...See Q&A ref 22)</p> <p>"29/07/09 - If an employee is offered a job by Capita or Harrow that has a lower salary, will they be protected on their existing salary and if so, for what period of time? If there is a significant difference in the salary and they decline the position offered to them what will happen?"</p> <p>The answer was ...</p> <p>"(06/08/10) For those staff who transfer to Capita, it depends if your contractual terms and conditions include provisions for pay protection following redeployment. The Harrow Pay protection Arrangements will transfer under TUPE where the role continues the transferred terms and conditions."</p> <p>Could you please let us know</p> <ol style="list-style-type: none"> 1. If our Ts&Cs include provisions for pay protection following redeployment. 2. Who to contact in Harrow to get an up-to-date version of our Terms and Conditions 	19/08/10		Open	<p>31/08/10 Yes Pay protection will transfer</p> <p>P Malcolm will assist with this.</p>	
58	19/08/10	WHEN will we be told of the current vacancies in Capita , with salary grades, exact locations and job requirements. Will it be after October 1 st ? If not, when?	19/08/10		Closed	<p>31/08/08The available data has been circulated.</p> <p>Capita intend to provide access to the Capita Intranet as soon as possible after transfer.</p>	

2009 Register

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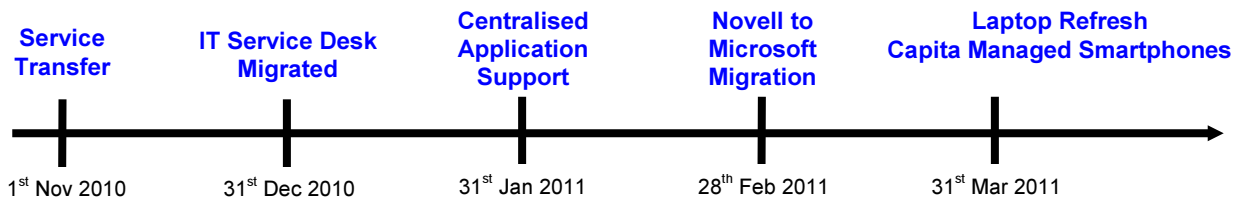
Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
a	22/09/09	What will happen to Contract Staff- will they be kept on to help with the transition?	22/09/09	Peter Malcolm	Open	Depending on the terms and conditions within their individual contract the "contract" Staff may be covered by the TUPE regulations in terms of their right to transfer in a post. We will use 121 meetings with Contract Staff to define their status and then advise them accordingly.	30/11/09
b	22/09/09	What will happen to staff Capita do not want to employ	22/09/09	Peter Malcolm	Closed	All staff have the right to transfer in the post they currently hold. Where we recognise or are advised that these posts may not be required following the transfer we will look for alternatives within LBH and will request that the partner helps with any redeployment opportunities	
c	22/09/09	What is the point of outsourcing now when the council are looking to outsource other departments and therefore the amount of internal IT will be shrinking anyway	22/09/09	Peter Malcolm	Closed	The decision to outsource is based on many factors but is primarily intended to deal with the service requirements of the council structures through the ongoing transition and in the future	
d	22/09/09	Will there be any redeployment opportunities in other areas of the Council.	22/09/09	Peter Malcolm	Open	We are looking at the potential to redeploy staff with transferable skills.	30/11/09
e	22/09/09	Given the short timescales involved in outsourcing HITS I would like to clarify the position of carried forward annual leave	22/09/09	Peter Malcolm	Open	Staff should plan to take as much of the current year leave as possible prior to the normal holiday year end. We will ask the partner to specify their policies and for information on how they will deal with outstanding holiday entitlements. 18/08/2010The current cobntractual holiday arrangements will continue to apply after the transfer	30/11/09
f	28/09/09	What are Capita's intentions if staff are asked to commute more than 50 miles after TUPE e.g. Coventry is 88 miles away	28/09/09	Partner Policy	Awaiting Info	The partner will be asked to outline in their proposal, their intentions where transferred staff are required to relocate	30/11/09
g	22/09/09	Will people be expected to relocate	22/09/09	Partner Policy	Awaiting Info	Until we receive the RFP response we will not be able to answer this question but it is likely that the partner will wish to use existing remote facilities to provide the service	30/11/09
h	01/10/09	Will our "tuped" Substantive Post pay be calculated as that as of April 2010	01/10/09	Peter Malcolm	Closed	Yes.	
i	01/10/09	Would Capita give us our annual increments and increase in Spinal Point that we get when working with the Public Sector	01/10/09	Peter Malcolm	Awaiting Info	Yes.	30/11/09

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
j	01/10/09	Will we get an equivalent 'Final Salary' Pension scheme after the transfer	01/10/09	Partner Policy	Awaiting Info	Capita's preferred approach would be to apply for Admitted Body Status (ABS) for those staff who currently pay into the LGPS allowing staff to continue to pay into the LGPS. The admissions agreement will be drafted by the administering Authority and will need to be terms agreeable to Capita.	30/11/09
k	22/09/09	If the transfer goes ahead and the pension moves across with TUPE where will the pension money go - Will it go to the Harrow Scheme or elsewhere. What will happen when the TUPE terms and conditions expire.	22/09/09	Pension / Partner / LGPS	Awaiting Info	Capita's preferred approach would be to apply for Admitted Body Status (ABS) for those staff who currently pay into the LGPS allowing staff to continue to pay into the LGPS. The admissions agreement will be drafted by the administering Authority and will need to be terms agreeable to Capita.	30/11/09
l	01/10/09	Will years of service be recognised in some way by Capita?	01/10/09	Partner Policy	Awaiting Info	Your continuous service date will transfer under TUPE to Capita.	30/11/09
m	01/09/09	If I am allowed to take VSS will I be prevented from working as a contractor with the partner on Harrow Council work	01/10/09	LBH Policy	Awaiting Info	We are currently looking at the terms of the VSS but it is likely that restriction for staff returning to the council or the partner will remain the same as in the previous schemes.	30/11/09
n	22/09/09	Will there be redundancy or severance or something else	22/09/09	Peter Malcolm	Project Board	At the recent Programme Board it was decided to continue to hold further actions within the existing VSS scheme in relation to HITS, pending receipt and review of the RFP. The Board will then consider the scope and terms of this or an alternative VSS, that is appropriate to the future staffing requirements for the provision of the service.	30/11/09
o	22/09/09	What are the timescales involved	22/09/09	Peter Malcolm		We cannot commit to a timescale until we have received a response from the partner. However the outline plan was to have a response and look for a decision on transfer by January 2010. The timescales from there will depend on the details within the response. <u>Requires updating.</u>	
p	22/09/09	When is the transition likely to start, how long will it be, and what will staff be expected to do	22/09/09	Partner Transition Team	Awaiting Info	When is the transition likely to start, how long will it be, and what will staff be expected to do	30/11/09
q	22/09/09	When will staff know if they are surplus to requirements	22/09/09	RFP	Awaiting Info	We will be able to identify staff at risk once the transfer structures have been agreed and we will consult on this as soon as this is identified.	30/11/09
r	22/09/09	Will Capita Staff come in to Job Shadow, and will staff be expected to train them.	22/09/09	Partner	Awaiting Info	We will ask the partner to detail the roles and remit of their transition team and any involvement with the staff currently providing service. In this way the needs of the service will be identified with the partner. It is unlikely that you will need to train anyone.	30/11/09

Ref	Raised	Question / Issue	Logged	Action To	Status	Response	Review Date
s	22/09/09	Will everyone be automatically TUPE'd across to a similar role	22/09/09	Peter Malcolm	Closed	The purpose of the regulations is that when a post transfers the person in that post is transferred with it. You will have the right to transfer with your post.	
t	22/09/09	What Exactly is TUPE and what will the terms be	22/09/09	Peter Malcolm	Closed	TUPE is Transfer of Undertakings Protection of Employment Regulations. The legislation is complex but the intention of the regulations is to protect the Terms and Conditions of people at the point they are transferred. You can read more on the regulations at http://www.acas.org.uk We will consult with each member of staff on the transfer and their rights under, the regulations	
u	22/09/09	We have been told that we may be TUPE'd across on the same terms and conditions - Does this include everything including the location of the job	22/09/09	Peter Malcolm	Closed	All of your contractual entitlements transfer with you including the location and relocation terms (if there are any). Changes can be made during consultation using TUPE measures. Employers can of course seek to change employees T&Cs at any time subject to appropriate consultation	
v	22/09/09	Is TUPE optional. If staff do not want to transfer to Capita what will happen to them	22/09/09	Peter Malcolm	Closed	No-one can force you to transfer but if you have that opportunity and do not transfer you would be regarded as resigning	
w	22/09/09	How Long does TUPE cover us for	22/09/09	Peter Malcolm	Closed	18/08/2010 There is no time limit to how long the regulations provide protection. Any changes to your terms and conditions can only be made after full consultation has taken place. Employers can of course seek to change employees T&Cs at any time subject to appropriate consultation	

Appendix 2 – Outline Transition/Transformation Plan

Service Transition – 1st Nov 2010 to 31st Mar 2011



Service Transformation – 1st Apr 2011 to 31st Mar 2012

Hosted Data Centre Environment Introduced
 Remote/Flexible Working Solution Implemented
 Business Applications Migrated to Hosted Data Centres
 Old Systems Decommissioned



Note: Transformation Plan will deliver additional services from Capita premises on a quarterly basis

LONDON BOROUGH OF HARROW

CABINET

14 SEPTEMBER 2010

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 8 SEPTEMBER 2010

IT Service Delivery

The Corporate Director of Finance reported to the Committee that the project had been running for a significant period of time and was an important long term decision for the future of the Council. She reported that:

- The Council had reviewed its IT services. Concerns highlighted included a limited capacity to support remote and flexible working, lack of a disaster recovery system and being a constraint to future transformation.
- An IT strategy was developed in 2008 which initiated an options appraisal. This was conducted in partnership with PriceWaterHouseCoopers (PwC). This looked at the future options of the service and included soft market testing.
- The outcome of this appraisal was a recommendation to transfer responsibility for the IT service to Capita. This was considered to be the most appropriate and cost effective solution.
- The next phase involved a proposal request. This included a detailed description of the service the Council wished to receive. Capita were asked to prepare a response which was received by the Council on 1 March 2010. The proposal involved a single unified solution to deal with the core services infrastructure.
- A detailed evaluation of the bid was conducted. The evaluation involved a value for money assessment, a key part of the evaluation given that it was a single bid.
- An in-house option was also developed in order to make a comparison. This found that in order to deliver the same level of service the Council would have to spend a comparable amount but the option involved greater risk in relation to delivery.
- Cabinet at its meeting in July 2010 made an 'in principle' decision to transfer IT services to Capita. After this meeting, four additional projects were conducted. This involved consultation with staff and unions, negotiating the proposed contract, working on a transition plan and pricing model.
- A flexible pricing model had been negotiated to take into account lower fees for reduced number of users and vice versa.
- Extensive consultation with staff had taken place. Consultation with individual staff would continue up to the proposed date of transfer.

- The report to Cabinet in September 2010 provided an update on the proposal and contained a recommendation to proceed with the transfer. A final decision would be made at Council.
- The transfer of IT services to Capita was integral to the transformation agenda in order to facilitate projects such as remote and flexible working. There were numerous benefits associated with transferring IT services to Capita and it would be an important tool to drive efficiencies for the Council.

During the discussion, Members raised a number of queries which officers responded to including:

- The Council had an existing partnership arrangement with Capita. The partnership agreement had been established in 2005 and would continue up until 2015. The partnership agreement had been designed in such a way so as to include delivery of services. During the initial options appraisal process, other options had been considered but it was concluded that working with Capita under the current partnership agreement would be the best option and provide value for money.
- A comparison between the Capita bid and developing an in-house option had been conducted when performing the value for money assessment. A broader tendering process was considered but it was deemed that this would have been costly to co-ordinate and therefore would not have represented value for money.
- As part of the soft market testing, the option of working with other Councils had been investigated. However the conclusion reached was that there would have to be full delegation to other Councils whose own IT strategy would set the direction of services. This was not a suitable scenario.
- Consideration of other service providers had been considered in the soft market testing. However it was a reasonable assumption that other potential providers would not have been comfortable working alongside Capita as the Transformation partners.
- The Council could implement a break clause for the contract period to last for 5 years if required.
- Officers would respond to the Committee on whether reduction in the cost of flexible and remote working transformation project and a reduction in the cost of email systems integration were capital or revenue costs. Savings relating to moving to a new Civic Centre related to revenue costs. It was difficult to predict which year this move would be achieved but it was estimated this would be at least 5 years given that it would involve a significant change.
- Figures provided in the report relating to the net position related to the 5 year bid. If the overall Capita bid was more expensive this would initially lower the amount of capital expenditure and result in more revenue expenditure. Savings on having less capital expenditure would go on beyond 5 years.
- If the contract continued for a 10 year period, there would be additional revenue cost and an additional capital cost in year 6 for a refresh. The way in which in

the bid had been structured had been divided into capital and revenue costs. Some of the projects involved some revenue and some capital costs.

