

	<h2>Performance and Contract Management Committee</h2> <h3>17 November 2015</h3>
Title	Quarter 2 Performance Monitoring 2015/16
Report of	Chief Operating Officer
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	<p>Appendix A Customer Experience Report</p> <p>Appendix B Performance Report (including performance methodology)</p> <p>Appendix C Revenue Monitoring by Delivery Unit</p> <p>Appendix D Capital Monitoring Programme Outturn by Programme</p> <p>Appendix E Capital Programme Funding Adjustments</p> <p>Appendix F Transformation Programme</p> <p>Appendix G Prudential Indicator Compliance</p> <p>Appendix H Investments outstanding as at 30 September 2015</p> <p>Appendix I Corporate Risk Register</p> <p>Appendix J Capita Payments</p> <p>Appendix K Performance challenges in Q2: Waste Action Plan and Adults and Communities Recovery Plan</p>
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Summary

This report outlines the quarterly position of the Council's performance against the priorities outlined in the Corporate Plan, customer experience, the delivery performance of major contracts and internal Delivery Units, and the overall budget position. Additional information on service and contract performance can be located in Appendix B.

Residents' perception

Residents' satisfaction with Barnet remains high. The spring 2015 survey shows that residents' overall satisfaction Barnet as a place to live is (88% are satisfied) and above the national average. Most residents reported that the Council is doing a good job (77%). A further survey is currently underway and will report back in Quarter 3.

Customer experience

In Quarter 2, customer satisfaction ratings across our main access channels – including Re and Barnet Homes - remained unchanged with 77% of customers satisfied. There are a number of positive areas of improvement, with increasing use of online services and responding to complaints in time. There has been an improvement in the number of Members' Enquiries closed within 5 days – but with further improvement required as set out in the Members' Enquiries action plan. In addition, satisfaction with the web and online services is low and an area for priority action.

Delivery of the Council's Corporate Plan

The Corporate Plan 2015 – 2020, agreed by the Council on 14 April 2015, sets the Strategic Objectives within the core principles of fairness, responsibility and opportunity. Targets are in place to encourage improvement against the long term vision and commissioning intentions.

Of the Strategic Indicators that reported in Quarter 2, 63% were rated as green.

Key successes and challenges

Key successes and challenges are set out in section 1.6 of the report. More detailed performance reports are contained within section 1.7 and Appendix B.

Service performance and monitoring contracts

A summary of progress against critical service delivery indicators is outlined in section 1.8. Across the service performance indicators reported in Quarter 2, 80% are on target.

Detailed assessment of the contracts and Inter Authority Agreements monitored through the quarterly monitoring report (Re, CSG, Barnet Homes, Parking & Infrastructure and HB Public Law) are outlined in paragraph 1.10 (Delivery Performance) with an overview for each contract (including Your Choice Barnet) at Appendix B. 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.

Programmes

The Council has in place five portfolios of large programmes and projects: Central, Adults

and Health, Children's and Young People, Environment and Regeneration and Growth. In total, 105 programmes and projects are currently underway. In addition, we have an Education Capital Programme in place to ensure successful delivery of new school places and improvements to schools.

Budget outturn

The forecasted year-end general fund expenditure outturn (after reserve movements) is £280.184m, which is an adverse variance of £3.718m (1.15%) against the budget of £276.466m.

Investment Performance

As at 30 September 2015, deposits outstanding were £239.200m, achieving an average annual rate of return of 0.64 per cent against a benchmark average (London Interbank Bid Rate - LIBID) of 0.48 per cent.

Capita Payments

During July to September 2015, the total contract payments to Capita – through the CSG and Re contracts – were £19.430m.

Recommendations

- 1. The Committee is asked to scrutinise the performance of delivery units and external providers and (if necessary) to make recommendations to other committees on the policy and commissioning implications**
- 2. The Committee is asked to note the Quarter 2 2015/16 revenue budget and capital position contained in paragraphs 1.11 and 1.17**
- 3. The Committee is asked to note the Agency Costs for the Quarter 2 2015/16 as detailed in paragraph 1.19**
- 4. The Committee is asked to note the Transformation Programme position as at the 30 September 2015 as detailed in paragraph 1.20**
- 5. The Committee is asked to note the Treasury position outlined in paragraph 1.21**
- 6. The Committee is asked to approve the £55.326m capital acceleration and slippage of the outturn for 2015/16, as outlined in Appendix E**

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, customer experience, the delivery performance of major contracts and internal Delivery Units, and the overall budget position. The report is structured to:

- Firstly, focus on customer experience and resident perception.
- Provide a summary of how the Council compares with other local authorities, to set context of our quarterly results.
- A summary of the successes and challenges identified in the quarter.
- Summarise how the organisation is progressing and performing against the outcomes and targets set by the Council in the Corporate Plan 2015 – 2020.
- Provide an overview of the Council's service performance indicators (referred to as strategic and critical indicators), including any exceptions which require an action plan in place to improve.
- The budget position, including revenue and capital expenditure.
- A summary of the status of key projects the Council is delivering to achieve set results or deliverables.
- The Council's top level risk register.

1.2 In addition to this report, the Council publishes 13 detailed reports on the performance of each service area (Delivery Unit) on the website each quarter. The past three years of performance information is also available at online at www.barnet.gov.uk/performance with the most up-to-date version available from www.barnet.gov.uk/currentperformance.

1.3 Performance for Customers

To ensure the Council maintains its focus on customers, the Council monitors a range of customer indicators and targets. Appendix A provides further detail. In addition, the Council has put in place a new weekly and monthly monitoring regime for senior management visibility of overdue complaints, Members' Enquiries, and other customer data, to drive further improvement.

In Quarter 1, overall customer satisfaction remained unchanged with 77% of customers satisfied with the service they received, but Customer and Support Group customer services missed their target of raising satisfaction to 80%, primarily because of difficulty in boosting satisfaction with the website.

There are a number of notable successes within the second quarter of 2015/16:

- The Council has responded to 86% of 703 complaints within the policy timeframes, the best performance recorded to date.
- 74% of the total recorded Members' Enquiries (1,158) were closed within 5 days, a significant improvement on Q1's performance of 65%.

- Online self-service has increased, with the number of webforms submitted increased by 13% from Q1, and satisfaction with webforms rose to 54%.
- The additional support put in place to help those customers who need it is was effective, with 93% of cases being delivered within agreed timeframe.
- A further 16 customer service requests (relating to the Parking and Assisted Travel services) were improved so that they can now be resolved at the first point of contact by customer services.
- Customer satisfaction for Re service delivery (from the survey issued following case closure) improved from 52% to 60% in Quarter 2.

