

Question	Agenda Item	Raised by	Question Raised	Answer
1	8	Ms Barbara Jacobson	1.4 and 2.1.1 'Excluding' at the beginning of the last sentence should be 'Including'. Was this report scrutinized by someone senior to the person who wrote it and made the same mistake twice?	The word 'excluding' is correct. All finance reports undergo a quality assurance review prior to publication.
2	9	Mr John Dix	The Comensura data on the Council website says temporary staff costs for Family Services (Apr-Aug) is £4,642,945.35 whereas Table 4 says it is £4,283,000 – a difference of £359,945.35; for Commissioning the difference is £346,237.99. Why does table 4 not concur with the data for Comensura spend as set out on the council website?	Data in report and on website should be the same. We're in the process of confirming the definition of the data in both places and a full reconciliation between them.
3	11	Jenny Brown	Clause 1.4 Residents of Barnet finally have access to the Grant Thornton report. How many draft formats of it existed between the Council and Capita, prior to publication and public access at the end of September '18? Further, were Grant Thornton included in each of the above drafts?	There were 10 drafts of the Grant Thornton report prior to finalisation, as is normal in such processes. Grant Thornton were appointed by the council and are independent of the council; the report drafts were issued by them and they are the sole authors of the drafts.
4	8	Ms Barbara Jacobson	2.13, 2.14 • In the tables and throughout later text the references to 'month 3' and 'month 4' should be to 'quarter 3' and 'quarter 4'. How is the public to have any confidence in these	The report relates to Month 4. References to Month 3 and 4 are correct. References to Quarter 1 relate to Month 3.

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			reports if even the simplest terminology is wrong?	
5	9	Mr John Dix	I note that the recent audit has identified deficiencies in the controls applied to manage the supply of temporary workers to the council. To what extent did the fact that I challenged the Comensura contract last year and identified a serious control issue prompt a more detailed investigation?	The council had concerns about the operating effectiveness of the arrangements in place to manage the supplier contract for the provision of temporary workers at a time leading up to the re-procurement of the supplier contract. It was agreed between the council's management team and the council's internal audit to conduct an audit in order to identify areas for improvement and lessons learned that could then be applied to the new contract and its associated contract management arrangements. Where members of the public and/or residents express concerns about council services or use of resources these are taken into account.
6	11	Jenny Brown	Clause 1.4 By what method and by whom will changes to remedy and repair the Council's systems be inspected and judged as robust and compliant? When is this process expected to be completed?	In relation to actions identified by Grant Thornton, they will assess whether the actions taken are sufficient to meet their recommendations. Additionally, the council's Internal Audit service will be following up on whether the Grant Thornton actions are embedded and operating effectively within relevant services. The Grant Thornton actions are mapped across six separate audit reviews that are currently underway. Findings from these reviews will be reported to Audit Committee on 22 November. It is anticipated that this work will be completed in Quarter 3 of this year and that any follow up work will be completed in Q4 2018/19. The Head of Internal Audit will also review effectiveness at the year end and make comment in her Annual Audit Opinion.

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7	8	Ms Barbara Jacobson	2.1.30 • <i>'The forecast overspend of £1.344m for Re represents 686.9% of the total delivery Unit budget (£0.196m). £1.190m of the overspend relates to a shortfall in net income compared to the total income generated by Re that is budgeted within both the General Fund and the HRA.'</i> Please explain how a £1.19m shortfall was not foreseen and what caused the more than 600% shortfall in income.	The £1.19m income shortfall was reflected due to a dispute between the council and Capita on the definition on what was counted towards guaranteed income. The council were expecting, and predicting income in its budget, which, in the event did not materialise. The council recognised this shortfall following receipt of legal advice, which changed the interpretation of what the council counted towards guaranteed income. This advice was received after the budget for the service was set.
8	9	Mr John Dix	Table 2 shows that the number of temporary street scene staff declined from 99 in April to 60 in August. How do you reconcile these numbers with the statement made in agenda item 8 para 2.1.32 saying that the overspend in street scene was linked to the inability to reduce agency staff over the school holidays?	In some operational areas such as Street Scene any cover provided by agency staff can be a cost in addition to permanent staffing costs for example where temporary workers are used to cover absences such as sickness on full or half pay. Street Scene has worked hard to reduce reliance on agency staffing but there will always be instances such as the recent summer holiday period where the service has had to rely on agency to cover staff absences in order to continue delivering services to residents.
9	11	Jenny Brown	clause 1.4 What is the role of Grant Thornton in order to remedy Financial Management Controls? What is their role to ensure on going scrutiny over the CSG operation and over The Barnet	As Grant Thornton's independent report has now been produced, they have fulfilled the first part of their commission. Their commission did not extend to The Barnet Group, as that organisation was not relevant to their report.

