
Meeting	Cabinet Resources Committee
Date	24 th June 2013
Subject	Interim Measure for Continuation of Critical Services
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	<p>The Council carried out the procurement of the New Support and Customer Services Organisation (NSCSO) services culminating in a Cabinet decision on preferred bidder on the 6th December 2012. The delays to the 1st April 2013 service commencement date caused by a Judicial Review application and now appeal have left the in-scope services needing immediate attention and support. This report seeks approval for interim services totalling £14.7m to be commissioned from Capita.</p>

Officer Contributors	Chris Naylor, Chief Operating Officer; Lesley Meeks, Assistant Director Commercial Assurance; Marcus Hobbs, Commercial Partnership Manager;
Status (public or exempt)	Public (with separate exempt section)
Wards affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Need to enter into contracts to deliver crucial services
Function of	Executive
Contact for further information:	Marcus Hobbs Marcus.hobbs@barnet.gov.uk

1. RECOMMENDATIONS

- 1.1 **That, for the reasons set out in the report, the Committee authorise a waiver of the Contract Procedure Rules and approve the Council entering into an interim contract with Capita up to a value of £14.7m to secure the business critical activities detailed in Section 9 of the report in order that the Council can continue to provide effective services. The arrangement will be in place until 31st January 2014 or until the outcome of the appeal is known when the interim contract will either be replaced by the full NSCSO contract with Capita or a review carried out to ascertain future options will be undertaken.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 **Cabinet meeting 6 May 2008** – agreed that the Chief Executive be authorised to lead a review of the organisational form of the Council and to report back to Cabinet with options for change by December 2008.

- 2.2 **Cabinet meeting 3 December 2008** - agreed the proposal for officers to develop a detailed assessment of the overall model for public service commissioning, design and delivery, costs and benefits of procuring a capacity vehicle and procuring a number of service delivery vehicles

- 2.3 **Cabinet meeting 6 July 2009** – agreed that the following three aims be adopted as the strategic basis for making future decisions:

- A new relationship for citizens
- A one public sector approach
- A relentless drive for efficiency

These aims were used to inform the 2010/11 budget process, the refresh of the Sustainable Community Strategy, the development and delivery of the Corporate Plan and the council's relationship with partner organisations.

- 2.4 **Cabinet meeting 21 October 2009** - Cabinet resolved that the plans for implementing the Future Shape programme be approved.

- 2.5 **Cabinet Resources Committee 2 March 2011** – agreed that the Director of Commercial Services be authorised to produce a business case for the following:

The procurement of a private sector partner(s) to deliver the following services: Customer Services; Estates; Finance; Human Resources; Information Systems; Procurement; and Revenues & Benefits.

- 2.6 **Cabinet Resources Committee 29 June 2011** - resolved that the:

- 2.6.1 Committee approve the New Support and Customer Services Organisation (NSCSO) Business Case in order that the council can begin the competitive dialogue process, following the previously approved placing of the OJEU notice.

- 2.6.2 authority to award contract remains with the Cabinet Resources Committee.

- 2.7 **Cabinet Resources Committee 28 February 2012** - resolved that:

- 2.7.1 the Committee approves the recommended NSCSO shortlist of two bidders for stage 2 of the competitive dialogue process.

- 2.7.2 the recommended shortlist is: BT and Capita as they achieved the highest two scores from the evaluation of the outline solutions provided at the end of the first stage of competitive dialogue.
- 2.7.3 the Committee note the update to the NSCSO Business Case.
- 2.8 **Special Cabinet meeting 6 December 2012** - Resolved that Cabinet note the outcome of the evaluation stage of the New Support and Customer Services Organisation (NSCSO) Project and accept Capita's Final Tender as the preferred bid, with reference to the Full Business Case (Appendix A), Equalities Impact Assessments (Appendix B), List of Principal Legislation (Appendix C), and Evaluation Scores (Appendix D - exempt)
- 2.9 **Officer Delegated Powers Report 1946, Interim IT Infrastructure Support Solution, 7 March 2013** – the Director of Commercial Services approved under delegated powers an emergency arrangement required to secure the continuation of critical IT services
- 2.10 **Officer Delegated Powers Report 2057, Interim Measure for Continuation of Critical Services, 24 May 2013** – the Chief Operating Officer approved, under delegated powers, entering into an emergency arrangement required to secure the continuation of critical services within the functions within NSCSO

