

MEETING

FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE

DATE AND TIME

WEDNESDAY 29TH JANUARY, 2020

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

**TO: MEMBERS OF FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE
(Quorum 3)**

Chairman: Councillor Peter Zinkin ,
Vice Chairman: Councillor Thomas Smith

Councillors

Anthony Finn	Barry Rawlings	John Marshall
Kathy Levine	Arjun Mittra	Alex Prager

Substitute Members

Geof Cooke	Lisa Rutter	Golnar Bokaei
Ammar Naqvi	Alison Moore	Julian Teare

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**You are requested to attend the above meeting for which an agenda is attached.
Andrew Charlwood – Head of Governance**

Governance Services contact: Salar Rida 020 8359 7113 salar.rida@barnet.gov.uk
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Decisions of the Financial Performance and Contracts Committee

28 October 2019

Members Present:-

AGENDA ITEM 1

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

Councillor Anthony Finn
Councillor Kathy Levine
Councillor John Marshall

Councillor Arjun Mitra
Councillor Barry Rawlings
Councillor Julian Teare (Substitute)

Apologies for Absence

Councillor Alex Prager

1. MINUTES OF THE PREVIOUS MEETING

The Chairman of the Financial Performance and Contracts Committee, Councillor Peter Zinkin welcomed all attendees and opened the meeting.

It was **RESOLVED** that the minutes of the previous meeting of the Financial Performance and Contracts Committee held on 19th June 2019 be agreed as a correct record.

2. ABSENCE OF MEMBERS

Apologies were received from Councillor Alex Prager who was substituted by Councillor Julian Teare.

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

There were none.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. CHIEF FINANCIAL OFFICER REPORT MONTH 5 (AUGUST 2019)

The Chairman introduced the Month 5 CFO Report and invited Officers who summarised and presented the report to the Committee.

In response to a comment about debtors, Officers noted the improved position by virtue of a reduction of £3.3M for the total sundry debt owed as at 31 August 2019 in comparison to the same period last year. Officers also spoke about the active dialogue that had taken place with Barnet CCG in respect of the total debt owed as set out in Table 19 of the report.

Committee Members expressed concerns over the level of drawdown from reserves and requested clarification. The Director of Finance (S151 Officer) Anisa Darr briefed Members about the elements concerning the drawdown of reserves including:

- the current budget setting processes,
- changes to the HRA borrowing cap
- earmarked reserves to fund expenditure and
- overspend in relation to demand led services.

The Chairman highlighted the importance of future sustainability and noted that once the recovery plans were ready, the Committee will receive an update report on the necessary actions to contain the overspending and reach a balanced position. (**Action: Finance**)

Officers agreed to provide briefing notes to the Chairman and Councillor Levine on underlying debt in the budgeting process. (**Action: Finance**)

Following a comment from the Committee about Brent Cross and the Capital Programme, it was agreed that Officers in consultation with the Chairman develop an item due to be reported to a future FPC Committee. (**Action: Forward Work Programme - Finance**) The requested report on Brent Cross will set out the following:

- the major Capital Programme projects and sub-projects within the Capital Programme
- risks against each of those project and sub-projects
- the summary of progress against each project and sub-project
- amount of funding spent compared to amount of funding expected to be spent

The Committee asked for the total cost of moving to the Oakleigh Road Depot and acknowledged the difficulties in calculating the total cost due to the changing nature of the comparison data. Officers were instructed to provide a report to the Committee on this matter. (**Action: Forward Work Programme March 2020**)

Following a query about the part closure at Finchley Lido leisure centre, the Assistant Director for Estates Chris Smith noted that this was due to structural issues with the roof and that the closure will be dependent on the outcome of the investigation work which is due to take place until at least December 2019.

Mr Smith informed Members that a team was commissioned to investigate the issues which has resulted in another intrusive investigation to identify the scale of the problem.

Once this has concluded the remedial work can be commissioned. Further information will be reported back to this Committee. (**Action:** Estates - Forward Work Programme)

Members raised a query around the overspend for demand led services and the Adults overall forecast. Ms Darr noted that forecast demand is reviewed on an annual basis along with the forecasting methodology which is reviewed regularly through peer reviews with other Local Authorities.

The Committee noted the increase in security cost for Colindale due to the additional entrance and exits. The Committee also noted that there were additional costs in respect of the delay in vacating North London Business Park and asked for details of the thinking on options for mitigating costs at Barnet House.

The Chairman referred to the maintenance and renewal of Street Scene Fleet costs which has risen significantly and requested a briefing note on the matter from Officers. (**Action** – Street Scene/ Estates)

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 7 and in Appendix B;**
4. **The Committee noted the level of reserves and balances as detailed in Table 10.**
5. **The Committee noted the treasury position outlined in section 4.**
6. **The Committee noted the debtors position outlined in section 5.**

8. CAPITAL PROGRAMME 2019-2025

Upon invitation of the Chairman, the Deputy Director of Finance Paul Clarke presented the report and summarised the progress of the Capital Programme. The Committee noted that a more accurate view of the costs and any slippage of the Programme will be developed.

The Committee requested an item to be reported to a future FPC meeting on Capital Receipts and details of the projects covered under the Capital Programme. (**Action:** Finance – Forward Work Programme)

Officers were instructed to consult with the Chairman on the Mosaic programme with a view to report to either the Adults and Safeguarding Committee or the FPC Committee focusing on the capital financing and slippage aspect of the programme. (**Action:** Finance)

Members of the Committee requested that future reporting on the Capital Programme include further breakdown of the data and figures on page 62 of Agenda.

It was unanimously **RESOLVED**:

- 1. That the Committee noted the current position of the Capital Programme;**
- 2. That the Committee considered as set out above whether there is any additional information they require in relation to the contents of the report.**

9. COLINDALE OFFICE MOVE - UPDATE

Assistant Director for Estates, Chris Smith presented the report. He noted that Family Services have moved from the second floor to the first floor of the North London Business Park Building 2 so that the second floor can be handed back. Family Services are then due to move out of North London Business Park into Colindale Offices.

It was unanimously **RESOLVED**:

- 1. That the Committee noted the progress including the successful relocation of over 1700 staff to the new council office in Colindale.**
- 2. That the Committee noted the exempt accompanying report.**

10. Q1 2019/20 CONTRACTS PERFORMANCE REPORT

Deborah Hinde, Director for Commercial and IT Services presented the report which provides an overview of performance for the key strategic contracts, excluding information already reported to Theme Committees for Q1.

The Committee noted the progress delivered in respect of pension administration, Annual Pension Benefit statements and data improvement.

Following a request for an update on the Pension Regulator's press release and intervention report, it was agreed that this information be circulated to the Committee. (**Action** – Pensions)

The Committee requested that:

- Future Quarterly Performance reports clarify whether there is overspend or underspend on the HBPL Budget (**Action** – Commercial, Performance)
- Telephony service issues be reviewed including voice recognition (**Action** – Commercial)

It was unanimously **RESOLVED** that:

The Committee reviewed the Q1 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 noted any recommendations to Policy and Resources Committee or Theme Committees on issues arising from this review.

11. COMMITTEE FORWARD WORK PROGRAMME

The Committee noted the standing item on the agenda which lists the business items for consideration at future meetings of the Committee during 2019-2020.

It was **RESOLVED** that the Committee noted the **Forward Work Programme 2019-2020** which was updated during the meeting with the additional items referred to above.

12. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

13. 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.

14. EXEMPT - COLINDALE OFFICE MOVE UPDATE

The Committee noted the exempt information as set out within the exempt report.

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

None.

The meeting finished at 9.35 pm

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AGENDA ITEM 7

Financial Performance and Contracts Committee

29 January 2019

Title	Referral from the Environment Committee Quarter 2 Performance (Q2) 2019/20 - Guaranteed Income
Report of	Head of Governance
Wards	All
Status	Public
Enclosures	Appendix A – Environment Committee, Quarter 2 Performance report for 2019/20
Officer Contact Details	Paul Frost, Governance Service Paul.frost@barnet.gov.uk

Summary

At the meeting of the Environment Committee on 27 November 2019 Members considered the Quarter 2, 2019/20 Performance report. The Environment Committee agreed to refer to the Financial Performance and Contracts Committee the item in respect to guaranteed income only for consideration. This report provides Members with the Environment Committee, Quarter 2 Performance report for 2019/20 as illustrated in appendix A and requests that Members give consideration to this.

Recommendations

- 1. That the Financial Performance and Contracts Committee note the referral from the Environment Committee at its meeting on 27 November 2019.**
- 2. That the Financial Performance and Contracts Committee give consideration to guaranteed income only and provide instructions as appropriate.**

1. WHY THIS REPORT IS NEEDED

1.1 The Environment Committee on 27 November 2019 considered the Quarter 2, 2019/20 Performance report. During the debate Councillor Alan Schneiderman requested that the Committee refer the item in respect to guaranteed income to the Finance and Performance and Contracts Committee. This was unanimously agreed and therefore carried.

1.2 The Environment Committee on 27 November 2019 Resolved:

The Environment Committee noted the report and reviewed the budget, performance and risk information for Q2 2019/20. The Committee unanimously agreed to refer the item in respect to guaranteed income to the Financial Performance and Contracts Committee.

2. REASON FOR REFFERAL

2.1 During the consideration of the Item on 27 November 2019 Councillor Alan Schneiderman moved to refer the item in respect to guaranteed income for consideration. This was unanimously agreed and carried.

3. REASONS FOR RECOMMENDATIONS

3.1 The Financial Performance and Contracts Committee instructions are requested.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4.1 None.

5. POST DECISION IMPLEMENTATION

5.1 The Financial Performance and Contracts Committee's instructions are requested. Any post decision or implantation is reliant on the resolution of the Committee.

6. IMPLICATIONS OF DECISION

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

6.2 Members are requested to note that a decision made may have an impact to funding and other resources.

6.3 **Legal and Constitutional References**

The Council's Constitution, article 7 sets out the functions of the Financial Performance and Contracts Committee. Therefore, the Constitution provides

the opportunity for the Environment Committee to request that this matter be referred for consideration.

6.4 **Risk Management**

6.5 None applicable

6.6 **Equalities and Diversity**

6.7 None applicable

6.8 **Consultation and Engagement**

6.9 None applicable.

7. **BACKGROUND PAPERS**

7.1 [Quarter 2 \(Q2\) 2019/20 Delivery Plan Performance Report](#)

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	<h2>Environment Committee</h2> <h3>27 November 2019</h3>
Title	Quarter 2 (Q2) 2019/20 Delivery Plan Performance Report
Report of	Chairman of Environment Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	John Hickson, Interim Finance Business Partner for Environment john.hickson@barnet.gov.uk Alaine Clarke, Head of Programmes, Performance and Risk alaine.clarke@barnet.gov.uk

Summary

This report provides a thematic overview of performance for Q2 2019/20 focusing on the budget forecasts and activities to deliver both corporate and committee priorities in the Environment Committee Annual Delivery Plan.

Officer Recommendations

- The Committee is asked to review the budget, performance and risk information for Q2 2019/20 and make any referrals to Policy and Resources Committee or Financial Performance and Contracts Committee in accordance with the terms of reference of these Committees.**

1. INTRODUCTION

- 1.1 The Environment Committee has responsibility for all matters relating to the street scene including, parking, road safety, lighting, street cleaning, transport, waste, waterways, refuse, recycling, allotments, parks, trees, crematoria and mortuary, trading standards and environmental health.
- 1.2 This report provides a **thematic overview of performance** for **Q2 2019/20** focusing on the budget forecasts and activities to deliver the **priorities** in the **Environment Committee Annual Delivery Plan**, which can be found online at:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=9669&Ver=4>

2. BUDGET FORECASTS

- 2.1 The **Revenue Forecast** (after reserve movements) for Environment, Parking and Infrastructure, Street Scene and Re Managed Budgets is set out in table 1.

Table 1: Revenue Forecast (Q2 2019/20)

Service	Revised Budget	Q2 19/20 Forecast	Variance from Revised Budget Adv/(fav) ¹	Reserve Move-ments	Q2 19/20 Forecast after Reserve Move-ments	Variance after Reserve Move-ments Adv/(fav)
	£000	£000	£000	£000	£000	£000
Environment Staffing	130	130	0	0	130	0
NLWA Levy	1,572	1,822	250	0	1,822	250
Community Safety	1,935	1,961	25	0	1,961	25
Environment Mgt	3,637	3,912	275	0	3,912	275
Highway Inspection/ Maintenance	298	745	447	(447)	298	0
Parking	(545)	(545)	0	0	(545)	0
Highways and Transport Management	318	358	40	0	358	40
Advertising	(390)	(165)	225	(225)	(390)	0
Special Parking Account	(13,694)	(13,265)	429	(450)	(13,715)	(21)
Street Lighting	6,528	6,529	1	0	6,529	1
Parking and Infrastructure	(7,485)	(6,343)	1,142	(1,122)	(7,465)	20
Commercial Services	(2,011)	(2,021)	(10)	0	(2,021)	(10)
Fleet and Transport	1,446	1,387	(60)	0	1,387	(60)

¹ Adv/fav refers to an adverse or favourable position. An adverse position would be a budget overspend. An adverse variance would mean the position has got worse since the last reported period.

Service	Revised Budget	Q2 19/20 Forecast	Variance from Revised Budget Adv/(fav) ¹	Reserve Move-ments	Q2 19/20 Forecast after Reserve Move-ments	Variance after Reserve Move-ments Adv/(fav)
	£000	£000	£000	£000	£000	£000
Ground maintenance	2,301	2,064	(237)	0	2,064	(237)
Management and Service Support	839	695	(144)	0	695	(144)
Street Cleansing	2,991	3,085	94	0	3,085	94
Waste (frontline)	6,781	8,598	1,817	0	8,598	1,817
Street Scene Management	1,121	1,180	59	0	1,180	59
Street Scene	13,468	14,988	1,519	0	14,988	1,519
Greenspaces Development	1015	1299	284	0	1299	284
Greenspaces Development	1015	1299	284	0	1299	284
Drainage (Gully)	300	445	145	0	445	145
Damage to Public Highways	36	55	19	0	55	19
Public Conveniences	50	55	5	0	55	5
N.R.S.W.A.	57	100	44	0	100	44
Private Works Reinstatement	20	20	0	0	20	0
Recharge works other	39	20	(19)	0	20	(19)
Planned Crossovers	45	45	0	0	45	0
Parking Design	61	61	0	0	61	0
Structural & Bridge Maintenance	80	80	0	0	80	0
Food Safety	16	16	0	0	16	0
Road Structural Response	500	500	0	0	500	0
Recharge work cross over	380	100	(280)	0	100	(280)
Expenditure	1,583	1,496	(87)	0	1,496	(87)
Parking Design Income (LIP)	(1,111)	(1,075)	36	0	(1,075)	36
Income	(1,111)	(1,075)	36	0	(1,075)	36
Re Managed Budgets	472	421	(51)	0	421	(51)
Grand Total	11,108	14,278	3,170	(1,122)	13,156	2,048

Service	Revised Budget	Q2 19/20 Forecast	Variance from Revised Budget Adv/(fav)	Reserve Move-ments	Q2 19/20 Forecast after Reserve Move-ments	Variance after Reserve Move-ments Adv/(fav)
	£000	£000	£000	£000	£000	£000
Community Safety (as reported to CLL Committee)						
Community Safety	1,935	1,961	25	0	1,961	25

Service	Revised Budget	Q2 19/20 Forecast	Variance from Revised Budget Adv/(fav)	Reserve Move-ments	Q2 19/20 Forecast after Reserve Move-ments	Variance after Reserve Move-ments Adv/(fav)
	£000	£000	£000	£000	£000	£000
Re Regulatory and Highways (Re Guaranteed Income – Extract)						
Hendon Cemetery	(1,773)	(1,728)	45	0	(1,728)	45
Hendon Crematorium	(1,087)	(724)	363	0	(724)	363
Pest Control	(139)	(58)	81	0	(58)	81
Scientific Services	(27)	(20)	7	0	(20)	7
Trading Standards & Licensing	(314)	(364)	(50)	0	(364)	(50)
Food Safety - Income	(97)	(60)	37	0	(60)	37
Regulatory Services (GI) sub total	(3,437)	(2,954)	483	0	(2,954)	483
Highways – (GI)	(9,359)	(4,702)	4,656	0	(4,702)	4,656
Re Guaranteed Income	(12,795)	(7,656)	5,139	0	(7,656)	5,139

2.2 The projected variance for **Environment Management** is forecasted to be an overspend of £0.275m. The projected variance for **Parking and Infrastructure** is forecasted to be an underspend of £0.020m.

2.3 The projected variance for **Street Scene**, is forecast to be an overspend of £1.519m, an improvement of £0.059m when compared to the Quarter 1 position. The key contributors to this position were Waste (frontline) – this service is forecasting an overspend of £1.817m mitigated by management actions in other areas to bring the position down to the overall forecast figure. The overspend is generated by the cost of running the service from two sites, increases in staffing costs and increases in fleet repair costs attributable to vehicle ageing. There is a profiled reduction in spend through 2019/20 as round balancing continues and green waste cost reduce for the winter months. This is part of a recovery plan; however, the current budget development plans recognise the need to invest in this area subject to the final MTFs and budget processes and therefore limitations to bring down Waste below circa £1.2m overspend.

- 2.4 The projected variance for **Greenspaces Development**, is due to the MTFs savings of £0.450m which is not possible to deliver. This has been partially mitigated by additional income from S.106 funding and a further recovery plan is in place to recover this to £0.107m overspend and further work is ongoing to help bring this in line.
- 2.5 The projected variance for **Re Managed Budgets**, is forecast to be is an underspend of £0.051m due.
- 2.6 The projected variance for **Community Safety** is forecast to be an overspend of £0.025m due to network transmissions requiring additional corrective works to the CCTV network.
- 2.7 **Re Regulatory and Highways (Guaranteed Income)** budgets related to environment, shown above, are part of the overall guaranteed income from Re to the council. The budgets are based on original contract values and this reflects in the variances shown and must also be seen in the context of the overall performance and guarantee. The use of reserves would not generally be relevant, given the income guarantee. However, the guarantee can be subject to other contractual costs or adjustments arising, particularly due to council decisions/actions being claimed by Re that may off set the final position to the council or involve directorate costs, reported separately within the directorate concerned. In recent years from the original contract Re underperforms on highways and overperforms on planning which has made up income in the past to achieve the guarantee, however this year the anticipated position is that the guarantee will apply. The use of the contractor and guaranteed income helps ensures that the council is protected from risks on these activities and maintains at least the contractual level of income.
- 2.8 The following table provides the context of Environment elements to the overall Re guarantee and is provided also for reconciling the detail provided in the tables above back to reporting on Re (and the guarantee) overall.

Re Contract - Income Guarantee	Full Year Budget	Current Forecast	Variance
	£000	£000	£000
Regulatory and Highways	(12,795)	(7,656)	5,139
Other Guaranteed Income elements (non-Environment)	(4,019)	(9,033)	(5,013)
Grand Total - Re Guaranteed Income	(16,814)	(6,688)	126

- 2.9 The **Capital Forecast** for Street Scene, Parking and Infrastructure and Re (Highways) is set out in table 2.

Table 2: Capital Forecast (Q2 2019/20)

Service	19/20 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q2 19/20 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
Local Implementation Plan 2016/17 and onwards	3,067	0	0	3,067	0
Highways TFL - Local Implementation Plan	3,067	0	0	3,067	0

Service	19/20 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q2 19/20 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
Footway Reconstruction	43	0	0	43	0
Traffic Management	4	0	0	4	0
Highways Improvement	323	0	0	180	(143)
Travel Plan Implementation	91	0	0	60	(31)
Carriageways	1,368	0	0	570	(798)
Highways Planned Maintenance Works Programme	40	0	0	40	0
Saracens - highways works	40	0	0	16	(24)
Drainage Schemes	70	0	0	70	0
Road Traffic Act - Controlled Parking Zones	108	0	0	75	(33)
Investment in Roads & Pavement (NRP)	7,191	0	0	7,969	778
Highways Non-TFL	9,278	0	0	9,027	-251
Old Court House - public toilets	40	0	0	40	0
Parks & Open Spaces and Tree Planting	19	0	0	19	0
Park Infrastructure	0	0	0	0	0
Victoria Park Infrastructure	611	0	0	611	0
Data Works Management system	280	0	0	280	0
Parks Equipment	107	0	0	107	0
Colindale – Parks, Open Spaces and Sports	5,300	0	0	4,739	(561)
Vehicles	2,453	0	0	2,453	0
Street cleansing and greenspaces - vehicles and equipment	1	0	1	1	0
Green spaces development project	125	0	0	125	0
Refurbish and regenerate Hendon Cemetery and Crematorium	1,435	0	0	435	(1,000)

Service	19/20 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q2 19/20 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
Hendon Cemetery & Crematorium Enhancement	32	0	0	32	0
Lines and Signs	307	0	0	307	0
LED Lighting	3,800	0	0	3,800	0
Pay and Display parking machine estate upgrade	120	0	0	120	0
Moving traffic cameras	231	0	0	231	0
Controlled parking zones review	150	0	0	150	0
Highways (permanent re-instatement)	700	0	0	700	0
Other Environment	15,711	0	1	14,150	(1,561)

2.10 The main areas of slippage are Hendon Crematorium, with slippage of £1m and Colindale parks with slippage of £0.561m.

3. SAVINGS

3.1 The total amount of **savings** identified for Environment Committee in 2019/20 is **£4.380m**. This is shown in table 3a. With an additional saving related to **Community Leadership and Libraries (CLL) Committee** of £0.243m shown below in table 3b.

3.2 Current projections forecast achievement of £3.570m of savings. The £0.810m gap is caused by initiative delays (£0.450m) and a current lack of detail regarding planned achievement of savings initiatives (£0.330m), augmented by a potential £0.030m underachievement in initiative G8.

Table 3a: Savings forecast delivery (Q2 2019/20)

Ref	Description of Savings	Savings for 19/20	Q2 19/20 Forecast	Comment
Growth and Income				
G1	Invest in 3G pitches	(100)	0	Delays in initiating the programme has resulted in the saving not being achieved in 2019/20. The programme is scheduled to start in August 2020.
G2	Income generation from non-statutory commercial waste services	(300)	(300)	Service is delivering increased chargeable waste.
G4	Fees and charges	(130)	(130)	Savings targets are on track to be delivered.
G6	CCTV	(200)	(200)	Saving delivered through renegotiation of the CCTV contract.

Ref	Description of Savings	Savings for 19/20	Q2 19/20 Forecast	Comment
G7	Asset Management	(100)	0	Delays in programme outside of the service, means saving is delayed this year.
G8	Advertising	(200)	(200)	Service is more confident of achieving figures this year. Risks and mitigations are being considered.
Total		(1,030)	(830)	
Service Redesign				
S2	Parks and Open Spaces Strategy	(150)	0	Further work with local groups and modelling is required to realise potential savings.
S3	Controlled parking zones	(150)	(150)	Additional CPZ's have been added.
Total		(300)	(150)	
Reducing Demand, Promoting Independence				
R1	Levy payments to the North London Waste Authority	(300)	(300)	In line with Levy approved by NLWA
R3	Increased productivity and reduction of overheads	(100)	0	Further work with local groups and modelling is required to realise potential savings.
R4	Additional savings from 2018/19	(200)	0	This saving is not possible as planned. The options to achieve this saving have not been approved and further alternatives will need to be re-presented as part of the budget planning process.
Total		(600)	(300)	
P2	Advertising	(150)	(150)	The new contract is will commence in November and new infrastructure will be installed.
P3	Street Lighting	(150)	(150)	Savings is due to be delivered from November, there has been some delays.
P5	Parking	(2,150)	(2,150)	On track for delivery.
Total		(2,450)	(2,450)	
Grand Total		(4,380)	(3,730)	

Table 3b: CLL Committee (Environment Directorate)

Ref	Description of Savings	Savings for 19/20	Q2 19/20 Forecast	Comment
S1	Safer Communities (CCTV)	(243)	(243)	Saving being delivered as planned.

4. PRIORITIES

4.1 This section provides an update on the Committee's priorities as follows:

- A summary of progress on Actions² to deliver the priority
- Performance of Key Performance Indicators (KPIs)³
- Risks to delivering the Actions and priority
- High (15 to 25) level risks from the Corporate Risk Register⁴

4.2 The Q2 status for each of the Committee's priorities is shown in table 4. This reflects the *overall performance on Actions, KPIs and Risks*⁵ for each priority.

Table 4: Priorities for Environment Committee

Section	Priority	Q2 Status
5.	Getting Barnet clean	Limited
6.	Keeping the borough moving	Satisfactory
7.	Getting the best out of parks and improving air quality	Good
8.	Using regulation and enforcement to reduce non-compliance and maintain our public realm	Good
9.	Creating a healthy environment	Satisfactory

5.	Getting Barnet clean	Q2 Status
		Limited

5.1 Summary of Actions **Satisfactory progress**

5.1.1 Overall satisfactory progress has been made. However, there is still room for improvement, which the service will make in parallel with the Street Scene transformation programme.

5.1.2 The communications plan continued to be implemented, including a social media campaign for national recycling week and a recycling campaign targeting 15,000 flats managed by Barnet Homes in September 2019. Free litter picking equipment was promoted to community groups.

5.1.3 A Feasibility Study to identify options for better waste reduction and recycling at privately managed sites was carried out in Q1, including an assessment of bin capacity and the level of re-balancing required to support recycling. This is currently being reviewed.

² A Summary of the Actions is provided for each priority. These are RAG rated as follows: Complete or Good progress = GREEN (where no Actions RAG rated RED); Satisfactory progress = AMBER (where no more than one Action RAG rated RED) or Limited progress = RED (where two or more Actions RAG rated RED).

³ KPI RAG rating reflects the percentage variance of the result against the target as follows: On target = GREEN (G); Up to 9.9% off target = AMBER (A); 10% or more off target = RED (R). The Direction of Travel (DOT) status shows the percentage variation in the result since last year e.g. Improving (↑ I), Worsening (↓ W) or Same (→ S). The percentage variation is calculated as follows: Q2 19/20 result minus Q2 18/19 result equals difference; then difference divided by Q2 18/19 result multiplied by 100 = percentage variation. KPIs are illustrated by (q) quarter; (c) cumulative up to end quarter; (s) snapshot in time; or (r) rolling 12 months.

⁴ The Corporate Risk Register includes strategic risks (strategic and business critical risks) and high (15 to 25) service/joint risks (service and contract delivery risks). All risks are managed in line with the council's risk management framework. The risk registers are live documents and the Q2 19/20 Corporate Risk Register provides a snapshot in time (as at end September 2019). The risk ratings are: Low = 1 to 3 (GREEN); Medium/Low = 4 to 6 (YELLOW); Medium/High = 8 to 12 (AMBER); and High = 15 to 25 (RED).

⁵ The Q2 Status reflects the *overall performance* on Actions, KPIs and Risks as follows: Complete or Good progress = GREEN (where no Actions or KPIs RAG rated RED and no more than one high level risk); Satisfactory progress = AMBER (where no more than one Action or KPIs RAG rated RED and/or no more than two high level risks) or Limited progress = RED (where two or more Actions or KPIs RAG rated RED and/or more than two high level risks).

5.1.4 Additional funding was allocated for street cleansing improvements and options on how to use this funding, focusing on key areas such as residential roads, town centres and trunk roads, were agreed at Environment Committee on 4 June 2019. These options are being trialled and include 'unobstructed cleansing' and different street cleansing and pavement washing equipment.

5.1.5 To tidy up town centres, time banded collections were implemented in Mill Hill (July 2018) and Burnt Oak (May 2019). Further Time banded collections have been suspended for the time being after review and consideration of operational resourcing and the Oakleigh Depot works completion.

5.2 KPIs

5.2.1 There are seven KPIs for this priority, which monitor waste, recycling and street cleansing activity. Two waste collection KPIs met the Q2 target. Four KPIs are not due for reporting until Q3 or Q4. One KPI reported no activity in Q2.

- **Time banded collections rolled out – 0.** The time banded collections project is currently suspended due to the remedial works at Oakleigh Depot. This is to prioritise service delivery whilst these works are ongoing.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
Kilogram of residual HH waste produced per household (q)	Smaller is Better	617.2 kg/HH	612 kg/HH	158.84 kg/HH	157.72 kg/HH ⁶ (G)	↑ -2.3%	161.47 kg/HH ⁷	No benchmark available
Kilogram of total HH waste produced per household (q)	Smaller is Better	Not reported in 18/19	970 kg/HH	262.6 kg/HH	245.6 kg/HH (G)	New for 19/20	New for 19/20	No benchmark available
Residents who are satisfied with refuse and recycling services (Annual ⁸)	Bigger is Better	79% (Autumn 17)	80%	Annual	Due Q3 19/20	No RPS 18/19	No RPS 18/19	National 79% (LGA, 2019)
Targeted communications with landlords and agents to reduce 'throw away' culture" (Annual)	Bigger is Better	New for 19/20	3	Annual	Due Q4 19/20	New for 19/20	New for 19/20	No benchmark available
Residents satisfied with street cleansing service (Annual ⁹)	Bigger is Better	60% (Autumn 17)	60%	Annual	Due Q3 19/20	No RPS 18/19	No RPS 18/19	National 64% (LGA, 2019)

⁶ Result is for Q1 2019/10

⁷ Result is for Q1 2018/19

⁸ Annual KPI from the Residents' Perception Survey (RPS).

⁹ Annual KPI from the Residents' Perception Survey (RPS).

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
Street cleansing ¹⁰	TBC	New for 19/20	Due Q4 19/20	Due Q4 19/20	Due Q4 19/20	New for 19/20	New for 19/20	No benchmark available
Time banded collections rolled out	Bigger is Better	New for 19/20	5	TBC	0 ¹¹	New for 19/20	New for 19/20	No benchmark available

5.3 Risks

5.3.1 There are five risks to delivery of the actions for this priority¹². These have been assessed at a medium/low (4 to 6) and medium/high (8 to 12) level and have controls/mitigations in place to manage the risks.

- **SS011 – Reduction in household waste (risk score 12).** A review of future recycling and waste service options was completed during Q2, to support drafting of a Reduction and Recycling Plan (RRP) for the Environment Committee on 11 September 2019. This included a proposal to re-introduce separate food waste collections at houses by 2022. Reductions in overall waste produced will remain very challenging unless further changes to services are proposed.
- **SS012 – Flats recycling (risk score 6).** This risk relates to the improvement of waste reduction and recycling in flats. A communications campaign with Barnet Homes was run in September 2019. A feasibility study to identify options for increasing recycling at privately managed flat sites is under development.
- **SS017- Project delays (risk score 9 – increased from 1).** The risk of delays to the rollout of projects such as time banded collections or the new data and works system is being managed by a Change Management team within Street Scene. The request for additional funding to recruit a project manager has been submitted. New head of service support will be in post in Oct 2019. Projects are prioritised to ensure resources are used as efficiently as possible.
- **SS013 – Recycling and waste collection rounds (risk score 6).** The service is considering ideas around round-rebalancing but this is dependent on the changes to service arising from the major works at Oakleigh Depot.
- **SS019 - Utilise new street cleansing equipment (risk score 6).** A lack of suitably trained staff could affect full utilisation of new street cleansing equipment. Staff who hold the relevant driving licenses are being trained and additional driver operatives are being recruited for the street cleansing service. All will be required to hold a full driving license and will receive training on the new equipment (mechanical brooms, HAKO's and Gluttons). A recruitment exercise was undertaken in Q2 and conditional offers were made to 11 driver operatives to work within the Street Cleansing service. A conditional offer was also made for a dedicated Street Cleansing Supervisor. Further recruitment is needed to

¹⁰ Street Cleansing KPI is still being developed and will be reported for Q4.

¹¹ Time banded collections project is currently suspended due to the remedial works at Oakleigh Depot. This is to prioritise service delivery whilst these works are ongoing.

¹² There were seven risks, but two street cleansing risks on staff training and staff reluctance have been merged into one risk (SS019) and two recycling risks on lack of planning enforcement and lack of engagement have been merged into one risk (SS012).

achieve full establishment levels. In-house training, including on the new street cleansing equipment, is scheduled as part of the induction process.

5.3.2 In addition to the risks in the Annual Delivery Plan, there was a *strategic risk* and three *service risks* linked to this priority that were scored at a high (15 to 25) level in Q2.

- **STR09 - Increase in the NLWA levy (risk score 15).** The expected replacement of the NLWA Energy from Waste (EfW) facility could lead to an increase in the waste disposal levy of up to £8million per annum and additional financial costs relating to delays in the construction of the EfW. This would result in an increased financial pressure on the council. Enabling works will be approved by NLWA members in September 2020, with further work being undertaken to understand the full financial impact new EfW facility will have on member authorities. A financial strategy is being developed to build a stable budget for the Environment cost centre. A Reduction and Recycling Plan was taken to Environment Committee on 11 September 2019, which put forward proposals to maximise recycling from households.
- **SS020 - Remedial work at Oakleigh Depot (NEW) (risk score 20).** Issues with the Oakleigh Depot require immediate significant remedial works that will lead to service disruption for up to nine months, impacting on business continuity and delivery of services. A series of controls have been put in place such as the implementation of a one-way traffic system and monitoring of ground movement at the depot. To remedy the risk, there is currently a search for further land for vehicle storage. There will also be changes in the delivery of operations such as implementing Saturday working during the period when the works commence and the recruitment of temporary staff to support work completions and staffing levels.
- **SS018 - Frontline employment and retention (risk score 16).** Difficulties in recruiting appropriate staff could lead to an increase in the use of agency staff and impact on service delivery. Filling vacant posts is a priority with a recruitment campaign to start soon. Permanent positions are being offered to frontline agency staff. A new supervisor has been appointed to support the delivery of frontline operations. Senior management are looking at training and development opportunities to improve staff retention.
- **TS015 - Change in LEZ and expansion of ULEZ (risk score 15).** Council vehicles will need to be replaced or retrofitted with compliant technology to meet the minimum emission standard in Low Emission Zones (LEZ) and Ultra Low Emission Zones (ULEZ) by October 2020. Two capital bids were submitted to Capital Strategy Board requesting the replacement of vehicles that will not meet the new emissions standard. A tender was accepted for the replacement of 12 refuse vehicles deploying capital of £2.4m and further work is underway to reprofile the capital allocation across the services to identify any availability within the current financial year.

