

AGENDA ITEM: 5 Pages 1 – 11

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| Meeting | Cabinet Resources Committee |
| Date | 28 February 2012 |
| Subject | New Support and Customer Services Organisation: Business Case Update and Shortlist for Dialogue 2 |
| Report of | Cabinet Member for Resources and Performance Cabinet Member for Customer Access and Partnerships |
| Summary | This report asks CRC to approve the shortlist for the New Support and Customer Services Organisation second stage of competitive dialogue and note the updated business case. |
| Officer Contributors | Craig Cooper, Director, Commercial Services Kari Manovitch, Service Lead, NSCSO Alison Woodcraft, Project Manager, NSCSO |
| Status (public or exempt) | Public (with separate exempt report) |
| Wards affected | All |
| Enclosures | Appendix 1 - Business Case Update Appendix 2 – Trade Union Questions received and Responses Appendix 3 – Equalities Impact Assessment |
| For decision by | Cabinet Resources Committee |
| Function of | Executive |
| Reason for urgency / exemption from call-in | Not applicable |

Contact for further information: Kari Manovitch, Service Lead, NSCSO, 020 8359 7628.

1. RECOMMENDATION

- 1.1 That Cabinet Resources Committee approves the recommended New Support and Customer Services Organisation (NSCSO) shortlist of two bidders for stage 2 of the competitive dialogue process.**
- 1.2 The recommended shortlist is: BT and Capita. They achieved the highest two scores from the evaluation of the outline solutions provided at the end of the first stage of competitive dialogue.**
- 1.3 That Cabinet Resources Committee notes the update to the New Support and Customer Services Organisation business case.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.**
- 2.2 Cabinet Resources Committee, 2 March 2011, Decision 9, Customer Services Organisation and New Support Organisation Options Appraisal**
- 2.3 Cabinet Resources Committee 29 June 2011 (Decision Item 7) – approved the New Support and Customer Services Organisation business case and the start of the competitive dialogue process.**

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The services in scope are:**

- Customer Services
- Revenues and Benefits
- Estates
- Corporate Programmes
- Finance
- Human Resources
- Information Services
- Procurement

- 3.2 Barnet Council's corporate priorities are:**

Better services with less money: The NSCSO project objective is to appoint a provider who will deliver the services at lower cost whilst maintaining and in many cases exceeding current service levels and satisfaction of both internal and external customers.

Sharing opportunities, sharing responsibilities: The provider will be required, through the competitive dialogue process, to commit to new and innovative ways to empower and enable residents to do more for themselves and each other as well as engage and involve the community in co-delivering services.

A successful London suburb: The provider's role in managing the council's estate and capital building programme will make a key contribution to protecting, enhancing and, where needed, developing the built environment. The provider will also deliver key

support services to schools, and manage the council's interface with its customers about all their service needs.

- 3.6 The One Barnet Programme is the council's change programme. Its overarching aim is "to ensure that citizens get the services they need to lead successful lives; and to ensure that Barnet is a successful place"³. It has three key principles that all apply to NSCSO:
- 1) A new relationship with citizens: be designed and delivered around customers' needs, provide the best possible customer experience, and enable customers to help themselves and each other including enabling self-service wherever possible.
 - 2) A one public sector approach: be in a position to support the requirements of all public sector partners and drive better multi-agency working
 - 3) A relentless drive for efficiency: operate as efficiently as possible to minimise the cost of the service and maximise the accessibility of the service to customers; be innovative and take advantage of evolving technology, thinking and practice; maximise the value the council achieves from all its assets (capital and revenue).
- 3.7 The new partner will be required to comply with all the Council's relevant policies and procedures and there will be provisions in the contract to enforce this requirement.
- 3.8 Policy decisions for the services in scope will remain a council function.
- 3.9 The procurement of this partner will equip the council well in responding to major policy changes on the horizon, because the size of the organisations being short listed, the number of similar contracts they already run and their expertise in technology make them able to adapt more flexibly. For example, the recommended bidders for short listing both run Revenues and Benefits services for several councils across the country which will mean they will be responding to the advent of universal credit at the same time for a number of clients. Their scale and expertise also enables them to change and negotiate changes to the technological platform for the service with far greater ease than the council could manage alone.

4. RISK MANAGEMENT ISSUES

- 4.1 There follows a list of the key open dialogue risks on the NSCSO project, together with their agreed mitigations:

Risk: The service specifications do not adequately define the Council's requirements, leading to either lower quality solutions, or service provision that is beyond what is accepted as value for money. In either case a change process would need to be enacted post-contract commencement which could add unnecessary expense.

Mitigation: Service specifications are undergoing a full review prior to the commencement of Dialogue 2. Workshops and service specific sessions run by an external expert have been organised, and quality assurance checking has been planned.

Risk: Central government funding reduces during life of contract, requiring change controls to be exercised, which can in turn add cost and result in a lower value for money service than originally agreed

Mitigation: Any provider will be required to support the council in the delivery of the Medium Term Financial Strategy. Flexibility will be built into the contract to ensure the provider continues to deliver the service at an acceptable unit cost as volumes change. In practice there will be an agreed mechanism in the contract for the contractor to

respond to the authority with options for reviewing service levels, for example, to fit in with whatever budgetary envelope we have. This will be managed through dialogue discussions and reviewed on the back of the ISOS submissions.

Risk: The Council does not achieve the optimum risk transfer in respect of the management of IS and Property assets.

Mitigation: Finance officers are working with Estates and IS to establish which budgets should be included in the specifications. A decision needs to be taken by the council on whether these managed budgets are to move and if so, they need to be reflected in the output specs ready for start of CD2. Options for structuring the risk transfer regarding these budgets are being reviewed.

Risk: There is a mismatch between Output specs, Finance and Staffing information, which leads to ambiguity about the scope of the outsourcing and the baseline resourcing of the scope. This then risks an inadequate modelling of savings against baseline and additional resource required to resolve additional bidder queries.

Mitigation: The information provided to bidders in the data room will undergo a full refresh prior to the start of CD2 with a quality assurance process in place to ensure that all three elements are fully aligned. This will be subject to ongoing review as, for example, TUPE information is updated through CD2.

- 4.2 These risks will continue to be assessed and managed in accordance with the council's project and risk management methodologies.
- 4.3 The NSCSO Project Board and the One Barnet Programme Board will continue to provide appropriate escalation routes.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Council continues to be committed to equalities and compliance of the public sector equality duty as set out in the Equality Act 2010.
- 5.2 The Council accepts that NSCSO project will have a significant impact upon employees and will change the council's interaction with its customers. From project initiation there has been a live employee Equalities Impact Assessment (EIA) that has been updated at key milestones, this activity will continue. The latest iteration is included as Appendix 3 and shows that the demographic profile of the employees in scope broadly matches the profile of the council as a whole, and has changed very little since this project commenced. It is not possible to publicly disclose any details about the bidders' submissions due to the rules governing procurement and commercial confidentiality, but a detailed EIA will be produced on the final proposition at preferred bidder stage and presented to members.
- 5.3 The services in scope that deliver public-facing services (customer services; revenues and benefits, and estates) will also assess the current demographic profile of their customers and any current equalities issues in order that any changes can be assessed at preferred bidder stage and monitored over the life of the contract.
- 5.3 All four companies were assessed on their understanding and experience of managing equalities effectively via the Pre Qualification Questionnaire. This was further explored in competitive dialogue.