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			Group and RE?	Grant Thornton still, however, have a key role to complete their commission which is to scrutinise completion of the action plans contained in the two appendices to the report, which is the second and final part of their commission.
10	8	Ms Barbara Jacobson	1.12 • Considering the rate of overspend and drawdown from reserves, how will the Council have any money to spend by 2024?	<p>The council has reduced the anticipated draw on reserves significantly and papers to the Policy and Resources Committee in June and July 2018 described this progress.</p> <p>The council is continuing to work on its 5-year Medium Term Financial Strategy (MTFS) with a key objective of ensuring that we do not continue to draw down on unearmarked reserves and general balances.</p> <p>The outcome of the MTFS process will be considered by Theme Committees during November 2018 and then Policy and Resources Committees in December 2018 and February 2019.</p>
11	9	Mr John Dix	Why is the role of Strategic HR Lead filled by an interim not a permanent member of staff and are their costs included within the Comensura data?	<p>Policy and Resources Committee in July 2018 agreed a review of the council's partnership with Capita, and further agreed that its preferred option at 'Strategic Outline' stage was for some services – including strategic HR – to return in house. In light of this ongoing review, the decision has been taken not to recruit permanently to the post of Strategic HR Lead.</p> <p>The Strategic HR Lead's costs will not be included in the Comensura data but will be included in the costs outlined in the temporary workers report.</p>