Areas for improvement

The following areas are to be improved over the next three months:

- **Members Enquiries.** While there has been an uplift in performance, there is still more to do to complete all cases within set time and give effective resolution or response.
- **Online experience.** 60% of the website feedback left by customers is average or negative. The Council has created a website action plan to address this, using detailed analysis of customer feedback. Longer term, the Customer Access Strategy will govern future investment in the website.
- **Replying on time.** In Quarter 2, only 59% of 1,754 webforms and only 70% of the 4,649 emails were responded to within 5 days, both are well below the 90% SLA target, due to increased volumes and a staff shortfall in Coventry.
- **Delivering customer cases on time.** The number of customer cases being resolved on time has fallen to 73%, significantly below the 85% target. Ratings from the surveys of customer satisfaction following case closure reduced from 57% to 52%.
- **Face to face service wait time.** Both Burnt Oak Library and Barnet House missed their wait time targets. The November introduction of a new queue management system and appointments process is expected to make a significant impact on the next quarterly results.
- **Complaints.** 58 more complaints were received in Quarter 2 than in Quarter 1, with increases for CSG, Re and Street Scene.
- **Desk phone answering.** All Delivery Units continue to leave 20% of phone calls unanswered.

More detailed information can be found in Appendix A.

1.4 Residents' Perception Survey

Performance and Contract Management Committee received a more detailed report from the twice yearly Residents' Perception Survey in Quarter 1. A further survey is underway and will be reported in Quarter 3, 2015/16. This information is based on a sample of 1,600 residents to ensure the results given are useable. Key highlights from the survey in Quarter 1 were:

- Residents remained satisfied with Barnet as a place to live (88%) compared with the national average; 63% of those surveyed reported that they think the Council provides value for money; and 59% of residents were satisfied with the service received when they contacted the Council, an increase of 5 percentage points since Autumn 2014.
- **Perceptions of service performance:** Satisfaction with local services was maintained or improved for seventeen Council services. However, two services - repair of roads and policing – saw decreases in satisfaction and parking services remained below London average.

Full survey results are available: <https://engage.barnet.gov.uk/consultation-team/residents-perception-survey-spring-2015>

1.5 Benchmarking

Local authorities review and compare performance with each other through benchmarking of common performance indicators. This gives an overview of how the Council compares to other local authorities. To compare performance, we use a comparative report provided by the Local Government Association (LGA) – LG Inform (<http://lginform.local.gov.uk>). This ranks Barnet across 18 service indicators. Barnet was above benchmark in 77% of service indicators (14 out of 18). See Appendix B, section 3 for full details.

Table 1: Benchmarking summary

Delivery Unit	RAG Ratings			
	Green (top quartile)	Green amber	Red amber	Red (bottom quartile)
Education Services	2	2	0	0
Children Services	2	4	0	0
Adult's Services	0	1	3	0
Housing Services	2	1	0	1
Overall	6 (33%)	8 (44%)	3 (17%)	1 (6%)

The four service indicators highlighted as below benchmark are:

- Housing affordability ratio (2013) – bottom quartile
- Social care-related quality of life (2013/14)
- Overall satisfaction of people who use services with their care and support (2013/14)

- Number of days delayed within reporting period – acute and non-acute patients (Aug 2015)

The Council also conducts benchmarking with other London authorities, via London Councils. The results are provided in arrears. Across 28 comparative indicators, Barnet was above benchmark for 71% of these measures.

1.6 Summary of Successes and Challenges

As set out in section 1.1, the Council's performance reporting is based upon customer experience, delivery of the Corporate Plan, service performance, budget and change.

1.6.1 Successes

There are a number of successes across Barnet for Quarter 2 2015/16, these have been highlighted as:

- Provisional results show that the percentage of pupils attaining 5 A*-C grades including English and Maths has increased by 1.5 percentage points whilst national results (state funded schools) fell by 0.5 percentage points. Barnet's overall position is in the top 5 in the country.
- There has been an increase of 1.2 percentage points of primary schools rated as 'good' or 'better' up to 93.1% from the previous quarter.
- All Nursery schools within the Borough (100%) continue to be rated as 'good' or 'better' against target; and Newstead Children's Centre received a 'Good' Ofsted inspection.
- Completing the move from North London Business Park (NLBP) Building 4, into Barnet House and NLBP Building 2, save the Council around £5.4 million a year. The moves are a key part of the overall response to meeting the financial challenges facing the Council between now and 2020.
- Barnet Homes have reported an increase in the number of homelessness preventions undertaken up from 384 to 468, which exceeds the target of 350.
- Figures provided by the London Landlord Accreditation Scheme in July 2015 have confirmed that Barnet is in the top 12 (out of 33) performing boroughs over the past 2 years.

Launch of Burnt Oak Opportunities Support Team to encourage long-term unemployed people into work.

- Adults and Communities continue to report a successful programme of work to improve the range of accommodation options for users of mental health services with 81.4% of adults able to live in stable accommodation, leading to

a reduction in residential care admissions. This is an increase of 8.5% compared to Quarter 1.

- The Community Offer Team was shortlisted for the Social Work Team of the Year award. The work of the team has since been further embedded and developed in the new integrated social care direct service.
- The number of telecare packages installed has increased to 471 which is an increase of 45.4% against the previous quarter.

1.6.2 Challenges

There are a number of challenges in Quarter 2 2015/16 requiring the implementation of improvement actions:

- Waste recycling still continues to be a cause for concern. The percentage of household waste recycled, composted or reused in 2014/15 was 37.95% against an overall target of 41%. The top performing borough in London is Bexley, with 55% of waste recycled followed by Harrow at 49%. Although this represents an increase of 5% and a significant improvement against previous performance, the challenging target is not being achieved. This has been affected by a reduction of 17.8% in garden waste tonnages in 2014/15 compared to the average tonnage for the previous three years, reducing the overall 2014/15 recycling rate outturn by 2.28%. The target for Quarter 1 2015/16 was 43.7% (the overall target for the year is 42%), with actual performance reported as 39.1%. Comparing Quarter 1 2015/16 with Quarter 1 2014/15, residual waste tonnage has increased by 3%, while recycling / tonnages have decreased by 8.2%, and total household waste tonnage has decreased by 1.69%. Please see the table below for further details. All future and current actions are being brought together into a Waste Action plan which is due to go to November Environment Committee. This plan sets actions over the next 6 – 9 months to support residents to improve the amount of waste they recycle. (See Appendix K).

