
Meeting	Contract Monitoring Overview and Scrutiny Committee
Date	13 January 2014
Subject	Quarter 2 Performance of the Council's Major Commercial Partnerships
Report of	Commercial & 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), the in-house delivery unit DRS and a mixture of in house (NSCSO) and outsource delivery (CSG) for support services at quarter 2, 2013-14

Officer Contributors	Claire Symonds, Commercial & Customer Services Director
Status (public or exempt)	Public
Wards Affected	All
Key Decision	No
Reason for urgency / exemption from call-in	N/A
Function of	Overview and Scrutiny Committee
Enclosures	APPENDIX 1 – Overview of major contract performance APPENDIX 2 – HB Public Law Q2 Performance APPENDIX 3 – Barnet Homes Q2 Performance APPENDIX 4 – DRS Q2 Performance APPENDIX 5 – CSG Q2 Performance APPENDIX 6 – Your Choice Barnet Q2 Performance
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1. RECOMMENDATION

- 1.1 That the Contract Monitoring Overview and Scrutiny Committee consider the information in this report and associated appendices and make comments and 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 HB Public Law (HBPL) and Barnet Homes include all risks, not just those rated 12 or above.
- 4.2 Many of the risks reported at Q2 will continue to be live, whilst some will have been closed or replaced.
- 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 boards.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Each contract places obligations on our partners to support the Council in carrying out its public sector equality duty (as set out in the Equality Act 2010).

5.2 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 who share a relevant protected characteristic and those who do not;

c) foster good relations between those who share a relevant protected characteristic and those who do not.

The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

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

5.3 Equality performance 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, equality 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 £0.294m due to the cost of additional hours purchased in quarter 2. 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 for Barnet Homes of £0.729m. This is as a result of cost pressures on temporary accommodation. 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 RE) and CSG are both forecast to stay within their respective budgets. As previously reported the additional cost arising from the delay caused by the application for Judicial Review has been met from reserves.

- 6.4 The overall savings forecast to be 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. For CSG, Capita has 8% of fee at risk against 31 KPIs and 3 super KPIs. 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 Q2 performance reports in the appendices.

7. LEGAL ISSUES

- 7.1 The management of contracts is governed by the terms and conditions of each contract, and common law.
- 7.2 Where legal expertise is required by the Commercial Team, this will be sourced in the first instance from the specialist contract team within HB Public Law. An exception to this would be in the event that the Council required independent legal advice with respect to its Inter-Authority Agreement with Harrow for HB Public Law itself, where legal advice would be sourced from an appropriately qualified independent legal adviser instead.

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 reported, the balance of met and missed targets was 80% met (43 targets rated as green) and 20% missed (11 targets rated as red, red-amber, or green-amber).

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 At the last meeting of the committee, it was acknowledged that there was some considerable delay between the availability of quarterly data and the scheduling of the committee meetings. It is intended that more up-to-date data be provided to Members before this meeting.

9.4 **HB Public Law -83% of targets met**

5 of the 6 performance targets were met, successes including:

- 100% positive responses to client satisfaction forms returned.
- On going increase in the volume of work that would have previously been outsourced
- Increased training being provided by HBPL to delivery units

More detail can be found in Appendix 2.

9.5 **Barnet Homes – 79% targets met**

15 out of 19 performance targets were met, successes including:

- The first new Council housing in a generation has started on site at Alexandra Road
- Leasehold satisfaction increased by 7.3% on 2010 levels to 47% using a STATUS compliant survey. This is a 16% increase since 2008
- Barnet Homes is in the top quartile in 5 out of 7 Key Performance Indicators (KPIs)

Areas of particular challenge identified as requiring further action were:

- the number of households placed in emergency accommodation, which was 638 instead of the target of 500
- a continued increase in rent arrears

As reported previously, levels of demand for social housing have led to an increased number of households being admitted into emergency accommodation. Despite a number of successful initiatives aimed at increasing affordable supply, continuing demand has meant that numbers in emergency accommodation remain high.

Rental income collection remains a concern, as arrears have continued to increase. An arrears recovery action plan is in place to address arrears under performance. This includes actions to improve the performance of individual officers in the Rental Income Team

More detail can be found in Appendix 3.

9.6 DRS – 90% targets met

This quarter's performance results will 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 2013.

10 out of 11 reported performance targets were met, successes including:

- Stonegrove Spur Road: Construction for Phase 5 (Acadamy Lane) and Phase 6b (Kings Lane Mews) has commenced to deliver 198 new homes.
- Successful prosecutions were carried out to tackle poor conditions in the private housing sector.
- Successful completion of mobilisation and due diligence with minimal disruption to service delivery.

Areas of particular challenge identified as requiring further action were:

- Pressure on Highways Maintenance budget

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 on from 1 October 2013. 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.

9.7 NSCSO/CSG – 75% targets met

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

- 8 services and 413 staff (385 FTE) transferred successfully with no major operational issues arising. The overall health and performance of the service remains good
- Good progress has been made to ensure PSN compliance following the new Zero Tolerance policy. Both Capita and the Council are now focussing considerable joint effort and resources to the project - work is on-going and of the 75 issues identified originally, only 3 remain.
- Estates - succeeded in the short notice relocation of the Somali Bravanese Community Centre to Barnet House and dealt with the challenge of preparing for and supporting the Council during the Fire Fighters Strike.

Areas of particular challenge were:

- Baseline of Civic Estate condition surveys
- Performance against Key Performance Indicators for benefits speed of processing and accuracy was above target but represents a challenge as this is achieved through the implementation in December 2012 of a face to face operating model using 16 staff that Capita state was not built into their offer or price which assumed all benefits processing staff were located outside Barnet..

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.

- 9.8 The Q2 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

Cleared by Finance (Officer's initials)	AD
Cleared by Legal (Officer's initials)	PM