
Output Specification: Capita Retained Finance

Functions: Accounts Payable, Traded Schools Finance, Integra Support

April 2019

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2 Document Ownership

Document owner and signed off by	Head of Finance, London Borough of Barnet
	Operations Director - Head of Finance and Accounting, Capita

3 Definitions

The words in this Finance Output Specification shall have the meanings attributed to them in the Agreement where the context so permits and unless otherwise stated.

In this Finance Output Specification, unless the context otherwise requires, the following words and expressions shall have the meanings given below:

Term	Definition
Barnet Homes	means Barnet Homes Limited, (Company registered number 04948659) whose registered office is at Barnet House, 1255 High Road, Whetstone, London N20 0EJ
CFO	means the Authority's Chief Finance Officer who also fulfils the role of S151 Officer
CIPFA	means the Chartered Institute of Public Finance and Accountancy
MTFS	means the Authority's medium-term financial strategy
S151 Officer	means the Officer appointed by the Authority in compliance with its obligations under section 151 of the Local Government Act 1972
System Master Data	means the business objects that contain the most valuable, agreed upon information shared across and is the single source of basic business data used across the entire enterprise, regardless of location. For example, master data may contain information about customers, products, employees, materials, suppliers, and vendors
System Administration	Is a function responsible for the upkeep, configuration, and reliable operation of computer application software; especially integrated applications, such Financial ledgers. The system administrator seeks to ensure that the <u>uptime</u> , <u>performance</u> , <u>resources</u> , and <u>security</u> of the application they manage meet the needs of the <u>users</u> within the agreed Key Performance Indicator (KPI) requirements. To meet these needs, a system administrator may acquire, install, or <u>upgrade</u> system components and software; provide routine automation; maintain security policies; <u>troubleshoot</u> ; and offer <u>technical support</u> for projects
The Barnet Group	means the Authority's trading company, The Barnet group Limited, (Company registered number 07873964) whose registered office is at Barnet House, 1255 High Road, Whetstone, London N20 0EJ and which is parent company to Barnet Homes
Cambridge Education (CE)	Third party education supplier to LBB
AP	Accounts Payable

4 Scope

The Service Provider shall deliver the finance service as described in this Output Specification (but not including those items listed as "out of scope" below).

This document has been revised to reflect the functions to be returned to the London Borough of Barnet and therefore excluded from the NSCSO Partnering Agreement from the point of transition to the Expiry Date of the Agreement

Financial Services

The Service Provider shall provide the following services to:

- London Borough of Barnet
 - Accounts Payable
 - Traded Schools Finance Service
 - Integra Support
- Cambridge Education
 - Accounts Payable
 - Integra Support

1. Transactional Service:

- The Service Provider shall be responsible for accounts payable (administering payments on the Authority's behalf)

2. Financial Support Teams - The Service Provider shall provide the following professional finance services:

- Schools Traded Service

3. Finance System:

- The Service Provider shall provide, maintain and support the Integra financial management system.

For the scope of this output specification, the Service Provider shall carry out the retained finance functions in accordance all relevant legislative and regulatory frameworks that are directly relevant to the Service Providers delivery of the Retained Services (as amended and updated from time to time which may include):

- Local Government Act 1972
- Local Government Finance Act 1988
- Local Government Acts 2000, 2003
- The Accounts and Audit Regulations 2015
- Authority's Constitution
- Barnet Council Financial Regulations
- Code of Practice on Local Authority Accounting in the United Kingdom
- CIPFA Code of Audit Practice
- Localism Act 2011
- Schools Finance (England) Regulations 2011

For the scope of this output specification, the Service Provider shall use reasonable endeavours to meet the key objectives of the service which are:

- To enable financial information to be transparent and accessible to support improved decision making;
- To enable accurate and efficient processing of transactions; and
- The provision of high quality assurance for the processes in the scope of this output specification.

Printing and postage of invoices and cheques is contained within the Estates Output specification.

