

Decisions of the Contract Monitoring Overview and Scrutiny Committee

9 October 2013

Members Present:-

Councillor John Marshall (Chairman)

Councillor Rowan Quigley Turner (Vice-Chairman)

Councillor Geof Cooke
Councillor Andrew Harper
Councillor Ross Houston
Councillor Sury Khatri
Councillor Barry Rawlings

Councillor Brian Salinger
Kanu Dave (Housing Co-opted Member)
Maxwell Doku (Housing Co-opted
Member)
Councillor Alan Schneiderman
(In place of Alison Moore)

Apologies for Absence

Councillor Alison Moore

Councillor Daniel Seal

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED that:

1. **The minutes of the meeting held on 18 June 2013 be approved as a correct record;**
2. **Actions and responses to resolutions passed by Contract Monitoring Overview and Scrutiny Committee at its meeting of 18 June 2013 be noted as follows:**
 - a. **The request for the Committee's Terms of Reference to be amended was considered and agreed by the Constitution, Ethics and Probity Committee on 8 July 2013 as below:**
 1. **To receive and scrutinise reports from the Commissioning Group, Delivery Units and Lead Commissioners detailing the performance against targets that are included within the Corporate Plan and otherwise relating to the services provided by the Customer & Support Group, Development & Regulatory Services, The Barnet Group Ltd, HB Public Law (external delivery units) NSL and other major contracts, and to be able to challenge external providers.**
 2. **To receive and scrutinise reports from the Commissioning Group, Delivery Units and Lead Commissioners detailing the financial performance of the external delivery units against savings targets detailed in the Budget and Medium Term Financial Strategy.**

3. To receive and scrutinise change requests and contract variations between the Council and external service providers to include (but not be limited to) the introduction of new key performance indicators, delivery of new commissions via the external delivery units, changes required due to new legislation and commercial development opportunities.

4. To engage with partner organisations, other relevant public sector bodies, private sector organisations, trade unions, local residents or any other appropriate witnesses when fulfilling the overview and scrutiny role in relation to the monitoring of contracts for services provided by external service providers.

- b. The response received from the Cabinet Member for Housing on the challenge and impact of the lack affordable housing in the borough (forwarded to OSC Members on 7 August 2013) was:**

“All London Boroughs are subject to market forces, Barnet being no exception. If there are people willing to buy and sell property at a certain price, then that is the fair price for that property. There may be instances where individuals wish to live in Barnet, but realise they cannot afford to do so. This is unfortunate, but the high price reflects the desirability of Barnet.

The Council always explores how much affordable housing can be accommodated on a new development, and will continue to do so, and looks forward to cross party support for regeneration schemes which will help to deliver affordable housing units.”

- c. Officers were requested on 22 July to provide details of enforcement areas requiring signs and lines improvements and a schedule for completing these works. *A full response had not been provided.***
- d. The Cabinet Member for Environment, Housing & Environment Lead Commissioner and Street Scene Director were asked on 22 July to undertake a root and branch review of parking service operations with a view to rationalising the operation to improve the customer journey. *A full response had not been provided.***

- 3. The Chairman to write to the Director for Place to request that a formal response to items c. and d. above be provided to all Committee Members.**

2. ABSENCE OF MEMBERS

Apologies for absence had been received from Councillor Daniel Seal and Councillor Alison Moore (who was substituted for by Alan Schneiderman).

3. DECLARATION OF MEMBERS' INTERESTS

Member	Subject	Interest declared
Councillor John Marshall	Agenda Item 7 (Quarter 1 2013/14 Performance – The Barnet Group)	Non-pecuniary interest as a Council appointed representative on the Board of The Barnet Group Ltd
Councillor Ross Houston	Agenda Item 7 (Quarter 1 2013/14 Performance – The Barnet Group)	Non-pecuniary interest as a Council appointed representative on the Board of The Barnet Group Ltd

4. PUBLIC QUESTION TIME

Details of the questions asked and the published answers were provided with the agenda papers for the meeting. Verbal responses were given to supplementary questions at the meeting.