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12	11	Jenny Brown	clause 1.4 How much will Grant Thornton be paid in order to undertake remedial work across the safety nets of the "5 Pillars". What is the expected cost to the Council to implement the above and embed these changes and which budget has this amount been set aside from?	As Grant Thornton have not yet completed all their work, and until such time as they do their final bill cannot be agreed. The council will be reimbursed by Capita for costs incurred in line with provisions of the CSG and Re contracts.								
13	8	Ms Barbara Jacobson	3.1.4 Which Barnet employees are not Capita employees? Does this refer to Re employees, who are both Capita and Barnet employees? How does this apparent semantic difference constitute a safeguard?	<p>This control ensures that no CHAPs payments can be made without a member of staff contracted to the council being part of the approval process. They are therefore not Re, Capita or joint employees.</p> <p>Staff who typically release this type of payment are employed within the council's Commissioning Group.</p>								
14	8	Mr John Dix	In February 2018 at Policy & Resources Committee the original estimate for the revenue budget 2018/19 was £285,650,880. This has grown in 7 months to £303,572,000 an increase of £17.9 million. Rather than just look at the increase since the revised budget, please could you provide a breakdown of how the budget has risen since February so we can get a clearer picture of trends in cost increases.	<p>The reconciliation of movement is described within the table below:</p> <table><tr><td></td><td>£</td></tr><tr><td>Original Budget 2018-19</td><td>285,650,880</td></tr><tr><td>Grossed up iBCF budget – previously accounted for as grant income and offsetting expenditure (Integrated Better Care Fund)</td><td>6,291,000</td></tr><tr><td>Additional Business Rates Income – London Pooling</td><td>1,400,000</td></tr></table>		£	Original Budget 2018-19	285,650,880	Grossed up iBCF budget – previously accounted for as grant income and offsetting expenditure (Integrated Better Care Fund)	6,291,000	Additional Business Rates Income – London Pooling	1,400,000
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				Revised Budget	293,341,880
				Forecasted overspend described within the Month 4 CFO report	10,231,000
				Forecasted outturn position	303,572,880
15	11	Jenny Brown	clause 1.4 Please state where in the Capita Contracts are serious systematic failures, such as those highlighted by the Grant Thornton report referred to? Secondly, what sections of these contracts, reference "reasonable compensation" for costs to remedy failings such as those shown in the report?	The Capita contracts for CSG and Re contain provisions including those that enable the Authority to require rectification programmes (Clause 41.4 CSG; and Clause 49.4 Re) and to increase its level of monitoring for which it will be compensated (Clause 25.2 CSG and 9.2 Re).	
16	8	Ms Barbara Jacobson	1.2 Adults and Communities What are the professional qualifications held by the people originating and scrutinizing the quarterly budgets, and what explains the basic error of double-counting?	The forecasts are prepared by service managers and scrutinised by the finance service. The double count was as a result of a misunderstanding over proposed budget allocations and was identified through a process of quality assurance. Many of the finance staff are professionally qualified and unfortunately mistakes do occur.	
17	8	Mr John Dix	When I inspected the 2017/18 accounts in June I noted that there were five invoices for pension strain from 2015/16 totalling £1.237 million and a further 10 invoices from 2016/17 with a value of £2.43 million. Why are these invoices coming so late and what steps can be taken to ensure that there are no more historical pension strain liabilities.	A piece of work has been undertaken in conjunction with the pension administration provider to identify all periods for which payment was outstanding. This work is almost complete, after which we can be confident that no additional liability is outstanding. The processes around timely billing of these liabilities has been improved and will be monitored at least quarterly.	

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18	11	Jenny Brown	<p>clause 1.4</p> <p>What will be done to provide back dated explanation and documentation which has been found lacking according to "Recommendations and next steps" of the G.T. report?</p> <p>This relates to: (GT 17) "Develop a process note for journal processing that emphasises the importance of adequate explanation and documentation".</p>	<p>The Grant Thornton recommendations that have led to new processes being in place will require all new activity, not past activity, to be carried out in compliance with those processes.</p>
19	8	Ms Barbara Jacobson	<p>1.2 Central Funding</p> <p>How did the pension funding error go unnoticed for four years? Why was it not picked up by the audit?</p>	<p>The incomplete accrual would not have caused a budget variance in the intervening years until invoices arrived for payment.</p> <p>External Audit are expected to comment on the late billing for these costs in their audit completion report for the Pension Fund following the identification of the issue.</p>
20	8	Mr John Dix	<p>At 2.1.15 the report says that the total overspend on Commissioning is £7,000. In reality it is £1.977 million with £1.97 million funded from reserves. Please can you explain what caused the £1.97 million overspend?</p>	<p>Paragraphs 2.1.16 to 2.1.21 provide a narrative on some of the key variances within the £1.97m variance.</p> <p>Appendix A provides a full breakdown of this number.</p>