- 5.4 A key benefit of NSCSO will be the improvement of data about customers, their needs, preferences and experiences, in order that services can be developed and designed using customer intelligence and insight.
- 5.5 Both of the companies recommended for short listing have demonstrated an understanding of the Equality Act 2010 and how the services in scope can contribute to meeting the diverse needs of customers.
- 5.6 Equalities will be covered by a schedule in the contract with the NSCSO provider.
- 5.7 The Council is clear that no bidder will be able to form a partnership with the council unless it understands the non-delegable nature of the public sector equality duty and is able to support the Council in meeting this public duty.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 Cabinet on 14 February 2011 and Council on 1 March 2011 considered a package of measures to balance the Council's budget for the period 2011/12 – 2013/14. Cabinet on 3 November 2011 received an update on the figures for this period and as well as new proposals for 2014/15. Over the period 2011/12 to 2014/15, to meet the government's reduction in support and to fund unavoidable pressures, the Council needs to identify and deliver savings totalling £72.5m. This represents an unprecedented challenge and requires the Council to consider all available options for change.
- 6.2 The update to the business case in Appendix 1 reflects the change in the baseline for the in-scope services. The assumptions around savings in these services remain unchanged from the original business case. These amendments mean that the cumulative savings in the "prudent" version of the business case are £532k for 2012/13, £1,829k for 2013/14, £2,330k for 2014/15, £3,288k for 2015/16 and £4,536k for 2016/17

The latest Medium Term Financial Strategy includes savings for NSO of £521k for 2012/13, £1,806k for 2013/14 and £2,339k for 2014/15, which are broadly in line with the revised savings set out above.

There are no savings in respect of CSO included in this business case under the prudent scenario. Savings of £600k have been included in the 2012/13 budget (within the MTFS) for the customer services internal transformation programme, and will be reflected in the next iteration of the NSCSO baseline for bidders.

- 6.4 Having evaluated the financial benefits contained within the shortlisted bidders' ISOS submissions, both of the outline solutions contain financial benefits that exceed the financial benefits contained within the prudent business case. Figures provided in the financial sections of the ISOS submissions will be developed and finalised in the next stage of dialogue.
- 6.5 The project will be funded from the council's transformation reserve.
- 6.6 The project is currently running to budget, costs are estimated at £1.654m. The cumulative projected net financial benefits in the prudent business case are £39.2m over 10 years (after project costs).

- 6.7 The appointed provider will be required to provide relevant IT systems for the employees in scope. The One Barnet programme office is overseeing related workstreams to ensure system compatibility with the restructured council (client side) and the NSCSO provider.
- 6.8 The council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon our employees. This means that all internal re-structures will be managed in compliance with the council's Managing Organisational Change Procedure. Following the procurement and at the point of employee transfer the council will meet its statutory obligations provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006 and Best Value Authorities Staff Transfers (Pensions) Direction 2007. In addition, the council will implement the commitments as set out in the full and final proposal that the Chief Executive offered to employees in August 2011. This proposal provides commitments over and above the protection provided by TUPE.
- 6.9 The appointed provider will be required to provide safe and appropriate premises for the employees in scope.
- 6.10 Trade Unions have been provided with a copy of the business case update. A response was received and is provided at Appendix 2.

7. LEGAL ISSUES

- 7.1 Procurement processes will comply with the European procurement rules and the Treaty obligations of transparency, equality of treatment and non discrimination.
- 7.2 In the event that services are to be externalised, the Council will comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") with respect to the transfer of employees. Where they apply, the Regulations impose information and consultation obligations upon the Council and the incoming contractor and operate to transfer the contracts of employment, of staff employed immediately before a transfer, to the new contractor at the point of transfer of the services. Any future TUPE obligations that may arise at termination or expiry of the contract will be contained in the contract terms and conditions.
- 7.3 In specifying services and information governance arrangements, and transferring the data of employees and customers to a new provider, the council will take account of the Data Protection Act 1998.
- 7.4 Each service area has agreed roles or services that will remain in the council post appointment of a partner, including the retention of statutory decision-making functions, and capacity for effective oversight and contract management.
- 7.5 The following legal issues have been investigated as part of the preparation for the procurement and during the procurement process by the One Barnet legal partner, Trowers and Hamlins LLP:

| Issue | Status |
|--|---|
| Property output specification reviewed to identify statutory functions which need to remain in-house | Minor phrasing changes made to the specification to reflect the council's responsibility for approving the asset management plan, and alterations and other works by tenant / licensees / occupiers |
| Bidders outline solution | No significant issues affecting outline solution evaluation were |

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|-------------------------------------|--|
| submissions reviewed for lawfulness | found, but a long list of topics for further dialogue identified |
|-------------------------------------|--|

- 7.6 The following legal issues are still ongoing and will be explored further in the second part of the competitive dialogue.

| Issue | Status |
|--|---|
| Other output specifications reviewed to identify statutory functions which need to remain in-house | Most of the services in scope have a history of outsourcing, and work has been carried out by the services to identify what functions must comprise part of the retained client, but it is good practise to ensure that the output specifications are unambiguous in this regard. |
| Terms and conditions of contract | The bidders have responded to heads of terms. In the second dialogue they will respond to more detailed terms and conditions which will address the council's policy requirements. Their comments along with service commitments uplifted from their ISOS bids will be used to populate a draft contract which will then be the focus of commercial dialogue. |
| Future changes in legislation / national standards | The second dialogue will develop mechanisms to ensure the contract is 'future proofed' as far as possible. This will include provisions covering continuous improvement, benchmarking and changes in law. |
| Prevention of conflicts of interest | There will be contractual requirements of the provider with regard to maintenance of appropriate safeguards such as ethical walls and confidentiality agreements. Changes to the council's constitution, scheme of delegation and the creation of protocols will be required in order to satisfactorily prevent and rebut any allegations of bias, or perceived bias, within the outsourced services. These form part of the outputs for the second dialogue. |
| Existing contracts managed by the provider. | The assignment, novation and confidentiality clauses of all the significant contracts within the NSCSO services will be reviewed by the council's legal team in order to determine to what extent the contracts can be managed by the provider, whether the contracts can be novated to the provider or whether it is feasible terminate any of the contracts. |

8. CONSTITUTIONAL POWERS

- 8.1 The Council's constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including "approval of schemes not in performance management plans but not outside the Council's budget or policy framework".

9. BACKGROUND INFORMATION

9.1 Outline solution evaluation and the short listing for Dialogue 2

- 9.2 Following an options appraisal, Cabinet Resources Committee approved the decision for the Council to enter into competitive dialogue with a range of service providers in order to develop a partnership that could deliver the stated objectives.