Table 2: Waste reused, recycled or composted

Recycling Rate	Q1 Apr – June	Q2 July - Sept	Q3 Oct – Dec	Q4 Jan - Mar	Annual Apr - Mar
2012/13	35.10%	36.45%	31.71%	27.79%	33%
2013/14	35.99%	34.97%	38.38%	36.14%	36.35%
2014/15	41.88%	39.48%	35.79%	33.82%	37.95%
2015/16	39.10%	-	-	-	-

- The forecasted general fund expenditure outturn is £280.183m, which is an adverse variance of £3,718m (1.34%) against the budget of £276.466m. This includes projected overspends in Adults and Communities (£2.487m), Family Services (£1.256m), Barnet Homes (£1.019m), Re (£373k) and CSG (£500k).
- Within Adults and Communities, some key performance challenges were identified in Quarter 2, with some progress to reduce overspend and with a significant number of projects in place to deliver savings and required changes. Key areas of underperformance included the progress to increase the proportion of residents with learning disabilities or mental health conditions who are in employment and greater use of telecare as part support to those who receive services. These are priority areas for action through the Adults Transformation Programme with plans to be brought forward by the end of 2015. In addition, there were other areas where performance was below target, including completion of case reviews, longer time taken to complete assessments and a lower proportion of carer assessments completed. There are also significant recruitment problems for providers (especially in the home care market) which are making the arrangement of new packages of care difficult. The service is implementing plans to support staff to improve productivity and emergency measures are needed to put in place additional home care capacity. These are priority areas for improvement and will be subject to regular review, in conjunction with the delivery of the financial recovery plan. (See Appendix K). A final area of challenge is related to reducing / avoiding delayed discharges from hospital, in conjunction with health.
- Within Family Services, recruiting into vacant social worker posts and the use of locum cover continues to be an area of concern. This has been compounded by increasing levels of activity at the social care front door. A range of recruitment activities are being undertaken including the social worker recruitment campaign. The challenging recruiting to social worker posts also impacts on the overall Family Services budget position.

- Ensuring that high standards of customer experience are embedded within the Council's current operations, addressing known areas for improvement especially Members Enquiries, web services, increasing resolution at first point. Online experience is below target, with 65% of feedback on the website being average or negative. Actions to improve web user experience include:
 - Focussing on the top issues raised by web users each month, sharing these with relevant teams and reporting progress;
 - A weekly customer bulletin including all comments submitted via the website for the previous week, shared with senior managers for action;
 - The Council's first marketing campaign for My Account launched in October, with posters going up across the borough.

- The Residents' Perception Survey findings in Quarter 1 2015/16 reiterated the challenges in relation to perception of the condition of roads and pavements. In Quarter 2, the Council has developed revised arrangements to improve the Council's response to issues raised by residents and ensure that Area Committee deliver local highways and other improvement schemes in line with local priorities. The delivery of the Network Recovery Plan has generated a high number of queries from residents and Members during the quarter, particularly regarding the materials and techniques used in the programme.

- The Council's approach to workforce management has been subject of significant focus, through a new internal People and Organisational Development Strategy to ensure we are well prepared for the future with the right skills and leadership. The overall absence rate has reduced from Quarter 1 but further action is required to ensure that the Council is amongst the best performing public sector bodies. Overall use of agency remains relatively high. Each service area has a plan to reduce agency use by 15% the end of the financial year.

- Canvassers working for the Electoral Services team have carried out personal visits to every residential property within the borough where they have not received a response to the Household Enquiry Forms (HEF) posted in Quarter 2. This work must be completed prior to the publication of a complete and accurate revised Electoral Register in December. To support this, visits will be conducted by Canvassers to all residential properties within Barnet for which a HEF response is still required - currently approximately, 65,000.

- Levels of homelessness and associated budget pressures remain a challenge with the number of families in emergency accommodation showing a small increase during the quarter from 389 to 392. Whilst the number in emergency accommodation is well below the target of 500 families, there remains a significant budget pressure of just over £1m due to the increased costs of temporary accommodation. Barnet Homes and the Council are considering a number of mitigating actions with a focus on preventing homelessness through tenancy sustainment and securing more affordable types of

accommodation. The housing strategy with a focus on increasing the housing supply as well as preventing and tackling homelessness was approved by Council on 21st October 2015.

- During Quarter 2, more focused engagement from senior IT managers in Capita were introduced to give stability to the service and ensure capacity is in place to deliver the contract service, to progress and deliver the IS strategy and to move forward challenging projects. Within IS there are some specific challenges. Firstly, in relation to the roll out of the Adults Investing in IT project to implement a new case management system, which is delayed and a strengthened team and plan is in place to move this forward. Secondly, to develop the IS strategy in order to support longer-term changes, enable smarter and more flexible working and support the Customer Access Strategy. Finally, to ensure that the overall service is effective and meets required standards.

1.7 **Performance against Corporate Plan and key Strategic Indicators**

This section of the report tracks performance against the Council's Corporate Plan 2015 – 2020. It also tracks the performance against a set of strategic measures which identify the outcomes or results expected for key services and which were approved by thematic Committees in 2014/15. Table 3 below provides a summary by each Delivery Unit.

Table 3: Corporate Plan and Strategic Indicator performance by Delivery Unit

Delivery Unit	No. of Strategic indicators expected to report in Quarter 2 2015/16	RAG Ratings				Positive/neutral Direction of Travel	Negative Direction of Travel	Direction of Travel Not Available
		Green	Green amber	Red amber	Red			
Adults and Communities	20	6	5	1	8	8	12	-
Children's Education and Skills	14	9	5	-	-	11	3	0
Family Services	7	7	-	-	-	4	1	2
Commissioning Group	4	-	2	-	2	-	3	1
Streetscene	3	2	-	-	1	3	-	-
Public Health	7	6	1	-	-	3	2	2
Barnet Homes	4	4	-	-	-	2	2	-
Re	8	7	1	-	-	8	-	-
CSG	1	1	-	-	-	1	-	-
HB Public Law	-	-	-	-	-	-	-	-
Parking and Infrastructure	2	2	-	-	-	2	-	-
Total	70	44	14	1	11	42	23	5
Total % of RAG Rated Indicators	70	63%	20%	1%	16%			

Of the strategic indicators that are reported in Quarter 2 and returned a RAG rating, the balance of met and missed targets was 63% rated as green, 20% green amber, 1% red amber and 16% of strategic indicators were rated as red. Those indicators rated significantly off target (Red) are:

Adults and Communities

- Service users who find it easy to get information
- Percentage of adults with learning disabilities in paid employment
- Percentage of adults with mental health needs in paid employment
- Percentage of people who feel in control of their own lives
- Percentage of carers satisfied with social services
- Carers' reported quality of life
- Percentage of adult carers who have much social contact as they would like
- Carer assessments resulting in information, advice and services (end of year projection)

Commissioning Group

- Resident's long-term sickness

- Performance of services

Street Scene

- Percentage of household waste sent for reuse, recycling and composting

See section 2.4 of Appendix B for full detail of indicators.

