

<u>MEETING</u>	
FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE	
<u>DATE AND TIME</u>	
TUESDAY 27TH OCTOBER, 2020	
AT 6.00 PM	
<u>VENUE</u>	
VIRTUAL MEETING LINK: https://bit.ly/3je2wPU	

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

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

Councillors

Anthony Finn	Barry Rawlings	Julian Teare
Kathy Levine	Arjun Mittra	Alex Prager

Substitute Members

Geof Cooke	Lisa Rutter	Golnar Bokaei
Ammar Naqvi	Alison Moore	John Marshall

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is 10AM, Thursday 22 October. Requests must be submitted to Salar Rida at salar.rida@barnet.gov.uk

**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
Media Relations Contact: Tristan Garrick 020 8359 2454

ASSURANCE GROUP

ORDER OF BUSINESS

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Decisions of the Financial Performance and Contracts Committee

15 June 2020

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 Mittra
Councillor Alex Prager
Councillor Barry Rawlings

1. MINUTES OF THE PREVIOUS MEETING

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

It was RESOLVED that the minutes of the previous meeting of the Financial Performance and Contracts Committee held on 29 January 2019 be agreed as a correct record.

2. ABSENCE OF MEMBERS

None.

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

The following declarations were made during the meeting:

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

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

None.

The Chairman sought agreement to alter the order of the items on the agenda. The Committee agreed to move discussion on the Members items to the end of the agenda, to allow any points raised during discussion of the various reports to take place first and any outstanding concerns raised to subsequently be addressed at the end of the meeting.

The Committee also agreed to discuss Item 8 on the agenda before Item 7.

6. CHIEF FINANCIAL OFFICER REPORT OUTTURN MONTH 12 (MARCH 2020) (ITEM 8 ON THE AGENDA)

The Chairman introduced the item and invited Anisa Darr, Director of Finance and Ben Jay, Assistant Director of Finance to present and summarise the report.

The Director of Finance informed the Committee that had Covid-19 not happened, the Council's financial position for 19/20 would have ended in a favourable position and significantly better than had been anticipated at the last meeting with the ability to add to back to reserves, always recognising that reserve usage had been budgeted.

The Assistant Director of Finance raised the following key points:

- That a key concern raised by Councillors had been the use of reserves and as of month 12 this had significantly improved since the last meeting, with a net contribution to reserves at the end of the year, always recognising the already budgeted use of reserves.
- That there was some work to be done to improve forecasting for the end of the year, which would help aid planning, particularly around Covid.

The Committee requested that the original budget be included in the tables within the report, to allow comparisons against the revised budget figures. Officers agreed to incorporate this into future reports. (**Action** - Assistant Director of Finance)

The Committee queried whether the increased costs for residential care and the increasing length of stay had been factored into the budget for 2020/21. The Director of Finance confirmed just under £9m had been put into the adult's budget in recognition of these increased costs, however these budgets were set pre-covid, so the Council would only know if the budget was adequate as the year evolved. However, she confirmed that a month 2 detailed exercise was currently taking place.

Councillor Mittra asked for the final cost figure for the repair of the Finchley Lido, as well as the proposed opening date. Officers explained that it was not detailed within the report as capital costs were funded by the asset maintenance fund. The Chairman suggested that officers provided Councillor Mittra with a link to the environment committee paper on the Finchley Lido and that anything not covered in the paper be picked up and provided by officers outside of the meeting. (**Action** – AD Finance)

The Committee requested the latest information on the school balances and in-year deficits be circulated to Members. The Director of Finance agreed that this would be included in the next set of monitoring reports that are brought to committee. (**Action**- Director of Finance)

As part of the discussion in relation to the HRA, the Chairman requested a report be brought to the committee providing a detailed explanation on the movement between month 10 and 12 and where the overspend occurred, as well as plans that had been put in place to prevent the problem re-occurring in the future. The Chairman asked that the report include a month by month trend analysis of last year and this year. The Director of Finance explained that a piece of work was taking place between all relevant officers and the Barnet Group to map all processes and make sure there were no gaps between the different teams. She agreed to bring a report back to the committee which would outline the revised arrangements and how it would be made more robust going forward. (**Action**- Director of Finance).

The Committee queried the £2.1m borrowing for Brent Cross, The Director of Finance agreed to confirm the position and circulate to the members. (**Action** – director of Finance) [Members were later informed that this related to land acquisitions.]

The Committee also queried the slippage in IT projects for Adults and Health and were concerned whether the data that was being used to provide information to government was reliable. The Chairman informed the Committee that a report on Mosaic was due to be reported to the Adults and Safeguarding Committee, however due to resource implications arising from Covid-19, this had been delayed. The Assistant Director of Finance confirmed that Mosaic was performing well, however the report would outline and address specific concerns. He also explained that whilst the data was not completely up to date, other financial systems were used to check the data was as accurate as possible and benchmarking was used to ensure there was a sense check of the cost element.

The Committee raised concerns about the same debtors being identified within multiple reports brought to the Committee, Freemantle Trust, Comer Homes and the NHS. The Director of Finance explained that the issues regarding Freemantle were ongoing and that the Council were currently awaiting further comment from legal. Regarding Comer Homes, she said mediation had been unsuccessful, the council was waiting for courts to re-open to progress further. The Director said that Barnet CCG had combined to become NCL CCG from the 1st April which had contributed to the delay in recovering the debt, as well as the NHS and care sectors being particularly affected by Covid-19, however dialogue with the new team had started and she was hopeful that resolution would progress quickly.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

The Committee noted the overall financial outturn at the end of 2019/20 for General Fund services, Housing (HRA), Schools (DSG) and capital budgets.

The Committee noted the overall use of reserves reflected in the report.

7. COVID-19 FINANCIAL IMPLICATIONS (MAY 2020) (ITEM 7 ON THE AGENDA)

The Chairman introduced the report which outlined where the council has funding and income pressure. He invited Anisa Darr, Director of Finance and Ben Jay Assistant Director of Finance to present and summarise the report.

The Director of Finance stated the paper provided an estimate and forecast based on a point in time, due to uncertainty around the speed at which lockdown would be eased and the potential of a second peak. Therefore, the figures were subject to change based on these and other variables. The paper outlined the gross pressure on Covid-19 response and loss of income to the local authority, the net loss being estimated at £26.2m. She also updated the committee on further funding announcements since the publication of the paper, including £1.5m for the Track and Trace responsibilities and the government announcement of £63m to Local Authorities to assist those struggling to afford food and other essentials, however the specific allocation for Barnet was not yet known.

The Committee requested that a range of figures for each estimate would be helpful, rather than an estimated absolute figure. Officers confirmed that ranges were contained within a paper being drafted.

The Committee queried how much of the £26.2m the Council was likely to receive from the government. The Director of Finance said discussions were taking place with MHCLG monthly, but she could not confirm at this point the exact amount. The Chairman confirmed that many discussions were being had, at all levels, and it was acknowledged that the current rate of spending was not sustainable, without further funding from MHCLG.

A member queried the increased costs in relation to mortuary's and crematoriums and why this was not recovered through charges. Officers explained that during the pandemic they incurred significant additional costs, due to 5 times the normal level of demand for funerals and therefore extra resources had been needed to cope. A new cemetery was also being built and would be in place from early August. The Committee also queried the increased cost for LEZ compliant vehicles, which the Chairman explained was the result of a delay in delivery of the new vehicles due to the impact of Covid and the cost of hired vehicles in the meantime being an additional cost.

The Committee requested further information on the situation surrounding parking income pressures as the number in the report was significant. (**Action** – Assistant Director of Finance.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was therefore unanimously **RESOLVED:**

- 1. That the Financial Performance and Contracts Committee noted the current net estimated financial impact of Covid-19 for 2020/21 of £26.2m.**

8. Q4 2019/20 CUSTOMER AND SUPPORT GROUP (CSG) PERFORMANCE REPORT (ITEM 9 ON THE AGENDA)

The Chairman invited Tim Campbell, Head of Commercial Management to present and summarise the report. He notified the Committee that Covid had impacted on the report, meaning it concentrated on CSG performance only. He highlighted that there had been continued improvement across most areas.. The pensions transfers remained on track, apart from incident resolution and that there were notable improvements in HR audit initial findings and changes to the contact centre to enable staff to work from home.

Members noted an error in the text on page 4 for pre-employment vetting in relation to table 1.18, which should read as amber.

The Committee were concerned about the number of pensions items outstanding, which was important data required for transferring over to the new supplier. The Director of Finance informed the committee that a paper was due to go to the Local Pension Board, which put together an action plan to ensure outstanding cases and information were chased up and that benefits moved across correctly. Additional staffing into the team had been arranged to work on the non-actionable 3rd party cases.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

That the Committee noted the Quarter 4 (Q4) 2019/20 performance for the back-office functions delivered by the Customer and Support Group (Capita).

9. YEAR 6/7 REVIEW OF CAPITA CONTRACTS (ITEM 10 ON AGENDA)

The Chairman invited Deborah Hinde, Director, Commercial and Customer Services to present the report.

The Director for Commercial and Customer Services said the work on the review had been paused due to the pandemic and the decision to focus on critical services only. She said that most of the services that had been noted in the phase 1 review had been heavily involved in supporting the council's response to Covid-19 and therefore there had no capacity to work on the review. The Council was currently still in emergency response mode.

The Director for Commercial and Customer Services commended Capita colleagues for the way in which they had stepped up to respond to the pandemic, the level of flexibility and responsiveness had been second to none. Capita led in terms of redeploying staff into critical services and enabling 80% of council employees to work from home. She stressed that there was still a lot of work to be done before services were back to a normal footing, which impacted on when the review could progress.. She said the intention was to bring a report back to the committee in the autumn, detailing the arrangements of the review and revised timelines. She also confirmed that officers were very conscious of the impact of timing on the review decisions and that conversations would include reconsideration of how the review would be conducted, with a focus on key areas of concern.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

- 1. That the Committee noted the suspension of work on the Year 6/7 Review;**
- 2. That the Committee noted the exemplary response of Capita colleagues in supporting the council's response to the Covid-19 pandemic.**
- 3. That the Committee noted a further update report would be brought to the Committee in the autumn.**

10. MEMBERS' ITEMS (ITEM 6 ON THE AGENDA)

The Chairman invited the Members to introduce the Members Items that had been submitted in their names.

Councillor Kathy Levine – Budget Position.

Councillor Levine introduced her Members item which asked for the Committee to be updated on the current assessment of the s151 officer of the Council's finances and commitments of the Government to meet the additional costs and the extent to which the Council can continue to meet the shortfall over the next 3 months.

The Committee agreed that the issues raised in the members item had been addressed during the discussion on the Chief Financial Officer's report

Councillor Arjun Mittra – Capita

Councillor Mittra introduced the Members item in his name which requested a report be brought back to the committee on the robustness of the financial state of Capita and their ability to deliver services in Barnet.

The Chairman proposed that officers circulate the latest annual update, which included a contingency plan, to Councillor Mittra and that any specific questions not covered within that report could then be picked up with officers (**Action** – Assistant Director of Finance). The Chairman also said that if events changed or an emergency arose, a report would be circulated and an emergency committee would take place to make any decisions. However, he commented that there was nothing to suggest that Members needed to be alarmed about the financial state of Capita, but concerns were noted.

The Chairman agreed to have a discussion with Councillor Mittra and officers on what information could be published in future for Members to review.

11. COMMITTEE FORWARD WORK PROGRAMME

Officers apologised for the Committee work programme not being included within the agenda and agreed for the most up to date version to be published and circulated to Members.

12. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 9.27 pm

	<p style="text-align: right;">AGENDA ITEM 7</p> <p style="text-align: center;">Financial Performance and Contracts Contracts Committee</p> <p style="text-align: center;">27 October 2020</p>
Title	Chief Financial Officer Report Forecast Outturn Month 5 (July 2020)
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Ben Jay, Assistant Director of Finance ben.jay@barnet.gov.uk
Summary	
This report contains a summary of the Council's revenue and capital forecast outturn for the financial year 2020/21 as at Month 5 (31 August 2020). It also contains information on the level of debt and the top 10 debtors as at 31 August 2020.	
Recommendations	
<p>That the Committee</p> <ol style="list-style-type: none"> 1. Notes the significant pressure placed on the Council's finances by the pandemic and the operational response to it. 2. Notes the level of government financial support received in support of the local pandemic response. 3. Notes the current view on use of reserves, and the outlook. 4. Notes the current financial forecast outturn for 2020/21 for General Fund services, Housing (HRA), Schools (DSG) and capital budgets, and also notes the level of uncertainty within that forecast. 	

1. Summary

- 1.1 This report sets out the Council's financial forecast outturn position for the 2020/21 financial year as at Month 5 (31st August 2020) and presents the current estimate of the impact of the C19 pandemic on the Council's finances during 2020/21. It is the first report on the financial position of the council in the current year to a member Committee. Future meetings of the Committee will receive the latest update in line with the date of the meeting.
- 1.2 At its meeting on 15 June, the Committee received an early view on the financial implication of the pandemic for the Council's finances. At that time, it was estimated that the operational cost falling within the current financial year may be £52.4m, and that £26.2m of funding had been announced, leaving an unfunded gap estimated at £26.2m.
- 1.3 After the June FPCC meeting, on 2 July, MHCLG announced an additional package of funding for local councils including three key measures
 - A further tranche of un-ringfenced funding;
 - The opportunity to recover income losses from MHCLG (the first 5% of the loss to be borne by the council, with the remaining 95% being split between a portion (25% of 95%) being born by the council and a portion (75% of 95%) being recoverable from MHCLG.
 - The scope to recover collection fund losses over the following 3 years (these are usually to be recovered fully in the next year)

These announcements have substantially changed the position for the Council, and the revised position is set out in this report and our current estimate of the revised position is that the deficit of £26m is now reduced to £3m, excluding the £12m CF deficit to be recovered in the next three years.
- 1.4 Despite the new funding announced by government, and further allocations (including for infection control, enforcement, and temporary accommodation), the overall position for the remainder of the year remains unusually uncertain due to both the pandemic response and also to the impact of the pandemic on both the council's costs and incomes.
- 1.5 Overall, the budget forecast for the main operations of the council is shown in table 1 and summarised below.
 - Latest agreed budget for the year is net expenditure of £309.535m
 - The current forecast is for net expenditure against this budget of £343.300m. This includes the impact of loss of income from such areas as parking, commercial waste, leisure, etc, but does not include the impact on the collection fund as this is now to be spread over the next three financial years.
 - A forecast variance of an overspend of £33.765m
- 1.6 The forecast overspend is entirely attributable to the impact of the Covid-19 pandemic. The impact is due to additional costs incurred and losses of income which could not have been anticipated at the point of agreeing the budget, combined with the stepping down of other council activity to support the response to the pandemic, and the financial impact of this.
- 1.7 Taking into account the funding already afforded by government to cover these costs, there is an unfunded gap of £13.486m in the current year. This is shown in table 2. Of this, £11.076m can be addressed in the next 3 years but £2.410m must be addressed in this current year. The committee should note that this position continues to evolve month-to-month as new requirements, responsibilities and funding are announced.

- 1.8 The most recent estimate of the position relating to C19 is that unplanned expenditure equivalent to £124m in the year has been incurred so far, including £63m of 'pass-through' support to local businesses and £61m of pressure in operational budgets. This is shown in table 3. Against this, the council has received £47.776m in funding for operational pressures. Pass-through costs have been fully funded.
- 1.9 Additionally, there are a number of areas of uncertainty which officers are working to clarify. These include the level of parking income that may be achieved in the year, and the overall cost to the Council of adult social care (both ongoing activity and specific responses to the pandemic). This means that there remains uncertainty in the overall forecast for the year. However, and in contrast to previous years, the timing of some of these costs may mean that the overall position at outturn is favourable, despite the outlook over the next 2 years remaining very difficult.

2. Month 5 forecast outturn position

- 2.1 The overview as at month 5 is as follows:
- £37.244m estimated financial impact from the pandemic (in operational budgets).
 - £33.867m forecast overall overspend, including the impact of the Covid 19 pandemic. This is less than the overall C19 impact due to the planned use of £641k of reserves, and underspending against previously planned activity.
 - Within this forecast, savings delivery is estimated as £11.287m (65.2% of the MTFS target). Savings at risk are forecast to be £6.024m, although in this year some of this is mitigated through C19 grants from the government, however, the impact of the lost savings will be carried forward into next year.
- 2.2 Excluding C19 costs, the underspend is largely due to the underspend in Resources (Finance), arising from reduced costs of capital arising due to slippage in the delivery of the capital programme.
- 2.3 The overall position against the budget is shown in further detail in Table 1 below.

Table 1 Forecast Revenue Outturn at Month 5

Service Areas	2020/21 Budget	Reserve Movements	Month 5 Forecast Outturn after reserve movements	Month 5 variation to revised budget	COVID Impact
	£'000	£'000	£'000	£'000	£'000
Adults and Health	120,036	(399)	130,914	10,878	12,114
Children's Family Services	69,379	(242)	73,717	4,338	3,421
Environment	9,380	(552)	22,442	13,061	12,545
Growth and Corporate services	41,413	(422)	48,139	6,725	7,286
Assurance	7,407	75	7,824	417	474
Resources	61,919	900	60,264	(1,655)	1,404
Total at Month 5	309,535	(641)	343,300	33,765	37,244

- 2.4 The Committee should note that there are a number of significant estimates included in this forecast. Changes in the forecast methodology and the assumptions used in creating the forecast can have a material impact on the outturn position. Current indications are that some financial pressures may lessen, and this remains under review. These include

- The actual level of income received for on- and off-street parking, and the extent of the reimbursement claimed from MHCLG.
- The actual level of funding received via NCL CCG in support of the discharge of patients from hospital (current estimates for the period March-August assume recovery is less than 100% due to error or dispute). New guidance issued in July also impacts financial support for the period September to March, and the value of this is currently being established.
- The actual demand for adult social care provision transpiring in the year – this appears to have shifted as a result of the pandemic. Officers are keeping activity under review and are seeking to better understand emerging trends, but it is not yet clear how the year end outturn may be affected.
- The winter period may also bring (non-pandemic) pressures.

3. Covid-19 Pandemic; financial impact

- 3.1 The total cost to the Council of the local response to the Covid-19 pandemic has been estimated. As new information becomes available those estimates are being revised each month. A summary of costs incurred and funding received is set out in the table below. To fully compare costs as shown in table 1 with the additional funding provided, some presentational adjustments are needed – principally to ‘gross up’ items shown in table 1 as net values (e.g. an estimated £6.3m of hospital discharge funding due from NCL CCG). This enables the proper comparison of additional expenditure and income (and aligns to the Council's MHCLG reporting on C19 costs).
- 3.2 Further detail of the current estimate is set out in table 2, below. The Committee should also note that the figures presented exclude two other items:
- HRA cost pressures estimated at £1.382m. These are anticipated to be charged to the HRA reserve.
 - Parking income bad debt at £1m. This value, is reported to MHCLG as part of the overall pressure, is a very early estimate that was required to be made for MHCLG reporting. It would not usually be included in budget reporting during the year. Bad debt provisions already exist, and it is not yet clear whether these will need to be increased or not.