6.1 Summary of Actions Good progress

- 6.1.1 The Network Recovery Plan (NRP) has successfully progressed with approximately two thirds of the main carriageway resurfacing programme being completed and over half of the footway relay programme completed by September 2019. The combination of large scale machine patching and carriageway resurfacing programme produced an output of 67,121 square metres of new road surface applied on 38 streets. The footway relay programme, meanwhile delivered 22,479 square metres of pavement renewal on 10 roads. The arrangement and planning of the carriageway patching programme continued to offer the flexibility to tackle large areas of road patching repairs also improving the outlook and appearance of the street. The programme now totals 73 roads where most of the worst road defects have been fixed using the infrared Rhino patching process.
- 6.1.2 With regards to additional investment in the highway, asset condition surveys are underway, the results of condition survey for pavements and roads will create the baseline required to formulate the prioritisation process for recommendation in the draft proposals for NRP Year 6. The NRP Year 6 report for 2020/21 will be presented to Members ahead of going to Environment Committee in January 2020.
- 6.1.3 The 2020/21 LIP funding submission was approved by Environment Committee in September 2019. It reflected the approved LIP3 document and also included work on “School Streets” pilots and additional parking proposals. As reported in Q1, the agreed programme is based on current “knowns”, which are heavily dependent on engagement with TfL to respond and approve. Contingencies are being considered for approval by the Strategic Lead and TfL to achieve budget spend, as TfL impacted schemes are unlikely to be implemented this year; this will continue to be monitored. A large value scheme at Chipping Barnet High Street is currently under construction and another at Montrose Avenue is programmed to start in early October 2019. Those LIP schemes proposing vertical measures received a mixed response from the Environment Committee, which has resulted in the need for some further design and consultation.
- 6.1.4 The service is in the process of developing the long-term Transport Strategy, with the aim for a draft strategy to be presented to Environment Committee in January 2020.

6.2 KPIs

- 6.2.1 There are three KPIs for this priority, which monitor highways repairs. One KPI met the Q2 target. Two KPIs on Category 1 and Category 2 defects were not reported in Q2 due to resource issues in Conway Aecom.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
Emergency defects rectification timescales completed on time	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%	No benchmark available

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
Highways Category 1 defects rectification timescales completed on time (48 hours)	Bigger is Better	78.8%	100%	100%	Not reported	N/A	92.8%	No benchmark available
Highways Category 2 defects rectification completed on time	Bigger is Better	69.2%	100%	100%	Not reported	N/A	78.9%	No benchmark available

6.3 Risks

6.3.1 There are two risks to delivery of the actions for this priority¹³. These have been assessed at a medium/low (4 to 6) level and have controls/mitigations in place to manage the risk.

- **EC015 - Breakdown with development partner (risk score 4).** The new Re Service Director is in place and joint meetings are being held regularly with LBB clients to agree and delivery key priorities.
- **EC016 - Non-delivery of LIP spend (risk score 4).** The LIP programme is actively monitored by the council and bi-monthly meetings are held with TfL to review progress of delivery and financial spend. Barnet's LIP funding allocations have been fully committed in the past three years and this is expected to continue in the future. The LIP3 programme has been approved for the next three years.

6.3.2 In addition to the risks in the Annual Delivery Plan, there were two *service* risks linked to this priority that were scored at a high (15 to 25) level in Q2.

- **TS013 - Passenger Transport Services move (risk score 20).** The hand back of North London Business Park (NLBP) will necessitate the relocation of Passenger Transport Service (PTS) vehicles with operation to a suitable alternate site; not being able to secure a suitable site could result in additional costs to extend the current lease (subject to availability) or disruption to the Home to School transport service for Special Education Need children in and out of borough. The depot project team are undertaking space planning exercise for vehicle parking and office space. The service is continuing to work with Estates to identify an operationally suitable location for the Passenger Transport vehicles. The current lease agreement for the service to remain at North London Business Park is to be extended to June 2020.
- **PI011 - Winter Service (risk score 20 - increased from 15).** The relocation of the gritting depot from Barnet to Harrow could lead to increased travel time and the effectiveness of the service. As there is no other alternative available during this winter season, this risk will focus on ensuring that decisions and deployment are carried out in a timely manner. Progress has not been made by Re in drafting a new Winter Service Plan. Concerns have been raised with the new Re Director The site identified at Mays Lane for relocating the gritting depot was not considered to be suitable. Concerns about the availability of drivers

¹³ There were three risks, but two highways risks on relationship management have been merged into one risk (EC015).

to assist the Highways DLO in delivering the Winter gritting service. This has been reflected in an increased likelihood score.

7. Getting the best out of parks and improving air quality	Q2 Status
	Good

7.1 Summary of Actions Good progress

7.1.1 The Sports Hub masterplans for West Hendon, Barnet/King George V and Copthall playing fields progressed, with Copthall playing fields approved at Environment Committee in September 2019.

7.1.2 Montrose/Silkstream and Victoria Park masterplans also progressed and are on track to deliver improvements by the end of year. A series of smaller parks improvement projects are underway across the borough. The Tree Planting programme has progressed well and the planting of 811 trees will resume later in the year during the appropriate planting season.

7.2 KPIs

7.2.1 There are three KPIs for this priority, which monitor parks and open spaces. One KPI met the Q2 target. Two KPIs are annual and will be reported in Q3.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
Residents satisfied with parks and open spaces (Annual ¹⁴)	Bigger is Better	77% (Autumn 17)	74%	74%	Due Q3 19/20	Not reported in 18/19	Not reported in 18/19	No benchmark available
Total value of investment secured (£)	Bigger is Better	New for 19/20	100k	50k	96.6k (G)	New for 19/20	New for 19/20	No benchmark available
Total number of trees planted per annum (bi-annual) ¹⁵	Bigger is Better	New for 19/20	900	Due Q3 19/20	Due Q3 19/20	New for 19/20	New for 19/20	No benchmark available

7.3 Risks

7.3.1 There are three risks to delivery of the actions for this priority¹⁶. These have been assessed at a medium/high (8 to 12) level and have controls/mitigations in place to manage the risk.

- **EC007 - Objections to masterplan proposals (risk score 8).** The public and stakeholder consultation for Barnet and King George V Playing Fields, and for West Hendon Playing Fields ran for eight weeks and closed on Sunday 28 July. The appointed consultant, SLC, analysed the outcomes of the public and stakeholder consultations. As a result, SLC and council officers met to discuss potential changes to the masterplans and further work will be carried out by SLC and the council. For Copthall the most recent round of public consultation commenced on 5 April 2019 and closed on 17 May 2019. The results of the consultation are being analysed.

¹⁴ Annual KPI from the Residents' Perception Survey (RPS).

¹⁵ Data to be reported in Q3 and Q4 to coincide with the tree planting season.

¹⁶ There were five risks. Two parks risks relating to relationship with contractor have been merged into one risk (EC008) and the risk on objections to tree planting was closed in Q2, as it was no longer considered to be relevant.

- **EC008 - Delays to construction (risk score 8).** To manage the risk of delays to the construction programme, SLC (The Sport, Leisure and Culture Consultancy) has been appointed to produce a feasibility study to help identify project risks for Barnet and King George V Playing Fields, and West Hendon Playing Fields. A consultant has been appointed to assist in the development of the draft masterplan for Cophall. For the Sports Hubs master planning projects work will be carried out to identify risks associated with the development of the sites. This will be undertaken as part of the development of an Outline Business Case.
- **EC009 - Brexit uncertainty leading to increased costs (risk score 8).** Procurements and contracts for works will take into account, where possible, any known and unknown factors to mitigate this risk.

8.	Using regulation and enforcement to reduce non-compliance and maintain our public realm	Q2 Status
		Good

8.1 Summary of Actions Good progress

8.1.1 The Safer Communities Partnership continued to take action against littering and fly-tipping. The interventions included publicity campaigns and neighbourhood-based engagement work to raise awareness of the enforcement approach and deter littering and fly-tipping; enforcement action against those identified as being responsible; and use of CCTV to support environmental crime investigations.

8.2 KPIs

8.2.1 There are two KPIs for this priority, which monitor regulation and enforcement. Both KPIs met the Q2 target.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19	Benchmarking
				Target	Result	DOT	Result	
FPNs issued for fly-tipping, littering and Section 34 Duty of Care offences (q)	Bigger is Better	New for 19/20	5416 (a 5% increase vs. 2017/18 baseline)	1354	1491 (G)	New for 19/20	New for 19/20	No benchmark available
S34 compliance visits carried out (q)	Bigger is Better	New for 19/20	100	25	83 (G)	New for 19/20	New for 19/20	No benchmark available

8.3 Risks

8.3.1 There are two risks to delivery of the actions for this priority. These have been assessed at a medium/low (4 to 6) level and have controls/mitigations in place to manage the risk.

- **EC012 - Enforcement Contractor underperformance (risk score 6 – reduced from 9).** Contractor underenforcement could lead to ineffective enforcement action being taken against environmental crime thereby reducing the deterrent against committing these offences which could result in an increase in crimes such as fly tipping and littering and clean-up costs for the council. A tasking and coordination framework has been implemented to ensure the resources are appropriately tasked and a robust performance contract monitoring regime is in place.

- **EC013 - Unsuitable enforcement action (risk score 6).** Clear communication channels are in place between the contractor and the Community Safety Team to ensure that the type of enforcement action being taken is closely monitored to ensure that it remains appropriate and proportionate.

9. Creating a healthy environment	Q2 Status
	Satisfactory

9.1 Summary of Actions Satisfactory progress

- 9.1.1 The switch on of the 40 Electric Vehicle Chargers was delayed until late October 2019 to allow time for installation of new advisory signage and to consider the implications of installations within controlled parking areas. The priorities for the remaining 40 chargers have been revised to ensure more parity across the ward boundaries. Locations have been identified and are due for installation in late 2019/early 2020. In addition, eight standalone low-level chargers are due to be installed within the Colindale CPZ in late 2019.
- 9.1.2 Analysis of the feedback from the public consultation on the Cycleway from North Finchley to Hornsey was carried out and a draft report produced and discussed by officers and ward members. The results of the consultation show a mix of support and concern across the cycleway route, and additional work is in progress to better understand the detail of the concerns raised especially in one area affected by the proposals.
- 9.1.3 Co-ordinated days of multi-agency action are an important part of the Safer Communities Partnerships efforts to tackle crime and anti-social behaviour. While multi-agency action days took place in Q2, these focused on police interventions rather than compliance visits. Further multi-agency days of action are planned for Q3.

9.2 KPIs

- 9.2.1 There are four KPIs for this priority, which monitor a healthy environment. One KPI on street slighting met the target in Q2.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Street lights working and in light	Bigger is Better	New for 19/20	98%	99%	99.6% (G)	New for 19/20	New for 19/20	No benchmark available
Licensing compliance visits carried out on multi-agency action days (q)	Bigger is Better	New for 19/20	25	Monitor	0 ¹⁷	New for 19/20	New for 19/20	No benchmark available
Unlicensed HMOs identified through the multi-agency action days (q)	Bigger is Better	New for 19/20	20	Monitor	0 ¹⁸	New for 19/20	New for 19/20	No benchmark available

¹⁷ No licensing compliance visits were carried out as a result of multi-agency actions days in Q2.

¹⁸ No HMO multi-agency action days were held in Q2.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Emergency prohibition orders served on accommodation as a result of risks identified through the multi-agency action days	Bigger is Better	New for 19/20	10	Monitor	0 ¹⁹	New for 19/20	New for 19/20	No benchmark available

9.3 Risks

9.3.1 There are two risks to delivery of the actions for this priority. These have been assessed at a medium/high (8 to 12) level and have controls/mitigations in place to manage the risk.

- PI022 - Ongoing Operation of the Central Management System (risk score 10).** There is a risk that replacements parts for street lights may not be available and reporting of energy consumption usage data to the Meter Administrator to inform monthly energy bills may not be possible subsequent to the company going into Administration. The service provider, Barnet Lighting Services, has reported that the agreements reached with Lucy Zodion to ensure that the energy data is provided as required each month to the Meter Administrator is working well. Replacement parts are not currently being manufactured and as a result existing stock levels are very low; however, there are no lights not working due to the unavailability of spares. The additional costs charged by Lucy Zodion are still being covered by the Barnet Lighting Services with no additional costs being charged to the council. The commencement of the LED conversion project trial sites has at this stage alleviated the remaining risk of replacement stock as the equipment removed has been placed in stock for ongoing repairs. Once the main project programme commences this will further improve this position.
- EC014 - Lack of multi-agency co-ordination (risk score 6).** Lack of effective multi-agency co-ordination and information sharing could result in missed opportunities to identify and enforce breaches of licensing regulations. Timely, accurate and relevant information sharing is at the heart of effective partnership working. The Community Safer Partnership has continued to build on and strengthen existing information sharing processes while implanting new processes where appropriate. Multi-agency groups and panels ensure information is shared to allow for early intervention and problem solving. The use of the ECINS system, which facilitates effective partnership information sharing, has now been rolled out to the DV MARAC and IOM panel as well as its continuing use at the CS MARAC. Regular CS MARAC multi-agency problem solving meetings in place with police, trading standards, re. etc.

9.3.2 In addition to the risks in the Annual Delivery Plan, there was a *strategic risk* linked to this priority that was scored at a high (15 to 25) level in Q2.

- STR16 - Environmental sustainability (risk score 20).** This risk relates to the inability to adequately manage the environmental impact of resident and business activities (such as air quality, resource management and climate change), which could lead to negative long-term consequences to the local environment and result in statutory environmental duties

¹⁹ No HMO multi-agency action days were held in Q2.

and targets not being met; financial consequences; and not protecting the environment for future generations. In Q2, evidence has been compiled for the new Transport Strategy and a draft version will be presented to Environment Committee on 20 January 2020. Work on the longer-term mitigations is still ongoing.

10 REASONS FOR RECOMMENDATIONS

- 10.1 These recommendations are to provide the Committee with relevant budget, performance and risk information in relation to the corporate and committee priorities in the Corporate Plan (Barnet 2024) and Environment Committee Annual Delivery Plan. This paper enables the council to meet the budget agreed by Council in March 2019.

11 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 11.1 None.

12 POST DECISION IMPLEMENTATION

- 12.1 None.

13 IMPLICATIONS OF DECISION

13.1 Corporate Priorities and Performance

- 13.1.1 The report provides an overview of performance for Q2 2019/20, including budget forecasts, savings, progress on actions, KPIs and risks to delivering the Annual Delivery Plan.
- 13.1.2 The Q2 2019/20 results for all Corporate Plan and Delivery Plan KPIs are published on the Open Barnet portal at <https://open.barnet.gov.uk/dataset>
- 13.1.3 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate and committee priorities as set out in the Corporate Plan (Barnet 2024) and Annual Delivery Plans.
- 13.1.4 Relevant council strategies and policies include the following:
- Medium Term Financial Strategy
 - Corporate Plan (Barnet 2024)
 - Environment Committee Annual Delivery Plan
 - Performance and Risk Management Frameworks.

13.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 13.2.1 The budget forecasts are included in the report. More detailed information on financial performance is provided to Financial Performance and Contracts Committee.

13.3 Social Value

- 13.3.1 The Public Services (Social Value) Act 2012 requires people 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. The council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

13.4 Legal and Constitutional References

13.4.1 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.

13.4.2 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 section 28(4) of the Act.

13.4.3 The Council's Constitution (Article 7 - Committees, Forums, Working Groups and Partnerships) sets out the responsibilities of all council Committees. The responsibilities of the Environment Committee include:

- (1) Responsibility for all borough-wide or cross-constituency matters relating to the street scene including, parking, road safety, lighting, street cleaning, transport, waste, waterways, refuse, recycling, allotments, parks, trees, crematoria and mortuary, trading standards and environmental health.
- (2) To submit to the Policy and Resources Committee proposals relating to the Committee's budget for the following year in accordance with the budget timetable.
- (3) To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.
- (4) To receive reports on relevant performance information and risk on the services under the remit of the Committee.
- (5) To consider for approval fees and charges for those areas under the remit of the Committee.

13.4.4 The council's Financial Regulations can be found at:

<http://barnet.moderngov.co.uk/documents/s46515/17FinancialRegulations.doc.pdf>

13.5 Risk Management

13.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high level (scoring 15+) risks are reported to the relevant Theme Committee and Policy and Resources Committee. In addition, the Annual Delivery Plan risks associated with the

priorities for this Committee are outlined in the report.

13.6 Equalities and Diversity

- 13.6.1 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty which requires a public authority (or those exercising public functions) to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not.
 - Fostering of good relations between persons who share a relevant protected characteristic and persons who do not.
- 13.6.2 The broad purpose of this duty is to integrate considerations of equality into everyday business and keep them under review in decision making, the design of policies and the delivery of services. The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.
- 13.6.3 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.

- 13.6.4 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

13.7 Corporate Parenting

- 13.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in carrying out any functions that relate to children and young people. There are no implications for Corporate Parenting in relation to this report.

13.8 Consultation and Engagement

- 13.8.1 Consultation on the new Corporate Plan (Barnet 2024) was carried out in the summer 2018. The Corporate Plan was approved by Council in March 2019.

13.9 Insight

- 13.9.1 The report identifies key budget, performance and risk information in relation to the Environment Committee Annual Delivery Plan.

14 BACKGROUND PAPERS

- 14.1 Council, 5 March 2019 – approved Corporate Plan (Barnet 2024)
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9456&Ver=4>
- 14.2 Environment Committee, 14 March 2019 – approved Annual Delivery Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=9669&Ver=4>

<p>f</p> 	<p style="text-align: right;">AGENDA ITEM 8</p> <p style="text-align: center;">Financial Performance and Contracts Committee</p> <p style="text-align: center;">29th January 2020</p>
<p>Title</p>	<p>Chief Financial Officer Report Month 8 (November 2019)</p>
<p>Report of</p>	<p>Director of Finance (Section 151 Officer)</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix A: Revenue forecast Appendix B: Capital forecast Appendix C: Reserves and Balances</p>
<p>Officer Contact Details</p>	<p>Shahida Nasim, Assistant Director of Finance shahida.nasim@barnet.gov.uk</p>
<p>Summary</p>	
<p>This report contains a summary of the Council's revenue and capital financial performance for the financial year 2019/20 as forecasted at Month 8 ending 30 November 2019. It also contains information on the level of debt and debtors for the period to 30 November 2019.</p>	

<p>Officer Recommendations</p>
<p>1. The Committee is asked to note the 2019/20 revenue forecast outturn, as detailed in Table 1 and in Appendix A;</p>
<p>2. The Committee is asked to note the savings anticipated to be delivered in 2019/20, as detailed in Table 6;</p>
<p>3. The Committee is asked to note the 2019/20 capital forecast outturn, as detailed in Table 9 and in Appendix B;</p>

Officer Recommendations

4. The Committee is asked to note the level of reserves and balances as detailed in Appendix C;

5. The Committee is asked to note the treasury position outlined in section 9; and

6. The Committee is asked to note the debtors position outlined in section 10.

1.0 Executive Summary

- 1.1 This report provides an overview of the council's financial outturn for the 2019/20 financial year as forecast at Month 8 (30 November 2019)
- 1.2 The General Fund revenue forecast for 2019/20 as at Month 8 is a net overspend of £3.325m (£2.657m at month 7). The gross movement in the financial position is adverse by £1.316m comprising a £0.667m variation to budget compared to month 7 and £0.649m of reserves being applied. This forecast is stated after the contributions to and from specific and general earmarked reserves reported for Month 8 totalling £4.066m (net drawdown), as shown in Table 1. Excluding these reserve movements, the net forecast overspend would be £7.391m.
- 1.3 This financial forecast at Month 8 gives an adverse movement of £0.667m from Month 7 and are further detailed in Table 2, with the most significant variance movements being set out as follows:
- **Adults and Health £0.009m adverse movement:** The projected current forecast overspend for 2019/20 is £2.968m compared to £2.959m in Month 7. The overspend is mostly due to the cost of placements forecast and the remedial programme of works at Finchley Lido Leisure Centre. This forecast is stated after the contributions to and from specific and general earmarked reserves and provisions reported at Month 8 totalling £2.455m.
 - **Growth and Corporate Services £0.163m favourable movement:** The projected current forecast overspend for 2019/20 is £2.599m compared to £2.762m in Month 7. The favourable movement is mainly the result of movements within the CSG managed fee where a service credit of £0.350m has been received from CSG due to a user satisfaction survey not being undertaken. This is offset by a charge of £0.161m relating to charges for the financial system, Integra.

- **Children’s Family Services £0.905m adverse movement:** The projected current forecast overspend for 2019/20 is £2.101m compared to £1.195m in Month 7. The adverse movement of £0.905m is mainly due to 3 additional residential placements totalling £0.444m (one new residential - £0.068m and two new transferring from lower cost independent fostering carers £0.376m). In addition, there were two new residential family assessments £0.074m and increased pressure in Section 17 – children in need of £0.068m. Price changes as a result of reviews and additional allowances for 20 placements also lead to adverse projection of £0.459m. The overall adverse movement is offset by 10 placements that ended resulting in a £0.146m cost reduction across a variety of service areas. Increases in Children’s Social Care 0-25 accounts for the majority of the remaining monthly increase in the forecast.
- **Environment £0.101m favourable movement:** The projected current forecast overspend for 2019/20 is £1.838m compared to £1.939m in Month 7. The £0.101m favourable movement in Month 8 is mainly the result of a budget virement of £0.150m and additional savings of £0.051m delivered within Waste services. This favourable movement of offset by £0.020m additional salary costs, £0.056m additional Local Implementation Plan (LIP) fees and £0.020m unfunded business rates
- **Finance £0.037m adverse movement:** The projected current forecast underspend for 2019/20 is £6.194m compared to £6.231m in Month 7. The movement is due to increased agency costs.

- 1.4 The overall overspend position at Month 8 requires mitigation in line with financial regulations and recovery plans detailing management actions have been developed as shown in Table 7.
- 1.5 The General Fund balance as at 1 April 2019 was £15.083m (excluding schools’ balances). The net overspend of £3.325m would ordinarily reduce the General Fund balance as at 1 April 2020, however the balance is planned to be maintained by means of a transfer from the earmarked MTFS reserve.
- 1.6 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2019, the council held reserves of £63.626m. Net drawdowns from earmarked reserves of £8.601m are forecast as at Month 8 (£7.284m at month 7) which would result in total earmarked reserves as at 31 March 2020 of £46.968m (£48.285m at month 7). This includes a drawdown for the forecast 2019/20 overspend of £3.325m (£2.657m at month7). Appendix C provides a summary of the reserves and balances position at Month 8.
- 1.7 The forecast as at 30 November 2019 on the council’s 2019/20 capital programme is £343.066m; £292.066m relates to the General Fund programme and £51.000m relates to the HRA capital programme. This is £137.602m less than the currently approved 2019/20 budget of £480.668m. The variance is the net slippage after additions, accelerations and deletions. This forecast is currently under review.
- 1.8 As at 30 November 2019 the overall sundry debt has reduced by £4.935m (£3m increase in month 7). The overdue debt less than 30 days has reduced by £5.7m with the over 90 days also reducing in month 8 by £1.200m. Further detail and a

summary table regarding the debt owed to the council is set out in Tables 15 and 16 of this report.

2.0 Financial Considerations

2.1 Revenue Forecast

General Fund

2.2 The General Fund revenue forecast for 2019/20 as at Month 8 is a net overspend of £3.325m (£2.657m at month 7). The gross movement in the financial position is adverse by £1.316m comprising a £0.667m variation to budget compared to month 7 and £0.649m of reserves being applied.. This forecast is stated after the contributions to and from specific and general earmarked reserves reported at Month 8 totalling £4.066m, as shown in Table 1. Excluding these reserve movements, the net forecasted overspend would be £7.391m.

Table 1: General Fund Revenue Forecast

Service Areas	Revised Budget	Month 8 forecast before reserves applied	Variation to revised budget	Reserves applied	Month 8 forecast after reserve movements	Variation to revised budget
	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	114,888	118,146	3,258	(290)	117,856	2,968
Assurance	5,690	6,482	791	(779)	5,703	12
Children's Family Services	67,479	69,580	2,101	0	69,580	2,101
Growth and Corporate services	40,094	43,974	3,881	(1,281)	42,693	2,599
Environment	11,148	14,702	3,554	(1,716)	12,986	1,838
Finance	61,800	55,606	(6,194)		55,606	(6,194)
Service Total at month 8	301,098	308,489	7,391	(4,066)	304,423	3,325
Service Total at month 7	301,098	307,173	6,074	(3,417)	303,755	2,657
in month change	-	1,316	1,317	649		668

2.3 On 3 October 2019, Policy and Resources Committee gave approval to allocate additional funds from the council's contingency budget. These movements are reflected in the forecast and budget adjustment in Month 8 forecast in Table 1.

2.4 The main movements in forecast between Month 7 and Month 8 are shown in Table 2 below:

Table 2: Movement from Month 7 forecast to Month 8

Variance Movements	Month 7 Variance	Month 8 Variance	Movement Increase / (Decrease)	Explanation of significant movements
	£'000	£'000	£'000	
Adults and Health	2,959	2,968	9	The adverse movement relates to placements and the remedial programme of works at Finchley Lido Leisure Centre.
Assurance	33	12	-20	The improvement is the result of an insurance recharge of £0.010m for agency spend and a £0.010m revised file storage projection.
Children's Family Services	1,195	2,101	905	The adverse movement is due mainly to placements forecast which includes increase in placement movement of: £0.861m, of which £0.800m is external placements and £0.061m is internal placements. In addition, there were increases in Children and Social Care (CSC) 0-25 transition placements.
Growth and Corporate Services	2,762	2,599	-163	A service credit of £0.350m was received against the CSG contract, offset by an adjustment charge to LBB related to the contract with Cambridge Education £0.161m for the financial system, Integra.
Environment	1,939	1,838	-101	The projected current forecast overspend for 2019/20 is £1.838m compared to £1.939m in Month 7. The £0.101m favourable movement in Month 8 is mainly the result of a budget virement of £0.150m and additional savings of £0.051m delivered within Waste services. This favourable movement is offset by £0.020m additional salary costs, £0.056m additional Local Implementation Plan (LIP) fees and £0.020m unfunded business rates.
Finance	-6,231	-6,194	37	The monthly movement is due to increased agency staffing costs.
Total	2,658	3,325	667	

2.5 The main reasons for the forecast overspend of £3.325m as at Month 8 are set out below by exception and highlights only.

2.6 **Adults and Health: Placements budget** is reporting an overspend of £1.649m, no movement from the Month 7 forecast position. The placement overspend is because of unfunded client care package costs mostly in Older Adults (£4.011m) followed by Mental Health (£0.466m) and Physical Disabilities (£0.032m); offset by underspend in Learning Disability (£2.860m). In Month 6, 43 cases were identified that were not previously included in the forecast. There has been a release of £2.455m of the ordinary residence provision, no longer needed, to mitigate the impact of this for this year only. There is a budget pressure of £0.745m (£0.008m increase from Month 7) in Sports and Leisure related to loss of income due to closure of wet area of Finchley Lido leisure centre.

2.7 **The non-placements** budget is forecasting to overspend by £0.575m because of challenges in the Workforce and Prevention Services Budget.

Workforce is reporting an overspend of £0.554m because of double counted savings and agency overspend of £0.484m. The remainder is due to net impact of Mosaic revenue costs and other items (£0.070m). The monthly forecast reduction of £0.068m is due to several posts becoming vacant for part year whilst recruitment activity takes place and some staff opting out of the pensions scheme.

Prevention Services budget is reporting an overspend because of Deprivation of Liberties (DOLs) and Voluntary Organisations service offset by an underspend in Telecare, resulting in a net overspend of £0.021m. The £0.009m adverse movement from Month 7 is mostly due to the revised income losses because of the closure of the wet area of Finchley Lido Leisure Centre.

- 2.8 Non-achievement of any savings and mitigating actions will lead to an increased pressure. Risks are being monitored monthly. The key risks being monitored in this area are demand risk and a potential winter spike in activity.
- 2.9 Children and Families:** The overall forecast to year end 2019/20 is an overspend of £2.101m. Key pressures making up the £2.101m overspend are identified in staffing £0.700m; legal £0.300m; claimants who are the responsibility of the Council but who have no recourse to public funds £0.233 and placements. Children's budgets have been subject to detailed review led by the Director and Budget Managers and have now been re-aligned against priorities for better forecasting and management purposes. The ongoing pressures after the realignment exercise are reflected in the current forecast overspend.
- 2.10 Staffing budgets are £0.744m overspent. Detailed staffing monitoring continues to be undertaken, including all agency staff on a week by week basis. Forecasts reflect the service's recruitment plans and vacancies.
- 2.11 There are ongoing pressures on the legal budget of £0.300m due to more children in proceedings. As at November 2019, the current case-loads for 2019/20, the full year figure are 430 Children Services and 86 Education proceedings which compares with that of October 2019, which were 362 Children Services and 110 Education Proceedings.
- 2.12 Claimants who are the responsibility of the Council but who have no recourse to public funds is forecast to overspend by £0.223m by the end of the year as this is a demand led statutory area of spend.
- 2.13 The placements forecast, though currently within the realigned budget, includes placement movement of: £0.861m against the previous month, of which £0.800m is external placements and £0.061m for internal placements. There are considerable pressures with significant shifts in demand patterns and risks across all areas to be managed. These tend to mitigate towards year end if only due to part year effects of new placements coming in, however these new placements can significantly impact on costs for the following years.
- 2.14 The libraries service business rates increases were in excess of the budgeted amounts and have therefore resulted in an overspend of £0.090m.

- 2.15 Growth and Corporate** The overall forecast to year end is an overspend of £2.599m. Movement from Month 7 was a decrease of (£0.163m), driven primarily by the (£0.147m) improvement reported in CSG Managed Fee as reported in Table 2. Other budgets have reported some movement in month which net to reported position.
- 2.16 The key pressures on the overall budget remains within the CSG Managed Budget, which is reporting a £2.444m overspend. This overspend is the result of £0.580m relating to business rates, rents and running costs associated with delays in moving out of Barnet House and NLBP, £0.147m for additional security costs that have been incurred across the estate as the moves were delayed and as Brent Cross sites are vacated. Additional business rates of £0.248m for the Colindale building have been paid. These rates are subject to appeal. A further pressure of £0.104m remains as a lessee for the ground floor café lease in the Colindale office is still being sought and lower than anticipated income from the vending machines. A total of £0.206m is in relation to unbudgeted depot costs, £0.110m for a compensation payment for a legal settlement and £0.180m for fly-tipping. There is a shortfall of £0.370m in income associated with Brent Cross leases as sites are vacated to make way for development. Officers are seeking to minimise costs wherever possible.
- 2.17 Environment:** The overall forecast to year end 2019/20 is an overspend of £1.838m. There was a £0.101m favourable movement in Month 8. This includes projected overspend of £1.377m within the Street Scene Service. This pressure has primarily resulted from a projected overspend of £1.400m in staffing (including Agency) and £0.310m for maintenance costs for the ageing vehicle fleet for Waste Front line service. The vehicle related costs have increased in the last two financial years due to the age profile of the current vehicles and need for additional vehicles to cover the operations. Projected vehicle related cost is expected to marginally reduce in Month 9 due to the move of the fleet to the Oakleigh depot where they will be maintained by the Council workshop.
- 2.18 Tree Planting Scheme - the projection for Month 8 includes an agreed drawdown of £0.346m from reserves. This was agreed at P&R Committee two years ago.
- 2.19 Greenspaces has a gross overspend of £0.450m and is due to the service unable to meet the 2019/20 MTFS Savings. The net overspend is £0.249m, of which £0.217m is mitigated by s106 monies and Local Authority Parks Improvements Funding.
- 2.20 Environment Management are showing a pressure of £0.213m, £0.120m of which have mitigating actions which are under review.
- 2.21 Finance:** The projected current forecast underspend for 2019/20 is £6.194m compared to £6.231m in Month 7. The adverse movement of £0.037m is due to increased agency staffing costs.
- 2.22 Public Health** are forecasting to balance the overspend against the budget with a drawdown from reserves of £0.290m. Table 3 is provided below summarising the position including the contribution to reserves.