- All hardware maintenance would be conducted by Capita. Licensing management would be transferred to Capita although negotiations were still being conducted on the specific details.
- In terms of business applications there were two factors to consider. Firstly the core infrastructure network would be managed and operated by Capita. Secondly there were applications where the Council had a contract with software providers. These applications would only be hosted by Capita.
- Applications were currently integrated with Novell and Groupwise, which were now out of date. This had contributed towards poor service delivery. Integrating these with a modern environment would automatically improve performance. This would be the same scenario for all applications.
- In response to a request, officers would circulate a detailed risk register to the Committee on the proposals generally.
- An audit was currently being conducted into the number of computers to ensure the information was correct prior to 1 November 2010. Although there were currently more software licences than required, this was due to the fact that there was less staff than two years ago. Due diligence being conducted by the Council would involve ensuring that the Council had a complete audit of the number of computers with accurate figures.
- Eversheds had provided detailed legal advice in relation to the transfer. Eversheds had been involved in implementing the partnership contract with Capita and it was believed that the most efficient option was to utilise their services.
- Up to the date of transfer, a project board would look at identified work streams on the transfer with support from Eversheds. The Divisional Director of IT was working on the transition plan and the Corporate Director of Finance was investigating costing and the pricing model along with PwC. Services had also been commissioned to deal with human resources issues. After the proposed transfer, a client team would monitor performance of the contract.
- The existing partnership contract had a performance management framework embedded into it. Penalties could be applied if the relevant terms were not adhered to. This had been enforced previously.
- The IT department currently consisted of 30 permanent members of staff. There had been a deliberate attempt in the last few months to use agency staff for vacancies to minimise the impact on permanent staff. Discussions were still ongoing with Capita about the implications for staff. There had been an attempt to provide staff with as many options as possible including applying for the Voluntary Severance Scheme. Staff had also been provided with details of opportunities within Capita.
- Although Capita's bid was more expensive than the Council's current budget, it was believed that there were strong reasons for additional investment as it would underpin a significant amount of the work of the transformation of the

Council for the future. Even if the service remained in-house, there would be a need for investment.

- Capita had committed to high levels of security to promote remote and flexible working. Capita would implement systems to ISO2001 standards. They had achieved ISO2001 and additionally the Council was working with Eversheds to produce a schedule to ensure Capita's Government Connect compliance. The Council had approximately 30-40 people who were required to be fully compliant with proposed requirements and this model had previously been accepted by the Government.
- The Council faced severe financial constraints. However it was vital to conduct this transfer to ensure a more robust and resilient infrastructure for the future. Other streams of the transformation programme were dependent on the infrastructure being improved.
- The Council had conducted detailed policy work in relation to confidentiality, security and care of workforce issues relating to remote working.
- The Council was maintaining a benefits tracker on the proposed transfer to Capita. This was continually updated and was a good basis to track achievements. The methods by which Capita would be monitored included via the performance management framework, the client team checking on progress made and detailed reports to Council Management Boards and Lead Members. Reports could also be presented at regular intervals to the Overview and Scrutiny Committee.
- Money being utilised to fund the project had been identified to implement Government funded projects which were no longer taking place due to cuts. Additionally the transfer of IT services to Capita involved more than the provision of equipment and related to the entire IT infrastructure.

Members of the Committee made a number of comments during the discussion on this item which included:

- By implication there was risk of an extension of the proposed contract with Capita. There were difficult logistics of ending the contract after 5 years if staffs were being outsourced and there was no server infrastructure. In reality it may be a 10 year contract.
- The contract implementing the transfer of IT services to Capita should include provision for Capita to ensure that all hardware and software was kept up to date.
- It was important to ensure that the audit being conducted was accurate as any problems associated with the current system would not be solved by simply outsourcing the service.
- There were some concerns about the reductions in staff once the services had been transferred to Capita.
- There could be difficulties if the government insisted on compliance with proposed security requirements. This could have significant financial

implications and affect the entire delivery model of the proposed transfer of services.

- There was not currently a consistent approach across the Council in relation to IT service delivery. This had been confirmed by PwC. The proposed transfer would remedy this situation and ensure that all aspects of IT service delivery were brought under control. Capita were the best equipped organisation to ensure good service delivery as they had the necessary expertise, background and vision.
- It was important for Member level input into monitoring the transfer of IT services to Capita. This could be done by the BTP Panel or another similar body. Contract management was an area for improvement and Member input was required.

RESOLVED: That the comments of the Committee be presented to Cabinet, at its meeting on 14th September 2010, as part of the consideration on the item on IT Service Delivery.

FOR CONSIDERATION

Background Documents:

Report considered by the Overview and Scrutiny Committee held on 8 September 2010.

Contact Officer:

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Cabinet - 14 September 2010**IT Service Delivery (Agenda item 11)****Revised Recommendation**

1. To note that the consultation with staff and trade unions on the service delivery model was completed on 31 August 2010 and to note the outcome of this consultation
2. To note the ongoing arrangements for staff to support them through the transfer period
3. To note the progress that has been made on commercial negotiations with Capita
4. To note the outline transition plan
5. To note the proposals for the payment model
6. To note that any VSS or redundancy costs will be funded from the provision on the balance sheet for employee related matters.

7. **To recommend to Council that Council agrees**
 - a. To transfer the IT service to Capita with effect from 1 November 2010, or as soon as possible thereafter, subject to completion of satisfactory contract negotiations
 - b. To delegate authority to finalise and sign the contract to the Corporate Director of Finance in agreement with the relevant Portfolio Holder(s)
 - c. To approve the virement of £450,000 to cover the additional cost of the contract in 2010-11 (as set out in para 32).

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REPORT FOR:

CABINET

Date of Meeting:	15 July 2010
Subject:	IT Service Delivery
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Of Finance Carol Cutler, Director of Business Transformation and Customer Services Mahesh Patel, Divisional Director, IT
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation Councillor Graham Henson, Portfolio Leader for Corporate Services
Exempt:	No except for appendix 1 which is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) on the grounds that it contains information relating to the financial or business affairs of a particular person
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 – Part II Appendix 2:- Benefits to the (Internal) Customer Appendix 3:- Governance Appendix 4:- Client Team Structure

Section 1 – Summary and Recommendations

The Council has embarked on an ambitious transformation programme – Better Deal For Residents – that must be supported by a modern and reliable IT platform.

Following an options appraisal early in 2009, which included the option of an ‘in house’ solution, a Request for Proposal for IT service delivery was prepared and submitted to Capita; their response was received on 8 March and has now been evaluated.

The Proposal is more costly than expected. This reflects a lack of previous investment in the service and the need to deliver an integrated solution incorporating a wide range of benefits to the organisation. It is essential that the IT capability to underpin transformation is provisioned.

Recommendations:

- Agree ‘in principle’ that the IT service should be transferred to Capita, subject to further consultation with staff and trade unions.
- Delegate authority to the Corporate Director of Finance to agree the terms of the contract, in consultation with the appropriate portfolio holders, provided they are consistent with this report.
- To agree that the contract can be negotiated for up to a 10 year term, with an option to break the contract after 5 years to be coterminous with the end of the wider partnership with Capita in 2015, if the view is taken that it would be unwise to continue the IT service in isolation.
- Delegate authority to the Corporate Director of Finance to enter into the contract.

Reason: (For recommendation)

- Investment in IT is essential to underpin the Council’s transformation programme.
- There is a strong case for investment in technology.
- The level of investment required must be sufficient to enable future transformation and the investment needs to be made sooner rather than later.
- Investment is required to achieve the Council’s aim to have fewer buildings, fully supported by remote and mobile working.
- Modernised IT services will enable members and staff to be better supported and more productive.

- The Capita proposal is the preferred delivery model – the in-house solution is expected to have a similar cost, but carries significantly more risk and is likely to take longer to transition.
- There are substantial cashable benefits from investment in IT in terms of wider transformation, accommodation etc.
- There are substantial non cashable benefits for Members, staff and customers.
- If we proceed with Capita, they have demonstrated that every effort will be made to mitigate the impact on staff directly affected by the transfer of services
- An open tender would be costly to run, take a long time and delay service improvement, and the result would very probably be the same.

Section 2 – Report

The Case for Investment

1. There has been a history of under-investment in technology in Harrow. In addition the revenue spend (staffing etc) is very low when viewed against other comparable boroughs.
2. This lack of investment has resulted in:
 - IT being a constraint, not an enabler, to future transformation.
 - A fragmented infrastructure that affects reliability and is difficult to adapt to new technology.
 - Inconsistent levels of system performance on different floors in Civic 1 and across the Council.
 - An email system (Groupwise) that is difficult to support and integrate with other key systems.
 - No strategic disaster recovery planning which has led to the Data Centre in Civic 1 being a single point of failure.
 - A server estate in which 95% of the hardware has reached the end of its life and therefore operates at an increased risk of failure.
 - Limited capacity to support remote and mobile working.
 - Extremely limited support for hand held devices (eg Blackberrys).
3. This lack of investment, coupled with the fragmented organisational structure, means that IT has a poor reputation in the organisation, despite the fact that the actual performance of the HITS team and some of the systems we use on a day to day basis (eg, helpdesk response and system up time) are good.

4. We have now reached a point where this lack of investment is hampering our transformation plans – the plans include further rolling out remote and mobile working, significantly reducing the office footprint, and centralising and streamlining functions such as customer contact and administration.
5. The investment needs to happen in the near future in order to allow other transformation business cases to proceed to timetable. Capita have advised us that they will prioritise implementation of their solution to align with wider transformation projects, most notably remote and mobile working.
6. The investment in IT will enable transformation and should be seen as an “invest to save” opportunity.
7. The investment will bring savings to a number of proposed transformation projects, including:
 - An estimated reduction in the cost of the Flexible and Remote working transformation project by £858k by investing in core technologies that are integral to the success of this project.
 - The current e-mail system, which if not replaced, will continue to prove costly to integrate. Investment in a more mainstream e-mail product (Microsoft Exchange) will reduce the cost of integration by as much as £45k per year.
8. Other benefits from investment include:
 - Significant savings in office accommodation enabled through flexible working in the short term by maximising the occupancy of the Civic Centre and in the longer term by moving to new premises. A move to a building which is half the footprint of the current Civic Centre will save some £1.2 Million.
 - Moving the current data centre off site will avoid the cost of rebuilding a new computer room in any new Civic Complex in the future. Capita has advised that the cost of building a Tier 2 data centre is typically in the region of £2.5m to £3m, however it is likely that the Council would opt for a more cost effective hosted data-centre at that time and investment for this and associated Disaster Recovery arrangements will need to be made by the authority at the time.
9. Immediately realisable benefits include:
 - Investment in refreshed hardware; refreshed network; extended hours of availability; self service password reset; and single system sign on, will all generate productivity savings throughout the Council. Capita believe it is reasonable to expect that productivity would increase by 15 to 30 minutes per user per day. Across 2,500 users (average cost £90 per day) and 180 working days a year this productivity gain can be valued at £1.3m per annum.
It should be noted that productivity gains realised will not be a cashable benefit.
 - Currently people are allocated to a specific desk where “hard wired” IT services are provided. As a result there is a cost for any inserts, moves, additions or changes (IMACs) to desktops or laptops, and for updating information when people move to a different organisational department. This cost is c£100,000 per annum and is not in the baseline figure. With the flexibility that Capita’s solution brings there will be fewer additional charges for IMACs.

- External provision would provide a service that is ITIL compliant and is best practice for service management within the IT industry. Currently the Council's operation does not conform to ITIL best practices - if an in-house model was adopted the Council would have to seek to achieve ITIL standards. Following ITIL brings downstream operational benefits.
10. The other non-cashable benefits are:
- Improved staff motivation and performance through access to modern technology and remote and mobile working.
 - New staff will find it easier to use the systems such as email as they are more likely to have used Microsoft products with previous employers.
 - IT will become an enabler for business improvement in the future
11. Councillors will have full remote and mobile working capability.
12. The value to residents in outsourcing the service, and with particular regard to the Capita proposal, are:
- Operating systems on which they depend for delivery of services will be faster, more reliable and up to date. In addition the location of IT servers off the current Civic Centre site will immediately result in greater security in terms of Disaster Recovery and Business Continuity for all users of Council services;
 - The mobile and flexible working project is underpinned by the infrastructure and capacity that will be delivered by this new service. It will allow officers to work at partner, residents and business premises. This will ensure that services are delivered more at the convenience of residents rather than as determined by Council buildings and office locations;
 - Systems will become more integrated, minimising the need for multiple entry of details for different Council services, and ultimately offering the prospect of a single view of a customer's interaction with the Council. This will support future developments for a single assessment of circumstances for all services, and avoid the need for residents to tell multiple parts of the Council of a change in their situation;
 - Proposals to improve the telephony within Access Harrow will support the expansion and performance of the Council's main channel of contact with residents.

The Preferred Delivery Model

13. There are two options to address this lack of investment – the Capita proposal or development of an in-house solution to the full specification (set out in the request for proposal).
14. The options appraisal carried out by PWC in 2009 clearly showed that an outsourcing arrangement was the best option.