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Whilst it is intended that the NSCSO partnership deliver key services for the Council, it is noted that the Council cannot enter into the contract until the legal process at the Court of Appeal has been concluded. It was always intended that this partnership would assist the Council to achieve the spending plans set out in the Council's Budget and Medium Term Financial Strategy and the priorities and objectives set out in the Council's Corporate Plan 2013 -2016:
- 3.1.1 Delivering the financial strategy in the Corporate Plan through contracting for guaranteed standards and levels across all NSCSO services, whilst at the same time reducing the operating cost of these services by at least 45% in real terms over the period of the partnership, saving the Council £125.4 million in the period 2013 to 2024, and enabling the Council to meet the requirements of the current Medium Term Financial Strategy and the forthcoming additional savings anticipated as part of the next spending round. This money would otherwise have needed to be found from frontline service budgets sharing opportunities and responsibilities by significantly enhancing the ability of customers to access and engage with the Council and receive the support they need, whilst also giving them greater control through self-service and self-help and opportunities to co-design services with the partner.
- 3.1.2 Promoting responsible growth, development and success across the borough through an enhanced insight function which will help the council analyse the needs of the Borough and its communities in more detail and commission services that are targeted to specific needs, commitments to increase resident satisfaction; and support for local businesses and community organisations.
- 3.2 The corporate change programme has three overarching aims:
- A new relationship with citizens
 - A one public sector approach
 - A relentless drive for efficiency

3.3 It has been reported previously that the Council support systems and technology are beyond their useful life and are no longer able to be supported. It is therefore imperative that this interim arrangement is commenced to preserve key support systems.

3.4 Whilst the Legal process progresses the Council has an obligation and responsibility to continue to deliver back office services to front line delivery units and residents.

4. RISK MANAGEMENT ISSUES

4.1 To mitigate against the risks associated with not supporting critical back office services, an interim solution is being proposed that will utilise elements of the Capita bid to underpin critical shortfalls in services and services resilience and wherever possible to ensure that the financial guarantees and commitments made by Capita based on an original commencement date of 1st April 2013 are carried forward.

4.2 Performance across the services are effected by the delays to commencing the NSCSO contract and the need to enter into an emergency contract is immediate due to the inability to continue running the services without additional support. Staffing levels have dropped dramatically due to the uncertainty around the Judicial Review delays and IS systems have come to the end of their useful life and can no longer provide the necessary functionality to provide an efficient service. This is affecting quality of the services that the Council is able to provide by back office functions that are supporting the front line delivery services which includes direct impact on key social care services. The table below indicates the current vacancy levels across all NSCSO departments;

NSCSO FTE			
	Occupied (FTE)	Vacancies	TOTAL
NSCSO	396.82	174	570.82
R&B	88.56	46	134.56
Corp Prog	14.89	13	27.89
Procurement	4.66	11	15.66
HR	59.88	17	76.88
Customer Services	58.64	27	85.64
IS	40.81	17	57.81
ICT	8	3	11
Finance	67.09	21	88.09
Estates	54.29	19	73.29

4.3 The continued delay to the commencement of the NSCSO contract directly affects the delivery of £125.4 million savings identified in the Capita submission which included circa £66 million procurement savings over the life of the contract.

4.4 If the Council cannot enter into the contract until the outcome of the appeal is known, it must consider its fiduciary responsibilities and make alternative emergency arrangements to deliver the required levels of savings necessitated by the spending cuts.

The alternative to entering into this interim arrangement is to commit resources to deliver an in house transformation of its back office services, similar to that which would be delivered under the NSCSO and DRS contracts, but which would not deliver the required

levels of saving in the same timescales. An in house programme would not start to realise savings until 2015/16 leaving a significant shortfall in the Council finances in 2013/14 and 2014/15. An in-house programme is also unlikely to deliver the scale of savings guaranteed in the NSCSO contract.

The savings required for 2013/14 and 2014/15 will therefore have to be found elsewhere and this will necessitate reductions in front line services including Children's Services, Adult's Social Care and Health, Libraries and Street Scene. These cuts will have a significant impact on these frontline services and residents, actions which the Council had sought to avoid by entering into the NSCSO and DRS contracts.