Table 3: Public Health Grant Forecast as at Month 8

Public Health 2019-20	Month 8	2019-20 Budget	Actuals to date	Current Forecast	Overspend / (Underspend)	Movement from last month
		£'000	£'000	£'000	£'000	£'000
Adults Funding						
Contributions to Adults		340	0	340	0	0
Wider Determinants		1,300	0	1,300	0	0
Adults Funding Total		1,640	0	1,640	0	0
Children's Funding						
Early Years		925	0	925	0	0
HV CommOfficer		75	0	75	0	0
MASH Officer		50	0	50	0	0
Contributions to Children's		340	0	340	0	0
Health Visiting Services		4,281	2,544	4,362	81	1
School Nursing Service		955	573	982	27	0
Oral Health		59	34	59	0	0
Children's Funding Total		6,684	3,151	6,793	109	1
PH Own Budget						
Drugs & Alcohol		2,906	1,398	2,906	(1)	0
Health Checks		257	40	257	0	0
Legal		0	4	10	10	0
Sexual Health		3,110	1,366	3,157	47	0
Staffing and Support		1,586	1,037	1,486	(100)	11
Tobacco Control		150	8	150	0	0
Young People's Public Health		256	69	493	236	(10)
Health In All Policies		38	0	35	(3)	35
Health Care PH		75	(20)	67	(8)	0
PH Own Budget Total		8,379	3,902	8,561	182	37
Total Before Reserves		16,703	7,053	16,993	290	38
Reserve Drawdown		0	0	(290)	(290)	(38)
Total After Reserves		16,703	7,053	16,703	0	0

3.0 Housing Revenue Account (HRA)

3.1 The HRA Revenue is forecasting a deficit of £2.711m against a budgeted deficit of £10.712m resulting in a net favourable variance of £8.002m as per Table 4. The HRA revenue balances are now showing an improved forecast at an estimated £9.500m at 31 March 2020 (£12.300m at 31 March 2019). This will be significantly above the required minimum level of £3m and will be kept under review as part of the updating of the HRA business plan.

Table 4: Housing Revenue Account Forecast as at Month 8

	Original Budget	Actuals to 30/11/2019	Forecast	Variance
	£'000	£'000	£'000	£'000
Dwelling Rent	(48,633)	(17,303)	(49,252)	(619)
Service & Other Charges	(8,897)	(5,953)	(8,633)	264
Housing Management	20,473	8,576	21,929	1,456
Repairs & Maintenance	7,570	3,796	7,580	10
Provision for Bad Debt	250	0	250	0

Regeneration	837	(52)	798	(39)
Capital Charges	30,134	0	30,134	0
RCCO	9,074	0	0	(9,074)
Interest on Balances	(95)	(2)	(95)	0
HRA Surplus/(Deficit)	10,713	(10,938)	2,711	(8,002)
Transfer to/from reserves	(10,713)		(2,711)	8,002
HRA Surplus/(Deficit)	0	(10,938)	0	0

- 3.2 The main reasons for the variance from budget are;(i) a shortfall in rental income (garages and commercial property),(ii) additional costs within housing management for increases in insurance premiums, cost of a head lease and agreed change notices with Barnet Homes. These are offset by the partial benefit of additional rental income due to the additional rent week in 2019/20.
- 3.3 A review of the HRA commitments was undertaken and budget revisions have been put forward to restore the level of balances. The main change has been to remove Revenue Contributions to Capital Outlay (RCCO) funding and replace with borrowing as the HRA borrowing cap has been removed.

4.0 Dedicated Schools Grant (DSG)

- 4.1 The DSG budget for 2019/20 has been revised to take into account the brought forward reserve of £1.543m and additional funding from Central Government of £0.964m announced in December 2018. After these additions to the budget the DSG is forecasting an underspend of £1.270m. The overall DSG funding 2019/20 of £219.687m reflects November 2019 DfE notification of recoupment adjustments. This is reflected in Table 5.
- 4.2 The High Needs block is forecasting an overspend of £0.605m due to top-up funding for high needs pupils. However, forecasts are being reviewed and expected to reduce. The high needs funding system supports provision for children and young people with Special Educational Needs and Disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who cannot receive education in schools.
- 4.3 DSG High Needs funding has not kept up with inflation or the rate of demographic growth in recent years, whereas demand, driven by a mixture of demographic change, the growing complexity of needs and the new framework created by the SEN reforms, has grown significantly. Local authorities across England are facing similar problems and many are known to have faced significant overspending on their High Needs budgets.
- 4.4 The High Needs pressure is partly offset by underspends in the Schools Block. The Growth Fund for expanding schools is forecasted to underspend by £1.675m. In addition, there is underspend in school improvement de-delegation of £0.200m, as agreed with School's forum.
- 4.5 There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks. In previous years there has been underspending in the overall Schools Budget, which helped to create reserves that could be used to address new pressures, such as the need to allocate 'growth

funding' for new and expanding schools. However, the reserves have gradually been used up, largely to pay for growth funding and because of the growing pressures on the High Needs budget.

Table 5: Dedicated Schools Grant

	Revised Budget	Period 8 forecast after reserve movements	Variation to Revised Budget
	£'000	£'000	£'000
Schools			
- Individual Schools Budget	141,289	141,089	200
- Growth Fund	2,118	443	1,675
- Central schools expenditure	1,281	1,281	0
- ESG retained funding	902	902	0
Sub-total	145,590	143,715	1,875
Early Years Block	28,928	28,928	0
High Needs Block	46,712	47,317	-605
Sub-total	221,230	219,960	1,270
DSG Income	-219,687	-219,687	0
DSG c/f	-1,543	-273	-1,270
Total DSG	0	0	0

5.0 Savings

5.1 In 2019/20 the council budgeted to deliver £19.965m of savings. Table 6 below summarises the value of savings that are expected to be achieved against the savings programme. In total, £16.744m of savings is expected to be delivered by year end, representing 84% of the target. Savings delivered as at 30 November 2019 were £13.549m, an increase of 16% from Month 7. The variances from Month 7 are detailed under each service area below. Delivery of these expected savings is included in the forecasts reported in Table 1.

Table 6: Savings 2019/20

Service Area	Savings target 2019/20	Savings Delivered as at 30/11/2019	Total Savings Expected to be Delivered by 31/03/20	(Gap)/Over to plan	Service area gap %
	£'000	£'000	£'000	£'000	%
Adults & Safeguarding	-7,518	-5,743	-6,636	-882	11.70%
Children and Family Services	-3,912	-2,993	-3,912	0	0.00%
Environment	-4,567	-2,805	-3,917	-650	14.20%
Growth and Corporate Services	-3,925	-1,981	-2,252	-1,673	42.60%
Assurance	-43	-27	-27	-16	37.60%
Total	-19,965	-13,549	-16,744	-3,221	
Percentages	100%	68%	84%	16.1%	

5.2 Adults and Health savings of £7.518m are broadly to be achieved in 2019/20. The £0.882m gap (£7.518m less £6.636m) relates to staffing efficiencies (£0.305m) and a combination of care package reviews and other (£0.577m). A further review of savings is ongoing which may result in an increase in achievable savings forecast.

5.3 Growth and Corporate Services forecasted gap is £1.673m (£3.925m less £2.252m) and is partly due delay in moving to the new offices in Colindale where savings were anticipated. Savings in relation to moving to the new Customer Service Model have similarly been delayed. A total of £1.186m which was planned to be achieved by the transfer of properties and debt management to Open Door Homes will now commence in 2020/21. Savings will be delivered when the properties transfer or are acquired, contracts and agreements are being prepared. Other services are reviewing the position to ensure maximum savings delivery.

5.4 Environment service have delivered savings of £2.805m as at Month 8. The total forecasted gap is £0.650m made up of £0.450m in Greenspaces and £0.200m in Street Scene.

6.0 Recovery Plans

6.1 The total gross forecast overspend in Table 7 is £11.384m. In addition to the savings plans all service areas have developed recovery plans to mitigate against overspends. Mitigating actions total £3.337m have been developed and are offsetting the pressures experienced within service areas.

Table 7: Recovery plans

Service area	Month 8 overspend prior to mitigation actions	Mitigations	Reported 8 Over (under)- After Mitigation Actions
	£'000	£'000	£'000
Adults and Health	3,501	1,277	2,224
Leisure	745	0	745
Children's Family Services	2,709	1,548	1,161
Growth and Corporate services:		-	
Corporate Services	2,528	17	2,511
Housing Strategy	68	68	0
Environment	1,832	427	1,832
Total	11,384	3,337	8,474

6.2 The overall net forecast overspend of £3.325m is being robustly managed through additional mitigation measures. Environment have mitigations of £0.427m which have been excluded from the forecast as there is a risk of not delivering all the mitigating actions. Focus is required by all service areas to deliver the plans they have submitted and collectively to achieve them.

6.3 For Children and Families Services - The Month 8 projection is £2.101m overspend forecast. £0.300m earmarked transformations funding has not been factored into current forecast which may further reduce the overspend forecast for the service. The service is taking further action to ensure that lower cost options are explored to reduce overall spend on this service provision. As part of the mitigation actions for the 0-25 Service, process audits are currently underway to improve the data quality of information for forecasting with the aim of reducing cost pressures. In addition, the service is exploring further use of Internal Fostering, in order to fully utilise carers to reduce the pressure on placement budget and overall costs.

7.0 Capital Programme

7.1 Capital

The forecast as at 30 November 2019 on the council's 2019/20 capital programme is £343.066m (£344.189m at month 7), of which £292.066m (£293.304m at month 7) relates to the General Fund programme and £51m (£50.885m at month 7) relates to the HRA capital programme. This is £137.602m (£136.479m at month 7) less than the currently approved 2019/20 budget of £480.668m. Total expenditure to 30 November 2019 is £155.590m (£130.386m at month 7). The Table 8 provides a summary of the position as reported at Month 8.

Table 8: Capital Forecast

Service Area	2019/20 Budget £'000	Additions/ (Deletions) £'000	(Slippage)/ Accelerated Spend £'000	2019/20 Forecast £'000	Variance from Approved Budget £'000	Expenditure to date £'000
Adults and Health	14,184			14,184		10,130
Children's Family Services	24,957	4,360	(3,190)	21,767	(3,190)	16,623
Growth and Corporate services	91,907	(84)	(16,804)	75,502	(16,405)	49,977
Environment	29,051	14,800	(5,068)	26,430	(2,621)	7,501
Brent Cross	263,936	7,155	(122,838)	141,098	(122,838)	44,042
Regional Enterprise (Re)	15,885		(2,800)	13,085	(2,800)	9,684
General Fund Programme Total	439,920	26,231	(150,700)	292,066	(147,854)	137,957
HRA	40,748	3,100	10,137	51,000	10,252	17,633
Grand Total	480,668	29,331	(140,563)	343,066	(137,602)	155,590

7.2 Highlights of the key issues arising in regard to variances in the table above are provided below by service area.

7.3 **Adults and Health** – The spend to date has been £10.125m (approximately 71% of the forecast outturn). No slippages are forecast on the revised budget.

7.4 **Children and family services** - The spend to date is £16.623m (approximately 76% of the forecast outturn). A slippage of £3.190m from the approved budget is forecast due to reprofiling of the capital budget to reflect the current project plans, school requirements and externally agreed direct funding from the Department for Education (DfE).

7.5 **Growth and Corporate services** – The spend to date is £49.9m which represents 66% of the forecast £75.502m outturn. The projected year end spend of £75.502m represents a net variance of £16.405m (82%) from the original budget of £92m. Capital projects are classed as Corporate Services or Housing General Fund.

There are three significant **Corporate Services** schemes. The £22m Saracens Loan to construct their new West Stand. The forecast drawdown for 2019/20 is now £13.294m with slippage of £9.446m being moved to 2020/21, drawing down as required. The Colindale Office Build had a budget of £10.882m and is forecast to spend to budget with retention monies slipping into next year as a result of later than anticipated completion. The Asset Management Project which is to capitalise appropriate enhancements has £1.649m budget approved in 2019/20 with £0.522m spent to date and is on target to spend to budget.

7.6 The Housing General Fund capital programme has three main schemes:

- Housing acquisitions (Phase 4) with £8.300m of expenditure slipped into 2020/21 whilst administrative arrangements are put in place.

- New build homes (Tranche 3) through Opendoor Homes, from the £30m budget, £5m has been reprofiled and moved into next year due to some delays with development.
- Direct Acquisitions (HRA Phase 2) is the other significant item with a £9.700m budget which is forecast to spend to budget.

7.7 **Environment** has a budget of £29.051m and is expecting to spend some £26.430m with a net predicted slippage of £5.068m. The LED programme of installations only started at the beginning of November, which has resulted in a £2m slippage as they only have five months to the end of the financial year of installation works taking place. There is also a £2m slippage due to the delay in the purchasing of new vehicles and the reprofiling of Hendon Cemetery & Crematorium works.

7.8 **Brent Cross** – the overall development comprises four programmes, Land Acquisitions, Thameslink Station, Critical Infrastructure and Strategic Infrastructure Charge, each with a number of work packages within them.

- Land Acquisitions forecast has remained the same as per Month 7. Areas to be addressed include potential incurred revenue expenditure within the LBB Estates Team, a detailed review to be undertaken to quantify items of capital nature.
- Thameslink Station has remained the same as per Month 7. An Internal Cost Review has been commissioned by the Brent Cross Governance Board to verify current and future forecasts. The outcome of the review is expected to feed into Month 9 reporting.
- Critical Infrastructure has increased by £1.500m since Month 7 for 2019/20.
- Strategic Infrastructure Charge is currently being forecasted on budget at present. The Homes England Agreement will allow the Council to receive a loan payment of £23m and will substitute the borrowing funding stream currently in the programme. This agreement is due to be finalised shortly and the impact would be beneficial to the Council.

7.9 The HRA capital programme has expenditure to date of £17.600m against a projected outturn of £50.885m. The forecast outturn of £50.885m shows acceleration against the reprofiled budget for the year of £40.748m. The accelerated spend of £10.137m is in respect of HRA acquisitions. The expenditure profile is currently being reviewed by officers to establish reasons for variations.

Funding of Capital Programme

7.10 The composition of capital funding is detailed in Table 9. The level of funding from Capital receipts, Revenue/ Major Repairs Allowance(MRA) and Community Infrastructure Levy (CIL) funding remain broadly the same as the previous period. The level of anticipated borrowing has reduced by £3.307m due to slippage in funding for the Colindale Station Works.

Table 9: Funding of 2019/20 Capital Programme at Month 8

Service Area	Grants/ Other contributions £'000	S106 £'000	Capital Receipts £'000	Revenue/MRA £'000	CIL £'000	Borrowing £'000	Total £'000
Adults and Health	2,000				10,124	2,060	14,184
Children's Family Services	18,164	1,554	96		363	1,590	21,767
Growth and Corporate services	2,542	3,626	14,423	595	1,159	53,157	75,502
Environment	4,580	483	2,036	435	4,325	14,571	26,430
Brent Cross	111,720					29,378	141,098
Regional Enterprise (Re)	334	12,751					13,085
General Fund Programme	139,340	18,414	16,555	1,030	15,971	100,756	292,066
HRA	5,000		3,101	19,727		23,172	51,000
Total Capital Programme	144,340	18,414	19,656	20,757	15,971	123,928	343,066

8.0 Reserves and Balances

8.1 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2019 the council held reserves of £63.626m . Service drawdowns from earmarked reserves at Month 8 are £8.601m (£7.284m at month 7) as detailed in table 10. This would result in total earmarked reserves of £46.968m (£48.285m at month 7) as at 31 March 2019, reflected in Appendix C.

Table 10: Estimated drawdown details

Reserve drawdown per Project and Service Area	Service Area	Month 8 Budget Overspend £'000	Month 8 Forecasted 'Reserve Drawdown £'000
Net Forecasted Overspend for all Service Areas prior to reserve drawdown		7,391	
Transformation Reserve	Growth and Corporate	(221)	(221)
Drawdown to support Re contract adjustment between years	Growth and Corporate Services	(1,000)	(1,000)
Strategic Contract Realignment - ongoing review	Growth and Corporate Services	(60)	(60)
Community Budgets and Troubled Families	Family Services	0	0
Public Health expenditure	Adults and Health	(290)	(290)
Payment of recovery of the proceeds of crime act	Assurance	(779)	(779)
Drawdown from Parking Reserve towards eligible expenditure	Environment	(1,716)	(1,716)
M8 Reserve drawdown per Table 1		(4,066)	(4,066)

M8 Net Overspend after Reserve drawdown		3,325	(3,325)
Revenue Implications of capital	Revenue Contributions to Capital		(600)
Transformation reserve	Adults and Health		(360)
Strategic Contract Realignment - Strategic HR & Finance	Finance		(250)
Total Reserve Drawdown for Month:8		3,325	(8,601)

- 8.2 The council's total reserves are forecast at Month 8 to be £46.968m (£48.285m at month 7) at the end of 2019/20. This is an improvement of £1.319m compared to Month 7. The total reserves will be £16.658m lower than at the start of the year. This reduction includes planned use of reserves of £8.057m which was budgeted for within the MTFs to achieve a balanced position for 2019/20.
- 8.3 There are several one-off items which are expected to reduce reserves in the current financial year. These include transformation expenditure (£0.581m), use of the Special Parking Account (£1.231m) and a drawdown from contingency to support the adjustment to of Re contract payments (£1m). For this item, the Council previously received the benefit of a management fee payment reduction of £1m and now receives a one-off reduction in the level of guaranteed income.
- 8.4 Reserves and balances are detailed in Appendix C.
- 8.5 In additions to the above Earmarked Reserve balances, the Council also maintains The General Fund balance to manage the impact of uneven flows and unexpected events or emergencies. As at 1 April 2019 the General Fund balance was £15.083m (excluding schools' balances). The net overspend of £3.325m at Month 8 (£2.657m at month 7) would ordinarily reduce the General Fund balance as at 31 March 2020, however, the balance will be maintained by means of a transfer from the MTFs reserve.

9.0 Treasury Management

Investment Performance

- 9.1 Investment deposits are managed internally. As at 30 November 2019, deposits outstanding were £148.9 million, achieving an average annual rate of return of 0.78% against a benchmark average (7-day London Interbank Bid Rate - LIBID) of 0.57%. The benchmark is the rates that banks pay to attract deposits from other banks. The list of deposits outstanding is detailed in the table below.

Table 11: Investments Outstanding as at 30 November 2019

	Principal (£'000)	Interest Rate (%)	Start Date	Maturity Date	Lowest long term rating	Historic risk of Default (%)
Money Market Fund						
MMF Federated Investors	25,000	0.73			AAA	0.000
MMF Invesco	14,350	0.72			AAA	0.000
MMF Aviva	25,000	0.72			AAA	0.000
MMF Goldman Sachs	550	0.67				0.000
Total Money Market	64,900					
Banks						
Australia & New Zealand	5,800	0.78	31-Oct-19	31-Jan-20	AA-	0.003
Australia & New Zealand	4,600	0.79	11-Nov-19	28-Feb-20	AA-	0.004
Australia & New Zealand	7,500	0.84	29-Nov-19	29-May-20	AA-	0.020
Sumitomo Mitsui	10,000	0.76	15-Aug-19	31-Jan-20	A	0.013
Sumitomo Mitsui	10,000	0.83	20-Nov-19	20-Feb-20	A	0.018
Landesbank Baden Wuerttemberg	10,000	0.80	05-Nov-19	05-Feb-20	A-	0.035
LLOYDS BANK	6,600	0.82	13-Aug-19	23-Dec-19	A+	0.008
LLOYDS BANK	10,000	0.85	15-Aug-19	28-Feb-20	A+	0.012
LLOYDS BANK	1,900	1.10	23-Oct-19	92 day call	A+	0.000
Santander	10,000	0.79	27-Aug-19	28-Feb-20	A	0.012
Sandander	7,600	0.85	22-Nov-19	22-May-20	A	0.035
Total Banks	84,000					
Total Investments	148,900	0.78				0.007

NB: All the above counterparties have a limit of £25 million. No limits are exceeded.

Borrowing

9.2 The council has operated within the Prudential Indicators with an emphasis on high quality relatively liquid investments to ensure that cash is available to meet expenditure requirements. The Local Government Act 2003 requires the council to set maximum limits on its total outstanding debt. During the period to 30 November 2019, there were no breaches of the Authorised Limit (maximum permitted debt) and the Operational Boundary (the value of debt considered affordable).

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 for 2019/20 was approved by Council on 5 March 2019. The TMS requires regular compliance reporting to include an analysis of deposits made during the period. This also reflects good practice and will serve to reassure that all current deposits for investment are in line with agreed principles as contained within the TMS.

- 9.3 The total value of long-term loans as at 30 November 2019 was £384.08m. In the eight months to 30 November £80 million of new 50-year borrowing was acquired from the PWLB. The average rate of interest on the new borrowing is 1.935% (range 1.67% to 2.15%) compared with an average interest rate for the existing long-term borrowing of 3.86%. Plans for additional borrowing to support the three-year capital programme were placed on hold following the Government's decision to increase the PWLB margin over gilts to 1.8%. Cash balances remain healthy with no immediate need for additional borrowing

Short-term Borrowing

- 9.4 The total loans outstanding has increased in the eight months by £55 million to £404.08 million (31 March 2019: £349.08 million). The projected debt requirement as at 31 March 2020 is £431.5 million based on the latest capital programme projections (last month we reported £442.5 million). The authorised debt limits (absolute maximum permitted) is £739.4 million and the Operational Boundary (maximum consistent with long term affordability) is £639.4 million.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 9.6 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- 9.7 The upper limit for variable rate exposure (40%) allows for the use of variable rate debt to offset changes in short-term investment returns. Currently the only variable debt is LOBO loans (because of the interest options) with short-term local authority loans also treated as variable. These represent 20% of current borrowing.

Table 12: Upper limits for Interest rate exposure

	Limits for 2019/20 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	40
Compliance with Limits:	Yes

Maturity Structure of Fixed Rate Borrowing

- 9.8 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. Barnet debt is mostly long-term with relatively little refinancing risk associated with short-term debt.

Table 13: Maturity Structure of Fixed Rate Borrowing

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/11/19 £'000	% Fixed Rate Borrowing as 30/11/19	Compliance with Set Limits?
Under 12 months	0	50	20,000	4.95%	Yes
12 months and within 24 months	0	50	0	0.00%	Yes
24 months and within 5 years	0	75	0	0.00%	Yes
5 years and within 10 years	0	75	22,516	5.57%	Yes
10 years and above	0	100	361,564	89.48%	Yes
Total			404,080	100.00%	

Table 14: Capital Financing Requirement and External Debt

	Forecast for March 2020 £'000
Prudential Indicator – Capital Financing Requirement (CFR)	
CFR – Non-housing	433,069
CFR – Housing	223,510
Total CFR	656,579
Prudential Indicator – The Operational Boundary for External Debt	
Borrowing	639,385
Other long-term liabilities	15,601
Total debt	654,986

9.9 CFR is the cost of capital assets less disposals and provision for MRP. As debt should only be for capital purposes, normally borrowing should be less than the CFR indicating that all borrowing is for capital purposes. The operational boundary for external debt is the expected debt level if capital expenditure plans are fully implemented. The forecast year end CFR has reduced by £98.3 million in line with deferment of part of the capital programme. As mentioned above, expected year-end debt is £431.5 million.

10.0 Debtors

10.1 An analysis of debtors as at the 30 November 2019 is provided below at Tables 15 and 16. It should be noted that this information is a snapshot as at that date and the position will change daily.

10.2 Between October and November 2019 overall debt decreased by £4.900m. This decrease is a result of a substantial reduction in outstanding balances within the up to 30 days invoices and a £1.200m reduction in over 90 days.

10.3 Overdue debt (up to 30 days and older) as at 30 November 2019 was £20.968m a decrease of £5.557m for the same period in 2018 where the outstanding balance was £26.525m.

Table 15: Aged Debt Analysis as at 30 November 2019

Debtor	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total Debt
	£'000	£'000	£'000	£'000	£'000	£'000
Month 8	1,812	1,919	4,970	1,521	12,557	22,779
Month 7	1,027	7,628	3,860	1,349	13,850	27,714
Movement	785	-5,709	1,110	172	-1,293	-4,935

10.4 Table 16 gives detail of the top ten individual debts by debtor, totalling £12.580m.

Table 16: Top 10 debtors as at 30 November 2019

Debtor	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total Debt
	£'000	£'000	£'000	£'000	£'000	£'000
NHS BARNET CCG	0	614	3,728	1,073	3,316	8,731
THE FREMANTLE TRUST	0	0	488	0	812	1,300
COMER HOMES	0	0	0	0	993	993
Deeya Limited	0	0	0	0	319	319
Mott MacDonald Ltd	0	99	9	0	186	294
Affinity Water	15	208	4	0	0	227
London Borough of Ealing	0	0	0	0	194	194
Debtor 1*	0	1	0	0	180	181
Debtor 2*	0	4	4	4	160	172
Debtor 3*	0	0	0	0	169	169
Total	15	926	4,233	1,077	6,329	12,580

* Note: Debtor 1, 2 and 3 are individuals where the debt has been secured by deferred payment arrangement.

10.5 There has been further positive progress with NHS Barnet CCG who have agreed to pay an invoice totalling £1.800m from the 30-60 days category and another for £0.800m from the 60-90 days category.

10.6 The two areas where legal discussions are ongoing are with The Freemantle Trust and Comer Homes. Adults are leading on the discussion with The Freemantle Trust. It is unclear at this stage when the matter is likely to be resolved.

10.7 Legal discussions continue with Comer Homes, who have asked for a without prejudice meeting with the Assistant Director of Estates.

10.8 Approval was received from the Policy and Resources Committee held in January 2020, to write off the balance owed by Deeya Ltd.

11 Reasons for Recommendations

11.1 The report provides an overview of the council's financial performance to Month 8 of the 2019/20 financial year as forecast at 30 November 2019. The report also provides a commentary on the strategic financial issues facing the council during the period.

12 Alternative options considered and not recommended

12.1 None.

13 Post decision implementation

13.1 As per Committee's instructions.

14 Implications of decision

14.1 Corporate Priorities and Performance

14.1.1 This supports the council's corporate priorities as expressed through the Corporate Plan for 2019-24 which sets out our vision and strategy for the next five years. This includes the **outcomes** we want to achieve for the borough, the **priorities** we will focus limited resources on, and our **approach** for how we will deliver this.

14.1.2 Our three outcomes for the borough focus on place, people and communities:

- a pleasant, well maintained borough that we protect and invest in
- our residents live happy, healthy, independent lives with the most vulnerable protected
- safe and strong communities where people get along well

14.1.3 The approach for delivering on this is underpinned by four strands; ensuring residents get a fair deal, maximising on opportunities, sharing responsibilities with the community and partners, and working effectively and efficiently

14.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

14.2.1 This report considers the financial position of the Council.

14.3 Social Value

14.3.1 None applicable to this report, however the council must take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers.

14.4 Legal and Constitutional References

14.4.1 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.

14.4.2 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.

14.4.3 The council’s Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
- The council’s major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

14.4.4 The council’s Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s49777/17FinancialRegulations.doc.pdf>

14.4.5 Section 2.4.3 of the Financial regulation states that amendments to the revenue budget can only be made with approval as per the scheme of virements table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance 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 approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a

value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant 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.

14.5 Risk Management

14.5.1 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.

14.5.2 The revised forecast level of balances needs to be considered in light of the financial performance reported.

14.6 Equalities and Diversity

14.6.1 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.

14.6.2 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.

14.6.3 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.

14.6.4 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.

14.6.5 Progress against the performance measures we use is published on our website at: <https://barnet.moderngov.co.uk/documents/s52957/Appendix%204%20-%20Equalities%20Diversity%20and%20Inclusion%20Action%20Plan%20201920.pdf>

14.7 Corporate Parenting

14.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

14.8 Consultation and Engagement

14.8.1 None in the context of this report

15 Insight

15.1 None in the context of this report

16 Background Papers

Meeting	Description	Link
Financial Performance and Contracts Committee Thursday 28 October 2019 7pm	7. Chief Finance Officer Report	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=693&MId=9867
Financial Performance and Contracts Committee Thursday 3 October 2019 7pm	15. Oakleigh Depot Remedial Works and 19. Exempt part	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=692&MId=9851&Ver=4
Financial Performance and Contracts Committee 19 June 2019 7pm	7 Chief Finance Officer report – Year End	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=693&MId=9866&Ver=4
Policy and Resources Committee Thursday 3 October 2019 7.00 pm	8 Business Planning 2020-25 and Budget management 2019/20	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=692&MId=9851&Ver=4
Council 5 th March 2019	11 Corporate Plan, Medium Term Financial Strategy 2019/24 and Budget for 2019/20	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=162&MId=9456&Ver=4
Policy and Resources Committee Thursday 3 October 2019 7.00 pm Brexit paper to P&R 3 Oct	7 Brexit Preparedness	https://barnet.moderngov.co.uk/ielistDocuments.aspx?CId=692&MId=9851

Appendix A - Revenue Forecast 2019/20											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary -
Adults and Health	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Integrated Care - LD	28,156	30,629	17,066	27,769	(2,860)		27,769	(2,860)	27,769		0 The underspend is due to use of Ordinary Residence Provision (£2.455m), management mitigating actions and other (£0.405m). The current number of service users receiving services paid by this budget is 678, some have multiple care elements. The forecast includes : financial commitments of 29 service users transitioning from Families Services with a current forecasted costs of £0.943m and £0.984m of MTFS savings. The budget variance explained by service type is due to underspends on several client care services: Residential Care (£0.848m) Direct payments (£0.338m); Day Care (£0.099m); Extra Care (£0.057m); Respite (£0.054m); Other services (£0.007k); offset by overspends in Supported Living (£0.317m), Nursing Care (£0.054m); Homecare (£0.023m) and lower forecasts on Fairer Contributions (£0.604m). The final position is improved by withdrawal of Ordinary Residence provision of £2.455m used to cover costs for these service users.
Integrated care - MH	7,331	8,699	5,390	9,165	466		9,165	466	9,165	(0)	The budget pressure is mostly due to unfunded demographic growth which includes 21 new clients at an average yearly cost of £30k; 7 exiting clients forecasted to have increased complexity needs costing on average £20k more per case. The pressure is offset by mitigating actions of (£0.418m) . The current number of service users receiving services paid by this budget is 367, some have multiple care elements. The forecast includes £0.416m of MTFS savings. The budget variance explained by service type is due to net overspends on several client care services: Supported Living (£0.377m);Nursing (£0.023m); Home Care (£0.010m); Extra Care (£0.008m); Direct payments (£0.005m); Other services (£0.041m), adverse budget variance on Fairer Contributions income (£0.151mk); ; offset by underspends in ; Residential Care (£0.122m); Day Care (£0.012m) and Respite and other (£0.015m).
Integrated Care - OA	31,073	30,616	20,766	34,627	4,011		34,627	4,011	34,627	(0)	The budget pressure is mostly because of unfunded growth due to increased demand for new placements and increase in care needs. The forecast is offset by £0.463m of mitigating actions. The current number of service users receiving services paid by this budget is 2,247, some have multiple care elements. The forecast includes £2.708m of MTFS savings. The budget variance explained by service type is due to net overspends on several client care services: Residential (£2.463m); Homecare (1.253m); Direct Payments (£1.075m); Nursing (£0.444m); Supported Living (£0.316m); Extra Care (£0.253m); Other Services (£0.085), offset by favourable client contribution income forecast (£1.827m); underspends in Day Care (£0.048m) and Enablement and other (£0.003m). The monthly forecast movement is due to reduction in non client income forecast.
Integrated Care - PD	8,134	9,049	5,232	9,081	32		9,081	32	9,081	0	The budget overspend is mostly due to placements cost. The forecast includes £0.019m of mitigating actions and £0.186m of MTFS savings. The current number of service users receiving services paid by this budget is 558, some have multiple care services . The budget variance explained by service types is due to net overspends on several client care services: Home Care (£0.628m); Supported Living (£0.028m); Extra Care and Other (£0.022m); adverse budget variance on Client Contribution (£0.031m); offset by underspends in: Residential (£0.212m); Direct Payment (£0.159m); Nursing (£0.088m); Day care (£0.072m), Enablement (£0.017m); Other Services (£0.129m).
Prevention Services	4,830	3,770	5,381	3,791	21		3,791	21	3,791	(0)	There are overspend in the DOLs and Voluntary Organisations service with underspend in Telecare, resulting in a net overspend of £0.021m. The £0.040m movement from month 6 is due to recognising the Pre-Paid Card online solution costs.
Workforce	14,376	14,902	6,599	15,455	554		15,455	554	15,454	1	The overspend is due to a combination of budget reductions: £0.305m of double counted Senior Management MTFS savings; £0.179m contribution to corporate pot to reduce the agency deficit; £0.059m wrongly declared saving on a post covered by Public Health Funding; Mosaic Revenue costs (£0.230m), offset by underspends in various areas (£0.221m). The pressure would have been much higher if the service would have filled c32 posts currently being held vacant or part time, which are contributing to c£0.593m savings on top of the MTFS savings of £932k.
Leis, Sports and Phys Activity	509	521	312	1,265	745		1,265	745	1,257	8	The current budget variance and monthly forecast movement is because of income loss due to closure of Finchley Lido Leisure centre. The centre has been closed from March 2019 due to structural issues with the roof and the closure is forecasted to remain in place until December 2019. The actual income loss will increase if the centre remains closed behind December 2019.
Public Health	16,707	16,703	7,027	16,993	290	-290	16,703	0	16,703	0	
Adults transformation programm	0	0	368	0	0		0	0	0	0	
Total Adults and Health	111,117	114,888	68,143	118,146	3,258	(290)	117,856	2,968	117,847	9	