Services not in Scope

The following roles and activities shall be delivered by the Authority:

- Support of Barnet Homes

- The role of statutory S151 Officer and deputy S151 Officer.
- Strategy and decisions relating to the strategic direction of the Authority.
- Finalisation of the budget document and MTFS
- Production of the Statement of Accounts
- Provision of Business Partnering functions including Budget Monitoring
- Treasury Management and Pensions Fund Accounting and Management
- Income Management i.e. Cashbook and Reconciliations
- Finalisation of policy documents

5 Data Room Documents

The parties recognise and agree that the inclusion of the Data Room documents in Schedule 1 (Output Specification) is for information only and is not intended to give rise to legally binding rights and obligations between the parties except where these documents are specifically referred to in Section 4 or 6 of this Output Specification. The documents within the schedule relate to documents initially transferred as part of the NSCSO Partnering Agreement relating to services remaining within the output specification following the strategic contract realignment.

Data type	File name	File contents	Function/s related to it	File type
Guidance	FIN Financial Guide for Schools	Provides specific guidance to schools on details of Authority specific procedures and forms; technical details for example taxation and details of items not available elsewhere	FIN023 – Schools Finance Support Service (Traded Service)	Pdf
	Schools Finance Regulations	provides specific guidance on management of Schools Finances	FIN023 – Schools Finance Support Service (Traded Service)	Word

6 Service Requirement

The following table indicates the service requirements for the Financial services within scope of Service Provider retained services.

The Service Provider shall adhere to the standards listed in the final column of the following table.

Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
SCRFIN001	Overarching financial standards	Financial Administration and Stewardship	<p>The Service Provider shall work with the CFO to ensure good financial administration and stewardship on behalf of the general public and to ensure that the Authority's resources are managed in accordance with Legislation, financial regulations and guidance provided by CIPFA and other relevant Guidance including Council policies.</p> <p>The Service Provider shall ensure that as business practices, Legislation, financial regulations, CIPFA guidance and other relevant guidance change the Service Provider's procedures shall be updated with immediate effect.</p> <p>The Service Provider shall ensure that there are effective systems of internal financial control (for the retained services it provides) in place including (but not limited to):</p> <ul style="list-style-type: none"> • Reviewing, maintaining and updating on an on-going basis finance system manuals • procedures notes in relation to AP and traded schools services • Updating Integra system functionality and built in security and controls. 	On-going	<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<p>The Service Provider shall make available appropriate documentation, expertise or system access in order to facilitate the carrying out of audits or similar assurance related reviews.</p> <p>The Service Provider shall implement agreed actions linked to recommendations arising from internal and external audits in respect of services that the Service Provider controls within agreed timescales.</p>		
SCRFIN007		Reporting	<p>Within the scope of this output specification, the Service Provider shall ensure financial information in reports to external bodies, individuals, members and senior officers is accurate, consistent, complete and timely. The Service Provider shall ensure this by maintaining system and reporting integrity limited and relevant to the services provided.</p>		<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance
SCRFIN014		Internal Audit	<p>The Service Provider shall contribute to an annual audit plan for the retained services it provides. In the case of ad hoc pieces of work the Service Provider shall respond in a timely manner to audit requests and shall agree the scope of the audits within a reasonable timescale.</p> <p>The Service Provider shall support individual audit terms of reference and have staff available to respond to individual internal audits and implement action plans to the timescale set out in auditor reports for those areas that are in direct control of the Service Provider.</p> <p>The Service Provider shall make the necessary arrangements required to assist the internal audit team with its reviews by providing access to all relevant systems and documentation, relating to in scope services and ensuring the relevant staff are available for interviews and meetings. The Service Provider shall respond to internal audit draft reports within ten (10) Business Days. The Service Provider shall make staff available to respond to follow up audits, where a recommendation was rated as a priority one (high) recommendation, and shall provide information to allow appropriate assessment of how the recommendation has been implemented. The timescales shall be agreed between internal audit and the Service Provider.</p>		<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
SCRFIN015		Risk Management	<p>The Service Provider shall provide information to the Authority on identified risks, highlighting best and worst case scenarios, and shall provide action plans where possible on mitigating risk in relation to the services it provides.</p> <p>The Service Provider shall maintain and update on a regular basis (as the nature of the risks dictates or as and when a risk is identified) a comprehensive service risk register in the format required by the Authority shall and report to the Authority in relation to any updates for the retained services.</p> <p>The Service Provider shall notify the Authority of a risk as soon as it becomes apparent that it is likely to affect the objectives of the Authority. Other than when a risk requires immediate notification to the Authority, the Service Provider shall provide information on a monthly and quarterly basis regarding risks and incorporate such information into management reports.</p> <p>The Service Provider shall ensure that its staff have the required level of awareness of the Authority's risk management strategy and policy statement and corporate plan in order that operational, strategic, financial, reputational and project risks can be identified and mitigated.</p>	Ongoing	<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance
SCRFIN016		Systems Accounting	<p>The Service Provider shall maintain the system master data (based on information provided by the Council)</p> <p>The Service Provider shall update system master data within five (5) Business Days after receiving a compliant and fully authorised request.</p>	Upon request	<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance <p>As per the request</p>