- 4.5 The risk of not proceeding with this interim arrangement is failure to system servers with no disaster recovery which will have direct impact on key statutory services to citizens including impact on key social care systems, which is not an option because it would mean the Council could not perform its statutory duties in respect of essential service delivery.
- 4.6 The interim arrangements that are sought within this report are key activities immediately necessary to sustain the Councils services whilst not prejudicing the on-going legal process.
- 4.7 The risk to service delivery was mitigated partially by the previous interim arrangement; however the previous arrangement was established without knowledge of the date of appeal hearing. The delay to the hearing now necessitates additional action over and above the previous resources.
- 4.8 Financial – continued delays to the service commencement date causes a risk that Capita will no longer be able to deliver within the budget stated in the their final tender and the Council would not be able to deliver in accordance with its approved annual budget for the financial year 2013/2014.
- 4.9 Section 9 of this report contains a summary of risks for each service.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to:
 - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
 - Advance equality of opportunity between those with a protected characteristic and those without.
 - Promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 As part of this interim measure, the emergency service provider has committed to the ensuring that services delivered are in accordance with the Equality Act 2010.

- 5.3 The Council has had due regard to the public sector equality duty pursuant to section 149 of the Equality Act 2010 and given this proposes a continuation of service "as is", there will be no change in impact on those with protected characteristics.
- 5.4 It should be noted that all equalities and diversity issues in relation to the NSCSO contract were detailed in the 6th December Cabinet paper.
- 5.5 The equalities duty is a continuing duty and the equalities implications will be revisited during the life time of the contract.
- 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

Finance

- 6.1. The NSCSO preferred bidder decision was approved by Cabinet on 6th December 2012 recommending Capita as the preferred bidder. The proposed contract is for a 10 year period and the total financial benefit is £125.4m.
- 6.2 The intended contract start date was April 2013, but the judicial review process has meant that this has been delayed and will not start until after the appeal hearing in July. Furthermore, the Development and Regulatory Services (DRS) contract has not started also as a result of the judicial review. The NSCSO contract start will not take place until after the appeal process, provided the Council succeeds at appeal, and the DRS contract is not expected to start until the autumn. As a result of this, the following additional costs have been incurred by the Council:
- £4.8m of lost financial benefit as a result of the contract prices for DRS and NSCSO for 2013/14 being lower than current operating costs for the services in Barnet (assuming contract start dated in the autumn of 2013);
 - £0.5m in legal fees as a result of the judicial review;
 - £1.45m of additional project and other transitional costs associated with mobilisation of the contract in 2013/14;
 - £0.3m of additional costs associated with interim management arrangements or essential IT works to be undertaken.
- 6.3 This totals £7m of costs that the Council would not have incurred if the NSCSO and DRS contracts were not delayed. The budget and business planning report due to come to Cabinet in July will set out in detail how these additional costs will be funded.
- 6.4 On top of the financial issues associated with the delay in contract commencement, there is also a risk that, as timeframes are pushed out for the NSCSO contract, the benefits that were set out in the 6 December 2012 report (£125m) may not be still achievable. For example, savings associated with IT licences or re-negotiation of contracts will not be realised if projects are not initiated to deliver these benefits quickly.
- 6.5 The emergency services set out in this report are based around the following categories:
- a) Business as usual resources – funded from existing service budgets within NSCSO (£2.1m);
 - b) Project resources – funded from existing service budgets outside of NSCSO (£1.7m);
 - c) Capital projects – funded from capital budgets (£3.6m); and
 - d) Technology infrastructure – funded from capital budgets (£7.4m).

- 6.6 These costs total £14.7m. The NSCSO contract will be amended to ensure that costs incurred within these emergency services that were part of the core service price, are refunded on contract commencement.
- 6.7 If the council is unable to enter into the NSCSO contract as a result of the Judicial Review the council will have to consider options to achieve a balanced budget in 2013/14 and 2014/15 and will therefore have to be found elsewhere necessitating reductions in front line services including Children's Services, Adult's Social Care and Health, Libraries and Street Scene. These cuts will have a significant impact on these frontline services and residents, actions which the Council had sought to avoid by entering into the NSCSO and DRS contracts.

