

<u>MEETING</u> PERFORMANCE AND CONTRACT MANAGEMENT COMMITTEE
<u>DATE AND TIME</u> TUESDAY 31ST MAY, 2016 AT 7.00 PM
<u>VENUE</u> HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
1.	PUBLIC QUESTIONS AND COMMENTS (IF ANY)	1 - 14

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Question Number	Item Number	Raised by	Question Raised	Answer
1	8 (Appendix H)	John Dix	Please can you clarify how the reduction in Single Person Discount is calculated to arrive at the net figure and, for example, is a saving made in 2015/16 treated as an on-going saving for the purposes of gainshare calculation or just a one off saving for that year only.	The gainshare calculation on Single Person Discount (SPD) is for one year only. The net figure is calculated by taking the in-year reduction in SPDs, which needs to meet a minimum income guarantee. If it meets the guarantee, a fixed cost to the contractor is deducted. Anything over this is split in line with gain share percentage. If the minimum income guarantee is not met, then no gainshare is paid.
2	8 (Appendix H)	John Dix	Please can you clarify how the Additional Council Tax Income is calculated to arrive at the net figure. To what extent is the additional income from the additional 2,732 households treated as part of the calculation and why is 100% of the net income paid to Capita in Gainshare.	<p>Of the total in year net collectable debt for the relevant year (which will include new households), the target percentage that needs to be achieved over 4 years (98.39%) is calculated as a number. Income received in excess of this is then split in line with gainshare. If the service provider falls short of this target, they will pay the Council.</p> <p>The additional income from additional households, similar to existing households, needs to exceed the 98.39% collection target before becoming eligible for gainshare.</p> <p>The net income is not paid to Capita, it is what is retained by the Council after paying.</p>

3	8 (Appendix H)	John Dix	Can you clarify if Capita have achieved the 98.5% council tax collection rate and how that impacted on the Gainshare payment.	The amount of Council Tax collected over 4 years was 98.6%. The gainshare was calculated on income in excess of 98.39%.
4	8 (Appendix H)	John Dix	Why did you set a guarantee target in 2015/16 that is £3.3 million lower than for 2014/15 when recurring savings on renegotiated contract continue to attract gainshare payments for Capita?	In 2014/15 the contract stipulates £4.3m of the council's MTFs savings would be supported without any gainshare payable. The increase in guaranteed savings in 2014/15 reflects that.
5	8 (Appendix H iii)	John Dix	Please could you clarify of what the £242,615.87 true up payment comprises?	This payment is made in line with Schedule 24. Post contract commencement, there is a period of true-up, i.e. any contracts started or finished that were not picked up as part of the transfer are captured. £242k is the 3 month payment of this.
6	8 (Appendix I)	John Dix	Who authorised the spend of £276,094 for an accelerated refresh of employee computing devices so all devices are refreshed after 18 months instead of 5 years. Was the procurement handled by Capita and did they generate a gainshare saving on this purchase?	<p>The additional spend of £276,094 was commissioned through the CSG contract change mechanism. This piece of work is intended to bring forward the delivery of computing devices for all Council staff, which support and enable flexible working and help the organisation to prepare for longer-term office moves.</p> <p>It was formally approved by the Council's commercial team and the responsible Director.</p> <p>Funding for investment in Information</p>

				<p>Technology was set within the Council’s Capital Programme, approved by Policy and Resources Committee and by Council and used to fund the accelerated programme.</p> <p>This expenditure was not subject to a gainshare.</p>
7	8 (Appendix I)	John Dix	Please can you clarify what the £9.7 million contract true up of third party contracts comprises?	<p>This Change Request captures the impact over the life of the contract for Schedule 24 true up (as described in Q5). The increase in cost in the true up mainly comprises of the following contracts:</p> <ul style="list-style-type: none"> • Contract with Civica for Revenues and Benefits (£560k) • Contract with Insight Direct for IS (£180k) • Contract with RM Finance for Schools finance (£85k)
8	8 (Appendix I)	John Dix	For the library service call cost of £453,000 what does that work out per call?	<p>Libraries and Children’s Services calls were identified in the contract as “Deferred Services” within the Customer Service output specification and should have been transferred as an agreed change following service commencement. However, due to the delays in signing the contract the calls were transferred into the contact centre by the Council prior to the contract commencement.</p> <p>A number of options were explored to</p>