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
SCRFIN018		Income (Accounts Receivable)	<p>The Service Provider shall:</p> <p>Provide an income recovery system module which can be used to maximise income recovery from initial customer creation through to successful debt recovery in line with financial regulations and the Authority's debt management policy.</p> <p>The Service Provider's recovery service provision is:</p> <ul style="list-style-type: none"> • Set up and maintain a full customer creation/amendment service, following the agreed process and authorisations and within agreed timescales • The maintenance of system settings in order for the Council's Debt Management Policy to be discharged (e.g. automated reminders to be issued in line with the Dunning process timelines) • Implementing legislative changes that impact on the accounts receivable system module and communicating this to the Council. • The Service Provider shall provide appropriate system-generated reports to enable debt collection as specified by the Council. <p>The delivery of these functions will be in accordance with appropriate professional standards and codes of practice.</p>		<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations • CIPFA guidance
FIN019		Payments (Accounts Payable)	<p>The Service Provider shall provide an effective and efficient accounts payable transactional service in line with Council policies and financial regulations.</p>		<p>In accordance with:</p> <ul style="list-style-type: none"> • Legislation • Financial regulations

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<ul style="list-style-type: none"> • A full vendor creation/amendment service, following the agreed process and responding appropriately to the needs of both the vendor and the services. Vendor records shall be created / amended, following the agreed process and responding appropriately to the needs of both the vendor and the services. The Service Provider shall create / amend records within three (3) working days upon receipt of approved valid request. • A payment maintenance function to ensure that rejected payments are replaced within three (3) working days of the corrected details being supplied. • A document storage facility to allow all relevant documents (such as scanned images of invoices and e-forms) to be retained for the statutory period and allowing the retrieval of individual documents within 24 hours. • Sufficient contact methods to ensure that all supplier enquiries and requests for advice are dealt with within one (1) working day. • Sound advice to managers, including at the most senior level and supporting reasonable requests for management reports/data files as agreed • Work with the Authority to support improvement year on year in the number of payments, as a percentage of all payments that are made electronically. 		<ul style="list-style-type: none"> • CIPFA guidance