5. MEMBERS' ITEMS

None.

6. KIER CONTRACT - PERFORMANCE REPORT

The Head of Corporate Programmes, James Wills-Fleming, presented a report which set out the performance of the Strategic Partnership Agreement with Kier London for the delivery of construction schemes under the Primary School Capital Investment Programme (PSCIP) as at June 2013. Members were advised that the final two schemes to be delivered by Kier under the Strategic Partnership were on-site, under construction and due to complete in 2014. The Committee heard that, since Kier had been appointed in 2008, the overall performance of the Partnership had not dropped below good. Furthermore, no single Key Performance Indicator (KPI) had scored below satisfactory. It was noted that the total spend on the contract in which would deliver a total of 12 schemes was projected to be £83,981,452.

The Head of Corporate Programmes advised the Committee that the Strategic Partnership Agreement had been a successful venture that has delivered all projects on time and in budget.

A Member noted that the total cost of all schemes was projected to come within budget, but questioned whether changes to individual schemes budgets, in particular the reduced cost per square metre, would effectively reduce the quality of school developments completing later in the contract lifecycle. Responding to this, the Head of Corporate Programmes confirmed that each scheme had its own contract which ensured that quality of later schemes would be comparable with those completed earlier.

Committee Members were advised that after the Strategic Partnership Agreement expires the development of new and existing schools would continue to be a priority for Barnet.

The Chairman highlighted that the Kier contract had delivered high quality schools in the borough and the Committee noted that positive management of this contract had resulted in a benchmark for Council in being able to deliver major projects and attract additional funding.

RESOLVED that the Kier Contract Performance Report be noted.

7. QUARTER 1 2013/14 PERFORMANCE

The Head of Commercial, Kari Manovitch, presented the Quarter 1, 2013-14, Performance Report for four of Council's major commercial partnerships. The Committee were advised that two of the contracts had only recently transitioned from being in-house (the New Support and Customer Services Organisation (NSCSO) (now the Customer Support Group (CSG)) on 1 September 2013, and Development and Regulatory Services (DRS) contract (now RE) on 1 October 2013, and as such performance reported for Quarter 1 was based on in-house data.

HB Public Law

The Committee considered the performance report for HB Public Law. It was noted that a 20% reduction in the use of external counsel was being reported (9.3, p.21) and the Head of Commercial confirmed that, due to being a larger practice with broader expertise, HB Public Law were able to provide advice to service areas which had historically been commissioned externally.

Noting that the risk register had indicated that a Management Agreement should have been finalised by 31 July 2013 (p.40), a Member asked if this had been completed and whether quality and value for money measures would be provided as part of Quarter 2 reporting (p.34). The Head of Commercial confirmed that this was the case and stated that there had been on-going work with HB Public Law to understand how best to measure quality and value for money which would result in additional measures being reported in quarter 2. Customer satisfaction had been measured since the beginning of the contract.

The report forecast an overspend of £254,000 for the year as a result of additional hours in Quarter 1 and shortfall on income recovery (p.31). A Member noted that the performance report for DRS referred to under-resourcing at HB Public Law as a cause of scheme slippage in the growth and regeneration programme (p.81). In response to these issues, the Head of Commercial assured Members that HBPL had engaged extensively with the service to remedy this and it was no longer a major issue.

Responding to further questions on the risk posed to the future sustainability of HB Public Law (p.39), the Head of Commercial advised that the Customer Support Group (CSG) had continued to use the HB Public Law service under Capita, discussions were being held with DRS (now RE) for a similar arrangement, Further, whilst the contract with Barnet Homes was being debated in order to remove the Council from the position of 'middleman', the expectation was for Barnet Homes to continue to procure legal services from HB Public Law.

The Barnet Group

The Director of Operations, Derek Rust, and Head of Housing Options, Kate Laffan, for Barnet Homes introduced the performance report for The Barnet Group.

