

Appendix C – CSG Project Spend

Considered by the Member-led Working Group on 4th August 2016

EXCLUDES information that is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

What is the Council investing in and why?

Capital programme

●The Council has agreed its capital investment programme, with £761m planned investment to 2020, funded through capital receipts, borrowing, revenue and external grant.

Transformation programme

●The Council has agreed its Medium Term Financial Savings (MTFS) plans to meet the £81m funding gap to 2020.

●A transformation programme has been established containing the 61 projects required to deliver £63m of these savings (sample of key projects on the right).

●The Council has agreed a transformation reserve of £22.3m to deliver the programme, including a split of spend against each project.

Major capital investments

- £215m in Brent Cross Thameslink
- £145m in schools build programme
- £145m in housing development pipeline
- £51m in improvements to roads & pavements
- £50m in new Colindale Offices
- £30m investment in our parks
- £23m investment in two new leisure centres
- £9m in IT equipment & services

Key projects within the programme

- New delivery models for adults and children's social care, education & skills and street scene
- Improved social work practice for adults & children
- Integrated health and social care services
- Strategy to hit 50% recycling rate by 2020
- Older people supported to live more independently
- Targeted support to reduce the numbers of children & adolescents in statutory care
- Changes to the way residents transact with the council

What does the Council buy from CSG?

The Council uses a number of suppliers to support the delivery of these vital programmes, including CSG, from whom we buy the following services:

For the capital programme

- **Multi-Disciplinary Design Services (c.£3.7m spent to Mar '16)** (e.g. Architect, Engineering Services, Landscape Architecture)
- **Technical Advisory Services (c.£2.8m)** (e.g. Technical Lead, Quantity Surveyor, Principal Designer, Supervisor)
- **IT specialist labour (c.£2.8m)**
- **IT hardware & software (c.2.0m)**
- **Project management (£2.1m)**
- **Programme management (£0.5m)**

For the transformation programme

- **Subject matter expertise (c.£3.6m)** (e.g. procurement support, HR input into staff re-organisations, IT input)
- **Project-specific resource (c.£1.5m)** (e.g. for Libraries, Unified Reward and Customer Transformation)
- **Project management (c.£2.0m)**
- **Change management (c.£0.4m)**
- **Programme management (c.£2.4m)**

These services, which the Council would need to procure elsewhere if not from CSG, are in addition to the 'core' contract.

What did £25.6m of CSG spend support since Dec 2013? 4

New Council Tax Support Scheme; Welfare Reform Taskforce; and additional Revs & Bens Face to Face services

£1,800,000



Children's Transformation Programme



Streetscene Efficiencies



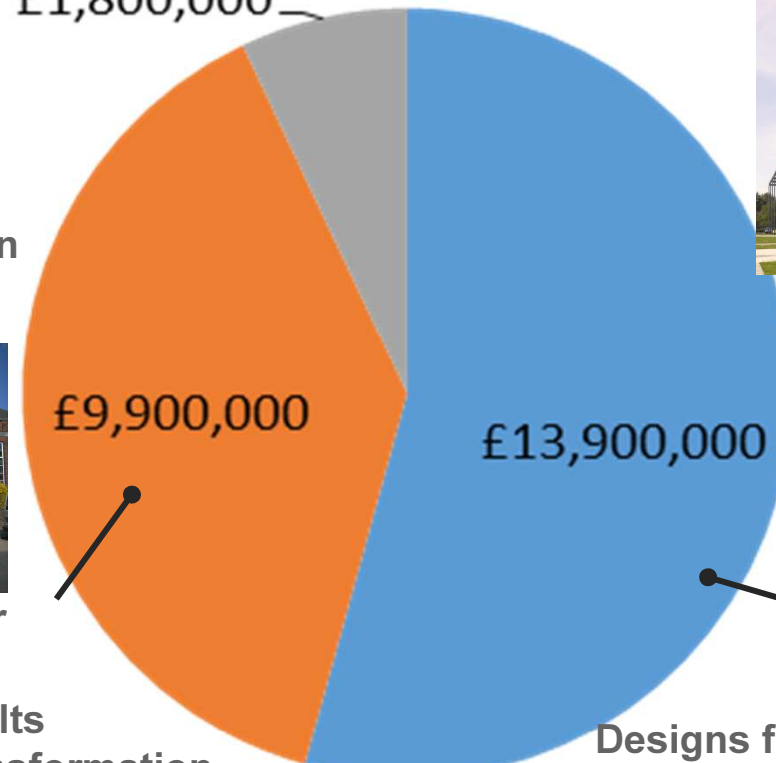
Future Model for Libraries



Adults Transformation

unified reward

SMARTER WORKING



2013 and 2015 Schools Build Programmes



Schools Modernisation



Designs for New Barnet & Cophall Leisure Centres



Designs for two Community Centres



Design for a replacement depot



New Laptops and I pads, Infrastructure & Systems

■ Critical infrastructure incl. schools & IT ■ Transformation Projects ■ Temporary teams / specialist resource

What will c.£39m spend with CSG from 2016-20 get us?