Table 2a Summary of Forecast operational pressures relating to C19

Covid-19 costs and funding summary	£000s
General Council operations - increased costs and lost incomes	
Adults and Health	12,114
Children's Family Services	3,421
Environment	12,545
Growth and Corporate services	7,286
Assurance	474
Finance	1,404
General pressures	37,244
Add: Adjusting items to MHCLG return	8,799
Total general pressures	46,043
Collection fund pressures	15,209
Total In-year pressures	61,252

Table 2b Summary of C19 funding announced by government Council and net pressure arising

Covid-19 costs and funding summary	£000s
Funding announced	
Grant tranche 1	(8,772)
Grant tranche 2	(10,830)
Grant tranche 3	(3,259)
Non-ringfenced funding	(22,861)
Hardship Fund	(4,133)
Infection control	(3,500)
Test & Trace Allocation	(1,599)
Homelessness Funding	(18)
Temporary Accommodation	(1,040)
Reopening High Streets	(353)
Patrollers and enforcement	(191)
Reimbursement of losses from Sales, Fees and Charges (75% of 95%)	(7,771)
Targeted funding	(18,605)
NHS hospital discharge funding (via NCL CCG)	(6,300)
All funding announced	(47,766)
Net pressure	13,486
less: Collection fund losses to be recovered over 3 years (as collection fund losses above £15.209m less hardship funding received £4.133m, i.e. £11.076m)	(11,076)
Net pressure remaining (current year only)	2,410

3.3 It should also be noted that substantial funding has been made available by government to support local businesses, effectively 'pass-through' payments). Government determined that local councils were the best route to enable this to be passed on as quickly as possible. Entirely new processes were needed to be set up in order to enable this. In Barnet, the level of payments made to the end of August is summarised below:

- Small Business and Retail, Hospitality and Leisure Grants: £61.8m paid to 4,339 businesses
 - Small Business £10k grant: 2,344 businesses eligible; 2,008 (86%) have been paid (£20m).
 - Retail £10k grant: 410 businesses eligible; 373 (91%) have been paid (£3.7m).
 - Retail £25k grant: 1,585 businesses eligible; 1,522 (96%) have been paid (£38.1m).
- Discretionary Grants (£0.9m paid)
 - 428 applications received
 - Paid 34 £10k grants and paid 80 less than £10k grants
 - Paid 2 £25k grants
 - Value of grants paid £0.877m

Table 3 Summary of all C19 costs and funding

C19 - overall	service delivery £000s	business support £000s	total £000s
Costs			
service delivery costs	61,252		61,252
business grants paid to 4,375 businesses		62,700	62,700
total costs incurred	61,252	62,700	123,952
Funding			
Service funding	(47,766)		(47,766)
S31 grants for businesses		(62,700)	(62,700)
total funding	(47,766)	(62,700)	(110,466)
net costs	13,486	0	13,486
deferred to future years	(11,076)		(11,076)
net costs in year	2,410	0	2,410

4. Reserves

4.1 The table below shows the forecast drawdowns or top-ups to reserves at Month 5.

Table 4 Forecast drawdown/top-up of reserves at Month 5

Service Areas	Reserve Movements M4	Reserve Movements M5	Movement Adverse / (Favourable) £'000	Commentary
Adults and Health	(399)	(399)	0	Drawdown from transformation service supporting workforce, recovery planning and service reviews.
Children's Family Services	(109)	(242)	(133)	Increased drawdown in month to reflect latest transformation plan. Includes: - £0.084m overseas recruitment of social workers - £0.067m funding of 3-year fixed term post - £0.050m funding of Unicef partnership work
Environment	(580)	(552)	28	£0.552m drawdown in respect of the Tree planting programme reduced forecast from previous month
Growth and Corporate services	(422)	(422)	0	£0.250m homelessness support £0.130m development and regulatory services £0.042m strategic contract review
Assurance	75	75	0	£0.150m top-up to local elections reserves £0.075m drawdown in relation to CAFT
Finance	900	900	0	£12.000m – Additional s31 grant received in respect of Brent Cross top-up £10m to MTFS reserve and £2m to Recovery Plan initiatives £0.900m top-up in respect of pension pre-payment
Total	(536)	(641)	(105)	

4.2 Additionally, there is £8.772m shown at the end of last year as 'Revenue Grants Unapplied', which is the unused balance of the C19 Tranche 1 money received in March 2020. This grant will be fully utilised in 2020/21 but is not yet included within the reserves forecast above. Other Tranches (2 & 3) of C19 funding, plus targeted funding, are expected to be deployed within the year in line with the forecasts set out earlier in this report.

4.3 The forecast reserves balances at year-end is shown in Table 6 below. This is based on known, confirmed values so far in the year. Any impact arising from the cost of the response to the pandemic is not included (additional reserves relating to s31 funding received from government for collection fund items – council tax and business rates receipts – may mean that the actual balances carried forward may be substantially higher than set out in table 6, specifically due to those COVID 19 items; other items are anticipated to be substantially in line with current forecasts).

Table 5 Forecast Reserves Balances at Month 5

Reserve Movements	Balance Brought Forward	In-year use of reserves	Increases to Reserves	Resulting balance
	£000s	£000s		£000s
Revenue Reserves - non-earmarked	39,813	(1,723)	1,083	39,172
Revenue Reserves - earmarked	9,249	(12,000)	12,000	9,249
Revenue Grant - unapplied	8,772	(8,772)		0
Total Revenue	57,834	(22,495)	13,083	48,421
Capital Reserves	9,858			9,858
Total All	67,692	(22,495)	13,083	58,280

- 4.4 Earmarked reserves include an amount of £12.0m arising from treatment of a section 31 grant allocation related to the Brent Cross project. The Brent Cross shopping centre has a 'designated area' status in relation to business rates under regulations put in place as part of the original scheme design for the expansion of the centre.
- 4.5 Technical advice obtained has confirmed that this position is correct in relation to existing business rates rules and custom & practice processes. Given the exceptional nature of the current year it is deemed prudent to treat this in a way which does not assume the receipt of this funding until the overall outturn position is confirmed. For transparency, this report shows the funds arising (at a value of £12.0m), but also assumes application in-year (net nil impact), until the appropriate treatment has been clarified.
- 4.6 Additionally, it should be noted that the timing of some cash receipts and payments relating to service pressures encountered during the year may lead to some funds being carried forward at the year-end, due to the timing of actual payments being made. (This will be similar to the receipt of some C19 funding in mid-March 2020, of which £8.772m was carried forward as 'grant unapplied' after 31 March and then disbursed in the new financial year.)
- 4.7 For example, the Government has granted retail reliefs within the borough in the region of £67m. This will be received as grant income and accounted for in 2020/21. However, the deficit on the target collection level which the grants are intended to offset will be deferred for three years from 2021/22. This means that the council will carry forward a significant element of these unapplied grants to offset the collection fund deficits they relate to. The residual deficit is £11m, as set out earlier in this report.

5. Savings

- 5.1 In 2020/21 budget planned for the council to deliver £17.311m of savings. Table 7 below summarises the value of savings that are expected to be achieved against that savings programme. These amounts are included in the forecast shown in table 1 (as either C19 cost impacts or as BAU costs, as appropriate).

Table 6 Forecast Savings Delivery 2020/21

Service Area	Savings target 2020/21 £'000	Savings on Track as at 31/07/2020 £'000	(Gap)/Over to plan £'000	Service area gap %
Adults & Safeguarding	(5,741)	(3,499)	(2,242)	39.05%
Children and Family Services	(2,719)	(2,382)	(337)	12.39%
Environment	(4,150)	(1,855)	(2,295)	55.30%
Growth and Corporate Services	(3,874)	(2,741)	(1,133)	29.25%
Assurance	(247)	(247)	0	0.00%
Finance	(580)	(500)	(80)	13.79%
Total	(17,311)	(11,224)	(6,087)	
Percentages	100.00%	64.84%	35.16%	

6. Ringfenced funding

Housing Revenue Account

- 6.1 The HRA budget was set following the approval of the HRA business plan in January 2020. The budget for 2020/21 was a deficit budget of £2.540m.

Table7 HRA Forecast Outturn Month 5

Service Areas	Latest Budget	2019/20 Outturn	P5 Actuals	Forecast Outturn	Budget Variance	Change in Budget Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Dwelling Rent	(50,405)	(49,799)	(12,378)	(50,083)	322	-
Non-Dwelling Rent	(1,093)	(1,057)	(244)	(1,005)	88	(117)
Service & Other Charges	(7,414)	(7,065)	(3,220)	(6,590)	824	-
Other Income	-	(366)	-	(800)	(800)	-
Housing Management	19,024	18,824	8,957	18,732	(293)	-
Other Costs	1,500	642	(294)	1,778	278	156
Internal recharges	3,048	3,704	10	3,360	313	-
Repairs & Maintenance - Mgt Fee	6,941	7,562	3,865	7,704	763	112
Repairs & Maintenance - Non Core	20	1,232	-	1,122	1,102	-
Fire repair costs capitalisation	-	-	-	(1,108)	(1,108)	-
Provision for Bad Debt	258	333	1	748	490	10
Regeneration	837	412	(286)	759	(78)	(15)
Debt Management Expenses	8,253	7,429	-	7,570	(683)	-
Capital Charges	21,651	23,045	-	21,651	-	-
Interest on Balances	(80)	(3)	(2)	(80)	-	-
HRA (Surplus)/Deficit	2,540	4,893	(3,591)	3,758	1,217	146

- 6.2 As at month 5, the forecast deficit is £3.758m, which equates to a £1.217m overspend from the agreed 2020/21 budget. This has resulted in an expected forecast draw down from the HRA reserve as summarised in Table 10.
- 6.3 The position has moved adversely from month 4 to month 5 by £0.146m with £0.111m being due to COVID-19 direct costs and the remaining £0.035m being an adverse shift in the underlying position as a result of increasing operational costs.
- 6.4 £1.382m was reported to MHCLG in September as the gross impact of COVID-19 on the 2020/21 outturn position which is an increase of £0.111m from the prior return of £1.347m in August following a detailed review of forecast costs until year end with The Barnet Group.
- 6.5 The total expected COVID-19 costs (£1.382m) is made up of an increase in bad debt provision, lost commercial income, Mears contract extension following the delayed TUPE of 43 dedicated repairs staff and increased operational costs as a direct result of the pandemic.

Table 8 HRA Reserves

Service Area	B/Fwd	Forecast Revenue Movement	Forecast Depreciation	Forecast Funding for Capex CFR	C/Fwd
	£'000	£'000	£'000	£'000	£'000
HRA Reserve	7,428	(3,758)			3,670
Major Repairs Reserve	11,460		21,651	(21,651)	11,460
HRA Reserves	18,888	(3,758)	21,651	(21,651)	15,131

- 6.6 As a result of the emerging forecast position (being close to the prudential minimum HRA reserve balance of £3.000m), work is in hand to establish options and proposals to improve the HRA position. These include:
- Review of accounting policies (Capital charges and depreciation).
 - Review of reserve balances, contributions and movements (HRA reserve and MRR).
 - Review of 50-year business plan and medium-term financial strategy.
 - Review of controllable items, council recharges and other components of the HRA.
 - Comprehensive review of all current arrangements between the council and Barnet Homes to ensure that all information impacting on the financial forecast for the HRA is shared in a timely manner and to promote co-ordination in the overall management of the HRA.

Dedicated Schools Grant

- 6.7 The DSG budget will be updated each month as the DFE announce further updates to allocations.
- 6.8 For month 4, the forecast is showing an overspend of £0.322m which is an improvement of £0.075m from last month. See the table below for the breakdown of this.

Table 9 Dedicated Schools Grant Month 5

	Budget	Month 5 Forecast Outturn after reserve movements	Month 5 variation to revised budget	Month 4 variance	In-Month change
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Schools:					

- Individual Schools Budget	142,824	142,754	(70)	(70)	0
- Growth Fund	2,545	2,545	0	0	0
- Central schools expenditure	1,087	1,087	0	0	0
- ESG retained funding	1,054	1,054	0	0	0
Sub-total	147,510	147,440	(70)	(70)	0
Early Years Block	29,877	29,809	(68)	505	(573)
High Needs Block	49,508	49,878	370	445	(75)
Sub-total	79,385	79,687	302	950	(648)
Total	226,895	227,127	232	880	(648)
Income					
DSG Income	(226,895)	(226,806)	89	(484)	573
DSG c/f	0	0	0	0	0
Total	(226,895)	(226,806)	89	(484)	573
Net DSG	(1)	321		396	(75)

6.9 The overspend on high needs is mainly the result of an increasing number of pupils with EHCP's (24% YOY) and increasing costs being identified as pupils are placed. This accounts for increased spend of £0.888m. Savings mitigating against this have been identified to the value of £500k.

6.10 As it stands, the DSG reserve carried forward at year end 31st March 2021 would be:

- DSG Brought Forward 1/4/20- £1.808m
- In Year overspend- £0.322m
- Forecast DSG Carried Forward 31/03/21- £1.486m

Public Health Grant

6.11 The public health grant (£17.477m) is forecast to remain within budget. There is some additional spending, due to Covid-19, which is offset by additional funding received. The Public Health Grant Reserve is currently £1.188m with no plans for any change during 2020/21.

Table 10a Public Health Grant forecast

Service Area	2020/21 Budget	2020/21 Forecast	Covid 19 impact	2020/21 Forecast	Variance
	£000s	£000s	£000s	£000s	£000s
Public Health services (PH grant funded)	17,477	17,477	0	17,477	0
Additional C19 services		1,243	1,243	0	0
Health and safety, Intelligence and Insight Hub, EDI	301	368	0	368	67
Public Health Services	17,778	19,088	1,243	17,845	67

Table 10b Public Health Grant Reserve forecast

Reserves use	brought forward	budget use	forecast use	forecast carry forward
	£000s	£000s	£000s	£000s
Public Health reserve	1,188	0	0	1,188

7. Capital Programme

- 7.1 The capital forecast outturn for 2020/21 capital investment programme is £446.977m, of which £378.000m relates to the General Fund programme and £68.977m relates to the HRA capital programme.

Table 11 Forecast Capital Outturn

Service Area	2020/21 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	2020/21 Forecast £000	Variance from Approved Budget £000	Expenditure to date £000
Adults and Health	4,279	(0)		4,279	(0)	412
Children's Family Services	23,298	(23)	(3,655)	19,620	(3,678)	3,233
Growth and Corporate services	132,357		12	132,369	12	18,895
Environment	36,638	1,633	458	38,729	2,091	5,766
Brent Cross	169,717		630	170,347	630	45,345
Regional Enterprise (Re)	12,657			12,657		31
General Fund Programme Total	378,945	1,610	(2,555)	378,000	(945)	73,682
HRA	68,977			68,977		25,585
Grand Total	447,922	1,610	(2,555)	446,977	(945)	99,268

- 7.2 The key issues and variances for each service area are summarised below. Detailed analysis can be found in the individual directorate appendices.
- 7.3 **Adults and Health** – The reported pressure against Adults and Health approved Capital Programme budget 2020-21, as at month 5 is £0.412m. Broken down as follows:
- Sports and Physical Activities underspend £0.300m - project nearing completion, residual risks not now expected.
 - Mosaic IT overspend £0.702m - continued support for implementation.
- 7.4 **Children's and Family Service** – The capital programme budget is in line with approval by CSB following several approvals at the latest board which increased the budget from £21.213m to £23.298m.
- There has been a large downwards movement in the forecast from M4 to M5 of £3.8m. This brings the overall position of the capital budget for the full year to an underspend of £3.678m.
 - The reason for this movement is almost entirely due to slippage in schemes into future years. The breakdown of the main slippages is:
 - Saracens primary school have reprofiled £1.65m into the next financial year. This is following discussions between council officers and the DfE to understand the current and proposed plans
 - The Oakleigh SEN scheme has reprofiled £1.500m into next year. This is as a result of COVID delaying architect drawings and plans
 - £0.348m has been reprofiled into future years for the Hollockwood scheme. Expenditure on this scheme is contingent on the sale of the land at the school, which is due to be progressed in the coming months.
 - These slippages have no impact on the overall value of the individual capital programmes over the life of their schemes. It is just a phasing issue.

- 7.5 **Growth and Corporate services** – The capital programme has a total budget of £132.357m in 2020/21, of which we are forecasting spend of £132.369 and accelerated spend of £0.012m to be funded. Capital budgets were re-profiled and approved by P&R, slipping circa £20m into 2021/22 and explains the minimal variance to current year budget.
- There are no significant contributors to the forecast variance as at P5 due to the re-profile.
- 7.6 **Environment** – the capital programme for environment has additions and deletions of £1.633m as well as a net accelerated spend of £0.458m, creating the forecast overspend.
- The addition reflects the amended treatment of schemes previously funded via the local implementation plan (TfL), but for which funding is now in doubt. Alternative funds have been bid for and the £1.6m principally reflects sunk costs incurred to date. Officers are now seeking alternative funding, and projected spend and funding will be aligned in the coming months.
- 7.7 **Brent Cross** - The 2020/21 forecast is now inclusive of BXS Land Acquisitions CPO2, approved at P&R in September. The scheme is fully recovered by BXS JVLP and has a total budget of £29.1m of which £12.7m relates to 2020/21. The current 2020/21 position for the overall scheme is c£0.6m higher than the budget due to accelerated spend within the Thameslink Station work package £1.1m offset by delays in Critical Infrastructure £0.5m. The overall programme until completion is still shown on budget.
- Funding for Land Acquisitions is inclusive of the latest property cost estimates with a built in 5% contingency and is currently shown on budget overall with a minor acceleration in year. It is expected that all properties forecast will be acquired in 2020/21 however there could be some in-year delays in completions due to the impact of COVID-19. In July & August the council purchased two properties under the CPO Indemnity agreement on behalf of our developer partner, which has subsequently been repaid and a sole hardship property in September for which monies are in transit. Since month M4 £0.435m of secure tenants' expenditure has been reprofiled into 2023/24
 - Thameslink Station 2020/21 is forecasting accelerated spend of £1.1m in 2020/21, whilst the overall programme remains on budget. A further detailed analysis amongst all partners in October will test the current forecast.
 - Critical Infrastructure 2020/21 forecast has slipped £0.5m into future years due to delays in the programme. The BXS Infrastructure works undertaken by our development partner has been reprofiled following an update with all expenditure to be incurred within 2020/21, this is offset by a forecasted realisation of a General Vesting Decision in the council's favour.
- 7.8 **Regional Enterprise (Re)** – At Month 5 slippage and additions reported in previous month have now been included in the budget.

HRA Capital Investment

- 7.9 The HRA has a capital expenditure budget of £103.285m in 2020/21, and the current forecast is for spend of £67.869m, which is a £35.415m underspend. Of this, £35.298m is expected to be slipped into 2021/22 whereas £0.116m is expected to be removed from the programme. The significant variances to budget can be summarised as follows:
- £11.191m Extra Care (Stag & Cheshire) underspend in 2020/21
 - £10.092m Barnet Homes GLA development underspend in 2020/21
 - £8.252m HRA Acquisitions underspend in 2020/21
 - £4.049m New Build 250 units underspend in 2020/21
 - £1.015m M&E / Gas accelerated spend in 2020/21

The underspends overall are largely as a result of delayed construction work.

Funding of the Capital Investment Programme

7.10 The composition of capital funding is detailed in the table below. 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.

