

Decisions of the Financial Performance and Contracts Committee

29 January 2020

Members Present:-

Councillor Peter Zinkin (Chairman)
Councillor Thomas Smith (Vice-Chairman)

Councillor Kathy Levine
Councillor John Marshall
Councillor Arjun Mittra
Councillor Alex Prager
Councillor Barry Rawlings
Councillor Julian Teare (Substitute)

Apologies for Absence

Councillor Anthony Finn

1. MINUTES OF THE PREVIOUS MEETING

The Chairman of the Committee, Councillor Peter Zinkin welcomed all attendees.

It was **RESOLVED** that the minutes of the previous meeting of the Financial Performance and Contracts Committee held on 28 October 2019 be agreed as a correct record.

2. ABSENCE OF MEMBERS

Apologies were received from Councillor Anthony Finn who was substituted by Councillor Julian Teare.

3. DECLARATIONS OF MEMBERS DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY INTERESTS

The following declarations were made during the meeting:

Councillor	Agenda Item(s)	Declaration
John Marshall	9	Non-pecuniary interest by virtue of being a Council appointed Director of Re
John Marshall	12	Non-pecuniary interest by virtue of being a Saracens Season ticket holder

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

The Committee noted the responses to the Public Questions which were tabled and published prior to the meeting.

The Chairman invited Ms Musgrove and Mr Cox who joined the meeting and asked supplementary questions. The questions were responded to verbally by Officers and the Chairman.

6. MEMBERS' ITEMS (IF ANY)

None.

7. REFERRAL FROM THE ENVIRONMENT COMMITTEE - GUARANTEED INCOME

The Committee noted the information in the report regarding the referral from the Environment Committee.

Officers noted the mechanism in place in relation to Highways which would result in income being generated in case of underperformance. In order to address this referral and other issues collectively, the referral will be picked up as part of the Year 6 and Year 7 Capita Contracts Review.

It was therefore unanimously RESOLVED:

- 1. That the Financial Performance and Contracts Committee noted the referral from the Environment Committee at its meeting on 27 November 2019.**
- 2. That the Financial Performance and Contracts Committee gave consideration to guaranteed income only and provided instructions as appropriate and set out above.**

8. CHIEF FINANCIAL OFFICER REPORT MONTH 8 (DECEMBER 2019)

The Chairman introduced the item and invited Anisa Darr, Director of Finance and Shahida Nasim, Assistant Director of Finance who presented and summarised the report.

Referring to the figures in section 1.6 of the report, the Committee queried the impact of the measures being proposed in relation to the overall reserves. Officers informed that the figures reflect the planned drawdown from reserves as well as any additional overspend.

In respect of the next financial year, Officers informed the Committee about factors which may influence the overall financial position, including:

- Financial settlements received
- Planned drawdowns from earmarked reserves
- Unplanned drawdowns, if any, and
- Potential impact of increased pressures on social care services.

Following a request from the Committee, Officers agreed to highlight the savings within future CFO report(s) as a result of making early payments on pension employer contributions. **(Action: CFO - Forward Work Programme)**

Officers informed the Committee about the additional funding from Central Government towards the Dedicated Schools Grant and that the underspend will be carried forward.

The Committee queried the reasons for the variance in the savings target for Growth and Corporate Services as set out in the Table 6 of the report. Officers informed that this was due to technical accounting and was adjusted after it became apparent at the start of the financial year.

Referring to the recovery plans, the Committee asked whether the actions taken are sufficient. Officers spoke about the recovery plans which have been developed by service areas to mitigate against overspends. It was noted that demand was higher than expected and that this has been taken into account for next year's budget setting.

Members expressed concerns about the forecast on the Council's Capital Programme. Officers noted that a large proportion of the projects occur during the last few months of the financial year which will be monitored closely with a view to keep Members of the Committee updated.

The Chairman commended Officers on behalf of the Committee for the savings achieved as part of the acquisition of a long-term loan with an average interest rate of 1.9% compared to the average interest rate of 3.8% for existing long-term borrowing.

Members queried about the position of the debt with Comer Homes and NHS Barnet CCG. Ms Darr informed that legal discussions are ongoing with Comer Homes and that good progress has been made with Barnet CCG who have agreed to pay invoices from the 30-60 days category and another from the 60-90 days category.

