Meeting Contract Monitoring Overview and Scrutiny Committee

Date 9 October 2013

Subject Quarter 1 Performance of the Council’s Major Commercial Partnerships

Report of Commercial and Customer Services Director

Summary of Report This report covers the performance of two live contracts (HB Public Law and Barnet Group, comprised of Barnet Homes and Your Choice Barnet) and two in-house delivery units (DRS and NSCSO) at quarter 1, 2013-14

Officer Contributors Kari Manovitch, Head of Commercial

Status (public or exempt) Public

Wards Affected All

Key Decision N/A

Reason for urgency / exemption from call-in N/A

Function of Committee

Enclosures Appendix 1 – Overview of major contract performance
Appendix 2 – HB Public Law Q1 Performance
Appendix 3 – Barnet Homes Q1 Performance
Appendix 4 – DRS Q1 Performance
Appendix 5 – NSCSO Q1 Performance
Appendix 6 – Your Choice Barnet Q1 Performance
1. RECOMMENDATION

1.1 That the Contract Monitoring Overview and Scrutiny Committee consider the information set out in this report and the associated appendices and make comments and/or recommendations as appropriate.

2. RELEVANT PREVIOUS DECISIONS

2.1 Council, 16 April 2013, (item 4.3) – approved recommendations from the Constitution Ethics and Probity Committee, which included the establishment of a Contract Monitoring Overview and Scrutiny Committee with responsibility for scrutinising the performance of the main externalised contracts.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The three priority outcomes set out in the 2013/16 Corporate Plan are:

- Promote responsible growth, development and success across the borough
- Support families and individuals that need it – promoting independence, learning and wellbeing
- Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study

3.2 All the commercial partnerships are intended to contribute to one or more of these priorities.

4. RISK MANAGEMENT ISSUES

4.1 Risks with a rating of 12 or above are reported as part of the council’s quarterly performance monitoring process, and the risks that were live at quarter 1 can be found in the reports that are contained in the appendices. The reports for HBPL and Barnet Homes include all risks, not just those rated 12 or above.

4.2 Many of the risks reported at Q1 will continue to be live, whilst some will have been closed or replaced. With respect to NSCSO and DRS (now CSG and RE), many of the risks have transferred to Capita to manage as part of the transfer of services to the CSG and RE contracts.

4.3 The council maintains its own separate risk logs for all major contracts, which are informed by the risks reported by each partner. The council’s
risk log for each contract will be published in the council’s quarterly performance reports and reported internally and externally as part of the routine performance cycle. The same applies to the Barnet Group and HBPL contracts.

4.4 Each partner reports their risks at least monthly to the council for review by the commercial team and respective contract board.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Each contract places obligations on our partners to support the Council in carrying out its public sector equalities duty. This means having due regard to the need to:

   a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
   b) advance equality of opportunity between those with a protected characteristic and those without;
   c) 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. With respect to a) the ‘protected characteristics’ also include marriage and civil partnership.

5.2 Effective contract management is vital to ensuring that the Council’s duties under the Equality Act 2010 are supported by its partners.

5.3 Equalities will be monitored by collecting data on service usage, customer feedback and specific performance indicators. Where service changes affecting residents or service users are proposed, equalities impact assessments will be undertaken, and where needed, these will include consultation with residents or service users.

6. USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, IT, PROPERTY, SUSTAINABILITY)

6.1 The council is forecasting an overspend on HB Public Law of £0.254m due to the cost of additional hours purchased in quarter 1 and a shortfall on income recovery such as Section 106. Whilst the use of HBPL is higher than that originally budgeted and forecast for 2013-4, it is consistent with previous years’ usage, and the council is benefitting from increased use of in-house HBPL lawyers rather than external lawyers. Between 2011-12
and 2012-13 there was a 20% reduction in the use of external counsel, saving the council £110,000.

6.2 The council is forecasting an overspend on Barnet Homes of £0.243m. This is as a result of cost pressures on temporary accommodation. This overspend will be met from a contingency fund set aside for this purpose. The council is working closely with the Barnet Group on a strategy to increase the supply of social housing and thereby reduce the use of temporary accommodation.

6.3 DRS (now Regional Enterprise or RE) and NSCSO (now CSG) are both forecast to stay within their respective budgets, which are both subject to contracts with Capita from Quarter 2. The additional cost arising from the delay caused by the application for Judicial Review has been met from reserves.

6.4 The overall savings being delivered by the CSG and RE contracts are £125.4m and £39m respectively. In 2013/14, the savings profiled in the MTFS are £1.908m and £1.755 respectively, although savings for both contracts are expected to exceed this. Agreed capital investment is £16m for CSG and £1.7m for RE. For CSG, Capita has 8% of fee at risk against achievement of 31 KPI targets and 3 super KPI targets. For RE there is 10% of fee at risk against 53 KPIs and 6 super KPIs. Service credits will not be applied until quarter 3, at which point Capita will have been running CSG for 4 months and RE for 3 months.

6.5 Performance analysis can be found in section 9, Background information, and full performance data is contained in the Q1 performance reports in the appendices.