- 9.3 The Council advertised the opportunity and invited expressions of interest from interested organisations, who were then required to complete a pre-qualification questionnaire, covering a set of legal, technical and financial standing assessments. At the same time the Council prepared for the ‘Outline Solutions’ stage of dialogue by developing a range of service specifications and material on service performance, resourcing and contractual information. This material was placed in a secure online data room to which the qualifying bidders were given access.
- 9.4 The Council discussed these requirements with the four qualifying bidders over a period of 6 meetings of Dialogue, and the bidders then submitted outline solutions. These solutions were evaluated against the criteria summarised in 9.9 below.
- 9.5 The bid evaluation criteria were developed and weighted in line with project objectives and approved by the NSCSO Project Board on 31 October 2011.
- 9.6 In developing its evaluation approach the Council recognised that:
- In various permutations all the services in scope had been outsourced by other Councils previously; but
 - The Council’s intentions for the One Barnet programme required a new approach to delivering support and customer services in order to achieve its overall outcomes.
- 9.7 As a consequence the evaluation placed emphasis on evidencing the deliverability of commitments made by bidders, with the evaluators looking for commercial (contractual and financial commitment) and operational (robust methodologies, demonstrable reference projects) underpinning to support the promised benefits contained within the outline solutions.
- 9.8 Four separate evaluation teams were created to assess the respective sections of the submission. Each group was chaired by a Director or an Assistant Director.
- 9.9 The responses were evaluated using the following criteria:

| Criteria No | Criteria |
|--------------------|--|
| | A. Meeting the council's strategic objectives 14% |
| 1 | Effective partnership working and alignment with council's strategic objectives and values, now and over time |
| 2 | Effective management, sharing and use of data and insight to deliver a citizen-centric council |
| 3 | Effective HR practices and professional development |
| | B. New relationship with citizens 18% |
| 4 | High and measured customer satisfaction |
| 5 | Enabling citizens and customers to do things for themselves and nurturing the Big Society |
| 6 | Maximising access and quality of experience |
| 7 | Meeting the diverse needs of customers |
| | C. Service delivery 28% |
| 8 | Compliant, high quality service delivery |
| 9 | Continuous and innovative improvement in service delivery |
| 10 | Services joined up with other public, private and third sector organisations |
| 11 | Maximise opportunities from central government for the benefit of the Borough |
| | D. Financial and Commercial 40% |
| 12 | Net financial benefit and payment profile including pace |
| 13 | Flexibility in the contract |
| 14 | Price performance mechanism |
| 15 | Ability to transfer risk |

9.10 Responses were scored against these criteria on the following basis:

| Score Awarded | Definitions |
|----------------------|---|
| 0 | An unacceptable response: An element of the bid fails to address the Council requirements; numerous proposals and/or commitments are unjustified / unsupported commercially and operationally; or the level of risk borne by the Council explicitly or implicitly is unacceptable; or it would be difficult to resolve the commercial/operational underpinning issues; or failure to demonstrate satisfactory approach to partnering, technical delivery and financial aspects. |
| 1 | A poor response: there is a lack of content / explanation in addressing the Council requirements; some proposals are unjustified / unsupported or lack significant content / explanation; or a significant proportion of proposals are unacceptable from a risk perspective; or it may be difficult to resolve the commercial/operational underpinning issues in future dialogue; or a degree of failure to demonstrate approach to partnering, technical delivery and financial aspects. |
| 2 | A below expectations response: Council requirements are addressed but proposals lack significant content / explanation; some proposals are unacceptable from a risk perspective; or it may be difficult to resolve the commercial/operational underpinning issues in future dialogue; or some proposals lack an acceptable approach to partnering, technical delivery and financial aspects. |
| 3 | A satisfactory response that meets expectations: Council requirements are addressed; all proposals have a reasonable level of content / justification and explanation; and a small proportion of proposals are unacceptable from a risk perspective; and underpinning issues are capable of resolution in future dialogue; and a small proportion of the proposal lacks an acceptable approach to partnering, technical delivery and financial aspects. |
| 4 | A good response: Council requirements are addressed; proposals have a good level of content / justification and explanation; and proposals should be acceptable from a risk perspective with limited further dialogue; and either operational or commercial underpinning is present for all key commitments; and issues are capable of resolution in future dialogue; and a good / sound approach to partnering, technical delivery and financial aspects. |
| 5 | A very good response: Council requirements are addressed and the bidder's proposals include sound, innovative suggestions; and proposals are detailed in content / justification and explanation; and proposals are acceptable from a risk perspective and are all underpinned operationally and commercially; and issues are easily capable of resolution in future dialogue; and a very good / sound approach to partnering, technical delivery and financial aspects. |

9.11 Bidders were required to submit bids structured in accordance with a series of questions designed to identify the key facets of the solutions being proposed, how they would meet the objectives of the Council and bidders' commercial positions.

9.12 The following organisations submitted bids for evaluation:

- Serco
- BT
- HCL Axon
- Capita

9.13 Bids were received on 2 December 2011. The bids were in the first instance checked for compliance and all were deemed compliant. The bids were then read by the evaluation teams with a view to identifying areas requiring clarification prior to the awarding of scores. At the same time a legal review was undertaken in order to identify any aspects of the bidders' proposals that could conflict with the Council's scope and requirements as set out in the OJEU notice, or more generally, raise issues of vires.

9.14 The lists of clarification questions were issued to bidders on 22 December 2011 and responses were received on 5 January 2011.

9.15 Each evaluation team member scored their respective component of the bid individually, before meeting with their respective teams to achieve consensus on the scores. The Chairs of each team were given the authority to determine the scores that would be

awarded if consensus could not be achieved amongst the group. In fact consensus was achieved in each of the groups so Chairs did not need to apply this discretion.

- 9.16 Chairs then reported to a Review Panel chaired by the Council's Director of Commercial Services, and including the Deputy Chief Executive and Chief Finance Officer Section 151. The Panel tested the rationale behind each team's scoring approach and their overall differentiation between bids. The Panel had the ability to require one or more teams to review their scores if required, however it determined that this was not required and the Panel accepted the scores as presented.
- 9.17 The Review Panel was also tasked with making a recommendation on the number of bids to be taken forward to the detailed solutions stage of dialogue. The Review Panel considered the outcome of the scoring process, together with the benefits and risks and recommended that two be taken forward.

9.18 The Business Case Update

Please refer to Appendix 1

10. LIST OF BACKGROUND PAPERS

- 10.1 [Cabinet Resources Committee Report 29 June 2011: New Support and Customer Services Organisation Business Case](#)

Legal – PBD
CFO – MC/JH

NSCSO Business Case Update

1. Financial Benefits

Since the production of the original business case for the NSCSO project in June 2011, the baseline has been updated. These changes reflect amendments to service budgets since June 2011, and were used as the baseline against which bidders provided their outline solution submissions. This baseline will be revised again in March 2012 for the second stage of dialogue. This document sets out the changes between June and November 2011.