15. The Capita proposal and the in-house solution both offer a comprehensive and integrated solution which includes:

Deliverable (LBH-Anywhere in blue)	Baseline	In-House	Capita
IT Structure	Existing	Restructured	Outsourced
Supports Transformation / BD4R	✓ (limited)	✓	✓
Facilitates the Council's BC Plan	✓	✓	✓
Facilitates IT Disaster Recovery	✓	✓	✓
Civic Data Centre Decommissioned	x	x	✓
Remote Data Centre	✓	✓	✓
Microsoft Exchange Email (Groupwise Replacement)	x	✓	✓
BlackBerry/Smartphone Integration	x	✓	✓
Microsoft Active Directory (Novell Replacement)	x	✓	✓
Flexible Working Facilitated	✓	✓	✓
Mobile Working Facilitated	✓	✓	✓
Server Refresh	✓ (limited)	✓	✓
Desktop/Thin Client Refresh	✓ (limited)	✓	✓
Laptop Refresh	x	✓	✓
Enhanced Backup/Archiving	x	✓	✓
Full GC Compliance in price	x	x	x
ITIL Service Management	x	✓ (limited)	✓
Test Environment	x	✓	✓
Access Harrow Contract Centre Upgrade	x	✓	✓
Improved Resilience	x	✓	✓

The main differences between the in-house solution and Capita's proposal are:

- Fully off-site data centre that will enable a seamless transfer to a new Civic building.
 - Subject to evaluation, a new contact centre solution from a market-leading vendor that will enable Access Harrow to enhance its back office processes.
16. The Council project team have explored with Capita the opportunity to scale back this solution to reduce the cost but have concluded that the package is the best solution and that to extract elements would damage its integrity. Furthermore, Capita will guarantee this integrated package but do not consider that a scaled back model would be viable.
17. Analysis of the proposal versus an in-house solution shows that both options will cost a similar amount and that the solution represents value for money.
18. The significant difference between the two models is risk transfer. If the service is delivered by Capita they will bear the full risk for:
- Fixed price certainty – transition, service and performance are underwritten.
 - Delivering the IT service in line with the performance standards in the contract
 - Delivering investment and improvements in line with the timetable agreed in the contract
 - Providing the necessary staffing – in terms of quantity and quality
 - Ensuring that the IT change programme aligns with wider transformation
 - Ensuring that the necessary IT support for business cases (eg, HARP3) is available

- Ensuring that, once business cases are complete, the day to day support for new systems is provided appropriately
 - Providing relationship management as per the contract
19. Whilst the in-house team have done their best to estimate the cost and timeframe to develop a solution that delivers the full scope of the RfP, there are significant risks in terms of:
- Inability to underwrite the solution design.
 - Capability to deliver and meet the timetable for transformation – lack of experience in delivering large complex projects.
 - The reliance on third-parties – including Capita – to assist with the transition and deliver elements of the overall solution.
 - The time needed to find the right people to redress the balance away from agency staff and the ability to retain key individuals.
 - Recruiting and retaining the right staff will be difficult as the IT market is moving at a greater pace out of the recession than other professions.
 - Significant training and re-development will be required to transition staff who have worked in the same environment for many years to adopt a new mode of IT service delivery.
 - Time taken to mobilise an internal service may delay the transformation programme.
 - Flexibility to respond to changes in size of the organisation.
 - The team is resourced for steady state IT service operation so it is difficult to scale up to cope with peak demand of projects / programmes.
 - The in-house team can only draw upon short term resources from the commercial contract market, whereas Capita can draw upon other delivery teams / accounts.
 - There is not the same level of relationships with key suppliers and so the in-house team are less able to exploit any supplier benefits.
 - There is less ready access to innovation to improve the service than with Capita.
20. Benefits delivered to the organisation from a contracted arrangement are conditional upon a controlled, formalised engagement with the IT service. As a consequence, unplanned requests will be difficult to accommodate or come at additional cost.
21. Capita have been on site for 5 years already, and will work in partnership with the Council to make sure they are aware of critical issues. They will be well placed to minimise disruption in the organisation due to their experience with other clients, and will support the policy changes required in Harrow to work in a modern and efficiency way.
22. Capita currently support some of our core business applications (such as SAP and Civica) and as they continue to transform the business through technology led solutions, the use of Capita as a single provider results in a joined approach to service delivery.
23. The Capita proposal is based on a flexible pricing model which means that if the council changes its staffing levels and the number of sites during transformation, the cost of the

IT service will reduce. It also means that the service can be readily scaled up if we integrate with partner organisations.

24. Capita bring fresh ideas and innovation. If we proceed with Capita we will ensure that during the negotiation period and the contract term itself, benefits that can be derived from system and application rationalisation will be captured and accrue to the Council or at least be shared with the Council.
25. Investing with Capita will transform IT operations through the use of a more future proofed service which will be cheaper than if investment is completed on an incremental basis.
26. Directorates will incur reduced costs for new user set up, moves etc (subject to negotiation of a rate card).
27. Capita's service delivery model requires less staff to be located at Harrow and will see a reduction in the number of on-site permanent staff from 30 to 12 in the first two years, and to 7 after transition is complete. This will deliver cashable savings of up to £115k per year [based on the current £5k per person overhead cost].
28. The Capita proposal delivers a solution that enables transformation to be delivered in a shorter period of time.
29. There are benefits from accessing Capita's extensive experience of IT service delivery and development across a range of sectors.
30. Environmental benefits from using Capita are:
 - The move of the Data Centre to a shared environment and the consolidation of equipment into a modern virtual technology will reduce the power and energy requirements the authority needs for operating its IT infrastructure.
 - Within Capita's proposal they have calculated a potential carbon footprint reduction of 30.9%. and this will positively contribute to the Council's "Use of Resources" target
31. Capita have stated that transformation projects will benefit by outsourcing to them through:
 - A more joined-up approach to delivering complex technical solutions required to under-write the key flexible and remote working project.
 - Improvements to the Assess and Decide transformation project in a number of ways; The current end of life contact centre telephony system used by Access Harrow is complex and would require a great deal of configuration work which has a high level of risk attached to it. Running this project in parallel with the live system might also prove to be difficult.
 - An indication that in its experience the 149 different software applications or modules currently in use could be reduced through de-duplication, rationalisation / aggregation etc, to around 100 business applications. This would generate effort and cost savings. Capita have stated that this exercise would be completed within 18 months. Capita believes that savings in effort terms of 1-2 FTEs could be realised saving potentially £425,000 during the lifetime of a 10yr contract. [£50,000 saving per annum * 8.5 years].

- An already ITIL conformant service model that is included in the solution that would cost the existing HITS team in the region of £150,000 to implement.
 - The impact of Capita's proposal provides an opportunity to avoid significant accommodation costs through the use of the area currently occupied by HITS. This area is currently under consideration to provide space for Access Harrow as proposed under the Customer Contact/Assess and Decide Project. This would avoid the construction of an extension to Civic 1, or a reduction in the numbers of staff migrating into Civic 1 from other buildings.
32. The mobile and flexible working business case that Capita are developing will ensure that the benefits from this new technology are fully realised, particularly in the rationalisation of buildings. Cashable savings will be measured and monitored through the established Programme Management methodology and Governance within the Business Transformation Partnership.
33. In conclusion, the Capita proposal is the preferred delivery model.

Applications Support

34. It has been agreed that the devolved application support function will be delivered by Capita as an option to their core proposal. The budget (or in some cases a percentage of the budget) associated with the devolved application support roles will transfer to Capita. This principle has been agreed by all of the Directorates.
35. The impact of managing this element of the service on Capita's proposal is still being clarified but they have indicated that the cost of the core proposal may increase and this additional budget will need to be factored in the overall cost/benefit analysis.
36. The table below shows the areas that are affected and the discussions to date:

Area	% of Role	FTE	Comments
Shared Services	40%	0.4	Agreed Budget Transfer
Place Shaping	50%	1	Where a significant proportion of an individual's work activity is identified as transferring, that person has the right to transfer under TUPE. How the individual is affected In this instant this can only be determined at the detailed discussion stage. In the case of a TUPE transfer, Capita may need to assume 100% of the role's activity
Parking	20%	0.2	Agreed Budget Transfer
Libraries	50%	1	Where a significant proportion of an individual's work activity is identified as transferring, that person has the right to transfer under TUPE. How the individual is affected In this instant this can only be determined at the detailed discussion stage. In the case of a TUPE transfer, Capita may need to assume 100% of the role's activity
Housing	30%	0.3	Agreed Budget Transfer, subject to further clarification on the detail of which activities transfer
Adults (& Housing)	0%	0	Further assessment identified to no activity or members of the HOST team are in scope for transfer
Web-GIS (Access Harrow)	100%	1	Agreed TUPE Transfer
Children's Services	50%	0.5	Agreed Budget Transfer

37. It should be noted that applications support relates to supporting the Technical Infrastructure that delivers the councils business applications. It does not go to the extent of fixing functionality issues with current business systems (e.g. Framework-i, Anite SAP integration). This responsibility will remain with the business support teams and super users within the Directorates to continue working with their preferred suppliers and Capita.
38. The owner of each business system within the individual Directorates will continue to hold responsibility for the strategic direction of the application (e.g. Myfanwy Barrett for SAP), but this will be supported by a Capita Relationship Manager who will be able to bring specific experience and thought leadership from the wider Capita group. There will also be a new internal team who will provide support for local IT strategies and the development of service specifications. They will also provide assurance on any proposals put forward by a third party to ensure they are technically robust, are in line with the councils ICT strategy and provide good value for money.

Value for Money Assessment (Appendix 1)

39. The detailed VFM assessment is attached at Appendix 1. The assessment compares the current plans with the Capita bid and in house delivery of the RFP (in other words an enhanced in house service).
40. A full tender, based on the RFP, has been ruled out as an option because:
 - A tender would be costly to run and take a long time
 - The result would very probably be the same (ie we would still have to invest significantly more in IT to get the solutions and service we want)
 - Despite the soft market testing results, providers may well be reluctant to bid in practice given that they would not be able to secure the transformation aspects of the work and would have to jostle with Capita for position once appointed
 - It would be onerous for the Council to manage two different external providers and would inevitably result in disputes (although of course there could be some aspects of health competition)
 - It would be extremely demoralising for staff to go through a further protracted process
 - It would be too destabilising for the wider transformation programme

41. The VFM assessment shows that the Capita option is the best solution and that, at net present value, the cost of delivering the RFP in house would be more than the cost of the bid, given the additional risk.
42. The project team have considered whether there is a realistic 4th option, namely to deliver only part of the RFP, or to defer some elements until they are absolutely necessary, for instance to fit in with the likely date of a new civic centre being completed. This could mean building an extended remote working environment (Citrix) but retaining the existing computer room on site, and bearing the DR risk for longer.
43. To date Capita have indicated that this is the optimum solution for Harrow and any scaling back is not viable. A detailed in-house solution delivering the services specified in the RfP has been developed and this is a possible fallback position.

5 Years or 10 Years?

44. The VFM assessment (Appendix 1) suggest that a 10 year deal is better than a 5 year deal. However, this needs to be considered alongside the potential risk of committing to a longer term agreement:
 - Technology develops extremely rapidly and things will be very different in 5 years time
 - The wider Capita contract has a break, with an option to extend for a further 5 years, in 2015
 - By outsourcing to Capita, we move to a rental model for all core IT infrastructure and these assets will no longer be owned by the council. This effectively means that we have strategically chosen to externalise the IT operation and if in 5 years we want to move to a new provider then tender process will have to be conducted. It is unlikely that the rebuilding a new internal infrastructure will be cost beneficial
 - We should seek to agree that the contract can be negotiated up to a 10 year term, with an option to break the contract after 5 years.

FAQs – Benefits to the Customer (Appendix 2)

45. A schedule of FAQs is attached at Appendix 2. The questions are based on the survey conducted in 2009, plus more recent CSB/CLG comments/questions.
46. As well as a fundamental change in back office IT infrastructure, the service model will be delivered using an approved best practice ITIL model. This will ensure that systems are proactively managed and maintained and will culminate into a reliable and consistent level of service for all customers.
47. The Helpdesk will be transferred to Capita's call centre in Derby. This service desk will own the management of any incident from the initial call right through to resolution and therefore eliminate the customer from being re-directed from team to team to manage their problem, and ultimately delivering a professional customer experience.
48. The role of Members requires them to work in a flexible manner. The ability to provide each of the Members with a blackberry type device will significantly enhance their ability to send and receive corporate e-mail throughout the day.

Governance and Client Side Arrangements (Appendices 3 and 4)

49. The existing partnership with Capita is governed through a series of regular meetings designed to monitor ongoing service delivery, project progress and requests for change. Capita's existing SAP and Civica IT service delivery is already represented in a number of these meetings. We do not envisage any major change to these meetings other than to widen the scope, where necessary, to include input from all the relevant IT delivery teams. Capita believes that the following partnership governance meetings will require a widened scope:
 - Programme board (monthly – chaired by LBH Director or Business Transformation) This takes input from a number of other board meetings and will in future include from Capita on proposed transformation projects; projects in progress; IT service delivery; and requests for change. The Programme Board will also discuss any service credits that may have been calculated by the Finance board.
 - Operational review board (monthly) This reviews the performance of Capita's service delivery including IT delivery linked to SAP, Civica, CRM and BW. This meeting will in future review all the IT services provided to Harrow by Capita under the proposed outsource. Service quality will be measured quality through a formal scorecard completed by Harrow.
 - ERP board (monthly – chaired by Divisional Direct Finance & Procurement and Divisional Director Partnership and Performance): Capita already provides input to this board related to projects and SAP IT service delivery. In future this input will be widened to include on all aspects of IT service delivery.
 - Change board (fortnightly): this currently reviews/discusses proposed changes for projects and will in future require input on those changes that will have an IT impact.
 - Request for Change Board (weekly): this currently reviews/discusses proposed changes that impact Harrow's SAP solution. Again this will require reflect all IT provision not just SAP.