				<p>review existing SLAs and reprioritisation to meet the additional requirement. Children’s Services calls (c10000 per annum) were absorbed within the contract and required no contract change.</p> <p>Libraries calls were subject to a two year change request and the overall baseline for the Customer Services function updated to take this into account including number, length of calls, and the number of employees required to meet this need. The cost related to baseline of 41,600 calls in the first year of the change.</p>
9	8 (Appendix J)	John Dix	<p>How many letters of action have been received in the last 6 months and how does that reconcile with the risk - Resident Engagement - ORG0029 being rated as medium to low</p>	<p>The Council has received one letter before action related to consultation and engagement in the last 6 months.</p> <p>The council has a comprehensive Consultation and Engagement Strategy, which provides a framework to our approach to consultation and engagement, and is in place to ensure that the council meets its statutory obligations when consulting with residents and other stakeholders. The strategy also seeks to ensure that consultation and engagement is: consistent; conducted to the highest standard; utilises a wide range of methods tailored to different consultations; and is co-ordinated</p>

				<p>across the council and with our partners.</p> <p>We will continue to take these steps to ensure effective engagement and consultation where required.</p>
10	8 (Appendix J)	John Dix	<p>Risk - Increasing costs of Adult Social Care - ORG0042 states that there is a risk that the pressure on Adults budgets caused by increasing demographics and complexity will not be contained within existing budgets and the risk matrix suggests the probability of this happening is “unlikely”. Do you think that is an accurate reflection of the current situation?</p>	<p>The current assessment is “possible”. The “unlikely” score is in the target column that the Council would hope to achieve following implementation of the control actions.</p>
11	8 (Appendix J)	John Dix	<p>Do you really think that extending the NSL contract till October 2018 sends the right signal to Barnet residents given the parking contracts scores so badly on the resident satisfaction survey?</p>	<p>Resident satisfaction with the parking service in Barnet has improved by ten percentage points over the last three years and is now at 27%.</p> <p>However, the London average is 33% and so further improvement is necessary. As part of the contract extension negotiation with NSL, the Council will focus negotiations on further steps which can be taken to improve customer satisfaction.</p> <p>In particular, enablers for an improved level of service in terms of a reduced level of complaints and improved handling of appeals will be addressed.</p> <p>The Council is taking wider actions to drive overall service improvement for parking services. This includes</p>

				increasing the quality of service information via written correspondence, publications and improvements to the website in support of Barnet’s Parking Policy.
12	12	John Dix	<p>In light of the referral from Audit Committee and given that Internal Audit recently said:</p> <p>a) <i>There is a lack of formal documentation held by the Council of the first line defence activities operating at Capita. For example, this may include access to procedure manuals to assess whether the control framework in place mitigates the Council’s key risks. This was highlighted as a finding in relation to the accounts payable process where there was no up to date procedure document in place.</i></p> <p>b) <i>That currently Internal and External Audit activities provide the only evaluation of the design and operation of the controls in place within Capita processes to mitigate the Council’s key risks... These form part of the third line of defence in the assurance framework. This testing approach is generally retrospective and would only identify issues after they have occurred, possibly a significant period of time following the initial non-compliance. We did not see evidence of real time monitoring of the operation of Capita controls.</i></p> <p>c) <i>Although some second line management oversight activities were found to be operating effectively, there are some second line activities which are currently recorded as the ‘first line’ of activities within the Commercial team’s analysis. These should be moved within the updated version of the assurance map.</i></p> <p><i>They also noted that “performance management information is not independently validated by the Council” and that “not all SRO’s have an allocated deputy. Placing reliance on one individual may result in</i></p>	<p>Following the internal audit report both those recommendations were accepted:</p> <ul style="list-style-type: none"> • With regard to independently validating performance management information, this is now within the remit of the Commercial team and this activity has commenced for 2016/17. • With regard to allocated deputies: this was not part of the scope of the audit and therefore no substantive testing was undertaken, however a recommendation on observations was made. All SROs do have deputies but these are not documented or formalised in all cases. This does pose risks to the organisation and we are going through a process of documenting this.