The following tables show the original baseline (Table 1) and the baseline provided for ISOS in November 2011 (Table 2):

Table 1 - Baseline as at June 2011 - £000s

| Service | FTE | Gross 11/12 Expenditure | One Barnet 2011/12 | One Barnet 2012/13 | Retained Client | Revised Expenditure | Total 11/12 Income |
|-----------------------|-----------------|-------------------------|--------------------|--------------------|-----------------|---------------------|--------------------|
| Procurement* | 27 | 1,721 | (2) | (7) | (50) | 1,662 | 32 |
| Customer Services* | 54 ¹ | 2,554 | - | - | (120) | 2,434 | 170 |
| Estates | 74 | 13,016 | - | (1,189) | (171) | 11,656 | 5,941 |
| Finance | 145 | 5,949 | (37) | (116) | (820) | 4,976 | 1,121 |
| Human Resources | 81 | 4,121 | (73) | (167) | (1,086) | 2,795 | 2,371 |
| Information Systems* | 76 | 9,718 | (441) | (749) | (439) | 8,089 | 2,314 |
| Revenues and Benefits | 162 | 6,882 | - | - | (571) | 6,311 | 1,697 |
| Total | 619 | 43,961 | (553) | (2,228) | (3,257) | 37,923 | 13,646 |

Table 2 - Baseline as at November 2011 - £000s

| Service | FTE | Gross 11/12 Expenditure | One Barnet 2011/12 | One Barnet 2012/13 | Retained Client | Revised Expenditure | Total 11/12 Income |
|------------------------|-----------------|-------------------------|--------------------|--------------------|-----------------|---------------------|--------------------|
| Procurement* | 29 | 1,949 | (2) | (8) | (75) | 1,864 | 32 |
| Customer Services* | 46 | 2,246 | - | - | (113) | 2,133 | 115 |
| Estates* | 75 ² | 13,506 | - | (1,204) | (215) | 12,087 | 5,523 |
| Finance* | 111 | 5,033 | (38) | (112) | (857) | 4,026 | 1,243 |
| Human Resources* | 81 | 4,121 | (69) | (155) | (1,087) | 2,810 | 2,371 |
| Information Systems* | 75 | 9,847 | (421) | (772) | (442) | 8,212 | 2,314 |
| Revenues and Benefits* | 156 | 6,882 | - | - | (571) | 6,311 | 1,297 |
| Corporate Programmes* | 13 | 656 | - | - | - | 656 | 656 |
| Total | 586 | 44,240 | (530) | (2,251) | (3,360) | 38,099 | 13,551 |

* All services baseline figures will be amended for the second stage of dialogue to include the 2012/13 baseline

The updated figures in this section were based on the in-year 2011/12 budget as at October 2011 and were provided to bidders on 02 November 2011 for them to use as the baseline upon which to price their solutions for ISOS.

¹ This has been revised from the original figure of 58 to correct a minor error

² This has been revised from the November figure of 79 to correct a minor error

Additionally, bidders were advised that a revised assessment of the addressable procurement spend amounted to £100m and not the £160m previously included within the business case.

Total revised baseline expenditure (£38,099k) has increased by £176k from the original business case figure (£37,923k) and total income has fallen (by £95k) from £13,646k in the original business case to £13,551k.

In order to calculate the costs of the services, the following assumptions have been made:

- Efficiencies / budget savings planned for 2012/13 were not deducted from the revised gross expenditure figure above as these had not gone through the appropriate democratic approval process as at 2 November 2011 when the data was provided to bidders.
- Costs associated with New Support Organisation functions that will be transferring with other One Barnet projects (DRS, Adults LATC, Parking and Transport) have been deducted from the gross expenditure figure. These costs are predominantly calculated using employee activity data relevant to the transferring functions, the assumptions behind these costs will be revisited at the next stage of dialogue and will further develop as the various One Barnet projects progress.
- At the time of the preparation of the original data above, assumptions were made, in advance of the relevant projects being completed, around the scale of the internal transformation of customer services, information systems and procurement. This was necessary so that FTEs and finance data could be produced for these areas. It is anticipated that these transformation projects will near completion towards the beginning of the next phase of dialogue and this will be reflected in the next update of the business case. Bidders will receive a new set of financial & FTE data at the start of the next period of dialogue which will in turn be used for the next business case update; this data will incorporate the latest position of the transformational programmes.

Assessment of financial benefits at outline solutions stage

The following two tables (Table 4 and 5) show the cumulative financial benefits tables from the original business case, updated for revisions to the baseline, as set out above.

Having reviewed the financial benefits contained within the ISOS submissions, all of the outline solutions contain financial benefits that exceed the prudent business case. From a financial benefits perspective, it is therefore recommended that the project proceed to the second stage of dialogue.

Appendix 1

Table 4 Business case overview – Prudent scenario – Cumulative Savings

| New Support & Customer Services Organisation - Business Case Overview (Prudent Scenario) | | | | | | | | | | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|-------------------------------|
| | Contract starts | | | | | | | | | | | |
| | Year 0 2012/13 £000 | Year 1 2013/14 £000 | Year 2 2014/15 £000 | Year 3 2015/16 £000 | Year 4 2016/17 £000 | Year 5 2017/18 £000 | Year 6 2018/19 £000 | Year 7 2019/20 £000 | Year 8 2020/21 £000 | Year 9 2021/22 £000 | Year 10 2022/23 £000 | Total (cumulative) £000 |
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | |
| Projected baseline (NSCSO) | 43,709 | 41,458 | 41,242 | 41,005 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 452,206 |
| Less OB projects | (2,251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,251) |
| Less Internal Savings | 0 | (216) | (237) | (320) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (774) |
| Sub-Total | 41,458 | 41,242 | 41,005 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 449,181 |
| Less retained client | (3,360) | (3,143) | (2,906) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (30,094) |
| Provider baseline | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 419,089 |
| Indicative cost reduction | (532) | (2,279) | (2,886) | (3,911) | (5,260) | (5,384) | (5,306) | (5,426) | (5,488) | (5,425) | (5,433) | (47,332) |
| Revised provider baseline (Net of provider fees & costs) | 37,567 | 35,820 | 35,213 | 34,188 | 32,839 | 32,714 | 32,793 | 32,673 | 32,611 | 32,674 | 32,666 | 371,757 |
| % Change (cost reduction) | 1% | 6% | 8% | 10% | 14% | 14% | 14% | 14% | 14% | 14% | 14% | 11% |
| Income | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 149,055 |
| Change to Income | 0 | (450) | (556) | (622) | (724) | (724) | (685) | (687) | (687) | (660) | (660) | (6,455) |
| Revised Income | 13,550 | 13,100 | 12,995 | 12,928 | 12,826 | 12,826 | 12,865 | 12,864 | 12,864 | 12,891 | 12,891 | 142,600 |
| % Change (customer value) | 0% | 3% | 4% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 4% |
| Total financial benefit | 532 | 1,829 | 2,330 | 3,288 | 4,536 | 4,660 | 4,621 | 4,740 | 4,802 | 4,765 | 4,774 | 40,877 |
| Cost of change | (1,654) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,654) |
| Net financial benefit (annual) | (1,122) | 1,829 | 2,330 | 3,288 | 4,536 | 4,660 | 4,621 | 4,740 | 4,802 | 4,765 | 4,774 | 39,222 |