In response to questions on the effectiveness of actions being taken to address the fact that Barnet was one of the worst performing boroughs in London in terms of emergency accommodation, the Director of Operations for Barnet Homes described how they were trying to restrict the problem from worsening through the recent adoption of a Placements Policy and focusing on preventative measures to homelessness. Members heard that North London was a hotspot for temporary accommodation with 1 in 5 placements in England occurring in the area. Consequently this was a significant challenge. It was noted that the report provided the total number of households placed in emergency accommodation and that Barnet was ranked 27 out of 33 boroughs (p.44). Members commented that, due to Barnet having the largest population of the London boroughs, performance comparison would be more effective if the data reported this figure as a percentage against total households in the borough.

Regarding the challenge of reducing the average length of time spent by households in short-term nightly accommodation (p.48); a Member queried the review of the definition of short-term nightly purchased accommodation. The Head of Housing Options for Barnet Homes confirmed that, whilst this had been explored, there would be no change to the definition.

In response to questions as to whether collaborative or regional approaches were being considered, Members heard that Barnet Homes were working closely with Haringey, Islington and other boroughs to pool ideas and share resources. However, the purchase of emergency accommodation was a highly competitive market as boroughs sought to purchase wherever there was availability and at the best price and this did not always result in collaborative approaches.

The Head of Housing Options described how out of borough placements were being revised following the recently adopted Placements Policy which came in to force in October 2013. To date, aside from emergency accommodation, there had been 50 placements outside of the borough, all of which had been voluntary. Consideration had been given towards a joint procurement approach to out-of-borough placements. In response to a question on the assessment method used to decide out-of-borough placements, the Head of Housing Options stated that the Placements Policy will ensure a full test of the suitability of such accommodation taking into account the individual circumstances of the applicant.

A Member asked how Barnet Homes were proposing to address the increased level of arrears as a percentage of debit (p.49). The Director of Operations stated that this had become a more significant challenge in recent months due to the under-occupation charge and the trend was set to continue. Under-occupation arrears had increased by £50,000 in Quarter 1. The Committee heard that the actions being taken to improve performance in this area included additional staff being appointed to concentrate on this issue, increased benefits advice, job support and assistance with moving to smaller accommodation.

Following discussion on a number of KPIs where for which performance could be largely affected by national policies, it was asked whether the targets set were currently fit for purpose or in need of review. The Director of Operations for Barnet Homes agreed that it

illustrated the need for a wider context to be given when considering performance in affected areas. However, it was felt that these measures were important in maintaining the motivation and focus on improvement. The Head of Commercial agreed that environmental context had to be considered when assessing performance across all the contracts as the factors affecting performance often changed throughout the year.

A Co-opted Member asked why, given that rent collection was a challenge, the link to the facility to pay online did not work. The Director of Operations said that although other payment methods, such as payment by card, had been recently introduced, the problem with the facility for online payments would be investigated.

In reference to a question on the benchmarking data provided in the report (p.60) the Head of Housing Options confirmed that as more data became available from other neighbouring authorities there would be improved benchmarking measures from quarter 2 onwards.

New Support and Customer Services Organisation (NSCSO) / Customer Support Group (CSG)

The Head of Commercial, Kari Manovitch, Deputy Chief Operating Officer, John Hooton, and CSG Partnership Manager, Marcus Hobbs, introduced the performance report for NSCSO. The Committee noted that, following the transition to Capita on 1 September 2013, future performance reports would be published under the new name of CSG (Customer Support Group) and that the report for Quarter 1 summarised performance data whilst the service was still being provided in-house.

Responding to Members' questions on contact centre performance (p.66), the CSG Partnership Manager confirmed that, since Revenues & Benefits calls were now routed to Capita staff in the first instance, and then routed to Barnet staff when all Capita staff are engaged. This process ensures that Capita staff are always utilised to maximum capacity. Performance in Quarter 2 was expected to report as being close to target and on target from Quarter 3 onwards.

Members requested information on the level of training given to contact centre staff on understanding local government. The CSG Partnership Manager agreed to provide specific detail on this to Members subsequent to the meeting.

