

	<p>Performance and Contract Management Committee</p> <p>11 November 2014</p>
<p>Title</p>	<p>Quarter 2 Budget and Performance Monitoring 2014/15</p>
<p>Report of</p>	<p>Deputy Chief Operating Officer</p>
<p>Wards</p>	<p>All</p>
<p>Date added to Forward Plan</p>	<p>1 April 2014</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix A Performance Report (including performance methodology)</p> <p>Appendix B Revenue Monitoring by Delivery Unit</p> <p>Appendix C Capital Monitoring Programme Outturn by Programme</p> <p>Appendix D Capital Programme Funding Adjustments</p> <p>Appendix E Transformation Programme</p> <p>Appendix F Prudential Indicator Compliance</p> <p>Appendix G Investments outstanding as at 30 September 2014</p> <p>Appendix H Corporate Risk Register</p> <p>Appendix I School HR Update</p> <p>Appendix J Single Person Discount</p>
<p>Officer Contact Details</p>	<p>Paul Thorogood – Assistant Director of Finance, CSG Finance Service Paul.Thorogood@capita.co.uk</p> <p>Tom Pike – Head of Programmes and Resources, LBB Tom.Pike@barnet.gov.uk</p> <p>Claire Symonds – Commercial & Customer Services Director, LBB Claire.Symonds@barnet.gov.uk</p>

Summary

This report provides the delivery and financial performance of both contracts and non-contracted services under paragraph 1.6. Additional overview on the contract performance can be located in Appendix A at section 2.6.

The Council's historic performance can be accessed from www.barnet.gov.uk/performance, within this page there is also a link to the quarterly reporting explanatory note. A brief methodology explanation is also contained under section 6 of Appendix A.

Delivery of the Council's Corporate Plan

The Corporate Plan sets the strategic objectives for 2013-2016 focusing on three main priority areas; promote responsible growth, development and success across the borough; support families and individuals that need it, promoting independence, learning and well-being; and improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study. Targets are in place to encourage improvement against these priority areas.

There are a number of successes to report from quarter 2 of 2014/15, including: increased educational attainment at Early Years Foundation Stage with 65.5% of children achieving a 'good level of development' and pupils making two levels progress in reading and writing between key stage 1 and 2 increased to 93.3% and 93.8%; there were 2,633 eligible recipients of NHS health checks; over 99% of eligible adult social care customers were receiving self-directed support; there were 190 private rented sector lettings achieved against a target of 158; the successful completion of programmed works on roads and footpaths continued in quarter 2.

Of the Corporate Plan Indicators (CPIs) that reported in quarter 2; 73.9% were rated as green, 21.8% as green amber and 4.3% as red (there were none rated red amber). Specific challenges are highlighted in section 1.4.2.

The key challenge from quarter 2 is the number of households in emergency accommodation increased from 486 to 511 in September 2014 - coupled with rising costs. A number of national-level changes in how GCSE performance is calculated have impacted on all authorities. Barnet schools saw a provisional decline in GCSE results. Provisional attainment results for the 2013/14 academic year reflect a reduction in the percentage of pupils achieving 5 or more A* to C GCSE's including English and Maths from 71% to 66.3%. Our provisional data suggests the Council's performance is in the top 10% nationally.

Customer experience

The introduction of two new contact centres – one in Coventry run by CSG in April 2014 and one in Barnet run by Re from May 2014 – have brought changes that will deliver benefits to the customer.

Within quarter 2, the satisfaction with service provided through the customer the CSG contact centre has steadily increased, standing at 88% in quarter 2. Barnet Homes' customer satisfaction levels continue to be very high with most services achieving above 90% satisfaction.

There has also been a continuation of a high proportion of phone calls answered by customer services (CSG) and Re from quarter 1, with CSG continuing to answer over 78%

of calls in under 20 seconds.

Contract monitoring

Detailed assessment of the contracts monitored through the quarterly monitoring report (Re, CSG, Barnet Homes, Parking & Infrastructure and HB Public Law) are outlined in paragraph 1.8 (Delivery Performance) with an overview for each contract (including Your Choice Barnet) at Appendix A section 2.6. The full individual performance reports can be accessed from www.barnet.gov.uk/performance with the most recent quarter at www.barnet.gov.uk/currentperformance.

Key challenges

There were a number of key challenges in quarter 2 2014/15 that require the council to deliver high level improvement plans: The budget monitoring position across the Council requires plans to be in place to deliver to agreed budgets; the creation of Delivery Unit workforce plans to be produced to address the agency usage across the Council; to deliver the Parking Improvement Plan, including agreement of a new Parking Policy, following consultation committee; the related parking budget challenge; and the relocation of the Council's Depot against tight timescales.

Delivery performance

The direction of all Delivery Units (internal and external) in 2014/15 is guided by a set of priorities. A summary of progress against these priorities is provided in section 1.7- Commissioning Priorities, with a qualitative view of progress provided by the Council's Lead Commissioners. Each Delivery Unit also has a set of operational performance indicators – in addition to Corporate Plan targets. Across all these performance indicators, 82.6% are on target. A summary of successes and challenges is provided in section 1.8 - Delivery Performance.

Benchmarking

The Council reviews its performance against other local authorities using the Local Government Association benchmarking tool. This data shows that Barnet is above the England benchmark (single tier and county councils) for 85.7% of service indicators.

Benchmarking of the Council's planned spend over 2014/15 illustrates Barnet is continuing to provide services more efficiently and at lower cost than the London average, across 8 of the 9 services within the sample. Spend on Highways and Transport Services is above the London average at £29,113 compared to £22,583 per kilometre of road network.

Programmes

Within the Transformation programme, progress has been made across a number of projects. For Health and Social Care Integration, significant progress has been made and a business case was prepared for Adults and Communities Committee, in October. For the Education and Skills project, work is underway to produce a final Outline Business Case for Children, Education, Libraries and Safeguarding Committee in January 2015. A Full Business Case was submitted for the Early Years services to Children's, Education Libraries and Safeguarding Committee at the end of October.

The Capital programme is rated as green. A number of projects have progressed positively, such as practical completion has taken place at Mill Hill East primary and the opening ceremony for the Orion primary took place in September. The Depot relocation project has improved from red to amber rated. The Menorah Foundation project has also

improved from a red to green rating, as a robust process is underway to procure a new contractor which is on schedule for the contractor to be mobilised at the end of October.

The Regeneration programme overall is rated as green. The Brent Cross project has made good progress including the commencement of the Brent Cross South procurement process. Progress has been made in Colindale with the commencement of the tube station works and the submission of the housing zone bid to Greater London Authority.

Three cross-cutting projects are also underway. Firstly, Connecting with Barnet aiming to improve interactions with customers, reporting that a new transparency portal has been implemented and new approach to consultation is in place. Secondly, the Smarter Working programme, which seeks to embed more agile working practices, reduce costs office accommodation and promote flexibility, and enable a significant saving. Progress was made, with initial proposals for office accommodation developed during quarter 1. Thirdly, the Unified Reward project, which aims to develop a new pay and reward model for the Council.

Risk summary

All corporate risks are monitored by allocated officers and reviewed regularly to ensure the level and mitigating actions are suitable. Two new risks have been added to the Corporate Risk Register since the beginning of 2014/15 – a strategic risk regarding the potential impacts of a safeguarding incident and a commissioning risk regarding a potential inconsistent application of commissioning activities.

There has also been an increase in the risk rating of the homelessness risk following the increase in the number of homeless households and the rising costs of temporary accommodation. The full Corporate Risk Register is available in Appendix H.

Budget outturn

The quarter 2 forecast outturn general fund expenditure (after reserve movements) is £290.511m which is an adverse variance of £3.739m (1.3%) against the revised budget of £286.412m. This position is before a movement of £1.020m from contingency which will be proposed to the Policy and Resources Committee in December 2014. Assuming agreed this will reduce the adverse variance to £2.719m. (see 1.11 table 5) The equivalent quarter in quarter two in the prior year, 2013/14, was £3.509m – the final outturn for 2013/14 was an under spend variance of £0.120m.

The quarter 2 forecast expenditure during 2014/15 on the Council's capital programme is £117.707m, £85.725m of this relates to the general fund programme and £31.982m for the HRA capital programme. This is a variance of £31.396m against the latest approved budget of £149.103m, an increase of £9.933m (£21.463m in quarter 1 2014/15).

Treasury Outturn

The Council has been compliant throughout quarter 2 2014/15 with the set Prudential Indicators and has not breached its Affordable Borrowing Limit.