Appendix 1

Table 5 Business case overview - Optimistic scenario – Cumulative Savings

| New Support & Customer Services Organisation - Business Case Overview (Optimistic Scenario) | | | | | | | | | | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|-------------------------------|
| | Contract starts | | | | | | | | | | | |
| | Year 0 2012/13 £000 | Year 1 2013/14 £000 | Year 2 2014/15 £000 | Year 3 2015/16 £000 | Year 4 2016/17 £000 | Year 5 2017/18 £000 | Year 6 2018/19 £000 | Year 7 2019/20 £000 | Year 8 2020/21 £000 | Year 9 2021/22 £000 | Year 10 2022/23 £000 | Total (cumulative) £000 |
| Projected baseline (NSCSO) | 43,709 | 41,458 | 41,242 | 41,005 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 452,206 |
| Less OB projects | (2,251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,251) |
| Less Internal Savings | 0 | (216) | (237) | (320) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (774) |
| Sub-Total | 41,458 | 41,242 | 41,005 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 40,685 | 449,181 |
| Less retained client | (3,360) | (3,143) | (2,906) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (2,586) | (30,094) |
| Provider baseline | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 38,099 | 419,089 |
| Indicative cost reduction | (865) | (3,828) | (4,896) | (6,203) | (8,040) | (8,231) | (8,017) | (8,314) | (8,466) | (8,366) | (8,463) | (73,689) |
| Revised provider baseline (Net of provider fees & costs) | 37,234 | 34,271 | 33,203 | 31,896 | 30,059 | 29,868 | 30,082 | 29,785 | 29,633 | 29,733 | 29,636 | 345,400 |
| % Change (cost reduction) | 2% | 10% | 13% | 16% | 21% | 22% | 21% | 22% | 22% | 22% | 22% | 18% |
| Income | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 13,550 | 149,055 |
| Change to Income | 0 | (639) | (805) | (888) | (1,018) | (1,019) | (941) | (947) | (947) | (903) | (903) | (9,009) |
| Revised Income | 13,550 | 12,912 | 12,746 | 12,662 | 12,533 | 12,532 | 12,609 | 12,603 | 12,603 | 12,648 | 12,648 | 140,046 |
| % Change (customer value) | 0% | 5% | 6% | 7% | 8% | 8% | 7% | 7% | 7% | 7% | 7% | 6% |
| Total financial benefit | 865 | 3,190 | 4,092 | 5,315 | 7,022 | 7,213 | 7,075 | 7,366 | 7,518 | 7,464 | 7,560 | 64,680 |
| Cost of change | (1,654) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,654) |
| Net financial benefit (annual) | (789) | 3,190 | 4,092 | 5,315 | 7,022 | 7,213 | 7,075 | 7,366 | 7,518 | 7,464 | 7,560 | 63,026 |

Inclusion of the Corporate Programmes Team

Following the approval of the first iteration of the outline business case it was agreed that the case for Corporate Programmes team's inclusion in this partnership would need to be articulated in more detail. The case for including this component of service, along with the other services within NSCSO scope will be tested further during detailed dialogue and be assessed as part of the final business case.

| Corporate Programmes business case baseline | |
|--|------------------|
| 2011-12 Employees | 13 FTE |
| 2011-12 Budget – Gross | £656,000 |
| 2011-12 Income | £656,000 |
| 2011-12 Budget – Net (Gross budget – Income) | nil ³ |

The team is currently made up of 13 FTEs and were incorporated in time for competitive dialogue one and ISOS submissions.

Corporate Programmes manages and delivers a portfolio of key projects and programmes on behalf of other council services and partner organisations. Corporate Programmes' role is to support the organisation to better define its operational needs and to deliver the projects and programmes which fulfil those needs. These range from major construction schemes to organisational transformation and service reviews. The total value of the schemes included within the portfolio is approximately £175m.

The team also own the organisation's project management methodology and approach and are responsible for providing best-practice consultation to other services. This project consultancy work includes working with services at the project concept stage to assist them in the scoping and definition of potential projects coming out of their areas of work and guiding them through the approval process.

Each member of the team must be flexible and adaptable and provide a multi-disciplined delivery resource to the organisation. Often resource is commissioned at short notice and the team is required to deliver within challenging timescales and budgets.

A full list of currently active projects along with those closed over the past few years was provided to bidders in competitive dialogue one. In addition to those projects already in progress, over the next 12 months it is likely that the team will be commissioned to deliver a number of new projects such as the delivery of one or more new school buildings and a number of school refurbishments. Other areas where additional work may come out are The Accommodation Project and the Information Governance Council (IGC) programmes.

³ The corporate programmes team is funded by recharging its costs to budgets from the projects which it supports – these are mainly capital budgets but can also be revenue budgets. All of the other services gross expenditure and income figures are sourced from revenue budgets.

2. Non Financial Benefits

The non financial benefits identified in the original business case remain unchanged, but will be enhanced and revised during dialogue 2. These benefits are outlined below:

- Services will receive necessary support and tools for staff to carry out their work
- Services expected to increase their capability in achieving customer self-service
- Services are expected to facilitate speedier resolution through process and system improvements
- Services will direct customers to the most effective channel or choice of channels
- Services to deliver a consistent, high quality experience regardless of service channel
- Services will maximise opportunities for self-service and use of emerging technologies
- Services will ensure insight and information from the customer experience is used in commissioning, designing and improving services
- Services will support council and local public services in joining up the customer service around the needs and life events of customers to provide a more personalised service
- Services will enable resolution of issues through a single point of contact with customer services
- Services will build customers' capability to help themselves and others
- Services will enable customers to provide information only once, which can be used to provide a range of services
- Services will provide a coherent brand, identity and ethos for customer services that builds a new relationship with the citizens of Barnet
- Services will increase the number of enquiries resolved at first point of contact and reduce the failure demand
- Services will become more responsive to changing citizens needs within the borough and be able to adjust the service offering accordingly
- Services will improve their ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery
- Staff will potentially have the opportunity to share in and enhance expertise and insight from new colleagues and best practice methodologies from a wider pool of peers in a new organisation
- Staff will potentially have greater experience of industry standards and how they inform business practice across a variety of organisations

Appendix 1

- Staff will potentially have wider opportunities for personal development that could lead to promotion into a broader range of management and senior management roles
- Staff will potentially have greater opportunities to attend training courses to help them develop personally and professionally, which could be furthered by the opportunity to work on varied contracts
- Staff will potentially have the opportunity to develop new commercial skills that will broaden their skill base
- Staff will potentially have access to more developed talent management and succession planning programmes

NSCSO Project

Response to questions from the Trade Unions in line with the TU Engagement Process for One Barnet Projects

January 2012

Process:

The Council and the Trade Unions share a common objective in ensuring business efficiency, employee engagement and organisational success.

As part of this engagement process the Council expects Trade Unions to recognise the right of management to plan, organise and manage the business, activities and staffing of the Council according to the objectives set by the Council.

Likewise the Council recognises Trade Union responsibility to represent the interests of their members.

Both parties recognise that information share and consultation is an essential part of the change process.

Inline with this agreed approach the NSCSO project sent a copy of the business case update to the appropriate Trade Unions. This document was 80%+ complete and embargoed until the final document is published. A meeting is held 3 days later for the TU's to clarify their understanding of the document before submitting their top 5 questions to the project prior to the document being submitted to the One Barnet Programme Board.