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<ul style="list-style-type: none"> • A function that returns a payment document to the relevant Authority Service within twenty-four (24 hours) once an error/inaction by the service that prevents the payment document being processed has been identified. • In collaboration with the Council, facilitate and support reasonable requests for appropriate training and support to staff in order to minimise the making of incorrect payments and to ensure that procedures are maintained. • Implementation of legislative changes that impact on accounts payable and disseminate relevant information and training to staff and front-line managers as appropriate. • Registering (through automatic scanning or otherwise) of invoices into the financial system within two (2) working days of receipt. • Upon correct approval of invoices adhering to invoice payment terms, will be included in the next available payment run • Undertake payment runs and as per the agreed schedule • Provision of remittance advice notices to payees of all payment runs, in line with Council policy 	Up to 4 times a year	
FIN020		Schools Finance Support Service (Traded Service) This is a face to	The Service Provider shall provide a support service to schools on a traded basis in accordance with that set out in the Authority's portfolio of Traded Services.		<ul style="list-style-type: none"> • Scheme for financing schools • CIPFA guidance

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
		face support service	<p>The Service Provider shall be required to meet existing demand from schools in the first twelve (12) months of the Partnership shall vary provision thereafter only in such a way as to allow schools to meet their reporting requirements to the local authority.</p> <p>The Service Provider shall deliver the following services to schools and academies:</p> <ul style="list-style-type: none"> • Helpdesk services – <ul style="list-style-type: none"> a) The provision of a combined helpdesk including RM Finance module, telephone advice and financial administration telephone advice. b) RM Finance Module telephone advice on the use of the accounting module. c) Financial administration telephone advice on budget spreadsheets, the requirements of the scheme and financial procedures. • Basic Accounts Service - On-site preparation of accounts, production of budget monitoring reports, validation and processing of income, expenditure and petty cash disbursements, maintenance and reconciliation of computerised accounts, completion of returns to the Authority, cash flow monitoring, preparation of year end procedures and returns, compliance with VAT regulations. • Accountancy Service - The basic accounts plus advice on financial administration and management. Monthly budget monitoring including detailed salary checking. Regular reporting to head teachers and budget holders. Updating 	<p>Approximately ninety-two (92%) of Authority schools</p> <p>Approximately forty-six (46) in 2012/13</p>	

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<p>budgets and liaising with head teachers regarding budget virements.</p> <ul style="list-style-type: none"> • Finance Support Visits. The Service Provider shall review the financial policies and procedures against a checklist. The Service Provider shall report at the end of the visit on areas of weakness or suggest action. • Setting up Financial Systems and other services. The Service Provider shall prepare financial policies and procedures and undertake a pre-audit review. The Service Provider shall also set up lettings systems and private funds and assist with end of month problem solving and balancing RM Finance. The Service Provider shall assist with the preparation of year end accounts including balancing school accounts to the local authority and provide one to one training on RM Finance. • Recruitment and Selection for Finance related posts. The Service Provider shall prepare the advertisement, job description and or/person specification, shortlist candidates, prepare interview questions and/or tests and attend the interview. • School based Induction Training and Workshops. An onsite one to one training session for new head teachers and governors. On site workshops for teachers, governors and finance staff on financial procedures. 	Between fifteen (15) and (20) meetings per year	

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<ul style="list-style-type: none"> • Attendance of Meetings of Governors – attendance at daytime or evening meetings with governors to present budgets, budget monitoring reports, budget forecasts and general advice. • Budget Preparation - The Service Provider shall hold budget preparation workshops in late February and early March to enable school teams to prepare their budget with advice from school accountants (ratio 1 to 4). The Service Provider shall issue salary/budget spreadsheets to schools attending these workshops • School Business Manager Service - the Service Provider shall provide a school business manager service for schools that already purchase the accountancy service in order to provide additional support to the head teacher in areas of the head teacher's choosing in order to relieve pressure and/or to provide expertise in key areas. The service shall be provided on a time allocated basis of one additional half day per week by the schools accountant allocated to the school although they may be assisted by other colleagues with experience/expertise in some areas. <p>The Service Provider shall offer schools support in six possible areas:</p> <ol style="list-style-type: none"> 1. Management support 2. Finance/accountancy plus 3. HR administration 4. Facilities management 5. Risk management/health and safety 6. Procurement and contract management 	Annually	
				Annually	