Investment Performance

At the end of quarter 2, the total investments deposited were £229.287 million, achieving an average annual rate of return of 0.70 per cent against a benchmark average (London Interbank Bid Rate - LIBID) of 0.34 per cent.

Recommendations

1. The Committee is asked to agree the following referrals to thematic committees:

COMMITTEE	REFERRAL
Policy and Resources	To note the current capital slippage and to address the capital forecasting and profiling process to ensure less slippage between years.
Adults and Safeguarding	None
Assets, Regeneration and Growth	To note the concern of the Performance and Contract Management Committee of the tight timescales for the relocation of the Depot when considering the update report at the next meeting of the committee.
Children, Education, Libraries and Safeguarding	To note the current academic performance when considering the Education and Skills options.
Community Leadership	None
Environment	To note, during finalisation of the Parking Policy, the increasing number of transactions and to be aware of the variation from budget in the Special Parking Account.
Housing	To note the increasing homelessness levels and rising accommodation costs as part of the finalisation of the Housing Strategy.
General Function Committee	To note the requirement of Delivery Units to complete workforce plans by the end of 2014/15 to outline appropriate levels of agency resourcing.

2. The Committee is asked to note the quarter 2 2014/15 revenue budget and capital position contained in paragraphs 1.11 and 1.14.

3. The Committee is asked to refer to Policy and Resources Committee the request for the funding of pressures on permit income within the Special Parking Account (£1.020m) be funded from contingency, as outlined in section 1.11.

4. The Committee is asked to note the Agency Costs for the quarter 2 2013/14 as detailed in paragraph 1.16.

5. The Committee is asked to note the Transformation Programme position as at the 30 September 2014 as detailed in paragraph 1.17.

6. The Committee is asked to note the Treasury position outlined in paragraph 1.18.

7. The Committee is asked to approve the projected £31,136m capital slippage of the outturn at quarter 2 2014/15, as outlined in Appendix C.

8. The Committee is asked to note the additional information requested at committee on the 23 July 2014; HR Schools update, as set out in Appendix I.

9. The Committee is asked to note the additional information requested regarding Single Person Discounts, as set out in Appendix J.

10. The Committee are asked to refer for approval the write off of Sundry debt of £0.166m as set out in table 14 to the Policy and Resources Committee.

WHY THIS REPORT IS NEEDED

1.1 This report outlines the quarterly position of the Council's performance against the priorities outlined in the Corporate Plan, the delivery performance of major contracts, performance of internal Delivery Units and the budget position.

1.1.1 The performance of Delivery Units is measured across a number of areas:

- The Corporate Plan's measures of success, measured as Corporate Plan Indicators – successes and challenges are highlighted in section 1.4.
- Commissioning Priorities, the success of activities specified for internal Delivery Units to deliver the commissioned priorities – these are outlined in section 1.7.
- Delivery performance indicators which measure the success of the delivery of key services – successes and challenges are outlined in section 1.8.

1.2 The past three years of performance information is available at: www.barnet.gov.uk/performance with the most up-to-date version available from www.barnet.gov.uk/currentperformance. To further increase transparency of the Council's performance; the performance results from each quarter are published on the Council's data portal <https://open.barnet.gov.uk/>.

1.3 Key challenges

There were a number of key challenges in quarter 2 2014/15 that require the council to implement or continue to deliver improvement actions:

- The Council's monitoring position: the forecasted overspends across a number of Delivery Units, including known areas of pressure, currently exceed the Council's agreed budget.
- Workforce planning: the council requires Delivery Units to finalise their workforce plans by the end of 2014/15.
- Depot relocation: the timescales for provision of the council's depot are tight. An update report will be presented to Assets, Regeneration and Growth Committee at the next meeting of the committee.
- Homelessness: the increasing number of homelessness households and increasing costs associated with the provision of emergency temporary accommodation has resulted in large forecast variation from budget.
- Parking:
 - Taking due regard to the responses received from the public consultation on the draft Parking Policy, to propose a final Parking Policy for agreement alongside the continued improvement across the parking service.
 - There is expected to be a £2.187m shortfall largely due to reduced permit income of £1.020m (resulting from a judicial

review), £0.467m additional contract payments to ensure contractually required enforcement and a £0.606m reduction in PCN income due to anticipated reduced volumes. However, a 35% cost reduction in parking tariffs at certain locations across Barnet as well as the introduction of contactless payments in 59 locations has resulted in an increase of over 50,000 transactions or 158% up from last quarter. This has resulted in a complex challenge to be addressed.

A proposed set of referrals of the above challenges is outlined in Recommendation 1.

1.4 Corporate Plan successes and challenges

The following is an overview of the successes and challenges across the Corporate Plan:

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

1.4.1 Successes

There are a number of successes across Barnet for quarter 2 2014/15, these have been highlighted as:

- For the academic year 2013/14, there has been an increase in the percentage of **children achieving a 'Good level of Development' in Early Years Foundation Stage Profile** from 60% to 65.5%.
- The percentage of **pupils making two levels progress in reading and writing between Key Stages 1 and 2** increased to 93.3% and 93.8%.
- There has been a significant improvement in the **number of eligible people receiving NHS health checks** in the first quarter of Public Health reporting with 2633 against a target of 1150.
- Over 99% of eligible **adult social care customers receiving self-directed support**.
- An increase in the number of **carers receiving support services** from 30.3% to 33.9%.
- There were 190 **private rented sector lettings** achieved from April 2014 to September 2014, exceeding the target of 158.
- A continued reduction in the **level of domestic burglaries** in August 2013 to July 2014 to 19.75 per 1,000 households compared to a target of 22.
- Barnet has seen a reduction of **first time entrants to the Youth Justice System** from 337 to 286.
- All planned **resurfacing and maintenance work on roads and footpaths** were completed during quarter 2 2014/15.

1.4.2 Challenges

There are some performance issues that required the implementation of an improvement plan following quarter 2 2014/15:

- The number of **households in emergency accommodation** increased from 486 to 511 in September 2014.
- The percentage of pupils achieving **5 or more A* to C GCSE's including English and Maths** provisionally declined from 71% to 66.33% in the academic year 2013/14. GCSE results have fallen nationally as a result of various changes to the curriculum and examination arrangements – most notably that only the first examination attempt is counted. Barnet's results fell in line with the national trend for 5 or more A*-C including English and Maths. Final results will be available as part of the quarter 3 2014/15 monitoring report. Provisional data suggests the Council will remain within the top 10% of local authorities for GCSE results.

The following challenges are those that are emerging or have continued to decline in quarter 2 2014/15:

- The percentage of **household waste sent for reuse, recycling and composting** narrowly missed the 41.94% target with an outturn of 41.88% in April to June 2014. Notably though, this is an improvement on the previous collection regime's performance from the same period last year (35.99%).
- There has been a decrease in the **percentage of draft committee reports and delegated power reports being cleared in 5 working days** from 96.1% to 92.5%. Of the 9 reports where clearance took longer than 5 days, one took 17 days due to complexity, the others took between 6 and 9 days to clear.

Other challenges experienced by Barnet are in relation to schools. There has been a decline in pupil referral unit (PRU) judged as good or better by Ofsted from 100% to 66% (2 out of 3 schools). In addition to declining overall GCSE results, the gap has widened between Special Educational Needs pupils and their peers from 44.9% to 45.5% achieving 5 A* to Cs including English and Maths. The gap has also widened between Free School Meal pupils and their peers from 21.8% to 26.4%. The percentage of statutory statements completed within statutory timescales were 64% against a target of 100%.

1.5 Customer experience

Resident Perception Survey

The most recent Spring Residents Perception Survey results were reported to the Performance and Contract Management Committee in quarter 4 2013/14. Overall the Residents Perception Survey showed that Barnet are significantly above the national average for satisfaction of the local area and the way the council runs things. The next survey result will be reported as part of the quarter 3 2014/15 monitoring report in February 2015.

Full survey results are available from [http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-2014/consult view](http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-2014/consult_view). Details are available for individual Delivery Units reports at www.barnet.gov.uk/currentperformance

Quarter 2 Customer Experience report

Satisfaction with customer services has steadily improved – both on the telephone with 88% of respondents satisfied with more people than ever

responding to the survey, and at Barnet Homes and Burnt Oak with 79% of respondents satisfied with the service they have received. Barnet Homes call centre has particularly high satisfaction levels – over 90% for the majority of services.

Mystery shopping of council services, conducted by council staff from across different service areas which involve measuring experience against a number of scenarios shows 81% success in call resolution which is a key driver for customer satisfaction success.