It was agreed that Ms Darr write to the Chairman and Councillor Marshall with an update on the debt with the London Borough of Ealing as set out in Table 16 of the report. **(Action: Director of Finance)**

The Committee requested that the next CFO report include an update on the progress made towards debt management and to reduce the level of debt owed to the Council since the start of the 2019-20 financial year. **(Action: CFO Report)**

It was unanimously **RESOLVED** that:

1. **The Committee noted the 2019/20 revenue forecast outturn, as detailed in Table 1 and in Appendix A;**
2. **The Committee noted the savings anticipated to be delivered in 2019/20, as detailed in Table 6;**
3. **The Committee noted the 2019/20 capital forecast outturn, as detailed in Table 9 and in Appendix B;**
4. **The Committee noted the level of reserves and balances as detailed in Appendix C;**
5. **The Committee noted the treasury position outlined in section 9; and**
6. **The Committee noted the debtors position outlined in section 10.**

9. YEAR 6 AND 7 CAPITA CONTRACTS REVIEW - TERMS OF REFERENCE

The Chairman welcomed the report and noted that the Year 6 and Year 7 review of the contracts with Capita will be reported to the Committee.

He noted that discussions will be held within the public domain as far as possible, except where legally exempt discussions are concerned. The Chairman also stated that additional meetings of the Committee may be accommodated where this is required in light of the discussions of the review.

The Commercial and Customer Services Director Deborah Hinde presented and summarised the report.

The Committee agreed that the contracts review programme be assessed together with Members, Officers and the Chairman to give Members the opportunity to query Officers within the relevant service areas as part of the review. Members also noted that in some cases, the review would benefit from a potential peer review of service delivery at other Local Authorities.

Members requested that the Committee be given the opportunity to analyse all matters associated with the contracts review. The Chairman welcomed suggestions from the Committee about any additional steps which may be taken as part of the programme. As a result, it was agreed that a meeting be convened between Officers, the Chairman, Councillor Levine and Councillor Rawlings.

It was noted that going forward, the review will be informed by various reports to this Committee which will consider the full range of options for service areas within the contracts. The Committee also noted that comparative data for bringing services in house will also be considered as part of the review.

In light of recommendation 1(b) in the report, the Committee requested commitment from Officers that year 6/7 Capita Contracts review focus on service quality, value for money and meet future service delivery as far as possible. (**Action:** Contracts review reporting)

To support the discussions on the programme of the current contracts review, it was agreed that reports relating to the previous review of the Capita Contracts be circulated to the Committee. (**Action:** Commercial)

Having been seconded, the Committee agreed to an additional recommendation to read:

1. That the Committee agrees that the aims of the Year 6/7 Review of Capita contracts should be:
 - e) *To ensure that any changes or recommendations should include reference to the appropriate degree of benefits and burdens between LBB and Service Providers.*

The Committee expressed concerns over the public consultation process, it was agreed that a meeting be convened with Officers, the Chairman and Councillor Levine in order to define the specifics of the consultation.

The Chairman thanked the Committee for the discussion and it was unanimously **RESOLVED:**

1. **That the Committee agreed that the aims of the Year 6/7 Review of Capita contracts should be to:**

- a. Establish the council's long-term vision for service provision and the consequent requirements for each service;
 - b. Understand the current performance of each service, including special projects, in terms of service quality and value for money;
 - c. Develop the future delivery strategy for each service, post-2023; and
 - d. Agree any changes required to the existing contractual arrangements between now and 2023 (i.e. the end of the existing contracts).
 - e. To ensure that any changes or recommendations should include reference to the appropriate degree of benefits and burdens between LBB and Service Providers.
2. Agreed the approach to conducting the Review, as set out in paragraphs 1.15 to 1.24 of this report;
 3. Noted the outline timeline, set out in paragraph 1.32 of this report; and
 4. Noted the work that has been carried out to date in respect of the Pensions Administration service, set out in paragraphs 1.34 and 1.35 of this report.

10. UPDATE ON MAJOR CONTRACTS AND CONTINGENCY PLANNING

The report was presented to the Committee by Elaine Tuck, Head of Commercial.

