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## Memorandum of Understanding

THIS MEMORANDUM OF UNDERSTANDING made the 16<sup>th</sup> day of March 2011 between Lambeth, Lewisham and Havering and updated on the addition of Barking & Dagenham, Brent and Croydon on the 15<sup>th</sup> August 2011 referred to collectively in this Memorandum of Understanding as the Boroughs, is to record the understandings and intentions of the Boroughs in working together towards establishing a Joint Service as described below.

### BETWEEN

**The Mayor and Burgesses of the London Borough of Barking and Dagenham**, Barking Town Hall, 1 Town Square, Barking, IG11 7LU

AND

**The Mayor and Burgesses of the London Borough of Brent**, Town Hall, Forty Lane, Wembley, Middlesex, HA9 9HD

AND

**The Mayor and Burgesses of the London Borough of Croydon**, Taberner House, Park Lane, Croydon, CR9 3JS

AND

**The Mayor and Burgesses of the London Borough of Havering**, Town Hall, Main Road, Romford, London RM1 3BD

AND

**The Mayor and Burgesses of the London Borough of Lambeth**, Town Hall, Brixton Hill, London SW2 1RW

AND

**The Mayor and Burgesses of the London Borough of Lewisham**, Town Hall, Catford, London SE6 4RU

The Mayor and Burgesses of the London Borough of Barking and Dagenham ('Barking and Dagenham'), The Mayor and Burgesses of the London Borough of Brent ('Brent'), The Mayor and Burgesses of the London Borough of Croydon ('Croydon'), The Mayor and Burgesses of the London Borough of Havering ('Havering'), The Mayor and Burgesses of the London Borough of Lambeth ('Lambeth') and The Mayor and Burgesses of the London Borough of Lewisham ('Lewisham') agree to work together towards establishing a partnership joint



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service for procurement and finance transactional processing and HR transactional processing services all delivered using Oracle Financials and explore further options for joint Enterprise Resource Planning systems development and management.

## **OUR AIMS**

Through this Memorandum of Understanding we aim to work collaboratively to create a Joint Service that would:

- Create a common instance of an ERP system in Oracle Release 12 with a go live date (core Oracle Financials functionality) no later than November 2013
- Avoid duplication of costs in the re-implementation to Oracle Release 12
- Develop joint back office accounting, finance and procurement transactional processing services that are more efficient and generate savings with an overall reduction in operating costs through economies of scale and elimination of duplicate activities
- Establish combined hosting arrangements with the appropriate governance arrangements
- Standardise processes, practices, definitions and policies coordinated with best practice to improve the quality and consistency of service provided
- Create new ICT solutions including reporting, planning and forecasting functionality
- Be open to the inclusion of other London and South East Authorities as partners
- Work in coordination with Programme Athena
- Be cognisant of the different delivery models currently in place at the authorities and sensitive to issues this might create and with a direct relationship between participating local authorities
- Have contract arrangements based on a coterminous position

**By:**

### **All parties:**

- In agreement with all boroughs, each participant leading on agreed areas of process redesign
- Nominating lead officers for this work and developing appropriate governance and management arrangements for the operation of a Joint Service including regular performance meetings
- Developing a business plan for the agreed partnership governance to use to performance manage the Joint Service; revising the joint business case on a periodic basis. Forecasting the budget costs for creation of joint service and systems reimplementation that is then agreed across the partnership
- Determining the future benefits of joint working arrangements and undertaking value for money assessment of services, systems and hosting options
- Nominating a key Member from each Authority with portfolio responsibility for the Joint Service
- Ensuring there is broad understanding of and support for the proposed Joint Service within their organisations encouraging member and staff engagement
- Leading activities that guide the way for the authorities to obtain common business solutions