Calls to the Barnet telephone contact centre have continued to be answered quickly. 78.1% were answered within 20 seconds.

1.6 Performance against the Corporate Plan

Table 1 below provides a breakdown of the RAG (red, amber or green) rating of the Corporate Plan Indicators, expected to report in quarter 2, by each Delivery Unit.

Table 1: Corporate Plan Indicator by Delivery Unit

Delivery Unit	Total no. of Corporate Plan indicators	No. of indicators expected to report in quarter 2 2014/15	RAG ratings				Positive/neutral Direction of Travel	Negative Direction of Travel
			Green	Green amber	Red amber	Red		
Adults and Communities	10	6	3	3	-	-	4	2
Children's Education and Skills	6	4 ¹	3	-	-	-	3	-
Family Services	5	3 ²	2	-	-	-	2	-
Commissioning Group	1	n/a	-	-	-	-	-	-
Street Scene	3	1	-	1	-	-	-	1
Public Health	4	4	4	-	-	-	2	1
Barnet Homes	2	2	1	-	-	1	-	1
R ^e	5	5 ³	2	1	-	-	4	1
Parking and Infrastructure	2	2	2	-	-	-	3	2
Total	41	27	17 (73.9%)	5 (21.8%)	0 (0%)	1 (4.3%)	18	8

¹ One indicator will not be RAG rated until the final results are available in quarter 3 2014/15.

² One indicator is for monitoring purposes only and will not be RAG rated.

³ Re reported five indicators, two of which are for monitoring purposes and will be RAG rated in quarter 4 2014/15.

Of the Corporate Plan Indicators (CPIs) that reported in quarter 2, the balance of met and missed targets was 73.9% were rated as green, 21.8% green amber, and 4.3% of Corporate Plan Indicators were rated as red (none were rated as red amber).

The focus of Barnet during 2013/16 Corporate Plan period is to remain an attractive and successful London borough where people want to live, become an enterprising place and support people that need it. Against the Corporate Plan strategic objectives:

- Promoting responsible growth, development and success across the borough achieved 80% of performance indicators on target.
- Support families and individuals that need it - promoting independence, learning and well-being achieved 61.5% of performance targets.
- Improve satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study achieved 75% of targets being met.

See section 2.4 of Appendix A for full detail.

1.7 Commissioning Priorities

For 2014/15, Lead Commissioners have defined a set of five commissioning priorities, which are underpinned by a set of commissioning priority indicators and activities. Lead Commissioners and Delivery Units have agreed a RAG rating for each Commissioning Priority, based on a qualitative assessment. Table 2 outlines the RAG rating for the Commissioning Priorities by area:

Table 2: Commissioning Priorities by Lead Commissioner

Lead Commissioner	RAG ratings			Direction of Travel [^]	
	Green	Amber	Red	Positive/ neutral DoT	Negative DoT
Later Life (Adults and Communities)	4	1	-	5	-
Schools, Skills and Learning (Children's Education and Skills)	2	3	-	5	-
Family & Community Wellbeing (Family Services)	1	4	-	5	-
Environment (Street Scene and Parking & Infrastructure)	3	2	-	5	-
Public Health (Public Health)	5	-	-	N/A	N/A
Total	16	9	-	20 ⁴	-

⁴ Public Health reported against commissioning priorities for the first time this quarter.

A total of 16 out of 25 Commissioning Priorities achieved a green rating in quarter 2 2014/15. Of the indicators that reported, 64% of the RAG ratings were Green with the remainder (36%) rated as Amber (indicating improvement required).

Later Life (Adults and Communities)

One commissioning priority remained amber in quarter 2 2014/15; **sufficiency and quality of the social care delivery workforce**. The amber rating is due to scheduling delays in the second phase of the Adults transformation. Other activities were carried out including a new set of staff standards and the launch of the Quality Assurance Framework. Two commissioning priorities went from amber to green; **health and social care integration** including through Better Care Fund (BCF); and delivery of the **new vision for adults social care**. The positive direction of travel is as a result of clarification of the work programme and leadership for the new vision of adult social care and several elements of the integration care model now being in operation and the BCF is underpinned by a full business case.

Schools, Skills and Learning (Children's Education and Skills)

There are 3 out of 5 commissioning priorities that are rated as amber in quarter 2 2014/15; ensure LA monitoring and **challenge of all schools is robust and focussed to drive a rise in attainment**; challenge schools to **raise attainment of vulnerable pupils** particularly those on Free School Meals and Looked After Children; and develop **alternative model of delivery to deliver medium term financial strategy (MTFS) savings**. These priorities remain amber from quarter 1 as a result of schools rated as good and outstanding not being at the required level and attainment gaps for vulnerable children remaining wider than expected. The project for an alternative delivery model is on track however impact of savings cannot yet be realised.

Family & Community Wellbeing (Family Services)

There are 4 out of 5 commissioning priorities that are rated as amber in quarter 2 2014/15; ensure social care, youth offending and children's centres **practice is 'inspection ready' and safeguarding arrangements are effective and robust**; **review and re-model social care, placements and permanence**; **implementation of the early years review** following full business case sign off; determine the **future of early intervention services** and in particular the Family Focus team; ensure there is **sufficient budget to meet the council's thresholds for quality and safety** following MTFS implications. All four remain amber due to the nature of the service; there is extensive monitoring and checking processes in place through programme boards and assurance meetings to ensure safeguarding is effective and robust. The Looked After Children transformation programme is in delivery phase and a revised recruitment process is being implemented, and the support offer has been consolidated and further strengthened to improve placement stability. Implementation of the early years review will commence once the full business case has been completed and the redesign of early intervention services began its consultation phase. The Delivery Unit continues to face challenges with delivery of MTFS savings, the transformation programme is in place to manage this.

Environment (Street Scene and Parking & Infrastructure)

Two out of five commissioning priorities remained amber in quarter 2 2014/15; **enhance Passenger Transport service delivery offer, customer experience, coherence of service offer and reduce costs**; and **increased satisfaction with parking services and establish a coherent, co-ordinated customer facing service**. There were challenges achieving a green due to a delay in remodelling of transport arrangements and there were some technical issues with the parking database in quarter 2, although the parking policy began public consultation during the quarter. Reducing the volume of waste sent to landfill and increasing efficiency of collection improved as a result of improvement in waste and recycling services. Street cleansing resources are being utilised to test cleansing pilots on the ground in order to sustain borough cleanliness.

Public Health (Public Health)

All commissioning priorities were rated as on target this quarter. All areas of the school **nursing and health visiting review** are on track ahead of the assuming responsibilities for Health visiting services in 2015. The necessary governance framework and working groups are being put into place and dialogue with NHS England have begun. **Fit and Active Barnet campaign** is in place to encourage active residents and an inclusive section has been added to the website to encourage people with disabilities. An options paper is in development as part of introducing the **new self-care programme** in partnership with the Barnet Clinical Commissioning Group. Public Health are on track to present the local sexual health strategy for Barnet to the Health and Wellbeing board which proposes collaborative approach to the future of GUM commissioning as part of the **re-procurement of sexual health services**. The service continues to work with West London Alliance to co-design a pilot on mental health and employment intending to move people back to work more quickly as part of the priority to **support other areas of the council that influence the wider determinants of health**.

The full detail can be found in individual Delivery Unit reports on www.barnet.gov.uk/performance with the most recent quarter at www.barnet.gov.uk/currentperformance.

1.8 Delivery Performance

Delivery Units report on performance, finance and risks in detail in individual reports available here. In addition to the Corporate Plan Indicators, Delivery Units each have a set of Key Performance Indicators (KPIs) to measure the success of the delivery of key services. The overall delivery performance for quarter 2 2014/15 for each Delivery Unit is outlined in Table 3 below:

Table 3: Delivery Performance Indicators by Delivery Unit

Delivery Unit	RAG ratings				Direction of Travel*		No. of Indicators reported
	Green	Green amber	Red amber	Red	Positive/neutral DoT	Negative DoT	
Adults and Communities	8	-	-	1	6	2	12
Children's Education and Skills	3	4	-	3	6	1	11
Family Services	KPIs reported as part of Commissioning Priority Indicators.						
Street Scene	KPIs reported as part of internal contract monitoring and Commissioning Priority Indicators.						
Public Health	4	-	-	3	-	1	7
Barnet Homes	8	2	-	2	8	4	12
R ^e	51	2	2	2	42	14	57
CSG	23	-	1	1	11	3	25
HB Public Law	12	-	-	1	12	1	13
Parking & Infrastructure	14	2	-	-	n/a	n/a	17
Total	123 (82.6%)	10 (6.7%)	3 (2%)	13 (8.7%)	85	26	154

*The Direction of Travel indicates the performance compared to the last time it was reported. Various KPIs did not report a direction of travel due to reporting for the first time.