Table 12 Funding the Capital Programme 2020/21

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	0	90	0	1,110	1,079	4,279
Children's Family Services	16,016	0	715	0	297	2,592	19,620
Growth and Corporate services	154	3,108	16,478	491	69	112,068	132,369
Environment	2,186	3,759	2,334	440	10,418	19,592	38,729
Brent Cross	156,739	0	0	0	0	13,608	170,347
Regional Enterprise (Re)	0	893	0	0	3,014	8,750	12,657
General Fund Programme	177,095	7,760	19,617	931	14,908	157,689	378,000
HRA	4,790	0	10,142	31,412	0	22,634	68,977
Total Capital Programme	181,885	7,760	29,759	32,343	14,908	180,322	446,977

8. Debtors

8.1 Between July 2020 and August 2020 overall debtors increased by £9.270m. This reason for this increase is a combination of the initial hold on recovery activity followed by a soft approach to collection and an increase in invoices raised; both in quantity and value since lockdown was relaxed during June. An analysis of debtors as at the 31 August 2020 is provided below at Table 15 and 16. It should be noted that this information is a snapshot as at that date and the position changes daily.

8.2 Overdue debtors (up to 30 days and older) as at 31 August 2020 was £34.119m, an increase of £13.948m for the same period in 2019 when the outstanding balance was £20.171m.

Table 23 Aged Debt Analysis as at 31 August 2020

Debtor	Not Overdue £000	Up to 30 days £000	30 - 60 days £000	60 - 90 days £000	Over 90 days £000	Total Debt £000
Month 5	4,355	5,008	11,919	1,215	15,977	38,474
Month 4	1,942	8,921	1,193	1,420	15,728	29,204
Movement	2,413	-3,913	10,726	-205	249	9,270

8.3 Table 16 gives detail of the top ten individual debts by debtor, totalling £24.551m.

Table 14 Top 10 debtors as at 31 August 2020

Debtor	Total Debt	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days
--------	------------	-------------	---------------	--------------	--------------	--------------

	£0	£0	£0	£0	£0	£0
NHS North Central London CCG	10,001	0	2,235	7,174	593	0
Regional Enterprise Ltd	3,742	151	78	3,431	0	82
Mott MacDonald Ltd	3,209	1,343	1,279	0	0	588
NHS Barnet CCG	2,021	0	-15	0	25	2,011
The Barnet Group	1,979	35	162	109	35	1,638
The Fremantle Trust	1,357	0	0	0	0	1,357
Comer Homes	993	0	0	0	0	993
Hasmonean High School	659	5	0	0	0	654
Metropolitan Police Service	360	0	122	0	0	238
Affinity Water	230	2	31	2	195	0.734
Total	24,551	1,536	3,892	10,716	848	7,562

- 8.4 Adult Services, along with support from Finance colleagues, are now in regular contact with the CCG to discuss the outstanding CCG debt position (at 18.9.20 this stood out £10.65m). Most recent updates from the CCG reported that £0.819k had been authorised and/or recently paid. £8.555m is awaiting manager authorisation. £1.278 was in dispute, and being followed up. The CCG have been pushed on a likely payment date for items currently awaiting manager authorisation.
- 8.5 Re have confirmed that payments totalling £3.7m will be made by the end of month 6. This will be monitored closely and escalated should payments not be made.
- 8.6 Mott MacDonald Ltd will be making payment of £616k on 28th September. Remainder being investigated.
- 8.7 The Barnet Group have paid £1.7m in month 6. The remainder is under discussion.
- 8.8 Legal discussions with The Freemantle Trust are ongoing.
- 8.9 The Assistant Director of Estates is currently in discussion with HBPL regarding the Comer Homes debt.
- 8.10 Hasmonean High School have paid in full in month 6.
- 8.11 Barnet Community Safety Team has advised that the invoices raised to the Met Police Service were incorrect and are to be cancelled and then correct invoices re-issued.
- 8.12 Since the end of month 5 Affinity Water has made several payment and the balance outstanding is currently £78k

9. REASONS FOR RECOMMENDATIONS

- 9.1 This report contains a summary of the Council's revenue and capital outturn for the financial year 2020/21 as at Month 5 (31 August 2020).

10. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 10.1 None

11. POST DECISION IMPLEMENTATION

11.1 None

12. IMPLICATIONS OF DECISION

12.1 Corporate Priorities and Performance

- 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.
- 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
- 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

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

- This report considers the financial position of the Council at the end of the financial year.

12.3 Social Value

- 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.

12.4 Legal and Constitutional References

- 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.
- 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.

- 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.
- The council's Financial Regulations can be found at:
<https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD349&ID=349&RPID=638294>

12.5 Risk Management

- Regular monitoring of financial performance is a key part of the overall risk management approach of the Council.

12.6 Equalities and Diversity

- 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 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 and are as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to:

- 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:
 - 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:
 - Tackle prejudice, and
 - 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
- 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.
- Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity
- Measures undertaken as part of the Council's response to the Covid-19 pandemic have been undertaken in full awareness of the Council's commitment and

responsibility to act in accordance with its own Equalities Policy and wider legislation. It is notable that the virus does appear to affect some parts of the community more than others, and the Council's actions have been informed by its commitment to mitigate impacts in all areas, and to appropriately protect or shield especially vulnerable individuals, in accordance with national guidelines.

12.7 Corporate Parenting

- 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.

12.8 Consultation and Engagement

- None in the context of this report

12.9 Insight

- None in the context of this report

13. BACKGROUND PAPERS

- 13.1 None.

	<div>AGENDA ITEM 8</div> <h2 style="text-align: center;">Financial Performance and Contracts Committee</h2> <h3 style="text-align: center;">27 October 2020</h3>
Title	Q1 2020/21 Contracts Performance Report
Report of	Director (Commercial and Customer Services)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	<p>Clare Hargreaves, Performance Monitoring Manager clare.hargreaves@barnet.gov.uk</p> <p>Tim Campbell, Head of Commercial Management tim.campbell@barnet.gov.uk</p>

Summary

This report provides an overview of Quarter 1 (Q1) 2020/21 performance for the contracted services delivered by the Customer and Support Group (Capita), Regional Enterprise (Capita), The Barnet Group, HB Public Law and Cambridge Education.

Officers Recommendations

The committee is asked to review the Quarter 1 (Q1) 2020/21 performance for the back-office functions delivered by the Customer and Support Group (Capita); Building Control, Hendon Cemetery & Crematorium, Environmental Health, Strategic Planning, Regeneration and Highway Service delivered by Regional Enterprise (Capita); the housing services delivered by The Barnet Group; the legal services delivered by HB Public Law and education and skills service delivered by Cambridge Education.

1. PURPOSE OF REPORT

Introduction

- 1.1 This report provides an overview of performance for the council's contracted services for Quarter 1 (Q1) 2020/21. The report covers delivery from the Customer and Support Group (CSG) (Capita), Regional Enterprise (Re) (Capita), The Barnet Group (TBG); HB Public Law and Cambridge Education.

Overview

- 1.2 Q1 covers the period 1st April to 30th June 2020, the period when the Covid-19 pandemic and lockdown measures were at their height. During this period, the council and its strategic partners were required to focus their efforts and resources on delivering critical services and responding to the pandemic. Many services were prevented from operating in their normal way and staff were redeployed from their usual roles into supporting the pandemic response. Some services, such as Revenues & Benefits and Customer Services, had to completely change their operating model to support the response, and others, such as IT and the Cemetery & Crematorium, experienced significant increases in demand on their services.
- 1.3 The inevitable failure of KPIs in public contracts was anticipated by the Government in its guidance on providing supplier relief that was issued in the early stages of the pandemic. However, despite this unprecedented situation, overall performance has been a credit to our partners, with 37 of the 50 KPIs reported achieving their target in Q1. Those KPIs that did not achieve their target as a direct result of the restrictions and demands of the pandemic are shown in lighter text below, to differentiate from deficiencies that were not directly related to the pandemic response.

Service	Indicator ¹ Description
CSG - Information Systems	<ul style="list-style-type: none">Incident resolution
CSG - Human Resources	<ul style="list-style-type: none">Offer Letters IssuedPre-Employment Vetting
Re -Environmental Health	<ul style="list-style-type: none">Improvement in food hygiene in the highest risk premises serving 215 notices
Re- Planning	<ul style="list-style-type: none">Planning Enforcement Basket

¹ 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). KPIs are illustrated by (q) quarter; (c) cumulative up to end quarter; (s) snapshot in time; or (r) rolling 12 months.

Service	Indicator ¹ Description
Re - Highways	<ul style="list-style-type: none"> Category 1 Defects Rectification Timescales completed on time Category 2 Defects Rectification Timescales completed on time Insurance Investigations completed on time (14 days)
The Barnet Group	<ul style="list-style-type: none"> Number of homes purchased for use as affordable accommodation Increase the supply and range of housing available for care leavers for those ready to move into independent living Number of homeless preventions Numbers of households in Temporary Accommodation Households placed directly into the private sector by Barnet Homes.

Service Highlights:

- Accounts Payable rolled out a new reporting tool, AP Forensics, to prevent duplicate suppliers and payments
- Customer Services re-opened all phone lines since the national lockdown eased
- Information Systems rolled out Microsoft Teams for council staff to use and decommissioned all IT connectivity to the IT infrastructure North London Business Park (NLBP) 2
- Procurement worked on the Procurement Policy Notice (PPN). which allows for accelerated procurement due to Covid-19 restrictions and ensures continuity of supply of critical services during the restrictions
- The council was allocated £65m in funding to award Business Rates Grants to businesses in receipt of Small Business Rate Relief or Expanded Retail Discount.
- The council was allocated £4.132m in hardship fund in response to Covid-19
- 644 cremations and 169 burials took place in Q1, compared with 249 cremations and 75 burials in Q1 last year. This is an increase of 395 cremations and 94 burials.
- In line with new Government legislation, the Regulation Service supported the enforcement of Coronavirus Restrictions Regulations, ensuring effective social distancing and enforcing business closures.
- Despite the restrictions imposed by the national lockdown, the council maintained 100% compliance relating to the completion of fire risk assessments.
- 148 rough sleepers were housed in an extremely rapid response to the “Everyone in” directive.
- There was a sharp increase in the number of households in temporary accommodation due to Covid-19; however, this has significantly reduced since the peak in June 2020

2. CSG SERVICES

Overview

- 2.1 Q1 20/21 was characterised by a rapid response to the Covid-19 pandemic, and the maintenance of services albeit delivered in new ways. Performance generally held up well, although the impact on service delivery was most acutely felt in Information Systems and HR. Services have continued to adapt and develop in response to Covid-19.

- 2.2 18 of the 21 KPIs reporting in Q1 achieved target, including the cross-cutting KPI on compliance with authority policy.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 12021			Q1 19/20
				Target	Result	DOT	Result
Compliance with Authority Policy (q)	N/A	Pass	Pass	Pass	Pass ² (G)	→ S	Pass

Finance

- 2.3 All three Accounts Payable (AP) KPI targets were achieved in Q1 and show a positive direction of travel compared to Q1 last year. The service continued with the Immediate Payment Terms set up in Q4 19/20, to assist suppliers with cashflow in response to the Covid-19 pandemic.
- 2.4 A customer satisfaction workshop in June 2020 addressed current and historic issues. Several improvement opportunities were identified, which will be worked through with the support of a new business partner who has been recruited to take forward this process.
- 2.5 The service successfully implemented a new reporting tool “AP Forensics” in June 2020 to identify and prevent duplicate payments and suppliers. This enabled 200 duplicate suppliers to be removed from the Integra System and £205k of historic duplicate payments to be identified. The service has made good progress, recovering 49% to the end of August.
- 2.6 Work is in progress to clear old creditor balances and supplier statements requested for reconciliation. A solution for clearing invoices and credits that net to zero to assist with clearing of open invoices (approx. 40 identified to date) is being discussed with the Finance teams. This will also help with future monthly activity to keep ledgers tidy.
- 2.7 For future development, quarterly AP Forums have been established to replace the AP Taskforce, which will take forward the work to identify problem areas which need training/development and to better manage the AP processes. An issues log and escalation list have been established to monitor progress and the service areas raising the most queries; and process is being established to identify repeated mistakes.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Operational availability of financial system application (Integra) to the hosted network (q)	Bigger is Better	99.2%	98%	98%	99.7% (G)	↑ I	New in Q2 19/20

² 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

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Invoice documents in Accounts Payable processed within agreed timescales (q)	Bigger is Better	95.5%	90%	90%	95.3% (G)	↑ I	New in Q2 19/20
Completion of audit recommendations by Capita in relation to their provision of finance services (q)	Bigger is Better	100%	100%	100%	100% (G)	→ S	New in Q2 19/20

Customer Services

- 2.8 All four Customer Services KPI targets were achieved in Q1.
- 2.9 Since March 2020, staff in the service have been predominantly working from home and service delivery arrangements adapted in response to the Covid-19 pandemic. Several non-essential phone lines were closed and resources diverted to the helpline supporting the food distribution hub and residents who were shielding and isolating. The service also provided support to administer the Government Business Grants scheme up until 1 July 2020, with demand on inbound calls relating to grant allocations and outbound calls to businesses.
- 2.10 From the beginning of May 2020, phone lines gradually started to re-open in response to service changes as they were restored. The service is aware that some customers have experienced issues with accessing its services, whether that is being cut off part way through the call or finding themselves in a “closed loop”, where they cannot access an option to speak to an advisor. Improving the customer experience is very important to the service and all identified issues are investigated in detail. Work also continues to monitor and improve the robustness of the telephony system within a home-working environment and to identify and correct any erroneous closed loops. Notwithstanding these issues, there were very few complaints during this period regarding the closure of phone lines.
- 2.11 The service continued to ensure the online offer was easily accessible to customers throughout the pandemic and there was a 38% increase in the use of digital channels and the website as a whole during Q1. As services have been restored during the recovery period, the service has continued to promote the use of digital channels across all services to reduce demand on the phone lines, thereby improving access for digitally excluded customers or those with a higher level or more complex needs.
- 2.12 As at the end of August 2020, all the phone lines are open, and whilst there have been peaks in demand across the lines such as School Admissions, Registrars, council tax and Social Care Direct, the situation has been kept under constant review to ensure a quick response and adaptability to support residents of Barnet.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Customer satisfaction with phone, face-to-face, email and post case closure (q)	Bigger is Better	90.8%	89%	89%	92.2% (G)	↑ I	90.1%

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Web satisfaction (web performance and customer feedback) (q)	Bigger is Better	61.3%	55%	55%	60.7% (G)	Not Comparable	New in Q3 19/20
Customer Services closing cases on time (Customer Advocacy Service) (q)	Bigger is Better	100%	94% ³	94%	100% (G)	Not Comparable	100%
Cases/transactions completed via self-service channels (CSG Customer Service only) (q)	Bigger is Better	54.2%	50%	50%	66.4% (G)	Not Comparable	47.8%

Information Systems

2.13 Q1 performance was impacted by the response to Covid-19.

2.14 One of two KPI targets was not met.

- **Incident Resolution (RAG rated AMBER) – 92.4% against a Q1 target of 95%.**
The target was not met as the IT services were prioritised to support critical services and staff requiring remote access from home. In addition, there has been a combination of reduced on-site workforce and physical capacity to facilitate the distribution of items connected to service requests.

2.15 To support council staff working remotely, key functionality linked to Microsoft Teams was deployed and “Live Team” meetings were enabled to hold virtual committee meetings, with a priority to ensure meetings were secure and risk of disruption minimised. Multiple training sessions were held to increase familiarity with Microsoft Teams. There has been a rapid adoption of Microsoft Teams across the council, with over 7000 virtual meetings held in June 2020.

2.16 The service also supported the decommissioning of services connected to North London Business Park (NLBP) 2, as the council vacated the building, and upgraded the MyAccount and online forms used by many residents. These upgrades enabled greater functionality on forms to improve residents’ experience, especially for items such as Green Waste, which was achieved with minimal disruption to availability.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 12021			Q1 19/20
				Target	Result	DOT	Result
Incident resolution (q)	Bigger is Better	88.3%	95%	95%	92.4% (A)	↓ W	95.7%
Critical system availability ⁴ (q)	Bigger is Better	99.9%	99.5%	99.5%	99.7% (G)	↓ W	100%

Procurement

⁴ The KPI definition is under review to ensure it is consistent with the output specification.

- 2.17 All four Procurement KPI targets were achieved in Q1.
- 2.18 Since the Covid-19 pandemic the service has worked remotely, operating in a 'virtual' environment, to provide the council with a seamless transition. However, there were a number of challenges with additional procurement legislation, staff sickness due to the virus and recruiting into short term roles.
- 2.19 The service supported several contract extensions, as well as progressing a number of key procurements utilising technology such as Microsoft Teams. The service has seen great benefits from more regular, shorter, virtual meeting integration and found this to be effective in responding rapidly to the changing needs of the service.
- 2.20 Procurement provided extensive support to service areas with 16 contracts executing the Procurement Policy Notice (PPN), which allows for accelerated procurement due to Covid-19 restrictions, ensuring continuity of supply of critical services during the restrictions, particularly lockdown.
- 2.21 Procurement also supported the council's supplier relief program, supporting key providers with cash flow issues due to severe financial pressures and to ensure the businesses would remain afloat. Procurement utilised, wherever possible, Framework Agreements to 'fast track' procurement contract areas in addition to guiding service areas through a number of contract extensions.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Compliant contracts – contracts over £25k (q)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Effective corporate contract management (q)	Bigger is Better	99.9%	100% ⁵	100%	100% (G)	Not Comparable	Not reported
Cumulative apprenticeships (c)	Bigger is Better	83	70	70	94 (G)	↑ I	85
Cumulative work experience) (c)	Bigger is Better	393	280	240	433 (G)	↑ I	353

Revenues and Benefits

- 2.22 All three Revenues and Benefits KPI targets were achieved in Q1.
- 2.23 All Revenues and Benefits staff remain working from home. There are no immediate plans to go back into the office for the foreseeable future and discussions are ongoing regarding this become a permanent move.
- 2.24 Discretionary housing payments and Crisis Fund applications were expected to increase; however, they have been lower than anticipated. With the re-introduction

⁵ 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.

of enforcement from 23 August 2020 and the end to the Furlough Scheme approaching, it is expected there will be an increase in take up. Work will be carried out to identify and signpost residents affected by Covid-19 to the welfare team.

- 2.25 In response to Covid-19 the council suspended the Minimum Income Floor (MIF) element of the Council Tax Support Scheme, in line with the DWP's decision to suspend MIF for Universal Credit applicants. The service received the necessary system release to re-calculate all claims affected by MIF on the 1 October 2020. All claims affected will be re-calculated and additional entitlement will be posted to the Council Tax account. The expected date for completion in Q3 2020.

Council Tax/Business Rates

- 2.26 The processing of business grants has been the priority for the business rates team and will remain so until 30 September 2020. The council has been allocated £65m in funding to award business rates grants to businesses in receipt of Small Business Rate Relief or Expanded Retail Discount. The deadline to apply for a grant was 28 August 2020 and a further deadline of 30 September 2020 was set for all outstanding applications to be processed.
- 2.27 Council Tax 4-year collection was 98.49% and direct debit take up was 66.02% in Q1. It is expected direct debit take-up will continue to rise as the move to digital customer interaction progresses throughout the year. Covid-19 doesn't appear to have impacted direct debits although further analysis is to be carried out.
- 2.28 A smarter 'pre-recovery' messaging campaign was launched via TelSolutions (IT System) whereby 20,000 soft reminders were issued to re-engage with residents before statutory reminders were issued in August 2020.
- 2.29 E-Billing is still being worked on and a soft launch for electronic billing will be rolled out in the coming months. A project team is in place to assist with moving this forward. There is still an issue with MyAccount and Civica, where customers are unable to setup e-billing themselves via MyAccount. Due to this, customers have to contact Revenues and Benefits to set this up manually. Once these issues are resolved, promotions via TelSolutions will be rolled out.
- 2.30 Council Tax property volumes have continued to increase, resulting in charges due to a change in volumetric as per the contractual agreement.