1.8 Service Performance of Critical Indicators

Thematic committees have each approved a Commissioning Plan for future years. This identified a number of measures of critical operational service performance which are tracked each quarter. These critical service indicators are then owned by Delivery Units to give assurance of their day to day service operations. This information aids the Performance and Contract Monitoring Committee in reviewing and challenging service performance each quarter.

This reporting is on an exception basis, identifying challenges which could have an impact and require focussed action to achieve improvement. Each Delivery Unit publishes a detailed quarterly performance report on the Council's website covering their service performance.

The overall service delivery performance for Quarter 2 2015/16 for each Delivery Unit's critical service indicators is outlined in Table 4 overleaf.

Table 4: Service performance by Delivery Unit

Delivery Unit	No. of Critical indicators expected to report in Quarter 2 2015/16	RAG ratings				Positive/neutral Direction of Travel	Negative Direction of Travel	Direction of Travel Not Available
		Green	Green amber	Red amber	Red			
Adults and Communities	9	3	-	2	4	3	6	-
Children's Education and Skills	6	2	1	2	1	5	1	-
Family Services	6	4	2	-	-	5	1	-
Commissioning Group	-	-	-	-	-	-	-	-
Streetscene	5	3	-	-	2	3	2	-
Public Health	27	17	8	-	2	2	6	19
Barnet Homes	9	8	-	-	1	6	3	-
Re	49	45	2	1	1	34	9	6
CSG	22	21	-	-	1	12	8	2
HB Public Law	12	12	-	-	-	10	2	-
Parking and Infrastructure	3	3	-	-	-	2	1	-
Total	148	118	13	5	12	82	39	27
Total % of RAG Rated Indicators	148	80%	9%	3%	8%			

*Monitor / No RAG due to: Indicator does not have a target for the return period; indicator has no target due to being monitored/baselined this financial year;

**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

Table 4 highlights the service Indicators reporting back in Quarter 2 2015/16. Of those measures to receive a RAG rating, 80% achieved or exceeded their target, with 8% rated as red.

There are a number of successes for Quarter 2 2015/16, these have been highlighted as:

- Proportion of care leavers age 19 – 21 in suitable accommodation.
- Business licence applications processed in a timely manner are above the target of 95% at 100%.
- The percentage of children making 3 levels of progress in Maths between KS2 and KS4 has improved from 77% to 80% against the target of 77.7%.
- The number of first time entrants to the Youth Justice System aged 10 to 17 has from 299 in Quarter 1 to 284.

There were also some challenges experienced across these operation measures for Quarter 2 2015/16 which include:

- Within Adults and Communities services, the average number of days from contact to end of assessment has increased from 23 days in Quarter 1 to 27 days and is below the target of 18 days.
- The percentage of statutory homeless appeals completed on time has improved from 49% to 73% in Quarter 2 but is below the target of 100%.
- The percentage of Strategic Planning Documents completed and signed off by the Council has decreased from 100% in Quarter 1 to 25%.

1.9 **Progress towards outcomes set by Committees**

Theme committees have set commissioning plans to 2020, including 'commissioning intentions' which reflect the key actions which are required to achieve the outcomes and results they have set. Delivering these actions (commissioning intentions) requires work from across the whole Council. Table 5 summarises progress against the commissioning intentions allocated to individual Delivery Units. Reporting is on an exception basis, with those actions which are not on delivering on time identified in table 5 overleaf.

Table 5: Progress against Commissioning Intentions by Delivery Unit

Delivery Unit	RAG ratings				No. of Commissioning Intentions reported
	Green	Green Amber	Red Amber	Red	
Adults and Communities	6	-	-	-	6
Assurance	1	-	-	-	1
Children's Education and Skills	1	-	-	-	1
Commissioning Group	22	23	2	-	47
Family Services	5	-	-	-	5
Street Scene	9	1	1	-	11
Public Health	11	1	-	-	12
Barnet Homes	5	-	-	-	5
R ^e	-	-	-	-	0
CSG	-	-	-	-	0
HB Public Law	-	-	-	-	0
Parking Infrastructure &	4	3	1	-	8
Total	64 67%	28 29%	4 4%	0 0%	96

Progress against the actions set by theme Committees – known as Commissioning Intentions - is broadly good with 67% currently on schedule and the vast majority of other activity well underway. The section below identifies where any actions to deliver Commissioning Intentions are red rated or red amber

Commissioning Group

- One key commissioning intention is the implementation of Better Care Fund, between the Council and the Clinical Commissioning Group. A programme is in place to develop this approach to integrated Health and Social Care. The programme addresses how partners will take forward the work to meet the Better Care Fund national conditions. The governance arrangements between the Council and the Clinical Commissioning Group, to implement the pooled fund are not yet complete. This is required to complete the formal Section 75 Agreement.
- Progress towards the commissioning intention to reuse, recycle or compost 50% of all household waste by 2020. Recycling and composting levels are below target; with the provisional outturn for Quarter 1 of 2015/16 is 39.1% against a quarterly target of 43.70%. A waste action plan is to be submitted to the November Environment Committee and a waste strategy is under development.

Street Scene

- One commissioning intention is focussed on street cleansing, with the intention to use relevant and targeted enforcement that promotes prevention of forms of anti-social behaviour: A waste enforcement policy and procedure has been drafted and being consulted on internally to ensure all tools and powers across the Council and partnership are considered. This is slightly delayed. An overarching Council wide enforcement policy is being drafted which will sit above this.

Parking and Infrastructure

- A number of commissioning intentions have been delivered and are well underway. One delayed intention relates to the progress in provide a joined up service across Parking, Re and CSG. Work is underway to take this forward but is behind time.

In November 2015 officers will undertake a review of commissioning intentions and their progress in preparation for the latter half of the year, as part of the preparation of Annual Reports for each thematic Committee.

1.10 Programmes

The Council has in place five portfolios of large programmes and projects: Central, Adults and Health, Children's and Young People, Environment and Regeneration and Growth. In total, 105 programmes and projects are currently underway. We also have an Education Capital Programme in place to ensure successful delivery of new school places and improvements to schools.