The table above illustrates that of the Delivery Performance Indicators expected to report in quarter 2 2014/15 – a large majority of indicators met their target (83.1%).

The Council uses an escalation approach which highlights where there are performance challenges within Delivery Units, whether an internal or external Delivery Unit. This approach ensures that the areas are subject to challenge and action planning. This approach is also used to highlight the successes across the Council.

There are a number of successes across Barnet Delivery Units for quarter 2 2014/15, these have been highlighted as:

- The estates service in CSG successfully delivered six primary school projects with all schools being occupied in September 2014.
- HB Public Law received a Law Society Award for Practice Management during quarter 2.
- The total number of homeless preventions completed by Barnet Homes exceeded the target of 350 for April 2014 to September 2014 with an outturn of 384.
- Barnet exceeded the outer London averages for costs per week for people with learning disabilities and physical disabilities under 65 on care services.

- In CSG, there were 0.23% pay errors across quarter 2 compared to 6.12% last quarter, meeting the target.
- There was a reduction from 26% to 25% of people reporting that they were very or fairly worried about Anti-Social behaviour in their area.
- Barnet are in the top percentile in England for the proportion of people with needs relating to sexually transmitted infections who have a record of having an HIV test at first attendance at 99% (excluding those already diagnosed HIV positive).
- Compliance with planning application statutory timescales achieved 88.2%, exceeding the target of 75%.

There were also some challenges experienced across Barnet Delivery Unit KPIs for quarter 2 2014/15 which include:

- Current arrears as a percentage of the total owed (debit) in Barnet Homes increased from 3.05% to 3.45% with a total sum of £2,047,202 compared to £1,800,503 last quarter.
- Temporary accommodation arrears as a percentage of the total owed (debit) in Barnet Homes increased from 5.55% to 6.49%, an increase of 17% to £994,824.
- Percentage of calls answered by the CSG contact centre within 20 seconds were 78.1%, a small decline since quarter 1 and missing the 80% target.

1.9 Benchmarking

Local Authorities review and compare performance with other council's through benchmarking of common performance indicators. The Headline Report of the Local Government Association (LGA) public benchmarking tool – LG Inform – ranks Barnet across 14 service indicators. Barnet was above benchmark in 85.7% of service indicators (12 out of 14). See appendix A, section 4 for full detail.

The two services highlighted as below benchmark are:

- Overall *satisfaction of people who use services with their care and support* in 2013/14 is illustrated as below the Unitary/County Council benchmark with Barnet appearing in the bottom 3rd quartile. It is to be noted that the current release is based on provisional data.
- Barnet remained below the England benchmark for Social-care related quality of life (2013).

1.10 Programmes

Within the Transformation programme, progress has been made across a number of projects. The overall assessment is that the programme is amber. There are no red rated projects. For the Health and Social Care Integration, significant progress has been made and a business case was prepared for Adults and Communities Committee, though challenges remain over the delivery of required financial benefits. For the Education and Skills project, work is underway to produce a final Outline Business Case for Children, Education, Libraries and Safeguarding in January 2015. A Full Business

Case was submitted for the Early Years services to Children's, Education, Libraries and Safeguarding Committee at the end of October.

The Capital programme is rated as green. A number of projects have progressed positively, such as practical completion has taken place at Mill Hill East primary and the opening ceremony for The Orion primary took place on the 24th September. The Depot Relocation project has improved from red to amber rated. The Menorah Foundation project has also improved from a red to green rating, as a robust process is underway to procure a new contractor which is on schedule for the contractor to be mobilised at the end of October.

The Regeneration programme overall is RAG rated as green with good progress being made across all schemes. Two projects, Brent Cross Cricklewood and Colindale have improved from amber to green ratings. The Brent Cross project has made good progress including the commencement of the Brent Cross South procurement process. Progress has been made in Colindale with the commencement of the tube station works and the submission of the housing zone bid to Greater London Authority.

In addition to above a number of Delivery Unit Transformation programmes are underway. Within Adults and Communities, there has been significant progress in developing plans to meet the requirements of the Care Act, procuring a new ICT system for the service is underway, with planned go-live in 2015. Within Family Services, projects to improve performance, provide effective management information and transform service delivery are progressing. For Street Scene, a programme was set up in quarter 1 to co-ordinate a number of projects in the service area, including achievement of savings in 2015/16, embedding new strategies and delivering efficiencies. Three cross-cutting projects are also underway. Firstly, Connecting with Barnet aiming to transform interactions with customers, reporting that a new transparency portal has been implemented and new approach to consultation is in place. Secondly, the Smarter Working programme, which seeks to embed more agile working practices, reduce office accommodation and enable a significant saving. Progress was made, with initial proposals for office accommodation developed during quarter 2. Thirdly, the Unified Reward project, which aims to develop a new pay and reward model for the Council. Where preparatory work accelerated significantly during quarter 2 with a plan in place to complete the project within the timescales set by Committee.

1.11 Quarter 2 Revenue Monitoring

Table 4 below provides a summary of the 2014/15 quarter 2 forecast analysis compared to the revised budget position. The quarter two forecast outturn general fund expenditure (after reserve movements) is £290.511m which is an adverse variance of £3.739m (1.3%) against the revised budget of £286.412m.

Note that the overall over spend projected at quarter 2 in the prior year, 2013/14 was £3.509m. The final outturn for the prior year was an under spend

variance of £0.120m. A breakdown of revenue monitoring by each delivery unit is set out in Appendix B and summarised in the table below.

Table 4: 2014/15 Revenue Quarter 2 Analysis – Summary

Description	Variations				
	Original Budget	Revised Budget V1	Q2 Forecast	Variation	Variation Vs Revised Budget
	£000	£000	£000	£000	%
Adults and Communities	89,669	90,762	91,503	741	0.8
Assurance	4,005	4,057	3,990	(67)	(1.7)
Children's Education	7,183	7,120	7,455	335	4.7
Children's Family Service	48,228	50,359	50,647	288	0.6
Commissioning Group	6,668	7,284	7,284	-	0.0
Streetscene	15,650	15,747	15,944	197	1.2
Parking & Infrastructure	(1,657)	(1,032)	1,143	2,175	(210.8)
Public Health	14,302	14,335	14,296	(39)	(0.3)
HB Public Law	1,782	1,952	2,126	174	8.9
Barnet Group	3,338	4,254	5,209	955	22.5
Re	766	1,030	1,302	272	26.4
CSG	22,153	22,922	23,070	148	0.6
Central Expenses	74,324	67,621	66,181	(1,440)	(2.1)
Service Total	286,412	286,412	290,151	3,739	1.3
Allocations agreed from GF Balances					
GF Balances as at 01/04/14				(15,950)	
Forecast GF Balances as at 31/03/15				(12,211)	

Directors are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within their total budget available.

Housing Revenue Account

Description	Variations				
	Original Budget	Revised Budget V1	Q2 Forecast	Variation	Variation Vs Revised
	£000	£000	£000	£000	%
LBB Retained	175	175	0	(175)	(100.0)
HRA Regeneration	1,126	1,126	1,326	200	17.7
HRA Other Income and Expenditure (net)	1,549	1,549	1,536	(13)	(0.8)
Support Service recharges	576	576	576	0	0.0
Interest on Balances	(80)	(80)	(80)	0	0.0
HRA Surplus/Deficit for the year	(3,346)	(3,346)	(3,346)	0	0.0
Total	0	0	12	12	100.0

Please see table 6 for the impacts to the Housing Revenue Account Balances

Dedicated Schools' Grant

Description	Variations				
	Original Budget	Revised Budget V1	Q2 Forecast	Variation	Variation Vs Revised Budget
	£000	£000	£000	£000	%
Childrens Social Care (DSG)	426	428	464	36	8.5
Early Intervention & Prevention (DSG)	6,173	5,966	4,739	(1,226)	(20.6)
Education (DSG)	(6,599)	(6,393)	(8,109)	(1,716)	(26.8)
Schools Funding DSG	0	0	0	0	0.0
Total	0	0	(2,906)	(2,906)	(100.0)

Please see table 7 for the impacts to the Dedicated Schools Balances

Impact on Balances

Table 5: General Fund Balances

	£'000
General Fund Balances brought forward 1 April 2014	(15,950)
Budgeted Use of Balance	0
Outturn Variation	3,739
Proposed contingency SPA permit income	(1,020)
Forecast General Fund Balances 31 March 2015	(13,231)

The Council's overall General Fund balance position has improved slightly since quarter 1 (by £0.591m). It will be proposed to the Policy and Resources committee that the pressures on permit income within the Special Parking Account (£1.020m) be funded from contingency on a recurring basis. If agreed, the Council's General Fund Balances are still forecast to fall below the recommended level of £15m, and forecast to be £13.231m.