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<p>Because of the time limited nature of the service it is necessary for the school to give an indication of priorities - preferably three areas and recognise that the service cannot cover all six modules.</p> <ul style="list-style-type: none"> • Services to Academies - Services similar to those described above are available to Academy schools but the detail of the service and the price will be subject to discussion as the accounting regime of Academies is different to Authority funded schools. • The Service Provider shall organise pooling arrangements for the Authority schools for sickness and maternity. The Service Provider shall financially manage the pools to balance the budget. The pools shall not make a profit but in the event of either pool making a loss this shall be recharged back to the participating schools. <p>The Service Provider shall prepare the following in accordance with the corporate timetable for the production of the Traded Services for schools (Authority maintained schools and Academies) portfolio:</p> <ul style="list-style-type: none"> • A description of the services to be offered to schools in the following financial year; • The prices those services are to be sold to schools for in the following financial year. <p>Should a service currently offered not be provided to schools in the following year, Capita shall give at least 3 months' notice to schools.</p>	<p>Annually</p> <p>Annually</p>	

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Reference	Service Area	Function	Service Requirement	Key volumes or frequency requirement	Applicable service standard
			<p>The Service Provider shall deliver all Services within the standards, KPIs and Pls specified within the Output Specification or Traded Services agreement, and to satisfaction of the Traded Services client being either:</p> <ul style="list-style-type: none"> • As specified in the Output Specification or Traded Service agreement; • As agreed between the Authority and the customer; or <p>As efficiently and effectively as practically possible</p> <p>All of these functions will be delivered purely by staff employed by Capita. Where support is required from the Council's finance function this is detailed in appendix C of the method statement.</p>		

7 Performance Indicators

The Authority's KPI and PI requirements are listed in the following table, and full details of methodology, baseline data, targets and reporting frequency are set out in Schedule 4 Payment and Performance Mechanism.

Performance indicators will remain in place (or be amended or deleted) as per appendix 8 of the Change Notice.

KPI or PI	Performance Indicators the partner shall be required to report against	Current baseline	Target
KPI	Operational availability of financial application to the hosted network	98%	98%
KPI	Ninety per cent (90%) of invoice documents processed within the agreed timescale	90% Q2 and Q3 2012/13	90%
KPI	Completion of audit recommendations	N/A	100%
PI	Monthly Budget Monitoring	100%	100%
PI	Period closed by the seventh (7th) Business Day following the month end (for months 5-11)	100% Q2 and Q3 2012/13 (this doesn't include P1 and P12 when because of year end, some delay would be expected in current service)	100%
PI	100% of invoices raised and despatched within one (1) working day of sales invoice being created	100% Q2 and Q3 2012/13	100%
PI	1st reminder letter issued to customers no later than 21 days of date that sales invoice was raised (unless there is physical block on individual invoices, i.e. in cases of dispute)	100% Q2 and Q3 2012/13	100%
PI	Final reminder issued fourteen (14) days after first (1st) reminder letter issued	100% Q2 and Q3 2012/13	100%

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PI	Ninety-five per cent (95%) of local companies are paid within ten (10) Business Days and all other companies within thirty (30) Business Days	Payments =<30 days 2012/13 Q1 97.89%, Q2 97.97%, Q3 97.90% Payments =<10 days 2012/13 Q1 96.84%, Q2 97.33%, Q3 97.65%	95% (The current target is being exceeded, however this would normally be reviewed at year end to see if the increase in performance was a general trend or a non-recurrent incident and accordingly the target would be revised.)
PI	Response time of financial system and screen refresh to enable further data input.	98%	98%
PI	% of Due diligence updates completed within agreed timescale	>95%	>95%
PI	% of master data updates completed within agreed timescale	95%	95%
PI	Client identified Duplicate payments	2	2
PI	% of priority 1 and 2 Faults not closed within agreed timescale	95%	95%
PI	% of leavers deactivated within the application within agreed timescale	95%	95%
PI	% of master data updates completed within agreed timescale	95%	95%