			<p><i>contingency issues when officers leave the Council either permanently or for extended periods”</i></p> <p>On that basis are you sure that the clienting arrangements are satisfactory?</p>	
13	13	John Dix	<p>Do you think it is appropriate for Council Senior Responsible Officers to be commissioned to assess delivery of the contract against outcome specifications, method statements and contractual commitments given that they are fulfilling this role already. While it will undoubtedly be useful to take their evidence surely it would be more appropriate for someone independent such as internal audit or an external body to make that assessment of delivery?</p>	<p>We have set out a clear approach to conduct the year 3 review of the CSG contract. This includes seeking views from a wide range of sources including via Performance and Contract Management Committee and a Member Working Group, through a public call for evidence, from Council senior Officers and employees, from the Council’s SROs, and using benchmarking information. All this will be used to inform further discussions and negotiations with Capita to achieve the aims of the review.</p>
14	13	John Dix	<p>Please can you clarify the contents of the benchmarking survey and can you confirm that it will also include examples from private sector partnerships?</p>	<p>The Council is conducting a detailed benchmarking exercise with CIPFA, enabling comparison of performance and expenditure against other local authorities and public sector bodies – whether provided in-house, through a shared service or a contract.</p> <p>We will also be seeking information from other public sector bodies who are in contract for similar services to help inform the review and achieve the best possible results in terms of improving</p>

				services for residents and further financial benefit.
15	13	John Dix	Will any members' working group meetings be open to the public?	It is intended that at least one meeting of the working group will be held in public. There will also be regular reports to the Performance and Contract Management Committee, which is held in public.
16	13	John Dix	When will the public engagement take place and what steps are you going to take to ensure that the public are actively involved in the process?	We are currently finalising the arrangements for the public call for evidence. It is likely that this will involve the use of a targeted questionnaire that includes the facility for open-form responses, together with one or more focus groups. The call for evidence will take place during June and July.
17	13	John Dix	Who will be responsible for reconciling whether the commitments set out in Schedule 35 of the contract have been delivered?	<p>Senior Responsible Officers (SROs) work with the Service provider to ensure commitments are delivered as per the contractual obligations. They are reviewed monthly and at annual reviews by the Council and CSG.</p> <p>In the event that issues occur, SROs escalate to the Council's commercial team for further resolution.</p> <p>The commercial team maintain overview of the status of all commitments.</p>

18	13	John Dix	<p>What contingency plans have been made to consider terminating part or all of the contract if the 3 year review is unsuccessful and agreement on changes cannot be reached?</p>	<p>As reported to Performance and Contract Management Committee, the Council has clear stated aims for the 3 year review:</p> <ul style="list-style-type: none"> •Maximum benefit from the opportunities that exist for the in-scope services; •Improvements in the performance of the in-scope services; •Budget savings; •The priorities set out in the Council’s corporate plan; and •Ongoing flexibility and responsiveness to address changing and emerging needs in the future. <p>We will continue to report progress to the Performance and Contract Management Committee and will provide a final report later in 2016/17 concluding any changes required to achieved these aims. Termination of the contract is not within the terms of reference of the review.</p> <p>As with similar commercial contracts, appropriate contractual remedies exist to resolve any specific service delivery challenges and these will be used where required.</p>
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19	13	John Dix	When will you be taking evidence from the Leadership Panel?	CSG will convene targeted input from senior leaders via focussed meetings of Leadership Panel to bring new ideas, innovation and challenge to contribute to the review. We are currently reviewing membership of this Panel to be as effective as possible in the review.
20	13	John Dix	Will you be publishing Capita's proposals of new opportunities for improving service quality and reducing costs throughout the Contract Period?	At the end of the review, if amendments to contracts are agreed they would be published subject to the usual commercial confidentiality.
21	8	Theresa Musgrove	<p>The recently revealed scandal of the disabled residents' travel passes that were wrongly cancelled by Capita is dismissed in this report as:</p> <p><i>"Issues with joining up processes for Freedom Passes, which requires an end-to-end review"</i>.</p> <p>It now known that his spurious process was given to Capita to run as an extra service they asked to administer in order to increase their extra charges bill for another £100,000. Apart from the sheer injustice of the completely indefensible mass cancellation of passes and the distress this caused to disabled residents, this episode raises many very serious questions about the whole contractual agreement and the lack of scrutiny which this committee and the authority's commissioning officers provide of the services contracted to Capita.</p> <p>Who authorised the contract variation to allow Capita to take over this service, and when?</p>	<p>In 2010, 4,768 disabled freedom passes were issued to Barnet residents, which were therefore due to be renewed in 2015.</p> <p>In order to guard against passes expiring, an agreement was reached between the London Borough of Barnet and London Councils that passes due for renewal in 2015 would be automatically renewed, and that our delivery partner, Capita would retrospectively check eligibility of individual cases against the Department for Transport's eligibility criteria. Due to this additional demand of work, an agreed change request was approved in January 2015 for Capita to process the 2015 renewals and 2016 renewals.</p>