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21	9	Jenny Brown	<p>clause 1.4.1</p> <p>Given that a recruitment freeze has been issued across the Council, will there be an exception in place to fill the outstanding posts of the 30 front line staff vacancies for essential social worker roles? If not, please explain what is the plan to fill these vacant appointments and what are the implications of not filling these essential posts?</p>	<p>The council has implemented a recruitment panel to ensure recruitment of both permanent and temporary staff is subject to tight control. There are some limited exceptions to this control and these include frontline social worker vacancies within Family Services. Work is ongoing to recruit to these roles including work to convert agency staff to permanent staff.</p>
22	8	Ms Barbara Jacobson	<p>1.3</p> <p>Why was it necessary to establish a panel to review agency usage and recruitment, were there additional costs associated with this panel, and whose job was it until then to monitor agency usage and recruitment?</p> <p>What is the monetary value of the ‘positive impact’?</p>	<p>The council recognises that staffing is a significant proportion of the overall budget and in periods of financial challenge it is good practice to tighten controls on recruitment of both permanent and temporary staffing.</p> <p>It was necessary to establish a recruitment panel in order to implement to council’s ambition to reduce agency spend and vacancy freeze for all but essential posts. The panel does not attract any additional cost as it comprises officers with decision making authority and subject matter expertise. All managers who have accountability for budgets and staffing are responsible for monitoring agency usage and recruitment and this remains the case even with the panel in place. Prior to the panel, responsibility for the authorisation of appointments rested with the relevant Executive Director.</p> <p>Since April, and up to the end of September, there has been a 20.7% reduction in agency staff headcount.</p>

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23	8	Mr John Dix	At 2.1.16 the report says there are pressures in information management but no figures are given. What is the scale of these pressures and where are they accounted for?	<p>The variance for Information Management is £14k.</p> <p>Information Management is consolidated within the Commissioning Group summary line.</p>
24	8	Ms Barbara Jacobson	<p>1.6</p> <p>What was the amount of net drawdowns from reserves in each of the financial years from 2010/11? By how much would these sums been offset if the council tax had been raised by the permitted 1.9% each year instead of cut and frozen?</p>	<p>Prior to 2015/16 the council's reserves steadily increased so there was no net drawdown.</p> <p>In 2015/16 to 2017/18 the following net revenue draw on reserves and balances took place:</p> <p>2015/16 – £6.139m 2016/17 – £16.495m 2017/18 - £21.148m</p> <p>A 1.99% Council Tax increase in each year between 2015/16 to 2017/18 would have provided the following additional income:</p> <p>2015/16 – £2.898m minus £1.670m Council Tax Freeze Grant = £1.228m 2016/17 – £3.026m minus £1.670m Council Tax Freeze Grant = £1.356m 2017/18 – £3.172m</p> <p>The compound impact would be:</p> <p>2015/16 – £2.898m minus £1.670m Council Tax Freeze Grant = £1.228m 2016/17 – £5.866m minus £1.670m Council Tax Freeze Grant = £4.196m 2017/18 – £8.916m</p>

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25	8	Mr John Dix	Please can you supply a breakdown of the HR overspend of £0.614 million.	Previously the HR lead and Organisational Development staff have been funded from earmarked reserves, but as we are now eradicating the use of reserves to balance budgets, this is showing as an overspend, but with action taking place to mitigate this by the year-end.
26	8	Ms Barbara Jacobson	1.10, 2.4.2 What are the steps is the Council taking to recover the debts and what is the prospect of success?	The council follows the process outlined in its Debt Management Strategy which is approved by Council each year as part of the budget setting process. Debts aged over 90 days have reduced by £4.929m since this report was written.
27	8	Mr John Dix	Please can you supply a breakdown of the Special Parking Account to understand where the underspend arose, for example, additional revenue or reduced costs?	A breakdown of the Special Parking Account will be provided. The variance relates to additional Income from policies based on improving air quality and safety of traffic movements.
28	8	Ms Barbara Jacobson	1.11 The fraudster referred to was unmasked not by the Council but by the action of an independent bank. Since then has the Council commissioned and independent body to, or itself undertaken, a rigorous review of its financial dealings since 2012 to determine whether there have been other frauds, of any value? If so, what are the results; if not, how can residents be assured that their money is not being stolen?	The individual's bank queried an unusual transaction, and this query led to CSG referring the matter to the council's anti-fraud team (CAFT), so the 'fraud' was not detected by the individual's bank. CAFT subsequently carried out a full criminal and financial investigation covering all aspects of the fraud, which was relied upon in Court and led to the conviction of the individual who committed the fraud. The council has itself carried out a significant level of work to comprehensively test whether the weaknesses in the payment systems have led to further fraud. Any issues that are identified as an outcome of this work and further detail will be reported to the Audit Committee on 22 November 2018.