Further, it will be proposed to the Policy and Resource Committee that any impacts of an inflationary pay award for all staff will also be funded from contingency. Service recovery plans are being put in place by Delivery Units to ameliorate any significant budget variances and bring the forecast level of balances back up to the recommended level.

Table 6: Housing Revenue Account Balances

	£'000
Housing Revenue Account Balances brought forward 1 April 2014	(14,831)
Budgeted Use of Balance	3,346
Outturn Variation	12
Forecast Housing Revenue Account Balances 31 March 2015	(11,473)

The in-year Housing Revenue Account (HRA) is showing a £0.012m deficit position for the 2014/15 financial year. The projected deficit is largely due to anticipated unrecoverable regeneration staffing expenditure, as a consequence of exceeding the private developer agreement (PDA) value, offset by anticipated under spends of £0.175m within other staffing budgets.

Table 7: Dedicated Schools Grant Balances

	£'000
DSG Balances brought forward 1 April 2014	(3,678)
Budgeted Use of Balance	2,333
Outturn Variation	(2,905)
Forecast DSG Balances 31 March 2015	(4,250)

Brought forward balance

The brought forward balance at 1st April 2014 (£2.333m) is made up of £1.312m from 2013/14 financial year and £2.366m from 2012/13. In February 2014 the Schools Forum agreed to distribute the 2012/13 under spends in 2014/15 as follows:

- £1.100m to schools and academies at £23.00 per pupil
- £0.300m to early years providers at £0.02 per hour
- £0.250m for closure costs at St Mary's High School
- £0.548m for nursery school transitional funding
- £0.135m contingency.

In October 2014 the Schools Forum agreed to distribute the 2013/14 underspend (£1.333m) in 2015/16 as follows:

- £0.445m for nursery school transitional funding
- £0.888m for funding growth in school places from September 2015

In year variance

The projected in year under spend is £2.905m, this is due to £1.156m anticipated under spends mainly in the take up of the two-year old offer within Early Intervention and Prevention and £1.748m under spend relating to top up funding in high needs due to more up to date information from out of borough schools and the reduction in the use of more expensive placements. This may be needed in full or part to fund any shortfall in the 2015/16 budget, or carried forward for distribution to schools or other priorities in 2016/17.

The projected Dedicated Schools Grant (DSG) balance at year end is expected to be £4.250m.

One key reason for this is the change in funding methodology for 2-year-olds. Until now funding has been based on target numbers. As actual numbers have lagged behind targets there has been an under spend. From 2015/16 places will be funded based on actual take-up as shown in the January census. This is expected to reduce funding levels by £2m compared to 2014/15.

Another pressure comes from the nursery schools' subsidy - the four nursery schools are paid a premium of £890,000 over and above the income generated from 'free entitlement' places. This represents 70% more per place than is paid through the Early Years Single Funding Formula (EYSFF) to other Early Years providers (nursery classes and the PVI sector). The subsidy has been funded from the DSG underspend in the 'Dedicated Schools Grant'. This is unsustainable due to the other pressures on the DSG budget but a transitional subsidy is proposed for the next 2 years, to be paid from DSG underspends, to facilitate the transition to new delivery models. This would cost £0.445m in 2015/16.

The other main pressure on budgets is the growth fund. This is the fund that pays the one-off additional/start-up costs of new/bulge classes, new phases/year groups and new schools. The demands on this budget are potentially greater for Barnet because from next year the LA will have to fund the start-up/growth costs of Free Schools after the first year. The growth fund this year is £1.8m but it is estimated that £2.8m will be needed in 2015/16, of which about £1m relates to Free Schools.

1.11.1 Commentary for Budget Variances

Adults and Communities

The over spend for Adults and Communities of £0.741m represents 0.8% of the delivery unit budget (£90.762m). An increase in deprivation of liberty safeguards (DOLS) assessments has arisen following recent supreme court judgements causing an overspend of £0.264m. There is a risk that the year to date activity may continue throughout the year. The demand for this service is unpredictable and the local authority has a legal duty to support clients who come forward for support.

£0.199m of the over spend is a consequence of additional pressures resulting from three new ordinary residence clients, where Barnet becomes legally responsible for clients placed in supported living or residential or nursing care in Barnet by another Council, and an increase in service users with learning disabilities compared to last year.

Finally, a £0.278m over spend is anticipated due to clients who were self-funders, whose funds have depleted and are now the responsibility of the local authority (fourteen in total). The number of self-funders who come

forward is difficult to predict and the local authority has a legal duty to support client's needs.

Assurance

The under spend for Assurance of £0.067m represents 1.7% of the delivery unit budget (£4.057m). The under spends are largely due to the savings realised as a consequence of the revised members allowance scheme (£0.083m), implemented in June 2014. The anticipated full year effect would be a saving of £0.100m.

Children's Education and Skills

The over spends for Children's Education and Skills of £0.335m represents 4.7% of the delivery unit budget (£7.120m). The forecast is largely due to anticipated over spends of £479k within high needs supports due to budget efficiencies not being fully realised in 2013/14, with the same underlying problems remaining in 2014/15 within Special Educational Needs transport.

Projects are in place in Street Scene and Education and Skills to identify possible ways to achieve further savings. The current overspend is off-set by £0.110m of under spends from managing the demand in the schools causing concern budget within Education Partnership and Parking & Infrastructure Services, where funding is provided to schools to avoid schools going into special measures.

Children's Family Services

The over spends for Children's Family Services of £0.288m represents 0.6% of the delivery unit budget (£50.359m). The over spend is the net impact of variances across the service. Within Social Care Management there is a £0.061m under spend within staffing costs. There is an over spend of £0.395m largely from the use of agency staff to cover permanent posts, there is also an over spend identified in direct payments. Within Children's in Care and Provider services there is an under spend of £0.149m relating to adoptions.

There are anticipated over spends from staffing costs within Safeguarding and Quality Assurance amounting to £0.074m. There are also anticipated under spends from staffing costs within Commissioning and Business and Improvement of £0.075m and Youth and Community services of £0.094m. Finally, there are anticipated under spends of £0.098m in Family Support and Early Intervention largely attributable to Children's Centres.

Street Scene

The over spends for Street Scene of £0.197m represents 1.2% of the delivery unit budget (£15.747m). £0.160m of the over spend relates to an expected shortfall in the £1.100m co-mingled recyclable materials income due to significant market changes affecting the value of this waste material stream. In particular the price shift has gone from £25.00 per tonne to £23.71 per tonne. This is managed by the North London Waste Authority on behalf of the Council and maximises economies of scale for participating authorities.

Further, staff costs from the current service structure are leading to an overall cost pressure (£0.110m) which has exceeded a small forecast over achievement of income (£0.050m) from trade waste customers. Finally, higher than expected income of £0.034m from the hire of park facilities are helping to offset increasing costs elsewhere within the service.

Parking and Infrastructure

The over spends for Parking & Infrastructure of £2.175m represents 210.8% of the delivery unit budget (income of £1.032m). The over spend is almost wholly as a consequence of the anticipated Special Parking Account (SPA) contribution to the general fund. There is expected to be a £2.187m shortfall largely due to reduced permit income of £1.020m (resulting from a judicial review), £0.467m additional contract payments to ensure contractually required enforcement and a £0.606m reduction in PCN income due to anticipated reduced volumes. As reported in 'impact on balances' section above, it will be requested to the Policy and Resources Committee that the reduced permit income pressure (£1.020m) be funded from contingency.

HB Public Law

The over spends for Legal Services of £0.174m represents 8.9% of the delivery unit budget (£1.952m). This figure shows that the current income target is not being achieved. As with any income target this amount is based on a number of historical assumptions and therefore total accuracy cannot be predicted.