The purpose of the process is to give the Trade Unions an opportunity to comment on the documents and have these comments considered prior to publication as representatives of their members.

Staff Engagement

The Council understands the importance of its staff to the organisations success and the NSCSO project has taken time to engage fully with the in-scope staff.

Engagement has taken the form of staff briefings on the options appraisal and business case during the course of 2012 at the point of document publication. These sessions have been designed around informing staff of the content of the documentation and lengthy question and answer session. Business Case Update Briefings have been arranged from the 20/02/12 with the project sponsor and individual service lead.

The monthly staff group is kept updated of project activity and the group's members provide feedback and questions from and to their colleagues.

The Trade Unions meet with the Project Sponsor, NSCSO Service Lead and HR once a month to discuss the projects progress, as well as concerns and questions from their members.

As well as the above the project sends out a fortnightly email on its progress to staff, there are monthly managers TUPE workshops and staff TUPE lunch time sessions. These are for the in-scope community to understand the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) affecting the future transfer of their employment. The One Barnet Programme has held over 20 Change and Me Workshops since August 2011 open to NSCSO in-scope staff, and will continue to do so. These workshops are confidential group participation sessions that provide an opportunity for staff to discuss how they feel about the huge changes taking place at the Council and provide coping strategies at a personal level.

Managers continue to brief their services following the fortnightly service lead meetings to update their staff on the project and encourage a more personal avenue for feedback on staff concerns.

Trade Union Questions on the Updated Business Case

A response was received from Unison stating 6 questions they wish to be answered on the NSCSO Business Case Update.

1. Client costs

What is the justification for the low level of client costs which are 7.7% in year 1 and fall to 6.5% from year 3 onwards? We are particularly concerned that these costs are under-estimated and do not adequately take account of:

- the required level of contract management and monitoring costs in a large strategic partnership contract;
- the potential additional costs from increased demand for services arising from the deepening and continuing recession;
- other local authorities have significantly under-estimated these costs in similar projects and have had to increase staff and thus reduce the level of savings;
- Barnet's track record in managing relatively small contracts and lack of experience in managing a large contract;

And which functions will bear the £730,000 (22.0%) cost reduction in client costs between years 1 and 3?

Response:

The retained client function for each service was estimated by the service lead, which is either the Assistant Director or Head of Service for each service. Their design was based on knowledge of running these services to date and what statutory functions cannot be delegated, as well as financial and commercial advice from the Council's implementation partner Agilisys Impower on the expected requirements of the management and monitoring of a strategic partnership such as this.

A client-side of 6.5% is in line with the market norm, and the Council will maintain additional corporate capacity for assurance functions such as audit and performance management.

The deduction in the cost of the retained client function is based on HR Business Partners remaining with the Council for the first year to support the initial transformation post-transfer and moving across to the new provider once a steady state has been achieved.

The retained client function will be developed further by the Council as dialogue progresses and bidders' proposals are worked up in more detail.

2. Impact of cost reductions

Why is income virtually static over the contract period for both prudent and optimistic scenarios and why does it decline in the optimistic scenario? The Council has consistently claimed that outsourcing would increase income?

It is impossible to comment on the indicative cost reductions because they are presented without commentary

Response:

Income is generated from a number of sources including traded services provided for Barnet Homes and schools. The NSCSO business case does not rely on assumptions about growing the traded services, and therefore none are built into the financial model. The reason there is a small decrease in income in the prudent scenario and a slightly larger decrease in income in the optimistic scenario is due to the % cost reductions in each scenario being passed on to schools and Barnet Homes.

The predicted source and scale of cost reduction for each service is to be found in the original business case on pages 29-34 (see [CRC report of 29 June 2011¹](#)). This update to the baseline does not challenge or contradict the original assumptions made, and the evaluation of ISOS submissions has demonstrated the validity of these assumptions because all bids were able to exceed the prudent financial targets.

3. Changes in baseline between June – November 2011

Procurement spend is forecast to decrease from £160m down to £100m, yet the baseline data for November 2011 show an increase of £228,000 and two additional FTE in the six months between June and November 2011. What is the reason for this discrepancy?

Response:

¹ http://committeepapers.barnet.gov.uk/democracy/documents/getdoc_ext.asp?DocID=93543

The figure for Procurement spend of £100m refers to the spend on third-party contracts by the council that the provider would have the opportunity to influence through re-negotiating and re-procuring contracts.

It is totally separate from the cost of the staff employed by the Procurement service, which is built into the baseline. The figure of £160m originally put forward in the business case is now believed to be too high; analysis of categories of spend suggests that £100m is a realistic assumption at this stage.

The addressable spend is based on third-party spend less capital expenditure, amounts relating to other procurement projects (e.g. DRS) and payments to areas such as the GLA or North London Waste Authority, which is not addressable spend. The addressable spend will be subject to further development in the second period of dialogue.

4. Corporate Programme Team

What is the rationale for including the Corporate Programme Team in the scope of the contract when it is a client function?

Response:

The Corporate Programmes team manage capital and estates projects that are closely aligned to the work of the Estates and IS service, and therefore we expect there to be benefits from including this team alongside those services.

5. Grossing cumulative savings

Why are cumulative savings grossed and averaged (11% prudent and 18% optimistic) when elected members and senior management should focus on the viability, sustainability and impact of reducing the cost of the services by 14%-15% and 22%-23% per annum respectively? The average figure misrepresents the scale of the annual cost reduction, which ranges from about £5.4m and up to £8.5m per annum. The planned savings are nearly two and three times the average savings identified by the Audit Commission in strategic partnership contracts.

Response:

The business case says that through outsourcing, the cost of these services can be substantially reduced without having a detrimental impact on the viability, sustainability and overall benefits offered by these services. This is because the procurement of a commercial partner will secure a level of investment and expertise in technology and business efficiency techniques that the Council does not have. These assumptions have been validated throughout dialogue and the evaluation of outline solutions.

Throughout the life of the contract we will need to ensure that it is sustainable and monitor the impact of cost reduction. To this end the Council has specified service levels via output specifications, and will in dialogue 2 be developing a comprehensive performance framework, which will include a mechanism for deducting a proportion of payment if targets are not met.

There is no misrepresentation of cost reduction because all the relevant figures are provided via the original business case of June 2011 and via this update, showing the cumulative cost reduction by year and what this means as an average over the 10 years. Therefore it is clear what the cost reductions expected in each year are in both the prudent and optimistic scenarios.

6. Lack of Financial Commentary

On pages 2 & 3 (in the document to be published these are pages 1 & 2) - there is little or no explanation to the savings and therefore unable to give a meaningful comment to the proposed savings/adjustments identified.

On pages 5 & 6 (in the document to be published these are pages 3 & 4) - these tables do not make sense.

The income reduction under the optimistic scenario should be lower than the income reduction under the prudent scenario. However under the optimistic scenario the income reduction takes a pessimistic view compared to the income under prudent scenario.

At year zero the NSOCSO is still with the Council. "Should the total cumulative column show totals of years 1 to 10 (10 periods) and not years zero to 10 (11 periods)?"