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29	8	Mr John Dix	<p>A) At 2.2.23 the report identifies the additional £0.548 million paid to Harrow to rent additional space a depot space. Who was responsible for renting this additional space, why wasn't it budgeted back in February and what is the total cost of renting all the required depot space at Harrow?</p> <p>B) Why are we spending £427,000 to manage vacant properties. Are they due to be sold, what properties are they and why wasn't this sum previously budgeted for.</p>	<p>A) The need to rent the additional space in Harrow was identified during the project to re-locate the Mill Hill Depot to the Oakleigh Road site. Work is underway to re-locate services back into a council owned site in the borough in early 2019, in order to eliminate these costs as soon as possible. This will be fully addressed in the 2019/20 budget setting process.</p> <p>B) The £427k figure is not only for vacant property costs but also for many temporary miscellaneous costs that have yet to be charged out or transferred to where the liability should fall. Since this Committee paper was published, the estimated final costs to the Estates budget have been reduced to £198k. Work continues to reduce this further but some miscellaneous and void costs are inevitable - for instance, tenants leave and in the time it takes to replace them rates, utilities and other costs must all still be covered.</p>
30	9	Ms Barbara Jacobson	Where is the substantive report mentioned in this item? And what is the average length of time temporary workers are employed?	<p>The paper refers to a recent audit of temporary worker arrangements. The audit report will be presented to Audit Committee on 22 November 2018. Papers will be available online prior to the Committee at https://barnet.moderngov.co.uk/ieListMeetings.aspx?CId=144&Year=0</p> <p>The average length of current active temporary workers is 35 weeks. Please note this figure excludes a small number of individuals who have been offered permanent roles within the council but who declined preferring to remain as temporary workers. Going forward any temporary worker assignments in excess of 12 weeks</p>

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				need to be approved by the council's recruitment panel including those currently active.
31	8	Mr John Dix	Please can you clarify what, specifically, the £0.952 million payment to Fremantle comprises, given that in 2011 we had to pay Fremantle/Catalyst £8.674 million to change the profile of buildings used by Barnet and why wasn't a sinking fund established at that time.	<p>The pressure of £0.952m relates to all repairs and maintenance pressures across the estate, of which Freemantle is one element.</p> <p>This area of expenditure is currently under review and subject to commercial negotiation. Once this negotiation is resolved the final number and breakdown is known, it will be published in a future Committee report.</p>
32	9	Ms Barbara Jacobson	What is the longest period of time that a temporary worker has been employed?	The longest period a temporary worker has been employed in the council is five years and relates to four individuals. Attempts have previously been made to convert these individuals to permanent staff however these individuals prefer to remain as agency. The cost of employing the individuals as temporary workers is no greater than that of permanent staff. Going forward a new process is being implemented whereby any assignments that need extensions beyond 12 weeks need to be approved by the recruitment panel or the assignment will terminate.
33	8	Mr John Dix	Please can you provide more detail on the £1.4 million for property costs, why has this occurred, what is the timescale of these "one off" costs ends and what is the risk that they will extend into next financial year.	<p>The circa £1.4m one off-costs are not just for this financial year but all will all have expired by mid-2020. They comprise the following:</p> <ul style="list-style-type: none"> ○ £610k for NLBP 2, 2nd floor rent, which will expire when we break the lease for that floor in May 2019 ○ £330k for Colindale rates and other running costs (utilities & R&M), which will replace NLBP costs when

