

SUBJECT: Approval for inclusion of investment within the NSCSO contract within the capital programme

Control sheet

All of the following actions MUST be completed at each stage of the process and the signed and dated report MUST be passed to the Governance Service for publishing

All reports		
1. Governance Service receive draft report	Name of GSO Date	Andrew Nathan 22/4/13
2. Governance Service cleared draft report as being constitutionally appropriate	Name of GSO Date	Paul Frost 05/08/13
3. Finance clearance obtained (<i>report author to complete</i>)	Name of Fin. officer Date	Anisa Darr 22/4/13
4. Staff and other resources issues clearance obtained (<i>report author to complete</i>)	Name of Res. officer Date	Not applicable
5. Strategic Procurement clearance obtained (<i>report author to complete</i>)	Name of SPO Date	Not applicable
6. Legal clearance obtained from (<i>report author to complete</i>)	Name of Legal officer Date	Jessica Farmer 26/4/13
7. Policy & Partnerships clearance obtained (<i>report author to complete</i>)	Name of P&P officer Date	Andrew Nathan 22/4/13
8. Equalities & Diversity clearance obtained (<i>report author to complete</i>)	Name of officer Date	Andrew Nathan 22/4/13
9. The above process has been checked and verified by Director, Head of Service or Deputy	Name Date	John Hooton 25/4/13
10. Signed & dated report, <u>scanned or hard copy</u> received by Governance Service for publishing	Name of GSO Date	Paul Frost 05/08/13
11. Report published by Governance Service to website	Name of GSO Date	Paul Frost 05/08/13
12. Head of Service informed report is published	Name of GSO Date	Paul Frost 05/08/13
Key decisions only:		
13. Expiry of call-in period	Date	N/A
14. Report circulated for call-in purposes to Business Management OSC members & copied to Cabinet Members & Head of Service	Name of GSO Date	N/A

ACTION TAKEN BY LEADER (EXECUTIVE FUNCTION)

Subject Approval to add the capital investment proposed under the NSCSO contract to be added to the capital programme

Cabinet Member Leader of the Council

Date of Decision 05 August 2013

Date of decision comes into effect 05 August 2013

Summary	This report highlights the Council's budgeted capital investment under the NSCSO contract following Cabinet approval on 6 December 2012. Therefore this report identifies the Council's capital programme as referenced within section 5 and 8.
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Officer Contributors John Hooton – Deputy Chief Operating Officer

Status (public or exempt) Public

Wards affected All

Enclosures None

Reason for exemption from call-in (if appropriate) N/A

Key decision No

Contact for further information: John Hooton, Deputy Chief Operating Officer

1. RELEVANT PREVIOUS DECISIONS

- 1.1 Cabinet – 6th December 2012, New Support and Customer Service Organisation – Recommendation for Preferred and Reserved Bidder and Full Business Case

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 The captured investment to the Councils Capital Programme via the action taken within this report enhances the Councils Corporate Priorities which are;
- promote responsible growth, development and success across the borough.
 - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.
 - Support families and individuals that need it – promoting independence, learning and well-being.

3. RISK MANAGEMENT ISSUES

- 3.1 There is a risk that, on termination of the agreement in the event of the contractor going into administration, the Council is owed money for the capital investment in the services that, for whatever reason, has not yet been spent. This risk is mitigated in two principal ways:
- Firstly, the profiles of the payments to the NSCSO contractor are discounted in the early years of the arrangement, and this discount would need to be repaid on termination. For this reason, the Council will always owe the NSCSO contractor money rather than vice versa; and
 - Secondly, the Council is entitled to withhold “milestone payments” if the contractor does not deliver successful completion of contractual commitments such as systems implementation to the requisite time and quality.
- 3.2 There is a risk that, on termination, the Council has invested in assets, particularly in respect of IT, that, given they are located in shared services locations offsite from Barnet, the Council cannot continue to use in the future. This risk is mitigated by obligations on the contractor to provide licences for the continued use of these applications following termination of the agreement.

4. EQUALITIES AND DIVERSITY ISSUES

- 4.1 None specifically in respect of this decision. For equalities and diversity issues in respect of the NSCSO contract, please refer to the Cabinet report on 6 December 2012.

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

- 5.1 A total of £16.1m of capital investment will be made in the NSCSO transferring services. This expenditure relates to investment in information technology, investment in assets and related expenditure deemed to be capital in nature. This is broken down into specific projects as follows:

INVOICE	£
Citrix refresh	905,511
Community cloud	1,420,602
Verto systems implementation and transformation governance	1,149,487
CRM system implementation	985,589
Customer services website	2,019,730
Transversal implementation	195,774
Customer services intranet & client portals	763,046
Data centre infrastructure	2,430,666
Data centre Resource	166,962
Estates management tool	380,672
Finance system implementation	1,353,102
HR transformation & systems implementation	2,161,576
Infrastructure licences	627,923
Insight implementation	691,854
Customer contact - systems implementation	866,302
	16,118,796

- 5.2 Under international financial reporting standards, capital expenditure in respect of assets that are used by Barnet Council, irrespective of whether they are owned by the authority, should be recognised on the balance sheet of the Council.
- 5.3 The capital investment in the NSCSO services forms part of the contract price set out in the report to Cabinet on 6 December 2013. However, this needs to be formally included within the Council's capital programme.
- 5.4 The cost associated with funding this capital investment is included within the NSCSO contract price. This will take the form of an up-front

payment for capital investment in the services following service transfer.

6. LEGAL ISSUES

- 6.1 There are no specific legal issues in respect of this decision. Legal consideration was identified with the report to Cabinet report on 6 December 2012.

7. CONSTITUTIONAL POWERS

- 7.1 The Councils Constitution, Responsibility of Functions 4.2 states that the Leader of the Council may discharge any function of the Executive.

8. BACKGROUND INFORMATION

- 8.1 Further details in respect of the NSCSO contract are contained within the NSCSO full business case which was agreed by Cabinet on the 6 December 2012. This report set out details in respect of the investment in the NSCSO services, but it did not formally request approval for this investment to be added into the Council's capital programme. This report requests this approval.

9. LIST OF BACKGROUND PAPERS

- 9.1 None

10. DECISION OF THE CABINET MEMBER(S)

I authorise the following action

- 10.1 **The inclusion of the capital investment through the NSCSO contract in the Council's capital programme**

Signed **Leader of the Council**

Date **05 August 2013**