Adults and Health Portfolio

Progress has been made across a number of projects in the Adults Transformation Programme. The business case for the new model for Mental Health social work was approved by Adults and Safeguarding committee on 16th September and the 0-25 Learning Disabilities service went live on 1st October. Public consultation on the future of Church Farm and Copthall Leisure Centres took place during the quarter as part of the Sport and Physical Activity project. The Wheelchair Housing project has improved from red to an amber rating as the savings have been re-profiled. Progress has also been made on the Investing in IT project which has also improved from a red to amber rating rated with a revised project plan being reviewed proposing a new go live date of April 2016.

Central Portfolio

There have been a number of improvements within this portfolio and no projects are red rated. The Customer Access Strategy has moved from red to green rating, as a draft strategy being developed for Policy and Resources Committee on 16th December. Additionally, the Smarter Working project has improved from red to green rating; the moves are complete and NLBP Building 4 has been handed over to the landlord. The Community Asset Strategy final implementation plan was approved by ARG committee on 17th September. For the Unified Reward project, progress has been made and negotiations with Trade Union bodies commenced on 12th October.

Children's and Young People Portfolio

Good progress has been made across a number of projects in the portfolio with a large number of projects now rated as green. The Education & Skills project is progressing well. A final tender was received on 9th October and is currently being evaluated by officers. The new Independence of Young People with Learning Disabilities 0-25 service went live on 1st October. Progress continues on the Libraries Strategy, with the rag rating improving from amber to green following the approval of the strategy at Full Council on 20th October. The Meadow Close Children's Home project has moved from a red to green rating as a new suitable site has been identified.

Environment Portfolio

There has been progress on a number of projects this quarter. Planning permission was granted for the Depot project on 1st October. For the Mortuary shared service the Inter Authority Agreement (IAA) has now been signed and the closure report is being produced. The Street Scene ADM project has been initiated and a project team is in place. The parks and open spaces strategy and waste and recycling strategy are both green rated. Evidence is being gathered to test the assumptions in the draft waste and recycling strategy and for the parks and open spaces strategy is proceeding to plan with all survey data now collected. The Lagan project is currently red rated due to a delay in receiving formal approval to proceed.

Growth and Development Portfolio

There are a number of red rated projects within the Growth and Development Portfolio, three of which are within the Development pipeline programme. A project board is yet to be established for the Wholly Owned Company project and planning has been delayed for Tranche 1. The Pipeline programme has also been subject to an advisory audit in Quarter 2 to improve overall controls and enable effective delivery. In the Regeneration programme, the Granville Road project remains red rated. For Colindale Headquarter project, Planning Committee approved the proposals on 1st October and TfL have agreed the level of contributions for S106. Burnt Oak High Street project received funding approval by Assets, Regeneration and Growth Committee. Policy and Resources Committee approved the creation of new legal entities for The Barnet Group on 14th October.

Education Capital programmes

Progress is being made across a number of projects and the overall programme is on target to achieve pupil places when required. There are some concerns with regards to the delivery of Oak Lodge and Blessed Dominic within the current funding envelopes, although a revised programme targeting a December 2016 completion date for Oak Lodge has now been agreed. The Northway/Fairway project has improved from a red to amber rating. Planning approval has now been granted for main works at Monkfrith. A number of green rated projects are progressing through the defects period.

1.11 Quarter 2 Revenue Monitoring

Table 6 below provides the forecast outturn position for the financial year 2015/16. This analysis compares the forecast outturn for the financial year to the revised budget position.

The forecasted general fund expenditure outturn (after reserve movements) is £280.184m, which is an adverse variance of £3.718m (1.15%) against the budget of £276.466m.

Directors are accountable for any budget variations within their services and the associated responsibility to ensure expenditure and income are managed within agreed budgets. To make sure that this is successfully achieved, it is essential that Directors develop action plans and review these throughout the financial year to identify all significant emerging variances to ensure that overall expenditure is kept within their total available budget.

A breakdown of revenue monitoring by each Delivery Unit is set out in Appendix C and summarised in the Table 6 below.

Table 6: 2015/16 Outturn revenue analysis – Summary

Description	Variations			
	Original Budget	Budget V1	Q2 Forecast	Variation
	£000	£000	£000	£000
Adults and Communities	81,816	86,378	88,865	2,487
Assurance	4,110	4,199	4,169	(31)
Children's Education	6,152	7,153	7,153	-
Children's Family Service	47,717	48,437	49,693	1,256
Commissioning Group	9,806	20,789	20,720	(69)
Streetscene	14,014	14,856	14,926	70
Commercial	(1,201)	(803)	(638)	164
Registrars Service	(161)	(160)	34	194
Public Health	14,335	14,335	14,335	-
HB Public Law	1,752	2,011	2,079	68
Housing Needs Resources	3,954	4,976	5,995	1,019
Regional Enterprise	731	1,134	1,507	373
Customer Support Group	20,822	21,610	22,110	500
Central Expenses	72,619	51,551	49,237	(2,314)
Service Total	276,466	276,466	280,184	3,718

Housing Revenue Account

Description	Variations			
	Original Budget	Budget V1	Q2 Forecast	Variation
	£000	£000	£000	£000
Housing Revenue Account	-	-	(71)	(71)

Dedicated Schools Grant

Description	Variations			
	Original Budget	Budget V1	Q2 Forecast	Variation
	£000	£000	£000	£000
Dedicated Schools Grant	-	-	(38)	(38)

1.12 Impact on Balances

General Fund

As set out in paragraph 1.11 services are in the process of formulating in year recovery plans to minimise the reported adverse variance of £3.718m. If this isn't achievable, then the Council's General Fund balances would need to be used to fund the variation at the end of the financial year as set out in Table 7 below:

Table 7: General Fund Balances

	£'000
General Fund Balances brought forward 1 April 2015	(14,871)
Budgeted Use of Balance	-
Outturn Variation	3,718
Forecast General Fund Balances 31 March 2016	(11,153)

The recommended limit for the Council's General Fund balance is £15m and therefore the Council would be £3.847m below this recommended limit. This reduction in General Fund balances would need to be managed through the Council's medium term financial strategy to ensure the balance was replenished in 2016/17 as the reduced balance would not be feasible given the risks the Council faces over the short to long term.

Housing Revenue Account

The in-year Housing Revenue Account (HRA) reserve is forecast to increase by £0.071m to £15.013m, which will be factored into the 30 year business plan which is due to be presented to the Housing Committee later on this year.

Table 8: Housing Revenue Account Balances

	£'000
Housing Revenue Account Balances brought forward 1 April 2015	(14,942)
In-year surplus	(71)
Forecast Housing Revenue Account Balances 31 March 2016	(15,013)

Dedicated Schools Grant

The in-year Dedicated Schools Grant (DSG) reserve is forecast to increase by £0.038m to £4.894m which will be used to manage future years risk and pressures.