Procurement

- 6.8 The requirement is to enter into a short term interim contract with Capita to cover critical services which are urgently required due to the delay in signing the NSCSO contract. Capita have been identified as the preferred bidder for the NSCSO procurement which was subject to a full EU competitive dialogue procurement and evaluation process and as such the Council can be assured that the rates for those services represent value for money.
- 6.9 This interim measure does not pre-judge the outcome of the Judicial Review appeal proceedings nor is the Council entering into the NSCSO contract prior to its formal commencement. Once the outcome of the appeal is known the interim contract will either be replaced by the full NSCSO contract with Capita or a review to ascertain future options will be undertaken.
- 6.10 It is recommended that this arrangement will be in place until 31st January 2014 or until the outcome of the appeal is known. Depending on the result of the appeal the interim contract will be terminated and the Council will enter into the NSCSO contract or if the appeal is not in the council's favour a review will be carried out to ascertain future options. It is likely that these options would include further procurement activities and the date of 31st January, 2014 gives the council the ability to carry out procurement whilst protecting critical services in the short term.
- 6.11 Contracting with a partner for this piece of work with immediate effect is essential for continued delivery of services and to meet performance levels. Failure to do so could have significant negative impact on the Council in terms of both costs and quality of service. See section 9 for details.
- 6.12 The council has reviewed alternative approaches to securing these critical services such as the use of frameworks provided by Government Procurement Services. There are no frameworks that would offer this type of support for business continuity. There are two consultancy frameworks that have been reviewed but they do not offer the business support and service delivery required and in fact if they were an alternative solution the council would have to carry out a procurement in the form of a mini competition. The time taken to carry out the mini competition and the subsequent approval processes would mean that a contract could not commence until September 2013. This is not an option as it is critical that the council has continuity and the arrangement starts with immediate effect.

Staffing

- 6.13 The current staffing levels will remain for each of these services, the Capita proposal is to bring in additional staff to support service delivery and meet critical service level agreements and key performance indicators.

7. LEGAL ISSUES

- 7.1 Detailed advice is provided to the Council in Part II of this report which is submitted as exempt.

8. CONSTITUTIONAL POWERS

- 8.1 Council Constitution, Contract Procedure Rules – the Contract Procedure Rules (CPR) set out procedures to be followed when commissioning services. Due to the urgent requirement to continue providing the services listed in Section 9, Officers are seeking a waiver of the requirements of CPR 7 (Authorisation), CPR 8 (Procurement Method), CPR 11 (Acceptance)
- 8.2 Council Constitution, Contract Procedure Rules – Section 15.2 (Waivers) states: “In the event that the application of these rules prevents or inhibits the delivery or continuity of service, Directors or Assistant Directors and Lead Commissioners may apply for a waiver. All applications for a waiver of these Contract Procedure Rules must be submitted to Cabinet Resources Committee specifically identifying the reason for which a waiver is sought, including justification and risk.” Details of the CPRs to be waived are set out in Section 8.1 above and the justification / risks are set out in Section 4 (Risk Management) and Section 9 (Background Information).

9. BACKGROUND INFORMATION

- 9.1 Following the award of the NSCSO contract by Cabinet on 6th December 2012, service commencement was due to start on 1st April 2013.
- 9.2 Prior to contract signature an application for Judicial Review was submitted, this has been heard, the verdict ruled in favour of the Council. This decision is now being appealed causing further delays to the commencement of the NSCSO contract that were not foreseen by the Council and resulting in a delay of service commencement from 1st April to 2013 to 1st September 2013 at the earliest.
- 9.3 The services involved in the NSCSO contract are:
- Customer Services
 - Revenues and Benefits
 - Procurement
 - Human Resources
 - Corporate Programmes
 - Finance
 - Estates
 - Information Systems
- 9.4 The ability of the councils back office services to continue to operate effectively is compromised by the on-going uncertainty over the NSCSO contract due to the current Judicial Review, which to date has already delayed the contract start by 6 months. This delay has led to an increased turnover and continuing reduction in staff numbers particularly impacting front line customer facing services in Revenues & Benefits and Customer Services with 20% of posts filled with agency staff and the ability to attract and retain staff is becoming increasingly difficult. As a result the Council has already had to

raise an interim order to Capita for the provision of additional capacity in these services and the demand is growing.