Assurance											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Electoral Service	665	804	579	653	(151)	150	803	(1)	803	0	
Legal Advice and Monitoring	2,688	0	1,078	0	0		0	0	0	0	
Assurance & Business Dev	794	860	521	869	9		869	9	869	(0)	
Counter Fraud Operations	350	437	1,171	1,366	929	-929	437	0	437	(0)	
Governance	2,185	2,266	1,341	2,266	(0)		2,266	(0)	2,266	0	
Information Management	1,025	541	327	553	12		553	12	563	(10)	Overspend due to shredding costs, copyright software licensing and file storage. The movement from Month 7 is due to a revised file storage forecast.
Internal Audit	371	376	188	376	0		376	0	376	(0)	
Organisational Resilience	367	407	581	399	(8)		399	(8)	409	(10)	Underspend due to delayed recruitment of emergency responders (27k) net against an overspend in civil protection 19k due to airwave radio licence renewal. The movement from Month 7 is due to the recharging of 10k additional temporary staffing costs.
Total Assurance	8,444	5,690	5,786	6,482	791	(779)	5,703	12	5,723	(20)	
Children's Family Services											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Family Services Management	5,414	(868)	711	(1,099)	(230)		(1,099)	(230)	(1,099)	(0)	additional DSG income
Social Care Management	631	1,214	555	872	(342)		872	(342)	917	(44)	Forecast underspend - £0.255m staffing and £0.043m in supplies & services. This Comprises £0.355m agency budget held centrally,(partially offsets agency pressures in CSC 0-25). Non-staffing of £0.043m forecasted underspend due to reduction in mentoring spend estimate. The movement of £0.065m is due to maternity cover for one member of staff.
CSC 0-25	7,885	7,896	5,623	9,443	1,547		9,443	1,547	9,146	297	Forecast overspend relates to: staffing £0.388m. There are currently 15 agency staff in the service. In addition pressure of £0.861m relates to non-staff, increase in case complexity hence package costs. Current budget average unit cost per year is £0.027m whereas forecasted unit cost per year is £0.031m The movement of £0.211m was due mainly to increase of shortbreak/ direct payments and respite and home support.
Permanence Trns & CorParenting	4,089	4,363	3,930	5,241	878		5,241	878	5,123	118	Forecast overspend relates to: staffing £0.044m. agency costs covering vacancies and staff on long term sick leave across service. Non-staffing pressure of £0.716m. All attributable to Leaving Care accommodation pressures. There are 68 clients with accommodation support . Monthly movement - The monthly movement has increase in Onwards and Upwards client costs. This was due to 3 new clients, 12 clients ended and changes in accommodation cost and increases in other client allowances. EU nationals not eligible to Housing benefit.
Placements	17,944	21,489	13,133	21,839	350		21,839	350	20,979	861	Forecast underspend relates to: Non-staffing £0.515m. This is mainly made up of £0.379m in fostering support as there was a decrease in fostering support as 89 reported in mth 6 to 86. There was also a decrease of £0.194 in external preparation for independence due to 3 new placements at a cheaper cost and a savings of £0.058m because of 2 clients ended. Underspend partially offset by £0.100m pressure on External Fostering and additional residential support costs. staffing: increase of staff and agency cost across the service . Movements - Decreases in staffing and agency cost across the service. Decreases in fostering support budget £0.201m and the Independent fostering agency cost £0.0125m. Also additional residential cost.
Assessmnt,Intervntion & Planning	7,818	10,796	6,361	11,298	502		11,298	502	11,298	0	Legal Cost £0.300m and no recourse to public funds £0.223m pressures
Clinical Services	1,387	1,391	946	1,394	3		1,394	3	1,391	3	
Early Help 0-19	4,366	4,463	3,870	4,237	(226)		4,237	(226)	4,394	(157)	
YOT,Risk & Vulnerability	477	484	401	394	(90)		394	(90)	476	(82)	
Safeguarding,QA & Workforce Development	2,674	2,714	1,584	2,604	(110)		2,604	(110)	2,604	0	£0.051m increase in projections due to extension of agency staff. Forecasted underspend mainly due to management actions undertaken to reduce agency spend on the back of good Ofsted rating
Commissioning	1,066	1,166	403	1,074	(92)		1,074	(92)	1,074	0	Forecasted underspend due to held vacancies
Comm,Complaint & BusinessSupport	1,080	1,372	841	1,265	(108)		1,265	(108)	1,358	(93)	
Libraries & Comm.Engagement	3,474	3,538	2,575	3,611	73		3,611	73	3,611	0	Projecting an overspend of £0.045m which mainly relates to rate increases at Colindale and Church End Library which collectively add up to £0.090m.
Performance Imporvement & Customer Engagement	1,337	1,226	606	1,195	(31)		1,195	(31)	1,195	0	Forecast underspend due to revision of IT Projections
Partnership and VofChild	390	416	229	416	0		416	0	416	0	
Central Education	26	(305)	(404)	(328)	(23)		(328)	(23)	(328)	0	
Education Skills	6,175	6,122	8,074	6,121	(0)		6,121	(0)	6,119	2	
Total Children's and Families Services	66,234	67,479	49,438	69,580	2,101	0	69,580	2,101	68,674	905	

Growth and Corporate Services											See Columns Q to S for further info to assist writing commentary
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Programmes, Performance & Risk Generation											
Commercial Management	1,110	1,145	512	1,022	(123)		1,022	(123)	1,068	(46)	Underspend on Staff costs net against overspend in Performance. The Movement from Month 7 is due to an adjustment in the legal recharge forecast.
CSG Managed Budget	2,847	3,819	2,449	6,264	2,444		6,264	2,444	6,210	54	The month 8 variance of £2.444m consists of; 150k MTFs savings shortfall on the move from Barnet House, 138k additional security (inc stab vests for Blue9), 38k of increased utilities costs in Barnet House due to the delayed move, 248k of unanticipated Colindale building rates, 105k 'Costa' missed income, 89k of Colindale vending machine contract charges, 21k of extra Morrisons car park requirements, 109 Moxon St statutory compensation, 159k PRPB group 1 disposal feasibility SPIR costs, 10k LBB financial modelling 1st trial, 100k Fly tipping, 71k extra Freemantle contract building remedial works, 10k Datscha subscription, 80k increase in reactive repairs costs, 180k Depot and Salt Barns, 396k rates and service charges for NLBP, 469k document solutions income shortfall, 368k Brent X income shortfall, 122k Capitol Way print room costs net of a reduction in Tarling Way YMCA costs, (406k) Freemantle contract reductions and (7k) increased income for Libraries and Town Hall rentals. The movement from Month 7 of 54k consists of Colindale materials purchases 64k, Colinhurst utilities (24k), (8k) lettings and room hires, (94k) Tarling road costs now pro-rata for 1 Qtr, (24k) reduction in Oakleigh Rd Depot security costs. Misc property costs movements of; Christmas Trees (642), Valuation fees 5k. Advertising 10k. Salt Barn Relocation 2.2k. Gainshare 974. Coptall LV Cable
CSG Management Fee	19,311	20,738	13,687	20,569	-169		20,569	(169)	20,716	(147)	CSG Management fee is forecasting an underspend of (£44k) at Month 8 mainly due to; <ul style="list-style-type: none"> +£289k Customer Services saving (reducing demand through increased online contact, process automation and reduction in failure demand). Delay in the new Service Model being implemented due to delays to Colindale and the website launch has impacted the ability to reduce resources earlier. The service are reviewing options to plug this gap including not backfilling posts. +£90k A change in the contract was agreed to support public health procurements as they now incorporated into the council. The agreed figure with CSG is 90k plus indexation for future years. +£69k of SPIR and Legal costs which are under investigation as should be recharged Net a -£454k underspend on Change Requests (CR) relating to the Capita Contract including £189k deleted CR for Finance Heads of Service. A 90k virement is due from Finance which has not been included as it requires P&R committee approval The movement from Month 7 is due to (64k) Doc solutions costs transferred to Estates, 39.8k increase in Revenues and Benefits volumes, 6k increase in Revenues and Benefits legal costs, (4k) additional change requests. +69k cost centre adjustments, 161k Cambridge Education contract settlement, -350k KPI service credit.
Customer Services & Digital	359	683	(270)	723	40		723	40	723	0	The £40k overspend in Month 8 is due to £30k on out of hours telephony costs due to a contract change and 78k of web team staffing costs previously charged to Capital and other customer strategy staff costs net the (64k) improved Registrars income. The movement from month 7 is due to an increase in customer strategy staff costs.
Deputy Chief Executive	509	505	397	578	73		578	73	574	4	Overspend relating to £29.6k SPIR cost relating to the Senior Management Restructure and £24.7k Key Worker permits for the Barnet Group move to Colindale, £13k SPIR cost for absence reporting net of a £10k underspend on staffing due to Month 3 projected Graduate Trainee post being covered but Central Govt. Brexit funding. The movement from Month 6 is mainly due to the absence reporting SPIR cost
Employment Skills & Ec Dev	200	200	15	200	0		200	0	200	0	Care Leavers Salary costs funded, Other Care Leaver Participation to be incurred
Estates	180	502	207	530	28		530	28	530	(0)	Projecting an overspend due to increased staffing costs.
Growth and Housing	235	234	386	234	0		234	0	234	0	Spend to budget currently forecast pending restructure/recruitment
Housing Strategy	6,178	7,366	10,595	7,435	69		7,435	69	7,547	(112)	The net overspend position of £0.068m this reflects a £0.112 improvement in the position from month 7 due to better than anticipated Cheyne letting and the on-going delivery of lower cost Temporary Accommodation units.
Human Resources & OD	927	1,073	800	1,205	132		1,205	132	1,205	(0)	The overspend is mainly due to £142k in relation to staff recharges for time spent on Trade Union activities net of an (18k) underspend in HR. The TU budget is only £33k and recharges of £176k are being projected for 5 members of staff from Adults, Schools and libraries.
Programmes, Performance & Risk	338	642	384	706	64		706	64	656	50	Overspend on Staff costs net against underspend in Commercial Mgt. The movement from Month 7 is due to an additional £0.05m agency staff spend forecast.
Strategy & Communications	916	1,189	785	1,253	64	-60	1,193	4	1,193	0	
Transformation Programme - DCE	0	0	209	221	221	-221	0	0	0	0	
Transformation Prog Scene	0	0	461	0	0	0	0	0	0	0	Boost ? Needs to be looked into should be a reserve to cover CP/JL to look into. Funding to be confirmed from external and internal sources
Total (excl Re)	33,111	38,097	30,618	40,941	2,844	(281)	40,659	2,562	40,856	(197)	
Guaranteed Income	(16,549)	(16,815)	(7,680)	(16,655)	160	0	(16,655)	160	(16,689)	34	Projected legal costs offset by LBB client costs budget. other potential costs included as a risk, as these are currently under discussion within the GI review meetings. Guaranteed income expected to be fully achieved. Contract Y5 income shortfall invoice agreed and raised, and shortfalls between this and the YE debtor will be offset against S106 which is still to be quantified and transferred. Projected overspend of £0.037m is in relation to PDA income, where the HRA income is expected to exceed the £0.806m target therefore creating a pressure in the general fund and a benefit to the HRA.
RE Projects	0	1	(7,040)	1	0	0	1	0	1	0	
Management Fee	17,466	18,811	14,637	19,688	877	-1,000	18,688	(123)	18,688	0	£1m original pressure in the management fee due to the income target deferral from 2017/18 to 2019/20 to be funded by reserves. Underspend against LBB client costs offsetting expenditure coded to guaranteed income
Growth and Corporate Services Incl Re	34,028	40,094	30,535	43,974	3,881	(1,281)	42,693	2,599	42,856	(163)	

Environment	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Commercial Services Streetscene	(2,086)	(2,003)	(2,653)	(2,007)	(3)		(2,007)	(3)		-3	Forecasting to budget based on current income levels, projected business growth and churn, and anticipated levels of bad debt. This level includes income and savings from the ongoing review of customers based on weight of bins. £0.300m adjustment has been factored into the projections to take into account the reduction in cancelled customers' accounts due to overweight bins, and offsetting losses against the equivalent savings in disposal costs. A virement of £0.150m from the NWLA Levy has already been actioned.
Fleet and Transport	560	823	3,322	814	-8		814	(8)		18	Forecasting very close to budget based 2018/19 outturn. The movement from M.6 to M.7 is due to additional staffing costs.
Ground Maintenance(Front line)	2,343	2,408	1,256	2,181	(226)		2,181	(226)		-0	The underspend is due to the service reviewing all costs including agency spend, as they move into Autumn Winter months. The Manager has been proactive and has made changes to the service, including savings in overtime, agency and vehicle running costs, now reflected within the revised year end projections.
Green Spaces & Leisure	874	1,015	1,191	1,677	663	-414	1,263	249		4	Overspend due to Parks and Open Spaces and the MTFS savings of £0.450m deliverability. This has been partially mitigated by additional income from S.106 funding and reserves. Projections include £ 0.346m projected spend for The Tree Planting project, to be funded from reserves.
Management and Service Support	1,215	1,109	814	975	(134)		975	(134)		257	The movement from M.7 to M.8 is the reallocation of the Agency Top Slice budget to services. The underspend of £0.134m relates to staff vacancies
Street Cleansing (Front Line)	2,533	3,155	1,879	3,227	72	-71	3,156	1		2	Forecasting on budget.
Waste (Front Line)	6,825	6,846	5,260	8,556	1,710		8,556	1,710		-303	This pressure is primarily resulting from projected overspend of (£1.4m) in staffing and (£0.310m) for vehicle related cost within Recycling & Waste service. The Staffing cost increase is a direct result of split operation, round reorganisation, historic under funding, overall shortage of skilled drivers in the market, Brexit and Depot works related risk, that Service are trying to mitigate by retaining agency capacity for a foreseeable period. The vehicle related cost have increased in last two financial years due the age profile of the current vehicle and need for additional vehicles to cover the operations. Projected vehicle related cost has marginally reduced in month 8 due to the move to Oakleigh depot where they will be maintained by Council workshop The movement between M.7 and M.8 is mainly due to the decrease of budget and actuals to reflect Agency Top Slice apportionment to the service, also the reduction in vehicle maintenance costs.
Environment Management	15,504	3,637	10,836	3,917	279	-73	3,844	206		-130	Environment Management is projecting an overspend of £0.156m, a £0.130m reduction compared to month 7. This is due to the assumed reversal of the £0.150m virement that was processed earlier in the year as agreed by Jamie Blake at month 7. In September P&R it was agreed that £11.863m would transfer out of Environment to central expenses for the main NLWA levy. Historically an underspend against the main Levy was expected and was projected to offset overspends within this area. As the underspend is now against central expenses any costs previously expected to be offset against this are now contributing to a pressure.
Highway Inspection/Maintenance	273	298	778	745	447	-447	298	0		0	Highways service is currently predicting an underlying overspend £447 for Winter Highways Maintenance. There is also a accepted risk, that projections are based on a mild winter and council contingency funds will need to be called upon where more severe conditions occur.
Highways and Transport Managem	0	358	166	358	0		358	0		0	Projecting on budget including agency spend.
Parking	(558)	(745)	(336)	(679)	66	-66	(745)	0		20	Off Street Parking is expected to achieve it's income target this year. The budget has been increased by £0.200m, this reflects the correct 2019-20 MTFS savings as previously the savings were all allocated to the SPA. The movement between M.7 and M.8 is due to unfunded NDR costs.
Special Parking Account	(13,694)	(13,494)	730	(13,074)	420	-420	(13,494)	0		0	There are risks with income generated in this area, for 19/20 projecting an under achievement in income of £0.420m, to be off-set by the use of reserves for this year. Going forward expected changes causing reductions in income are being balanced with actions to help mitigate these issues and meet MTFS savings.
Street Scene Management	1,121	1,132	659	1,170	38		1,170	38		-22	The projected small over spend is due to costs of staff cover for long term sick and cost increases for weed spraying and haulage costs. The movement between M.7 and M.8 is due to the reduction in budget and actuals to reflect Agency Top Slice apportionment to the service.
Street Lighting	5,919	6,528	3,294	6,529	1		6,529	1		0	Revised electricity rates have helped to bring this area close to budget.
Advertising	0	(390)	0	(165)	225	-225	(390)	0		0	Projecting an underlying overspend of £225k for Advertising, as the service is unable to fully achieve the MTFS saving for Advertising, due to a part year effect with the contract now commencing October. Budget pressures on this line are shown as fully mitigated by use of reserves.
Electric Vehicle Charging	1	0	17	0	0		0	0		0	
Environment Sub total	20,829	10,676	27,212	14,225	3,550	(1,716)	12,509	1,834	12,666	(157)	
Re managed budget	437	472	505	476	4	0	476	4	421	56	Projected overspend due to food sampling increases due to a large suspected food poisoning case, movement due to agreed LIP fees between LBB and Re
Part Theme Total	21,266	11,148	27,717	14,702	3,554	(1,716)	12,986	1,838	13,087	(101)	

Note Re should be updated below not here											
Finance											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Central Expenses	50,492	54,597	21,847	49,903	(4,694)		49,903	(4,694)	49,903	(0)	The Month 8 variance is made up of the following underspends; 462k on Levies, 7k on External Audit costs, 40k on WLA subscriptions, 446k on early retirement/ pension strain payments and 2,925k on Capital financing resulting from a reduction of borrowing costs and increase in interest receivable and an unallocated contingency budget of 814k .
Finance	2,576	3,353	3,384	3,353	0		3,353	0	3,353	(0)	
Grants	139	104	8	104	0		104	0	104	0	
Revs & Bens	4,929	3,746	(1,385)	2,246	(1,500)		2,246	(1,500)	2,209	37	Expecting to overachieve housing benefit overpayment recovery. Movement from Month 7 is due an adjustment to the rent allowances forecast
Total Finance	58,136	61,800	23,854	55,606	(6,194)	0	55,606	(6,194)	55,569	37	
TOTAL BEFORE DSG AND HRA	299,223	301,098	205,473	308,489	7,391	(4,066)	304,423	3,325	305,658	667	
Dedicated Schools' Grant											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Schools											See Columns Q to S for further info to assist writing commentary
- Individual Schools Budget	141,143	141,985	110,771	141,785	(200)		142,028	43	142,028	0	
- Growth Fund	897	2,028	331	463	(1,565)		1,536	(492)	1,536	0	
- Central schools expenditure	1,268	1,287	283	1,287	0		1,281	(6)	1,281	0	
- ESG retained funding	852	897	0	897	0		897	0	897	0	
Sub-total	144,160	146,196	111,385	144,431	(1,765)	0	145,742	(454)	145,742	0	
Early Years Block	28,837	28,928	16,374	28,928	0		29,051	123	29,051	0	
High Needs Block	44,310	46,888	24,926	48,059	1,171		46,653	(235)	46,653	0	
Sub-total	217,307	222,012	152,685	221,418	(594)	0	221,446	(566)	221,446	0	
DSG Income	(216,806)	(220,469)	(114,573)	(220,469)	0		(219,903)	0	-219,903	0	
DSG c/f	(501)	(1,543)	0	(949)	594		(1,543)	0	-1,543	0	
Total DSG	0	0	38,112	0	(0)	0	0	(566)	0	0	
Housing Revenue Account											
	Original Budget	Revised Budget	Actuals to 30/11/2019	Month 8 forecast	Variation to revised budget	Reserve Use	Month 8 forecast after reserve movements	Variation to revised budget	Month 7 forecast after reserve movements	Variation to Month 7 forecast	Commentary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Dwelling Rent	(48,633)	(48,633)	(17,303)	(49,252)	(619)	0	(49,252)	(619)	(49,252)	0	The increased income is due to the partial benefit of the additional week of rental income in 2019/20. The movement is due to a slightly lower void level projection
Service & Other Charges	(8,897)	(8,897)	(5,953)	(8,633)	264	0	(8,633)	264	(8,633)	0	The under-achievement of income is mainly due to higher level of voids on garage rents (£0.195m) and commercial property units (£0.107m) offset by higher Water Admin income for invoicing for the previous year
Housing Management	20,473	20,473	8,576	21,929	1,456	0	21,929	1,456	21,929	0	The main reason for the variance is as follows: (i) estimated increase in Insurance premiums of £0.578m due to anticipated additional insurance costs based on 2018/19 actuals ii) additional Trade down/Disturbance payments of £0.087m (ii) £112k for the cost of Wardens on the regeneration estate (iv) Head Lease payment of £0.150m (v) Feasibility Study costs estimated at £0.100m (vi) Universal Credit Mitigation costs £0.170m (vii) additional decanting costs £0.088m on the regeneration estates and (viii) Rent Possession Court Costs £0.020m and (vix) stock condition survey (£0.150m). The main changes from month 5 are additional income expected from Dwelling Rents due to slightly lower Voids, higher Commercial Rent income from additional lets/new leases, additional income on HRA Regeneration projects and the cost of undertaking a stock condition survey.
Repairs & Maintenance	7,570	7,570	3,796	7,580	10	0	7,580	10	7,580	0	Ad hoc repairs not covered in management fee
Provision for Bad Debt	250	250	0	250	0	0	250	0	250	0	
Regeneration	837	837	(52)	798	(39)	0	798	(39)	798	0	Overachievement of Income due from Developers
Capital Charges	30,134	30,134	0	30,134	0	0	30,134	0	30,134	0	
RCCO	9,074	9,074	0	0	(9,074)	0	0	(9,074)	0	0	RCCO not required to finance capital expenditure
Interest on Balances	(95)	(95)	(2)	(95)	0	0	(95)	0	(95)	0	
HRA Surplus/(Deficit)	(10,713)	(10,713)	0	(2,711)	8,002	0	(2,711)	8,002	(2,711)	0	Net deficit in year therefore contribution from HRA Reserves mainly due to additional costs.
Total Housing	0	0	(10,938)	0	0	0	0	0	0	0	

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Year	Theme	Programme	Deletions/Transfers	Additions	Net Slippage & Accelerated spend	Explanation for request	Funding
2020-21	Children, Education & Safeguarding	Grammar school projects		2,222		Additional Budget	Other Grants & Contributions
2021-22	Children, Education & Safeguarding	Grammar school projects		2,140		Additional Budget	Other Grants & Contributions
2019-20	Housing Revenue Account	Accessible accommodation adaptations		115		Additional Budget	HRA Major Repair Reserve
2020-21	Housing Revenue Account	Accessible accommodation adaptations		460		Additional Budget	HRA Major Repair Reserve
2021-22	Housing Revenue Account	Accessible accommodation adaptations		460		Additional Budget	HRA Major Repair Reserve
2022-23	Housing Revenue Account	Accessible accommodation adaptations		460		Additional Budget	HRA Major Repair Reserve
2020-21	Environment	Highways Improvement		444		Additional Budget	Other Grants/S106
2019-20	Adults and Safeguarding	Community Equipment and Assistive Technology		1,110		Additional Budget	Other Grants/CIL
2020-21	Adults and Safeguarding	Community Equipment and Assistive Technology		1,110		Additional Budget	Other Grants/CIL
2021-22	Adults and Safeguarding	Community Equipment and Assistive Technology		1,110		Additional Budget	Other Grants/CIL
2022-23	Adults and Safeguarding	Community Equipment and Assistive Technology		1,110		Additional Budget	Other Grants/CIL
2023-24	Adults and Safeguarding	Community Equipment and Assistive Technology		1,110		Additional Budget	Other Grants/CIL
2019-20	Environment	Greenspaces Infrastructure Programme		300		Additional Budget	Other Grants/S106/CIL
2020-21	Environment	Greenspaces Infrastructure Programme		300		Additional Budget	Other Grants/S106/CIL
2021-22	Environment	Greenspaces Infrastructure Programme		300		Additional Budget	Other Grants/S106/CIL
2022-23	Environment	Greenspaces Infrastructure Programme		300		Additional Budget	Other Grants/S106/CIL
2023-24	Environment	Greenspaces Infrastructure Programme		300		Additional Budget	Other Grants/S106/CIL
2021-22	Housing	Colindale – Highways and Transport		181		Additional Budget	Other Grants/S106
2021-22	Housing	Town Centre		105		Additional Budget	Other Grants/S106
2019-20	Policy & Resources	Asset Manager IT		50		Additional Budget	Capital Receipt
2019-20	Environment	Local Implementation Plan 2016/17 and onwards		409		Additional Budget	Other Grants & Contributions
2019-20	Environment	Investment in Roads & Pavement (NRP)		2,382		Additional Budget	Other Grants & Contributions
2022-23	Housing	Colindale – Parks, Open Spaces and Sports		103		Additional Budget	Other Grants/S106
2019-20	Housing	Health projects		1,384		Additional Budget	Other Grants/S106
2019-20	Environment	Vehicles		1,428		Additional Budget	Borrowing
2020-21	Environment	Vehicles		10,065		Additional Budget	Borrowing
2021-22	Environment	Vehicles		820		Additional Budget	Borrowing
2022-23	Environment	Vehicles		342		Additional Budget	Borrowing
2023-24	Environment	Vehicles		943		Additional Budget	Borrowing
2020-21	Housing Revenue Account	M&E/ GAS		109		Additional Budget/Correction	HRA Major Repair Reserve
2021-22	Housing Revenue Account	M&E/ GAS		2,400		Additional Budget/Correction	HRA Major Repair Reserve
2019-20	Housing	Disabled Facilities Grants Programme		413		Additional Budget	Borrowing
2020-21	Children, Education & Safeguarding	St James / Blessed Dominic	(573)			Budget Virement	Other Grants & Contributions
2020-21	Children, Education & Safeguarding	Oakleigh SEN		38		Budget Virement	Other Grants & Contributions
2019-20	Children, Education & Safeguarding	Claremont SEN		60		Budget Virement	Other Grants & Contributions
2020-21	Children, Education & Safeguarding	School place planning (Primary)		573		Budget Virement	Other Grants & Contributions
2021-22	Children, Education & Safeguarding	SEN	(98)			Budget Virement	Other Grants & Contributions
2020-21	Children, Education & Safeguarding	Information Management		75		Budget Virement	Capital Receipt
2020-21	Children, Education & Safeguarding	Family Services Estate - building compliance, extensive R&M, H&S, DDA	(75)			Budget Virement	Capital Receipt
2019-20	Housing	Chilvins Court	(60)			Budget not required	Revenue Contribution
2019-20	Housing	St Georges Lodge temporary accommodation conversion	(33)			Budget not required	Borrowing
2020-21	Housing Revenue Account	Ansell Court - extra care housing	(805)			Budget not required	HRA borrowing
2019-20	Housing Revenue Account	Burnt Oak Broadway Flats - additional storey	(99)			Budget not required	HRA borrowing
2019-20	Children, Education & Safeguarding	Modernisation - Primary & Secondary			(1,801)	Budget re-profile	Other Grants & Contributions
2019-20	Children, Education & Safeguarding	St Agnes			(185)	Budget re-profile	Other Grants & Contributions
2019-20	Children, Education & Safeguarding	St James / Blessed Dominic			(619)	Budget re-profile	Other Grants & Contributions
2019-20	Children, Education & Safeguarding	Grammar school projects			362	Budget re-profile	Borrowing/S106
2019-20	Children, Education & Safeguarding	Oakleigh SEN			38	Budget re-profile	Other Grants/S106
2019-20	Children, Education & Safeguarding	Claremont SEN			160	Budget re-profile	Other Grants/S106
2019-20	Children, Education & Safeguarding	Alternative Provision			(1,000)	Budget re-profile	Other Grants & Contributions
2019-20	Children, Education & Safeguarding	Early Education and Childcare place sufficiency			52	Budget re-profile	Other Grants/CIL
2019-20	Children, Education & Safeguarding	Information Management			(25)	Budget re-profile	Borrowing
2019-20	Children, Education & Safeguarding	Loft conversion and extension policy for Foster Carers			(30)	Budget re-profile	Borrowing
2019-20	Children, Education & Safeguarding	Meadow Close Children's Homes			(573)	Budget re-profile	Borrowing
2019-20	Children, Education & Safeguarding	Family Services Estate - building compliance, extensive R&M, H&S, DDA			(333)	Budget re-profile	Capital Receipt
2019-20	Policy & Resources	Asset Management			(700)	Budget re-profile	Capital Receipt/Borrowing
2019-20	Policy & Resources	Implementation of Locality Strategy			(237)	Budget re-profile	Capital Receipt/Borrowing
2019-20	Housing	Office Build			(399)	Budget re-profile	Borrowing
2019-20	Housing	Modular Homes			(1,278)	Budget re-profile	Borrowing
2019-20	Housing	St Georges Lodge temporary accommodation conversion			(183)	Budget re-profile	Borrowing

2019-20	Housing	New Build Housing (Open Door)			(5,000)	Budget re-profile	Borrowing
2019-20	Housing	Housing acquisitions Open Door			(8,300)	Budget re-profile	Borrowing
2019-20	Housing	Micro site development for affordable housing			(707)	Budget re-profile	Other Grants/S106
2019-20	Environment	Carriageways			(470)	Budget re-profile	Borrowing
2019-20	Environment	Saracens - highways works			(24)	Budget re-profile	Other Grants/S106
2019-20	Environment	Highway Asset Management/Network Recovery Plan (NRP) Phase 2			(1,800)	Budget re-profile	Borrowing
2019-20	Housing	Colindale – Parks, Open Spaces and Sports			(1,300)	Budget re-profile	Other Grants/CIL
2019-20	Environment	Refurbish and regenerate Hendon Cemetery and Crematorium			(1,000)	Budget re-profile	Borrowing
2019-20	Environment	LED Lighting			(2,000)	Budget re-profile	Borrowing
2019-20	Environment	Highways (permanent re-instatement)			(500)	Budget re-profile	Borrowing
2019-20	Environment	Vehicles			(1,007)	Budget re-profile	Borrowing
2019-20	Brent Cross	BXC - Funding for land acquisition			(9,820)	Budget re-profile	Borrowing
2019-20	Brent Cross	Thames Link Station			(162,538)	Budget re-profile	Other Grants & Contributions
2019-20	Brent Cross	Critical Infrastructure			9,734	Budget re-profile	Other Grants & Contributions
2019-20	Brent Cross	Colindale – Highways and Transport			(2,800)	Budget re-profile	Other Grants/CIL
2019-20	Brent Cross	Colindale Station Works			(2,658)	Budget re-profile	Borrowing
2019-20	Housing Revenue Account	M&E/ GAS			(1,000)	Budget re-profile	HRA Major Repair Reserve
2019-20	Housing Revenue Account	Extra Care- housing (Stag & Cheshire)			(490)	Budget re-profile	HRA Capital Receipts
2019-20	Housing Revenue Account	Burnt Oak Broadway Flats - additional storey			(218)	Budget re-profile	HRA borrowing
2019-20	Housing Revenue Account	Upper & Lower Fosters Community Led Design			1,045	Budget re-profile	HRA Major Repair Reserve
2019-20	Housing Revenue Account	Barnet Homes GLA development programme			(200)	Budget re-profile	HRA borrowing
2019-20	Housing Revenue Account	HRA acquisitions			11,000	Budget re-profile	HRA borrowing
2020/21	Housing	Disabled Facilities Grants Programme	(450)			Budget not required	Other Grants & Contributions
Total:-			(2,193)	35,231	(186,804)		

Appendix C: Reserves and Balances

Month 8- Reserves and Balances	b/fwd total £'000	Planned Revenue Drawdown	CF Smoothing Reserve	Planned Total	Adults and Health	Assuranc e	Environme nt	Family Services	Growth and Corporat e	Finance	Service Drawdowns Total	General fund Forecast	Revenue Contributions to Capital	Total Drawdowns	C/F Reserves balance
Capital															
Capital - CIL	2,937			0							0			0	2,937
Revenue implications of capital	1,441			0							0		600	600	841
Total Capital Reserves	4,378	0	0	0	0	0	0	0	0	0	0	0	600	600	3,778
Revenue															
New Homes Bonus	0			0							0			0	0
MTFS - Assume gap closed	34,036	5,357		5,357							0	3,325		8,682	25,354
Collection Fund Smoothing Reserve	6,380		2,700	2,700							0			2,700	3,680
Revenue - Earmarked	1,629			0							0			0	1,629
Transformation	3,083			0	360				221		581			581	2,502
Revenue - Service Specific	4,822			0		704	485		1,060	250	2,499			2,499	2,323
Non Ringfenced Revenue	49,950	5,357	2,700	8,057	360	704	485	0	1,281	250	3,080	3,325	0	14,462	35,488
Ringfenced				0							0			0	0
DSG	1,543			0							0			0	1,543
Housing Benefits	3,981			0							0			0	3,981
North London Sub Region	79			0							0			0	79
PFI	0			0							0			0	0
Public Health	1,462			0	290						290			290	1,172
Special Parking Account	2,233			0		75	1,231				1,306			1,306	927
Total Ringfenced	9,298	0	0	0	290	75	1,231	0	0	0	1,596	0	0	1,596	7,702
Total Earmarked Reserves	63,626	5,357	2,700	8,057	650	779	1,716	0	1,281	250	4,676	3,325	600	16,658	46,968
General Fund Balance	15,083														15,083

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Financial Performance and Contracts Committee

29 January 2020

Title	Year 6 and 7 Capita Contracts Review – Terms of Reference
Report of	Director, Commercial and Customer Services
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	None
Officer Contact Details	Deborah Hinde – Director, Commercial and Customer Services deborah.hinde@barnet.gov.uk 020 8359 2461 Elaine Tuck, Head of Commercial elaine.tuck@barnet.gov.uk 020 8359 4191

Summary
<p>The purpose of this report is to set out the terms of reference for the council’s forthcoming reviews of its contracts with Capita. The Customer and Support Group (CSG) contract provides for a review in year 6 of the contract and the Development and Regulatory Services (DRS) contract provides for a review in year 7. As agreed by the Policy and Resources Committee at its meeting on 17th June 2019, the terms of reference for the reviews are to be agreed by the Financial Performance and Contracts Committee, which will also oversee the conduct of the reviews. As agreed by this Committee at its meeting on 19th June 2019, the two reviews will be conducted concurrently, as a single process. This will henceforth be referred to as the Year 6/7 Review.</p>

The terms of reference proposed in this report set out the intended aims of the Year 6/7 Review, together with the proposed approach and outline timescales for achieving them. In conducting the Review, the council will work collaboratively with Capita, with a view to presenting jointly agreed recommendations to this Committee, insofar as that is possible.