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				<p>we exit the lease in 2020</p> <ul style="list-style-type: none"> ○ £200k rent for Passenger Transport Services, which we are working to break in early 2019 ○ £255k back payment for Barnet House rent increase (still under negotiation), which is 18/19 only
34	8	Mr John Dix	How can the CSG management fee be classified as an overspend when it is a contractual requirement and indexation was known well in advance?	The management fee budget can experience variances in relation to volume variations and change requests.
35	8	Mr John Dix	What savings triggered the additional gainshare payment of £467,000, and why was it not budgeted for.	We are working to realign budgets including the budget for CSG. The £467k is a net figure and includes Revs and Bens gainshare where the benefit is seen in the Collection Fund and Print Gainshare.
36	8	Mr John Dix	Who is responsible for the underachievement of income as detailed in 2.1.25	<p>This income has not been receivable for a number of years and the budget should have been removed some time ago.</p> <p>The income target will be removed as part of the budget setting process for 2019/20.</p>
37	8	Mr John Dix	At 2.1.28 the reports says there is an overspend of £1.292 million on temporary accommodation yet so far in 2018 Barnet have spent £28.5 million buying properties to reduce the amount spent on temporary accommodation. When will this capital programme start to reduce the temporary accommodation costs?	A total of 22 properties have completed to date, with several of these already let. Each 2 bedroomed property is expected to generate temporary accommodation cost avoidance of approximately £2,500 per unit per annum. By the end of the financial year it is expected that 100 purchases will have completed, reducing temporary accommodation net costs by a total of £250,000 per annum pro rata.
38	8	Mr John Dix	How can there be a shortfall in income from Re given that I have been told repeatedly from the outset of this contract that the income from Re is guaranteed?	<p>The council budgeted for the entirety of this guarantee within the General Fund.</p> <p>Since the budget was set, legal advice suggested that</p>

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				other income streams which were received into the HRA and Capital also counted towards the guarantee. As such the council will not receive the full guarantee within the revenue general fund and will therefore have an income shortfall in that area. This is a budgeting issue and the full income guarantee remains in place.
39	8	Mr John Dix	At 2.1.38 the report says that there is an underspend of £0.248m due to costs being partially recovered from developers on a number of regeneration schemes. However the Grant Thornton report says that <i>“There is a risk that invoices raised to developers from Cost Centre 2 and Cost Centre 1 include costs that are associated with the fraudulent transactions identified. We recommend a detailed investigation of these cost centres to ascertain if inappropriate amounts have been invoiced and potentially reimbursed by developers”</i> . When were those investigations concluded and what certainty can you provide that none of the costs received from developers are linked to the fraud?	The investigations have yet to reach a full conclusion. However, copies of the invoices and supporting material sent to developers from the relevant costs centres over the period has been reviewed. It was confirmed that these do not include costs associated with the fraudulent addresses identified. Nor have any relevant queries been raised by the developers themselves. The completed fraud investigation found no evidence of collusion between the perpetrator of the fraud and the developers. As a result, from the evidence reviewed there is no indication that developers have paid for costs arising from the fraud.
40	8	Mr John Dix	What action is being taken to either enforce the top 10 aged debtors at point 2.4.2 through legal action or write off debts which are clearly unrecoverable?	<p>The top 10 debtors table within 2.4.2 is not a subset of the Aged Debt analysis. The presentation of the Debtors section in future reports will be improved to ensure there is clarity.</p> <p>To recover debt, the council will follow the procedure set out within the Debt Management Policy which is approved within the budget setting process each year.</p>

Public Questions and Comments – Financial Performance and Contracts Committee – 9 October 2018

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				<p>Debts outstanding change every day as payments are made and new invoices are raised. The numbers reported are only ever a snapshot position. Debts aged over 90 days have reduced by £4.929m since this report was written.</p>

Public Questions and Comments – Financial Performance and Contracts Committee – 9 October 2018

Requests for Public Comments have been received in relation to the following Agenda Items: (3 minutes per comment)

Agenda Item	Public Comment Request
Item 8 - Chief Finance Officer Report Month 4 Forecast	Mr. John Dix
Item 8 - Chief Finance Officer Report Month 4 Forecast	Ms. Barbara Jacobson