Table 9: Dedicated Schools Grant Balances

	£'000
DSG Balances brought forward 1 April 2015	(4,856)
Budgeted Use of Balance	-
Outturn Variation	(38)
Forecast DSG Balances 31 March 2016	(4,894)

1.13 Commentary for significant Budget Variances

Adults and Communities

The over spend for Adults and Communities of £2.487m represents 2.88% of the delivery unit budget (£86.378m). This is an improvement of £0.442m since Quarter 1. The key drivers for this variance are as follows:

- £2.448m for client care packages for integrated services (older persons, physical disabilities, learning disabilities and mental health).

The overspend is due largely to:

- The care budgets overspent in 2014/15 as a result of rising demand for services. And this has continued through into to 2015/16 year.
- The main pressure for learning disabilities continues to be in relation to clients transitioning from children's services with increasingly complex needs and correspondingly expensive packages of care
- Mental health saw significant growth in client numbers requiring residential placements in 2014/15 but in the first quarter of 2015/16 there has been a significant diversion to supported living placements that offer better outcomes and better value for money.
- There is also additional pressure resulting from 14 new ordinary residence clients. The projections include £573k for new OR clients in 2015/16 but again this is likely to be insufficient to meet demand.
- This year, demand continues to grow for older adults placements with a particular growth in clients with dementia. In the first quarter of the year, older adult client numbers have increased by 65 with 22 of these being placed in residential and nursing care.
- There is also pressure on this budget due to clients who were self-funders whose funds have depleted and are now the responsibility of the LA.

Adults will continue to apply rigour to their budgets and attempt to secure additional savings opportunities to bring overspend to £2m by the end of the year including:-

- reduce Genesis contract for floating housing support
- review level of recharges to the HRA
- further claw-back of unspent direct payments from clients

Children's Family Services

The overspend for Children's Family Services of £1.256m represents 2.6% of the delivery unit budget (£48.437m).

Social care is projected to overspend by a total of £2.228m. There are a number of contributing factors including the use of agency staff, permanent staff that are paid above the midpoint scale at which the budgets have been set, and also an estimate for new Placements.

The placements budget is contributing £0.999m to the overspend and relates primarily to increased demand for Residential care, Special Guardianship Orders and Resident's Orders, preparing for independence and family assessments.

The Social Care overspend is partly mitigated by savings in Family Service Management of £0.610m and commissioning and business improvement of £0.198m.

The service has a recovery plan to mitigate some of the overspend. This includes maintaining current underspends, identifying resources working on projects and funding these accordingly and reserves that may remain uncommitted.

Housing Needs Resources

Overspends for the Housing Needs Resources of £1.019m represents 20.48% of the delivery unit budget (£4.976m). The variance is due primarily to the reduction in availability of lower cost units on regeneration estates and units held under the Housing Association Leased Scheme leading, along with other economic factors to an increased demand for more expensive short term accommodation.

A recovery plan has been requested from Barnet Homes who advise that it is not possible to address the current year overspend however a medium term recovery plan has been developed. This involves procuring new sources of Temporary accommodation which will achieve a more sustainable budget position by 2019/20.

Re

The over spend for Re of £0.373m represents 32.89% of the delivery unit budget (£1.134m). The overspend is largely due to an increase in activity relating to the highways LIP program which has resulted in an increase in expenditure.

There is no recovery plan yet in place. Discussions continue between Commissioning Group and Re.

Customer Support Group (CSG)

The Customer Support Group is forecasting an overspend of £0.5m which represents a 2.31% variance against the budget of £21.610m.

The overspend relates to the management fee increase as a result of the Civica contract for Revenues and Benefits not being part of the original transferring baseline.

Registrars Service

The Registrars service is forecasting an overspend of £0.194m due to an exceptional reduction in demand for bookings of Citizenship Ceremonies and Marriages taking place before a change in legislation was administered. This in turn has resulted in the demand for such ceremonies to decrease. The Council is now working with the London Borough of Brent as the service provider to review options to overcome this financial constraint.

1.14 Savings

In 2015/16 the Council was originally due to achieve £17.269m of savings. At the end of Quarter 2 £10.218m (59.17%) had been achieved and it is currently forecast that a further £4.477m will be achieved by the end of the financial year. The total achievable savings of £14.695m therefore represents 85.1% of this year's target and the remaining 14.9% (£2.574m) will not be achieved.

Table 10 below summarises the forecasting for the 2015/16 saving programme:

Table 10: Savings

Directorate	2015/16 Savings	Savings Achieved	Savings Achievable	Savings Unachievable	% 2015/16 Savings Unachievable
Adults Directorate	(8,424)	(3,828)	(6,882)	(1,542)	18.3%
Assurance	(175)	(75)	(75)	(100)	57.1%
Below the Line					
Central Expenses	(249)	(249)	(249)		0.0%
Commissioning Group	(276)	(276)	(276)		0.0%
Council Wide					
CS Education	(1,195)	(1,195)	(500)	(695)	58.2%
CSG	(2,100)	(700)	(2,100)		0.0%
Families	(2,199)	(2,199)	(2,199)		0.0%
HNR	(300)	(300)	(300)		0.0%
Legal Services	(200)	(67)	(200)		0.0%
Parking & infrastructure	(170)	(80)	(80)	(90)	52.9%
Re	(300)		(300)		0.0%
Street Scene	(1,681)	(1,249)	(1,534)	(147)	8.7%
Grand Total	(17,269)	(10,218)	(14,695)	(2,574)	14.9%

It is currently forecast that £2.574m of savings will not be achieved in this financial year. The savings that are currently identified as not being achievable this year have been reflected in the forecast outturn position in Table 10 and will have been mitigated as much as possible by the service. Directors are working on plans to alleviate the risk of these variances to ensure that the savings are delivered in full in 2016/17.

The material variances relate to:

- £1.542m for Adults procurement activities
- £0.695m for Children's Education alternative delivery model. The saving will not be achieved as the contract is now expected to start in the next financial year.
- £0.110m for Streetscene increasing their charges to the HRA pending the outcome of a pilot study and review.

1.15 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that require 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 30th September 2015 the Council held provisions of £13.262m which is a movement of £0.182m since the end of the financial year as presented in Table 11 below. The level of provision held by the Council will continue to be monitored on a monthly basis and adjustments made when the settlements have taken place as necessary.