The report proposes that the aims of the Review 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).

In order to achieve these aims, the report proposes a comprehensive review process, which will consider:

- The council's future needs and aspirations
- Best practice from other organisations
- Analysis of the market
- Performance against contractual obligations
- User/customer satisfaction and feedback (including the outcome of public consultation in respect of the Strategic Contract Review conducted in 2019)
- Benchmarking information on cost and quality
- Special projects
- Financial modelling

It is proposed that, due to the complexity of the task, the Review be carried out on a phased, service-by-service basis, always ensuring that the interdependencies between services are properly considered.

It is anticipated that the Review will be conducted throughout 2020, with reports being brought to each meeting of this Committee during the year, setting out:

1. The outcome of work to date;
2. Any recommendations arising from that work;
3. Details of the next phase of the work.

If considered necessary, in consultation with the Chairman, additional meetings of this Committee will be arranged to enable the proper involvement of Members and public scrutiny at all stages of the process.

Any recommendations agreed by this Committee will be the subject of further reports to the Policy and Resources Committee in due course.

The report also provides an update on the work that officers were instructed to carry out by the Policy and Resources Committee on 17th June 2019 in respect of the Pensions Administration service.

Officer Recommendations

That the Committee:

- 1. Agrees 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).**
- 2. Agrees the approach to conducting the Review, as set out in paragraphs 1.15 to 1.24 of this report;**
- 3. Notes the outline timeline, set out in paragraph 1.32 of this report; and**
- 4. Notes 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.**

1. WHY THIS REPORT IS NEEDED

Background

- 1.1. The council has two strategic contracts with Capita. The first, the Customer and Support Group (CSG) contract, is for the delivery of the council's "back office" functions, including customer services, information technology, revenues & benefits and estates. The second relates to the provision of development and regulatory services (DRS), including planning, highways, environmental health, regeneration and cemetery and crematorium. This contract is delivered through a joint venture between Capita and the council, known as Regional Enterprise Ltd (RE).
- 1.2. The CSG contract commenced in September 2013 and the DRS contract commenced in October 2013. Both contracts were entered into for a 10-year period, with the option to extend for up to five years. In broad terms, the core fee paid by the council for the CSG contract was set at approximately £25m per annum. The core fee for the DRS contract was set at approximately £15.4m per annum, which is in large part off-set by guaranteed income of

approximately £14.8m per annum. These figures are subject to indexation from contract commencement. Total expenditure on the two contracts from commencement to the end of financial year 2018/19, including additional work carried out either as special projects or contract changes, is £254m in respect of the CSG contract and £132m in respect of the DRS contract.

- 1.3. In addition to the contractual arrangements for the ongoing management of service performance and improvement, both contracts contain specific provisions for the periodic review of the contracts as a whole. Accordingly, the outcome of the year three review of the CSG contract was reported to this Committee on 15th November 2016. The outcome of the year four review of the DRS contract was reported on 28th November 2017. Both of the reviews acknowledged the significant financial benefits that the contracts had delivered for the council. Further, they concluded that service performance (as measured against contractual performance indicators) was generally meeting or exceeding requirements. However, both reviews also acknowledged that there had been significant concerns with some elements of service provision and made recommendations to address these.
- 1.4. The contracts also include provision for a year six review (CSG) and a year seven review (DRS). These reviews provide a mechanism for agreeing any changes required up to 2023, as well as providing for consideration of any elements of the contracts that may be extended for a further period of up to five years, beyond 2023.
- 1.5. Notwithstanding these review provisions, the council initiated an additional review of the contracts in July 2018, with a view to taking stock of the partnership with Capita as a whole. As part of that review, a comprehensive public and best value consultation exercise was carried out to seek views on the services provided under the contracts and how they might be delivered in the future. As a result of that review, the following services have been returned to the council:

On 1st April 2019:

Finance
Strategic HR

On 1st October 2019:

Safety, Health and Wellbeing
Skills, Employment and Economic Development

- 1.6. The final report on that review was considered by the Policy and Resources Committee on 17th June 2019. The Committee agreed that, in order to directly address concerns raised through the consultation exercise regarding inter-dependent services, the remainder of the review should be conducted through the year six (CSG) and year seven (DRS) contract reviews. In reaching this decision, it was acknowledged that considering the services provided under each of the contracts in turn would enable a more holistic approach to be

taken to reviewing related services. It would also facilitate further consideration of a broader range of delivery options, such as partnerships with other councils, as suggested in the public and best value consultation, thereby resulting in a robust and coherent commissioning strategy for the future delivery of these services.

- 1.7. The Policy and Resources Committee also agreed that the terms of reference for and progress on the year six and seven reviews of services should be reported to the Financial Performance and Contracts Committee. Any resulting recommendations would be made in a further report to the Policy and Resources Committee.
- 1.8. The Policy and Resources Committee also agreed that further consideration should be given to the future arrangements for those staff involved in the management and governance of the Brent Cross Cricklewood development scheme. As a result of this, it has been agreed that defined members of the core, integrated programme management team will transfer to the council, upon completion of the necessary commercial discussions. Ahead of this, the Programme Director transferred to council employment on 1st January 2020.
- 1.9. Further, the Policy and Resources Committee instructed the Director of Finance to put appropriate measures in place to enable alternative service provision arrangements to be made for Pensions Administration, should the need arise, with a view to bringing a further report to Policy and Resources Committee in due course. An update on this is provided in paragraphs 1.34 and 1.35 of this report.
- 1.10. At its meeting on 19 June 2019, Financial, Performance and Contracts Committee noted a report on 'Review of Capita Contracts – Lessons Learned' and agreed that these would inform any future insourcing activity, as would analysis of the financial information required in order for the Committee to make informed decisions. That Committee also confirmed that the two reviews should be conducted as a single exercise.

Terms of reference

- 1.11. The terms of reference for the Review have been discussed with Capita, who will play an important part in the process, particularly in terms of information provision and developing proposals for service improvement and innovation. Capita have confirmed that they will work with the council to achieve the aims set out below.

Aims of the Review

- 1.12. Both contracts set out a mechanistic approach to conducting the year six and year seven reviews, without actually being completely clear about their

purpose. The council believes that the process should be designed to answer two key questions:

1. What should happen to these services after 2023? and
2. What needs to change between now and the end of the contracts (2023)?

1.13. To answer these questions effectively, it is necessary to consider the broader context within which these contracts are being delivered. The environment within which the council is operating has changed significantly since the contracts commenced in 2012. Political, economic, social and technological developments mean that the needs for and expectations of these services, both in terms of what is delivered and how it is delivered, have moved on considerably from when the contracts were first drafted. Members will be aware that following the appointment of a new Capita Chief Executive and the publication of the company's 2017 end of year results, Capita set out a new strategic direction for the organisation, with a focus on delivering technology-enabled services, at scale, and concentrating on their core capabilities. Whilst services have changed and adapted over the years, this Review provides an opportunity to steer the evolution of these services in a structured and holistic manner that reflects the changing circumstances of both organisations.

1.14. To that end, it is proposed that the council's aims for the Review should be to:

What should happen to these services after 2023?

- 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
- What needs to change between now and the end of the contracts?
- d. Agree any changes required to the existing contractual arrangements between now and 2023 (i.e. the end of the existing contracts).

Proposed approach

1.15. As mentioned above, it is proposed that the Review will be undertaken as a **combined review** of the CSG and DRS contracts. This will enable better consideration of any interdependencies between services, as well as permitting more efficient use of resources in supporting the programme.

1.16. The Review will be carried out on the basis of **working collaboratively** with Capita to identify and assess the viability of various options and innovations. This will enable the council to access the benefit of Capita's work with other organisations, whether public or private sector, as well as ensuring that the Review's recommendations are robust and deliverable.

- 1.17. The starting point for the consideration of future options will be an assessment of the **council's future needs and aspirations**. In general terms, this will be based on assessing the implications of the council's corporate plan, Barnet 2024, but with a more in-depth assessment of service-specific needs and aspirations. The implications of the council's medium-term financial strategy challenges will also be considered.
- 1.18. The Review will consider current **best practice from other organisations**, both public and private sector. Capita's connections with other organisations will assist this, but the council will also seek to identify potential case studies through its own network of contacts.
- 1.19. There will need to be further **analysis of the market** in respect of these services, which has changed significantly since these contracts were let. This will consider the current market appetite for delivering these services, whether collectively or individually, as well as considering alternative delivery models, such as partnerships with other councils or the voluntary sector.
- 1.20. The Review will be informed by an **assessment of performance against contractual obligations**. The year three and year four reviews included reports setting out a detailed assessment of performance against key performance indicators (KPIs) and contractual commitments from the start of the contracts. Whilst entirely relevant and appropriate for those reviews, it is considered that the focus of this Review should be on future needs, so analysis of past performance will be proportionate and based, where possible, on a broader, more qualitative assessment of performance and service capabilities.
- 1.21. An important part of the Review will be an assessment of **user/customer satisfaction and feedback**. This will include the outcomes of internal user satisfaction surveys and the comprehensive public and best value consultation exercise that was carried out in 2019. Where appropriate, further focus groups or surveys will be commissioned to secure more specific and qualitative feedback.
- 1.22. Where available, **benchmarking information on cost and quality** will be used to inform the assessment and development of future options.
- 1.23. In addition to the services provided under the core contracts, both contracts provide for the commissioning of **special projects** through what is known as the SPIR process. Expenditure on special projects has been significant through both contracts and, whilst it should be noted that this expenditure relates to work that would have been required regardless of supplier, it is appropriate to ensure that the SPIR route continues to represent good value for money.
- 1.24. The overall price for the contracts and the apportionment of that to individual services within the council was set in 2012. It is highly likely that the actual cost of delivering services has changed considerably since then, so there will

be a need to carry out an appropriate level of **financial modelling** to support the development of robust recommendations.

Outputs

- 1.25. The key outputs of the Review will be reports to this Committee, which, for each service, will set out:
1. Recommendations on service and contract changes required up to 2023;
 2. A future delivery options appraisal report; and
 3. An implementation roadmap (including identification of any potential commercial constraints on delivery).
- 1.26. These reports will be informed by:
- A performance report on each service (including customer satisfaction)
 - Benchmarking/best practice report(s)
 - Financial modelling report(s)
 - Market analysis report(s)
- 1.27. In respect of future delivery options, the full range of options will be considered for each service. This will include:
- bringing services in-house
 - re-procurement through the open market
 - development of shared service arrangements
 - extension of the existing contracts
- 1.28. It should be noted that both contracts specifically provide for consideration of their extension, in whole or in part, for a period of up to five years and that this matter should be considered as part of this Review process. It is anticipated that any recommendations on extending elements of the contracts would only be made on the basis that they are contingent upon delivery of agreed actions and improvements. Where appropriate, the options appraisal reports will consider groups of services together, where interdependencies are such that consistency is necessary in respect of any decisions on future delivery arrangements.
- 1.29. The options appraisal and supporting business cases will be developed using the Treasury Five Case Business model. At this stage, it is anticipated that business cases will be developed to “outline” stage, with the development of any full business cases that are required being commissioned on the basis of initial consideration by this Committee.

Process and timeline

- 1.30. Robust governance arrangements will be put in place to manage the Review process and ensure that it is delivered in a timely manner. There will be joint council/Capita workstreams covering individual service areas and providing cross-cutting support on, for example, market assessment, financial assessment and communications, with regular reports to this Committee.
- 1.31. As set out in paragraph 5.2.1, resource requirements will include programme management, specialist input (including procurement and legal) and additional commercial capacity.
- 1.32. In order to manage the workload, an over-lapping phased approach is proposed, as follows:

January to June	Highways Customer Services (including RE service hub and Social Care Direct) Information Technology Revenues & Benefits Estates
April to September	HR Finance systems Accounts Payable Procurement Strategic Planning Regeneration Land Charges
July to December	Cemetery and Crematorium Building Control Land Charges Environmental Health Trading Standards and Licensing Planning and Development Management

- 1.33. The proposed phasing has been informed by inter-dependencies between services, the existence of known service challenges and the complexity of current delivery arrangements. This includes, for Highways, the fact that the Conway-Aecom contract is due to end on 31st March 2021 and a holistic approach is required to determine the most appropriate future delivery model for the highways service in its entirety. The Review will include consideration of the implications for the RE joint venture and partnership structures arising from any changes that are proposed.

Pensions Administration service

- 1.34. As mentioned above, the Policy and Resources Committee on 17th June 2019 instructed the Director of Finance to put appropriate measures in place to enable alternative service provision arrangements to be made for Pensions Administration, should the need arise, with a view to bringing a further report to Policy and Resources Committee in due course. This work has been carried out as instructed and an appropriate contingency plan is now in place.
- 1.35. Since that report, the Pension Regulator has indicated that they do not intend to take further regulatory enforcement action against the pension scheme administrator and have acknowledged the improvements that have been made in the control environment. Capita continues to implement the remediation plan, but it is not yet complete. Whilst it is acknowledged that Capita has expended considerable effort and resources in seeking to return the Pension Administration service to an acceptable position, concerns remain as to whether we have best long-term solution in place for the Pensions Administration service. As a result of this, the council is engaging with Capita to consider the future delivery options for this service, ahead of this broader Year 6/7 Review process. These discussions are proceeding in a constructive manner and it is anticipated that recommendations on this will be made shortly.

2. REASONS FOR RECOMMENDATIONS

- 2.1. Members are asked to note the terms of reference which will enable a collaborative approach with Capita and exploration of alternative options within a realistic timescale. Delivery options are deliberately broad to enable implementation as soon as possible, through a phased approach or on expiry in 2023 as the circumstances and evidence may dictate.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1. Conducting the review over a shorter period was considered and ruled out as experience has shown that the Capita contracts are complex and insufficient time for the review may result in adverse outcomes. A longer period of time for the review was also considered and ruled out as the review will necessarily require significant resource from the council and Capita which has financial implications and has the potential to detract from service quality. Timeframes will be kept under active review to ensure they remain appropriate.

4. POST DECISION IMPLEMENTATION

- 4.1. Following Committee decision, the council will proceed to implement the Year 6/7 Review in line with the Terms of Reference contained within this paper.

5. IMPLICATIONS OF DECISION

5.1. Corporate Priorities and Performance

5.1.1. The aims of this Review are consistent with the council's Corporate Plan, Barnet 2024, in that it aims to ensure high quality, good value services.

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

5.2.1. The Capita contracts collectively have a value of approximately £80m per annum (including core fee, income and special projects). It is anticipated that around £500k, less than 1% of the value of the contracts, will be required to carry out the Year 6/7 Review. This will be required for programme management, specialist input (including procurement and legal) and additional commercial capacity. Combining the reviews will assist in minimising the cost.

5.2.2. The costs involved are justified by the scale of the contracts and the importance to the council of delivering best value going forward. The costs are being funded from reserves, which were enhanced by the £4.12m commercial settlement agreed by the Urgency Committee on 30 November 2018.

5.3. Social Value

5.3.1. The Public Services (Social Value) Act 2012 requires people 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. Council Constitution, Article 7 (Committees, Forums, Working Groups and Partnerships) provides that Financial Performance and Contract Management Committee is responsible for the oversight and scrutiny of the council's major strategic contracts. It may 'at the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee.' Policy and Resources Committee on 17th June 2019 agreed that terms of reference and progress on the Year 6/7 Review should be reported to the Financial Performance and Contracts Committee. Any

resulting recommendations would be made in a further report to the Policy and Resources Committee.

5.4.2. Legal advice will be sought as required, including on contractual, public procurement, consultation, and employment related matters, to ensure that the council acts lawfully at all times.

5.4.3. Best Value public consultations as required by Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007) will be carried out as appropriate in the context of the Review.

5.4.4. Consultation with staff will be carried out as appropriate and the council will comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE) in connection with the transfer of any affected staff.

5.5. Risk Management

5.5.1. If the Year 6/7 Review is not carried out there is a significant risk that services will not be able to meet changing needs, take advantage of innovations and provide value for money.

5.5.2. Key risks associated with the Review include:

- Time and/or resource constraints lead to the Review not being carried out effectively, resulting in poor decision-making
- Relationship with Capita deteriorates during or as a result of Review outcomes, leading to poorer service delivery
- Lack of clarity on scope and deliverables from the Review results in disappointed and/or confused stakeholders
- Resource requirements and/or organisational focus on the Review leads to deterioration in service quality or seeking value for money.

5.5.3. Risks will be monitored and mitigating actions are being put in place, including through close partnership working with Capita, ensuring appropriate resourcing (please refer to 5.2.1) and through the detailed planning stage.

5.6. Equalities and Diversity

5.6.1. Equality and diversity issues are a mandatory consideration in the council's decision-making process. Decision makers should have due regard to the public-sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Policy and Resources Committee, or the officer decision maker if the decision is delegated to them, has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory

grounds of the public-sector equality duty are found at section 149 of the Equality Act 2010.

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

5.6.2. Equalities Impact Assessments will be undertaken where required as the review progresses.

5.7. Consultation and Engagement

Public consultation and Best Value consultation

- 5.7.1. Extensive consultation has taken place through the review of Capita contracts as reported to Policy and Resources Committee on 17th June 2019. The Year 6/7 Review outlined in this report is a continuation of the review of Capita contracts and will take into account the feedback already provided, including when developing vision and commissioning options. Additional stakeholder engagement will be undertaken with council staff and with Barnet Group and Cambridge Education who also use Capita services, as these service users were not well represented in previous consultation.

Staff consultation

- 5.7.2. Any proposals that involve the transfer of services from one provider to another (including transfer in-house or to alternative providers) will entail a statutory requirement to provide information and consult with staff representatives under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). These requirements will be triggered once a decision to transfer services has taken place and prior to any transfer being effected.
- 5.7.3. However, it should be noted that it is good practice to engage with all staff from the point at which any potential for transfer of services becomes generally known, throughout the decision making and transition periods and for a period post transfer (if a transfer takes place). Early engagement with staff assists in managing the risks of staff becoming unsettled or distracted as outlined above. It also assists in preventing loss of key staff during the decision making and transition periods, as well as ensuring the council continues to attract high calibre individuals by maintaining its reputation as an employer of choice.
- 5.7.4. Likewise, early engagement and ongoing dialogue with staff representatives is also good practice, with the aim of early identification and resolution of issues, reaching agreement on processes and approach to managing the workforce aspects of transfer and addressing any issues that may arise at the earliest opportunity so that statutory consultation and the transition itself can run smoothly for affected staff.

5.8. Insight

- 5.8.1. Multiple qualitative and quantitative data and information sources will be used to derive insight during the review.

5.9 Corporate Parenting

- 5.9.1 Capita provide a small number of services to care leavers living in Barnet, most notably in relation to the revenues and benefits service. The continued

focus on high quality services through the Review process will ensure that these services continue to be provided.

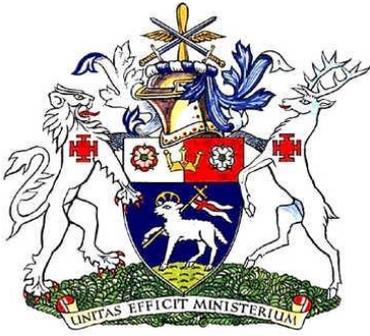
6. BACKGROUND PAPERS

- 6.1. Report to Financial Performance and Contracts Committee, 15th November 2016, year three review of CSG contract:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=8796>
- 6.2. Report to Financial Performance and Contracts Committee, 28th November 2017, year four review of RE contract:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9134>
- 6.3. Report to Policy and Resources Committee, 19th July 2018, Review of Capita Contracts – Strategic Outline Case:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9725>
- 6.4. Report to Policy and Resources Committee, 11th December 2018, Review of Capita Contracts:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9460>
- 6.5. Report to Policy and Resources Committee, 17th June 2019, Review of Capita Contracts:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9850>

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Financial Performance and Contracts Committee

29 January 2020



Title	Update on Major Contracts and Contingency Planning
Report of	Director, Commercial and IT Services
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix – Key contractor financial performance
Officer Contact Details	Deborah Hinde, Director Commercial and IT, deborah.hinde@barnet.gov.uk ; Elaine Tuck, Head of Commercial, elaine.tuck@barnet.gov.uk

Summary

At its meeting on 17 December 2018, the Financial Performance and Contracts Committee noted a report on contingency planning arrangements in the event of the failure of one of its providers of significant outsourced services. This report provides an update on the arrangements in place, including in relation to IT services and to service delivery outside of Barnet where it has been noted previously there are particular complexities.

Officers Recommendations

1. That the Committee notes the contingency planning arrangements set out in the report.

1. WHY THIS REPORT IS NEEDED

- 1.1 Following the collapse of Carilion, a motion was passed by full council on 30 January 2018 noting the uncertainty and concern this caused and requesting a report on contingency measures in place in Barnet in respect of outsourced services.
- 1.2 Financial Performance and Contract Management Committee considered two reports on contingency measures for significant outsourced services during 2018; one on 27 February 2018 and a subsequent report on 17 December 2018.
- 1.3 This report provides an update on contingency measures in place for significant outsourced services (i.e. with Capita (for RE and CSG) and with Mott Macdonald (for Cambridge Education)).
- 1.4 As has been explained in previous reports, each of the outsourced service contracts contains a “financial distress” section, which sets out a range of indicators that are designed to provide a warning that a provider may be in financial difficulty. If these indicators are triggered, the contracts provide the council with certain rights that protect its interests and enable it to maintain service delivery. The triggers, and associated rights, are set at a number of levels, depending upon the potential severity of the financial difficulty being experienced. The council’s commercial team reviews these indicators on a regular basis. Both of the council’s major service contractors are currently well within acceptable levels against these indicators. The key sub-contractor to the Cambridge Education contract (ISS) has a slightly reduced financial stability rating compared with contract commencement. The reasons for this include ISS’s overarching strategy to divest some non-core functions following a period of expansion, and lower profit for the year ending 2018 than in previous years. Discussions are taking place to better understand this and gain assurance that Cambridge Education have appropriate business continuity measures in place should the need arise. Further information on the two key contractors, and one key sub-contractor, can be found in the appendix.
- 1.5 At the highest level of financial distress, in the event of a provider going into liquidation or administration, the key means of securing continuity of service are the contractual provisions that give the council the right to “step in” and directly take over the running of services. The contracts provide protections for the council in respect of intellectual property rights, assets and access to information, should the need to exercise step in rights be required. Ultimately, the council would have the right to terminate the contract.
- 1.6 In practical terms, step in would mean that all staff would report, through the relevant director of operations, directly to one of the council’s strategic directors. For the Cambridge Education and RE contracts, as well as elements of the CSG contract, this should be relatively straightforward, as services are provided predominantly by Barnet-based staff. In addition, the council’s part ownership of the RE joint venture would enable it to assume all management responsibility for services delivered by joint venture employees.
- 1.7 Business continuity plans for outsourced services are regularly updated and collated centrally by the council as with business continuity plans for its own services. The latest update was in autumn 2019. Barnet Client leads for each service area also received the plans for review.

- 1.8 In terms of IT, the council hold an up-to-date copy of the Configuration Management Database, which sets out the full details of how the infrastructure, systems and data are set up, as well as a copy of the IT business continuity plan and disaster recovery plans.
- 1.9 A number of CSG services are provided from elsewhere, at shared service facilities, the key ones being:
- Payroll (Belfast and Carlisle, for schools)
 - Customer service centre (Coventry, together with some local provision)
 - Revenues and benefits (Blackburn, Bromley and some local provision)
 - Pensions administration (Darlington)
 - Accounts Payable (East Sussex and Darlington)
- 1.10 As previously reported, these facilities are, primarily, used by central and local government clients, who would also have step in rights to ensure continuity of service. Should the need arise, the council would work together with these other clients (along with the Cabinet Office and the administrator or receiver, as circumstances dictate) to agree suitable arrangements.
- 1.11 Contingency plans have been reviewed with a Brexit lens. Only CSG Procurement has off-site provision based in an EU-country, in this case Poland. All data is held on EU-databases and the business continuity measures should the Poland site become inoperable for any reason would in the first instance be increased use of the on-site CSG procurement team based in Colindale.
- 1.12 Within the council's strategic risk register, the risk related to the commercial viability of strategic suppliers has previously been rated at 15, with an impact score of 5 and a likelihood score of 3. The score has now been reduced to 12, with an impact score of 4 and a likelihood score of 3. The impact of this risk has been reduced as further information has been collated that would enable the council to take over the running of services, should it become necessary. In particular, work has taken place in 2019 to document the IS infrastructure in place, and work previously carried out by the council to develop contingency solutions for IS has also been updated. The council has moved to cloud hosting for O365, and the market is moving in this direction generally. Cloud hosting provides a more standardised service which help to reduce the impact on business operations should the council need to take over the running of services.
- 1.13 Controls and mitigations that are in place include:
- Contract management framework, with policy and procedures for commercial activity
 - Contract monitoring takes place monthly with quarterly reporting to Financial Performance and Contracts Committee
 - Contract register kept under review with checks on financial status of strategic suppliers
 - Contract management arrangements in place, including indicators to identify financial stress
 - Business continuity plans in place, last updated autumn 2019
- 1.14 Further work is proposed during 2020 to review the supply chains of strategic suppliers to help provide further assurance that the council could continue to operate supply chains should the need arise.

- 1.15 As previously reported, officers will take the same approach on managing the risk of the failure of an outsourced service provider as they would with any other business continuity risk, i.e.:
- Monitor the likelihood of the event occurring;
 - Ensure that plans are proportionate to the risk;
 - Be clear about what the next steps are, in the event that the likelihood of a risk occurring increases; and
 - Ensure that the council holds the necessary information to carry out these next steps.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Financial Performance and Contracts Committee has a remit to consider the council's approach to risk management, as well as its arrangements for managing key strategic contracts.

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 The report outlines the contingency arrangements that are in place in respect of the council's key outsourced service contracts. These services are critical to the ongoing performance of the council and the achievement of its priorities.

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

- 5.2.1 In addition to providing for continuity of service, the outsourced contracts also give the council certain rights to protect its financial interests, in the event of financial distress. These include provisions that would enable the council to require a provider to make use of escrow accounts, whereby monies paid by the council to the service provider are kept in a ring-fenced account held by a third party, and provisions that would require the provider to take out a performance bond with a third party that would cover any additional costs incurred by the council.

5.3 Social Value

- 5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

- 5.4.1 Under the Council's Constitution, Responsibility for Functions (Article 7), the Financial Performance and Contracts Committee has the following responsibility for functions:

- Overall responsibility for quarterly budget and performance monitoring; oversight of contract variations including monitoring trading position; and financial strategy of council services and external providers.
- To make recommendations to Policy and Resources and Theme Committees on relevant policy and commissioning implications arising from the scrutiny of performance of council services and external providers.
- Specific responsibility for risk management and treasury management performance.
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.5 Risk Management

5.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. All risks are reviewed on a quarterly basis (as a minimum).

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.

5.6.4 This is also what we expect of our partners.

5.6.5 This is set out in the council's Equalities Policy and our Strategic Equalities Objective (that forms part of the Corporate Plan Barnet 2024) - that citizens will be treated equally with understanding and respect, and will have equal access to quality services.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Not applicable in the context of this report.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

- 6.1 Report to Financial Performance and Contracts Committee 'Update on major contracts and contingency planning', 17 December 2019
<https://barnet.moderngov.co.uk/documents/s50187/Update%20on%20Major%20Contracts%20and%20Contingency%20Planning.pdf>
- 6.2 Report to Performance and Contract Management Committee, 27 February 2018:
<https://barnetintranet.moderngov.co.uk/documents/s45221/Report%20to%20PCM%20Feb%202018%20Contingency%20Planning%20FINAL.pdf>
- 6.3 Motion to Full Council, 30 January 2018:
<https://barnet.moderngov.co.uk/documents/s44594/Opposition%20Motion%20in%20the%20name%20of%20Councillor%20Barry%20Rawlings%20-%20Public%20services%20and%20outsourcing.pdf>

Appendix – Key Contractor Financial Performance

CSG & RE

In respect of the CSG and Re contracts, Capita Plc shares have significantly increased from their low of 84 in April 2018 to 174 in January 2020. The graphs below show the 1 year and 5 year trends respectively.



Financial ratios are well clear of the values that would trigger a financial distress event. In Capita Group's most recent published results for half year 2019, available to view at www.capita.com/investors, the ratios were as follows:

- Net Total Interest Cover Ratio was 9.3
- Total Net Debt to EBITDA Ratio was 1.7¹

Cambridge Education

In respect of the Cambridge Education contract, Mott Macdonald Ltd's year end results for 2018 show that the profit for the year after taxation amounted to £23.3m (compared with £28.1m in 2017). The share price for Mott Macdonald Group Ltd rose from £12.20 to £12.80 at year end (December 2018).

<https://www.mottmac.com/article/3430/report-and-accounts>

Mott Macdonald continues to have Dunn and Bradstreet, Rating 5A 1, as it did when the contract was awarded.

ISS, the key sub-contractor which provides catering services as part of the Cambridge Education contract, now has a Dunn and Bradstreet Rating 5A 2, rather than 5A 1. This means it still has £35,000,000 and over in Tangible Net Worth or Equity, but with 'lower than average risk' rather than 'minimum risk'. Discussions are taking place with Cambridge Education and ISS to better understand this and gain assurance that Cambridge Education have appropriate business continuity measures in place should the need arise.

¹ Please see <https://www.capita.com/sites/g/files/nginej146/files/2019-09/capita-half-year-results-2019.pdf>

	<p style="text-align: center;">Financial Performance and Contracts Committee</p> <p style="text-align: center;">29 January 2020</p>
Title	Q2 2019/20 Contracts Performance Report
Report of	Director (Commercial and Customer Services)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	<p>Elaine Tuck, Head of Commercial Management elaine.tuck@barnet.gov.uk</p> <p>Alaine Clarke, Head of Programmes, Performance and Risk alaine.clarke@barnet.gov.uk</p> <p>Bukky Adeosun, Performance Monitoring Manager olubukola.adeosun@barnet.gov.uk</p>

Summary

This report provides an overview of performance for key strategic contracts and shared services, where information has not been reported to a Theme Committee as part of the Quarter 2 (Q2) 2019/20 Themed Performance Reports.

Officers Recommendations

The Committee is asked to review 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.

1. PURPOSE OF REPORT

Introduction

- 1.1 This report provides an overview of performance for key strategic contracts and shared services, where information has not been reported to a Theme Committee as part of the Q2 2019/20 Themed Performance Reports. The report covers the **back-office functions** delivered by **CSG** (except Estates, which is reported to Housing and Growth), **Planning (Re)** and **Legal (HBPL)** services. It also includes contract KPIs¹ for Cambridge Education and The Barnet Group that did not meet target in Q2, which are escalated for scrutiny.

Back office functions (CSG)

Overview

- 1.2 Q2 was characterised by continued incremental improvement activity across most services as well as some major IT incidents. During Q2, significant progress was made on Pensions Administration.

Finance

- 1.3 Capita have continued to work with council colleagues on the **Accounts Payable (AP)** Task Force. Key actions are outlined below;
- Continuing review of issues raised by council service users, including missing items identified on the purchase ledger. The issue is under constant review to ensure payments are made in a correct and timely manner, so the council is not impacted reputationally
 - Implementation of the 'No PO, No Pay' policy introduced in June 2019 has improved controls. Feedback from stakeholders is that it has been implemented relatively smoothly and it is reducing unnecessary documentation in the system.
 - Work has taken place to clarify and implement an exemptions list for expenditure that does not require a purchase order due to the nature of the payment in question such as non-goods or services, for example insurance claims settlement.
 - The implementation ensures that processes are proportionate and do not adversely impact on the effective operation of services while ensuring effective controls are in place.
- 1.4 The 'Limited Assurance' audit on AP was reported to Audit Committee on 30 October 2019, with ownership of the majority of associated actions resting with the council's Finance team. An AP Task Force will remain in place to oversee the delivery of these actions and other incremental improvement activities. Internal audit are currently following up the high and medium actions and this will be reported to the audit committee at the end of January 2020.

¹ Key Performance Indicators

- 1.5 There are three new KPIs for Finance. Two KPIs met the Q2 target. A third KPI is not due to be reported until Q3

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Operational availability of financial system application (Integra) to the hosted network (q)	Bigger is Better	New for 19/20	98%	98%	99% (G)	New for 19/20	New for 19/20
Invoice documents in Accounts Payable processed within agreed timescales (q)	Bigger is Better	New for 19/20	90%	90%	95.5% (G)	New for 19/20	New for 19/20
Completion of audit recommendations by Capita in relation to their provision of finance services (q)	Bigger is Better	New for 19/20	100%	100%	Due Q3 19/20	N/A	New for 19/20

Pensions

- 1.6 The Pensions Regulator (TPR) has indicated that they are satisfied with the progress the Scheme Manager has made to improve the pension service in terms of internal controls in the service whilst recognising that there is still more work to be done. TPR has released a statement, which is available online at: www.tpr.gov.uk/en/document-library/enforcement-activity/regulatory-intervention-reports/london-borough-of-barnet-superannuation-fund-regulatory-intervention-report. TPR does not intend to take any further regulatory enforcement action against the pension fund in relation to the Improvement Notice based on the progress made.
- 1.7 The council has agreed a pensions administration remediation plan with Capita, detailing a number of key activities such as data cleansing and case management to be progressed. Progress against the plan is being tracked on a fortnightly basis. The plan to reduce the actionable² caseload (backlog of active cases) is on track with a plan now in place to also address the non-actionable caseload.
- 1.8 There are no KPIs for Pensions.