Benefits

- 2.31 Housing Benefit accuracy was 97.06% in Q1. The Housing Benefit audit report has been published giving limited assurance and will report to Audit Committee Monday 16 October 2020. The outstanding Audit action HB6 Housing Benefit overpayments from the previous audit has been closed as agreed by Audit.
- 2.32 The council has been allocated £4.132m in Hardship Fund in response to Covid-19. £150 has been applied to all live Council Tax Support claims in accordance with guidance issued and will continue to do so until 30 September 2020. The total paid was £3,196,779.70 up to end September 2020. The difference between the hardship paid and the £4.132m allocation will be added to the council's own hardship fund to provide additional support to those most severely impacted by

Covid-19. This will be awarded via Crisis Fund and Discretionary Council Tax Hardship.

- 2.33 There has been a significant increase in Universal Credit (UC) awards, All UC customers are receiving invites to apply for Council Tax Support. An inconsistency has arisen with the Council Tax Support caseload split (working age and pensioners) and has been referred to Civica who have confirmed this is an error which will require a fix. There is no customer impact and the issue does not impact overall caseload figures.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Accuracy of benefit assessments (q)	Bigger is Better	95.1%	95%	95%	97.7% (G)	↑ I	94.7%
Speed of processing new claims (q)	Smaller is Better	22	22	22	18 (G)	↑ I	21
Speed of processing changes (q)	Smaller is Better	5	6	6	5 (G)	→ S	5

Pensions

- 2.34 There are no KPIs for Pensions.
- 2.35 The last five months have been focused on the preparation for the transfer of the administration service to West Yorkshire Pension Fund (WYPF) and the data remediation plan (backlog reduction). The service has also ensured that Annual Benefit Statements (ABS) were sent out as per the statutory deadline.
- 2.36 The beginning of the quarter saw minimal disruption to the service as members were equipped to work promptly from home. The transition for the pensions administration service is scheduled for 31 October 2020. Test data cuts have been reviewed by WYPF and data queries are being successfully addressed.
- 2.37 60% of the remediation plan have been closed and efforts to obtain missing information are ongoing. The service levels for active cases has dropped from 95% to 85% due to the remediation plan work, staff absences, issuing ABS' and a system outage.
- 2.38 Benefit statements had been issued to 9,266 deferred members and 6,518 active members. The remaining 1,400 deferred members and 300 active ABS' are awaiting processing or further investigation. A small proportion of these are not due an ABS. Subsequently, it has transpired that payroll provided incorrect data for 1,700 council staff and their ABS' were re-issued by the end of September 2020 and was discussed in detail at the last pension committee.

HR

- 2.39 Two of the four HR KPI targets were not achieved.

- **Offer letters issued (RAG rated AMBER) – 95% against a Q1 target of 100%.** One offer letter was issued outside the service level agreement due to resourcing challenges within the HR Recruitment Team. The early warning system has been reinforced with upskilling planned to support contingency against staff shortages.
- **Pre-Employment vetting (RAG rated AMBER) – 97% against a Q1 target of 100%.** Two references were vetted outside the service level agreement due to resourcing challenges within the HR Recruitment Team. The early warning system has been reinforced with upskilling planned to support contingency against staff shortages.

- 2.40 The last five months have been dominated by ongoing activity to protect staff and service levels in relation to Covid-19, The council has publicly thanked Capita for its payroll management delivery.
- 2.41 Both schools and council payroll services have been audited and the results are expected in Q3.
- 2.42 The performance development review function and the investigation into further integration of Core HR have been escalated to senior management due to poor communication, there are a number of internal issues which are in process of being resolved
- 2.43 The service continues to provide support to nine schools in the borough dealing with a collective grievance from Unison. This is nearing completion with an offer put to Unison for consideration. Negotiations are ongoing.
- 2.44 Capita managed a short term small project to send thank you letters to all staff during the Covid-19 pandemic and are currently reviewing a development payroll system for The Barnet Group.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 12021			Q1 19/20
				Target	Result	DOT	Result
Offer letters issued (q)	Bigger is Better	91.1%	100%	100%	95% (A)	Not Compa rable	Not reported
Pre-Employment vetting (q)	Bigger is Better	92.4%	100%	100%	97% (A)	Not Compa rable	Not reported in Q1 19/20
Payroll Accuracy – error rates and correct date (q)	Smaller is better	0.12%	0.1%	0.1%	0.018% (G)	↑ I	0.032%
DBS verification audits (q)	Bigger is Better	99.8%	100%	100%	100% (G)	→ S	100%

3. RE SERVICES

- 3.1 Q1 was characterised by a rapid response to the Covid-19 pandemic. Although services were unaffected in many areas, some services were suspended and resources diverted notably in Environmental Health and Highways.
- 3.2 Performance was impacted and overall five KPIs missed their Q1 target and 14 recorded 'no activity' as a result of Covid-19. Services continue to adapt and develop in response to Covid-19.
- 3.3 There is one cross-cutting KPI which met its target.

Corporate

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Compliance with Authority Policies (number of instances of non-compliance with Authority policies) (q)	Smaller is better	15	30	30	8 (G)	↑ I	15

Building Control

- 3.4 There is one KPI for Building Control which met its Q1 target.
- 3.5 Building Control continued to deliver services effectively throughout the period, with some adjustments to manage the implications of Covid-19 restrictions at various times. The service saw a significant fall in case volumes in April 2020 with numbers mostly recovering by July 2020 linked to the recommencement of activity across developments within the borough. A risk-based approach to site visits continues to ensure a balance between providing development oversight with a responsible approach to Covid-19, and different approaches to the use of technology are being explored.
- 3.6 Despite the residential market recovering more slowly, larger schemes have shown positive signs with continued issuing of work for Grahame Park and Douglas Bader Estates, Silk Park (The Hyde) and Victoria Quarter (East Barnet). These projects provide a timely longer-term portfolio of work that runs parallel to service resource preparations in readiness for changes to legislation noted in the Fire Safety Report at Housing and Growth Committee in September 2020.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Number of decisions within statutory timescales – Meet building regulation statutory timescales (q)	Bigger is Better	99.7%	100%	100%	100% (G)	→ S	100%

Hendon Cemetery & Crematorium

- 3.7 There is one KPI for Hendon Cemetery & Crematorium which met its Q1 target.

- 3.8 The Cemetery and Cremation service increased operations during the Covid-19 pandemic. During the quarter, 644 cremations and 169 burials took place. In comparison, there were 249 cremations and 75 burials the same period last year. Due to the increase in volume the service utilised several redeployees to assist and support the Cemetery and Crematorium staff.
- 3.9 During the peak of the Covid-19 pandemic in April and May 2020, the service was split into two teams, working alternate days in the office and from home. This ensured the service could operate throughout the Covid-19 pandemic and minimised the risk of any impact due to staff illness. In consideration of Industry and Government guidance, restrictions were introduced (e.g. maximum number of mourners attending funerals). In addition, the office was closed to visitors as part of revised risk management procedures. The service also suspended business activity for memorial sales, pre-purchase grave selections and sales, memorial lease renewals, grave ownership transfers, issuing of grave deeds, genealogy searches and stonemason memorial permits.
- 3.10 Since the peak of the Covid-19 pandemic, the service has gradually returned back to normal. All redeployed staff have returned back to their substantive posts and the death rate is now on par with the last year's figures. The office is still closed to the public but appointments are taking place outside the main entrance maintaining social distancing and the number of mourners for funerals (grave side or in the chapel) is limited to 30 as per Government guidance.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Meeting religious burial requests timescales (q)	Bigger is Better	100%	95%	95%	100% (G)	→ S	100%

Environmental Health

- 3.11 There are 18 KPIs for Environmental Health six met their Q1 target. 11 KPIs had 'no activity' because the service was suspended due to Covid-19.
- 3.12 One KPI did not achieve its Q1 target.
- **Improvement in food hygiene in the highest risk premises (RAG rated RED) – 55% against a Q1 target of 90%** Due to the impact of Covid-19, inspections were reduced following advice from the Food Standards Agency (FSA).
- 3.13 Due to the Covid-19 pandemic, the service has been required to change a number of its services to help and support residents. In line with new Government legislation, the service has become involved with the council's role of enforcing the Coronavirus Restrictions Regulations. At the peak of the pandemic the service had to ensure non-essential businesses were closed and essential businesses which were open had Covid-19 secure arrangements in place. As the lockdown eased the service ensured effective social distancing and enforced business closures. During the lockdown period operations were restricted due to a number of staff being required to self-isolate as a result of illness and some staff were redeployed to the Cemetery and Crematorium service.

- 3.14 The situation created by the Covid-19 pandemic led to the increase of noise related anti-social behaviour referrals such as unlicensed music events, businesses failing to comply with Coronavirus Restrictions Regulations and trading standards complaints relating to refunds, counterfeit tester kits and pricing/profitteering concerns. The increase in these referrals identified constraints relating to staffing numbers which affected the ability to react to these referrals in a timely manner. This was more noticeable within the Out of Hours service being supplied, as well as a shortage of high visibility patrols across the borough for the purposes of enforcement. To remedy some of these issues further funding has been agreed to increase the staffing with an additional four Enforcement Officers.
- 3.15 During Q1 a large number of food businesses were closed due to the Government lockdown regulations. However, the Commercial Premises team has been carrying out desk based assessments of the high-risk food businesses, providing advice about the effect of the regulations and how the easing of restrictions will affect them.
- 3.16 The service has developed a training package in conjunction with the enforcement and investigation leads. This package has been delivered to volunteers from the ground work group which has allowed volunteers to be redeployed to town centres to give a high visibility presence where information can be obtained in relation to Covid-19 regulations. The service has also ensured evolving legislation and guidance is understood by all officers and the relevant delegations and authorisations are in place. The service has taken a range of enforcement action against non-compliant premises, and has issued a warning letter resulting in a serving of a prohibition notice over this period.
- 3.17 The team has provided an options paper recommending changes to the process for street trading licensing to support businesses in reopening by allowing them to trade on the street in front of their premises. The changes have been approved via a Delegated Powers Report (DPR) and the team has begun to amend processes to accommodate the changes and the volumes anticipated.
- 3.18 During the period of lockdown, physical visits were not conducted. However, the private sector housing team dealt with unsafe housing conditions by making assessments using photographs and videos. As lockdown eased work in relation to Houses in Multiple Occupation (HMO) licensing has continued. Between April and August 2020 there were 16 interventions resulting in seven Fixed Penalty Notices (FPNs) being issued. The council has also achieved success with the prosecution of three landlords who failed to licence and maintain a property.
- 3.19 The team is now focused on continuing to manage the backlogs along with urgent work issues that arose out of lockdown. The Scientific Services team has carried out desktop Local Air Pollution Prevention and Control (LAPPC) assessments and monitored the air quality throughout the borough. They have also kept on top of permits for construction site hours. As lockdown eased, consultancy and planning work has re-commenced with a noticeable number of sites looking to extend trading hours into the evening and shops attempting to find a 'new normal'.
- 3.20 Local land charges have processed a record number of searches in July 2020, indicating an upturn in the local property market. Whilst initially incoming call volumes reduced for the Grants team they are now steadily increasing. Throughout the Covid-19 pandemic officers have continued to support vulnerable residents by providing information and advice, and progressing urgent cases.

- 3.21 The Licencing team has established a new process for temporary street trading licences to support business wishing to move their activities out onto the pavement. The team has taken enforcement action against an unlicensed music event, investigated a food poisoning outbreak and submitted two licensing reviews. Food safety inspections have restarted in line with FSA guidance and the Licensing team has assisted with enabling the plans for three new markets in the borough.
- 3.22 As lockdown eased the Commercial Premises team assisted with the business aspect of the town centre re-opening. The hospitality sector was exceptionally busy and officers were out ensuring all businesses were compliant with the new regulations outlined by the Government.
- 3.23 The Environmental Health teams have accrued substantial backlogs of work in key areas. To address this, an options paper recommending the approach to tackling the situation is to be drafted.

Indicator ⁶	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Compliance with Environmental Health Service Standards (Priority 1 incidents and service requests) (q)	Bigger is Better	91%	100%	100%	100% (G)	↑ I	88%
LAPPC Part 2a and 2b processes intervention programme (q)	Bigger is Better	100%	100%	100%	100% (G)	Not Comparable	No Activity
Compliance with Licensing Requirements for Houses in Multiple Occupation (HMOs) (q)	Bigger is Better	72.1%	71%	71%	71% (G)	↑ I	70%
Compliance with Environmental Health Service Standards (Priority 2 incidents and service requests) (q)	Bigger is Better	96.7%	95%	95%	97% (G)	↓ W	98%
Reduction of unit costs of disabled adaptations (q)	Smaller is Better	£8,260	£9,500	£9,500	£8,261 (G)	↑ I	£8181
Average time taken to process requests for full official searches (online and post in Land Charges	Smaller is better	1.9	3	3	1.6 (G)	↑ I	1.5
Improvement in food hygiene in the highest risk premises Serving 215 notices	Bigger is Better	95%	90%	90%	55% (R)	↓ W	93%

Strategic Planning

⁶ Environmental Health inspections were suspended during the Covid-19 lockdown, the Food Standards Agency (FSA) advised a deferral of planned interventions. During this time staff were either self-isolating, redeployed or working on other duties.

3.24 There are no KPIs for Strategic Planning due in Q1.

Planning Obligations and the Community Infrastructure Levy

- 3.25 Income has varied, with Community Infrastructure Levy (CIL) receipts received in Q1 at circa 50% of the equivalent period in 18/19 and 19/20; this is because payment is only due 60 days after commencement and there were minimal site starts in March to May 2020. The importance of large schemes for overall CIL receipts was also evidenced in July 2020 where more income was received than in the whole of Q1 due to a large receipt from a phase of the Colindale Gardens scheme.
- 3.26 Requests to delay payment due to Covid-19 have been received and agreed in line with Government legislation. Separately there are also some payments which have been outstanding for a length of time, from prior March 2020. The team has contacted payees to understand the reasons for the delay and action is likely to be needed in relation to some of the historic outstanding payments where payment should not have been affected by Covid-19 restrictions. The council will need to consider whether formal action should be taken.
- 3.27 The new Regulation 72A change to the CIL regulations has formally allowed charging authorities to agree to delay payments until mid-2021. It is therefore likely that more developers will request a delay to payments. Officers have continued to deal with requests since the amendments to the regulations came into force in August 2020. Delays granted in the first instance have been for a period of six months. Consultants have carried out a viability study to inform a CIL review for Policy and Resources Committee and have helped to consider the impact of Covid-19 with a revised timetable for review, which is now being considered.

Planning and Development Management

- 3.28 There are three KPIs for Planning and Development. One KPI did not achieve the Q1 target.
- **Planning Enforcement basket (RAG rated RED)** – This KPI consists of a basket of 6 PIs, of which 3 PIs did not achieved the Q1 target:
 - Section 215 Notices
 - Enforcement and breach of conditions at 90 days
 - Enforcement and breach of conditions at 180 daysA council decision was made not to serve notices unless there was an emergency due to the Covid-19 pandemic.
- 3.29 Planning Services have continued to operate throughout the Covid-19 pandemic, with some adjustments to manage the implications of restrictions at various times. The service was mostly set up for flexible working arrangements following the relocation to Colindale. Adjustments were made to face-to-face appointments, including applicant meetings, site visits, committee decision-making and planning reception advice and support. Alternative arrangements and mechanisms for each of these were put in place during the initial month or two. All services, excluding the planning reception, have been effectively back to normal since July 2020.

- 3.30 The volume of planning applications received, continued to recover to usual levels for this time of the year throughout Q1. With volumes at 80% in May 2020 and close to 100% in June 2020. The recovery in the number of pre-application requests has also been sustained. There was a small backlog of delegated decisions which accumulated due to restrictions, however some officers resumed site visits in May 2020. Limitations around site visits and related considerations mean that work is ongoing to ensure Planning Enforcement services catch up on paused or delayed cases from the initial few months; it is expected that there will be a consequent drop in KPI performance later in the year as paused cases proceed but exceed the agreed timeframes.
- 3.31 A backlog of committee cases arose during lockdown; this was addressed once the running of virtual meetings was permitted and established. Committee Members and staff were thanked for supporting the running of six Planning and Area Planning Committees in June 2020 and seven in July 2020.
- 3.32 The additional meetings enabled the backlog of committee cases to be addressed. Joint employees, authorised to make decisions, also addressed other delegated decisions in a timely manner, ensuring the service met its target for application processing.
- 3.33 Further preparation was rolled out in readiness for changes to the Use Classes Order (reducing the number of changes to properties which will require planning permission) announced in July 2020 that came into effect on 1 September 2020. In addition to this, the announcement of a Planning White Paper has raised the potential for a major overhaul of the planning system, and arrangements are in place to ensure the council can appropriately respond. Service leads have briefed the Leader and Planning Chairman and an all Member session was held in September 2020.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Compliance with planning application statutory timescales (for major, minor, other applications) (q)	Bigger is Better	80	80%	80%	94% (G)	↑ I	83.4%
Application Basket (q)	Bigger is Better	5	6	6	6 (G)	Not Compa rable	New in Q2 19/20
Planning Enforcement Basket	Bigger is Better	5	6	6	3 (R)	Not Compa rable	New in Q2 19/20

Regeneration

- 3.34 Two Regeneration KPI targets were achieved in Q1. One KPI reported no activity.
- 3.35 Covid-19 has not impacted on staffing levels in the Regeneration Service; no staff were furloughed or redeployed. Staff continue to work from home where possible, making visits to the Colindale office as and when required following completion of mandatory risk assessments. Improvements to the IT software and infrastructure have been made to facilitate home-based working.