Barnet Group

The over spends for the Barnet Group of £0.955m represents 22.5% of the delivery unit budget (£4.254m). The variance is due to Temporary accommodation pressures that have resulted due to increasing number of clients and high inflation rates for emergency accommodation during 2014. July and September both saw extremely high levels of demand and October is already beginning to look similar. In September we had over 120 moves into short term temporary accommodation. Emergency accommodation has seen a 35% increase in costs over this calendar year with 2 beds in particular being

unavailable at affordable rates. The demand is being controlled as far as possible through mitigations being undertaken within the service.

Re

The over spends for Re of £0.272m represents 26.4% of the delivery unit budget (£1.030m). The over spend is as a consequence of higher than budgeted costs for TUPE officers, as reported in quarter 1, being funded from Re's management fee. A recovery plan is currently being finalised and agreed with Re to bring the position to break even by year end.

Customer Support Group (CSG)

There is a pressure on managed budgets leading to an over spend of £0.148m represents 0.6% of the delivery unit budget (£22.922m).

Central Expenses

The under spends for Central Expenses of £1.483m represents 2% of the delivery unit budget (£72.880m). The under spend is predominantly as a consequence of under spends against the North London Waste Authority (NLWA) and London Pension Fund Authority (LPFA).

1.12 Savings

The current Medium-Term Financial Strategy sets out savings to be achieved up to 2015/16. Table 8 below outlines progress made towards achieving the savings outlined for 2014/15.

Table 8: Savings

	2014/15 MTFS savings allocation	Achievable	Non-achievable	Achieved savings	Identified savings against allocation
	(£000s)	(£000s)	(£000s)	(£000s)	%
Adults and Communities	8,377	8,377	0	6,112	73%
Assurance	40	40	0	40	100%
Housing Need Revenue	55	55	0	55	100%
Commissioning Group	800	796	4	796	100%
CSG	2,393	2,393	0	2,393	100%
Education and Skills	561	561	0	561	100%
Family Services	3,879	3,474	405	3,474	90%
HB Public Law	150	100	50	150*	100%
Re	1,355	1,083	272	733	54%
Street Scene	1,005	955	50	955	95%
Parking and Infrastructure	395	200	195	200	51%
Total	19,010	18,034	976	15,469	81%

* Above allocation savings achieved.

There is a risk that about £0.976m of the savings for 2014/15 are not achievable. The breakdown of that is in the table above. The outlook for 2015/16 is that savings of £17.269m need to be achieved. Some of the savings agreed before have now been profiled to 2016/17 (£1.873m). Pressure of £1.400m due to legislative changes in the Care Act will impact in 2015/16.1.13

1.13 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that required settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the account of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

As at the 31 March 2014 the Council held provisions of £10.515m. The level of provisions as at the end of the 2014/15 financial year is forecast to be £9.460m.

Table 9: Provisions

Description	Provsions brought forward 01 April 2014	Q2 Forecast in-year expenditure	Written back in year	New provision raised	Provsions carried forward 31 March 2015
	£000	£000	£000	£000	£000
Adults	552	(74)	0	0	478
Resources (grant unit)	105	(105)	0	0	0
Corporate	8,850	0	0	0	8,850
Regional Enterprise (RE)	160	(160)	0	0	0
Commercial	256	(256)	0	0	0
Childrens	152	(52)	0	0	100
Streetscene	67	(67)	0	0	0
Carbon Reduction Commitment	373	(341)	0	0	32
Total	10,515	(1,055)	0	0	9,460

1.14 Reserves

The Council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at the 31 March 2014 the Council held reserves of £91.625m. As at quarter 2, the forecasted level of reserves anticipated to be carried forward at 31 March 2015 is £73.240m.

Table 10: Reserves

Description	Reserves brought forward 01 April 2014	Q2 Forecast in-year expenditure	New reserves raised	Reserves carried forward 31 March 2015
	£000	£000	£000	£000
Central - Financing	2,673	(122)	0	2,551
Central - Community Infrastructure L	992	0	0	992
Central - Infrastructure	21,573	(4,050)	8,417	25,940
Central - Risk	15,500	(1,194)	0	14,306
Central - Services Development	9,577	(3,738)	0	5,839
Central - Transformation	11,293	(5,950)	0	5,343
Service - Other	12,237	(2,551)	1,408	11,094
Sub total general fund earmarked reserves	73,845	(17,605)	9,825	66,065
Service - DSG	3,676	(3,676)	0	0
Service - Housing Benefit	5,773	(5,773)	0	0
Service - NLSR	1,228	(235)	0	993
Service - PFI	3,117	(3,117)	0	0
Service - Street Lighting	1,149	(1,149)	0	0
Service - Section 256 - NHS Social Care Funding	1,596	(1,596)	0	0
Service - Public Health	831	(831)	0	0
Special Parking Account (SPA)	409	0	0	409
Sub total ring fenced reserves	17,779	(16,377)	0	1,402
Total all earmarked reserves	91,624	(33,982)	9,825	67,467

The largest reserve the Council has is the infrastructure reserve, where income is received for new homes bonuses.

1.15 Quarter 2 Capital Monitoring

The quarter 2 forecast expenditure during 2014/15 on the Council's capital programme is £117.707m, £85.725m of this relates to the general fund programme and £31.982m for the HRA capital programme. This is a variance of £31.396m against the latest approved budget of £149.103m. The table below summarises the expenditure by each service.

Table 11: Capital Programme Position at Quarter 2

Description	2014/15 Latest Approved Budget	Additions/ (Deletions) - Quarter 2	(Slippage) / Accelerated Spend - Quarter 2	2014/15 Budget (including Quarter 2)	Forecast to year-end	Variance from Revised Budget	% slippage of 2014/15 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Adults and Communities	3,060	314	(800)	2,574	2,574	(486)	-26.1%
Children's education	54,759	(453)	(17,512)	36,793	36,793	(17,965)	-32.0%
Children's family services	3,542	-	(1,491)	2,051	2,051	(1,491)	-42.1%
Commissioning Group	5,990	200	(2,999)	3,191	3,191	(2,799)	-50.1%
Street Scene	3,803	283	(856)	3,230	3,230	(573)	-22.5%
The Barnet Group	294	6	(148)	152	152	(142)	-50.4%
Re delivery unit	39,992	(610)	(1,648)	37,734	37,734	(2,258)	-4.1%
General Fund Programme	111,439	(260)	(25,454)	85,725	85,725	(25,714)	-22.8%
HRA	37,664	-	(5,682)	31,982	31,982	(5,682)	-15.1%
Total Capital Programme	149,103	(260)	(31,136)	117,707	117,707	(31,396)	-20.9%

The capital monitoring summary and scheme details by service directorate is set out in Appendix C.

Table 12 below analyses the 2014/15 capital programme as at the end of quarter 2. A detailed analysis of changes including additions, deletions and budget movements is provided in appendix D.

Table 12: 2014/15 Capital Funding Changes at Quarter 2

Description	Grants	S106 / Other Contribution	Capital Receipts	Revenue/ MRA	Borrowing	Capital Reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Adults and Communities	(1,300)	0	0	814	0	0	(486)
Children's Family Services	0	0	(1,491)	0	0	0	(1,491)
Children's Education and Skills	(7,439)	203	(1,454)	100	(9,375)	0	(17,965)
Commissioning Group	0	0	(2,372)	(427)	0	0	(2,799)
Street Scene	(232)	(135)	(218)	150	(139)	0	(573)
Re delivery unit	(1,065)	5,914	(2,884)	(4,323)	100	0	(2,258)
CSG delivery unit	0	0	0	0	0	0	0
The Barnet Group	0	0	(142)	0	0	0	(142)
General Fund Programme	(10,036)	5,982	(8,561)	(3,686)	(9,413)	0	(25,714)
HRA	0	0	(3,932)	(1,750)	0	0	(5,682)
Total Capital Programme	(10,036)	5,982	(12,493)	(5,436)	(9,413)	0	(31,396)

1.15.1 There is a forecasted 20.9% reduction in the capital programme at end of quarter 2, with the projected outturn expenditure being £117.707m against the latest budget of £149.103m. It is projected, over the full financial year, there will be slippage of £31.136m, representing 20.9% of the latest approved budget programme.