Human Resources

- 1.9 Work is ongoing to overhaul the processes used for managing Starters, Leavers and Movers (SLAM) to make them more effective and reduce risks to the organisation (such as inappropriate access to IT systems, building access and incorrect salary payments). This workstream will cut across Finance, IT, HR and Estates. It is envisaged that the solution will involve the use of workflows embedded in Office365 and further exploratory work on this is required before the project can progress further. In the meantime, compensating controls are in place whereby HR provide Finance with regular lists of starters, movers and leavers to enable a manual check of Integra. Further update has been provided in the January 2020 Audit Committee report.

² Actionable caseloads are cases within Pensions Administrator control and non-actionable are those that require more information from the employer.

1.10 Further to previous work to address internal controls and improve payroll accuracy, an internal controls assessment has been carried out. KPIs for Payroll are being met and the area remains under close review to ensure improvements are sustained. Capita are applying for independent assurance of the control environment via ISAE3402 (an external assurance framework) and this will take place in Q4.

1.11 Continued low take-up of all employee benefits such as salary finance, car lease, charitable giving, cycle to work and technology products, through the employee benefit portal has resulted in the agreement being terminated and new providers are being sought.

1.12 There are four KPIs for HR. All KPIs met the Q2 target.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Payroll Accuracy - error rates and correct date (q)	Smaller is Better	New for 19/20	0.1%	0.1%	.01% (G)	New for 19/20	New for 19/20
Offer letters issued (q)	Bigger is Better	New for 19/20	100%	100%	100% (G)	New for 19/20	New for 19/20
Pre-Employment vetting (q)	Bigger is Better	New for 19/20	99%	99%	100% (G)	New for 19/20	New for 19/20
DBS verification audits (q)	Bigger is Better	New for 19/20	100%	100%	100% (G)	→ S	100%

Corporate Programmes

1.13 Throughout Q2, work continued across programmes and projects, including key programmes such as The Way We Work (TW3), leisure centres and schools:

- With the two new **leisure centres** at New Barnet and Barnet Copthall delivered, Capita are now managing the defects rectification process with the contractor. Alongside this, they are providing project management for the demolition of the old leisure centre at Copthall. These works include re-instatement and completion of improvements to the existing car parks.
- Capita are also managing the defects rectification process at Blessed Dominic Saint James. They are also managing the Pupil Referral Unit project, by liaising with the owners of an adjacent location to ensure access, engaging with the Department of Education around the temporary accommodation site plan, and liaising with the contractor around the design.
- For the ongoing programme management of the TW3 programme, Capita have supported Family Services' move from the 2nd floor to 1st floor at North London Business Park (NLBP), while developing a space plan for the service to move to Colindale. They have also provided continued support to help the transition into Colindale for staff and ongoing management of the furniture fit out, AV system and budget management.

- The **Customer Transformation Team** have continued to engage with residents and internal teams to determine the full scope for the next phase of the Customer Transformation Programme. A business case and detailed plan was produced and approved by Policy and Resources Committee in January 2020.

Customer Services

- 1.14 **Demand Management** – Q2 has seen positive progress made, with a further increase in residents using the website to transact with the council and an overall reduction in calls. All KPIs for the Q2 were achieved, with the self-serve KPI improving significantly on Q1. The phone menu system has been simplified to reduce the number of options available. There were challenges with telephony performance due to telephone hardware failures in July 2019, which prevented some residents making phone calls to the council (see further details in IT section). However, a full end to end ‘health check’ is underway to review the telephony infrastructure to understand what more can be done to mitigate any re-occurrence of the issues. Recommendations will be reported in the Q3 performance report.
- 1.15 **Web satisfaction** - following the launch of the new council website in February 2019, the measures below continued to show a positive direction of travel:
- Website usage has increased, with a 38% increase in 'user visits' 628,275 (Q2 19/20) compared to 452,380 (Q2 18/19)
 - Web content quality score (rating on readability, freshness, user experience and security) remained high at 94% (national average is 85%)
 - Customer satisfaction in phone, email and face-to-face channels has remained consistent (89.7% against the target of 89%).
- 1.16 New Government regulations in September 2019 require all public-sector websites and mobile apps to meet certain accessibility requirements (AA³). This means the council’s website must be usable by people with impaired vision, motor difficulties, cognitive impairments, learning difficulties, deafness or impaired hearing. To make sure information and online services are open to all, an evaluation has been carried out to assess accessibility of the website to the required standard and as a result, code and content accessibility issues are being fixed. The website accessibility score is currently 94.2%, in comparison to the local government benchmark of 77.4%. The aim is to achieve 100% compliance by the end of January 2020.
- 1.17 The KPIs for Customer Services have been reviewed and definitions updated in line with the council’s priorities and to ensure they remain fit for purpose. The new KPIs are outlined in the second table below. One KPI has met the Q2 target. The other three KPIs will be reported in Q3. All five of the original KPIs (in the first table below) met the Q2 target.

³ The Web Content Accessibility AA (known as WCAG 2.1) are an internationally recognised set of recommendations for improving web accessibility to everyone, including users with impairments to their vision such as severely sight impaired (blind), sight impaired (partially sighted) or colour blind people; hearing such as people who are deaf or hard of hearing; mobility such as people who find it difficult to use a mouse or keyboard; thinking and understanding such as people with dyslexia, autism or learning difficulties.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Cases/transactions completed via self-service channels (q)	Bigger is Better	47.1%	48%	48%	53.7% (G)	New for 19/20	New for 19/20 ⁴
Customers who rate phone calls, emails and face-to-face service as good (GovMetric) (q)	Bigger is Better	90.0%	89%	89%	89.7% (G)	↑ I +0.3%	89.4%
Customers satisfied following case closure (q)	Bigger is Better	70.6%	65%	65%	82.1% (G)	↑ I +26%	65.1%
Customer Services closing cases on time (q)	Bigger is Better	96.9%	94%	94%	95.0% (G)	↓ W -1.8%	96.7%
Customer Services closing cases on time (Customer Advocacy Service) (q)	Bigger is Better	100%	96.9% ⁵	95% ⁶	100% (G)	→ S	100%

1.18 Three of the new KPIs will be reported in Q3.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Customer satisfaction with phone, face-to-face, email and post case closure (q)	Bigger is Better	New for 19/20	89%	Due Q3 19/20	Due Q3 19/20	New for 19/20	New for 19/20
Web satisfaction (web performance and customer feedback) (q)	Bigger is Better	New for 19/20	55%	Due Q3 19/20	Due Q3 19/20	New for 19/20	New for 19/20
Customer Services closing cases on time (Customer Advocacy Service) (q)	Bigger is Better	New for 19/20	94% ⁷	Due Q3 19/20	Due Q3 19/20	New for 19/20	New for 19/20
Cases/transactions completed via self-service channels (CSG Customer Service only) (q)	Bigger is Better	47.1%	50%	50%	53.7% (G)	New for Q3 18/19	New for 19/20

Information Systems

1.19 During July and August 2019, there were major incidents (P1 and P2⁸) involving Infrastructure – Domain Name Server (website and Virtual Private Network (VPN));

⁴ The methodology changed in Q3 18/19 and the target changed from 77% to 48% in Q3 18/19. The methodology previously included web browsing and this added significant volumes that skewed the report positively without adding any value. The new methodology is now based on web forms usage only and the target has been revised down.

⁵ The target for this KPI is to achieve more than the period's result for the Customer Services closing cases on time KPI.

⁶ The target for this KPI is to achieve more than the period's result for the Customer Services closing cases on time KPI.

⁷ Target revised to reflect the change in volume.

⁸ P1 event will typically be an outage or the inability to access business critical systems that affects the entire authority or an entire delivery unit. The targeted resolution time is 4 hours. No e-mail traffic for the entire authority would be classified

Telephony/Contact Centre (no incoming or outgoing calls) and Network (disruptions in wi-fi for Members and Guests). The details of the incidents and actions taken are outlined below:

Applications - Children’s Social Care - The issue happened when the database was locked because it ran out of memory during a system upgrade thereby preventing user access. Discussion took place with the third-party supplier who recommended an increase in memory capacity and this was implemented to prevent re-occurrence.

- **Infrastructure** - The two major disruptive events, DNS (website) and Barnet Remote Access (VPN), were in relation to issues with security certificate renewals. Capita have reviewed all their certificates and this is being monitored regularly at contract monitoring meetings. Both were resolved within the SLA of four hours for a P1 incident). These issues were not a result of an underlying issue with the infrastructure.
- **Telephony/Contact Centre** - There were three major events in Q2 and all were related to total or partial hardware failures across three different vendors. Whilst hardware failures do happen, to have three separate occurrences across three different vendors in such proximity is unprecedented. A full end to end ‘health check’ is underway to review the telephony infrastructure to understand what more can be done to mitigate any re-occurrence of issues.

1.20 The service has continued to support office moves to Colindale and supported users still located at NLBP, alongside the Depot and Barnet House. All sites will be supported until the office moves are completed in March 2020.

1.21 The new “How Do I” surgeries have continued and new tools were introduced to enable IT to provide support to staff working remotely.

1.22 The service is upgrading devices to Windows 10, as Windows 7 is no longer being supported by Microsoft. The council has been given until 14 February 2020 to upgrade all devices. It is expected that the remaining 425 (out of 3100) devices will be upgraded before the deadline. The annual laptop refresh programme is underway and due to be completed at the end of Q3; over 500 users will be provided with a new device.

1.23 There are two KPIs for Information Systems. Both KPIs met the Q2 target.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Incident resolution (q)	Bigger is Better	93.3%	95% ⁹	95%	95.3% (G)	↑ +5.5%	90.3%

as a P1. Outage of EHM/LCS would be a P1 as it is the primary line of business application for Family Services. P2 event would typically be an issue with a specific application that does not impact the entire authority or an entire delivery unit but a cohort within a delivery unit or is impacting a specific site or location. The targeted resolution time is 8 hours. Reports of no internet access at a satellite is likely to be classified as a P2 not a P1 provided it was isolated to that site. No mobile phone signal would not be classified as a P1 or P2, as it is not a service provided by CSG IT but the service would likely provide some form of communication.

⁹ The target was increased from 90% to 95% in 18/19 in line with the contractual provisions.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Critical system availability (q)	Bigger is Better	99.9%	99.5%	99.5%	99.8% ¹⁰ (G)	↓ W -1.8%	99.9%

Procurement

- 1.24 A key focus this quarter has been on the Procurement service re-design and development of new processes and templates to support the new operating model. The aim is to take a proportionate approach, with most resources focused on higher value procurements, more use of the offsite procurement team for lower value procurements and an increased level of self-service. Templates and processes have been updated with the aim of creating a more consistent approach and to ensure they are easier to use. A series of workshops and training sessions took place in Q3 prior to the launch of the new operating model.
- 1.25 There has been an increased focus on improving supplier engagement and a survey was completed across suppliers to understand their experiences in engaging with the council. Feedback was varied, with some concerns expressed about the ease of finding and responding to bidding opportunities; large national suppliers were less content than SMEs and local suppliers. Following this, an action plan has been developed to drive improvements over the next 12 months. In addition, Procurement presented a workshop to local suppliers on working with the council at the London Growth Hub and a market event was held with local homecare providers in advance of the procurement for the new contract.
- 1.26 The Annual Procurement Planning process has commenced and Procurement have worked with services to understand procurement plans for 2020/21. The Procurement Forward Plan was approved by Policy and Resources Committee in January 2020.
- 1.27 30 procurements have been completed so far this year and a further 85 are being progressed. Some significant procurements include Brent Cross West Station, substance misuse, homecare, healthy schools and healthy early years, and short breaks for carers of disabled children.
- 1.28 The KPIs for Procurement have been reviewed and definitions updated to ensure they remain fit for purpose. The four KPIs that will report from Q3 are outlined in the second table below. Two KPIs remain unchanged and have met the Q2 target. The other two KPIs will be reported in Q3. All five of the original KPIs (in the first table below) met the Q2 target.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Contract compliance - new contracts over £25k ¹¹ (q)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%

¹⁰ The KPI definition is under review to ensure it is consistent with the output specification.

¹¹ Percentage of the value of new contracts over £25k awarded and managed in accordance with CPR's and procurement legislation.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Contract compliance - legacy contracts over £25k ¹² (q)	Bigger is Better	99.9%	98.9%	98.9%	100% (G)	↑ +0.1%	99.9%
Effective contract management - complex legacy contracts (Contract Procedure Rules) (q)	Bigger is Better	100%	60%	60%	100% (G)	→ S	100%
London Procurement Pledge - cumulative apprenticeships ¹³ (c)	Bigger is Better	65	70	60	94 (G)	↑ +44%	65
London Procurement Pledge - cumulative work experience ¹⁴ (c)	Bigger is Better	258	280	240	353 (G)	↑ +37%	258

1.29 The new KPIs will be reported in Q3.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Compliant contracts – contracts over £25k (q)	Bigger is Better	New for 19/20	100%	Due Q3 19/20	Due Q3 19/20	Due Q3 19/20	New for 19/20
Effective corporate contract management (q)	Bigger is Better	New for 19/20	100% ¹⁵	Due Q3 19/20	Due Q3 19/20	Due Q3 19/20	New for 19/20
Cumulative apprenticeships (c)	Bigger is Better	65	70	60	94 (G)	↑ +44%	65
Cumulative work experience) (c)	Bigger is Better	258	280	240	353 (G)	↑ +37%	258

Revenues and Benefits

1.30 Four-yearly collection targets for both Council Tax (98.75% against a target of 98.5%) and Business Rates (99.32% against a target of 99%) were met. Direct Debit take up remained above target (66.38% against a target of 65%).

1.31 Housing Benefit Overpayment Recovery has increased by 6.4% to £877,623 from £822,009 in Q2 18/19), with a £55,614 increase in income. This is an improvement from Q1 where income had dropped. Four additional staff are being recruited by CSG, through a gainshare arrangement, to further improve cash collection.

¹² Percentage of the value of legacy contracts over £25k managed in accordance with CPR's and procurement legislation.

¹³ Cumulative refers to the start of the contract - September 2013.

¹⁴ Cumulative refers to the start of the contract - September 2013.

¹⁵ Subject to one quarter baselining period after which an improvement plan for Year 7 will be agreed to bring performance to 100% from April 2020 onwards.

- 1.32 Full Service Universal Credit has continued to generate increased volumes of additional work. The Council Tax Support Scheme was designed with this issue in mind and Capita has continued to automate transactions to manage the workload.
- 1.33 The council and Capita have worked jointly on the set up of a protocol with Citizens Advice (CA) to help protect vulnerable customers. Through this protocol the local CA will help establish entitlement to underlying benefits for council tax payers who are potentially exempt owing to Severe Mental Health Impairment. The introduction of this joint working protocol has resulted in one customer having an exemption backdated and a refund of £11,000 was made.
- 1.34 An additional business rates inspector is being appointed by Capita to ensure that new or adapted non-domestic properties are picked up and referred to the Valuation Office Agency promptly and rate payers are billed appropriately.
- 1.35 There are three KPIs for Revenues and Benefits. All three KPIs met the Q2 target.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Accuracy of benefit assessments (q)	Bigger is Better	91.5%	95%	95%	95.0% (G)	N/A	New for 19/20
Speed of processing new claims (q)	Smaller is Better	20	22	22	17 (G)	↑ -11%	19
Speed of processing changes (q)	Smaller is Better	5	6	6	4 (G)	↑ -20%	5

Cross-cutting

- 1.36 There is one cross-cutting KPI. Compliance with Authority Policy met the Q2 target. This KPI relates to compliance with council's policies on Health and Safety, Equality and Diversity, Information Management, Human Resources and Governance.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Compliance with Authority Policy (q)	N/A	Fail (Q1)	Pass	Pass	Pass ¹⁶ (G)	→ S	Pass

Planning and Building Control (Re)

- 1.37 In Building Control, the closing of one of the two insurance schemes used by approved inspectors has resulted in an increase in the number of reversion

¹⁶ Pass means compliance with Level 2 of the council or equivalent Service Provider Policies identified in Schedule 22 where there has not been non-compliance by the Service Provider that results in an event adversely impacting upon the Council. The adverse event could be; an event causing actual or serious risk of death, personal injury or harm towards any individual for whom the Authority has a duty of care; a judgement against the Authority by a statutory or regulatory body; a fine, disciplinary measure, successful claim or other award against the Authority or any individual employed by the Authority

applications¹⁷. The total is now up to 33 cases since April 2019 and has created an unexpected demand in resource from the service; while at the same time the team has dealt with 17 reports of unauthorised dangerous structures.

- 1.38 An update on the work of the Planning Enforcement team was presented to Planning Committee in October 2019, covering January to June 2019. The report is available online at: <https://barnet.moderngov.co.uk/mgChooseDocPack.aspx?ID=9898>. The caseload of the team has grown as the number of identified breaches of planning permission, relating to Houses in Multiple Occupation (HMOs), has been higher than anticipated; demonstrating a need to introduce a third officer to support the volume of casework generated through proactive HMO enforcement activities.
- 1.39 A review of customer service across the Development Management, Enforcement and Building Control services in September 2019 has identified a need for a dedicated Resident Liaison Officer to co-ordinate regular updates on the progress of casework to residents.
- 1.40 Changes to the KPI system for Development Management (DM) were implemented from Q2. This has brought together the former suite of DM PIs in two new KPI Baskets (Application and Enforcement baskets) to improve service quality and clarity of overall performance. There are nine KPIs (including the two Application and Enforcement baskets) that are not part of KPIs reported in the Theme Committee Annual Delivery Plans.
- 1.41 Two KPIs did not meet the Q2 target, including the Planning Enforcement basket KPI.
- **Decisions made within building regulation statutory timescales) (RAG rated AMBER) – 99% against Q2 target of 100%.** The KPI underperformed because of a single member of staff not following management instruction. Additional training and support has been provided for the staff member.
 - **Planning Enforcement Basket KPI (RAG rated RED) – 3 against Q2 target of 6.** Three of the six PIs in the Planning Enforcement basket KPI did not meet the Q2 target – see table in Appendix A.
 - **Referrals for prosecution and direct action (Planning) (RAG rated RED) – 22.7% against Q2 target of 75%.** The KPI underperformed because of an increase in the number of referrals (22) the team worked on in Q2. The council identified funding to enable a number of non-compliant properties to be faced with direct action if they still fail to make the required changes following an enforcement notice being upheld.
 - **Serving 215 notices (RAG rated AMBER) – 81.8% against Q2 target of 85%.** This PI missed the target due to a single case where discretion was exercised by the service director not to serve a notice at the time out of respect for the health and wellbeing of the resident.

¹⁷ Where the approved inspector is unable to continue dealing with a building control application, and therefore the developer may turn to Local Authority Building Control to take over the building control application.

- **Enforcement or breach of condition notices shall be served within timescales (180 days) (RAG rated AMBER) – 91.3% against Q2 target of 95%.** This PI missed target due to historic casework being assessed against the new measure. This new PI measure focuses attention on improving the progression of long-standing and more complex casework.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Decisions made within building regulation statutory timescales (q)	Bigger is Better	99.7%	100%	100%	99% (A)	↓ W -1%	100%
Average time taken to process requests for Full Official Searches (online and post) in Land Charges (q)	Smaller is Better	2.5 days	3 days	3 days	2.9 days (G)	↓ W -11%	2.6 days
Compliance with planning application statutory timescales for major, minor, other applications (q)	Bigger is Better	84.4%	80%	80% ¹⁸	95.7% (G)	↑ I +13%	85.1%
Planning Application Basket KPI (6 PIs see complete list in Appendix A) (q)	Bigger is Better	New for 19/20	5	5	6 (G)	New for 19/20	New for 19/20
Planning Enforcement Basket KPI (6 PIs see complete list in Appendix A) (q)	Bigger is Better	New for 19/20	5	5	3 (R)	New for 19/20	New for 19/20
Section 106 cases cleared annually (payment of Section 106 obligations by developers to the authority) (q)	Bigger is Better	76% ¹⁹	80%	80%	93.3% (G)	↑ I +40%	66.7%
Community Infrastructure Levy (CIL) cases cleared annually (payment of overall CIL obligations by developers to the authority) (q)	Bigger is Better	82%	80%	80%	85.4% (G)	↑ I +3%	82.9%
Section 106 cases cleared annually (payment of Section 106 obligations by developers to the authority - top 20 payments cleared) (Annual)	Bigger is Better	85%	90%	N/A	Due Mar 2020	N/A	N/A
Community Infrastructure Levy (CIL) cases cleared annually (payment of overall CIL obligations by developers to the authority) (q)	Bigger is Better	90.0%	80.0%	80%	93%	↑ I +39%	66.7%

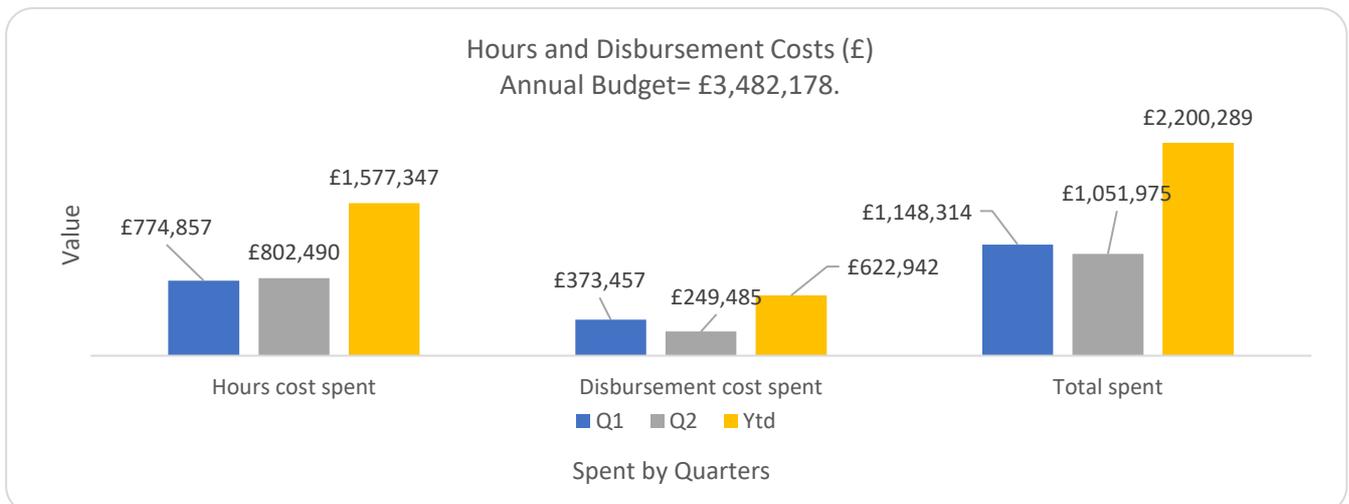
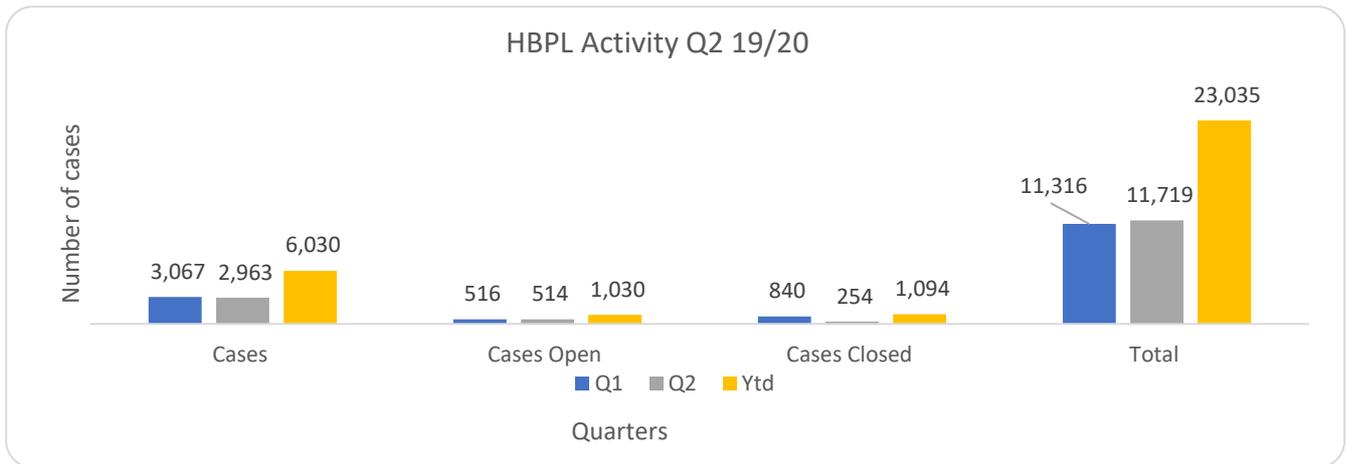
Legal (Harrow and Barnet Public Law)

1.42 Children's Services continued to have the highest number of chargeable hours at 4,010 in Q2 (compared to 3736 in Q1) at a cost of £274,604.80. The chargeable hours by service type is shown in the chart below.

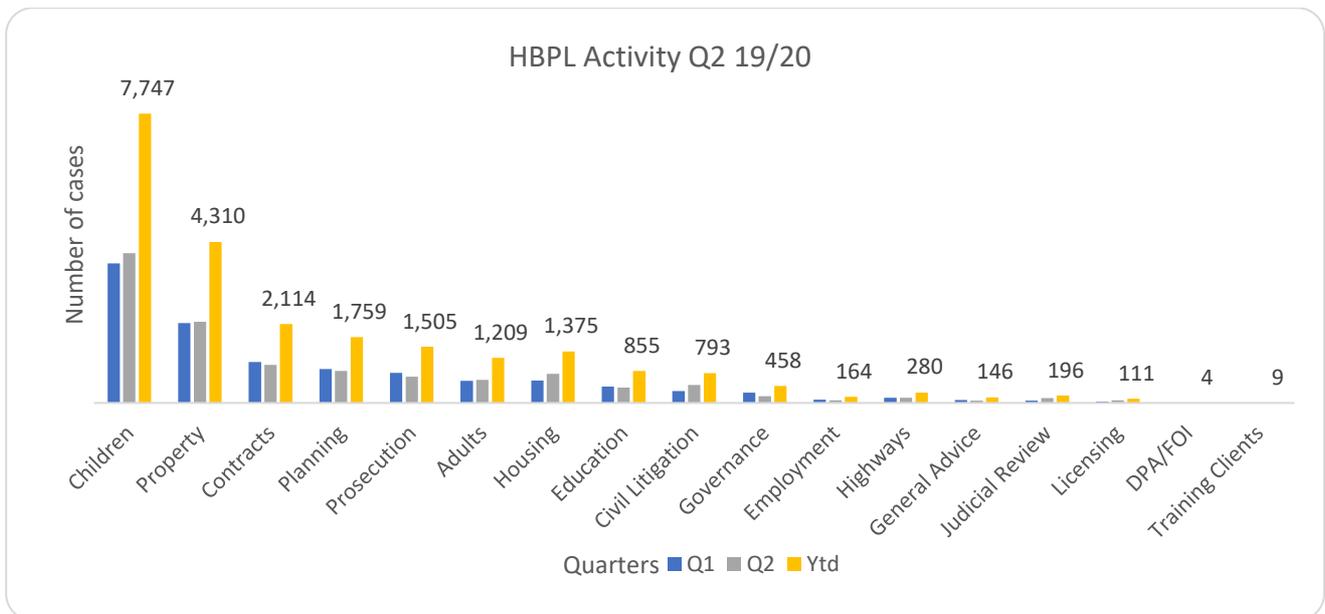
¹⁸ KPI target increased to 80% in Q2 19/20 from 75% as part of KPI review.

¹⁹ This was originally published 74.5% in EOY 18/19 report.

- 1.43 In Q2, Legal worked on 2,963 cases (compared with 3,067 in Q1). 514 new cases were opened (compared with 566 in Q1) and 254 cases were closed (compared with 840 in Q1). There were 11,719 chargeable hours (compared with 11,316 hours in Q1) at a cost of £802,490 (compared with £774,857 in Q1).
- 1.44 Disbursements have reduced by 33% to £249,485 from £373,457 in Q1²⁰ due to a lower use of external solicitors. Total spend in Q2 was £1,051,975 (compared to £1,148,314 in Q1), with year to date spend at £2,200,289 (compared to £2,265,667 in Q2 18/19). Monthly budget monitoring is undertaken by services to ensure that any overspend on legal costs are contained within the overall budget.



²⁰ This was previously reported as £301,654 in Q1 report. Figure has been corrected to include all disbursements such as printing and court costs.



1.45 Other activities in Q2 included:

- Leasing arrangements for parking spaces at the RAF Museum and Platts Hall were put in place to support the move to Colindale.
- Lease arrangements were completed with the Secretary of State for Education enabling construction to start for the new Saracens Secondary School.
- A wide range of contractual matters were supported, including completion of an agreement with the NHS for the Healthy Child Programme, advising Street Scene on a procurement to support the IT Transformation, and a Mobile CCTV Vehicle for fly-tipping.
- Secured confirmation of a compulsory purchase order following a two-day public inquiry for a further phase of the regeneration of the West Hendon Estate. The order will facilitate the assembly of land interests to deliver the final phases of the 2013 planning permission and the Silk Stream footbridge across the Welsh Harp.

Escalated KPIs from Strategic Contracts – Cambridge Education, Re and TBG

1.46 This section presents any contract KPIs that are not part of the Theme Committee Annual Delivery Plans where they did not meet target in Q2. These KPIs are escalated to FPC Committee for scrutiny.

Cambridge Education

1.47 All 12 contract KPIs due to report Q2 met the target.

Re

1.48 Seven of the 77 contract KPIs due to report in Q2 did not meet target. Two KPIs are in the Planning section above and two have been reported in Environment Committee report. The remaining three are outlined below.

- **Compliance with Environmental Health Service Standards (Priority 1 incidents and service requests) (RAG rated RED) – 84.2% against Q2 target of 100%.** Resourcing issues within the Customer Service Hub affected performance. Staffing

shortages led to a backlog of emails that did not receive a response within the relevant time period. Measures have been put in place to provide additional resilience to the Customer Service Hub. Email monitoring is now improved.

- **Compliance with Environmental Health Service Standards (Priority 2 incidents and service requests) (RAG rated AMBER) – 94% against Q2 target of 100%.** See comment above
- **Appropriate response to statutory deadlines within the licencing and gambling Acts (RAG rated AMBER) – 99.6% against Q2 target of 100%.** A licence application was allocated to an officer who was not on duty, which led to the consultation not being sent within the 24 hours timeframe. The mistake was rectified within the consultation period.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Compliance with Environmental Health Service Standards (Priority 1 ²¹ incidents and service requests) (q)	Bigger is Better	100%	100%	100%	84.2% (R)	↓ W -15%	100%
Compliance with Environmental Health Service Standards (Priority 2 ²² incidents and service requests) (q)	Bigger is Better	97.1%	95%	95%	94.0% (A)	↓ W -3%	97.1%
Appropriate response to statutory deadlines. (q)	Bigger is Better	99.6%	100%	100%	99.6% (A)	↓ W -0.4%	100%

The Barnet Group

1.49 Eight of the 31 contract KPIs²³ due to report in Q2 did not meet target. Three KPIs have been reported in Housing and Growth Committee. The remaining five are outlined below.

- **Current arrears as a percentage of debit (RAG rated AMBER) – 3.7% against Q2 target of 3.5%.** The arrears in financial terms were c.£96k off target on an annual rent roll of £55.3m. The single largest factor impacting on rent collection performance has been the continuing reductions of housing benefit payments being received, which has meant that more income has had to be collected directly from tenants. The housing benefit reductions have been due in part to the rollout of Universal Credit (UC) in the borough, with over 1000 tenants on UC at the end of Q2. However, as Barnet Homes have managed the rollout of UC well by keeping average arrears for tenants on UC to just £84 (as at Q2), UC has not had the negative impact it has for many other landlords.

Following the success of the UC rollout, Barnet Homes will be piloting a new Early Intervention and Prevention programme approach to all rent cases in Q3 and it is

²¹ Priority 1 incidents are food alerts, infectious disease control, legionella investigations, and fatal accident reports.

²² Priority 2 incidents include Health and Safety advice service, smoke free complaints, and public health hazards.

²³ This includes indicators in the Theme Committee annual delivery plans reported in Theme Committee performance reports.

expected that this will ensure the Q3 target is achieved for both general needs and temporary accommodation rent collection despite the challenge of continuing reductions in housing benefit payments.

- **Repairs survey (% satisfied customers) (RAG rated RED) – 85.6% against Q2 target of 96%.** Barnet Homes repairs and maintenance contractor Mears have not met a number of contractually agreed service levels during 2019 despite several commitments from their Managing Director to deliver improvements. This underperformance has contributed to a decision taken by the Barnet Homes board to issue formal termination notice on the contract and insource the service from April 2020. It is expected that by insourcing the service and the consequent tighter control of delivery, service to residents will improve significantly.

In the meantime, Barnet Homes have a robust demobilisation plan in place to manage the contract through to cessation throughout the remainder of the year, with a primary focus on managing active works volumes and utilising back-up contractors to deliver works where Mears are unable to. Whilst it is expected that there may be some delays for non-urgent repairs whilst they are reissued to backup contractors, tight monitoring of active jobs will ensure residents continue to receive a decent service, albeit contractual targets are unlikely to be achieved for the remainder of the year.

- **First Time Fix Repairs (RAG rated AMBER) – 89.3% against Q2 target of 92%.** As outlined above, Barnet Homes repairs and maintenance contractor Mears have not met a number of contractually agreed service levels during 2019 despite several commitments from their Managing Director to deliver improvements. This includes the First Time Fix measure, which marginally missed target for Q2.