- 3.36 There has been regular tracking, review and updates on the impact of Covid-19 to the Regeneration Programme. The most challenging risks and issues were the closure of construction sites, the reopening of sites and the introduction of new health and safety measures including social distancing and infection control. The service has found resolution routes that safeguard ongoing delivery and developer commitment. The risks to programme viability in the long, short, medium remain a challenge.
- 3.37 As sites have reopened, there have been delays to programmes whilst developers assess the financial implications of the Covid-19 pandemic on their business decisions. Delays to programmes have also meant that requests to defer financial payments have been submitted and approved to align with building works.
- 3.38 The Regeneration Service has prepared the Annual Regeneration Report for review by Housing and Growth Committee on 14 September 2020.
- 3.39 In August 2020, the Regeneration Service reviewed the Government's White Paper, 'Planning for the Future' and will work with Strategic Planning on a response to the Bill.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Regeneration budgetary and financial controls (% of invoices sent within timescales) (q)	Bigger is Better	100%	85%	85%	100% (G)	→ S	100%
Delivery of Regeneration projects' deliverables and milestones to meet outcomes and achieve benefits (q)	Bigger is Better	104%	85%	85%	103% (G)	↓ W	116%
Delivery of affordable housing completions (q)	Bigger is Better	463	370	0 ⁷	No Activity	↓ W	165 ⁸

Highways

- 3.40 There are sixteen KPIs for Highways. Three KPIs did not achieve the Q1 target.
- Highways Category 1 defects rectification timescales completed on time (48 hours) (RAG rated RED) – 67.6% against a Q1 target of 100%.** The council is in process of procuring a replacement highway management system for Exor (IT system). The recommendation was reported to Policy and Resources Committee in September 2020, which was approved with an implementation date of 1 April 2021. The new system will address some of the data integrity issues which cause a high level of failures. Council officers are progressing with the LoHAC extension until September 2023 to co-terminate with Re's contract as agreed by Environment Committee. As part of this extension, discussions are taking place with the contractor to agree a meaningful measure for Category 1 defect repairs in order to

⁷ This indicator is an annual KPI reported quarterly however no affordable housing is expected to be completed in Q1

⁸ Delivery of affordable housing - Q1 19/20 result was higher, due to late completions which were carried over from 18/19 to 19/20 following the financial crash of BMLLP's Mechanical & Engineering sub-contractor.

provide incentives and appropriate consequences for not achieving the agreed targets.

- **Highways Category 2 defects rectification timescales completed on time (7 days) (RAG rated RED) - 54.3% against a Q1 target of 100%.** Comments as above
- **Insurance Investigations completed on time (14 Days) (RAG rated AMBER) – 97% against a Q1 target of 100%.** An insurance claim was missed due to the change in process imposed by the Covid-19 lockdown. Once this new process was in place there were no further failures.

- 3.41 The Covid-19 pandemic has presented both opportunities and challenges to the Highways Service. Throughout the pandemic, weekly meetings took place to ensure effective management, reporting and monitoring of the impact of the service. The Highways performance indicators have been managed and sustained with a real focus on operational delivery and keeping the network running through a dedicated team of key workers out in the field supported by home-based colleagues. High level weekly meetings have continued and evolved to cover the recovery of the service since the pandemic and the development of an effective forward plan for the management of the service over the coming years aligned to the newly formed Highways Improvement and Delivery forum.
- 3.42 One of the key decisions taken early on was the delay of the NRP programme for 2020/21. This decision enabled the service to focus on the management of the reactive maintenance backlog. Due to this, the backlog has reduced by over 50% with a trajectory of no more than 250 projects in progress on a rolling month. The NRP programme commenced on 1 June 2020 and is delivering effective improvements to the network within time and budget.
- 3.43 During the pandemic, Transport for London (TfL) suspended the funding for the Local Implementation Plan (LIP). Due to this decision, the service promptly mobilised its resources to support the Barnet response to social distancing through three distinct workstreams: Schools, Town Centres and Cycling. This has continued in parallel with our statutory obligations for the safety of the highway.
- 3.44 As a result of the TfL decision the council has been unable to progress the programme of vital road safety measures. However, council officers have reviewed the impact of social distancing since the opening of schools. We have observed an increase in road traffic due to school drop offs. This is due to an increase in use of cars as opposed to using public transport, as a result the council is putting measures in place to counter the impact on road safety outside schools as well as in town centres.
- 3.45 The Confirm Street Manager system (Network Management and permitting tool) went live without any issues on 1st July 2020. This was aligned to the launch of the Department for Transport (DfT) Street Manager Solution (the largest wholesale legislative change in Network Management since the introduction of Electronic Transfer of Notices EToN)⁹.

⁹ EToN is a piece of statutory legislation that governs the communications of notices/permits between utilities and Highway Authorities. Since Street Manager came in on the 1 July 2020 it is now defunct as all communications are done through the Department for Transport (DfT's) Street Manager system.

- 3.46 Environment Committee has approved the replacement of the Highways Asset Management System and extension of the council's Maintenance Contract, both of which are scheduled to go live on 1st April 2021.
- 3.47 In July 2020, the service launched an online resource for primary school children. The Pelican Road Safety Project has been developed in partnership with the Pelican Radio Collective – a group of second year students from The Royal Central School of Speech and Drama. The resource, which aims to help Year 5 and Year 6 children become safe and independent travellers, comprises four episodes covering the following themes, Safer Crossings, Distractions, Be Bright, Be Seen and Car Passenger Safety.
- 3.48 As the pandemic eases the service is working on S106 evidence gathering for travel plans “completed” and “in progress” focusing on looking for past evidence and updating this year's travel plans.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Emergency Defects Rectification Timescales completed on time	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Response to complaints relating to a drainage malfunction and/or flooding event	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Response in dealing with Highway Licence applications	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Processing of Vehicle Crossover Applications - timescale for providing quotes	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Timely construction of Vehicle Crossovers following receipt of payment	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Timely response to Permit requests (LoPS)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Appropriate conditions attached to Permits (LoPS)-	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Appropriateness of approved and rejected extension requests (Permit Extension Requests, LoPS)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Level of Withdrawn Defects. Levels of passed and failed Highways works inspections	Smaller is better	0%	15%	15%	0% (G)	→ S	0%
Activity in relation to dealing with Section 50 (S50) Requests (TMA)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Section 74 (S74) compliance and sanctions correctly imposed for failures (NRSWA)	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Interventions (from DfT or similar agencies) regarding Traffic Manager Duties (TMA)	Smaller is better	0	0	0	0 (G)	→ S	0
Processing of Vehicle Crossover Appeals	Smaller is better	No Activity	100%	100%	No Activity	→ S	No Activity
Category 1 Defects Rectification Timescales completed on time	Bigger is Better	66.6%	100%	100%	67.6% (R)	↓ W	89.6%
Category 2 Defects Rectification Timescales completed on time	Bigger is Better	61.1%	100%	100%	54.3% (R)	↓ W	89.2%
Insurance Investigations completed on time (14 days)	Bigger is Better	99%	100%	100%	97.6% (R)	↓ W	100%

4. THE BARNET GROUP

4.1 The Barnet Homes section of this report is based on The Barnet Groups annual delivery plan.

Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents

4.2 There are three KPIs for quality housing. Two KPIs did not achieve the Q1 target

- **Number of homes purchased for use as affordable accommodation (RAG rated RED) – 1 against a Q1 target of 10.** Due to the impact of Covid-19, only one home has been purchased and a loan agreement for the property is in place. As lockdown eases more homes will be purchased.
- **Supply a range of housing available for care leavers, in particular for those ready to move into independent living (RAG rated RED) – 6 against a Q1 target of 12.** Due to the impact of Covid-19, there was a limited supply of properties and six care leavers were placed in social housing. As lockdown eases, it is anticipated more properties will be available.

4.3 The Covid-19 pandemic has had a significant impact on performance mainly due to lockdown restrictions. Activities relating to acquiring and building new homes ceased for a period in Q1. Performance has improved in July and August 2020, with 81 new affordable homes completed through the Opendoor Homes pipeline.

4.4 Acquiring new homes on the open market has improved as the lockdown eased. Issues continue to be faced regarding accessing properties and slower conveyancing timeframes.

- 4.5 After a very slow period during April and May 2020 due to lockdown, which prevented non-essential moves, significant improvement has been seen during July and August 2020 in the supply of housing available for care leavers and it is expected that this positive progress will continue for the remainder of the year.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
Affordable housing delivered on council owed land (q)	Bigger is Better	15	144	0 ¹⁰	16 (G)	↑ I	4
Number of homes purchased for use as affordable accommodation (q)	Bigger is Better	15	125	10	1 (R)	↑ I	4
Increase the supply and range of housing available for care leavers for those ready to move into independent living (q)	Bigger is Better	128	48	12	6 (R)	↓ W	11

Safe and secure homes

- 4.6 All two Safe and Secure KPI targets were achieved in Q1.
- 4.7 Despite the restrictions imposed by lockdown, the council has maintained 100% compliance on the completion of fire risk assessments in residential blocks and the completion of any high priority actions recommended in the assessments.
- 4.8 As a result of Covid-19 related lockdown measures, available council officer resource to address priority fire safety actions decreased during Q1. In response to this, measures were put into place which utilised a combination of both contractor and officer resources dependant on the nature of the tasks which proved effective in maintaining performance in this area throughout the quarter.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 2021			Q1 19/20
				Target	Result	DOT	Result
% of scheduled fire risk assessment completed	Bigger is Better	98.5%	100%	100%	100% (G)	→ S	100%
Percentage of priority 0 and 1 fire safety actions completed on time	Bigger is Better	76.4%	90%	90%	100% (G)	→ S	100%

Tackling and preventing homelessness and rough sleeping

- 4.9 There are five Homelessness KPIs. Three KPIs did not achieve the Q1 target.
- Number of homelessness preventions (RAG rated RED) – 268 against a Q1 target of 312.** Due to Government restrictions during lockdown, homelessness preventions were reduced largely due to activity in the private rental sector slowing

¹⁰ Targets for this KPI start in Q2 20/2021

down. However essential moves for homeless households were still permitted. Since the easing of lockdown, viewings have increased considerably.

- **Overall number of households in Temporary Accommodation (TA) (RAG rated RED) – 2697 against a Q1 target of 2400.** The total number of households in TA increased from 2467 in Q4 19/20 to 2654 Q1 2020. Following the new Government directive (Everyone In), single homeless and rough sleepers were housed in TA, resulting in a 9% increase in TA. As the lockdown eases the service will move on to the stage where homelessness prevention and temporary accommodation reduction activities can resume.
- **Households placed directly into the private rental sector (RAG rated AMBER) 142 against a Q1 target of 152.** As a result of Covid-19, the service has been dealing with emergency cases only. As lockdown eased, there were a number of residents who were reluctant to move due to Covid-19. A new process was introduced to display photos and videos of properties online which helped residents to make decisions and it is expected that activity in this area will increase in Q2.

- 4.10 There was a sharp increase in the number of households in TA during Q1 as the council responded to the Government's "Everyone In" directive. This aimed to ensure that any person sleeping rough, or at risk of sleeping rough, was provided with a form of safe and secure accommodation to prevent the transmission of Covid-19. 148 rough sleepers were housed in an extremely rapid response to the directive and throughout July and August 2020 the focus has turned to assessing the needs of rough sleepers and ensuring that appropriate and sustainable support and housing options are secured to keep them off the streets.
- 4.11 July and August 2020 have seen significant reductions in the overall number of households in TA (2570 – August) since the peak in June (2654) as activity in the private rented sector resumed and the ability to undertake homelessness prevention activities returned.

Indicator	Polarity	19/20 EOY	20/21 Target	Q1 12021			Q1 19/20
				Target	Result	DOT	Result
Rough sleeper counts every other month (s)	Smaller is Better	24	20	20	11 (G)	↑ I	32
Families with Children in Temporary Accommodation (q)	Smaller is Better	60%	Monitor	Monitor	53.5% (G)	↑ I	62%
Number of Homelessness Preventions(q)	Bigger is Better	1221	1250	312	268 (R)	↓ W	287
Numbers of households in Temporary Accommodation	Smaller is Better	2467	2250	2400	2654 (R)	↓ W	2579
Households placed directly into the private sector by Barnet Homes	Bigger is Better	674	610	152	142 (R)	↓ W	177

5. LEGAL SERVICES

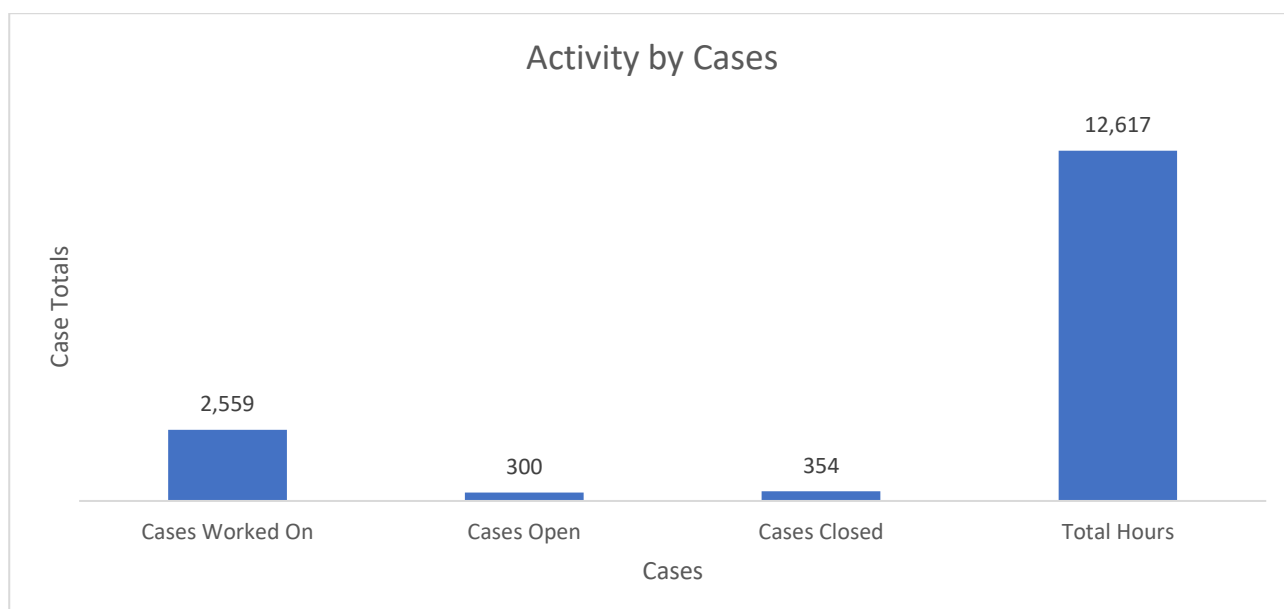
- 5.1 Like many support service areas, shared Legal Service staff have moved to mainly working from home since March 2020. This has meant adopting new ways of working including utilising a remotely accessible case management system to ensure that a consistent service continued to be provided.
- 5.2 This has also included supporting a shift to remote-based court hearings, whilst maintaining a high level of in-house advocacy provision. For family court hearings, lawyers have attended court liaison meetings with Heads of Service to enable the council to be fully up to speed with changes and the new demands resulting from remote hearings. Delays have been minimised for children who are within court proceedings by way of regular updates and ongoing liaison with the allocated judge for the council. For civil court hearings, the restrictions on possession cases and evictions has led to a reduction in these cases, albeit this is likely to be temporary in nature. The service has continued to advise on other housing cases, including anti-social behaviour and injunctions. The service has also provided advice remotely to licensing panels.
- 5.3 The criminal courts restricted their very limited court capacity to health protection cases and custody cases, meaning that a number of existing cases have been subject to adjournments. There has been increased focus on supporting the council with its new enforcement functions resulting from new regulations made in response to the Covid-19 pandemic. Employment tribunal and SEND tribunal cases have continued mainly with remote hearings and lawyers continue to work on these cases.
- 5.4 Covid-19 and the associated restrictions have had a significant impact on many of the council's contractual arrangements. The shared Legal Service has advised the council on the application of contractual relief provisions and in negotiations with suppliers regarding temporary abatements of service. Throughout recent months HB Public Law has also supported the council with implementing the provisions of the Coronavirus Act 2020 across a number of business areas, including the introduction of virtual meetings and changes to governance arrangements.

Cases Hours and Disbursement¹¹ Data

Activity by Cases

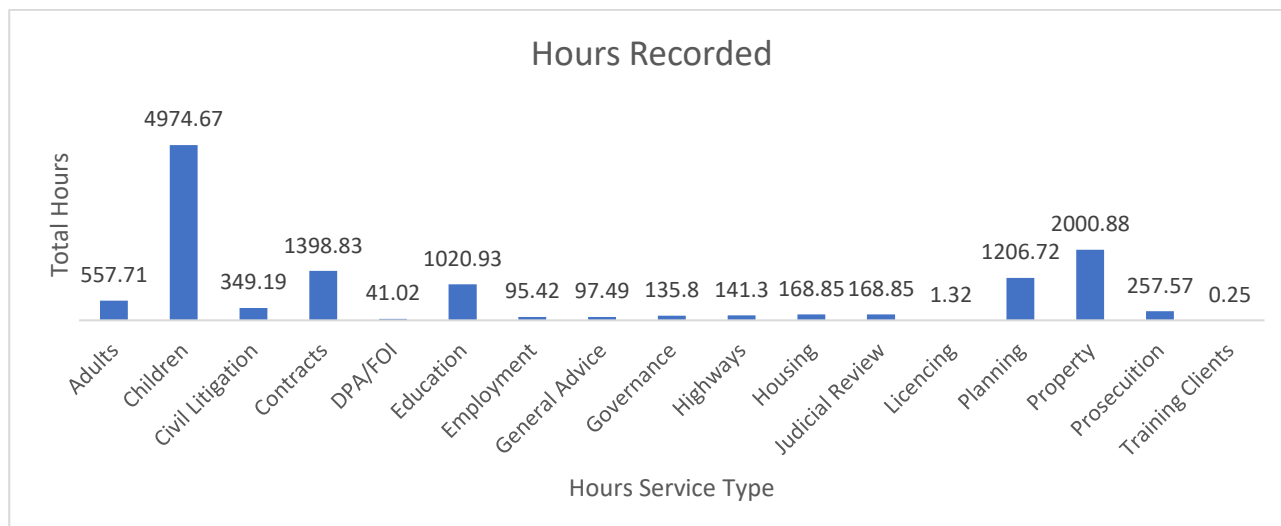
- 5.5 During Q1, Legal Services worked on 2,559 cases. 300 new cases were opened and 354 cases were closed.

¹¹ Disbursement costs include barristers' time as well as postage, telephone, travel and other charges

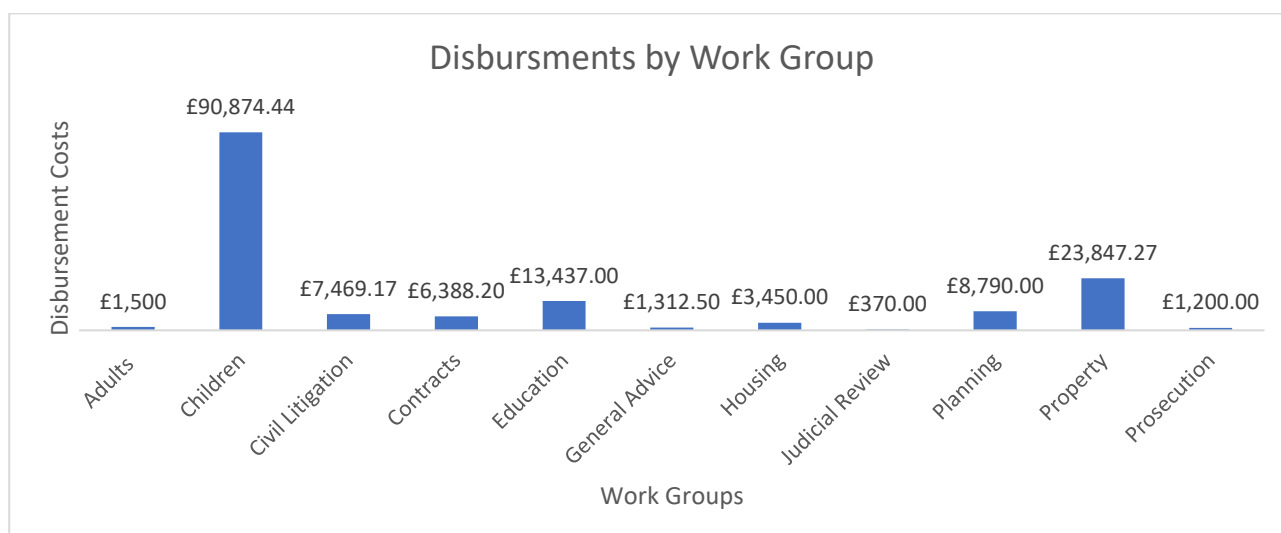


5.6 In Q1, there were 12,586 chargeable hours at a cost of £876,489. Children had the highest number of chargeable hours at 4974.67, costing £313,667.51. The chargeable hours by service type is shown in the chart below.