22	8	Theresa Musgrove	Why was no scrutiny of the newly outsourced service put in place that would have - should have - foreseen that the new process was unjust and possibly unlawful?	<p>The renewals process was carefully considered by both the Council and our delivery partner Capita in order to adhere to Department for Transport Guidelines. However, the Council recognises that passes were removed from some residents without the appropriate advice and guidance being provided. The review of the Freedom Passes process will address the shortcoming of the current process and will also provide a monitoring mechanism for the newly designed renewals process.</p> <p>We are seeking to redress any process shortfalls that are identified, to ensure an effective process is in place going forward.</p>
23	8	Theresa Musgrove	Is this not another repetition of the MetPro scandal, in which one revelation of an unmonitored contract illustrates an entire culture of complacency, and tolerance of poor standards of service delivery? If you think not, please explain wherein lies the difference.	As set out above, the Council has set in motion a review of the Freedom Passes process to address the identified shortcomings and to ensure this works effectively in the future.
24	8	Theresa Musgrove	We were told that outsourcing will deliver 'better services, for less money', and that the massive Capita contracts were necessary in order to achieve 'savings'. It is now clear that the nominal savings guaranteed by the modest ambitions of the core contract are meaningless when measured against the astoundingly high level of extra charges and payments being extracted from Barnet by Capita outside the core agreement.	<p>The CSG contract achieves a saving of £126m over a ten year period.</p> <p>The Council uses an external organisation to regularly test residents' perceptions of Council services. At the commencement of the CSG contract, a sample of 64% of residents reported 'it is easy to access Council services'. In</p>

			<p>So not only are there no real financial benefits overall to the taxpayers of this borough, and not only are our services not better, or even the same, in many areas they are actually far worse, as demonstrated by the rise in complaints, figures over which, unlike the loaded questions of customer satisfaction surveys, you have little control.</p> <p>My question is quite simple: how bad does it have to get, before you admit what a blunder you made in signing up with Capita - or will your own political reputation always come before the best interests of the residents of Barnet? Is it even conceivable that you would ever dare to terminate these contracts?</p>	<p>2015/16 this improved to 70%.</p> <p>We have commenced the process to review the CSG contract, to achieve the following aims:</p> <ul style="list-style-type: none"> • Maximum benefit from the opportunities that exist for the in-scope services; • Improvements in the performance of the in-scope services; • Budget savings; • The priorities set out in the Council's corporate plan; and • Ongoing flexibility and responsiveness to address changing and emerging needs in the future.
25	7	Theresa Musgrove	<p>In reference to the Corporate Plan:</p> <p><i>5.6.4 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</i></p> <p>Trying to translate this into comprehensible English, one might then ask how does the introduction of unstaffed libraries meet the terms of this commitment, when clearly the use of such library systems unfairly discriminates against the needs of disabled users, who need assistance in order to make use of whatever remaining library facilities this shameless administration retains after the shortly awaited destruction of our library service?</p>	<p>An assessment of the equality impact of the service changes to Barnet's library service and the mitigating measures can be found at http://barnet.moderngov.co.uk/documents/s31103/Appendix%20Di%20-%20Equality%20Impact%20Assessment.pdf.</p> <p>In relation to library users with disabilities who require support during technology enabled opening hours, volunteers supported hours will be available to assist.</p> <p>As well as retaining all 14 of its current</p>

				static libraries, the council is also continuing to offer a home and mobile library service for residents who are not able to access a static library site.
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