- IT CAB (weekly): This meeting is currently chaired by HITS to assess and approve technical changes within the IT infrastructure. Capita already attends this meeting in relation to its existing IT service provision. In future this meeting would become an internal Capita meeting covering all aspects of IT service delivery. The Service Delivery Manager would feed back to Harrow any issues arising from this meeting that would impact the council or its service.
50. Overall responsibility for the IT outsourcing relationship (Capita side) will be with Ian Kirby, Capita Partnership Director. Capita's Programme Director will continue to be responsible for reporting on all programme and project activities. This includes all transition projects linked to the proposed IT outsource. Capita's Operational Director will continue to be responsible for reporting all service delivery activities, including IT business as usual activities
51. Diagrams showing the structures are attached at Appendix 3.
52. There will be a new small strategic internal team created who will be responsible for the planning and implementation of initiatives and procedures to ensure that IT services used by the organisation, and the technology which support them, deliver value, are efficient in the use of resources, and are compliant with all relevant legislation and regulations. This team will have overall responsibility for the development of the organisation's IT strategy, technology architecture and information management and will ensure that effective controls are in place for internal and external audit
53. The existing information management function will be bought together with the strategic IT function, subject to formal consultation and 2 additional senior professional / management posts will be created, which we envisage will be graded at SPM3/4, subject to job evaluation. At high level these posts will be responsible for:
- IT Security & Compliance:- Responsible for the management of, and provision of expert advice on the selection, design, justification, implementation and operation of security controls and management strategies to maintain the confidentiality, availability, accountability and relevant compliance of IT systems.
 - Enterprise Architecture:- Responsible for the creation and review of technology architecture and systems capability strategy which meets the strategic requirements of the business and identifies the business benefits of alternative strategies.
54. The proposed client team structure is attached at Appendix 4.
55. The relationship between the Divisional Director Technology, the nominated lead within Capita for IT delivery, and the contract/performance manager will be critical for this structure to work effectively. They will meet weekly to review progress and issues. In addition the Divisional Director Technology will join the boards outlined above as appropriate to ensure that he has full visibility of the service.

Financial Implications

56. A detailed value for money assessment carried out with support from PWC, which compared the current plans with the Capita bid and in house delivery of the specification (in other words an enhanced in house service), supported the conclusion that an outsource to Capita is the best solution, largely due to the benefits of risk transfer. See Appendix 1.
57. CSB members are acutely aware of the scale of the financial challenges that the Council faces in the medium to long term and the current status of the transformation programme.
58. The total Harrow budget (revenue and capital) over 5 years is £24.5m and the bid price is £27m. There is a gap of £2.5m, before allowing for the client team, contingency/change control budget, and redundancy costs. To offset this, there are reduced capital financing costs to take into account, as the Capita proposal involves more revenue spend and less capital expenditure than the Harrow plan.
59. The tables below show the Harrow current budget and the Capita bid over 5 years, split between revenue and capital expenditure.

Harrow Budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	£3.4m	£3.4m	£3.4m	£3.5m	£3.5m	£17.2m
Capital	£3.0m	£1.0m	£1.2m	£1.1m	£1.0m	£7.3m
Total						£24.5m

Capita Bid

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	£4.0m	£4.5m	£4.6m	£4.5m	£4.4m	£22.0m
Capital	£4.2m	£0.3m	£0.5m			£5.0m
Total						£27.0m

60. The table below analyses the difference between the Harrow revenue budget and the bid over the same 5 year period, taking into account the cost of the client team and redundancies, and the impact on capital financing costs.

Net Position

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue difference	£0.6m	£1.1m	£1.2m	£1.0m	£0.9m	£4.8m
Client Team	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£1.5m
Redundancy costs	£0.5m					£0.5m
Cost/saving on capital financing costs	nil	£0.3m	£0.1m	(£0.1m)	(£0.4m)	(£0.1m)
Net additional cost	£1.4m	£1.7m	£1.6m	£1.2m	£0.8m	£6.7m
Saving on financing years 6-10						(£2.7m)
Final additional cost						£4.0m

Notes:

- a) Years will probably run from 1 October to 30 September.
 - b) It is assumed that the contingency/change control budget will be capital, but in practice it may need to be split between capital and revenue.
 - c) The total saving on capital financing costs is £2.8m over 10 years as they have a long tail.
61. If we proceed with Capita's 5 year proposal, the revenue spend on IT services will increase by £1.4m in year 1. Thereafter the figures vary year to year, and the full benefit of reduced capital financing costs is not secured until year 10. The net additional cost over 5 years is £6.7m. The benefit of lower capital spend accrues mainly in years 6-10 and equates to £2.7m, giving a final additional cost of £4m.
 62. A longer term deal would secure an improved price. It should also be noted that the Capita bid involves flexible pricing – this means that if staff numbers of the number of sites reduce over the term of the contract the price will reduce accordingly. It would be difficult to mirror this approach internally.
 63. This is a very significant issue as it adds to future funding gaps and increases the pressure to find savings elsewhere. However, as noted earlier in the report, there are significant benefits to the wider transformation programme which cannot be ignored and this should be regarded as an invest to save proposal.
 64. Directorates may see some reductions in charges for things like new user set up and moves and changes, but these will be subject to the rate card negotiated with Capita in due course.

65. It should be noted that the 2010-11 budget for the Finance Directorate included an assumed saving of £100k from this project which will not now be delivered. Alternative savings are being sought to try and fill this gap in the current year.
66. If we proceed with the Capita proposal, the total additional cost in 2010-11 will be £0.95m. Any severance or redundancy costs that arise will be met from the employment provision held on the balance sheet. The additional service costs of £450k will be met from the earmarked reserve for Building Schools for the Future which is no longer required.
67. The total additional cost in 2011-12 will be £1.3m and this will be incorporated into the MTFS and will directly increase the funding gap.

Legal Implications

68. The Capita Agreement is designed to allow service to build incrementally through the provision by Capita of a range of Future Projects within the scope and objectives of the Partnership.
69. The Partnership objectives are wide and include business transformation and process re-engineering. The OJEU notice covers a wide range of services and clearly includes IT and related services. The Council can therefore use Capita to provide IT delivery services as a Future Project under the Capita Agreement.
70. The Partnership scope is related to the services that can be provided and to the size of the procurement and so the Council must take account of the value of the IT service delivery as against the value of the Initial Services and total estimated value set out in the OJEU of £100 million. The aggregation of the Initial Services and Future Projects should not materially exceed the £100 million as stated in the OJEU notice.
71. Any Future Projects (whether by way of a transfer of service or one-off implementation) can be brought within the partnership using the governance structures set out in the Agreement. So it's important that the council has followed and continues to follow these procedures in procuring the IT delivery services from Capita.
72. The Partnership contract with Capita is for an initial period of 10 years from October 2005 and includes an option to extend the contract for up to 5 years from the end of the initial period in October 2015, so a 10 year contract with a 5 year break option is permissible.

Environmental Impact

73. The move of the Data Centre to a shared environment and the consolidation of equipment into a modern virtual technology will reduce power and energy requirements that the authority will have for operating its IT infrastructure.
74. In addition to this, we will be looking to ensure that our technology strategy is underpinned by low energy hardware and infrastructure solutions and that these are directly linked to the carbon reduction targets of the council.

75. Within Capita's proposal they have calculated a potential carbon footprint reduction of 30.9%. This is delivered through the use of their data centres and a refresh to more efficient computer hardware. This will contribute to the overall carbon reduction target for the Council of 4% per year, as set out in the Climate Change Strategy..

Risk Management Implications

Risk included on Directorate risk register?	Yes
Separate risk register in place?	No

Mitigating the Impact on Staff

76. Capita will develop an internal communication's plan to keep service users up to date and informed as we effect the changes and improvements delivered through the transformation journey.
77. Capita's proposal involves a TUPE transfer of Council employees to Capita. HITS has an establishment of 50 posts and there are currently 30 permanent employees who would be transferred to Capita. Capita have indicated that they will not require all the transferred staff to work at Harrow, consequently potentially up to 19 of the transferred staff would be at risk of redundancy.
78. Capita have advised that over 70% of its current 36,000 staff have been transferred into the business through TUPE or acquisition. Retention of staff and their well being is a key focus for the company. In 2009 Capita's Local Government Services business had a staff retention rate of 93%. In 2009 the average staff turnover rate within Capita's IT Services was below 1%. This low level of turnover has been maintained to date in 2010. Capita has confirmed that its HR policies are intended to provide the assistance that each employee requires to ensure that the process is smooth and straightforward and sensitive to the needs of the individual.
79. Capita have indicated that they will be looking to retain 12 of the transferred staff in the first year and 7 in subsequent years on site at Harrow. It is Capita's intention that the application support team will remain on site in Harrow in order to maintain the close working relationship between them and the Council users. Over time Capita are keen to see how the application support team might be able to offer support services to other Capita customers; taking the same approach that Capita Learning and Development have adopted at Southampton.
80. It should be noted that Capita's staffing model is factored into the proposal price and Harrow would not make a saving after the first year of operation.
81. There will potentially also be 3 roles transferred from devolved applications support teams within the Council, but these can only be confirmed at the detailed stage if Capita can demonstrate to the business that they will take over 100% of the activity of the identified roles.
82. The Council will work with Capita to take all reasonable measures to avoid redundancies, which will be seen as the last resort.
83. The potential for redundancies will be mitigated by:

- Offering all affected staff a voluntary severance scheme in the run up to the transfer
- Actively seeking redeployment opportunities for affected staff within the Council and through partner organisations running up to the transfer
- Providing support to staff who are searching for jobs elsewhere in advance of the transfer
- Supporting early retirement requests
- Ensuring that Capita seek redeployment opportunities across their IT division wherever possible:

Capita operates a redeployment policy and process to minimise any potential loss of staff. Should redeployment of staff be necessary Capita has confirmed that it would look at redeployment opportunities within its IT Services division wherever possible. Capita have advised that it is already business planning to fill 180 new vacancies in the next 12 months. Based on data this year between 20% and 25% of these vacancies are likely to be the London area. Typically in excess of 50% of these vacancies require technical skills in the infrastructure, network and desktop services domains

- Working with Capita to offer relocation and retraining support package as appropriate
- Facilitating access to outplacement support for employees at risk of redundancy.

Equalities implications

Was an Equality Impact Assessment carried out? Yes

If yes, summarise findings, any adverse impact and proposed actions to mitigate / remove these below:

84. An initial equalities impact assessment has been completed in order to establish if there is a potential or real differential impact resulting from outsourcing IT. It shows that whilst outsourcing would result in individual redundancies, and therefore a detrimental effect to individuals in the workforce, no single group would suffer particular loss or bear any disproportionate impact. It can be concluded from analysis of the workforce profile that the impact of IT outsourcing will be minimal, and that this is justified on the basis of the improvement to services.

An update of the equalities impact assessment will be carried out to establish the impact of the inclusion of staff engaged in support of Applications which are considered to come within the scope of the Project.

Corporate Priorities

85. The Council has embarked on an ambitious transformation programme – Better Deal For Residents – that must be supported by a modern and reliable IT platform.
86. Investment in IT is essential to underpin the Council's transformation programme.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett



Chief Financial Officer

Date: 6 July 2010

Name: Hugh Peart



Monitoring Officer

Date: 8 July 2010

Section 4 – Performance Officer Clearance

Name: Tom Whiting



Assistant Chief Executive

Date: 8 July 2010

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental Services)

Date: 8 July 2010

Section 6 - Contact Details and Background Papers

Contact: Myfanwy Barrett, Corporate Director of Finance 020 8420 9269

Background Papers: None

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

*(for completion by Democratic Services
staff only)*

NOT APPLICABLE

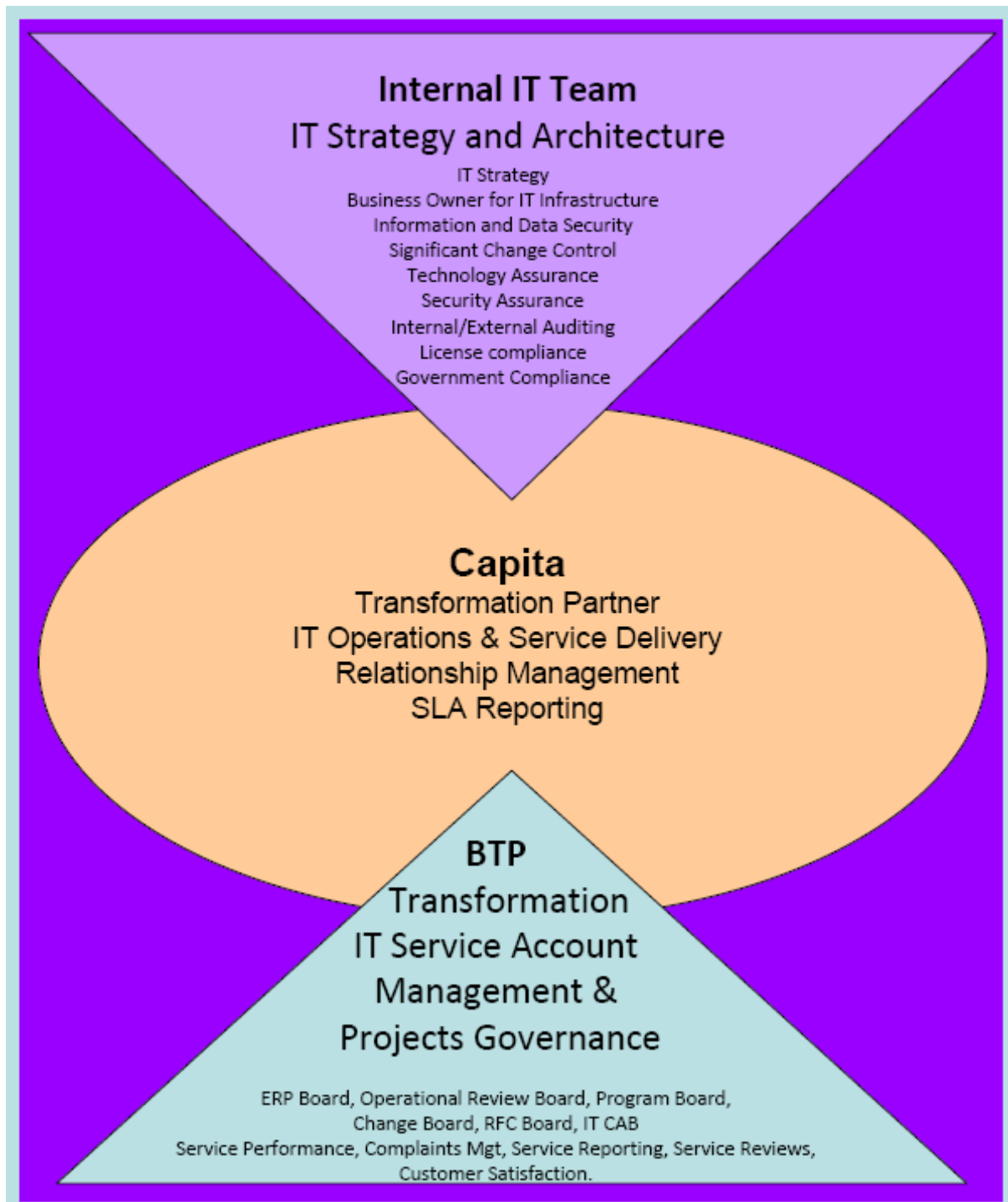
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Appendix 2 – Benefits to the Customer