Hours Recorded by Work Group



Disbursements by Work Group



- 5.7 In relation to budget management, the Legal Services budget has been devolved to service areas/directorates. Monthly budget monitoring is undertaken by services to ensure that any overspend on legal costs are contained within the overall budget for the service area/directorate.
- 5.8 Overall spend in Q1 was £876,489.04 in hours and £158,638 in disbursements, totalling £1,035,127, which represents 25.73% of the total budget (£4,023,460).

6. EDUCATION AND SKILLS

- 6.1 Education and Skills services transferred from Cambridge Education to Barnet Education and Learning Service on 1 September 2020. All future monitoring will be through the CES Committee in line with other similar arrangements across the council.

6.2 Due to the Covid-19 pandemic most of Q1 performance data is not meaningful. There have been no OFSTED visits, examinations were cancelled, attendance regulations were amended as were those for Special Education and Disability.

6.3 Schools have been operating for vulnerable children and those of key workers only. Staff have been focussed on supporting wider school opening and supporting vulnerable children, especially those with an EHCP.

7. REASONS FOR RECOMMENDATIONS

7.1 This report provides an overview of the council's contracted services for Quarter 1 (Q1) 2020/21. The report covers delivery from the Customer and Support Group (CSG) (Capita), Regional Enterprise (RE) (Capita), The Barnet Group (TBG), Cambridge Education and HB Public Law.

8. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

8.1 None.

9. POST DECISION IMPLEMENTATION

9.1 None.

10. IMPLICATIONS OF DECISION

11. Corporate Performance

11.1 Performance monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate priorities as set out in the Corporate Plan (Barnet 2024) and our strategic contracts.

11.2 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Corporate Plan (Barnet 2024)
- Performance and Risk Management Frameworks.

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

12.1 Budgetary information is part of the Chief Finance Officer report.

13. Social Value

13.1 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.

14. Legal and Constitutional References

- 14.1 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.
- 14.2 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.
- 14.3 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.
- 14.4 The council’s Financial Regulations can be found at:
<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

15. Risk Management

- 15.1 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 Policy and Resources Committee.

16. Equalities and Diversity

16.1 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.

16.2 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.

16.3 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.

16.4 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>

17. Corporate Parenting

17.1 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.

18. Consultation and Engagement

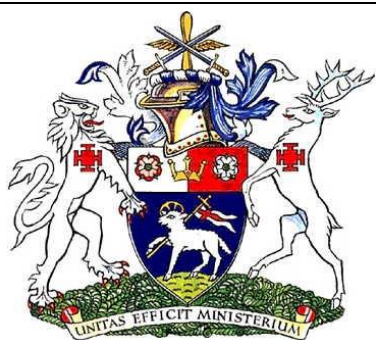
18.1 Obtaining customer feedback is part of the contract management process to inform service delivery, service development and service improvement.

19. Insight

19.1 The report identifies performance information in relation to the council's contracted services for Quarter 1 (Q1) 2020/21. The report covers delivery from the Customer and Support Group (CSG) (Capita), Regional Enterprise (RE) (Capita), The Barnet Group (TBG), Cambridge Education and HB Public Law.

20. BACKGROUND PAPERS

20.1 None.



Financial Performance and Contracts Committee

27 October 2020

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

Summary

The purpose of this report is to provide an update on the Year 6/7 Review of Capita contracts. The report also provides an overview of Capita's half-year results, which were published in August 2020.

Officer Recommendations

That the Financial Performance and Contracts Committee:

1. Notes that work on the Year 6/7 Review has restarted;
2. Notes that a further report on the detailed plan for conducting the Review will be brought to this Committee in December 2020; and
3. Notes Capita's half-year results.

1. WHY THIS REPORT IS NEEDED

Year 6/7 Review

- 1.1. At its meeting on 29th January 2020, the Financial Performance and Contracts Committee agreed terms of reference for the Year 6/7 Review of Capita contracts.
- 1.2. A report was published for consideration by the Financial Performance and Contracts Committee that was scheduled to take place on 18th March 2020, but was cancelled due to the Covid-19 pandemic. That report set out progress on the Review, which at that point was well under way. Joint working groups had been established for each of the phase 1 services:
 - Highways
 - Customer Services (including RE service hub and Social Care Direct)
 - Information Technology
 - Revenues & Benefits
 - Estates
- 1.3. The early focus of the working groups had been on carrying out an analysis of the service's strengths, weaknesses, opportunities and threats (SWOT) and exploring the potential future vision for the service. Cross-cutting workstreams on Financial Assessment and Performance had also been mobilised to support the work of the service-specific joint working groups.
- 1.4. The report also set out initial proposals to ensure the effective engagement of Members of the Committee and the public in the Review process.
- 1.5. As the council prepared for the Covid-19 pandemic during the early part of March 2020, a number of officer meetings associated with the Review were cancelled, to enable key service personnel to focus on business continuity planning and preparation. IT, Customer Services and Estates were particularly involved in supporting the broader council preparation for the pandemic. On 17th March 2020, it was agreed, in consultation with the Chairman of the Financial Performance and Contracts Committee, to pause all work on the Review for a two-week period to support the wider business continuity preparation.
- 1.6. On Sunday, 22nd March 2020, the council received the instruction from London Strategic Coordination Group and London Local Authority Gold to move to the provision of critical services only. As a result of this, the decision was made, in consultation with Capita colleagues, to suspend the Year 6/7 Review until further notice. This decision was subsequently ratified by the Urgency Committee on 27th April 2020.
- 1.7. At its meeting on 15th June 2020, this Committee received a report setting out the latest position in respect of the Review. At that point in time, the council

remained in emergency response mode and the primary focus was on delivering critical services, although non-critical services were being stood up, where the capacity existed so to do. The Committee was advised that all of the services involved in phase 1 of the Review, as well as other services provided by Capita, were heavily involved in that emergency response.

- 1.8. The Committee noted that the suspension of work on the Year 6/7 Review and the exemplary response of Capita colleagues in supporting the council's response to the Covid-19 pandemic. That response has continued through the summer and into the autumn.
- 1.9. As lockdown has gradually lifted, RE colleagues have been heavily engaged in supporting the council's enforcement efforts. Revenues and Benefits colleagues have been focussed on the payment of grants to businesses and are now supporting the implementation of "self-isolation" grants. Whilst those services remain very much in pandemic-response mode, other services have moved forward into the recovery phase. Significant work has been required to return services to a more normal operating mode and many, such as IT, Estates and Customer Services are now dealing with a combination of business as usual demands, whilst also seeking to clear a backlog of work or pent-up demands that built up during the height of the pandemic. It should be noted that the pressures this creates fall as much on council officers as they do on Capita colleagues.
- 1.10. Notwithstanding the ongoing challenges, work is re-commencing on the Review process. This has had to be sensitive to the ongoing demands on service colleagues and has focussed primarily on considering how we are going to resource cross-cutting activity, such as financial modelling and contract performance analysis. To that end, the Review support team is starting to progress the commissioning of external support to provide benchmarking and market analysis. The team is also starting to work with colleagues in the council's consultation team to develop the approach to consultation and engagement. This will all, in due course, provide important information to support the work on individual services and inform the development of options for consideration by Members.
- 1.11. Work is also starting to develop a detailed timeline for the Review, albeit against the backdrop of the second wave of the pandemic and the pressure that this continues to have on both senior council officers and their opposite numbers within Capita. That timeline will have to take into account the officer and Capita time that can, realistically, be applied to the Review as the pandemic continues. It will incorporate appropriate Member engagement activity, as set out in the report of 18th March 2020. At the time of writing, the potential scale and impact on the council's priorities of a second wave cannot be assessed, so there will be a continuing need to remain agile in the approach and response. Whilst no changes to the detailed terms of reference and overall approach to the Review are proposed at this point, the need to keep these under review in light of the ongoing impact of the pandemic continues. Officers will continue to monitor the situation, with a view to

bringing a further report to this Committee in December 2020. The ongoing dialogue with Capita colleagues will also continue, to ensure the necessary alignment between the parties.

Capita half-year results

- 1.12. Capita published its first half-year results for 2020 on 18th August 2020. These can be accessed using this link: <https://www.capita.com/news/capita-plc-half-year-results-2020> Jon Lewis, Capita's Chief Executive Officer, summarised the position as follows:

“Capita and its people faced a challenging first half of the year, like many other companies. Thanks to our transformation progress over the last two years - and the hard work and professionalism of our colleagues - we were able to deliver a strong and decisive operational response to the COVID-19 crisis.

“However, this crisis has come in a pivotal year for Capita when we had expectations of beginning to generate revenue growth and sustainable cash flow.

“Instead, we have had to focus on managing our way through the crisis, while accelerating some strategic decisions, including our plan for the disposal of Education Software Solutions, a standalone business in our Software division.

“We expect to make further disposals which, alongside other measures, will strengthen the balance sheet and help build towards a more focused, sustainable Capita for the long term. These are unprecedented times and we need to adapt but our strategy remains the right one.”

- 1.13. In response to these results, Capita's share price dropped from 35.88p at close of trading on 17th August 2020 to 28.70p at close on 18th August 2020. The share price recovered to 33.03p the following day and has hovered around the 30p mark, plus or minus 3p, since then. At the time of writing, the share price was 31p.
- 1.14. Of most interest to the council are the accounting indicators set out in the “financial distress” sections of the contracts with Capita. These indicators 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.
- 1.15. The council's commercial team reviews these indicators on a regular basis and reports the latest performance to this Committee. Based on the 2020 half-year results, the financial ratios remain well clear of the values that would trigger a financial distress event. The contractual trigger levels are commercially confidential, but actual performance on the ratios is public information. The ratios are currently as follows:

Net Total Interest Cover Ratio – 7.6 times (was 10.8 at full-year 2019) – higher is better

Total Net Debt to EBITDA Ratio – 1.9 times (was 2.1 at full-year 2019) – lower is better

2. REASONS FOR RECOMMENDATIONS

- 2.1. This report provides an update on the position in respect of the Year 6/7 Review in light of the Covid-19 pandemic and on Capita's latest half-year results.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1. Not relevant to this report.

4. POST DECISION IMPLEMENTATION

- 4.1. Work on the Year 6/7 Review will continue and a further report will be brought to this Committee in December 2020.

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

will be funded by a non-recurrent allocation from the contingency budget, subject to the approval of Policy and Resources Committee.

- 5.2.3. Resources that have been employed to support the Review have been redeployed to support the delivery of critical services during the Covid-19 pandemic. There may be additional resource implications associated with any extension to the overall timescales for delivery the Review. These will be estimated in due course.

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. 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.
- A further wave of the Covid-19 pandemic further delays work on the Review.

5.5.2. 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 the Committee 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.

5.6.2 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.

5.6.3 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.

5.6.4 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.

5.6.5 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.

5.6.6 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

5.6.7 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. As previously reported to this Committee, 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 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. Further engagement will take place on specific services, where further insight is required, through the use of targeted questionnaires and focus groups. Additional stakeholder engagement will also be undertaken with council staff and with Barnet Group and the Barnet Education and Learning Service (BELS) 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.

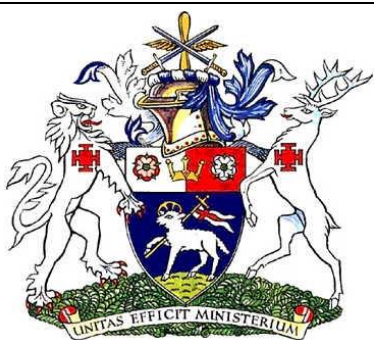
6. BACKGROUND PAPERS

6.1. Report to Financial Performance and Contracts Committee, 29th January 2020:
<https://barnet.moderngov.co.uk/documents/s57531/Year%206%20and%20Y7%20review%20ToR.pdf>

6.2. Report to Financial Performance and Contracts Committee, 18th March 2020:
<https://barnet.moderngov.co.uk/documents/s58379/Year%2067%20Review%20of%20Capita%20Contracts.pdf>

6.3. Report to Financial Performance and Contracts Committee, 15th June 2020:
<https://barnet.moderngov.co.uk/documents/s58926/Yr%206-7%20Review%20FPC%20report.pdf>

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Financial Performance and Contracts Committee

27 October 2020

Title	Loan Agreement with Saracens Cophall LLP – Update Report
Report of	Deputy Chief Executive
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Chief Officer Decision dated 26 August 2020 Appendix B – Delegated Powers Report dated 28 September 2020
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 Agreement with Saracens Cophall LLP.

Officer Recommendations

That the Committee:

1. Notes the position on the Loan Agreement with Saracens Cophall LLP.
2. Notes the proposed next steps set out in paragraphs 4.1-4.3.

1. WHY THIS REPORT IS NEEDED

- 1.1. On 23rd October 2018 the Policy and Resources Committee authorised the council 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. This Loan Agreement, and associated documentation, was entered into on 29th January 2019 under the DPR dated 28th January 2019.
- 1.2. Saracens Copthall LLP leases the stadium 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.
- 1.3. As reported to the Financial Performance and Contracts Committee in January 2020, officers placed a pause on loan drawdowns following rumours – later confirmed – that Saracens Men were to be relegated from the Gallagher Premiership at the end of the 19/20 season. At the point where drawdowns were paused, SCLLP had drawn down £3.2m of the agreed £22.9m loan facility¹.
- 1.4. The Committee noted that SCLLP, and their tenant Saracens Ltd, would take stock of plans for the West Stand, and if they wished to proceed with development would present a revised business plan to the council. This would be subject to independent due diligence.
- 1.5. The Covid19 crisis introduced a delay to the preparation of the revised business plan. This delay allowed the unfolding effects of the pandemic to be factored into the business plan.
- 1.6. The Chief Officer Decision (COD) taken on 26 August 2020, and attached as Appendix A to this report, noted that the finalised updated business plan was received on 17 July 2020 and Grant Thornton was commissioned to undertake due diligence on key aspects of the revised plan.
- 1.7. The key change within the business plan is an increased share of space to be leased exclusively by SCLLP's other tenant, Middlesex University. The stand will be the new base for the London Sports Institute and School of Health & Education Departments, and will include a media centre to be used as a 'Learning Zone' outside of match days, particularly for those struggling with mainstream education.

¹ The loan agreement is for "£22.9m plus an amount for fees not to exceed £229,450". In addition to the £3.2m drawn down from the main loan facility, £143,834 (+VAT) had been drawn down from the fees by November 2019, taking the total drawn down to £3,381,928 at the point where the loan was suspended. This is reflected in the Chief Officer Decision at Appendix A, which notes that £3.4m had been drawn down.

- 1.8. The increase in rent from Middlesex University, whilst maintaining the same level of rent from Saracens Ltd, significantly increases the resilience of SCLLP's business plan. It of course increases the council's indirect exposure to the University's financial position, and accordingly due diligence commissioned from Grant Thornton focused on the University's financial resilience in light of Covid19. The due diligence confirmed that financial planning was robust and that the University's projected revenues were sufficient to meet the increased rental. At that time, financial plans were predicated on forecast student numbers, but the university has subsequently confirmed that actual figures remain consistent with the projections.
- 1.9. In order to allow SCLLP to proceed with the project up to the point immediately prior to letting the main works contracts, and thus maintain the schedule required by Middlesex University as one of the stand's two tenants, the decision taken was to authorise further drawdowns up to a total value of £600,000 + VAT for August and September 2020. Of that, £514,414.67 has been drawn down, including £20,000 + VAT in fees, taking the total amount drawn down to £3,896,342.34.
- 1.10. The COD noted that this sum is well within the guaranteed sum of £10m.
- 1.11. The revised business plan envisaged changes to some of the contractual milestones set out in the legal agreements relating to the loan and the project. These are detailed in the Delegated Powers Report dated 28 September 2020, and attached at Appendix B.

2. REASONS FOR RECOMMENDATIONS

- 2.1. This report provides an update for the committee's information.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1. This report provides an update for the committee's information.

4. POST DECISION IMPLEMENTATION

- 4.1. SCLLP have submitted a s73 planning application² to facilitate minor changes to the design of the West Stand.
- 4.2. SCLLP have identified a preferred main contractor for the West Stand, and propose – subject to planning consent – to enter into contract early in 2021.

² 20/4304/S73

- 4.3. As noted in the DPR at Appendix B, Middlesex University have entered into an Agreement to Lease with SCLLP, which commits the University to taking on a tenancy for part of the West Stand. This Agreement includes a Condition Precedent, requiring SCLLP to appoint a main contractor for development of the West Stand by the Condition Precedent Longstop Date. The University have subsequently entered into a Revised Agreement to Lease, which gives effect to the changes set out above in relation to increased floorspace and rent payments. Once the main contractor is appointed, the Revised Agreement to Lease will be unconditional. At that point, provided there are no further material changes in SCLLP's financial position, loan drawdowns will resume.

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". In February 2020 the Council agreed to refresh its corporate plan around the themes of 'Thriving', 'Family Friendly', 'Healthy', and 'Clean, Safe and Well Run'. The range of activities and community benefits provided through development of the West Stand supports these emerging themes.

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

- 5.2.1. As the Committee has previously noted, 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 the loan therefore 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.

5.2.4. The loan to SCLLP 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.

5.2.5. 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 in October 2020 in relation to the position as at 30 September 2020.

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 3rd July 2015 for 99 years from 12th March 2013 granted to Saracens Copthall LLP from Barnet Council.

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

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. The revised arrangements must continue to comply with State Aid rules.

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

5.4.4. The Loan Agreement and associated documentation were designed to ensure that the success of the project was not dependent on the on-pitch success of the club. The increased emphasis on rental streams for Middlesex University further mitigates this risk.

5.4.5. The council recognises that the business plan is now more dependent on the ability of Middlesex University to comply with its financial obligations. This

was addressed through the most recent due diligence, but the council will need to continue to have regard to the position of the University.

- 5.4.6. The council must continue to ensure that the community benefits arising from the development of the West Stand, and thus indirectly from the loan agreement, are delivered.

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, and through development of a community garden. As well as improving biodiversity, it will be a place to support vulnerable people, including adults with learning disabilities, those with poor mental health, and older people.