"How have the indicative cost reductions been calculated?"

Response:

Please refer to the original business case which is available here in the CRC report of 29 June 2011. This provides more detail on how the savings assumptions were reached. The update to the business case simply amends the baseline budget figures but not the predicted savings percentages.

Regarding income reduction, this has already been answered in question 2 above.

Regarding year zero, the assumption is that the contract will go live in January 2013 so will have 3 months of 2012/13 before the first full year in 2013/14.

One Barnet Programmes – Employee Equality Impact Assessment

One Barnet Programme Name: New Support and Customer Services Organisation

[This document remains live with information being added at each critical milestone]

EIA Contents

1. Introduction
2. Any anticipated Equalities Issues at each milestone and identified mitigation
3. Monitoring Summary
4. Project Milestone Outcomes, Analysis and Actions
5. Briefing, Sharing and Learning

1. Introduction

1.1 Purpose

It is recognised that such a significant transformation of services is likely to have an impact upon staff. This impact will be monitored through the completion of an Employee Equalities Impact Assessment, this is a live document and will be updated at key milestones throughout the lifespan of the project.

1.2 Aims and objectives of the OB programme

The project's aim is to enable the council's support and customer services to be delivered differently to:

- provide improved services for their internal and external customers
- make savings to benefit the taxpayer
- enable them to adapt to a changing and evolving customer base in the light of any One Barnet developments and are therefore sustainable

The proposals approved in the Customer Services Organisation and New Support Organisation options appraisal fit within the One Barnet principles. In line with the One Barnet principles all services should:

A new relationship with citizens

- be designed and delivered around customers' needs
- provide the best possible customer experience
- enable customers to help themselves by providing accurate and accessible information and enabling self-service wherever possible.

A one public sector approach

- be in a position to support the requirements of all public sector partners and drive better multi-agency working
- be flexible and therefore able to rapidly respond to changing demands.

A relentless drive for efficiency

- operate as efficiently as possible to both minimise the cost of the service and minimise the cost to customers of accessing the service
- be innovative and take advantage of evolving technology, thinking and practice
- maximise the value the council achieves from all its assets (capital and revenue)
- safeguard the council's position to maintain its reputation and comply with legal responsibilities.

1.3 Description of the critical milestones

- Identification of services in scope via the options appraisal:
 - Corporate procurement
 - Customer Services
 - Estates (including corporate programmes team)
 - Finance
 - Human Resources
 - Information Services
 - Revenues and Benefits
- End of dialogue one to reflect any changes to the scope of services included (December 2011)
- Re-organisation/consolidation of services to reflect the new size and scope of the re-defined activities at April 2012
- TUPE transfer of the activity to a third party

1.4 Key Stakeholders

- In scope staff – represented by the staff group and service lead group
- Council customers – represented by the members of the advisory group, these are the service areas that use the services in scope
- Politicians – decisions regarding the progress of the project will be taken by Cabinet Resources Committee and Cabinet
- Senior council officers – the project is sponsored by the Deputy Chief Executive¹ and the board comprises of senior council officers
- Trade Unions – represented by trade union staff who attend monthly meetings with the project manager, HR and project sponsor
- Partners – schools and Barnet Homes are able to use a number of services in scope. Barnet Homes are part of the advisory group² and schools have created a working group that meets with the project team to represent their interests.

2. Any Anticipated Equalities Issues at each milestone and identified mitigation

2.1 Identification of services in scope

This is not expected to have any impact on staff as it is purely a paper exercise to establish the size of all the services in scope.

2.2 End of dialogue one

This is not expected to have an impact on equalities. Following the first round of dialogue it may become clear that some services will no longer go forward as part of the final set of services. In which case the staff baseline will need to be re-profiled and updated within the EIA to reflect the new collection.

¹ The sponsor has since changed to the Director of Commercial Services

² Barnet Homes withdrew from the advisory group when they were named as a potential subcontractor by a bidder in July 2011, prior to PQQ submission, in order to protect the integrity of the procurement process

2.3 Council re-organisation

It is expected that further re-organisations of the services in scope will be carried across 2011/12. At this stage the nature and extent of these re-organisations is unknown and as such it is not possible to assess whether there will be an equalities impact.

2.4 Staff transfer

If the business case approves the continuation of procurement to competitive dialogue there will be a TUPE transfer of employees to the new provider. There is not currently perceived to be any specific activities that will directly impact any one group with protected characteristics over the employee group as a whole.

Possible activities that may have implications at this stage of the process could be:

- Perceived possible effects of outsourcing on employees
- TUPE (the Transfer of Undertaking (Protection of Employment) Regulations 2006) transfer
- Change of pay date
- Location
- Measures

Impact

There will be clarity on actual impacts on employees of any procurement process at the stage of contract award, following competitive dialogue. Until that point the current iteration of this document is based around possibility. The in-scope employees whose data is detailed below will change over time as decisions are made on the shape of the retained client function, consolidation of services and through staff turnover.

3. Monitoring Summary

Table 1- Employee EIA Profile of the One Barnet Project (this profile is in accordance with the requirements of the Equality Act 2010 and the Council will collect this information so far as we hold it)

All numbers replaced by an 'X' have been aggregated to protect personal identification

| Critical Milestones | | | | | | | | | |
|----------------------------|--|---|----------------------------|--|--------------------|---------------------------------|------------------------|------------------|------------------------|
| | | 12/05/11 In-scope Profile at Outset date | | 19/01/12 End of dialogue 1 date | | Final Consolidati on Date | | Transfer date | |
| | | No. | % of In- scope group | % | Total Council % | No. | Remaining Council % | No. | Remaining Council % |
| Number of | | | | | | | | | |

| | | | | | | | | | |
|--------------------------------|---|----------------------------------|--------------------------------|---|-------------------------------------|--|--|--|--|
| employees | | 538 | 100% | 531 | 3179 | | | | |
| Gender | Female | 321 | 60% | 61.1% | 63.7% | | | | |
| | Male | 217 | 40% | 38.9% | 36.3% | | | | |
| Date of Birth (age) | 1992-1986 | 19 | 3.5% | 2.2% | 4.1% | | | | |
| | 1965-1976 | 123 | 22.9% | 26.2% | 20.4% | | | | |
| | 1975-1966 | 163 | 30.3% | 32.7% | 26.5% | | | | |
| | 1965-1951 | 210 | 39% | 35.1% | 43.1% | | | | |
| | 1950-1941 | 22 | 4.1% | 3.8% | 5.7% | | | | |
| | 1940 and earlier | X | X | | X | | | | |
| Ethnic Group | White British Irish Other White | 284 X 28 | N/A 52.8% X 5.2% | 52.1% X 4.3% | 50.2% 3.2% 6.9% | | | | |
| | Mixed White and Black Caribbean White and Black African White and Asian Other Mixed | X 10 | N/A X 1.9% | 5% | 4% | | | | |
| | Asian and Asian British Indian Pakistani Bangladeshi Other Asian | 57 X X 13 | N/A 10.6% X X 2.4% | 11.4% X X 2.2% | 6.9% X X 1.9% | | | | |
| | Black or Black British Caribbean African Other Black | 37 21 X | N/A 6.9% 3.9% X | 7.2% 3.6% X | 5.8% 8.6% X | | | | |
| | Chinese or Other Ethnic Group Chinese Other Ethnic Group | X 10 | N/A X 1.9% | X X | X 1.8% | | | | |
| | | | | | | | | | |
| Disability | Physical co-ordination (such as manual dexterity, muscular control, cerebral palsy) | | | | | | | | |
| | Hearing (such as: deaf, partially deaf or hard of hearing) | X | X | X | X | | | | |
| | Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses) | | | X | X | | | | |
| | Speech (such as impairments that can cause communication problems) | | | | | | | | |
| | Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or | | | X | X | | | | |
| | | | | | | | | | |