Table 11: Provisions

Description	Provisions brought forward	In year related Expenditure	Written back in year	New provisions raised	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Adults	1,151	-	-	-	1,151
Resouces (grant unit)	82	(37)	-	-	45
Corporate (insurance provision)	8,850	-	-	-	8,850
Regional Enterprise(RE)	210	(145)	-	-	65
Commercial	256	-	-	-	256
Childrens	255	-	-	-	255
Central(Business Rates Appeals)	2,640	-	-	-	2,640
Total	13,444	(182)	-	-	13,262

1.16 Reserves

The Council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at the 30th September 2015 the Council held reserves of £100.822m which is a £5.333m reduction since the start of the financial year. The reserve balances are managed by the Policy and Resources Committee.

Table 12: Reserves

Description	Reserve b/fwd 01 April 2015	In year related Movements	Reserve c/fwd 30 Sept 2015	Planned use	Projected balance at 31st March 2016
	£'000	£'000	£'000	£'000	£'000
Central - Capital	1,457	-	1,457	(166)	1,291
Central - Financing	2,592	-	2,592	-	2,592
Central - Community Infrastructure Levy	5,316	423	5,739	(665)	5,074
Central - Infrastructure	29,456	-	29,456	(29)	29,427
Central - Risk	12,035	-	12,035	(1,956)	10,079
Central - Service Development	7,944	(21)	7,923	(973)	6,950
Central - Transformation	15,079	(4,421)	10,658	(5,482)	5,176
Service - Other	22,372	(1,314)	21,058	(652)	20,406
Sub Total General Fund Earmarked Reserves	96,251	(5,333)	90,918	(9,923)	80,995
Service - DSG	5,106	-	5,106	-	5,106
Service - Housing Benefits	6,600	-	6,600	-	6,600
Service - NLSR	794	-	794	-	794
Service - PFI	3,715	-	3,715	-	3,715
Services - Lighting	113	-	113	(113)	-
Service - Section 256 - NHS Social Care Funding	431	-	431	(431)	-
Service - Public Health	1,209	-	1,209	-	1,209
Special Parking Account (SPA)	1,936	-	1,936	-	1,936
Sub Total Ring Fenced	19,904	-	19,904	(544)	19,360
Total All Earmarked Reserves	116,155	(5,333)	110,822	(10,467)	100,355

1.17 2015/16 Outturn Capital Monitoring

The forecasted outturn expenditure as at 30th September 2015 on the Council's capital programme is £184.251m, £142.643m of this relates to the general fund programme and £41.607m for the HRA capital programme. This is a variance of £30.022m against the latest approved budget of £214.273m. The Table 13 summarises the expenditure by each service.

Table 13: 2014/15 Capital Programme Outturn Position

	2015/16 Latest Approved Budget	BF Variance at Outturn	Additions/ (Deletions) at Quarter 1	(Slippage) / Accelerated Spend at Quarter 1	2015/16 Budget & all adjustments at Outturn and Quarter 1	Additions/ (Deletions) - Quarter 2	(Slippage) / Accelerated Spend - Quarter 2	Proposed 2015/16 Budget	Variance from Revised Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Communities	2,321	1,636	(699)	-	3,258	-	-	3,258	937
Children's education	49,099	3,759	2,443	(151)	55,149	-	(8,407)	46,741	(2,357)
Children's family services	5,162	685	(2,000)	-	3,847	-	1,126	4,973	(189)
Commissioning Group	27,868	902	2,911	(2,992)	28,689	1,500	(1,820)	28,369	501
Commercial - Parking and Infrastructure	1,697	90	-	-	1,787	-	-	1,787	90
Street Scene	1,765	882	20	(60)	2,606	120	(673)	2,054	289
Housing Needs Resources	148	154	-	-	302	750	-	1,052	904
Regional Enterprise	76,707	9,853	759	(7,446)	79,872	(707)	(24,754)	54,411	(22,296)
General Fund Programme	164,765	17,961	3,433	(10,649)	175,509	1,663	(34,528)	142,644	(22,121)
HRA	49,508	2,247	-	(4,543)	47,212	-	(5,605)	41,607	(7,901)
Total Capital Programme	214,273	20,207	3,433	(15,192)	222,721	1,663	(40,133)	184,251	(30,022)

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

Table 14 below analyses the funding changes in the 2015/16 capital programme for the financial year. A detailed analysis of changes including additions, deletions and budget movements is provided in Appendix E.

Table 14: 2014/15 Capital Funding Outturn Changes

	Grants	S106 / Other	Capital Receipts	Reserves	Revenue	Borrowing	Total
	£000	£000	£000	£000	£000	£000	
Adults and Communities							
Children's Family Services						1,126	1,126
Children's Education and Skills	(4,025)					(4,382)	(8,407)
Commissioning Group			(781)	870	(409)		(320)
Commercial							-
Street Scene	(423)	(105)		120		(145)	(553)
Re delivery unit	(957)		(35)	(23,467)		(1,003)	(25,461)
The Barnet Group	750						750
General Fund Programme	(4,655)	(105)	(815)	(22,477)	(409)	(4,404)	(32,865)
HRA	-	-	(6,056)	-	451	-	(5,605)
Total Capital Programme	(4,655)	(105)	(6,871)	(22,477)	42	(4,404)	(38,470)

1.18.1 There is a 14.01% decrease in the forecasted capital programme compared with the approved budget. This relates to a movement of £30.022m which is largely due to slippage.

The predominant variances for 2015/16 are as follows:

- The Re delivery unit programme is forecasting an decrease of £22.296m. This is largely due to £9.853m of slippage brought forward from 2014/15 (Brent Cross land acquisition £7.969m and TFL £1,794m) reduced by further slippage of £32.149m in 2015/16 on regeneration £28.675m and other projects including Empty Properties £1.052m and the Housing Association Development programme £1.416m.
- HRA forecast has decreased by £7.901m as a result of £10.148m slippage reduced by £2.247m of slippage brought forward from 2014/15. This is mainly on regeneration affordable homes and M&E/Gas where the budgets have been re-pro-vided to more accurately reflect the four year programme.
- Children's Education have reduced by £2.358m. This is composed of slippage brought forward from 2014/15 of £3.759m made up of Urgent Primary places (£0.386m), Modernising Primary & Secondary schools (£0.898m), Permanent secondary expansion (£0.957m) and East Barnet rebuild (£0.364m). Additions of (£2.291m) primarily on the London Academy (£2.777m), Temporary expansions of (£0.785m) reduced by slippage of £8.407m primarily on London Academy (£2.307m), Blessed Dominic and St James (1.763m) and the secondary programme (£2.500m).

1.18.2 The 'variance from revised budget' column in the report is a net figure based on slippage (budget required for future financial years), accelerated spend (budget required from future years) and under spends. 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.