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 The Equality Act 2010. 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. Financial Performance and Contracts Committee Report on Saracens Loan Agreement, 30 January 2020:

<https://barnet.moderngov.co.uk/documents/s57530/Saracens%20Loan%20update.pdf>

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

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

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

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

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

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

Chief Officer Decision

TITLE	Approval to release drawdowns against the loan facility agreed with Saracens Cophall LLP (the Saracens Loan Facility) totalling up to £600,000 + VAT.
DATE OF DECISION	26 August 2020
DECISION TAKER	John Hooton - Chief Executive
BACKGROUND TO DECISION	<p>Policy and Resources Committee agreed on 23 October 2018 to make a loan to Saracens Cophall LLP (SCLLP) for the development of a new West Stand at Allianz Park, and the Saracens Loan Facility was entered into on 29 January 2019.</p> <p>The Saracens Loan Facility set out the amount to be loaned, the conditions upon which the loan was to be made and drawn down from time to time and the terms of repayment. The Saracens Loan Facility also detailed the obligations for legal assignments over future contracts and collateral warranties from appropriate entities.</p> <p>In addition to the Saracens Loan Facility the Council also entered into (on or around 29 January 2019) other agreements, as detailed in the January 2019 Delegated Powers Report.</p> <p>The Council and SCLLP are also negotiating the terms of a deed of amendment for the purposes of making amendments to the Saracens Facility Agreement, as set out in the Chief Officer Decision dated 24 April 2020.</p> <p>As reported to Financial Performance and Contracts Committee in January 2020, loan drawdowns were subsequently paused pending submission of a revised business plan in light of Saracens Rugby Club's demotion from the Premiership. The pause period was then extended following the onset of the Covid19 crisis.</p> <p>The finalised updated business plan was received on 17 July 2020 and Grant Thornton was commissioned to undertake due diligence on key aspects of the revised plan. Grant Thornton provided regular oral updates on their emerging findings in the run up to the decision outlined in this report being taken.</p> <p>In order to allow SCLLP to proceed with the project up to the point immediately prior to letting the main works contracts, and thus maintain the schedule required by Middlesex University as one of the stand's two tenants, the decision taken was to authorise drawdowns for August 2020 (circa £530,000 + VAT) and September 2020 (circa £70,000 + VAT).</p> <p>This will take the total value of funds drawn down under the loan to approximately £4m, well within the guaranteed sum of £10m. Evidence that the guarantor continued to hold assets worth at least £20m is received every three months, most recently in July for the period to 30 June 2020.</p>

	<p>Article 9.1(b)(i) of the Constitution provides that Chief Officers have delegated authority to make decisions and approve expenditure relating to their functions on all matters which are not key decisions and are not reserved for decision by a committee providing that the sum expended is within the approved budget for the department and the amount in relation to any single matter does not exceed £189,330. Article 9.1(d) of the Constitution also provides that the Chief Executive has this delegated authority as well.</p> <p>As set out above, the decision to make a loan to SCLLP was approved by the Policy & Resources Committee. The decision to pause the loan drawdowns and the next steps were noted by the Financial Performance & Contracts Committee in January 2020.</p> <p>The decision by the Chief Executive was to permit two drawdowns in August and September 2020 against the Saracens Loan Facility for the development of the West Stand at Allianz Park to a total value of £600k+VAT in addition to the £3.4m already drawn down. In all cases, drawdowns are against a loan approved by the committee and the Deputy Chief Executive under delegated authority. In taking the decisions outlined in this record, the Chief Executive took into account</p> <ul style="list-style-type: none"> • that £3.4m has already been drawn down against the Saracens Loan Facility; • the scale of the August and September drawdowns are (in aggregate) relatively small when compared to drawdowns so far under the Saracens Facility Agreement and the value of the guarantee in place; • to delay the August and September drawdowns could risk delaying the project and the timely repayment of the loan back to the Council; and • the initial assessment of the finalised updated business plan by the council and due diligence (including oral updates from Grant Thornton) have not raised any significant concerns. <p>The Chairmen of Policy & Resources and Financial Performance & Contracts Committees were consulted prior to the decision being taken by the Chief Executive.</p>
DECISION	<p>To approve, subject to the usual compliance checks, SCLLP to make drawdowns in August 2020 and September 2020 against the Saracens Loan Facility for the development of the West Stand at Allianz Park to the value of £600k+VAT in addition to the £3.4m already drawn down.</p>

LEGAL	<p>Pursuant to the terms of the Saracens Loan Facility the following conditions also need to have been satisfied prior to the release of sums by the Council to SCLLP:</p> <ul style="list-style-type: none"> (a) SCLLP needs to have provided to the Council a duly populated Drawdown Request no later than 11 a.m. ten business days before the Drawdown Date for an Advance. (b) The Council needs to have confirmed to SCLLP that it has received all of the documents relevant to the Phase (being Phase 1, 2 or 3) as set out in Schedule 1 of the Saracens Loan Facility. (c) The conditions set out in clauses 2, 3 and 4 of the Saracens Loan Facility must have been satisfied. <p>At the time that the decision was taken by the Chief Executive, appropriate documents have been received by the council and necessary checks have been undertaken.</p>
AUDIT TRAIL OF DECISION	<p>Loan drawdown requests are supported by invoices and confirmation of work undertake. These are reviewed by Assistant Director – Estates and if approved are sent to Treasury who arrange payment via a Chaps request that requires the authority of two Chief Officers. Treasury records each drawdown and maintains the loan balance including interest accrued.</p>

DECISION TAKER'S STATEMENT

I made the decision outlined in this report on 26 August 2020.

I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice was sought prior to my making the decision and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.

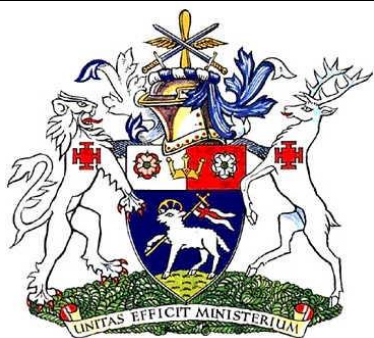
John Hooton
Chief Executive



Dated: 28 September 2020

London Borough of Barnet, 2 Bristol Avenue, Colindale, NW9 4EW
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CHIEF OFFICER IN CONSULTATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT

Title	Loan Agreement with Saracens Cophall LLP
Report of	Cath Shaw, Deputy Chief Executive
Wards	All
Status	Public
Enclosures	
Officer Contact Details	Cath Shaw Deputy Chief Executive Cath.shaw@barnet.gov.uk 020 8359 4716

Summary

This paper authorises short extensions to key dates in legal agreements between the council and Saracens Cophall LLP (SCLLP), and Middlesex University and SCLLP, relating to the delivery of the new West Stand at Allianz Park. It also notes that a revised business plan has been received from SCLLP, an update on which will be submitted to the next meeting of Financial Performance and Contracts Committee.

Decisions

1. To authorise extension to 8 January 2021 of the Condition Precedent Longstop Date set out in the Agreement to Lease between Middlesex University and Saracens Cophall LLP dated 8 March 2019.
2. To authorise the extension to 30 November 2022 of the Availability Period in the Loan Agreement dated 29 January 2019 between the council and Saracens Cophall LLP (the “**Loan Agreement**”).

3. To note that a revised business plan has been received from Saracens Cophall LLP, and that an update will be provided to the next meeting of Financial Performance and Contracts Committee.

1. WHY THIS REPORT IS NEEDED

Background

- 1.1. On 23 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 Cophall LLP for the provision of a new West Stand as part of the Allianz Park stadium at Cophall.
 3. Subject to the satisfactory completion of audits, 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 Cophall 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 Cophall.
- 1.2. Under the DPR dated 28 January 2019 the following decisions were made:
 1. That the council enter into a loan agreement and associated documents with Saracens Cophall 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 Cophall.
 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 (DPR) 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. Confirmation of Company A's net asset value – which under the terms of the loan must exceed £20m – is currently received every three months. The last such report was received by the council on 30 June 2020 and confirms that Company A's net asset value remains at the required level.
- 1.6. To date, Saracens Copthall LLP (SCLLP) has drawn down £3.896m of the agreed £22.9m loan facility.
- 1.7. In January 2020 the council and SCLLP agreed that loan drawdowns should be paused while Saracens took stock of its plans following relegation from

Rugby's Premiership. A revised business plan was initially anticipated to be submitted by the end of February 2020, and this was subsequently extended to June 2020 for the reasons set out in the DPR dated 24 April 2020.

- 1.8. In March 2019 Middlesex University entered into an Agreement to Lease with SCLLP, which commits the University to taking on a tenancy for part of the West Stand. This Agreement includes a Condition Precedent, requiring SCLLP to appoint a main contractor for development of the West Stand by the Condition Precedent Longstop Date. This date can only be varied with the Council's approval.

2. REASONS FOR RECOMMENDATIONS

- 2.1 In April 2020 the council authorised short extensions to key dates in legal agreements between the council and Saracens Copthall LLP (SCLLP), and Middlesex University and SCLLP, relating to the delivery of the new West Stand at Allianz Park.
- 2.2 The Condition Precedent Longstop Date in the Agreement to Lease between Middlesex University and SCLLP was originally 7 March 2020. The Council consented to a number of extensions to this date in light for the reasons set out in the DPR dated 24 April 2020. The Parties have now proposed a further extension of this date to 8 January 2021.
- 2.3 The Loan Agreement between the council and SCLLP includes a period known as the 'Availability Period' during which the loan must be drawn. This Period currently ends on 28 February 2022. As recorded in the DPR dated 24 April 2020, the council had authorised an extension to 31 May 2022, although the relevant Deed of Variation had not been finalised. Saracens have now proposed extending this date to 30 November 2022.
- 2.4 This DPR records the decision to agree to both of these requests.
- 2.5 The DPR dated 24 April 2020 noted that a revised business plan was anticipated to be received by the council for scrutiny in the summer of 2020. This has now been received. An update will be provided to the next meeting of the Financial Performance and Contracts Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Alternative options open to the Council are to agree to shorter extensions or not to agree to any extensions. The periods of extension (approximately four and six months) are already short relative to the duration of the arrangements. Given these extensions have been prompted by COVID-19, it is not considered reasonable to require a shorter period of extension where the impact of COVID-19 remains uncertain. Whilst the Council could deny the requests for extension, it is not considered that this would be reasonable given the requirement for extension has arisen due to factors outside of the control of SCLLP and Middlesex University. Denying the requests for extensions would also impact upon the achievement of the Council's original purpose in entering into the arrangements with SCLLP.

4. POST DECISION IMPLEMENTATION

- 4.1 The key contractual dates will be revised as set out above, and a Deed of Variation agreed in respect of the Availability Date in the Loan Agreement.
- 4.2 Confirmation of the Net Asset Value of the guarantor will continue to be sought every three months.
- 4.3 An update on the revised business plan will be prepared for the next meeting of the Financial Performance and Contracts Committee.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As set out in previous committee reports.

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

- 5.2.1 A three-month delay equates to approximately £50,000 of additional interest to be received by the Council, however the actual delay may be shorter than that authorised through the extension to the key dates.

5.3 Social Value

- 5.3.1 As set out in previous committee reports.

5.4 Legal and Constitutional References

- 5.4.1 The powers of the Council to enter into the arrangements are discussed in detail in the DPR dated 28th January 2019. The Council is principally acting under its power to invest (Section 12, Local Government Act 2003). In respect of the decisions set out in this report, the power to invest is relevant as is the Council's power to do anything incidental to any of its functions (Section 111, Local Government Act 1972). The decisions outlined in this report are consistent with the Council's investment strategy developed in accordance with the Statutory Guidance on Local Government Investments, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services: Code of Practice.
- 5.4.2 The EU State aid regime still applies in England during the Brexit transition period. As detailed in the DPR dated 28 January 2019, the Council has entered into the arrangements with SCLLP on market terms so that no unlawful State aid is present. To ensure that it is offering commercial terms, the Council must consider whether it is acting like a market operator in normal market conditions who is in the same position that the Council is. Such a market operator is not just necessarily interested in short term profit realisation and may be motivated by a desire to shore up existing investments/interests in a recipient and/or long-term realisations. The Council is given a wide margin of discretion in determining how a market operator would act and to fall outside of this it ultimately has to be inconceivable that a market operator would do what the Council proposes.
- 5.4.3 In agreeing to the extensions outlined in this report the Council is agreeing that the availability period of the loan will be extended by nine months when compared to the original availability period to 28 February 2022. The Council is also agreeing to extend the period for the appointment of a principal contractor by ten months (against an original period for appointment of 7 March 2020). Both extensions have arisen due to COVID-19. The Council has taken legal advice and considers that, in agreeing to these extensions, it would be operating as a market operator. Therefore, the grant of the extensions does not constitute unlawful State aid.
- 5.4.4 Under Article 10 of the Constitution Chief Officers in consultation with the Committee Chairman have delegated authority to make decisions which are not key decisions up to a maximum value of £500,000.

5.5 Risk Management

- 5.5.1 As set out in previous Committee Reports

5.6 Equalities and Diversity

5.6.1 As set out in previous Committee Reports.

5.6.2 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; foster good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination. Officers do not consider that this decision would have any adverse equality impacts.

5.7 Consultation and Engagement

5.7.1 None in relation to this paper.

6. BACKGROUND PAPERS

6.1 Policy & Resources Committee, 19 July 2018:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9725&Ver=4>

6.2 Policy & Resources Committee, 23 October 2018:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9459&Ver=4>

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

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

6.4 Delegated Powers Report, Loan Agreement with Saracens Copthall LLP, 24 April 2020:

<https://barnet.moderngov.co.uk/documents/s59718/Loan%20Agreement%20with%20Saracens%20Copthall%20LLP.pdf>

7. DECISION TAKER'S STATEMENT

- 7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations. The decision is compliant with the principles of decision making in Article 10 of the constitution.*

Chairman: Cllr D Thomas, Leader
Has been consulted



Signed:

Dated: 28th September 2020

Chief Officer: Cath Shaw, Deputy Chief Executive
Decision maker having taken into account the views of the Chairman



Signed:

Dated: 28th September 2020

	<p>Financial Performance and Contracts Committee</p> <p>27 October 2020</p>
<p>Title</p>	<p>Leisure Centre Delivery</p>
<p>Report of</p>	<p>Assistant Director Capital Delivery & Assistant Director Greenspaces and Leisure</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>None</p>
<p>Officer Contact Details</p>	<p>Matthew Waters, Assistant Director Capital Delivery Matthew.waters@barnet.gov.uk Cassie Bridger, Assistant Director Greenspaces and Leisure Cassie.Bridger@barnet.gov.uk</p>

Summary

In 2012/13 as part of the Medium Financial Term Strategy (MTFS) the Council embarked on a review of leisure services, with the subsequent initiation of the Sport and Physical Activity (SPA) Project. Following the establishment of an Outline Business Case, extensive research and stakeholder engagement the project took a strategic and methodological approach in defining and shaping a future leisure offer. This resulted in the delivery of two new leisure centres in the Borough.

Across both Leisure Centres the combined contract value was £35,953,252 excluding risk. Delivery of the schemes was intended to deliver a cost neutral leisure contract, providing average annual saving of £1.3m pa . Overall this would deliver brand new facilities for the residents of the Borough and enable a cost neutral service operation when considering the costs of constructing the new facilities.

Under the NEC form of contract the values of risk items excluded from the contract are excluded from the contract sum and contained on a risk register. As identified risks occur the values are instructed into the contract through variations known as compensation events.

The final account for the delivery of the leisure centres has now been confirmed and the risks previously excluded that have actually occurred are now incorporated within the final contract sum. There were a total of 191 individual compensation events across the two schemes. These can be broadly grouped and summarised as below.

Item	Description	Additional cost
Utilities	Works required by utility companies in relation to new or amended gas/ electricity/telecoms/ water / drainage connections and routes	£1,354,744
Highways	Works required to the public highway to meet statutory requirements or to improve safety	£247,530
Ground conditions	Works relating to unforeseen ground conditions or removal of contamination	£1,189,574
GLL	Additional items /changes requested by partner GLL and approved by the Council.	£185,847
FFE	Furniture, Fittings and Equipment	£322,763
Other	Items not included in above categories (eg, programme acceleration, Secure by Design Requirements, Tree planting)	£1,687,205
Total	-	£4,987,664

The final capital account has been confirmed at £40,940,915. The project has achieved an annual average of c£1.6m of revenue to be generated from the leisure management contract, thus delivering a cost neutral service and a positive financial improvement of £2.6m.

This report sets out the current position of the project and the outcomes achieved.

Officers Recommendations

The Committee is asked to note the content of this Report updating on the position of the Leisure Centre Projects at New Barnet and Barnet Cophall Leisure Centre.

1 PURPOSE OF REPORT

- 1.1 This report provides an overview of the current position for the delivery of the New Barnet and Copthall Leisure Centres.
- 1.2 In 2012/13 as part of the Medium Financial Term Strategy (MTFS) the Council embarked on a review of leisure services, with the subsequent initiation of the Sport and Physical Activity (SPA) Project. Following the establishment of an Outline Business Case, extensive research and stakeholder engagement the project took a strategic and methodological approach in defining and shaping a future leisure offer.
- 1.3 The Revised Outline Business Case approved by Policy & Resources Committee (2014/15) endorsed recommendations which enabled the project to be defined by the following outputs;
 - To deliver the construction of two new leisure centres.
 - To deliver a new leisure management contract, delivering benefits stated in the SPA revised outline business case.
 - To develop an innovative procurement process that measurably improves the health and wellbeing of the residents of Barnet.
 - To work with stakeholders to ensure that the new leisure management contract aligns with national, regional and local priority outcomes.
- 1.4 The assessment indicated the future facility requirements across the Borough, focusing on swimming pools, sports halls and health and fitness. The recommendations highlighted the need to protect, enhance and invest in the existing facilities to satisfy demand and achieve financial sustainability.
- 1.5 In 2016/17 Policy and Resources Committee agreed to the redevelopment of Barnet Copthall Leisure Centre and the creation of a new facility, New Barnet Leisure Centre. At this time, the Council also commenced the procurement of a new leisure management contract effective from 1st January 2018 (to 31 March 2028).
- 1.6 The two new facilities were considered crucial investment schemes that would support in delivering a cost-neutral leisure contract and create accessible destinations that would increase levels of participation across the Borough. The locations were determined by taking a place-based approach, seeking to provide opportunities and experiences in an indoor and outdoor environment. This also aligned with the Councils 'Fit and Active Barnet' vision which is to "create a more active and healthy borough", contributing towards an engaged, productive, resilient and empowered population.
- 1.7 Successful delivery would improve the facilities and services available for residents and enable a shift from an operating cost of c.£1.1m per year to a cost neutral service operation after taking into account the cost of delivering the new facilities.
- 1.8 The main construction for both facilities completed in Summer 2019 and both sites have opened to the public.