A questionnaire was issued to CLG members to complete at the meeting held on 31 March 2010. The questions generated, plus those raised by CSB have been summarised into 5 themes as detailed below:

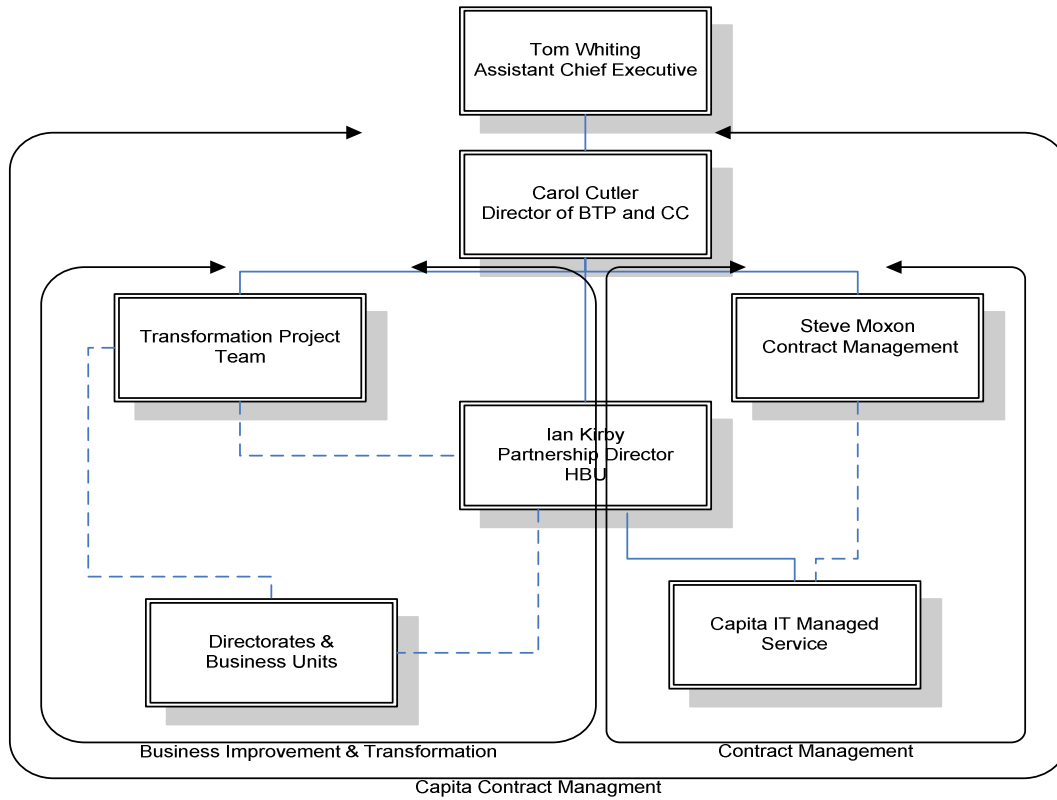
<p>Theme 1 Ability to work remotely using a variety of mobile devices</p>	<ul style="list-style-type: none"> • The new technology platform is fully designed around mobility. This architecture will allow employees to work from home, other council office locations, partner offices and remotely out in the field. • All staff who have an e-mail account will have the ability to log into there e-mail from any internet browser. • As a minimum e-mail and a calendar functionality will be delivered to handheld devices but the new infrastructure provides a foundation for other applications to delivered smart phones in the future. • The network environment will be upgraded and provide a solid foundation to deliver video conferencing effectively at a later date. • A Service Catalogue will be developed that will offer a number to allow staff to personalise their IT requirements to their service need. • The new environment will be a key enabler to the remote and flexible working project.
<p>Theme 2 Performance of the network and e-mail in particular</p>	<ul style="list-style-type: none"> • The existing Novell Groupwise solution will be replaced with a Capita Managed Email service that will provide the mainstream Microsoft Exchange and Outlook email system. • Capita will pro-actively provide end-to-end monitoring of the network and network connected devices to understand where the problem lies and will work to remove issues and prevent problems occurring. • Capita will be replacing all of the servers that are currently in our Data Centre and moving them to a new virtualised infrastructure within a Tier 2 data centre in West Malling. • A number of service level agreements were specified in the RfP and many of these are improvements on what is delivered today. • Capita will provide a Customer Relationship function which means each directorate will have access to a named person with whom they will be able to discuss matters where the current service level does not meet their business needs or where the current service level does not apparently have a high enough business priority associated with it.
<p>Theme 3 IT Security</p>	<ul style="list-style-type: none"> • Capita will be standardising Harrow onto a thin client solution where all the information is protected in physically secure Capita data centres that are managed to higher than ISO27001 standards (operating above the more strict credit card payment standard of PCI-DSS standard). • Harrow mobile devices such as laptops and smartphones will also be encrypted to protect Harrow information should a device be misplaced. • A new ICT Security Management function will be created as part of the retained team within the council and they will introduce policies such as ISO27001 and BS25999-1 frameworks. This function will also work with the business to improve the business security in line with increasing ICT security.
<p>Theme 4 IT Advise and Relationship Management</p>	<ul style="list-style-type: none"> • The existing Capita HBU function already provides an IT advisory function and it has a number people, technical and business orientated, who are able to provide IT advice. • In addition to this a new Customer Relationship function will be created within HBU and there will be a named Relationship Manager who will get to know each of the Directorates and provide further strategic advice through his\her access to 2500+ IT professionals who work across the Capita group. The Relationship Manager will be able to bring them into Harrow to share experiences and outline potential innovations but it should be noted that the Authority will not be able to use them on projects or programmes without additional charge using the standard rate card that was agreed as part of the original Incremental Partnership Agreement. • There will be a small retained internal team who will own corporate ICT strategy and provide support to local ICT strategies. A consultancy budget will also be retained to ensure that specialist independent advice can be bought in when it is needed.
<p>Theme 5 Performance of Business Applications</p>	<ul style="list-style-type: none"> • The technology refresh will replace all servers every 5 years. If the performance is not due to lack of computing power in the servers but the business application the business support teams will be made aware of the performance issues. • Where these applications are owned by Harrow (e.g Framework-i. MVM, Anite,) and outside of the Capita contact, Capita intend to engage with each business application owner to ask what level of application monitoring & performance tuning is needed to ensure that the configuration is optimal for the usage patterns in Harrow. This may involve database, application server or web server tuning.

Appendix 3 – Governance

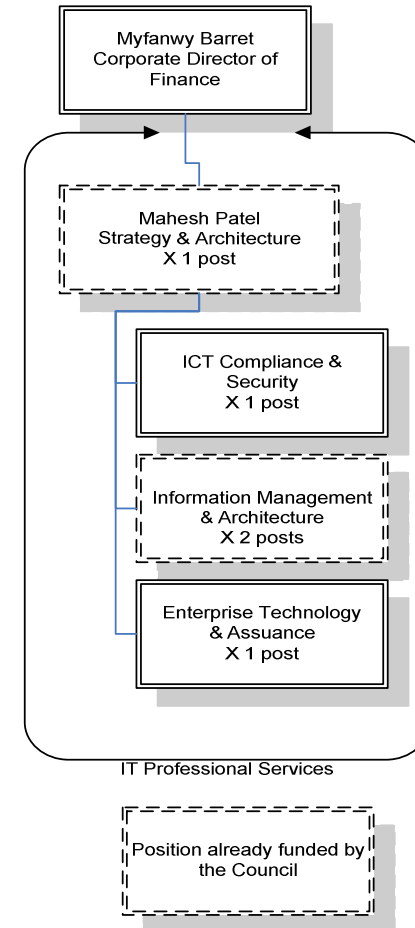


Appendix 4 – Client Team Structure

Business Transformation & Contract Management



IT Strategy, Architecture & Assurance



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CABINET MINUTES

15 JULY 2010

Chairman:	* Councillor Bill Stephenson	
Councillors:	* Bob Currie	* Graham Henson
	* Margaret Davine	* Thaya Idaikkadar
	* Keith Ferry	* Phillip O'Dell
	* Brian Gate	* Mrs Rekha Shah
	* Mitzi Green	
In attendance: (Councillors)	Susan Hall	Minute 20
	Barry Macleod-Cullinane	Minute 20
	Paul Osborn	Minute 20
	Bill Phillips	Minute 20

* Denotes Member present

RESOLVED ITEMS

23. Key Decision - IT Service Delivery

In accordance with the Local Government Access to Information Act 1985, the joint report of the Corporate Director Finance, Director of Business Transformation and Customer Services and the Divisional Director IT, together with a confidential appendix, was considered by Cabinet as a matter of urgency to enable consultation with staff to proceed. The report was not available at the time the agenda was printed and circulated as it was being consulted on with key officers and Members.

Cabinet considered the joint report, together with a confidential appendix setting out the value for money assessment, which set out the need for a modern and reliable IT platform to ensure the delivery of the Council's Transformation Programme, also known as a Better Deal for Residents. The

report also included an evaluation of the service to be delivered either in-house or by an external provider, Capita.

The Portfolio Holder for Performance, Customer Services and Corporate Services stated that staff in the IT service had done an excellent job in light of the lack of investment over the past years, and was of the view that IT could have been attended to early by the previous administration. In terms of the delivery of the Better Deal for Residents Programme, it was essential that a modern and reliable IT platform were in place. The Portfolio Holder stated that the administration had inherited a number of systems, which did not have the capability to deliver a modern IT service and were increasingly becoming difficult to support and operate. Some operated at an increased risk of failure, and there was a limited capacity for remote and mobile working. For example, the email system was difficult to integrate with other systems and there were inconsistent levels of system performance across the Council.

The Portfolio Holder added that the Council needed to move forward and the proposals would help deliver a flexible IT service to meet various initiatives outlined above and in the report and deliver a Disaster Recovery Plan. In addition, the proposals would enable the Council to implement the transformation projects thereby achieving savings. He stated that the decision before Cabinet was 'in principle' subject to consultations. The Portfolio Holder stated that Members had been briefed fully on the in-house submission. A recent report submitted by Unison to members had been reviewed as far as was practicable in light of the time available.

Finally, the Portfolio Holder gave a commitment that all submissions would be carefully considered, including staffing issues. He was of the view that there were significant risks associated with IT remaining inhouse, and referred to the significant risks set out in the report. He stressed that this was not a reflection on staff but due to a lack of strategic direction and investment. He moved an amendment to the recommendation, which required an agreement with the appropriate Portfolio Holders.

The Corporate Director stated that she was taking this matter seriously and that the decision was a complex one in the current financial situation. The investment plan was critical to the success of the Transformation Programme, and that a detailed analysis had been carried out of the proposals from Capita and the in-house bid. The decision was subject to consultation and she assured that every effort would be made to mitigate the impact on staff and support would be provided to help them move forward.

The Leader noted that the decision before Cabinet was a difficult one. He added that meetings would be set up with staff.

The confidential appendix was noted.

RESOLVED: That

- (1) the proposal that the IT Service be transferred to Capita be approved 'in principle', subject to further consultation with staff and trade unions;

- (2) the Corporate Director of Finance, with the agreement of the appropriate Portfolio Holders, be authorised to agree the terms of the contract, provided these remain consistent with the report;
- (3) the contract be negotiated for assignment of up to a ten year term, with an option to break the contract after five years to be coterminous with the end of the wider partnership with Capita in 2015 (if the view was taken that it would be unwise to continue the IT service in isolation);
- (4) the Corporate Director of Finance be authorised to enter into a contract.

Reason for Decision: Investment in IT was essential to underpin the Council's Transformation Programme. There was a strong case for investment in technology. The level of investment required must be sufficient to enable future transformation and the investment needs to be made sooner rather than later. Investment was required to achieve the Council's aim to have fewer buildings, fully supported by remote and mobile working. Modernised IT services would enable Members and staff to be better supported and more productive. The Capita proposal was the preferred delivery model - the in-house solution was expected to have a similar cost, but carried significantly more risk and was likely to take longer to transition. There were substantial cashable benefits from investment in IT in terms of wider transformation, accommodation, etc. There were substantial non cashable benefits for Members, staff and customers. If the Council proceeded with Capita, they had demonstrated that every effort would be made to mitigate the impact on staff directly affected by the transfer of services. An open tender would be costly to run, take a long time and delay service improvement, and the result would probably be the same.

