


<b>Report to:</b>	Sutton Shareholdings Board	<b>Date:</b>	4 January 2017
<b>Report title:</b>	Encompass Digital Innovation Services		
<b>Report from:</b>	Mary Morrissey, Strategic Director Environment, Housing and Regeneration		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Councillor Simon Wales, Deputy Leader of the Council		
<b>Author(s)/Contact Number(s):</b>	Marcus Rees-Harris, Head of Quality and Business Development 020 8770 5693		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• An Open Council</li> <li>• A Fair Council</li> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	20 December 2016

## 1. Summary

- 1.1 Under matters reserved to the Sutton Shareholding Board Encompass LATC Lts is required to seek authority when it delivers services that are not ancillary to its core business.
- 1.2 This report asks for authority to start the commercial delivery of Digital Innovation packages designed and developed by Encompass LATC Ltd.

## 2. Recommendations

The Sutton Shareholdings Board is recommended to:

- 2.1 Approve the commercial delivery of the Digital Innovation Packages designed and developed by Encompass LATC Ltd to other organisations.

## 3. Background

- 3.1 Encompass Business plan set out an ambitious business development plan.

3.2 Aligned to our vision and values, our approach to business development is to:

1. Increase penetration into existing markets with existing products or services
2. Develop new markets for existing products or services
3. Innovate by developing new products or services
4. Diversify into new markets with new products or services

3.1 We have now refined our digital service provision to provide an effective and marketable product.

#### **4. Issues**

4.1 Encompass has developed innovation consultancy services that will enable businesses to achieve digital transformation. Our services will help organisations keep pace with the ever changing needs of business and their customers, making the delivery of their services more efficient and cost effective.

4.1 As part of our digital innovation consultancy services Encompass has developed the concept of 'Icebox'.

4.2 This is a 'ground up' collaborative initiative that has been launched in Sutton for the Sutton staff and is a regular event for colleagues who want to gain maximum benefit from effective use of modern ICT and explore new, emerging technologies in a dynamic, innovative arena.

4.3 The ICEbox experience has now been packaged to take to market for other local authorities and private sector businesses.

#### **5. Options Considered**

5.1 Agreement to start delivering the Digital Innovations Consultancy will enable Encompass LATC to start trading and begin to realise its ambition to generate an income stream that creates a moderate profit.

#### **6. Impacts and Implications**

##### Financial

6.1 The price for delivering Icebox is individually agreed with the contracting organisation and is dependant on the level of service required and days bought. However, the cost to Encompass LATC Ltd for delivering Icebox to a contracting organisation is be contained within the contract price.

6.2 The initial contract with the London Borough of Sutton for the provision of consultancy services will be delivered within current resources in the Quality, Development and Innovation team and will not impact on the delivery of services contracted to Encompass LATC by the London Borough of Sutton.

- 6.3 With regard to future contracts awarded by an external organisation the pricing structure facilitates the scaling up of resources to match demand without impacting on the delivery of existing services. The pricing structure requires organisations to pay an initial setup fee typically set at around 30% of the contract value. The remainder of the balance will be invoiced quarterly in advance with payment terms set at 30 days.
- 6.4 A central aim of the Local Authority Trading Company is to generate a profit and this activity and any future contract will contribute to realising this ambition.

#### Legal

- 6.3 A standard service agreement for the contracting of services between Encompass and the purchasing organisations is being developed in association with legal services. A pro forma has been supplied to Legal for their comments and will be modified for each customer based on the type of consultancy service that they purchase from Encompass
- 6.4 More than 80% of the activities Encompass carries out must be in the performance of tasks entrusted to it by the London Borough Of Sutton. Encompass will work with Financial and Legal to ensure that any new income generated does not result in TECKAL exception being compromised.

## 7. Appendices and Background Documents

Appendix letter	Title
	None

Background documents
None

Audit Trail		
Version	Final	Date: 19 December 2016
Consultation with other officers		
Finance	Yes	Sue Hog
Legal	Yes	Maria Searle
Integrated Impact Assessment	No	N/A

required?		
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