The continuation of the interim provision is essential as recruitment of sufficiently skilled temporary staff from the local area has been an on-going issue and the consequences of not stabilising the service through additional resources has already led to pressure on service standards, inevitably these will deteriorate further without adequate staffing levels.

Since the interim order for the initial services, the impact of increased staff turnover and demand has now been highlighted in Finance and Health & Safety where additional capacity is required to ensure the Council and its workforce can function effectively.

- 9.5 The table below provides a further breakdown of the summary costs set out at 6.5 followed a brief description of each line in the table.

SCHEDULE OF COSTS TO JANUARY 14

Ref	Service	Total cost to Jan 14	Emergency Reason
1	BAU Critical Operational Resources		
1.1	R&B Resource	£ 878,400	BAU Resource
1.2	CS Resource	£ 712,800	BAU Resource
1.3	HR SHaW BAU Resource	£ 165,000	BAU Resource
1.4	Finance Planning BAU	£ 97,350	BAU Resource
1.5	Finance Exchequer BAU	£ 207,225	BAU Resource
	BAU Resources Sub-Total	£ 2,060,775	
2	Project & SME Resource		
2.1	Corporate Programmes	£ 172,425	BAU Resource
	Corporate Programmes (change management)	£ 476,810	BAU Resource
2.2	Procurement project resource	£ 634,838	MTFS Saving
2.3	Estates Project Resource	£ 189,288	MTFS Saving
	Estates education strategic support	£ 51,300	MTFS Saving
2.4	ICT Project Resource (As required)	£ 219,780	BAU Resource
	Project & SME Resources Sub-Total	£ 1,744,441	
3	Critical Project / Capital Projects		
3.1	Technical and Service Design products	£ 1,355,000	MTFS Saving
	Management over sight and governance ("Skeleton Team")	£ 774,578	MTFS Saving
3.2	Adults ICT Replacement - Data gathering and specficiation design	£ 376,200	Technical Critical
3.3	SAP Replacement		
	SAP Replacement - CRM	£ 278,459	MTFS Saving
	SAP Replacement - Finance	£ 141,405	MTFS Saving
3.4	NLBP4 Exit Strategy	£ 173,012	MTFS Saving
3.5	Insight Development	£ 363,000	MTFS Saving
3.6	Estates Assets Management System	£ 121,826	MTFS Saving
	Critical projects / Capital Projects Sub-Total	£ 3,583,480	
4	Technology Infrastructure		
4.1	Interim DR	£ 139,163	Technical Critical
4.2	2e2 Infrastructure support	£ 472,500	Technical Critical
4.3	Citrix Refresh	£ 951,338	Technical Critical
4.4	Community Cloud	£ 2,145,234	Technical Critical
4.5	Data Centre Migration	£ 1,703,657	Technical Critical
4.6	WAN Optimisation (Design)	£ 1,470,024	Technical Critical
4.7	LAN Refresh - diagnostic	£ 30,160	Technical Critical
4.8	IS programme team	£ 439,187	Technical Critical
	Technology Infrastructure Sub-Total	£ 7,351,264	
	Total	£ 14,739,960	

9.6 BAU Critical Operational Resources

The Council has a duty to safeguard services and ensure that it is effectively discharging its fiduciary duty and as a result feels it is now necessary to consider filling shortfalls in FTE positions as set out below.

9.6.1 Revenues & Benefits Service

An increase in vacant positions has created an operational difficulty and a threat that a backlog is increasing in benefit claims and handling volumes relating to new legislation in the Revenues function. To ensure the council can meet the demand it is appropriate to extend the current interim order and provide a capability to flex up to 32 FTE to ensure minimum service standards can be maintained.

9.6.2 Customer Services

As the front line service providing the initial contact point for all Revenues and Benefits Customers in relation to bills or benefits claims it is essential that the Council has the capacity and capability to respond quickly to customer needs, in particular as contact is often from Customers facing difficult financial situations. The service is forecasting further shortfalls in staff and it is therefore it is necessary to extend the interim contingency to provide an additional 24 FTE.

9.6.3 Human Resources

The Council has a duty of care as well as corporate responsibility to ensure the health, safety and wellbeing of its staff as an employer. Currently 2 of the 3 FTE's in the Councils Health & Safety service have resigned severely restricting the service that can be provided and increasing the risk that the Council does not meet its statutory obligations. It is therefore proposed that an additional capacity of 2 FTE H&S Advisors is put in place from 1 July.