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REPORT FOR: CABINET

Date of Meeting:	14 September 2010
Subject:	Emergency Planning
Key Decision:	Yes – Approval of the Clarifications to the Gold Resolution and Arrangements for Mutual Aid
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor Graham Henson, Portfolio Holder for Performance, Customer Services and Corporate Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix A- London Councils, Leaders Committee, Proposed Clarifications to the Gold Resolution and Arrangements for Mutual Aid, 13 July 2010 Appendix B- Addendum to the Local Authority 'Gold' Resolution to be agreed on behalf of each London Borough Council and the Common Council of the City of London Appendix C- London Local Authorities, Mutual Aid – Memorandum of Understanding Appendix D- London Councils, Chief Executives' Circular, 15 July 2010

Section 1 – Summary and Recommendations

Summary:

London Councils Leaders' Committee is calling on all London boroughs and the Common Council of the City of London to:

1. Formally approve an Addendum to the Local Authority 'Gold' Resolution;
2. Consider participating in common Mutual aid arrangements by adopting a Memorandum on Mutual Aid.

These documents have been developed to clarify and improve the pan London resilience arrangements. This work has been led by the London Resilience Local Authority Panel, chaired by Chris Duffield.

It will be necessary for all 33 authorities to formally agree and accept the Addendum before it can take effect.

Recommendations: That Cabinet recommend to the Council that it:

- (i) Approve the Addendum to the Local Authority 'Gold' Resolution;
- (ii) Adopt the Memorandum on Mutual Aid as part of the Council's constitution.

Reason: (For recommendation)

Following practical experience in exercises and recent serious incidents, the Gold Resolution has been reviewed and additions identified which will ensure it is fit for purpose in the future.

Section 2 – Report

Introduction

1. As part of the arrangements for dealing with major incidents or emergencies in the capital, all London Boroughs and the City Corporation adopted a resolution, known as the 'Gold Resolution', that delegates certain powers (see below for further detail) to the Gold Chief Executive so that he or she can act on behalf of all boroughs and the City to deliver a coordinated local government response in emergency situations. The role of Gold Chief Executive (known as London Local Authority Gold) is undertaken by Heads of Paid Service on a rotational basis. A copy of the Gold Resolution is attached to this report at Appendix A for information.

2. Under the resolution, London Local Authority Gold can act formally only where the Gold Co-ordinating Group (Gold Command) has been convened to respond to an incident requiring what was known as a 'level 2' response. Gold Command is normally led by the Police. The powers delegated to Local Authority Gold extend to incurring expenditure or making grants or loans but only if certain conditions are met such as confirmation that the expenditure will be reimbursed by HM Government or by the Council(s) in whose area(s) the incident has occurred. Further brief details about Government funding are set out for information in Appendix A, paragraphs 21-22.

3. The Gold Resolution was last reviewed and revised in 2006 and this paper sets out proposals to update and clarify the current arrangements in the light of experience over the last 3 - 4 years and changed circumstances.

Background

4. The heavy snowfall covering Greater London in February 2009 was an extreme and exceptional weather event. Such accumulations of snow had not been seen in the capital for a number of years and, across London, organisations faced considerable challenges in keeping their services running. Gold Command was not convened on that occasion (the incident was not deemed to be an emergency requiring a 'blue-light' response), but the Head of Paid Service on the 'Gold' rota was, nevertheless, active during the period, albeit informally, since there was a clear need for a local government response to be co-ordinated across the Boroughs.

5. The London Regional Resilience Forum (LRRF) agreed that it would be useful to look at what happened at that time, to identify lessons learnt and to make recommendations for the future. An interim report was produced at the end of February and this was followed by a more detailed document which was considered in May 2009. One of the findings of that review was that, as a consequence of the incident falling below the threshold for implementation of Gold Command, Local Authority Gold was operating 'without empowerment' ie. it had not been formally invoked under the Gold Resolution. It was agreed that a review of the Local Authority Gold Resolution should be undertaken to ensure arrangements for responses outside empowerment are included.

6. A review of the position has therefore been carried out and a number of amendments are proposed to the resolution in the following four key areas:-

- to reflect changes in procedural arrangements (currently Local Authority Gold can only respond to an incident requiring a 'level 2' response but the national terminology has changed and this is no longer relevant);
- to formalise existing arrangements whereby Local Authority Gold is expected to play a part in 'rising-tide' incidents, (for example severe weather and pandemic influenza) albeit without any formal authority. In these circumstances, Local Authority Gold's role should be confined to coordinating any local authority response as necessary, through guidance and advice;
- to agree an arrangement under which Local Authority Gold could be authorised, in exceptional circumstances, to exercise delegated powers in response to incidents where the ('blue-light' led) Gold Command has not been convened, subject to appropriate checks and balances; and
- to allow Local Authority Gold a limited amount of discretion to incur minimum expenditure on behalf of councils where prior consent may not be rapidly

obtainable (for example, the need for an immediate response to a major incident that has occurred in the early hours of a Sunday or on a bank holiday).

Why a change is needed

7. Set out below is further detail behind the need to update and amend the existing arrangements and attached at Appendix B is a proposed Addendum to the current Gold Resolution that all Boroughs and the Common Council of the City of London will be invited to pass.

Major Incidents and Emergencies

8. In the event of an emergency, Section 138(1) of the Local Government Act 1972 allows Councils to “incur such expenditure as they consider necessary in taking action.....to avert, alleviate or eradicate.....the effects or the potential effects of the event”. The current gold resolution authorises Local Authority Gold to discharge functions under section 138(1) on behalf of the Councils following the convening of the Strategic Co-ordinating Group (Gold Command) called to respond to an incident requiring a “Level 2” response (defined as a single site or wide-area disruptive challenge which required a co-ordinated response by relevant agencies). This is the trigger mechanism for Local Authority Gold to be able to exercise their ‘executive’ powers.

9. Since the resolution was passed, the terminology used by Government has changed, with a “Level 2” response being no longer relevant. A more straightforward trigger mechanism is therefore now proposed but still linked to the convening of Gold Command. Gold Command is usually led by the Police and is only convened in the event of a significant incident or emergency; it is therefore proposed that, in future, Local Authority Gold will be able to discharge the functions referred to in paragraph 8 above following the convening of the Gold Command.

Responding to Rising-Tide Incidents and other Disruptive Events

10. In principle, there are two types of events that would require a local authority response, namely, major incidents or emergencies and incidents that are emerging or have emerged over a period of time. Arrangements for a coordinated local government response to major incidents or emergencies, such as the bombings in London in July 2005, where the Police and other emergency services are in command, are provided for within the existing resolution and Local Authority Gold is able to exercise his or her powers of delegation.

11. Over the last year or so, we have seen the impact of another kind of incident which, rather than having an immediate effect requiring a ‘blue-light’ response, has emerged over a period of time and can be termed as ‘rising-tide’ or disruptive. Examples include the extreme weather conditions that we saw in February 2009, the gradual emergence of the swine flu pandemic that was also a feature of much of 2009 and the prolonged severe weather of December 2009 to February 2010. A coordinated response on the part local authorities to these types of incidents is also necessary and Local Authority Gold played a key part and contributed significantly to the way in which the events referred to above were dealt with and the role was well received by Government and other resilience partners. In these circumstances, however, Local Authority Gold operated outside the terms of the resolution in an ‘informal capacity’.

12. Informal arrangements and understandings currently exist between London local authorities for mutual aid. These arrangements are robust and well tested and they are frequently called upon by boroughs for the provision of staff and other resources. They supported the running of the temporary mortuary in the aftermath of London's 7/7 bombings and in the provision of assistance to local authorities outside London during the 2007 floods. During the severe weather of February 2009, 13 local authorities reported calling upon or offering mutual aid during the first four days of the incident.

13. The LRRF's debrief report in May 2009 (referred to in paragraph 5 above) also considered the arrangements in place for mutual aid. As part of that process, the LRRF's Local Authority Panel concluded that those arrangements should be placed on a more formal footing and, as a consequence, a Memorandum of Understanding for mutual aid has been drafted for adoption by those London Local Authorities wishing to participate. It is not intended for the Memorandum to be a legally-binding contract, but rather an accepted set of guidelines for providing mutual aid between participating boroughs. A copy is attached at Appendix C.

Options considered

The proposed improvements can be accommodated in an Addendum to the existing Resolution, set out in Appendix B.

The substance of the proposed changes can be summarised as:

1. To formalise the role of Local Authority Gold in lower-impact, emerging incidents (such as influenza pandemic), enabling them to coordinate any local authority response as necessary. (*LA Gold would not have power to either direct Councils or incur any expenditure*).
2. To update the trigger for empowering Local Authority Gold, including provision for LA Gold to respond to incidents and exercise delegated powers where Gold Command has not been convened, for example in the event of extreme and disruptive weather. This could only happen where detailed safeguards are complied with and where absolutely necessary.
3. In extreme and rapidly developing situations Local Authority Gold may need to take immediate action. It is proposed that, where this is absolutely essential, they should be able to exercise their delegated powers swiftly, including incurring minimum levels of expenditure up to a sum not exceeding £1m in total.

A separate Memorandum of Understanding on Mutual Aid has also been developed for adoption by those London Local Authorities wishing to participate. It is not intended for the Memorandum to be a legally-binding contract, but rather an accepted set of guidelines for providing mutual aid between participating boroughs. A copy of the Memorandum is attached at Appendix C.

London Councils Leaders Committee endorsed the LA Gold Addendum and the Memorandum at its meeting on 13 July 2010. A copy of the committee report, which provides further background information, is attached as Appendix A.

Leaders' Committee went on to call on all London boroughs and the Common Council of the City of London to:

1. Formally approve an Addendum to the Local Authority 'Gold' Resolution;
2. Consider participating in common Mutual aid arrangements by adopting a Memorandum on Mutual Aid.

Financial Implications

No financial implications are associated with this report.

Performance Issues

There are no performance issues associated with this report.

Environmental Impact

There are no environmental implications associated with this report.

Risk Management Implications

There are no risks to the Council in approving the Clarification to the Gold Resolution and Arrangements for Mutual Aid. Should the recommendation not be accepted, there is a risk that the Council will not meet its obligations under the London Gold arrangements or best practice across London.

Equalities implications

The Clarification to the Gold Resolution and the Arrangements for Mutual Aid reflects a consistent approach to all London Communities to ensure the safety and welfare of everyone.

Corporate Priorities

This report supports the Council's Corporate Priority to Build Stronger Communities by ensuring we are meeting our obligations under the London Gold arrangements.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 9 Aug 2010		
Name: George Curran	<input checked="" type="checkbox"/>	On behalf of the Monitoring Officer
Date: 10 Aug 2010		

Section 4 – Performance Officer Clearance

Name: Alex Dewsapp

Divisional Director
(Partnership
Development &
Performance)

Date: 10 Aug 2010

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards

Divisional Director
(Environmental
Services)

Date: 11 Aug 2010

Section 6 - Contact Details and Background Papers

Contact:

Kan Grover

Service Manager – Emergency Planning & Business Continuity

020 8420 9319

kan.grover@harrow.gov.uk

Background Papers:

Appendix A- London Councils, Leaders Committee, Proposed Clarifications to the Gold Resolution and Arrangements for Mutual Aid, 13 July 2010

Appendix B- Addendum to the Local Authority 'Gold' Resolution to be agreed on behalf of each London Borough Council and the Common Council of the City of London

Appendix C- London Local Authorities, Mutual Aid – Memorandum of Understanding

Appendix D- London Councils, Chief Executives' Circular, 15 July 2010

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

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Leaders Committee

Proposed Clarifications to the Gold Resolution and Arrangements for Mutual Aid

Item no: 5

Report by: Doug Flight

Job title: Head of Safer, Stronger Communities

Date: 13 July 2010

Contact Officer: Doug Flight

Telephone: 020 7934 9805

Email: doug.flight@londoncouncils.gov.uk

Summary:

The Local Authority 'Gold' Resolution underpins the pan- London local authority emergency response arrangements. Following practical experience in exercises and recent serious incidents, the Resolution has been reviewed and additions identified which will ensure it is fit for purpose in the future.

The proposed improvements can be accommodated in an Addendum to the existing Resolution, set out in Appendix B.

The proposed changes have been overseen by the Panel of borough Chief Executives which manages local authority interests in pan London resilience planning.

The substance of the proposed changes can be summarised as:

1. To formalise the role of Local Authority Gold in lower-impact, emerging incidents, enabling them to coordinate any local authority response as necessary. *(LA Gold would not have power to either direct Councils or incur any expenditure).*
2. In exceptional circumstances, to empower Local Authority Gold to respond to incidents and exercise delegated powers where Gold Command has not been convened, for example in the event of extreme and disruptive weather or other events. This could only happen where detailed safeguards are complied with and where absolutely necessary.
3. In extreme and rapidly developing situations Local Authority Gold may need to take the immediate action. It is proposed that, where this is absolutely essential, they should be able to exercise their delegated powers swiftly, including incurring minimum levels of expenditure up to a sum not exceeding £1m in total.

A separate Memorandum of Understanding on Mutual Aid has also been developed for adoption by those London Local Authorities wishing to participate. It is not intended for the Memorandum to be a legally-binding contract, but rather an accepted set of guidelines for providing mutual aid between participating boroughs. A copy of the Memorandum is attached at Appendix C.