7. **LEGAL ISSUES**

7.1 There are no legal issues raised by the Quarter 1 performance reports.

8. **CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

8.1 The roles and terms of reference of all overview and scrutiny Committees are contained within Part 2, Article 6 of the Constitution; and in the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution). The Contract Monitoring Overview and Scrutiny Committee is responsible for scrutinising reports from the Commissioning Group, Delivery Units and Lead Commissioners detailing the performance against targets that are included within the Corporate Plan and otherwise relating to the services provided by the Customer & Support Group, Development & Regulatory
Services, The Barnet Group Ltd, HB Public Law and NSL (external Delivery Units) NSL and other major contracts, and to be able to challenge external providers.

9. BACKGROUND INFORMATION

9.1 Appendix A shows the summary of performance across the four delivery units within scope of the Commercial function. Of the indicators that reported, the balance of met and missed targets was 68% met (38 targets rated as green) and 32% missed (18 targets rated as red, red-amber, or green-amber). 26 performance indicators had improved or stayed the same since the previous relevant period, whereas 18 had deteriorated.

9.2 A summary of performance highlights and challenges is included below for each delivery unit. Your Choice Barnet performance is covered separately in Appendix 6.

9.3 HB Public Law – 100% targets met
All 6 performance targets were met, successes including:
- Client satisfaction rising from 90% to 93%
- A reduction of 3.5% in the core hourly rate charged to Barnet
- 20% reduction in the use of external counsel from £787K in 2011/12 to £628K in 2012/13
- An improvement in meeting response time targets, with an average of 96% met in Q1

More detail can be found in Appendix 2.

9.4 Barnet Homes – 58% targets met
11 out of 19 performance targets were met, successes including:
- Satisfaction with our repairs service, the two main repairs contracts delivered by Mears & Mitie, is up 7.6% on 2010 results, the last time it was measured, from 67.5% in 2010, to 75.1% in 2013
- No families in B&B for longer than 6 weeks
- 93.6% of estates rated as 3 or 4 (satisfactory or very good)

Areas of particular challenge identified as requiring further action were:
- the number of households placed in emergency accommodation, which was 630 instead of the target of 500
- the average length of time spent by households in short-term nightly purchased accommodation, which was 31.7 weeks instead of 26 weeks
- the number of homeless preventions completed, which was 144 instead of 162

1 Originally incorrectly reported figure was 93% which registered as a missed target
Sustained levels of demand for social housing have led to an increased number of households being admitted into emergency accommodation. There were 214 new temporary accommodation admissions in quarter 1. Underlying this issue is the lack of affordable accommodation and the fact that private landlords have been serving notice to attract larger rental incomes. A lack of move-on options has meant that the average length of stay in temporary accommodation has continued to grow.

A number of actions are in place; improved private sector scheme to increase affordable supply; block-booking; acquiring affordable supply outside of London; securing access to social rented homes in other parts of the country; occupancy checks of households and acquisition of low cost providers.

More detail can be found in Appendix 3.

9.5 **DRS – 73% targets met**

8 out of 11 performance targets were met, successes including:

- The Planning Service performance has improved from 52.4% to 74.3% of applications determined within statutory timescales since the last quarter, and within the overall figure exceeding the 30% special measures threshold for major applications
- 278 empty properties have been brought back into use, massively above the target of 10, (performance is unlikely to be sustained at this level as ‘easier’ cases have now been dealt with)
- Completion of planned work on all 16 roads and footpaths identified for resurfacing and maintenance work

Areas of particular challenge identified as requiring further action were:

- Make safe within 48 hours all intervention level potholes reported by members of the public, with Q1 performance at 73% instead of 80%
- Continuing to increase the proportion of major applications determined within statutory timescales to meet the target of 50%

Next quarter’s performance results will still reflect council performance – it is not until quarter 3 results that performance will be the responsibility of the new joint venture RE, which commenced on 1 October.

The council began collecting data for 36 additional key performance indicators in quarter 2 that are part of the agreed set of 59 KPIs for RE. This leaves a further 12 key performance indicators that RE will begin collecting baseline data from 1 October. Whilst baselines are being established, service credit points will be redistributed across the live KPIs so that the total fee at risk remains the same throughout the year.
More detail can be found in Appendix 4.

9.6 **NSCSO – 65% targets met**

13 out of 20 performance targets were met, successes including:

- A significant reduction in the average time taken to process new benefits claims from 16 to 10 days
- Achieving 100% of new contracts over £25k awarded and managed in accordance with the council’s Contract Procedure Rules and procurement legislation

Areas of particular challenge were:

- Overall Customer Service performance, with the percentage of calls answered within 20 seconds at 61.3%, a decline from 65% in quarter 4 2012/13. Customer satisfaction with the contact centre has also declined by 22.4% (from 58% in quarter 4 2012/13 to 45% in quarter 1 2013/14). Quarter 1 is a historically busy period in customer services as a result of annual billing and performance improved during May and June.
- Staff absence remains above the 6 days target at 7.6 days but slightly lower than last quarter.

Quarter 2 performance for this delivery unit will comprise two months where the delivery unit was managed in house, and one month, September, when it was managed by Capita, with the new name of Customer and Support Group (CSG). Because of this, the service credits that are applied to KPI results as part of the payment system will not be applied to CSG until Quarter 3, and at this point there will be four month’s of credit available.

More detail can be found in Appendix 5.

9.7 The Q1 performance report for Your Choice Barnet, which is contract managed by the Adults and Communities Delivery Unit, can be found at Appendix 6.

10. **LIST OF BACKGROUND PAPERS**

10.1 All quarterly delivery unit performance reports are published on the council’s website at [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance)

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