| | | | | | | | | |
|--|---|-----|-------|--------------|-----------------|--|--|--|
| | diabetes) | | | | | | | |
| | Severe disfigurement | | | | | | | |
| | Learning difficulties (such as dyslexia) | X | X | X | X | | | |
| | Mental illness (substantial and lasting more than a year) | X | X | X | X | | | |
| | Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis) | | | | X | | | |
| Gender Identity | | | | | | | | |
| | Transsexual/Transgender (people whose gender identity is different from the gender they were assigned at birth) | | | | | | | |
| Pregnancy and Maternity | Pregnant | | | | | | | |
| | Maternity Leave (current) | | | | | | | |
| | Maternity Leave (in last 12 months) | | | | | | | |
| Religion or Belief | Christian | 264 | 49% | 49.9% | 46.9% | | | |
| | Buddhist | | | X | X | | | |
| | Hindu | 52 | 9.7% | 9.8% | 5.9% | | | |
| | Jewish | 12 | 2.2% | 2.2% | 3.1% | | | |
| | Muslim | 30 | 5.6% | 6.5% | 4.3% | | | |
| | Sikh | X | X | X | X | | | |
| | Other religions | 18 | 3.3% | 2.9% | 3.6% | | | |
| | No religion | 69 | 12.8% | X | 16.6% | | | |
| | Not stated | 66 | 12.3% | 3.8% | 6.3% | | | |
| Sexual Orientation | Heterosexual | 390 | 72.5% | 76.7% | 67.8% | | | |
| | Bisexual | | | | X | | | |
| | Lesbian | | | | X | | | |
| | Gay | X | X | X | Including above | | | |
| Marriage and civil partnership | Married | 195 | 36.2% | 36.3% | 32.1% | | | |
| | Single | 121 | 22.5% | 21.3% | 25.0% | | | |
| | Widowed | X | X | | X | | | |
| | Divorced | 25 | 4.6% | 3.8% | 2.8% | | | |
| | In Civil partnership | X | X | X | X | | | |
| Relevant and related grievances | Formal | | N/A | N/A | N/A | | | |
| | Upheld | | N/A | N/A | N/A | | | |
| | Dismissed | | N/A | N/A | N/A | | | |

Data Gaps

The business case shows full time equivalent (FTE) figures in the financial model, the EIA shows data described by headcount. This gives a clear view of the actual affect on each of the protected characteristics.

The above figures have been taken from the SAP HR system on employees known to be in-scope by name. The Corporate Programmes Team came into scope shortly after the first EIA was undertaken but are included in the data for the second. Devolved staff have not yet been identified by name and therefore their data will be included in the next iteration of the EIA.

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

4.1.1 Identification of services in scope - EIA Iteration 12/05/11

The detail is set out at Table 1. Issues that the data raises are the need for clear understandable employee briefings at all stages throughout the process with avenues for one to one communication available to all employees if required. There will be a requirement on the Service Leads to ensure any employee support needed during these briefings for instance a signer is supplied if appropriate. It will also be the Service Leads responsibility to ensure all employees within their service understand the key messages and have the opportunity to ask questions.

There have been a variety of communication channels set up to support employees through this process and enable employees to have their questions answered. There have been and will continue to be employee briefings at key stages throughout the Project. There is a One Barnet email address for employees to ask more adhoc questions, Q&A documents are posted on the intranet and circulated to management following all briefings. The staff group has had their initial meeting and these will continue for the life of the Project. This group has been designed as an information sharing forum and have been requested to make themselves available for their colleagues to ask questions about the Project.

These communication channels will continue to shape and change depending on the needs of employees.

4.1.2 End of dialogue one – EIA iteration 31/01/12

The ISOS submissions have been completed and have been evaluated. The content of the submissions cannot be shared due to commercial sensitivities. The final submission of the successful bidder at the end of dialogue 2 and any measures put forward by the new employer will be assessed in a detailed EIA.

The detail set out in table 1 shows the profile of NSCSO in-scope employees by protected characteristics under the Equalities Act 2010, and the profile within the Council as a whole.

Whilst Corporate Programmes were not previously assessed for savings potential as part of the business case they had been included in the Estates function for the purpose of the original EIA.

Employee data is in the process of being updated in time for the beginning of CD2.

The Council has engaged with its employees throughout the project using a variety of mediums including:

- Monthly Trade Union meetings
- Staff Group
- Service Lead meetings
- Management updates
- NSCSO intranet site
- Fortnightly message to the in-scope community
- Staff briefings at key milestones by the project sponsor
- TUPE workshops for managers
- TUPE Lunchtime sessions for staff
- TUPE FAQ

Staff have asked questions and fed back their concerns on the project which include matters such as:

- The transfer to a new employer and TUPE
- Protection of terms and conditions of employment
- Location
- Pension
- Redundancy

To mitigate some of the staff concerns the Council have set up workshops on the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), which have taken place monthly to provide managers and staff further clarity on the legislation.

The Council also entered into consultation with the Trade Unions over the summer of 2011 resulting in the proposition of the TUPE Transfer Commitments. These are a set of commitments in addition to any protection under the TUPE Regulations that the Council will implement in the NSCSO procurement and resulting transfer of staff out of the Council to a new employer.

The One Barnet Programme has held Change and Me Workshops since August 2011 open to NSCSO in-scope staff, and will continue to do so. These workshops are confidential group participation sessions that provide an opportunity for staff to discuss how they feel about the huge changes taking place at the council and provide coping strategies at a personal level.

4.1.3 Consolidation

To be completed when this milestone is reached

4.1.4 Actions proposed*To be completed at preferred bidder stage.***4.1.5 Identification of services in scope**

Please see section 4.1.1

4.1.6 End of dialogue two*To be completed when this milestone is finalised***4.1.7 Council re-organisation***To be completed when this milestone is finalised***4.1.8 Transfer date***To be completed when this milestone is reached***5. Briefing, Sharing and Learning**

This table summarises the briefing activities. This EIA forms the primary briefing tool and has been shared as detailed below.

Table 2

| Milestone Description | CDG | CRC | Overview and Scrutiny | |
|--|-----------------|-----------------|-----------------------|--|
| Identification of services in scope | 06/11 | 29/06/11 | | |
| End of dialogue one | 06/02/12 | 28/02/12 | | |
| Council re-organisation | | | | |
| Transfer Date | | | | |