Recommendations:

That Leaders' Committee:

1. Endorse the attached Addendum to the Local Authority 'Gold' Resolution (Appendix B);
2. Call on all London Boroughs and the Common Council of the City of London to formally approve the Addendum;
3. Endorse the attached Memorandum of Understanding in relation to Mutual Aid (Appendix C);
4. Invite all London Boroughs and the Common Council of the City of London to participate in the arrangements and adopt the Memorandum on Mutual Aid.

Introduction

1. As part of the arrangements for dealing with major incidents or emergencies in the capital, all London Boroughs and the City Corporation adopted a resolution, known as the 'Gold Resolution', that delegates certain powers (see below for further detail) to the Gold Chief Executive so that he or she can act on behalf of all boroughs and the City to deliver a coordinated local government response in emergency situations. The role of Gold Chief Executive (known as London Local Authority Gold) is undertaken by Heads of Paid Service on a rotational basis. A copy of the Gold Resolution is attached to this report at Appendix A for information.

2. Under the resolution, London Local Authority Gold can act formally only where the Gold Co-ordinating Group (Gold Command) has been convened to respond to an incident requiring what was known as a 'level 2' response. Gold Command is normally led by the Police. The powers delegated to Local Authority Gold extend to incurring expenditure or making grants or loans but only if certain conditions are met such as confirmation that the expenditure will be reimbursed by HM Government or by the Council(s) in whose area(s) the incident has occurred. Further brief details about Government funding are set out for information in paragraphs 21-22 of this report.

3. The Gold Resolution was last reviewed and revised in 2006 and this paper sets out proposals to update and clarify the current arrangements in the light of experience over the last 3 - 4 years and changed circumstances.

Background to the Current Review

4. The heavy snowfall covering Greater London in February 2009 was an extreme and exceptional weather event. Such accumulations of snow had not been seen in the capital for a number of years and, across London, organisations faced considerable challenges in keeping their services running. Gold Command was not convened on that occasion (the incident was not deemed to be an emergency requiring a 'blue-light' response), but the Head of Paid Service on the 'Gold' rota was, nevertheless, active during the period, albeit informally, since there was a clear need for a local government response to be co-ordinated the across the Boroughs.

5. The LRRF agreed that it would be useful to look at what happened at that time, to identify lessons learnt and to make recommendations for the future. An interim report was produced at the end of February and this was followed by a more detailed document which was considered in May 2009. One of the findings of that review was that, as a consequence of the incident falling below the threshold for implementation of Gold Command, Local Authority Gold was operating 'without empowerment' ie. it had not been formally invoked under the Gold Resolution. It was agreed that a review of the Local Authority Gold Resolution should be undertaken to ensure arrangements for responses outside empowerment are included.

6. A review of the position has therefore been carried out and a number of amendments are proposed to the resolution in the following four key areas:-

- to reflect changes in procedural arrangements (currently Local Authority Gold can only respond to an incident requiring a 'level 2' response but the national terminology has changed and this is no longer relevant);
- to formalise existing arrangements whereby Local Authority Gold is expected to play a part in 'rising-tide' incidents, (for example severe weather and pandemic influenza) albeit without any formal authority. In these circumstances, Local Authority Gold's role should be confined to coordinating any local authority response as necessary, through guidance and advice;
- to agree an arrangement under which Local Authority Gold could be authorised, in exceptional circumstances, to exercise delegated powers in response to incidents where the ('blue-light' led) Gold Command has not been convened, subject to appropriate checks and balances; and
- to allow Local Authority Gold a limited amount of discretion to incur minimum expenditure on behalf of councils where prior consent may not be rapidly obtainable (for example, the need for an immediate response to a major incident that has occurred in the early hours of a Sunday or on a bank holiday).

The Need for the Resolution to be Amended

7. Set out below is further detail behind the need to update and amend the existing arrangements and attached at Appendix B is a proposed Addendum to the current

Gold Resolution that all Boroughs and the Common Council of the City of London will be invited to pass.

Major Incidents and Emergencies

8. In the event of an emergency, Section 138(1) of the Local Government Act 1972 allows Councils to “incur such expenditure as they consider necessary in taking action.....to avert, alleviate or eradicate.....the effects or the potential effects of the event”. The current gold resolution authorises Local Authority Gold to discharge functions under section 138(1) on behalf of the Councils following the convening of the Strategic Co-ordinating Group (Gold Command) called to respond to an incident requiring a “Level 2” response (defined as a single site or wide-area disruptive challenge which required a co-ordinated response by relevant agencies). This is the trigger mechanism for Local Authority Gold to be able to exercise their ‘executive’ powers.

9. Since the resolution was passed, the terminology used by Government has changed, with a “Level 2” response being no longer relevant. A more straightforward trigger mechanism is therefore now proposed but still linked to the convening of Gold Command. Gold Command is usually led by the Police and is only convened in the event of a significant incident or emergency; it is therefore proposed that, in future, Local Authority Gold will be able to discharge the functions referred to in paragraph 8 above following the convening of the Gold Command.

Responding to Rising-Tide Incidents and other Disruptive Events

10. In principle, there are two types of events that would require a local authority response, namely, major incidents or emergencies and incidents that are emerging or have emerged over a period of time. Arrangements for a coordinated local government response to major incidents or emergencies, such as the bombings in London in July 2005, where the Police and other emergency services are in command, are provided for within the existing resolution and Local Authority Gold is able to exercise his or her powers of delegation.

11. Over the last year or so, we have seen the impact of another kind of incident which, rather than having an immediate effect requiring a ‘blue-light’ response, has emerged over a period of time and can be termed as ‘rising-tide’ or disruptive.

Examples include the extreme weather conditions that we saw in February 2009, the gradual emergence of the swine flu pandemic that was also a feature of much of 2009 and the prolonged severe weather of December 2009 to February 2010. A coordinated response on the part local authorities to these types of incidents is also necessary and Local Authority Gold played a key part and contributed significantly to the way in which the events referred to above were dealt with and the role was well received by Government and other resilience partners. In these circumstances, however, Local Authority Gold operated outside the terms of the resolution in an 'informal capacity'.

12. The London Local Authority Co-ordination Centre (LLACC) was also actively involved in ensuring a coordinated London local authority regional response to the severe weather conditions and the maintenance of winter service provision, between 17th December 2009 and 26th March 2010. Undertaking 24/7 operations during peak periods of activity, the LLACC performed a number of critical tasks supporting London Local Authority Gold. These tasks included the co-ordination of 83 mutual aid transactions, resulting in the transfer of 5,300 tonnes of salt, and the process and dissemination of 912 priority gritting requests to local authorities following identification by TfL CentreCom and other partner agencies. Additionally the LLACC maintained regional situational awareness regarding the impact on council services and collated London borough grit stock levels on a daily basis, and produced grit stock usage projections, to inform the regional and national resupply prioritisation process.

13. The need for Local Authority Gold to play a part in 'rising-tide' incidents has been clearly shown in recent 'rising-tide' events where Gold Command has not been convened, although a London Partnership meeting (the London Regional Coordination Group) has been. In these circumstances, and bearing in mind the findings of the LRRF referred to in paragraph 5 above, it is proposed that the resolution should be amended to 'formalise' the role of Local Authority Gold enabling them to coordinate any local authority response as necessary, providing support, guidance and advice as required although they would have no power to direct Councils nor incur any expenditure.

14. If exceptionally, however, as a major rising-tide or other disruptive event develops, a more positive local authority response is called for, it may become necessary for Local Authority Gold to exercise delegated powers (including incurring

expenditure). A mechanism for facilitating that is proposed that is subject to the various triggers and procedures set out in paragraphs 15 and 16 below.

Ability to Respond to Emergencies

15. There may be exceptional circumstances where it could become appropriate for Local Authority Gold to be able to respond to incidents and exercise delegated powers where Gold Command has not been convened, for example in the event of extreme and disruptive weather or other events. The point in such 'rising-tide' events at which the full Local Authority Gold arrangements may need to be implemented will not be clear at the outset. Nor would it be triggered by the convening of a police-led Gold Command. To cover this eventuality and any unforeseen events, a process has been developed which permits the full Gold powers to be triggered in the absence of a police-led Gold Command being established, but only where certain procedures are complied with to give the Councils comfort that use of the delegated powers by Local Authority Gold will only be operated in exceptional circumstances and where absolutely necessary.

16. In these circumstances, before Local Authority Gold can exercise powers under section 138(1) of the Local Government Act 1972, a London Partnership meeting (which is normally led by the Government Office for London) will need to have been convened and, additionally, the prior agreement of London Councils, on behalf of the Boroughs, will need to have been obtained. In practice, London Councils will be consulted and its approval will need to be given before Local Authority Gold is able to exercise any delegated powers. Approval is sought for this power to be delegated to the Chief Executive of London Councils in consultation with the Leaders (or their deputies) of each of the three main political parties. The power of Local Authority Gold to incur any expenditure would be subject to further controls as set out below.

Discretion to incur expenditure on behalf of Councils

17. Whatever the circumstances under which the executive powers are triggered, Local Authority Gold will, as at present, still seek to obtain confirmation from the Council(s) in whose area(s) the incident has occurred that expenditure reasonably incurred by them in taking immediate action to safeguard life or property, to prevent suffering or severe inconvenience and to promote community cohesion and a return

to normality, will be met by the Council (or Councils in proportions to be agreed by them).

18. There may, however, be a situation where rapidly obtaining this confirmation is simply not possible, for example if an incident happens in the early hours of a Sunday or a bank holiday and Local Authority Gold is unable to make contact with all relevant Council(s). Local Authority Gold may still need to take the immediate action referred to in paragraph 17 above and it is proposed that, where this is absolutely essential, they should be able to exercise their delegated powers, including incurring minimum levels of expenditure up to sum not exceeding £1m in total, while the process is taking place to secure the necessary confirmation.

The impact of the 2012 Olympic Games

19. In the run up to and during the 2012 Olympic and Paralympic Games in London a national and London level control and coordination function will be required. Resilience and security arrangements during the Games are currently being developed and a number of mechanisms will come into play in the event of an incident. Local Authority Gold will be expected to play a key part in those plans and the arrangements proposed in the Addendum, particularly those in paragraph 3, will help to formalise the position. Current thinking includes maintaining operations during what is described as a 'steady state' and there is likely to be a borough chief executive or other senior local government representatives active in that process. There could also be a demand for further local government participation in other Olympic security arrangements in the Capital such as COBR and nationally in what is known as the National Operations Centre. The final details for London's local government are being considered and will be agreed with London Councils in due course.

Agreement of all the Councils

20. The amendments and clarifications proposed are such that they do not merit the existing Gold Resolution being re-drawn and the most practical way to deal with them is to include them in an Addendum to the Resolution. It will be necessary for all London Borough Councils and the Common Council of the City of London to formally agree and accept the Addendum, since its terms will not take effect until this has

happened. In future, and subject to that agreement, the Addendum will need to be read in conjunction with the current Resolution.

Government Funding of Emergencies

21. The Bellwin scheme provides for emergency financial assistance to local authorities in cases where an emergency or disaster involving destruction or danger to life or property occurs and, as a result, one or more local authorities incur expenditure on the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience. The scheme is administered by the Department for Communities and Local Government. There is no entitlement to financial assistance: Ministers will consider whether or not to activate a scheme depending on the facts of the case. Schemes have traditionally been activated as a response to bad weather incidents (mainly flooding) and the Department's guidance states that this is how the scheme will predominantly continue to apply. The Bellwin Scheme does not apply in the recovery phase. In the event of an exceptional emergency, individual government departments will consider providing financial support for various aspects of the recovery effort.

22. The Bellwin Scheme has been activated over 40 times since it started in 1983, most recently in response to flooding in Cumbria in November 2009. Bellwin was not activated for the 7/7 bombings although financial support was made available as a special grant.

Mutual Aid

23. Informal arrangements and understandings currently exist between London local authorities for mutual aid. These arrangements are robust and well tested and they are frequently called upon by boroughs for the provision of staff and other resources. They supported the running of the temporary mortuary in the aftermath of London's 7/7 bombings and in the provision of assistance to local authorities outside London during the 2007 floods. During the severe weather of February 2009, 13 local authorities reported calling upon or offering mutual aid during the first four days of the incident.

24. The LRRF's debrief report in May 2009 (referred to in paragraph 5 above) also considered the arrangements in place for mutual aid. As part of that process, the

LRRF's Local Authority Panel concluded that those arrangements should be placed on a more formal footing and, as a consequence, a Memorandum of Understanding for mutual aid has been drafted for adoption by those London Local Authorities wishing to participate. It is not intended for the Memorandum to be a legally-binding contract, but rather an accepted set of guidelines for providing mutual aid between participating boroughs. A copy is attached at Appendix C.

25. The Memorandum provides for participating authorities to endeavour to provide assistance to another participating authority in the form of provision of personnel and/or equipment in the event of, or in the reasonable anticipation of, an emergency or other disruptive or rising tide incident when asked to do so. The authority requesting aid will undertake to reimburse the authority providing it on a cost recovery basis, although the reimbursement will not include any opportunity costs incurred whilst employing an officer to cover the duties of an officer deployed on mutual aid unless agreed in advance.

26. London Borough Councils and the Common Council of the City of London are invited to consider whether they wish to participate in these arrangements and adopt the Memorandum of Understanding.

Financial implications for London Councils

There are no direct financial implications for London Councils.

Legal Implications for London Councils

There are no legal implications for London Councils as a result of this paper.

Equality implications for London Councils

There are no equality implications for London Councils as a result of this paper.