9.6.4 Finance

Finance Planning and Exchequer are critical services, important to the Councils management and control framework. The service has been coping with existing vacancies but now require cover for 5 FTE to cope with increasing demand. It is essential that gaps in service are not extended and a short term capability is required to sustain this service up to the point when a replacement contract can be established.

9.7 Project & Subject Matter Expertise

Requirements in this section identify critical project or subject matter expertise resources that are required to ensure that scheduled or essential Delivery Unit projects and programmes are delivered and effectively supported, or that identified and guaranteed savings under the NSCSO contract are secured despite the delays encountered and that critical early strategic deliverables from the NSCSO contract are delivered as they underpin key Council objectives and are required irrespective of the outcome of the NSCSO appeal.

9.7.1 Corporate Programmes

The service is facing a number of potential resignations and the continued uncertainty of the NSCSO contract has led to a number of staff seeking alternative employment. As a result Project delivery resource is now required to maintain the delivery of project activity essential to meeting the Councils strategic objectives in Capital Programmes, including the Education Capital Programme and in Corporate Change Programmes. The Service is using 2.5 FTE of Project Manager based on the existing Interim order and require a contingency of 3.5 FTE to add much needed capacity.

9.7.2 Procurement Project Subject Matter Experts

As originally outlined in the interim order, this team will continue to undertake the analysis and validation of existing and planned projects to deliver third party spend savings and to provide support to the wider Procurement Team in relation to the Adults MTFs procurement savings as well as wider Delivery Unit savings as contractually guaranteed in the NSCSO offer.

9.7.3 Estates

The function has suffered from increase staff turnover and there is a risk of skills and knowledge transfer being lost resulting in lack of continuity of service in the future. As a result of these risks the Council wishes to put in place critical resources 1 FTE acting as an Estates Service Manager and 1.5 FTE Technical Staff to ensure that the functions data sources are organised and validated to secure the financial guarantees.

9.7.4 ICT Project Resource

ICT does not have current resources to support an anticipated shortfall of capacity driven by Delivery Unit requirements for transformation and change and requires a contingency ICT does not have current resources to support an anticipated shortfall of capacity driven by Delivery Unit requirements for transformation and change. 2 project manager resources are required on an as needed basis to support the Delivery Units in driving forward their change and efficiency agendas.

9.8 Critical Project / Capital Projects

9.8.1 "Skeleton" Team, Technical and Service Design Products

It is essential that this team remains in place as an extension to the existing interim order as the proposed work packages set out in this CRC Report span a number of key services, critical deliverables and complex projects that need to be delivered under strict governance. This will ensure that the Council is able to transparently track expenditure, risks and benefits and make informed choices at critical decision points of each project. It ensures that projects and services are delivered in a coherent way in line with desired outcomes and commitments made in the NSCSO Contract.

Work undertaken by Capita to date has produced a number of Technical and Service Design Products. These products are the result of detailed due diligence, technical design services and an investment in project development and benefits realisation. These products provide the Council with the designs, blue prints, strategies and methods to procure standalone projects or deliver projects itself to meet the individual NSCSO service needs and wider strategic outcomes.

9.8.2 Adults ICT System Requirements

There is an urgent need to commence detailed requirements and specification activity to identify a suitable replacement system that would have originally been in scope of a Schedule 15 "Special Project" under the NSCSO contract and would have commenced in April 2013. Adults have identified a significant risk in failing to commence these activities in the very near future and have therefore requested that the technical and service support required to generate the requirements to ensure the service is ready to procure an appropriate system.

9.8.3 SAP Replacement

The Councils SAP system requires significant refresh investment if it is required to be maintained beyond the planned end of contract July 2014. Under the NSCSO contract Capita would have taken on the existing SAP/Logica contract and costs and replaced the current SAP systems for HR, Finance and CRM with new industry leading systems over a phased period, at a significantly lower cost and at the same time providing much needed new functionality and capability to underpin service improvements.

The delays have already created the need for the Council to negotiate to extend the existing contract with Logica which ends at the end of July 2013. This extension will be on the basis of a full year and the Council will as a result incur an additional cost of £0.4m over and above what was budgeted as spend within the NSCSO contract.