The main outturn slippage this quarter is as follows:

- The total Children's Education and Skills programme has net slipped by £17.512m. According to current project plans the Menorah foundation is anticipated to slip by £1.538m. Slippage of £1.139m has been requested for the watching brief of St Joseph's RC Junior & St Joseph's RC Infants School based on cash flow forecast. In line with budget re-profiling, it is now anticipated works will commence on Monkfrith at the end of June 2015 resulting in an anticipated slippage of £3.455m. There is anticipated slippage on the Wren Academy amounting to £6.139m due to budget re-profiled into the 2015/16 financial year. There is also anticipated slippage on the London Academy amounting to £5.399m as a consequence of additions to programme in relation to removals of de-mountables and slippage in line with contractor billing time line. Due to budget re-profile in line with start date on site being later than original programmed there is also anticipated slippage at Oak Lodge Special School amounting to £4.323m.
- There are also expected accelerations within total Children's Education and Skills programme, this includes unallocated projects due to adjustment to funding type for Orion, St Mary's and St Johns and budgets required for

Wren and London Academy amounting to £2.244m and accelerations of £2.542m due to budget allocations for Christ's College.

- The Commissioning Group programme has net slipped by £2.999m. This is largely due to anticipated slippage £2.992m relating to customer access improvements.
- The HRA programme has slipped by £5.682m. This is largely due to the New Affordable Homes programme as part of the Housing Revenue Account, amounting to £3.932m. The slippage is due to works progressing faster than originally anticipated. Other contributors towards the slippage in the programme relate to £0.882m slippage relating to major works where works have been deferred on Burnt Oak Broadway flats whilst further option appraisals are being considered and revised roof replacement programme has been deferred to 2015/16. Finally slippage of £0.850m is anticipated in regeneration due to the cancellation of redecoration works at West Hendon and reduced budget required for Grahame Park windows.

1.15.2 The slippage column in the report is a net figure based on slippage (budget required for future financial years) and accelerated spend (budget required from future years). As an example, a budget may be set for a school build but construction may not start until half way through the year and is due to continue into future financial years. As construction accounts for the majority of the budget, it needs to be re-profiled (slipped) into the financial year it is required for. Slippage does not indicate an over spend, just a movement of budget into future financial years.

1.16 Agency Costs

The table below details all agency staff costs incurred during quarter two 2014/15 financial year in comparison to quarter two 2013/14 financial year. This identifies that agency and consultancy expenditure has reduced by £4.939m from the equivalent quarter last year.

1.16.1 The current level of agency usage is consistent with the Council's strategic approach to ensure business critical functions continue to operate and perform while going through significant change. This strategic approach reflects the Council's desire to reduce redundancies from the workforce.

1.16.2 Nearly a quarter (22%) of the full time equivalent roles carried out by agency workers are in Social and Healthcare Qualified positions. An additional third (33%) of agency workers are covering other front line roles across Delivery Units.

Table 13 – Agency Costs for 2014/15

Description	2013/14			2014/15		
	Agency Spend	Consultants Spend	Total Agency & Consultants Expenditure Q1 - Q2	Agency Spend	Consultants Spend	Total Agency & Consultants Expenditure Q1 - Q2
	£000	£000	£000	£000	£000	£000
Adults and Communities	1,837	223	2,060	2,054	4	2,058
Assurance	19	0	19	34	8	42
Barnet Group	0	5	5	0	0	0
Children's Education	724	230	954	665	(132)	533
Children's Families Service	1,183	45	1,228	1,620	90	1,709
Parking & Infrastructure	1,034	582	1,616	349	384	733
Commissioning Group	819	1,136	1,955	843	91	934
CSG	2,788	225	3,014	0	(12)	(12)
HRA	178	1,125	1,303	0	1,150	1,150
Public Health	0	18	18	0	0	0
Re	33	443	476	(0)	74	74
Schools Direct Management	31	0	31	0	0	0
Street Scene	632	4	636	1,143	11	1,154
Total	9,279	4,035	13,314	6,707	1,668	8,375

* Data as at 30th September 2014 includes revenue (£8.177m) and capital spend (£0.198m)

Note - The Children's Education figure has been restated from 2013/14 to take into consideration expenditure which was later charge to the capital programme

1.17 Transformation Programme

The expenditure on the Transformation programme and projections for 2014-15 as at the end of September 2014 is included in Appendix E of the report. Policy and Resources Committee on the 10th June 2014 approved transformation reserve drawdown; and a further report will be provided to Policy and Resources Committee on 2 December 2014 identifying potential transformation funding requirements to enable delivery of the Corporate Plan and Medium Term Financial Strategy.

Children's, Education, Libraries and Safeguarding Committee approved an additional £0.050m for the development of a revised Outline Business Case for Education and Skills services. This is reflected in Appendix E.

An additional £0.213m has been moved from the Project Management Office (PMO) cost centre to fund the 'Connecting with Barnet' programme, which is underway to embed transparency, improve the Council's consultation approach and practices and improve services to customers. In addition, £0.056m has been moved from the PMO cost centre to fund the Parking improvement project, including the roll out of new systems, development of a new draft Parking Policy and seeking to improve customer experience.

1.18 Write-off's

As part of the quarterly monitoring process the Council will now report on all scheduled write-off for sundry debt in excess of £5,000. The value of a write off is determined at a debt value as per the Council's financial regulations. Debts under £5,000 are approved by the Director of Finance.

Actions taken to recover debt is as per the Council's Income & Debt Management Policy. If an invoice is raised and remains unpaid, "dunning" process comes into play as follows:-

- Level 1 - a reminder is sent after 21 days
- Level 2 - a final notice is sent after 35 days i.e. a further 14 days

The Income Team will review all Level 2 cases remaining outstanding greater than 49 days (allowing a further 14 days to pay after the Final Notice) to decide whether the debt recovery should proceed.

Depending on the type of debt, customer and circumstances consideration of the use of debt collectors or issuing proceedings in the County Court is considered. Every case is treated individually, hence the circumstances of each debt is assessed prior to taking a decision on the recovery of the debt in conjunction with the delivery unit.

Table 14 below analyses the scheduled write-off's where the individual debt level is in excess of £5,000, the aggregate of these write-offs is anticipated to total £0.166m.

Table 14 – Write-off's in excess of £5,000

Customer Name	Transaction date	Sales Office	Description	Amount	Comments
ROYAL BRITISH LEGION NORTH	25-Mar-2010	COMM	Commercial Rents	26,250.00	Property Services have advised the company is dissolved.
Redacted	19-Nov-2007	ADUL	Appointeeship	31,372.66	Barnet Council is the appointee now and the debt relates to suspected financial abuse.
Redacted	22-Sep-2008	ADUL	Resident-DWP Payts	6,759.21	Barnet Council became appointee prior to death and the debt relates to mis-management of finances.
Redacted	24-Apr-2006	ENVS	Works in Default	281.38	County Court judgement obtained and referred to High Court Sheriffs, but unable to enforce the debt.
Redacted	07-Jan-2008	ENVS	Works in Default	13,161.38	County Court judgement obtained and referred to High Court Sheriffs, but unable to enforce the debt.
Redacted	05-Jun-2009	ADUL	Residential Write Off	1,577.83	Debtor has passed away, can not locate a next of kin and probate searches have come back negative.
Redacted	23-Jul-2012	ADUL	Residential Write Off	4,378.85	Debtor has deceased, can not locate a next of kin and probate searches have come back negative.
Redacted	30-Aug-2011	ADUL	Residential Write Off	5,446.85	Debtor has passed away, can not locate a next of kin & probate searches have come back negative
Redacted	09-Jul-2010	ADUL	Appointeeship	5,549.25	Barnet Council became appointee prior to death and the debt relates to mis-management of finances.
Redacted	31-Mar-2009	ADUL	Residential Write Off	7,264.73	Debtor has passed away, can not locate a next of kin and probate searches have come back negative.
Redacted	01-Jun-2009	ADUL	Residential Write Off	1,328.68	Debtor has passed away, can not locate a next of kin and probate searches have come back negative.
Redacted	12-Mar-2012	ADUL	Residential Write Off	7,124.38	Customer is paying ongoing invoices. This relates to initial charge and proof has been received that they do not have the means to pay.
Redacted	30-Aug-2011	ADUL	Residential Unsecured Norwel	5,886.84	Debtor has passed away and insufficient funds in estate to pursue.
Redacted	12-Nov-2012	ADUL	Residential Write Off	721.08	Debtor has passed away, can not locate a next of kin and probate searches have come back negative.
Redacted	26-Nov-2010	ADUL	Residential Write Off	6,392.75	Debtor has passed away, can not locate a next of kin & probate searches have come back negative.
Redacted	28-Aug-2012	ADUL	Residential Write Off	7,138.01	Debtor has passed away and insufficient funds in estate to pursue.
Redacted	28-Aug-2012	ADUL	Residential Write Off	16,054.73	Debtor has passed away, can not locate a next of kin and probate searches have come back negative.
Redacted	18-Dec-2013	ADUL	FC Actuals Billing	7,045.00	Debtor has passed away and insufficient funds in estate to pursue.
Redacted	02-Jan-2012	ADUL	Residential Unsecure	5,362.33	Debtor has passed away and insufficient funds in estate to pursue.
Redacted	14-Oct-2013	ADUL	Residential Unsecured Norwel	6,552.12	Debtor has passed away and insufficient funds in estate to pursue.
Total				165,648.06	

1.19 Treasury

1.19.1 Treasury Outturn

In compliance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice this report provides Members with a summary report of the treasury management activity during the period to 30 September 2014. The Prudential Indicators have not been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Further details of compliance with prudential indicators are contained in Appendix F.