Appendices:

- A) Local Authority 'Gold' Resolution
- B) Addendum to the Local Authority 'Gold' Resolution
- C) Memorandum of Understanding in relation to Mutual Aid

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Addendum to the Local Authority ‘Gold’ Resolution to be agreed on behalf of each London Borough Council and the Common Council of the City of London (“the Councils”)

1. The purpose of this addendum is to clarify and amend the Local Authority “Gold” Resolution that has been entered into by the Councils to a) reflect changed procedural arrangements for responding to incidents b) permit the Head of Paid Service (Local Authority Gold) as defined in paragraph 3 of the Local Authority Gold Resolution to incur minimum essential expenditure where it has not been possible to secure the prior agreement of the Councils affected and c) agree that, in other circumstances known as rising tide or disruptive events, Local Authority Gold should be able to coordinate the local authority effort, including providing advice and guidance, as necessary, to help shape the responses of individual authorities.

2. The Local Authority “Gold” Resolution will, in future, operate in accordance with the following arrangements:

Coordination of the Local Authority Effort

3. Where an incident, emergency or other event emerges or has emerged over a period of time (such as pandemic influenza or extreme weather), and where the convening of the Gold Coordination Group (Gold Command) may not have occurred, Local Authority Gold will be empowered, on behalf of the Council(s) to coordinate any local authority response as necessary, providing advice and guidance as required. In these circumstances, Local Authority Gold will not have any power to incur expenditure unless authorised under paragraph 4 b) below.

Delegation of Powers

4. Local Authority Gold shall, in discharging the functions under section 138(1) Local Government Act 1972 on behalf of the Councils, do so only in the following circumstances:

a) following the convening of the Gold Coordination Group normally led by the Police in response to the declaration of a major incident (Gold Command);

or

b) for other disruptive events such as extreme weather that do not require the immediate establishment of Gold Command, following the convening of a London Partnership Meeting (normally led by the London Resilience Team), provided that the agreement of London Councils under delegated powers is also secured for Local Authority Gold to discharge the functions under section 138(1) Local Government Act 1972 on behalf of the Councils.

Minimum Essential Expenditure

5. In the event that it has not yet been possible for Local Authority Gold to receive confirmation from or on behalf of the Council(s) in whose area(s) the incident has occurred (in accordance with paragraph 6 of the Local Authority Gold Resolution) that expenditure reasonably incurred will be met by the Council(s) and where it is absolutely essential for Local Authority Gold to incur expenditure, for example to safeguard life or property, to prevent suffering or severe inconvenience and to promote community cohesion and a return to normality, it is agreed that the Council(s) in whose area(s) the emergency has occurred will meet that expenditure on the basis that it will be kept to minimum levels and limited to a sum not exceeding £1m in total, while the process is taking place to secure the necessary confirmation.

Agreement of all the Councils

6. The amendments to the Local Authority 'Gold' Resolution contained in this Addendum shall not take effect until this Addendum has been agreed and accepted by all the Councils.

DATED [] 2010

**LONDON LOCAL AUTHORITIES
MUTUAL AID – MEMORANDUM OF UNDERSTANDING**

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STATEMENT OF PURPOSE

This agreement sets out the intentions of the local authorities listed in Appendix 1, all of which are Category 1 Responders for the purposes of the Civil Contingences Act 2004 (“CCA 2004”) (collectively referred to as “the Participating Authorities) to provide mutual aid and assistance to each other during an emergency or other disruptive or “rising tide” incidents.

Each of the Participating Authorities will endeavour to provide assistance to another of the Participating Authorities in the form of provision of personnel and/or equipment in the event of, or in the reasonable anticipation of, an emergency or other disruptive or rising tide incident when asked to do so in accordance with these procedures.

Background and Scope of the Agreement

- (a) Defined as Category 1 Responders in the CCA 2004, the Participating Authorities are subject to the full range of duties conferred upon them in relation to making arrangements for civil protection in an emergency.
- (b) Regulation 4 of the Civil Contingencies Act 2004 (Contingency Planning) Regulations 2005 provides that general Category 1 Responders which have functions that are exercisable within a Local Resilience Area must co-operate with each other in connection with the performance of their duties under section 2(1) of the CCA 2004. That co-operation may take the form of two or more Category 1 Responders co-operating with each other.
- (c) Central Government guidance issued by the Cabinet Office (December 2008) recognises the shift away from purely local arrangements to the realisation of wide-area mutual aid arrangements,
- (d) The Participating Authorities are enabled to provide mutual aid support to each other under section 1 Local Authorities (Goods and Services) Act 1970, the “well-being powers” contained in section 2 of the Local Government Act 2000 and under sections 111 and 113 of the Local Government Act 1972.
- (e) This Agreement outlines the process for requesting mutual aid from any Participating Authority to another Participating Authority when responding to an emergency or other disruptive or “rising tide” incident.

- (f) This agreement details the process for obtaining support from boroughs whether activated as a result of the implementation of the Gold Resolution or as a result of a rising tide or other disruptive incident.

This document is intended to support, not replace, any local agreements which are already established and is not intended to be a legally binding contract

1 Activation of Mutual Aid Arrangements

1.1 Each of the Participating Authorities will endeavour to provide assistance in the form of personnel and other resources in the event of or in anticipation of an emergency or disruptive or rising tide incident affecting the area of any Participating Authority in accordance with the following procedures:

1.1.1 The initial request may be made by telephone, but written confirmation should be sent by e mail as soon as practicable to ensure clarity of the request and assist any subsequent requests for reimbursement.

1.1.2 The Responding Authority shall, so far as is reasonably practicable, provide staff and other resources as requested by the Requesting Authority.

1.1.3 If the Gold Resolution has not been activated a request for aid shall only be made by a person authorised by the chief executive of the Requesting Authority, to the chief executive or other Authorised Person acting for the Responding Authority.

1.1.4 If the Gold Resolution has been activated all requests and agreements for mutual aid between boroughs will be notified to the LLACC. Mutual aid will be brokered between boroughs unless:

- The scale and complexity of the incident determines that centralised, regional support through the LLACC is required.
- LLAG determines a strategy that requires centralised support for all mutual aid through the LLACC.
- A point is reached where by the LLACC can add value in support of a Borough brokering mutual aid.'

1.1.5 Termination of aid. The Responding Authority may at any time, on giving the Requesting Authority such notice as is reasonable in the circumstances, terminate the mutual aid if the chief executive believes failing to do so would jeopardise the responding authority's ability to deal with an incident within their own area. For the avoidance of doubt the decision to terminate assistance will not be taken lightly and is likely to be invoked only where an emergency or major incident occurs in the Responding Authority's area requiring resources that are on loan to a Requesting Authority.

2 Supervisory and Financial Arrangements and Recovery of Costs

2.1. The responsibility for co-ordinating aid and meeting all legal requirements for the supervisory control and health and safety of loaned staff rests with the Requesting Authority or, where more than one Participating Authority has been affected by the emergency or major incident (e.g. a cross boundary incident) by each of the Requesting Authorities in respect of the staff deployed to their Authority.

2.2. The Requesting Authority undertakes to reimburse the Responding Authority on a cost recovery basis upon the termination of the aid and where practicable within 28 days of receipt of the written submission to the Requesting Authority by the Responding Authority of documented accounts for settlement.

2.3. The cost and financial implications of providing mutual aid assistance are likely to include, but are not limited to:

- Staff salary and overtime costs;
- Out of pocket travelling expenses;
- Provision of resources used;
- Damage to rental/leased items;
- Contractor expenses.

Reimbursement of costs will NOT include any opportunity costs incurred whilst employing an officer to cover the duties of someone deployed on mutual aid unless agreed in advance by the requesting authority.

- 2.4 It is recognised that the resources and equipment physically held by local authorities have reduced significantly over the years. It is more likely that the sourcing of specialist resources to assist the emergency services or neighbouring Participating Authorities will have to be obtained via existing contracts or specific purchasing arrangements.

3 Personnel

- 3.1 During or following an emergency Participating Authorities may require additional personnel in order to respond to and/or maintain service delivery.
- 3.2 The Requesting Authority is responsible for co-ordinating additional personnel in the event of an emergency.
- 3.3 It is important that when personnel are deployed to assist a Requesting Authority they have the appropriate skills and competencies and have had previous training relating to the role.
- 3.4 Where personnel from a Responding Authority are deployed to provide mutual aid they will work within the existing crisis incident management structure of the Requesting Authority.
- 3.5 The Requesting Authority should also ensure that the welfare needs of responding staff are dealt with – this may include travel arrangements, accommodation and subsistence.
- 3.6 Responding Authority staff will receive the same debriefing and welfare support provided to the Requesting Authority's staff for the duration of their deployment. The Requesting Authority may also be liable to contribute towards any welfare costs incurred by the Responding Authority supporting staff who have completed mutual aid, providing the costs incurred are as a direct result of the officers attachment.

4 Facilities and Temporary Accommodation

- 4.1 Each of the Participating Authorities may have a number of facilities and/or locations that could be used in response to an Emergency. In certain circumstances it may be more appropriate for neighbouring Participating

Authorities to request use of these facilities, although their use would depend on the scale and nature of the emergency.

- 4.2 For example, in the event of an evacuation of an area on a borough boundary it might be more appropriate and/or safer to move evacuees to a Rest Centre established and run by the neighbouring Participating Authority.
- 4.3 Participating Authorities shall, where practicable co-operate in the use of such facilities and locations

5 Health and Safety and Insurance

- 5.1 The health and safety of all staff providing mutual aid is the responsibility of the Requesting Authority, the Responding Authority and individual members of staff.
- 5.2 A Requesting Authority shall not hold liable a Responding Authority, in respect of any claims arising from any loss, injury or damage suffered by the Requesting Authority or any third party as a result of the provision of assistance under this Agreement, unless, and to the extent that, such loss, injury or damage arises from the negligence of the Responding Authority or any of its employees (excluding the responding staff) or agents.
- 5.3 Each Participating Authority is responsible for ensuring that their liability insurance is appropriate and kept up to date for the duration of their participation in this Agreement.
- 5.4 The Requesting Authority is responsible for ensuring that a risk assessment is carried out prior to deployment of Responding Authority staff (with whom the risk assessment should be shared) and that any Personal Protective Equipment is available.
- 5.5 The Responding Authority is responsible for ensuring that its staff has the appropriate ID to identify their personnel and the Requesting Authority is responsible for facilitating the appropriate access to locations.
- 5.6 The Responding Authority is responsible for ensuring that any response staff deployed to engage with the public have the appropriate Criminal Records

Bureau (CRB) clearance (where necessary for the role in which they are deployed).

- 5.7 The Responding Authority should make arrangements to ensure that regular contact is maintained with its employee(s) working for the Requesting Authority and ensure that management issues are dealt with appropriately.

- 5.8 Any disputes between the Responding and Requesting Authorities should be resolved by negotiations between the Authorised Persons with a view to achieving an early amicable resolution. Any failure to resolve a dispute should be referred to an independent chief executive, that is, the chief executive of a Participating Authority which is not involved in the emergency (or if all Participating Authorities are involved, then to a senior authorised person of London Councils) who shall endeavour to resolve the dispute within 7 working days of the referral and whose decision shall be final and binding on the parties to the dispute.

This Agreement is activated by each Participating Authority signing a Memorandum of Participation on behalf of that Authority and such Memorandum of Participation shall be evidence of activation by that Participating Authority when annexed to this Agreement. Provided that this Agreement shall not come into effect until Memoranda of Participation have been activated by at least **half of all London Local Authorities**.

LONDON LOCAL AUTHORITIES MUTUAL AID

MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF PARTICIPATION

THIS MEMORANDUM is signed by an authorised signatory for [insert name of borough] .

Signed

Date.....

Appendix 1 to the Memorandum of Understanding on Mutual Aid

(This Appendix will comprise a list of those local authorities who agree to provide mutual aid and assistance to each other during emergency or other disruptive or 'rising-tide' incidents.)

To be completed

2. To update the trigger for empowering Local Authority Gold, including provision for LA Gold to respond to incidents and exercise delegated powers where Gold Command has not been convened, for example in the event of extreme and disruptive weather. This could only happen where detailed safeguards are complied with and where absolutely necessary.
3. In extreme and rapidly developing situations Local Authority Gold may need to take immediate action. It is proposed that, where this is absolutely essential, they should be able to exercise their delegated powers swiftly, including incurring minimum levels of expenditure up to a sum not exceeding £1m in total.

A separate Memorandum of Understanding on Mutual Aid has also been developed for adoption by those London Local Authorities wishing to participate. It is not intended for the Memorandum to be a legally-binding contract, but rather an accepted set of guidelines for providing mutual aid between participating boroughs. A copy of the Memorandum is attached at Appendix C.

London Councils Leaders Committee endorsed the LA Gold Addendum and the Memorandum at its meeting on 13 July 2010. A copy of the committee report, which provides further background information, is attached as Appendix A.

Leaders' Committee went on to call on all London boroughs and the Common Council of the City of London to:

1. Formally approve an Addendum to the Local Authority 'Gold' Resolution;
2. Consider participating in common Mutual aid arrangements by adopting a Memorandum on Mutual Aid.

I would be grateful if you could advise us when your authority has approved the **Addendum**. Please arrange for confirmation to be sent to Doug.flight@londoncouncils.gov.uk

A separate register of authorities which have adopted the Memorandum of Understanding on Mutual Aid is being maintained by the Local Authorities Panel Secretariat: Please arrange for confirmation relating to the **Memorandum** to be sent to: toby.gould@london-fire.gov.uk. T: 020 8555 1200 ext 51901

John O'Brien
Chief Executive

Attachments:

- A) Leaders Committee Report
- B) Addendum to the Local Authority 'Gold' Resolution
- C) Memorandum of Understanding in relation to Mutual Aid

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