The CSG Partnership manager explained that all Contact Centre staff are provided with induction training that provides an overview of Barnet Council and its services and additional service specific training dependent upon the service area to which staff are assigned. The Contact Centre has been experiencing significant turnover of staff and the high number of temporary staff has led to some training issues which are now being addressed.

A Member asked why the target for apprenticeship placement had been set so low (at one) and the reason for failing to meet this target. The CSG Partnership Manager explained that this was a new measure which, once filled, would become an increasing target over time.

Members stressed the importance of benchmarking performance, to which the CSG Partnership Manager described how this was an on-going process which was expected to be finalised and reported from Quarter 3. The Head of Commercial added that there

were already several new indicators being reported and this also accounted for the gaps in trend information which Members had identified.

Referring to a question from a Member on the responsibility to ensure that all Council owned buildings had the required compliance certification (p.63), the CSG Partnership Manager stated that Capita had a duty to maintain 100% compliance throughout the contract. However, as Council had a duty to identify any buildings that were not compliant and bring them up to standard before handover, this could require additional investment.

Development and Regulatory Services (DRS) / Regional Enterprise (RE)

The Head of Commercial, Lead Commissioner for Housing & Environment, Declan Hoare, DRS Partnership Manager, Mark Holmes, Enterprise and Regeneration Lead Commissioner, Cath Shaw, and Head of Regeneration, Tony Westbrook, introduced the performance report for DRS. The Committee noted that, following the transition to the joint venture company Re Ltd. in October 2013, future performance reports would be published under this name and that the report for Quarter 1 summarised performance data whilst the service was still being provided in-house.

In response to a question from a Member on the air quality grant of £260,000 that had been secured from the Greater London Authority, the Lead Commissioner for Housing & Environment would ask colleagues from Environmental Health to provide more information to Members on the scheme subsequent to the meeting.

The Enterprise and Regeneration Lead Commissioner, following a Member's question, confirmed that all of the secure tenants that had been required to relocate as part of the Stonegrove/Spur Road regeneration project had now been moved and demolition of the site was underway.

Questions on the reasons for unchallenging targets for bringing empty properties back in to use (p.82) and increasing the number of homes with burglary prevention measures (p.94) would be forwarded to the relevant officers and responses would be provided subsequent to the meeting.

Committee Members discussed the risks to maintenance of footpaths and roads and sought clarification on what would happen after week 14, which had been identified as the estimated time at which the budget for such maintenance would be expended (p.92). The DRS Partnership Manager stated that Capita would seek to make value-for-money savings in this area but that Council may need to consider wider budget issues for Highways.

Following general questions on KPIs and penalties, the Head of Commercial acknowledged that due to the diversity of council responsibilities there would be areas where KPIs would appear to be in competition, however strategic priorities need to be clear. The example given by a member was a reduction in death rates being a risk to Cemetery and Crematorium incomes. It was acknowledged that a number of KPIs were still awaiting baselines and therefore targets being established, however the Head of Commercial stated that this would not reduce the overall amount of money at risk against their achievement, because the total would be distributed across other KPIs until the baselines and targets were set.

RESOLVED that:

- 1. The Quarter 1, 2013-14 Performance Report be noted;**
- 2. The CSG Partnership Manager to provide specific detail on training being given to contact centre staff;**
- 3. The Lead Commissioner for Housing & Environment to provide information to Members on the Air Quality Fund Scheme;**
- 4. Officers be asked to provide rationale for the reduced target for bringing empty properties back in to use;**
- 5. Officers be asked to provide rationale for the reduced target for increasing the number of homes with burglary prevention measures;**
- 6. It be recommended to The Barnet Group that the facility to pay online be fixed as soon as possible on the Barnet Homes website;**
- 7. Given the delay between the availability of quarterly data and the scheduling of the committee meetings, Officers be asked to include up to date narrative on trends and actions when compiling performance reports for the Committee; and**
- 8. Members be provided with links to performance data as soon as they are published in order that key areas of interest may be identified in advance of Committee meetings.**

8. CAPITA / CAPITA PROPERTY & INFRASTRUCTURE PRESENTATION

The Barnet Partnership Director, Mark Wyllie (Capita), Transformation Director, Robert MacDougall (Capita), Services Director, Mike Hainge (RE Ltd.) and Operations Director, Alun Parfitt (RE Ltd.), gave a presentation to Committee on the strategic objectives and improvement road maps for the CSG and DRS contracts.