In order to ensure that this investment is not wasted and that the Council realises the anticipated benefits the council wishes to commence these system replacements now in order to obtain the resourcing efficiencies and lower TCO (Total Cost of Ownership) as early as possible.

9.8.4 Agile Working / NLBP4 Exit Strategy

The potential for significant savings in excess of £30m in property costs arises through the opportunity to exit NLBP 4 at the lease break date of Oct 2015 and relocate staff to other accommodation. The need now exists for an urgent review of available options and working these up into viable and achievable solutions for approval with a gateway decision and position statement agreed at each stage.

9.8.5 Insight Development

The Council Commissioning Model is predicated on the basis of a new way of assessing residents demands and requirements and of enabling a significantly enhanced method of quantitative and qualitative analysis across all Council Services in order to ensure that the Council Strategic and Tactical commissioning activities are informed by effective data.

Further delay to the implementation of the Insight capability will pose a significant risk to the Commissioning Council model and the ability to support service delivery, enabling the tailoring of interactions to provide the appropriate service, advice and guidance as well as supporting continuous improvement and commissioning decisions.

9.8.6 Estates Asset Management System

The NSCSO contract included the early implementation of an integrated property management system that brought much needed capability and underpinned guaranteed commitments to the reduction in reactive maintenance and improved property income for the Council. Commencing activities to specify requirements aligned to the data cleansing

and validation outlined in 9.7.3, will ensure that financial guarantees are protected if the contract is signed but enable the Council to rapidly procure the system itself in the event that it is not.

9.9 Technology Infrastructure

The Council's IT infrastructure is at the end of its useful life and many servers, desktops, laptops and other assets need replacing urgently. The risk that this presents has been previously documented and the condition of the assets and associated risk of failure continues to grow. The Council has delayed replacing these assets on the basis that the NSCSO Partner would invest as part of wider service improvements and in parallel with other system efficiencies. The investment planned within the NSCSO contract for the refresh and replacement programme has already been delayed by 6 months due to the Judicial Review and as a result the Council is beginning to experience infrastructure, capacity and asset failures.

The Council is approaching a situation where it would be potentially failing its duty of care if it does not take appropriate steps to secure and modernise the infrastructure in line with the proposals received.

9.9.1 Interim Disaster Recovery

There is no Disaster Recovery in place for these assets and there is therefore a risk of not being able to recover systems and services in the event of a major failure. Service vulnerability includes key critical systems like the Adult and Children's Service systems and a number of key system servers which require replacement or refresh and cannot be replaced at short notice or without major investment by the Council or service disruption.

9.9.2 2E2 Infrastructure support

Continuation of the 2E2 emergency replacement

9.9.3 Citrix refresh

Enables agile flexible working and our ability to implement a desktop refresh (managed desktop solution work). This package would assist in releasing the Council from BLDG 4

9.9.4 Community Cloud

The Council needs to replace a large number of servers that are coming to the end of their life and also requires that going forward all "Platinum" or business critical systems have Disaster Recovery in place to ensure we are able to deliver front line services.

9.9.5 Data Centre Migration

Underpins significant savings as a result of vacating NLBP4 including the relocation of the existing data centre to a new fit for purpose location and will improve DR and resilience of IT Service and systems for front line services. Moving systems and data is a complex technical task and due regard must be given to the risks, timing and management of the transfer in order to avoid business disruption and maintain service and data integrity.

9.9.6 WAN Optimisation (Design)

A detailed piece of work is required by dedicated resource to support urgent requirements gathering, development and design of IT storage and backup solution providing the ability to purchase the additional capacity urgently if the NSCSO contract is not signed.

9.9.7 LAN Refresh – diagnostic

Following 2E2 going into administration the work to continually review, maintain and update the LAN and ensure its suitability to support the Councils services and systems has stopped. As a result the Council is experiencing some single points of failure on switches and capacity issues that must be addressed urgently.

9.9.8 ICT Programme Team

Management and project resources to oversee the delivery of all components above.

10. LIST OF BACKGROUND PAPERS

- 10.1 Delegated Powers Report 1946 (Interim IT Infrastructure Support Solution):
<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=4567>
- 10.2 Delegated Powers Report 2057 (Interim Measure for Continuation of Critical Services):
<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=4756>

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	HR