- Providing project resource dedicated to the design and implementation of the Joint Service and developing project arrangements within each authority to deliver the project co-ordinated by a Joint Service officer lead Project Board
- Developing business cases for the project and co-ordinating the approval of these at each Authority
- Supporting and commenting on each others' relevant strategies that have direct involvement in delivery of relevant actions in a joint action plan;
- Ensuring there is active stakeholder management within partner authorities and on a joint basis externally.
- Redesigning to standardised vanilla processes and creation of common business policies as far as practicable
- Designing and implementing ongoing operational and management arrangements including interrelationships with business units and Joint Service
- Creating easy access by the organisations to the knowledge and information gathered about the Joint Service arrangements and procurement through the use of SharePoint
- Determining hosting arrangements for the joint instance of the ERP system

The level of participation in the joint service by authority is outlined in the appendix.

#### **THE LONDON BOROUGH OF BARKING & DAGENHAM WILL;**

- Proactively support the move to vanilla processes and shared service principles within LBBD and partner organisations
- Support the procurement by ensuring active participation of appropriately skilled personnel in the work streams throughout each stage.
- Provide a dedicated project manager and business analyst to support the procurement and implementation

#### **THE LONDON BOROUGH OF BRENT WILL;**

- Proactively support the move to vanilla processes and shared service principles within Brent and partner organisations.
- Ensure active participation of appropriately skilled personnel in the work streams throughout each stage.
- Continue to progress towards consolidation of HR and payroll systems onto the joint Oracle platform.
- Continue to use Oracle Financials and work towards the consolidation of Finance and Procurement functions onto the joint Oracle platform.

#### **THE LONDON BOROUGH OF CROYDON WILL:**

- Proactively support the move to vanilla processes and shared service principles within Croydon and partner organisations.
- Ensure active participation of appropriately skilled personnel in the work streams throughout each stage.
- Continue to progress towards consolidation of HR and payroll systems onto the joint Oracle platform.



**THE LONDON BOROUGH OF HAVERING WILL:**

- Lead process reengineering and standardisation of reporting, using Business Intelligence software.
- Lead the review of hosting arrangements for the delivery of the single instance of Oracle, enabling decommissioning of current arrangements, and securing best value.
- Lead the link to the wider Athena project and One Oracle groups, to ensure what is being designed is fit for purpose for London and work to encourage others to come on board.

**LONDON BOROUGH OF LAMBETH WILL:**

- Lead the procurement process to ensure the joining of the Councils is not only fit for their needs but enables others to come on board in the future.
- Manage a sub project to migrate payroll from Cyborg to Oracle and income management to Oracle
- Coordinate process reengineering and standardisation of processes and business policies to ensure best practice where practicable is consistent across all authorities
- Lead review of interface to business line systems and potential decommissioning
- Lead analysis of performance data for benchmarking
- Continue to use Oracle HR and continue to progress towards consolidation of HR and payroll systems onto the Oracle platform.

**THE LONDON BOROUGH OF LEWISHAM WILL:**

- Lead the development and mapping of the chart of accounts and financial reporting
- Lead systems analysis and implementation with systems integrator
- Continue to use Northgate HR and payroll systems that interface with Oracle
- Manage a sub project to investigate the feasibility of jointly implementing Oracle Fixed Assets

**THE JOINT SERVICE:**

The Joint Service would jointly implement Oracle Financials, Release 12.1 or later versions should they arise and delivery of back office transactional services for procurement and finance for Barking & Dagenham, Croydon, Lambeth, Havering and Lewisham with Brent joining at a later stage. This would maximise usage of shared services functionality on a single instance of the Oracle ERP System Including server hosting, functional development and support, including the provision of a helpdesk facility. The joint instance of the system would interface with a number of business line systems in respective authorities. There is potential for consolidation or decommissioning of systems that replicate functionality within Oracle. Lewisham would continue to use Northgate HR and payroll systems that interface with Oracle while Barking & Dagenham, Brent, Croydon, Havering and Lambeth, will develop back office transactional services for HR and payroll with Oracle HR to develop full ERP functionality.