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of its indebted status. This is a limit which should not be breached. During the period to 30 September 2014 there were no breaches of the Authorised Limit and the Operational Boundary.

The Council's timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy. The Treasury Management Strategy 2014/15 was approved by Council on 5 March 2014 and the revised strategy applied with immediate effect. The Treasury Management Strategy demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate Treasury Management Strategy.

There has been continued cautious approach to the current investment strategy and as a result of considerable stabilisation and in some cases improvement in credit metrics, the revised treasury strategy for 2014/15 has extended the maximum duration to 10 years with further diversification, albeit with maximum recommended duration of deposits for different banks depending on risk assessment.

1.19.2 Investment Performance

Investment deposits are managed internally. As at 30th September 2014, deposits outstanding were £229.287 million (excluding Icelandic deposits), achieving an average annual rate of return of 0.70 per cent (adjusted for Icelandic deposits) against a benchmark average (London Interbank Bid Rate - LIBID) of 0.34 per cent. A list of deposits outstanding as at 30th September 2014 is attached as Appendix G.

The benchmark, the average 7-day LIBID rate, is provided by the authority's treasury advisors Arlingclose. The LIBID rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

All deposits have been settled for the Icelandic banks, with the exception of the £2.5m held in an escrow account in Icelandic Krónur because of Icelandic currency export restrictions.

1.19.3 Debt Management

The total value of long term loans as at 30th September 2014 was £304.080m. There has been no external borrowing in the financial year to date. The average total cost of borrowing for the quarter ending 30th September 2014 was 3.89 per cent.

2. REASONS FOR RECOMMENDATIONS

- 2.1** These recommendations are to allow the Council to meet the budget agreed by Council on 4 March 2014.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1** None.

4. POST DECISION IMPLEMENTATION

- 4.1** None.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1** This report presents the performance of the Council at meeting the measures of success for the Corporate Priorities. This report also includes performance indicators of the delivery of services by the Council, such as the performance levels of contracts, internal Delivery Units and partners.

- 5.1.2** The past three years of performance information is available at: www.barnet.gov.uk/performance

- 5.1.3** Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

- 5.1.4** Relevant Council strategies and policies include the following:

- Corporate Plan 2013-16;
- Medium Term Financial Strategy;
- Treasury Management Strategy;
- Debt Management Strategy;

- Insurance Strategy;
- Risk Management Strategy; and
- Capital, Assets and Property Strategy.

5.1.5 The priorities of the Council are aligned to the delivery of the Health and Wellbeing Strategy.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Robust budget and performance monitoring plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.

5.3 Legal and Constitutional References

5.3.1 Section 151 of the Local Government Act 1972 states that: “without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.3.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority’s financial position is set out in sub-section 28(4) of the Act.

5.3.3 The Council’s Constitution, in Part 15 Annex A, Responsibility for Functions, states in Annex A the functions of the Performance and Contract Management Committee including:

- a) Overall responsibility for quarterly budget monitoring, including monitoring trading position and financial strategy of Council Delivery Units.
- b) Monitoring of Performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group (Including Barnet Homes and Your Choice Barnet); HB Public Law; NSL; Adults and Communities; Family Services; Education and Skills; Street Scene; Public Health; Commissioning Group; and Assurance
- c) Receive and Scrutinise contract variations and change requests in respect of external delivery units.
- d) To make recommendations to Policy and Resources and Theme Committees on relevant policy and commissioning implications arising from the scrutiny of performance of Delivery Units and External Providers.

- e) Specific responsibility for the following function within the Council:
 - a. Risk Management
 - b. Treasury Management Performance
- f) Approve the Annual Report of the Barnet Group Ltd.

5.3.4 The Council's Constitution, Part 21, Financial Regulations section 4. paragraphs 4.4.9 - 11 state:

- Allocations from the central contingency relating to planned developments will be approved by the Chief Finance Officer (section 151 officer), in consultation with the Chairman of the Performance and Contract Management Committee, following the receipt from a Chief Officer of a fully costed proposal to incur expenditure that is in line with planned development (including full year effect).
Where there is a significant increase in the full year effect, the contingency allocation must be approved by the Performance and Contract Management Committee.
- Allocations from the central contingency for unplanned expenditure, including proposals to utilise underspends previously generated within the service and returned to central contingency, will be approved by the Chief Finance Officer in consultation with the Chairman of Performance and Contract Management.
Where there are competing bids for use of underspends, additional income or windfalls previously returned to central contingency, priority will be given to the service(s) that generated that return.
- Allocations for unplanned expenditure over £250,000 must be approved by Performance and Contract Management Committee.

5.3.5 The Chief Finance Officer (section 151 officer) will report in detail to Performance and Contract Management Committee at least four times a year, at the end of each quarter, on the revenue, capital budgets and wider financial standing.

5.3.6 The Council's Constitution, Part 21, Financial Regulations section 4 paragraph 4.4.3 states amendments to the revenue budget can only be made with approval as per the scheme of virement table below:

Virements for allocation from contingency for amounts up to £250,000 must be approved by the Section 151 Officer in consultation with appropriate Chief Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the bottom line are approved by Service Director
Virements between services (excluding contingency allocations) up to a value of £50,000 must be approved by the relevant Chief Officer
Virements between services (excluding contingency allocations) over £50,000 and up to £250,000 must be approved by Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee

Capital Virements
Performance and Contract Management approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e. as per the budget book. The report must show the proposed: <ul style="list-style-type: none"> i) Budget transfers between projects and by year; ii) Funding transfers between projects and by year; and iii) A summary based on a template approved by the Section 151 Officer
Funding substitutions at year end in order to maximise funding are the responsibility of the Section 151 Officer.

5.4 Risk Management

5.4.1 Various projects within the Council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other Council priorities will be required.

5.4.2 The revised forecast level of balances needs to be considered in light of the risk identified in 5.4.1 above.

5.5 Equalities and Diversity

5.5.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- Advancement of equality of opportunity between people from different groups
- Fostering of good relations between people from different groups

5.5.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation. .

5.5.3 The council aims to adopt a proportionate approach to meeting the duty to pay due regard to equalities by:

- Trying to understand the diversity of our customers to improve our services
- Considering the impact of our decisions on different groups to ensure they are fair
- Mainstreaming equalities into business and financial planning and integrating equalities into everything we do.
- Learning more about Barnet's diverse communities by engaging with them

This is also what we expect of our partners.

5.5.4 This is set out in the council's Equalities Policy together with our strategic Equalities Objective- as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

5.5.5 Progress against the performance measures we use is published on our website at:

www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

5.6 Consultation and Engagement

5.6.1 During the process of formulating budget and Corporate Plan proposals for 2013/14 onwards, three phases of consultation took place:

- Phase One (October 2012 – November 2012): Residents' Perception telephone survey.
- Phase two (November 2012 – January 2013): Corporate Plan consultation
- Phase three (October 2012 – January 2013): Finance and business planning (including proposed budget) consultation

5.6.2 The results and impact on the Corporate Plan and budget are outlined in the Cabinet Report to Committee on the 5 March 2013 (Item 8).

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MIId=6629&Ver=4>

6. BACKGROUND PAPERS

- 6.1** Performance and Contract Management Committee, 11 June 2014 (Decision Item 5) – approved Final Outturn and Quarter 4 Monitoring Report 2013/14
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7868&Ver=4>
- 6.2** Council, 4 March 2014 (Decision item 2.1) – approved the Business Planning 2014/15 – 2015/16 report.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7516&Ver=4>
- 6.3** Policy and Resources Committee, 21 July 2014 (Decision item 5) – approved inflation amounts to budgets (total £3.390m) and the £1.4m set aside specifically for pressures in Children’s social care budget, this is to be transferred from contingency to Family Services.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7860&Ver=4>