Capital schemes

- £24m expected to support development of vital infrastructure, as follows:
 - Schools - £14.4m (10% of forecast total capital spend)*
 - Leisure Centres - £3.9m (12% of forecast total capital spend)
 - Community Centres – £2.4m (15% of forecast total capital spend)
 - Depots & other infrastructure - £3.0m (10% of forecast total capital spend)
- £9m on ICT specialist labour (c.£4m), hardware & software (c.£5m) to enable improvements to customer services and how we work, including secure mobile working, electronic record management system to ensure less reliance on paper, more reliable infrastructure, and collaborative working tools.

Transformation projects

- £6m of spend (48% of total expected £12.8m transformation spend) delivering projects identified within the transformation portfolios including new delivery models for adults social care, street scene and family services.

** If all planned additional school places for 2020 will be built by LBB*

Capital schemes

Ad hoc use of various suppliers.

Construction partnership with Kier and Gardiner Theobold for school builds on whom £2.1m was spent to support £12.8m investment within the 2013 primary school build programme (16%).

Various IT suppliers including ComputerLand.

Transformation projects

In-house transformation team supported by external consultants including £7.1m of spend on Impower and Agilisys on the One Barnet Programme by the end of 2013.

How can we assess value?

Area	Are we paying less than we would in the open market?	Are we getting what we paid for?	Can we get better value in the future?
Capital schemes	✓	✓	✓
Transformation projects	✓	✓	✓

In total we expect to save over £5m between 2014 to 2020 compared to what we spend through the open market.

This saving is made through the better than market rates we have negotiated with CSG, as explained in more detail on the next slides.

Capital schemes

- **Are the contractual rate cards better value than the market?**
 - Contractual rate cards are c.11% below rates that would be paid to equivalent companies.
- **How are we getting better value than the rate cards?**
 - Design, Technical Advisory & Project Management fees for building schools has reduced from 16% average before the contract to 10% average. See Appendix A.
 - Project Management delivered by 7 FTE salaried team (11% below rates Council would pay to recruit fixed term project managers).

Are we paying less than we would in the open market?

Transformation projects

- **Are the contractual rate cards better value than the market?**
 - Contractual rate cards are c.11% below rates that would be paid to equivalent companies.
- **How are we getting better value than the rate cards?**
 - 16 FTE salaried team has been established that is c50%-60% below consultancy market rates.
 - Current ROI is c.£3 saved per £1 spent which is better than previous programmes (e.g. One Barnet ROI was c.£2 saved per £1 spent).

Capital schemes

- Officer and members decision-points at key stages in accordance with industry-standard 'RIBA' approach
- Assurance partner scrutinises plans at key points of major capital schemes; procuring an IT assurance partner to scrutinise IT investment plans
- Milestone and deferred payments used as standard

Projects delivered/under way

- Delivery of new school build programme to deliver school places
- Depot Relocation
- Delivery of business case and initial designs for new leisure centres in Barnet
- Children's IT transformation
- Tarling Road Community Centre
- Aggregated Procurement
- Libraries Digital Transformation
- Members' IT
- Investing in IT
- Daws Lane Community Centre

Transformation projects

- Officer and member decision-points at key stages in accordance with LBB project management methodology
- Milestone and deferred payments used as standard
- Use of Local Partnerships & PWC to review plans.

Projects delivered/under way

- Smarter Working – move from NLBP4
- Unified Reward
- Family Services Transformation Programme
- Phase 2 of Adults transformation programme
- Libraries Strategy
- Early Years – Free Early Education Places
- Streetscene Transformation Programme
- Phase 1 of adults transformation programme

Can we get better value in the future?

Capital scheme specific opportunities

- New strategic construction partnership to provide substantial efficiencies for construction costs and improve delivery of capital schemes
- Procure services from alternative suppliers through frameworks.

Transformation projects specific opportunities

- Transfer on-going arrangements, such as programme management, into the core contract.

General opportunities

- Improve delivery of key investments (i.e. for IT) and reducing costs by establishing further salaried teams / gaining commitments to maintain existing teams (enforcing penalties where not maintained)
- Negotiate discounts based on forecast spend – or as leverage to achieve further base budget contract savings
- Regularly review benchmark market rates and use information to inform purchasing choices and negotiations with CSG.

Appendix A – School Build fees comparison

Category	Pre-CSG	With CSG
Construction Total	12,818,046	24,529,617
Design, Technical Advisory & PM Fees	2,071,907	2,446,044
% Design, Technical Advisory & PM Fees	16%	10%

Pre-CSG figures are from the 2013 Primary School expansion programme carried out through the support of Kier and Gardiner Theobold.

With CSG figures are from the 2015 Primary School expansion programme in which CSG provided design, technical advisory and project management support.