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**IT IS AGREED THAT** all parties named in this agreement undertake to use their best endeavours to hold confidential any information provided by the other, subject to their obligations under law.

If any party does not wish any of the information supplied to the other during the duration of this Memorandum of Understanding to be disclosed, the party shall, when providing information, identify if any of it is confidential or commercially sensitive and should not be disclosed in response to a request for information under the Freedom of Information Act 2000. The party should state why they consider the information to be confidential or commercially sensitive

No named authority is under any obligation to refuse to release any information that is marked confidential, and it is up to either party to judge whether exemptions apply or whether information should be released. If a party does not identify information as confidential or commercially sensitive, then it is likely to be released in response to a request under the Act. The council will normally consult with relevant parties prior to making a decision under the Act, where possible. The council will in all instances be bound by the findings of the Information Commissioner with regard to any requests under the Act.

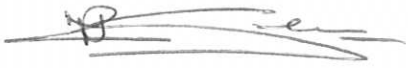
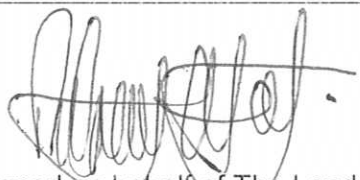

All parties named will use their reasonable endeavours to comply with the Data Protection Act and the communication & confidentiality protocol supporting the joint OJEU Tender to create a combined instance of the Oracle E-Business Suite.

The existence of this Memorandum implies no financial commitment on the part of any signatory unless agreed where related to a specific task or initiative. This Memorandum of Understanding is not legally binding and neither Party has or shall acquire any right of action against the other or if they do not proceed to enter into any further agreement, nor does it create evidence or imply any contract, obligation to enter into a contract or obligation to negotiate.

All parties will assess each activity in an agreed plan separately against their own strategies to ensure that it supports the principles of both organisations. Any final agreement to implemented formal Joint working shall be subject to the formal approvals of all parties through the processes set out in their respective Constitutions.

All parties can bring this Memorandum of Understanding to an end by giving one month's written notice to the other at the address set out at the head of this document.

**APPROVAL**

 Signed on behalf of The London Borough of Lewisham, Janet Senior, Executive Director of Resources Date: 25 <sup>th</sup> August 2011	 Signed on behalf of The London Borough of Lambeth, Mike Suarez, Executive Director, Finance & Resources Date: 23 <sup>rd</sup> August 2011
 Signed on behalf of The London Borough of Havering, Andrew Blake-Herbert, Executive Director, Finance & Commerce Date: 24 <sup>th</sup> August 2011.	 Signed on behalf of The London Borough of Barking & Dagenham, Tracie Evans, Corporate Director, Finance & Resources Date: 30 August 2011.
 Signed on behalf of The London Borough of Croydon, Nathan Elvery, Deputy Chief Executive Officer Date: 30 <sup>th</sup> August 2011	 Signed on behalf of The London Borough of Brent, Clive Heaphy, Director of Finance and Corporate Services Date: 31/8/11.

## Appendix – Common Processes

The table below represents the common processes that could be potentially included for each borough:

Potential Common Processes	Barking & Dagenham	Brent	Croydon	Havering	Lambeth	Lewisham
<b>Accounting, Finance and Procurement</b>						
Accounts Payable / Procurement / Purchase to Pay	✓		✓	✓	✓	✓
Accounts Receivable / Advanced Collections	✓		✓	✓	✓	✓
General Ledger	✓		✓	✓	✓	✓
Fixed Assets	✓		✓	✓	✓	✓
Cash Management and Treasury	✓		✓	✓	✓	✓
Credit and Collections	✓		✓	✓	✓	✓
Financial Analysis and Reporting	✓		✓	✓	✓	✓
<b>HR / Payroll</b>						
Workforce Development	✓	✓	✓	✓	✓	
Payroll, Pensions and Staff Support	✓	✓	✓	✓	✓	