It was unanimously **RESOLVED**:

That the Committee noted the contingency planning arrangements set out in the report.

11. Q2 2019/20 CONTRACTS PERFORMANCE REPORT

The Chairman introduced the Q2 Performance report and welcomed Elliot Sweetman Group Director for Operations and Property Barnet Group to join the meeting.

Mr Sweetman delivered a presentation to the Committee and spoke about the Barnet Homes Annual Delivery Plan which includes 31 KPI's covering key areas such as

- Homelessness and housing options
- Housing management of Council homes
- Affordable housing development

The Committee noted the presentation and the performance at Q2 as well as the improvement plans being implemented to enhance resident satisfaction levels and achieve cost reductions.

Following a query about efficient working, Mr Sweetman informed the Committee about the range of efficiency measures being which includes aligning of tasks and roles.

It was unanimously **RESOLVED**:

The Committee reviewed the Q2 2019/20 performance in relation to back-office functions delivered by the Customer and Support Group (CSG), Planning services delivered by Regional Enterprise (Re) and Legal services delivered by Harrow and

Barnet Public Law (HBPL) and note any recommendations to Policy and Resources Committee or Theme Committees on issues arising from this review.

12. SARACENS LOAN - UPDATE REPORT

The Deputy Chief Executive, Cath Shaw presented and summarised the Saracens Loan Update report.

Following a query about the Council's financial position in respect of the loan, Officers noted that robust arrangements and guarantee structures have been put in place based on lessons learnt from other Local Authorities to protect the Council's position against potential eventualities.

The Committee requested to receive updates if anything occurs of material significance to the Council's position that requires action. (**Action:** Deputy Chief Executive)

It was unanimously **RESOLVED** that the Committee:

- 1. Noted the position with the loan to Saracens Copthall LLP and the safeguards in place to protect the council's interests.**
- 2. Noted the proposed next steps set out in paragraphs 2.1 to 2.3.**

13. BRENT CROSS CRICKLEWOOD

The Chairman welcomed Karen Mercer Programme Director Re to present and summarise the report.

The Chairman informed Members that the next update report will involve a review of how the contracts are performing. The report will set out any financial settlements which the Committee will be asked to consider alongside the recommendations.

It was also noted that the update report on the works delivery contracts will include the new overall project timetable and cost implications. (**Action:** Forward Work Programme)

In response to a request from Members, Ms Shaw informed Members that the invitation to conduct a site visit will also be extended to Members of this Committee. (**Action:** Deputy Chief Executive)

It was unanimously **RESOLVED** that the Committee noted:

- 1. The works delivery contracts placed and will have been placed by calendar Year Q2 2020 in respect of the Brent Cross Thameslink (BXT) programme and Critical Infrastructure so that the council can meet its delivery responsibilities in respect of the overall project.**
- 2. That the council is working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme and update the Anticipated Final Cost (AFC) estimate for the BXT programme. Once approved, this will form the baseline for future reporting and performance**

monitoring.

3. **The progress on Brent Cross South and commencement of the demolition and enabling works in anticipation of letting the first significant infrastructure contract in Calendar Year Q1 2020.**
4. **That Brent Cross Shopping Centre Partners (BXN) have deferred start on site. As such, no significant contracts have been let. An update on next steps will be provided to the Housing and Growth (H&G) Committee on 27 January 2020.**

14. COMMITTEE FORWARD WORK PROGRAMME

The Committee noted the standing item on the agenda, which has been updated during this meeting for consideration at future meeting during 2020.

It was **RESOLVED** that the Committee noted the Forward Work Programme 2020 which was updated during the meeting with the additional items referred to above.

15. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

The Chairman thanked Ms Elaine Tuck Head of Commercial, who will be leaving the Council, on behalf of the Committee for all her work and contributions to work of the Committee.

16. MOTION TO EXCLUDE THE PRESS AND PUBLIC

The Chairman moved a motion, which was seconded and approved, to exclude the Press and Public on the basis that the exempt items will involve discussion of confidential information. Members of the press and public vacated the room and the public gallery was cleared.

17. EXEMPT - BRENT CROSS CRICKLEWOOD

The Committee noted the exempt information.

18. ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 9.59 pm