Whilst Barnet Homes prepare for the service to be delivered directly from April 2020, a robust demobilisation plan is in place to manage the contract through to cessation throughout the remainder of the year. Whilst it is expected that there may be some delays for non-urgent repairs whilst they are reissued to backup contractors, the impact on first time fix performance is not expected to deviate from target more than the amber tolerance of 10% for the remainder of the year.

- **Number of families in B&B for 6 Weeks (or more) (RAG rated AMBER) – 1 against Q2 target of 0.** One family was in bed and breakfast (B&B) accommodation for more than six weeks whilst waiting for a tenancy within a new build to become available. The tenant was offered alternative temporary accommodation options but refused and chose to stay in the B&B to prevent the upheaval of moving twice.
- **Average re-let time for Major Works Lettings (RAG rated RED) – 49.9 against Q2 target of 43.** The target was not achieved due to a relatively small number of properties (8) requiring very extensive work including structural and gas main installations, the latter of which relies on the availability of network providers. All repairs have been completed and properties let to tenants.

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Current arrears as a percentage of debit (q)	Smaller is Better	3.2%	3.3%	3.5%	3.7% (A)	↓ W 5.7%	3.5%

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Repairs survey (% satisfied customers) (q)	Bigger is Better	95.1%	96%	96%	85.6% (R)	↓ W -13%	98.2%
First Time Fix Repairs (q)	Bigger is Better	92.1%	92%	92%	89.3% (A)	↓ W -4%	93.3%
Number of Families in B&B for 6 weeks (or more) (q)	Smaller is Better	0	0	0	1 (A)	↓ W	0
Average re-let time for Major Works Lettings (c)	Smaller is Better	44.3	40	43	49.9 (R)	↓ W 39%	42

Appendix A - PIs within Planning Application and Planning Enforcement Baskets

Indicator	Polarity	18/19 EOY	19/20 Target	Q2 19/20			Q2 18/19
				Target	Result	DOT	Result
Planning Application Basket KPI (6 PIs – see below)	Bigger is Better	New for 19/20	5	5	6 (G)	New for 19/20	New for 19/20
Compliance with Major planning application statutory timescales (q)	Bigger is Better	95.1%	80.0%	80.0%	93.3% (G)	↓ W -1%	94.1%
Compliance with 'minor' planning application statutory timescales (q)	Bigger is Better	74.9%	75.0%	75.0%	96.5% (G)	↑ I +47%	65.8%
Discharging of conditions applications (q)	Bigger is Better	74.9%	75.0%	75.0%	79.9% (G)	↑ I +3.5%	77.2%
Compliance with prior approval statutory timescales (q)	Bigger is Better	98.6%	100%	100%	100% (G)	↑ I +1%	98.9%
Certificate applications (Section 191 and 192 with no amendments) within timescales (4 days) (q)	Bigger is Better	90.2%	75.0%	75.0%	85.7% (G)	↓ W -9%	94.1%
Compliance with tree application statutory timescales (q)	Bigger is Better	90.7%	90.0%	90.0%	96.3% (G)	↑ I +6%	90.7%
Enforcement Application Basket KPI (6 PIs see below)	Bigger is Better	New for 19/20	5	5	3 (R)	New for 19/20	New for 19/20
Referrals for prosecution and direct action (Planning) (q)	Bigger is Better	39.5%	75%	75%	22.7% (R)	New for 19/20	No Referrals
Serving 215 notices (q)	Bigger is Better	New for 19/20	85.0%	85.0%	81.8% (A)	↑ I +23%	66.7%
Enforcement or breach of condition notices shall be service within timescales (180 days) (q)	Bigger is Better	New for 19/20	95%	95%	91.3% (A)	New for 19/20	New for 19/20
Enforcement or breach of condition notices shall be service within timescales (90 days) (q)	Bigger is Better	70.7%	65% ²⁴	65%	78.3% (G)	↓ W -3%	81.0%
Notices served against development refused permission within timescales (30 days) (q)	Bigger is Better	85.7%	100%	100%	100% (G)	New for 19/20	New for 19/20
Closing cases alleged breaches of planning control where no action is necessary (q)	Bigger is Better	69.7%	70.0%	70.0%	70.0% (G)	→ S	70.0%

²⁴ KPI target increased from 60% to 65% as part of KPI review.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The report provides an overview of performance for the key strategic contracts, where information has not been reported to a Theme Committee, as part of the Q2 19/20 Themed Performance Reports. The Committee is asked to review the Q2 19/20 performance in relation to back-office functions delivered by CSG, Planning services delivered by Re and Legal services delivered by HBPL, which are not reported to any Theme Committee.

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 Budget, performance and risk information for the key strategic contracts in relation to the priorities in the Corporate Plan and Annual Delivery Plans have been reported to the relevant Theme Committees.
- 5.1.2 The Q2 19/20 results for all Corporate Plan and Delivery Plan KPIs are published on the Open Barnet portal at <https://open.barnet.gov.uk/dataset>
- 5.1.3 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate and committee priorities as set out in the Corporate Plan (Barnet 2024) and Annual Delivery Plans.
- 5.1.4 Relevant council strategies and policies include the following:
- Medium Term Financial Strategy
 - Corporate Plan (Barnet 2024)
 - Performance and Risk Management Frameworks.

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

- 5.2.1 The budget forecasts for CSG are reported as part of the CFO paper to this Committee.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act 2012 requires people 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. As set out in the council's Contract Procedure Rules, commissioners should use the

Procurement Toolkit, which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through the contract management process.

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 to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

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, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults and Safeguarding Committee; Children, Education and Safeguarding Committee; Community Leadership and Libraries Committee; Environment Committee; and Housing and Growth Committee.
- The council’s major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy and Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.4.4 The council’s Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

5.5 Risk Management

5.5.1 The council has an established approach to risk management, which is set out in the

Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high (15 to 25) level risks are reported to the relevant Theme Committee and Policy and Resources Committee. There are no high (15 to 25) level joint risks with CSG, Re (Planning) and HPBL (Legal) are outlined in the report.

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; marriage and civil partnership.

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, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

5.7 Corporate Parenting

5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

5.8 Consultation and Engagement

5.8.1 Obtaining customer feedback is part of the contract management process to inform service delivery, service development and service improvement.

5.9 Insight

5.9.1 The report identifies performance and risk information in relation to the back-office functions provided by CSG, Planning services delivered by Re and Legal services delivered by HBPL.

6 BACKGROUND PAPERS

6.1 None.

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AGENDA ITEM 12



Financial Performance and Contracts Committee

30 January 2020

Title	Saracens Loan – Update Report
Report of	Deputy Chief Executive
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Cath Shaw, Deputy Chief Executive LBB, 020 8359 4716 cath.shaw@barnet.gov.uk

Summary
This paper updates the Committee on the position with the loan to Saracens Cophall LLP.

Officer Recommendations
<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Notes the position with the loan to Saracens Cophall LLP and the safeguards in place to protect the council’s interests. 2. Notes the proposed next steps set out in paragraphs 2.1 to 2.3.

1. WHY THIS REPORT IS NEEDED

Background

1.1. On 23rd October 2018 the Policy and Resources Committee resolved as follows:

That the Committee

1. Notes the outcome of the due diligence undertaken since July 2018, and the further assurances offered by Saracens, summarised in this report and detailed in the accompanying exempt report.
2. Authorises the Deputy Chief Executive to take all reasonable steps to prepare to enter into a loan agreement with Saracens Copthall LLP for the provision of a new West Stand as part of the Allianz Park stadium at Copthall.
3. Subject to:
 - The satisfactory completion of audits referred to in paragraph 2.20,
 - Council agreeing the relevant amendments to the Treasury Management Strategy Statement (TMSS), and
 - Inclusion within the legal documentation of the assurances set out in the exempt report [to the 23rd October P&R Committee

Authorises the Deputy Chief Executive, in consultation with the Chairman of the Committee, to enter into a loan agreement with Saracens Copthall LLP for £22.9m plus an amount for fees estimated to be less than 1% of the loan value, repayable over 30 years at an interest rate of 6%, for the purpose of constructing a replacement west stand as part of their Allianz Park stadium at Copthall.

1.2. Under the DPR dated 28th January 2019 the following decisions were made:

1. That the council enter into a loan agreement and associated documents with Saracens Copthall LLP for £22.9m plus an amount for fees not to exceed £229,450, repayable over 30 years at an interest rate of 6%, for the purpose of constructing a replacement west stand as part of their Allianz Park stadium at Copthall.
2. That the documents listed at paragraph 2.3 of the DPR are approved.

- 1.3. In accordance with the decisions of P&R committee on 19 July 2018 and 23 October 2018, and the Delegated Powers Report dated 28 January 2019, the Council has entered into the following legal agreements:
- A Loan Agreement between the council and Saracens Copthall LLP (SCLLP) – this details the amount to be loaned, the conditions upon which the loan is made and can be drawn down and the terms of repayment. This agreement also details the obligations for legal assignments over future contracts and collateral warranties from appropriate entities.
 - A Debenture between the council and SCLLP – a fixed and floating charge over all current and future assets of SCLLP including the specific legal charge over the headlease and assignments by way of security over, among other things, future construction contracts.
 - A Guarantee, covering part of the liability under the Loan Agreement, between Company A and the council capped at £10million; and
 - Collateral Warranties between the council the main contractor to be engaged by SCLLP, the professional team appointed by SCLLP and certain sub-contractors. These warranties mean that the third parties provide a duty of care to the council. There are also provisions for step-in rights in certain circumstances.
- 1.4. Saracens Copthall LLP leases Allianz Park stadium at Copthall from Barnet Council, with a sub-lease to Saracens Ltd (the club). The Council does not have a direct financial relationship with the club in relation to the West Stand or the loan.
- 1.5. The loan is guaranteed up to the value of £10m by a UK registered company, Company A, under the terms set out in the exempt report to P&R Committee on 23 October 2018. This is backed by Company A's investment in UK property.
- 1.6. Company A's assets are valued in excess of £20m, consistent with the requirement for the value of the guarantor's assets to be at least double the value of the guarantee. Confirmation of Company A's net asset value was most recently provided on 29 July 2019 in relation to the position as at 30 June 2019. Informal assurance that the position is maintained as at 31 December 2019 has been provided, with formal assurance due by 29 January 2020. Oral confirmation that this has been received will be provided at the meeting.

- 1.7. To date, Saracens Copthall LLP (SCLLP) has drawn down £3.2m of the agreed £22.9m loan facility.
- 1.8. On 5 November 2019, it was announced that Saracens had been fined £5.4m and docked 35 points by Premiership Rugby Limited (PRL). Following that announcement, the club wrote to the council on 18 November 2019 to confirm that the fine was to be met by the shareholders and setting out evidence that the business plan for the development of the West Stand remained robust.
- 1.9. On 17 January 2020, in response to media speculation about further action to be taken by PRL against Saracens, council officers placed a temporary stop on loan drawdowns. It has subsequently been confirmed by PRL on 18 January 2020 that the club is to be relegated automatically at the end of the 19/20 season.

2. REASONS FOR RECOMMENDATIONS

- 2.1. In light of recent events, the club and SCLLP are taking stock of their plans for the West Stand. This is expected to take until the end of February 2020.
- 2.2. No further drawdowns will be approved until a way forward has been agreed between the council, SCLLP and the club. Interest will continue to accrue on the £3.2m already drawn down.
- 2.3. Should SCLLP wish to pursue the development of the West Stand, the council will require a robust revised business plan, subject to independent due diligence, before any further loan drawdowns are made.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1. The council could continue to allow loan drawdowns up to the guarantee of £10m without requiring a revised business plan, however given the significant financial implications that follow from relegation, this would not be in the council's best financial interests.
- 3.2. The agreement allows the council to terminate the loan if "any event occurs (or circumstances exist) which, in the opinion of the Lender, has or is likely to have a Material Adverse Effect". However, terminating the loan before the club have had a chance to take stock of the current position could put the council in conflict with the club, which is likely to make it harder to recover the £3.2m already drawn down. Putting the council in conflict with the club may

also jeopardise any community benefits brought by the development of the West Stand.

4. POST DECISION IMPLEMENTATION

- 4.1. If SCLLP wish to continue with the development of the West Stand, the council will require a revised business plan to be presented and subject to independent due diligence at SCLLP's cost.

5. IMPLICATIONS OF DECISION

5.1. Corporate Priorities and Performance

- 5.1.1. The July and October 2018 P&R reports noted that the granting of this loan helps to meet Corporate Plan 2015-20 strategic objectives. The council has since updated its Corporate Plan. The granting of the loan also supports the objectives of the council's current Corporate Plan, Barnet 2024, in particular "Investing in community facilities to support a growing population" and "Encouraging residents to lead active and healthy lifestyles and maintain their mental wellbeing".

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

- 5.2.1. The council will fund the loan to Saracens from existing cash balances and from new borrowing, including from the Public Works Loan Board. This is in accordance with the Statutory Guidance from MHCLG on Local Government Investments (3rd Edition) which came into effect on 1 April 2018.
- 5.2.2. Interest is charged on the loan at 6% and as at 31 December 2019, interest of £72,000 has been earned. The 6% interest rate on the loan is considerably higher than the rate of interest paid on new long-term borrowing in the last year of 1.94% or the return being earned on the Council's Treasury investments of 0.83% as at 31 December 2019. The loan continues to provide a positive contribution to the Council's MTFS.
- 5.2.3. The security conditions set when the loan was agreed continue to be met [and the Council's investment remains protected by way of a guarantee].

5.3. Legal and Constitutional References

- 5.3.1. The Council Constitution Article 7 (Committees, Forums and Working Groups) outlines the terms of reference of the Financial Performance & Contracts Committee, which includes responsibility for the oversight and scrutiny of the

overall financial performance of the council.

5.3.2. The land upon which the stadium is to be built is held under a lease dated 3 July 2015 for 99 years granted to Saracens Copthall LLP from Barnet Council.

5.3.3. The steps set out in this report are consistent with the legal agreements entered into.

5.4. Risk Management

5.4.1. The council must act in a way that is consistent with the framework set out in the existing legal agreements.

5.4.2. If SCLLP wish to proceed with the development of the West Stand, any revised arrangements must continue to comply with State Aid rules.

5.4.3. While the sums drawn down to date are well within the £10m separately guaranteed by Company A and are secured against UK property assets, the council must ensure that there is a clear plan in place to ensure recovery of the loan and associated interest.

5.4.4. If the club's corporate strategy changes as a result of relegation and the changes in management, there could be fewer community benefits from the loan and/or a less collaborative approach to resolving any future challenges.

5.5. Social Value

5.5.1. As per the July and October 2018 P&R reports, social benefits will be secured through opportunity to increase participation in sport and physical activity in the Borough. This includes the health benefits, but also the benefits of participation.

5.5.2. Environmental benefits will be delivered through enhancing the parkland setting of Copthall, which links to the Parks and Open Spaces Strategy.

5.6. Corporate Parenting

5.6.1. As per the July and October 2018 P&R reports, there are no specific implications. We are working with Saracens on a number of initiatives to benefit children in care and care leavers.

5.7. Equalities and Diversity

5.7.1. Equality and diversity issues are a mandatory consideration in the council's decision-making process. Decision makers should have due regard to the public-sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that the Committee, or the officer decision maker if the decision is delegated to them, has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public-sector equality duty are found at section 149 of the Equality Act 2010.

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

5.7.2. There are no specific equalities implications from this report, which is for noting.

5.8. Consultation and Engagement

5.8.1. N/A

5.9. Insight

5.9.1. N/A

6. BACKGROUND PAPERS

6.1. Policy and Resources Committee Report on Saracens Loan Agreement, 19 July 2019:

<https://barnet.moderngov.co.uk/documents/s47458/Copthall%20Report%20Public.pdf>

6.2. Policy and Resources Committee Report on Saracens Loan Agreement, 23 October 2018:

<https://barnet.moderngov.co.uk/documents/s49008/Saracens%20Loan%20Agreement.pdf>

6.3. Delegated Powers Report on Saracens Loan Agreement, 28 January 2019:

<https://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7108>



Financial Performance and Contracts Committee

29 January 2020

Title	Brent Cross Cricklewood
Report of	Director of Growth
Wards	All
Status	Public Accompanying separate exempt report. (Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended as this relates to information of a financial nature and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).
Urgent	No
Key	No
Enclosures	Appendix 1 – Site Plan and Masterplan. Appendix 2 – MHCLG Grant Agreement: Key Characteristics
Officer Contact Details	Karen Mercer, Programme Director Karen.Mercer@barnet.gov.uk , 0208 359 7563

Summary

This report provides an introductory overview of the construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the Brent Cross Cricklewood (BXC) project and the project's funding arrangements. It should be read in conjunction with the quarterly progress report to the Housing and Growth Committee on 27 January 2020. Future reports will focus on the financial performance of the individual contracts placed by the council to enable the Committee to monitor and review the financial performance of the contracts going forward. Focussing on the BXT project, this report also explains that the council is working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme and revised anticipated final cost (AFC) across the BXT programme. Once approved, this will form the baseline for future reporting and performance monitoring.

Officers Recommendations

The Committee is asked to note

- 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) 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) 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.

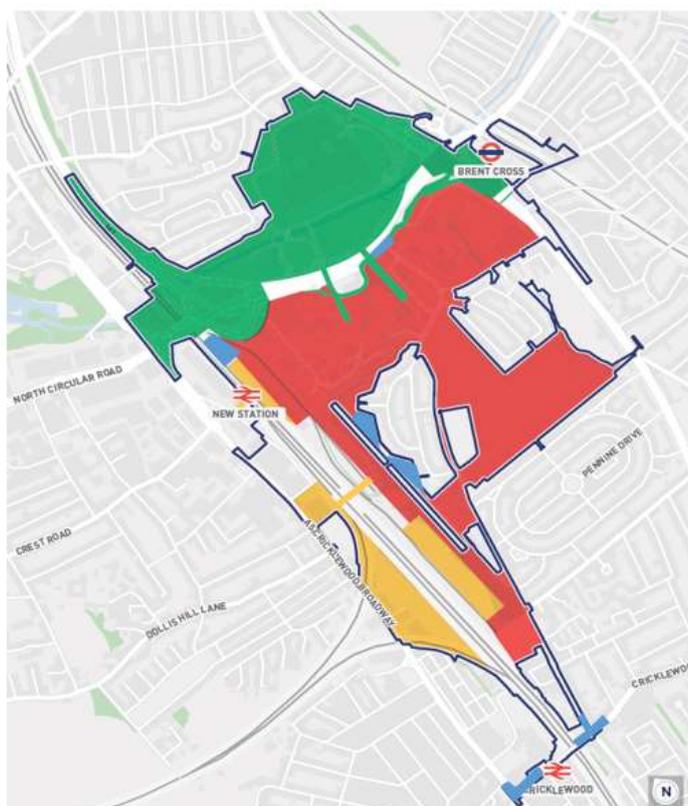
1. PURPOSE OF REPORT

Introduction

- 1.1 The comprehensive regeneration of the Brent Cross Cricklewood (BXC) area is a long-standing council objective.
- 1.2 Planning consent was granted in 2010 for comprehensive regeneration of Brent Cross Cricklewood (BXC), including 7,500 new homes, 455,220sqm commercial, extensive infrastructure and doubling the size of Brent Cross Shopping Centre. A site location plan and masterplan is attached at **appendix 1**.
- 1.3 The scheme is being delivered in three parts:
 - **Brent Cross Thameslink (BXT)** – the new station being delivered by Barnet Council and funded in partnership with the wider public sector following approval of the Full Business Case by HM Government (in 2016). A summary of the works is provided below.
 - **Brent Cross South (BXS)** – 6,700 homes, a new office location and related social and ‘hard’ infrastructure. Being delivered by Argent Related in joint venture with the council.
 - **Brent Cross North (BXN)** – the shopping centre expansion, critical highways infrastructure and 800 homes. Planned to be delivered by Hammerson &

Aberdeen Standard Investments, owners of the shopping centre. BXN have deferred start on site as explained in the report to the ARG in September 2018. <https://barnet.moderngov.co.uk/documents/s48493/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>

THE WIDER REGENERATION PROJECT - BXC



Brent Cross London (BXL)

Expansion of the Brent Cross Shopping Centre delivered by Hammerson and Standard Life Investments,

Brent Cross South (BXS)

A new mixed use town centre delivered by the BXS Limited Partnership - Barnet Council and Argent Related.

New Thameslink Station (BXT)

An additional Thameslink Station to serve the regeneration area delivered by Barnet Council and Network Rail.

Critical Infrastructure (CI)

£55m worth of infrastructure works including highways junctions improvements, substation for BXS and replacement units for the Whitefield Estate

- 1.4 The overall programme is reported each quarter to the Housing and Growth Committee (formerly Assets, Regeneration and Growth Committee – ARG) and to the Policy and Resources (P&R) Committee as required. The quarterly update to the Housing and Growth (H&G) Committee, 27 January 2020 can be accessed using the following link.
[Link to BXC Quarterly Update report to Housing and Growth Committee, 27 January 2020](#)
- 1.5 Substantial progress has been made as set out in quarterly reports to the H&G Committee, and the overall project is now in delivery. Detailed planning has been granted for the first phases and the ability to acquire the land needed for the programme has been achieved through the confirmation of the three Compulsory Purchase Orders (CPO's). The BXT programme commenced in January 2019 as reported to the H&G and P&R Committees and summarised below. BXS has also commenced enabling works in anticipation of placing the first significant infrastructure construction contract in calendar year Q1 2020. The photographs below show the clearance and demolition of the Claremont Industrial Estate.



March 2019



August 2019

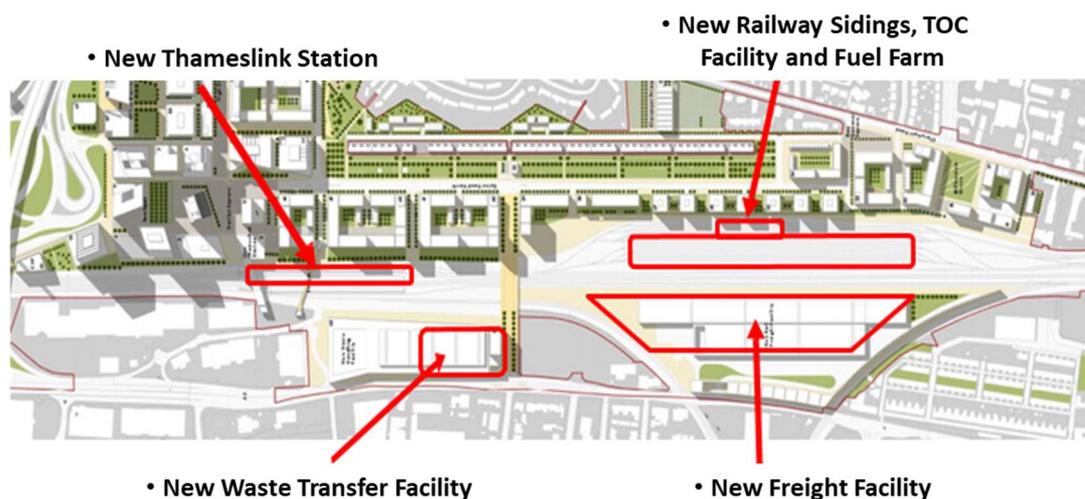


December 2019

- 1.6 Budget, performance and risk information across the overall programme is reported to Housing and Growth Committee as part of the quarterly report. This Committee will focus on the performance of contracts that have actually been let by the council and BXS. This report provides an introductory overview of the individual works delivery construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the overall project alongside funding arrangements. Future reports will provide greater focus on the financial performance of the individual contracts to enable the Committee to monitor and review financial and delivery performance of those contracts going forward.

Council Works Delivery Responsibility – BXT and Critical Infrastructure

- 1.7 The BXT programme of works comprises the delivery of four distinct elements of work to enable the new Brent Cross West Station to open in 2022:
- i) Train Operating Company (TOC) accommodation and ancillary facilities including the fuel farm (see paragraphs 1.26 below)
 - ii) Railway Systems & Sidings (see paragraphs 1.29 below)
 - iii) Relocation of the existing Waste Transfer Station (WTS) (see paragraphs 1.40 below)
 - iv) Brent Cross West station (see paragraphs 1.36 below)
- 1.8 A further requirement of the planning permission for BXT is for DB Cargo to open a new rail freight facility as shown below, which allows the relocation of the existing strategic freight facility. DB Cargo expects the facility to be fully operational within Quarter 1 2020.
- 1.9 The below graphic shows the constituent parts of the BXT programme overlaid on the BXC masterplan.



- 1.10 The BXT programme is government funded. The council agreed to take on these works following the approval of the Full Regeneration Business Case and confirmed funding by HM Government in February 2016. The Grant Agreement signed on 17 January 2017 was subsequently varied on 10 April 2019 to reflect the Revised Funding Agreement (RFA) agreement with HM Government (HMG) as a result of BXN's deferral as explained in paragraph 1.12 below. The terms of the RFA was approved by the P&R Committee on 20 February 2019, the link to that report is as follows:
- <http://barnet.moderngov.co.uk/documents/s51244/Brent%20Cross%20Cricklewood%20Funding%20and%20Delivery%20Strategy%20Report.pdf>
- 1.11 This variation agreement secures the Government investment of an additional £320m grant in the Brent Cross Thameslink project and critical infrastructure. It documents the Revised Funding Agreement (RFA) approved by the Chief Executive in consultation with the Chairman of the Policy and Resources Committee and having consulted members of the Assets, Regeneration and Growth and Policy and

Resources Committees on 6 March 2019. The updated key characteristics are summarised at appendix 2.

<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7163>

- 1.12 Following BXN's decision to defer start on site in July 2018, the council agreed a revised delivery and funding strategy with BXN, BXS and public- sector partners so that BXN's deferral did not delay start on site and the comprehensive redevelopment of BXC.
- 1.13 The revised delivery strategy was approved by ARG on 27 November 2018 <https://barnet.moderngov.co.uk/documents/s49849/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>. The revised delivery strategy required 1) some changes to the planning permission (now achieved); 2) transfer in delivery responsibility for core critical infrastructure items from BXN to the council and BXS in respect of infrastructure works and land acquisitions, funded using grant funding that was previously to be made available to BXN to fund core critical infrastructure works; and 3) the council agreeing an alternative funding strategy with HMG to fund the BXT and core critical infrastructure items being transferred.
- 1.14 As a consequence, in addition to the BXT works at paragraph 1.7 above, the council also took on delivery responsibility for the highway improvements at the Cricklewood Lane Southern Junctions (Cricklewood Broadway/Cricklewood Lane/Chichele Road and Cricklewood Lane/Claremont Road/Lichfield Road) and the relocation of the Part 1 Whitefield Estate, working with L&Q. BXS will deliver the required sub-station totalling 40 MVA and forthcoming improvements to Claremont Park.
- 1.15 The revised Grant Agreement includes milestones (based on calendar years) as shown below which are critical part of monitoring process. The tables below demonstrate good progress is being made and critical milestones achieved.

BXT	FBC Dec 2018	Dec 19	Comment
CPO3 Inquiry	Achieved		Achieved
CPO3 Confirmed	Achieved		Achieved
LBB and NR Sign off - Single Option Development (Grip 4)	Achieved		Achieved
Network Change Approved	Q1 2019	Q3 2019	Achieved
Update Full Business Case and Funding strategy approved	Q1 2019	Q1 2019	Achieved
New NLWA Waste Transfer Facility Demolitions Start on Site	Q1 2019	Q1 2019	Achieved
Commence Sidings Construction / Implementation (Grip 6)	Q1 2019	Q1 2019	Achieved
Commence Station Construction / Implementation Grip 6)	Q4 2019	Q1 2020	On target
Completion of New NLWA Waste Transfer Facility	Q4 2020	Q2 2021	Delay due to cost and programme from framework contractor. Council currently reviewing procurement options.
Station Complete & Scheme Handback (Grip 7) / Station Open	Q2 2022	Q2 -Q4 2022	Programme under review due to the loss of the rail possessions and delay to the TOC building (paragraph 1.42 below)

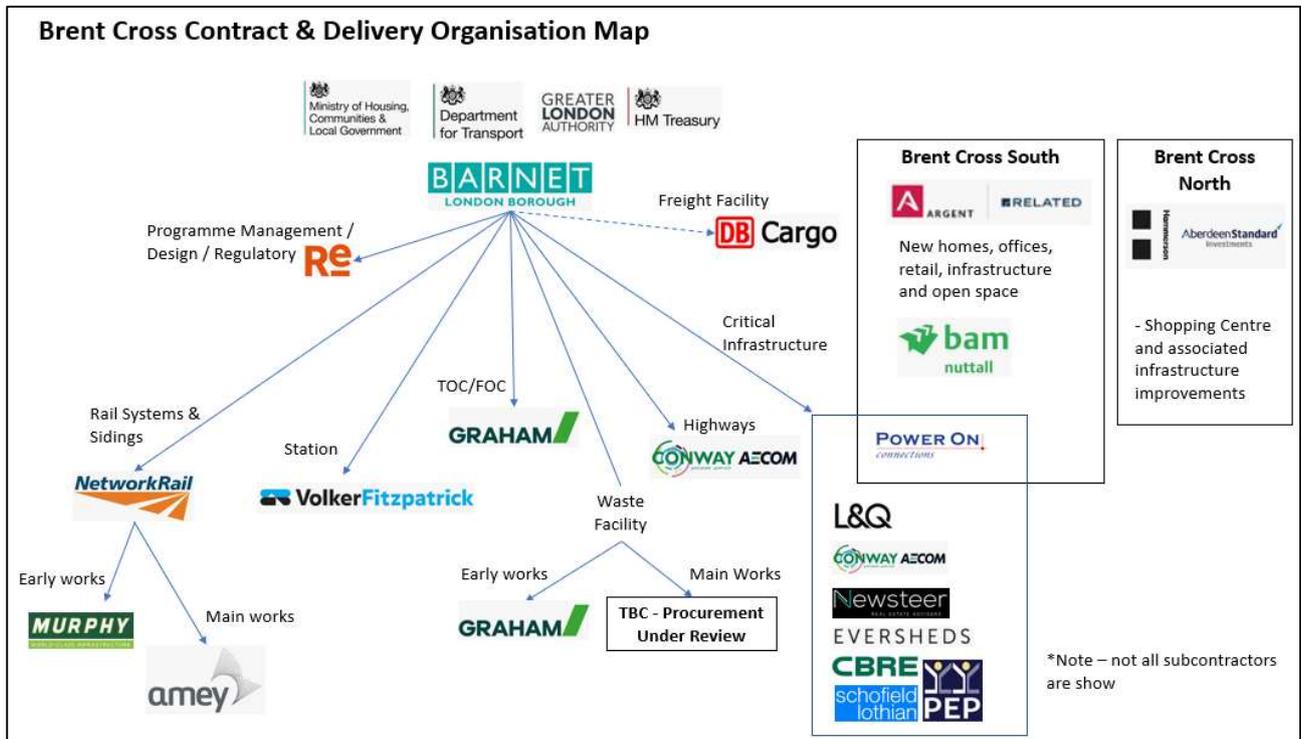
BXS			
Section 73 planning consent	Achieved		Achieved
Secure Preferred Development Partner	Achieved		Achieved
BXC South Phase 1 CPO Resolution	Achieved		Achieved
CPO 2 (and 1) Inquiry	Achieved		Achieved
CPO 2 (and 1) Confirmed	Achieved		Achieved
Start on Site (Phase 1C, Station Square & Other Early Phases)	Q2 2019	Q3 2019 demolitions commenced	Demolitions and site preparation underway. Argent Related (BXS Delivery Partner) are working closely with the BXT station team to ensure delivery of the station interchange and plots in the area is managed through land handover.
Completion (Phase 1C, Station Square & Other Early Phases)	Q4 2022		

Funding

- 1.16 The budget for each of the BXT and critical infrastructure works packages within the programme is set in the RFA. A review of the budgets with HMG is scheduled for 16th January 2020. A verbal update will be provided to the Committee.
- 1.17 This coincides with the Commercial Assurance Review of the Anticipated Final Cost (AFC) currently underway by the council's BXT Client Director.
- 1.18 It is recognised by the council, Network Rail and HMG that the programme has been subject to a number of significant events driving change and potential increased costs, as set out in the report below, notably:
- Delay to the completion of the TOC accommodation, due in large part to scope escalation and programme changes and contractor performance
 - Availability of track access to commission the south sidings, undertake the major track slews and construct the station bridge. (Each of which require complete weekend closure of the Midland Mainline).
 - Return of prices for the waste transfer station
 - The procurement of the station contractor
 - Emergence of a number of risks and issues not specifically identified within the original risk assessment process.
- 1.19 The council is responding to these budget pressures and developing a recovery plan with its partners. The first stage is the review of the latest anticipated final cost by the council's BXT Assurance Director. This review will be finalised by the end of January and will be reported to the next Committee. A verbal update will be provided to this Committee at the meeting.
- 1.20 The council is also working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme. Any re-baselining of the programme, milestones and budget will be formally reported to this Committee. Once approved, this will form the baseline for future reporting and performance monitoring.

Delivery Partners

1.21 The council has procured and entered into contract with the required consultants and works contractors to meet its delivery responsibilities as shown in the diagram below. The exception being the new Waste Transfer Station main works contract to enable the relocation of the existing Hendon Waste Transfer Station facility as explained in paragraph 1.42 below.



1.22 These contracts are managed on a day to day basis by the works package project manager and reviewed monthly by the council's client project and finance teams, including a meeting chaired by the Chief Executive and attended by the Deputy Chief Executive (the Project Sponsor) and Director of Resources. Change is managed through the Change and Decisions Group. All decisions are taken by the Chief Executive, Deputy Chief Executive and Director of Resources within the Scheme of Delegations or as authorised by Full Council, the H&G and P&R Committees.