1.19 Agency Costs

The table below details agency staff costs up to the end of the second quarter of 2015/16 as compared to the same period in 2014/15. Agency expenditure has increased by £2.764m compared to Quarter 2 of 2014/15.

Each Delivery Unit has an agreed workforce plan to attract and retain talent, develop skills and move from agency to permanent roles when specific actions or projects compete, aiming to reduce agency levels by 15% by the end of 2015/16.

Table 15: Agency Costs for 2015/16

Directorate	2014/15	2015/16
	Agency Spend as at Q2	Agency Spend as at Q2
	£000	£000
Adults and Communities	2,054	2,491
Assurance	34	95
Births Deaths & Marriages	-	1
Children's Education & Skills	665	952
Children's Family Services	1,620	2,855
Commercial	349	-
Commissioning	843	1,627
Corporate Accounting	-	-
Customer Support Group	-	-
Housing Needs Resources	-	-
HRA	-	-
Parking & Infrastructure	-	19
Regional Enterprise	-	-
Streetscene	1,143	1,431
Total	6,707	9,471

There has been an increase in Agency Children's Social Worker costs due to a number of factors these being the national shortage of appropriately qualified and experienced Social Workers, the time lag between the Council agreeing the market factor supplement for Children's Social Workers and being able to recruit, the extensive recruitment checks add further delays as we are reliant on external agencies, the social work market is particularly competitive with the Barnet recruitment offer being placed at the market median does not create enough incentive to leave Social Workers their current employment and

the ability of agency workers to earn significantly more as an agency worker rather than being permanently employed.

1.20 Transformation Programme

A summary of spend and projected expenditure is provided as Appendix F. The Policy and Resources Committee allocated use of the Transformation Reserve to fund activities required to deliver the Medium Term Financial Strategy and the Council's Corporate Plan. The funding of key projects is reviewed by relevant Committees at decision points. The current projection is for a £1.01m underspend across the Programme.

1.21 Treasury Outturn

1.21.1 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 2015. 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 G.

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 June 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 (TMS). The TMS Strategy 2015/16 was approved by Council on 3 March 2015. 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.

This report therefore asks the Committee to note the continued cautious approach to the current investment strategy: to note also, that as a result of considerable stabilisation and in some cases improvement in credit metrics, the treasury strategy for 2015/16 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.

1.21.2 Investment Performance

Investment deposits are managed internally. As at 30 September 2015, deposits outstanding were £239.2m (excluding Icelandic deposits), achieving an average annual rate of return of 0.64 per cent (adjusted for Icelandic

deposits) against a benchmark average (London Interbank Bid Rate - LIBID) of 0.48per cent. The list of deposits outstanding as at 30 September 2015 is attached as Appendix H.

The benchmark, the average 7-day LIBID rate, is provided by the authority's treasury advisors Capita Asset Services who were appointed as treasury advisers in August 2015. The LIBID rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

The Council holds a balance of circa £2.9m in in a third party bank account established the winding up board of the former bank Glitnir. These funds cannot yet be accessed due to Icelandic Government currency export restrictions but they can be traded, though the market is illiquid. On 9th July 2015 Policy and Resources Committee agreed to delegate powers that would enable officers to process any sale, in consultation with the Committee Chairman, if an acceptable offer is made to the Council. The Council has not sold the escrowed funds in the second quarter.

1.21.3 Debt Management

The total value of long term loans as at 30 September 2015 was £304.08m. There has been no external borrowing in the financial year to date. The average total cost of borrowing for the quarter ending 30 September 2015 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 3 March 2015.

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 Plan. 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:

5.1.3 Robust budget and performance monitoring are essential to ensure 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 2015-20
- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Risk Management Strategy
- 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 **Social Value**

5.3.1 The Committee is advised that the Public Services (Social Value) Act 2013 requires those who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

5.4 **Legal and Constitutional References**

5.4.1 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.

5.4.2 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.

5.4.3 The [Council's Constitution, in Part 15 Annex A, Responsibility for Functions](#), states the functions of the Performance and Contract Management Committee include (amongst other responsibilities):

- 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 (Parking Contractor); Adults and Communities; Family Services; Education and Skills; Streetscene; 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) Note the Annual Report of the Barnet Group Ltd.

5.4.4 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.

5.4.5 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.

5.4.6 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.

5.5 Risk Management

5.5.1 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.

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

5.6 Equalities and Diversity

5.6.1 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.

5.6.2 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.

5.6.3 In order to assist in meeting the duty the Council will:

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

This is also what we expect of our partners.

5.6.4 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.

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

<https://www.barnet.gov.uk/citizen-home/council-and-democracy/policy-and-performance/equality-and-diversity.html>

5.7 Consultation and Engagement

5.7.1 During the process of formulating budget and Corporate Plan proposals for 2015/20 onwards, three phases of consultation took place:

Phase	Date	Summary
Phase 1: Setting out the challenge	<i>Summer 2013</i>	The Council forecast that its budget would reduce by a further £72m between 2016/17 and 2019/20, setting the scene for the PSR consultation
Phase 2: PSR consultation to inform development of options	<i>October 2013 - June 2014</i>	<ul style="list-style-type: none"> • Engagement through Citizen's Panel Workshops which focused on stakeholder priorities and how they would want the Council to approach the Priorities and Spending Review • An open 'Call for Evidence' asking residents to feedback ideas on the future of public services in Barnet.
Phase 3: Engagement through Committees	Summer 2014	<ul style="list-style-type: none"> • Focus on developing commissioning priorities and MTFs proposals for each of the 6 committees • Engagement through Committee meetings and working groups
Phase 4: Strategic Plan to 2020 Consultation	December 2014 – March 2015	<ul style="list-style-type: none"> • A series of 6 workshops with a cross section of residents recruited from the Citizens Panel and Youth Board, plus two workshops with users¹ of Council services. • An online survey (17 December 2014 – 11 February 2015)

6 BACKGROUND PAPERS

- 6.1 Performance and Contract Management Committee, 12 May 2015⁴ (Decision Item 7) – approved Final Outturn and Quarter 4 Monitoring Report 2014/15
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7873&Ver=4>
- 6.2 Council, 3 March 2015 (Decision item 12) – approved Business Planning 2015/16 – 2019/20, including the Medium-Term Financial Strategy.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7865&Ver=4>
- 6.3 Council, 14 April 2015 (Decision item 13.3) – approved Corporate Plan 2015-20.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7820&Ver=4>

¹ One “service user” workshop was for a cross section of residents who are users of non-universal services from across the Council. The second workshop was for adults with learning disabilities.