The Head of Commercial introduced the item by putting in to context the services being outsourced. Members heard that the CSG and DRS contracts represented around 11% and 4% respectively of the total services provided by the London Borough of Barnet.

Members noted that Capita and RE Ltd. meetings would not ordinarily be public nor provide publically available minutes, although they would be subject to Freedom of Information (FOI) obligations. The Head of Commercial assured Committee that the Council was committed to transparency and provide full monitoring information through this committee, in addition to the defined audit procedures detailed in the publically available contract.

Seeking clarification on the meaning of the 'new relationship with residents' highlighted in the presentation, Members asked how residents would be engaged with and have their complaints heard. The Capita directors described how residents were to be consulted as part of a co-design process that would support the development of personalised web-portals and accounts which would be accessed online, over the phone and face-to-face.

Complaints and escalations would be recorded and measured across the contract as part of the performance framework.

On matters relating to the joint venture company, Re Ltd. Members asked for detail on the growth targets that had been set. It was noted that the income to Council was a guaranteed minimum and not at risk if projected growth was not realised. The Directors present stressed, however, that the aim was to exceed growth targets. It was noted that KPIs relating to customer satisfaction were set to be intentionally challenging to ensure that the relationship was a success and in order to attract further business.

Committee heard that the contract with Barnet prevented other joint venture operations being set up with Capita across the south of England which would ensure that services being provided by RE to councils and businesses outside of the borough would be of direct benefit to Barnet.

In response to questions on the Members about the arrangements for carrying out non-delegable statutory duties, Re Ltd. Directors detailed how all relevant staff had signed joint-employment contracts which retained accountability to Council when fulfilling such responsibilities. Extensive legal advice had been sought to ensure that this approach complied with statute.

In response to questions relating to continuity of service, it was noted that Capita recognised the importance of a system which was designed to be able to adapt to changes to legislation and priorities. New IT hardware and software would be provided and maintained throughout the life of the contract. The Head of Commercial confirmed that there was an obligation for Capita to transfer assets back to Council at the end of the contract.

A member asked whether the council could audit Capita. Mark Wyllie explained that the Council did not have the right to audit Capita Group, whilst the Head of Commercial confirmed that the contract with Capita gave the council the right to audit the RE services.

Member asked for detailed information on around £30m in payments made to Capita prior to the commencement of the CSG & RE contracts on 1 September 2013 and 1 October 2013 respectively. The Member questioned the relationship of these payments to the investment amounts quoted in the presentation of £16m under the CSG contract and £15.9m under the RE contract. The Head of Commercial agreed to provide a response to the Member after the meeting. Committee asked that the response be made publically available.

At the conclusion of the presentation Committee Members recorded a vote of thanks to the Directors of Capita and Re Ltd. and requested that the presentation be made publically available.

RESOLVED:

- 1. That the presentation be noted and made publically available on the Council website; and,**
- 2. The Head of Commercial to provide Members with detail on monies paid to Capita for services provided prior to the CSG contract going live.**

9. FORWARD WORK PROGRAMME

Committee noted that the report detailing the staffing structure and financial resources dedicated to managing key external contracts had been deferred due to management arrangements being finalised. Overview and Scrutiny Officer, Ash Tadjrishi, advised that it would be possible for Committee to receive the report at its meeting of 13 January 2014.

RESOLVED that the External Contracts – Management Resources report be included on the Forward Work Programme to be considered at the 13 January 2014 meeting.

10. ANY OTHER ITEMS THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 9.48 pm