1.23 These contracts can be broken down: 1) consultancy agreements for legal, professional and project management services and 2) works delivery contracts.

1) Consultancy Agreements

1.24 The value of works under significant consultancy works to 31 December 2019 is approximately £51.3m, split approximately: BXN £9.47m; BXS £2.78m; land assembly £13.83m; and BXT £25.21m. The major ongoing consultancy commissions are listed below.

- 1.25 Budgets are agreed in advance and reviewed monthly by workstream leads and at the monthly overall Project Finance Review meeting. A template for each of the contracts below is being prepared and will be reported to the next Committee.

Consultant	Discipline	These are managed through Special Project Commissions. The council / Re have agreed that the client regeneration functions / integrated project management (IPMO) will be transferred back to the council by the end of January. Special Project Commissions are presently being agreed for the regulatory functions. A new Special Project Agreement (SPA) for the Brent Cross Thameslink Special Project until December 2019 has been developed, although not yet signed. The SPIRS are managed through the DRS contract governance arrangements in place.
Re	Regulatory – Planning	
	Regulatory – Highways	
	Client / IPMO	
	BXT – Project Man	
Re/Capita	Design	
GWLG	Legal	Appointed through an OJEU compliant competition in 2015 overseen by HB Law.
Eversheds	Legal – CPO/Appropriation	Prior to the appointment of GWLG, Eversheds advised the council on legal matters. Eversheds were appointed to provide CPO and appropriation advice in 2014. H&G approved the continuation of the appointment on CPO and appropriation in 2015
NewSteer Ltd	CPO/land acquisitions	Appointment approved by H&G on 16 November 2019.
CBRE	Property	Appointment reconfirmed by H&G on 24 April 2017
Schofield Lothian	Project Management – IPMO, Document Control, Cost	Appointment approved by Chief Officer Decision on 25 November 2019. Contract now in place using TFL Framework.
PEP	Independent Advisor	Appointed in 2014 through a tender process.

2) Works Delivery Contracts

- 1.26 The table below summarises the work delivery contracts in place (highlighted bold) and those that will be let in 2020. It does not include all variations that may have to be agreed by the contractor as these contracts are concluded. The table will be updated in subsequent reports. An overview of each contract is provided in the Works Delivery Contracts Summary and Progress Update as part of this introductory report.

Works	Contractor	Contract Type	Contract Value	Contract date	End Date	Invoiced to date	
Thameslink							
TOC	JGCL	NEC 3 Option E: Cost Reimbursable	£8,721,872.00	10/01/2019	24/08/2020	£8,349,860	
	NR	APA	£402,936	14/03/2019	13/11/2019	£187,697	
Rail Sidings and Systems	NR	DSA 1	£2,291,281.00	25/11/2014	28/02/2017	£2,205,956.53	
		APA	£395,015.00	30/01/2018	30/04/2018	£342,653.36	
		DSA 2 GRIP 4	£11,905,493.62	02/03/2017	30/04/2018	£11,495,413.39	
		DSA 2 GRIP 5	£9,344,183.00	03/08/2018		£4,639,626.61	
		IA Long Lead	£3,970,132.91	16/11/2018		£94,833.23	
		IA Early Works	£5,353,335.00	27/06/2018		£4,244,209.22	
		Sub Total		£33,259,440.53			£23,022,692.34
	NR	IA Works Schedule 1:	£15,888,861.00	27/12/2018			-
		Extension to IA Works Schedule 1	£3,663,311.00	21/03/2019			-
		IA Works Schedule 2:	£115,727,127.00	11/04/2019	31/12/2022		£26,590,004.72
	Sub Total		£135,279,299.00			£26,590,004.72	
Station	VF	NEC3 ECC Option C (as set in the Contract Award Notice in line with the commencement of the procurement information)	£40,000,000	23/12/2019	31/07/2022	-	
	NR	APA	£4,648,045	29/03/2020	31/05/2022	-	
		Sub Total	£44,648,045.00				£0.00
Waste Transfer Station	JGCL	Enabling works - NEC ECC Option A (priced contract with activity schedule). This has been extended on May 19 and Dec 19 to maintain programme whilst main works contract procured.	£2,201,647	20/02/2018	12/06/2019	£1,822,232	
	TBC	Main Works NEC3 ECC Option A (priced contract with activity schedule)	TBC				
	NR	APA					
		Sub Total	£2,201,647.00				£1,822,231.99
Critical Infrastructure							
Access Ramp	Conway Aecom	LoHAC call off contract	£400,000	01/09/2019	31/12/2020	£0	
Relocation of Part 1 Whitefield Estate	L&Q	Funding Agreement (novated from Hammerson / Aberdeen Standard x November 2019) in process of being renegotiated	TBC	01/11/2019	31/03/2023	£359,000	
Geron Way	Conway AECOM prelim design	Option E Task Order - LoHAC call off Contract	£225,000.00	01/11/2018	29/02/2020	£158,914	
	Conway Aecom detailed design & construction	Option A Task Order - LoHAC call off Contract	£2,168,458.60	01/03/2020	01/03/2021	-	
	TfL costs	Traffic Signals, Supervision, Bus Stop relocation	£253,806.00	01/03/2020	01/03/2021	-	
	BT Openreach	Utilities Diversion	£1,151,395.00	01/03/2020	01/03/2021	-	
	Cadent Gas	Utilities Diversion	£22,000.00	01/03/2020	01/03/2021	-	
	UKPN	Utilities Diversion	£99,805.00	01/03/2020	01/03/2021	-	
	Thames Water	Utilities Diversion	£20,000.00	01/03/2020	01/03/2021	-	
		Sub Total		£3,940,464.60			£158,914.38
Southern Junctions	Conway Aecom LoHAC Prelim	Option E Task Order	£114,168.32	01/06/2019	01/06/2020	£103,362	
	Conway Aecom LoHAC Detailed & Construction	Construction, incl detailed design - A407/Claremont Road	£613,196.06	01/11/2019	31/07/2020	-	
		Walls Construction - A407/Claremont Road	£51,500.00	01/11/2019	31/07/2020	-	
		Construction, incl detailed design - Cricklewood Broadway	£1,109,807.36	06/01/2020	31/07/2021	-	
		Demolition - Cricklewood Broadway	£515,000.00	30/04/2020	30/09/2020	-	
	TfL	TfL costs A407/Claremont Road	£54,500.00	01/11/2019	31/07/2020	£49,500	
		TfL costs Cricklewood Broadway	£105,500.00	01/07/2020	31/07/2021	-	
	UKPN	UKPN Main Order - A407/Claremont Road	£59,814.59	01/11/2019	31/07/2020	£59,815	
	BT Openreach	Claremont Road Diversion	£768,693.63	01/11/2019	31/07/2020	£304,897	
		Cricklewood Broadway Diversion	£87,066.75	01/07/2020	31/07/2021	-	
	Cadent Gas	Claremont Road Diversion	£495,684.76	01/11/2019	31/07/2020	-	
		Cricklewood Broadway Diversion	£10,860.71	01/07/2020	31/07/2021	-	
	Virgin Media	Utilities Diversion	£69,869.63	01/11/2019	31/07/2020	-	
Thames Water	Utilities Diversion	£7,000.00	01/11/2019	31/07/2020	£7,776		
	Sub Total		£4,062,661.81			£525,349.65	

Key for Abbreviations

JGCL - John Graham Construction Limited
NR- Network Rail
IA - Implementation Agreement

APA - Asset Protection Agreement
VF - VolkerFitzpatrick
LoHAC - London Highways Alliance Contract

1.27 Works Delivery Contracts Summary and Progress Update

1.28 The TOC accommodation and ancillary facilities element comprises a new two-storey TOC accommodation building and the relocation of the 'fuel farm' where

fuel for the Thameslink trains is held. The facilities are all located immediately to the south of the existing operational North London Waste Authority (NLWA) waste facility. The new facilities replace existing facilities to enable construction of the new 'south' sidings (see below) and are set within fenced compounds, accessible via a service road from the north. The building works are now complete. However, Govia Thameslink Railway (GTR), the incumbent TOC took the decision to delay their move until after the operational timetable change on 15th December and are therefore are now using the building. A temporary fuel farm is also being used by East Midlands Trains (EMT) whilst the permanent fuel farm is constructed on the old TOC accommodation building land.



- 1.29 The contract with John Graham Construction Limited (JGCL) was authorised on 10th January 2019 by the Chief Executive under delegated powers using a NEC 3 Option E: Cost Reimbursable Contract to deliver the Train Operator Compound and Fuel Farm. The approved budget for the total cost to complete the TOC Accommodation and Fuel Farm package is £11,791,185, of which includes the contractor element and all associated professional fees.
- 1.30 As works progressed JGCL has experienced delays as a result of increases in scope by Network Rail, TOCs and to meet `Network Change requirements as well as unfavorable ground conditions, specifically unforeseen concrete obstructions and contaminates such as asbestos during construction causing delay to the baseline programme. Mitigations were implemented to achieve the target completion date including increased activity on site and additional weekend working for the civils contractors. The programme is substantially complete but works relating to the permanent fuel farm, drainage and land rectification will continue through to July 2020. All of these matters have put significant pressure on the budget.
- 1.31 The **Railway Systems and Sidings element** comprises the following elements.
- 1) the construction of the new 'south' sidings and accesses,
 - 2) the decommissioning and removal of the existing 'north' sidings and accesses and
 - 3) the reconfiguration of track and other rail infrastructure to create the areas within which the station's platforms will be constructed.
- 1.32 1) enables 2), 2) enables 3), and 3) enables the delivery of the station itself.
- 1.33 Delivery is by Network Rail through its framework supply chain via an Implementation Agreement with the council. Full Council and Policy and Resources Committee

approved entering into the contract in December 2018, initially for enabling works approved by HMG whilst the RFA was finalised and put in place. The total value of the contract is £135,279,299. Works are scheduled to be complete to Handover (GRIP 8) by July 2022. The links to these reports are as follows:

Policy and Resources Committee 11 December 2018 Brent Cross Funding
<https://barnet.moderngov.co.uk/documents/g9460/Public%20reports%20pack%2011th-Dec-2018%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>

Full Council 18 December 2018 Brent Cross Cricklewood Update Report
<https://barnet.moderngov.co.uk/documents/g9454/Public%20reports%20pack%2018th-Dec-2018%2019.00%20Council.pdf?T=10>

- 1.34 Main works started on programme in January 2019 and has progressed well through the year with critical works in 'possessions' (of the operational railway) being carried out over Easter 2019. The photo on the right, shows the progress with track, walkways and portal booms now installed to new sidings 6-10.



Photo: Sidings - January 2019

December 2019

- 1.35 The baseline programme showed the commissioning of the new south sidings on target for NR's week 43 (19th January 2020.) Delivery was dependent on TOC facility being accepted by the GTR by 18th November. Due to delay in GTR moving into the compound facility, the revised date for the south sidings commissioning is now June 2020 (week 9).
- 1.36 The three main track slews (realignments to facilitate station platforms installation) occur in linear sequence and require long 'possessions'. The first slew facilitates the second; the second facilitates the third. The associated 'possessions' are typically aligned with bank holidays, because of their disruptive effect on rail services. The first (Up Slow) slew was scheduled for August 2020, the second (Down Slow) for October 2020 and the third (Up Fast) for December 2020. Whilst the August 2020 possession was booked and confirmed, Network Rail formally advised the council last November that the October and December possessions had been refused by GTR, predominately as the proposed possessions were based on non-bank holiday weekends with the resulting disruption being unacceptable. This, coupled with delay to the TOC facility has impacted the Rail Systems and Sidings construction programme to provide the islands of land needed to construct the platforms and rail-side elements of the station buildings and footbridge.

1.37 A recovery access possessions plan has been developed by NR and BXT proposing 72 hr possession access on 2nd April 2021 (Week1), 3rd May 2021 (Week 5) and 31st May 2021 (Week 9). The key challenge is to secure commitment from the rail industry, GTR, to lock down these possessions through an integrated programme. This is expected by the end of January 2020. This is likely to result in changes to the NR Implementation Agreement contract.

1.38 The **Brent Cross West Station** comprises:

- 1) two 'island' platforms,
- 2) the pedestrian over-bridge,
- 3) the above platform concourse,
- 4) platform stairs, lifts and escalators,
- 5) roofs and canopies,
- 6) the station's west entrance building and public realm, and
- 7) the fit out of the station's east entrance building.



1.39 Following the conclusion of an OJEU procurement process, on the 3rd October 2019 LBB's Policy & Resources committee approved VolkerFitzpatrick as the selected bidder to deliver the new Brent Cross West station. The council entered into contract with Volker Fitzpatrick on 23 December 2019.

1.40 The station budget includes forecast expenditure in association with railway costs (possessions and Network Rail engineering trains), an identified risk provision for potential contract changes and Network Rail Asset Protection costs. There may be consequential changes required to the contract as a result of the revised integrated programme.

1.41 The station contract value and APA estimate are affordable within the MHCLG budget allocation for these items.

1.42 The **Waste Transfer Facility** element comprises:

- 1) the demolition of a warehouse building on the west side of the railway corridor;
- 2) the construction and commissioning of a new road-road waste transfer facility on the site of the above-described warehouse, to replace the existing road / rail facility on the east side of the railway corridor; and

- 3) the permanent closure of the existing road / rail waste transfer facility on the east side of the railway corridor and the c675m long railway siding that currently serves it and the yielding up of the associated land.
- 1.43 The demolition in 1) and enabling remediation works have been completed under a NEC3 ECC Option A contract (priced contract with activity schedule). The contract was extended in December 2019 to enable soft spot removal work to be undertaken. The total cost of these works is £2,436,027 which is within current total approved capital budget and overall BXT budget estimate.
- 1.44 JGCL had been BXT's preferred framework contractor for 2). However, as reported to the Housing and Growth Committee, JGCL submitted a programme and cost estimate outside the approved programme and budget available. Consequently, the council is reviewing the procurement strategy and next steps. A verbal update will be provided to the Committee.

Critical infrastructure

- 1.45 As part of the revised delivery strategy, the Funding Development Agreement Contract between BXN and L&Q has now been novated to council to bring forward the relocation of the Part 1 Whitefield Estate. The council's role is primarily to provide gap funding using the HMG £55m grant.
- 1.46 The council has also taken responsibility for delivery of the transport improvements at the Cricklewood Lane Southern Junctions (Cricklewood Broadway/Cricklewood Lane/Chichele Road and Cricklewood Lane/Claremont Road/Lichfield Road). The council is already delivering the Geron Way junction improvement on the A5 as part of the Thameslink works.
- 1.47 On 13 June 2019, the Assets, Regeneration and Growth Committee approved and authorised the Deputy Chief Executive to extend the scope of Conway Aecom's commission through the LoHAC framework to undertake the Southern Junctions Highways Works. The council had already appointed Conway Aecom to undertake the Geron Way highways work package utilising the existing London Highways Alliance Contract (LoHAC) framework contract.
- 1.48 The Deputy Chief Executive under delegated powers authorised the appointment of Conway Aecom through the London Highways Alliance Contract (LoHAC) framework to construct and build the associated Southern Junction highways works.
- 1.49 The first phase of the southern junction highway improvement work commenced on 20 January 2020 at the junction of Cricklewood Lane with Claremont Rd/Lichfield Rd, initially with the demolition of the wall at 1 Claremont Road to create the new boundary wall as explained in report to the Housing and Growth Committee. There will be five traffic management phases during the construction period which have been designed to cause as little disruption as possible. Before each new phase begins communication will be issued to the affected stakeholders explaining impacts. The more substantial second phase works will take place on the second junction of Cricklewood Lane and the A5 (Cricklewood Broadway) and are scheduled to take place in July 2020.

- 1.50 These works form part of the core critical infrastructure as set out in the RFA. The funding will be from the Southern Junctions budget which forms part of the £55m critical infrastructure package. The LoHAC design and build element is £635,000, of the estimated works budget of £2,073,000. Actual spend to date for Southern Junctions and Part 1 Whitefield Estate is £0.502m.

2 REASONS FOR RECOMMENDATIONS

- 2.1 To provide an introductory overview of the construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the Brent Cross Cricklewood project alongside the project's funding arrangements.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4 POST DECISION IMPLEMENTATION

- 4.1 None.

5 IMPLICATIONS OF DECISION

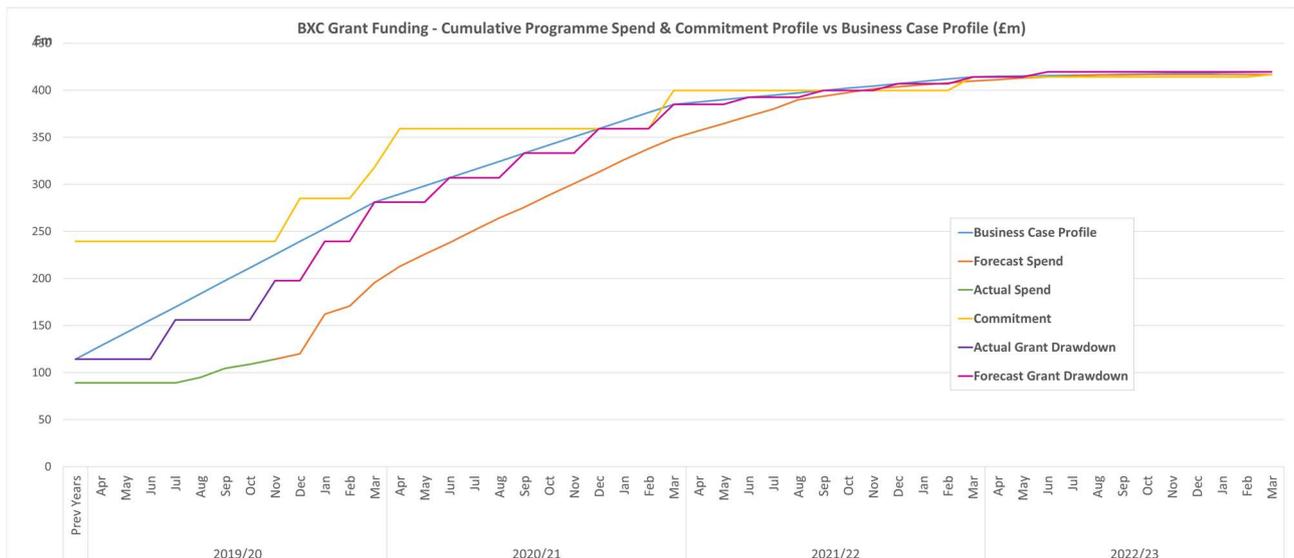
5.1 Corporate Priorities and Performance

- 5.1.1 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing of the council and a key regeneration priority of the Mayor of London.

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

Budget Monitoring

- 5.2.1 Budget, performance and risk information across the overall project programme is reported to Housing and Growth Committee.
- 5.2.2 The council has put in place procedures to ensure the effective monitoring of the financial performance of the overall programme. The Governance Board comprising senior officers of the council, including the Chief Executive, Deputy Chief Executive (Project Sponsor) and the Director of Finance, receives a detailed report each month setting out the financial performance of the overall programme. This report includes a breakdown of the performance against the approved budgets and details of the individual Officers responsible for managing the budgets included within the overall programme.
- 5.2.3 The graph below shows the cumulative programme spend and commitment profile against the profile approved as part of the RFA and underpinned the subsequent Grant Agreement. It is anticipated that this will be reprofiled once the revised integrated programme has been agreed and endorsed by the rail industry and public-sector partners and the anticipated final cost updated.



Land Acquisitions

- 5.2.4 The approved budget for land acquisition to facilitate the programme is £63.13m, furthermore, there was expenditure on advanced acquisitions of £4.06m. This is in addition to the Thameslink budget. Actual spend to date is £52.15m. The current forecast for 2019/20 is £5.89m.

Thameslink Station

- 5.2.5 The current approved budget in the capital programme is £364.47m following confirmation of the HMG grant funding agreement.
- 5.2.6 Actual spend to date is £97.50m. The total contractual commitments at the end of October 2019 is £239.31m. The council has submitted drawdown requests against the HMG grant totalling £197.51m, of which all has been paid to date. The current forecast for 2019/20 is £130.11m.

Critical Infrastructure

- 5.2.7 These works are funded from the £55m core critical infrastructure budget that is being provided as part of the MHCLG Revised Funding Agreement for Brent Cross Cricklewood. Actual spend to date is £0.502m. The current forecast for 2019/20 is £13.41m.

Brent Cross North

- 5.2.8 The Brent Cross Principal Development Agreement confirms that the BXN Partners are obliged to pay the council's (and their consultants) costs in connection with this project – this covers a range of costs, including land acquisitions, fees, highway works.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act 2012 requires people 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. As set out in the council's Contract Procedure Rules, commissioners should use the Procurement Toolkit, which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value is being monitored through the contract management process.

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 to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

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, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults and Safeguarding Committee; Children, Education and Safeguarding Committee; Community Leadership and Libraries Committee; Environment Committee; and Housing and Growth Committee.
- The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy and Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.4.4 The council's Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

5.5 Risk Management

- 5.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high (15 to 25) level risks are reported to the relevant Theme Committee and Policy and Resources Committee.
- 5.5.2 Budget, performance and risk information across the overall programme is reported to Housing and Growth Committee.
<https://barnet.moderngov.co.uk/documents/g9930/Public%20reports%20pack%2026th-Nov-2019%2019.00%20Housing%20and%20Growth%20Committee.pdf?T=10>.
- 5.5.3 Risk management has been applied across all levels of the programme. Owners and mitigation plans are identified, and risks are measured against impact and likelihood to give an overall rating. High rating risks are escalated and reported through the defined reporting procedure with top risks reported to BXC Governance meeting chaired by the Chief Executive.
- 5.5.4 As with all major programmes there is the risk that costs will increase during programme delivery. The BXT budget is under review to take account of the contract award on the station as well as progress on the TOC and Rail Systems and Sidings contracts. This risk is being actively managed.
- 5.5.5 The IA contract between the council and NR is an Emerging Cost contract. As indicated in previous reports, all emerging cost contracts entered into require strong contract management to ensure all costs incurred are reasonable. As part of the signed IA the council has open book access to all of Network Rail's financial information relating to invoiced costs incurred on the programme. This extends to Network Rail contractors where an emerging cost contract is in place. The council has the right (subject to notice and personal safety) to access the site and attend meetings. In this regard, the regular senior level meetings between Network Rail and the council/Re delivery are continuing to review the costs each month. Similarly, there is an on-site presence by the council/Re delivery team monitoring programme and work achieved, particularly during track possessions.
- 5.5.6 The most important control mechanism for the council is to employ experienced staff who will provide diligent review and challenge of the NR cost base and reject any costs which are not reasonably and properly incurred. The council's Client and Re Thameslink delivery team comprises professionals used to working on the railway within Network Rail and are experienced in delivering large railway projects. The challenge to NR will need to operate at several levels, including:
- a. A full-time site presence that stays abreast of issues that arise on site, and monitors the detail and impact of any events, or failure to meet programme milestones, quality standards etc. The site team/person will also systematically log these events/issues and share this information with NR.
 - b. Whilst it will always be difficult to isolate costs associated with NR/Contractor failure, from genuine cost, it is important that NR are discouraged from passing on contractor valuations without themselves challenging whether a deduction should be made to take account of notified failures.

- c. Attendance at key NR meetings. This is in addition to the role set out in (a), targeting any issues which may not have been picked up by the site-based teams, but for the same purpose as (1).
- d. A strong commercial challenge that scrutinises and interrogates any unexpected costs which emerge during the pre-invoice (valuation) process and repeats this when the main invoices are submitted.

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; marriage and civil partnership.

5.6.3 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.

5.6.4 This is also what we expect of our partners.

5.6.5 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

5.7 Corporate Parenting

5.7.1 This is not applicable for this report.

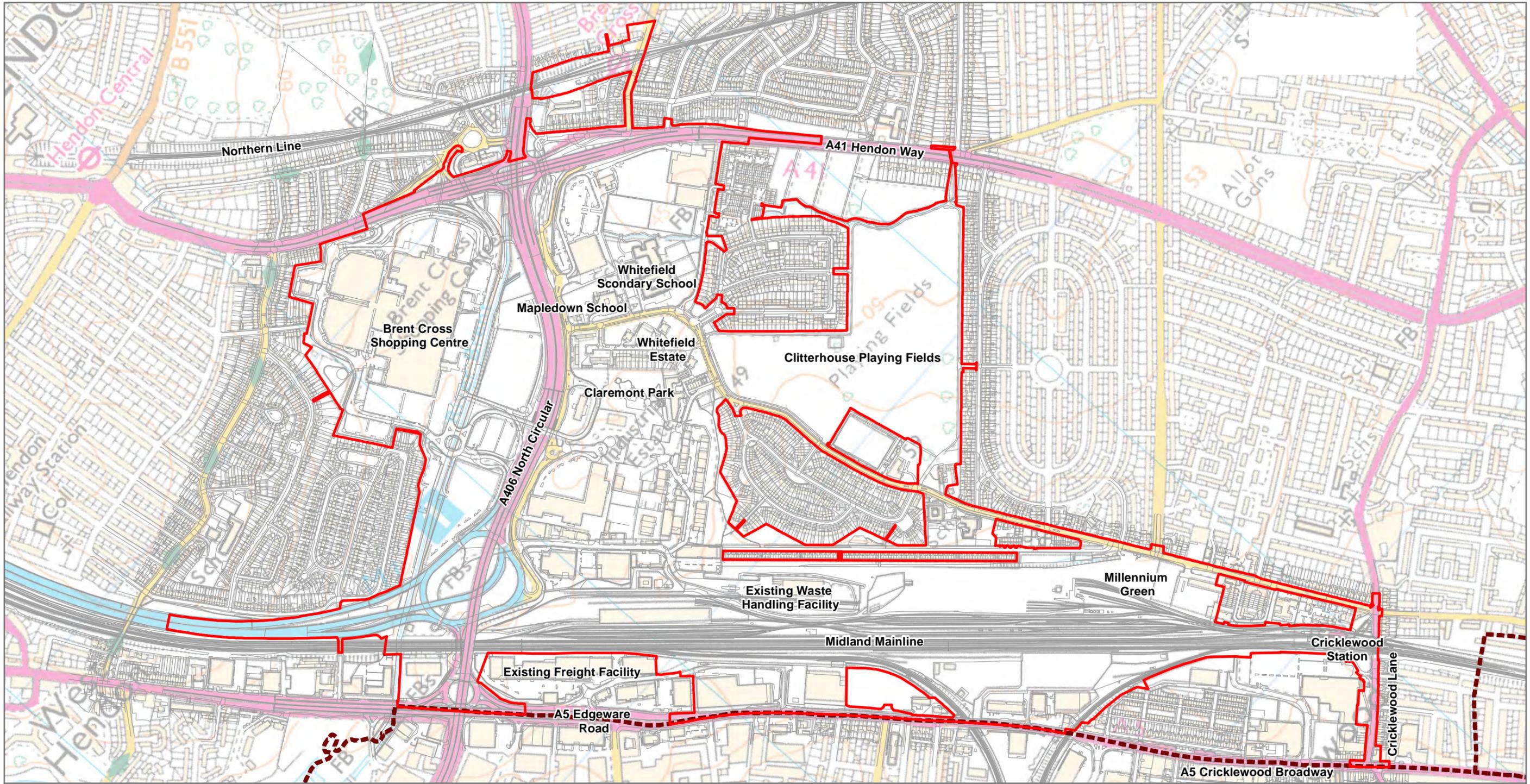
5.8 Consultation and Engagement

5.8.1 An update is set out in the report to the Housing and Growth Committee on 27 January 2020. Obtaining customer feedback is part of the council's contract management process to inform service delivery, service development and service improvement.

5.9 Insight

5.9.1 This is not applicable for this report.

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- Planning Application Boundary
- London Borough Boundary

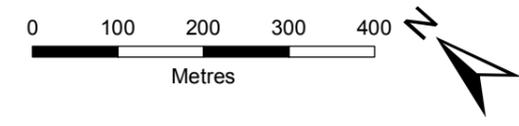


Figure 2.0: Planning Application Area

SCALE: See Scale Bar	VERSION: A01
SIZE: A3	DRAWN: AG
PROJECT: 0198588	CHECKED: CB
DATE: 29/08/2013	APPROVED: SP



BXC Development Partners

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M1 Pedestrian Bridge

M1 Junction

Sturges Park

Sturges Park

Loyfield Place Threshold

Brent Cross Shopping Centre

Multi Storey Car Park

Brent Cross Pedestrian Underpass

Brent Riverside Store Park

Penwick Place Threshold

High Street North

New Brent Cross Bus Station

Realigned River Brent

A406 Pedestrian Bridge

A406 Green Corridor

New Substation

Office District Park

Tilling Road

New Brent Cross Bus Station

A406 Pedestrian Bridge

Eastern Green Corridor

Tower Square

Station Square

New Homeslink Station

High Street South

Market Square

Health Care Facility

Whitfield Street

Eastern Park

Whitfield Square

New Homeslink Station

High Street South

Market Square

Health Care Facility

Whitfield Street

Eastern Park

Whitfield Square

Station Bridge

Claremont Park

Claremont Avenue

School & Education Campus

Health Care Facility

Whitfield Street

Whitfield Square

New Waste Handling Facility

Station Bridge

Claremont Park

Claremont Avenue

School & Education Campus

Health Care Facility

Whitfield Street

Whitfield Square

New Midland Mainline Railway Bridge

Station Bridge

Claremont Park

Claremont Avenue

School & Education Campus

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Appendix 2 Updated Grant Agreement Key characteristics:

- (i) Government will meet the council's costs of delivering the Thameslink up to the value of £419.5m – an addition of £319.5m over the £97m already granted. This is in addition to £2.9m of business rates previously provided by the GLA.
- (ii) This will be in the form of a partially repayable grant, to be drawn down monthly on evidence of spend.
- (iii) The grant is conditional on meeting key project milestones, and HMG retain the right to clawback the grant if these milestones are not met. This is in line with the terms of the existing £97m grant.
- (iv) The grant will be repayable, as set out in (v) and (vi) below.
- (v) The current ring-fence, which sets aside the growth in business rates from the expansion of Brent Cross Shopping Centre, will remain in place. Rather than using income to repay borrowing, the council will use it to repay the grant.
- (vi) HMG will receive 50% of LBB profits from the Brent Cross South scheme (i.e. those arising from land receipts and joint venture surpluses) on a phase by phase basis, side by side with the council, and verified by independent RICS advisors. This condition reflects that the south side business rates will no longer be used to fund BXT.
- (vii) The council will not be liable to repay the grant beyond the return of business rate growth to Government and 50% of the south side surpluses, unless it breaches the terms of the grant agreement.
- (viii) That the council work with HMG to minimise the impact on government finances and ensure that the overall project has a positive, or no more than a de minimise negative, effect on the overall balance sheet.

**London Borough of Barnet
Financial Performance and
Contracts Committee
Forward Work Programme
2020**

Contact: Salar Rida 020 8359 7113 salar.rida@barnet.gov.uk

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
29 January 2020			
Chief Finance Officer Report and Update on Finance Matters	To provide an update on finance performance, including Council Tax/Business Rates collection and Revenues/Benefits complaints.	Director of Finance (S151 Officer) Assistant Director of Finance	Non key
Year 6 and 7 Capita Contracts Review – Terms of Reference	To set out plans for the Year 6 and Year 7 strategic contract review	Director (Commercial and IT Services)	Non key
Update on Major Contracts and Contingency Planning	To provide an update on the council's contingency planning arrangements, in the event of the failure of one of its providers of significant outsourced services.	Director (Commercial and IT Services)	Non key
Brent Cross, incl. Thameslink Station	To provide an update on delivery of the contract for Brent Cross, including the Thameslink Station.	Director of Growth	Non key
Q2 2019-2020 Contracts Performance Report	To review and note the performance of strategic contracts.	Director (Commercial and IT Services)	Non key
Saracens Loan – Update Report	The Committee to note the position with the loan to Saracens Copthall LLP.	Deputy Chief Executive	Non key
Referral from Environment Committee	The Committee to give consideration to the request from the Environment Committee on the Guaranteed income aspect of the Q2 Performance Report.	Head of Governance	Non key

Subject	Decision requested	Report Of	Type
18 March 2020			
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	Non key
Cophall Leisure Centres	To provide an update on delivery of the contract for the Cophall leisure centres.	Executive Director of Adults & Health Assistant Director Green Spaces and Leisure	Non key
Q3 2019-2020 Contracts Performance Report	To review and note the performance of strategic contracts.	Director (Commercial and IT Services)	Non key
Oakleigh Road Depot	The Committee at its October meeting asked for the total cost of moving to the Oakleigh Road Depot whilst acknowledged the difficulties in calculating the total cost due to the changing nature of the comparison data. Officers were instructed to provide a report to the Committee on this matter.	Director (Commercial and IT Services)	Non key
Finchley Lido Leisure Centre	To update the Committee on the scale of the investigation work and the remedial work	Assistant Director for Estates Director of Growth Director (Commercial and IT Services)	Non key
To be allocated			

Subject	Decision requested	Report Of	Type
Brent Cross and Capital Programme	<p>The Committee requested that Officers in consultation with the Chairman develop an item which will set out the following:</p> <ul style="list-style-type: none"> - the major Capital Programme projects and sub-projects within the Capital Programme - risks against each of those project and sub-projects - the summary of progress against each project and sub-project - amount of funding spent compared to amount of funding expected to be spent 	Director of Growth Assistant Director of Finance	Non key
Capital Receipts	The Committee requested an item on Capital Receipts and details of the projects covered under the Capital Programme	Director of Finance (Section 151 Officer) Assistant Director of Finance	Non key

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 17

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