- 1.9 In June 2017, the Council submitted an application to the Sport England Strategic Facilities Investment Fund for the maximum amount of £2,000,000 to support the investment initiatives.
- 1.10 In July 2017, Sport England's Investment Committee agreed the Lottery Grant of a maximum amount of £1,000,000 per scheme subject to the parties agreeing to enter into a deed governing the Lottery Grant on terms and conditions satisfactory to Sport England.
- 1.11 A Lottery Funding Agreement (LFA) for each development scheme is in place and outlines the award requirements, agreed design, conditions precedent to the drawdown of the total grant and monitoring arrangements to be implemented.
- 1.12 In accordance with the LFA, a restriction is placed on both Land Registry titles for Barnet Copthall Leisure Centre and New Barnet Leisure Centre respectively for a period of 25 years, pursuant to the deed.
- 1.13 New Barnet Leisure Centre and Barnet Copthall Leisure Centre opened their doors on 30 August 2019 and 1 September 2019 respectively. They offer a diverse mix of facilities and activities, encouraging residents to lead more active and healthy lifestyles.
- 1.14 During the first full opening Quarter (Q3) a total of 173,066 attendances were reported at Barnet Copthall Leisure Centre and 80,189 attendances at New Barnet Leisure Centre.
- 1.15 This figure accounts for a range of activities which includes but is not limited to; a full aquatic programme, sports courses and lessons, health and fitness, group exercise and health initiatives. For comparison, attendances at the new Barnet Copthall centre between Q3 2019 were over 12,000 higher than average attendances per quarter at the old centre.
- 1.16 In accordance with Government Guidelines all Barnet leisure Centres closed on 21 March 2020. The new facilities had been opened for a period of 6 months prior to closure where the following numbers had been recorded;
- A total of 1.2 million partnership attendances were recorded from 1 April 2019 up to 21 March 2020 (excluding Finchley Lido Leisure Centre).
 - Total includes 204,852 attendances from adults over 55 years + and 93,451 from disabled users.
 - The highest proportion of attendances relates to children and young people at 494,760.
 - 431,582 combined attendances recorded at Barnet Copthall and New Barnet.
 - Total number of attendances at Barnet Copthall (Sep – March): 290,701
 - Total number of attendances at New Barnet (Sep- March): 140,881
 - A year on year increase of 154,093 combined attendances (Barnet Copthall and New Barnet), supporting 55.5% year on year growth.
 - Fit and Active Barnet (FAB) Card (March) 27,071 residents had registered.
 - This represents a 6,192 (29.7%) increase since 2019, where 20,825 Cards were registered.

- There is a diverse range of FAB card users with over 50% of members aged 5-16yrs.

1.17 The Council's leisure management contract with GLL (Better) has continued to deliver a range of programmes to support the achievement of Public Health outcomes including weight management (children and adults); support for those with cancer; diabetes & falls prevention; dementia cafe etc. This is in addition to;

- Commitment to registered carers, looked after children, and care leavers provides them with enhanced benefits to the FAB Card including free swimming at anytime
- Delivery of specialist health programmes that include children's weight management, adult weight management and a cancer rehabilitation scheme
- Delivery of community based sessions that seek to challenge barriers to participation, making physical activity accessible to all residents. Delivery is targeted at low participation groups and families with a focus on areas of deprivation, BAME, women and girls, disabled and older residents (55+)
- Gender specific sessions at leisure centres ensuring that the diversity of cultures in the borough are supported to remain physically active
- Staff training to ensure diverse needs of our residents can be met including; disability awareness, dementia friends and mental health awareness.
- Each leisure centre has a nominated Dementia Champion and have pledged to a Mental Health Charter.

1.18 In addition to the above, Barnet has experienced a significant increase in the Sport England Active Lives dataset with 64% of the adult population (16+) active for at least 150 minutes per week. Barnet is one of four London boroughs to achieve a statistically significant increase since 2015 when the Active Lives Survey was launched.

1.19 The successes of the increased engagement and physical activity has featured in a London Sport featured a case study reflecting how a collaborative approach in Barnet has led to an increase in levels of physical activity and opportunities for residents in the borough

1.20 The SPA Project has delivered a transformation programme that demonstrates how leisure services can contribute towards measurable improvements that determine;

- An increase in the percentage of active children and adults.
- Improved health outcomes and general wellbeing
- Improved opportunities to access sport & physical activity for all ages and abilities
- An enhanced approach to partnerships
- Better intelligence to identify needs, supply and demand for sport and physical activity provision
- Innovative approaches to make participation an attractive choice
- Increase sustainability, creating more resilient communities and sport and physical activity providers, including; clubs and the voluntary and community sector.

Governance

- 1.21 The project adopted a strong governance approach including a robust Gateway process to ensure suitability, strategic fit, deliverability and viability was tested at the close of each RIBA Stage. This included;
- Assurance to Programme Boards that specific stages have been achieved
 - Enabling project teams to progress to next project stage knowing that the previous stage has been signed off
 - Record of decisions
 - Definition of the content of each stage
 - Definition of the criteria for stage acceptance
 - Ability to track major project changes after gateway approval
- 1.22 As a general principle, as projects progress through the RIBA Stages and the various gateway points, the level of detail available and therefore project certainty increases, whilst exposure to risk that is difficult to either identify or quantify will decrease. To deal with this in the early stages of a project, optimism bias is applied, the range of which will typically reduce as the scheme progresses.
- 1.23 The Project set up a number of key internal governance boards which keep oversight of progress and ensure that the schemes remain on track. The main Council boards were the SPA Programme Board and the Technical Assurance Group.
- 1.24 The SPA Board was the responsible Board (monthly) that acted as the decision-making board, providing critical challenge to ensure the project delivered benefits. The SPA Technical Assurance Group additionally acted to ensure there was oversight to manage technical aspects and mitigate identified risks. Sport England were represented at SPA Board, in addition to technical engagement and remained an independent partner offering strategic expertise throughout the project.
- 1.25 Additional sub project category boards were set up to ensure progress, this included; Construction Progress Meetings, Mobilisation Meetings, Copthall Co-Ordination Meetings, Stakeholder Meetings.
- 1.26 The above approach was established to ensure the project was delivered effectively and that a proactive approach to budget and resource plans, risk and issue management and benefits realization could be achieved.
- 1.27 At key points, project reports were taken to the Council's Policy & Resources Committee.

Construction Overview

- 1.28 In October 2016 John Graham Construction Ltd (GCL) were appointed as the Council's Strategic Construction Partner for a period of 5 years. The Strategic Construction Partner Agreement supports an estimated £150 million of construction activity in Barnet, which included the construction of leisure facilities.
- 1.29 In January 2017, the Council approved planning applications to develop two new leisure facilities. The total construction costs were confirmed following the

completion of RIBA stage 4 in September 2017, in addition to the completion of all pre-commencement planning conditions required to initiate construction.

- 1.30 Construction commenced on both sites in December 2017, with the specific agreement delivered through a New Engineering Contract (NEC).
- 1.31 Construction projects will often carry risk and require amendments to be considered as the projects develop and further information becomes known. This is particularly the case with below ground obstructions and conditions. The NEC contract allows for these circumstances through the contract terms.
- 1.32 The NEC contract identifies specific risks accepted as excluded as this position would normally cover circumstances where the full extent of cost cannot be known until works have commenced. These items are treated as client risks so that the price paid equates to the actual cost if a risk should occur. Therefore the projected costs sit outside of the contract sum unless the risk materialises.
- 1.33 Both projects maintained a risk register which identified all risks that were excluded from the contract sum. Risks are assessed on an assumption of potential cost and considered against the likelihood of the risk occurring. The assessment of the risk values at contract commencement was £1.865m. It is normal to expect that only some of the identified risks on a project would occur and that the values on some risks could be both higher and lower than those assumed. Intrusive investigations were undertaken throughout the project to better understand the potential issues with site conditions and as further site information became available the risk allowances were adjusted accordingly. For both projects, the actual costs for the risks that emerged to be issues were significantly higher than the values originally assumed at contract commencement.
- 1.34 As the actual final price paid reflected the actual cost of the issues, there has been no financial loss to the Council and the costs would have been the same if a more accurate cost was understood at contract stage. However, for future projects there needs to be a more robust assessment to project risks.
- 1.35 Final account figures have been agreed with the contractor. The table below shows the final agreed contract sums for each leisure centre.

Element of Works	Budget Approved Jan 2019	ACTUAL	Difference	Contract Completion Date	Actual Completion Date
New Barnet Leisure Centre					
New Barnet NEC Construction Contract	14,476,071.00	16,572,470.49	2,096,399.49	5th July 2019	16th August 2019
Copthall Leisure Centre					

Copthall NEC Construction Contract	21,477,181.00	24,368,445.07	2,891,264.07	9th September 2019 (Revised date for New Building) 7th February 2020 (Demolition)	30th August 2019 (Handover of new centre) 28th February 2020
TOTAL	35,953,252.00	40,940,915.56	4,987,663.56		

- 1.36 On significantly sized construction projects the Council employs a technical team to administrate the contract on its behalf and to provide the appropriate check, challenge and assurance. The technical team provide regular reports to Council officers with proposed changes subjected to the appropriate project governance and approval process.
- 1.37 For the leisure centre schemes, the Council employed project management (Customer Support Group) for the overall running of the project, technical advisory services (Customer Support Group) for the administration of the contract and technical assurance for the project and Graham Construction as the principle contractor. These three core roles fall in line with the Councils normal method for delivery of projects of this type.
- 1.38 To ensure cost assurance, the project technical advisory team included independent quantity surveyors (Gardiner & Thoebold) and commercial leads who provided assessment and appropriate scrutiny of cost when an event occurred. Proposed changes were subjected to the appropriate project governance and approval process to ensure that there was adequate contingency funding remaining in the approved budget.
- 1.39 Under the construction contracts, the contractor is obliged to remain engaged and deal with defects that may arise during use of the buildings for a defined period of time after the hand over of the building to the operators.
- 1.40 Across the two schemes, the council has held back a retention payment that is only paid to the contractor once the Technical Teams are satisfied that all identified defects have been appropriately dealt with.
- 1.41 The schemes have both reached the end of the defects notification period and the contractor has been working closely with Council officers, the technical teams and the Leisure Centre operators to effectively close out open defects.
- 1.42 The tables below outline the summary position as of 6th October 2020.

New Barnet

SUMMARY	%
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Open Defects	22	27%
Non-Practical Defects" (Planning Cond. Discharge, Coll.Warr etc..)	6	7%
Closed Defects	55	66%
TOTAL POST COMPLETION DEFECTS REPORTED	83	100%

Copthall

SUMMARY		%
Open Defects	32	24%
Non-Practical Defects" (Planning Cond. Discharge, Coll.Warr etc..)	2	2%
Closed Defects	97	74%
TOTAL POST COMPLETION DEFECTS REPORTED	131	100%

2 REASONS FOR RECOMMENDATIONS

- 2.1 This report provides an overview of the current position for the delivery of the New Barnet and Copthall Leisure Centres. The Committee is asked to note the content of this Report updating on the projects.

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 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.
- 5.1.2 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 these projects are reported to Policy and Resources Committee
- 5.2.2 When considering all project costs. The Council has budgeted £44,952,727 on the delivery of the enhanced leisure provision. The current forecast is for the schemes to be delivered within £44,650,000.
- 5.2.3 The revenue income generated from the new leisure contract is now more than £1.5m per year compared to the previous operational cost of £1.1m per year this equates to a £2.6m improvement in position. The revenue generated covers the costs for the construction of the leisure centres and allows the service to operate at a revenue neutral position.

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. This duty is not applicable at this stage as no new contract or service is proposed.

5.4 Legal and Constitutional References

- 5.4.2 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.

This report is made to the Financial Performance and Contracts Committee in order to consider the results of the project.

- 5.4.3 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 Throughout the life of each project, emerging risks are recorded and managed in line with the Council's risk management methodology and project management methodology.

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 None

6 BACKGROUND PAPERS

Cabinet Resources Committee, 18 October 2012 (Decision item 15) – approved the Sport and Physical Activity Strategic Outline Case, including the draft SPA Strategy Statement.
<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=4416>

Cabinet Resources Committee, 4 November 2013 (Decision item 5) – approved the Sport and Physical Activity Outline Business Case.
<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=5035>

Health and Well-Being Board, 12 June 2014 (agenda item 14) – approved the establishment of the Fit and Active Barnet (FAB) Partnership Board and noted the Sport and Physical Activity (SPA) Strategy delivery plan
<http://barnet.moderngov.co.uk/documents/s15393/Fit%20and%20Active%20Barnet%20Partnership%20Board%20and%20Sport%20and%20Physical%20Activity%20Strategy%20Delivery%20Plan.pdf>

Policy and Resources Committee, 21 July 2014 (agenda Item 8) – approved the Sport and Physical Activity Outline Business Case.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7860>

Policy and Resources Committee, Tuesday 17th February 2015 7.00pm (Agenda Item 9) Sport and Physical Activity Review Revised Outline Business Case
<http://barnet.moderngov.co.uk/mgAi.aspx?ID=11370#mgDocuments>

Policy and Resources Committee, Wednesday 16th December 2015 6.30pm (Agenda Item 12) The relocation and redevelopment of Church Farm Leisure Centre and the redevelopment of Barnet Copthall Leisure Centre.
<http://barnet.moderngov.co.uk/documents/s28130/The%20relocation%20and%20redevelopment%20of%20Church%20Farm%20Leisure%20Centre%20and%20the%20redevelopment%20of%20Barnet%20Copth.pdf>

Policy and Resources Committee , September 2016:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8729&Ver=4>

Policy and Resources Committee , December 2016:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731&Ver=4>

Full Council, 13 December 2016
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8817&Ver=4>

Planning Committee – Approval of Barnet Copthall Leisure Centre and Victoria Recreation Ground

Planning Committee, January 2017
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=703&MId=8614&Ver=4>

Fit & Active Barnet Framework – Adults & Safeguarding Committee Reports

Fit & Active Barnet Framework, March 2017

<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=698&MId=8676&Ver=4>

Draft Fit & Active Barnet Framework, September 2016

<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=698&MId=8673&Ver=4>

London Borough of Barnet Consultation Reports

Phase 1 2012 – Needs assessment

<http://barnet.moderngov.co.uk/documents/s16260/Appendix%20C%20-%20SPA%20Needs%20Assessment.pdf>

Phase 2 2013 – ORS Final report

https://engage.barnet.gov.uk/adult-social-services/sport-and-physical-activity-review/user_uploads/final-leisure-services-report.pdf

Phase 3 2014 - ORS Final report

<http://barnet.moderngov.co.uk/documents/s21252/Appendix%205%20-%20ORS%20Consultation%20report.pdf>

Phase 4 2015 - ORS Final report

https://engage.barnet.gov.uk/adult-social-services/sports-and-physical-activity-cf-copthall/supporting_documents/Barnet%20SPA%20Phase%204%20%20Final%20report%20v6.0.pdf

Health Impact Assessment (HIA) 2015


https://engage.barnet.gov.uk/adult-social-services/sports-and-physical-activity-cf-copthall/supporting_documents/CF%20%20HIA%202015%20Final.pdf

Feasibility Study 2015

<https://barnet.moderngov.co.uk/documents/s21253/Appendix%206%20-%20Feasibility%20Study.pdf>

Public Health Outcome Framework Document 2014

<http://barnet.moderngov.co.uk/documents/s21257/Appendix%209%20i%20-%20Public%20Health%20Outcomes%20Framework.pdf>

	<p>Financial Performance and Contracts Committee</p> <p>27 October 2020</p>
Title	Brent Cross
Report of	Director of Growth
Wards	All
Status	Public with accompanying exempt report (By virtue of paragraphs 3 and 5 of Schedule 12A Local Government Act 1972)
Urgent	No
Key	No
Enclosures	Appendix 1 – Plan: Council delivery works Appendix 2 – MHCLG Grant Agreement: Key Characteristics Appendix 3 – Updated milestones Appendix 4 – Delivery Partners Appendix 5 – BX Contracts List.
Officer Contact Details	Karen Mercer, Programme Director Karen.Mercer@barnet.gov.uk , 0208 359 7563

Summary

This report provides an interim update on the delivery responsibilities and construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the Brent Cross (BX) project. It should be read in conjunction with the introductory report considered by the Committee in January 2020 and the latest quarterly progress report to the Housing and Growth Committee on 14 September 2020. This report provides an update on the individual contracts placed by the council in anticipation of a further report in December reviewing the financial performance and contracts going forward.

Officers Recommendations

The Committee is asked to note

- 1) The Train Operating Compound and replacement Sidings have now been completed and successfully handed back to Network Rail;
- 2) The Contracts placed and changes since January 2020 as set out in paragraphs 1.9 of this Report.
- 3) That the council working with Mace, Network Rail, HM Government (HMG) and its delivery partners are finalising the revised integrated programme. Once approved, this will form the baseline for future reporting and performance monitoring.
- 4) The Brent Cross West delivery team (now transferred to Mace) are undertaking a deep dive review on the anticipated final cost as set out in paragraph 1.15 of this report. This will be subject to an independent peer review within Mace due to take place in November and will be reported to this Committee in December.

1. PURPOSE OF REPORT

Introduction

- 1.1 The introductory report to this Committee in January 2020 provided an overview of the Brent Cross (BX) programme and explained the council's delivery obligations and the works delivery construction contracts placed and to be placed by the council across the Brent Cross West Thameslink Station (BXW) programme and Critical Infrastructure.
<https://barnet.moderngov.co.uk/documents/s57529/BXC%20Financial%20Performance%20and%20Contracts%20Committee.pdf>
- 1.2 These works are funded by the HM Government grant as explained in report to the Committee in January 2020. As required by the Grant Agreement with HMG, the council provides a monthly progress update report to the Government Assurance Board (attended by Ministry for Homes, Communities and Local Government – MHCLG, HM Treasury, Department of Transport, Greater London Authority, Transport for London and Homes England). The financial position of the project is monitored through the Assurance Board, and a review exercise is undertaken by the Board prior to authorising the drawdown of grant.
- 1.3 The purpose of this report is to provide an interim update summarising the contracts placed since January 2020 and issues that have had an impact on the programme ahead of the more detailed report on the monitoring and financial performance of these contracts to be referred to and reviewed by the Committee in December 2020. Reports are submitted to Policy & Resources (P&R) Committee as required, and a

quarterly update is provided to the Housing and Growth (H&G) Committee, with the last report on 14 September 2020 which can be accessed using the following link.
<https://barnet.moderngov.co.uk/documents/s59911/Brent%20Cross%20Cricklewood%20Report.pdf>

- 1.4 Whilst the Housing and Growth (H&G) and Policy and Resources (P&R) Committees looks forward setting the strategic direction, assessing price and risk, and agreeing funding, the Finance Performance and Contracts Committee looks backward and reviews performance, making recommendations to the H&G and P&R Committees and the council officers team on issues arising from the scrutiny of external providers. The next report to the Housing and Growth Committee is on 24 November 2020.
- 1.5 As can be seen from the quarterly updates and confirmed below, works across the site are progressing well. The updated milestones tracker is attached at appendix 3. It should be noted that all major contracts other than waste are now placed. The most significant contract remains the Implementation Agreement with Network Rail. This contract signed in 2019 includes the delivery of the south sidings which are now complete and in operation. The rail systems element is well advanced and will be substantially complete by early summer 2021. The site set up for the BXW station is now complete and Volker Fitzpatrick will start piling for the new station this month.
- 1.6 In relation to Brent Cross South, demolitions are well advanced and remediation works underway. The new Exploratory open space opened in August and is now being used by the local community, one of the first important steps to provide early benefit to the local community. Further information can be found on the BX website <https://transformingbx.co.uk/>



New Sidings Commissioned



Jerich Shed Demolition



BXS Exploratory Park

1.7 Key on site achievements over the year can be summarised as follows:

- Completion and handover to Network Rail of the Train Operating Compound=
- Commissioning the new South Sidings, allowing the Northern sidings to be removed to make way for the new station.
- Completion of the land transfer from Network Rail to the council (August 2020)
- Demolition of the Jerich Shed to make way for the new station (September 2020)
- Start site set up and Station Early works (October 2020)
- Agreed delivery programme with NR and Train Operating Companies and Volker Fitzpatrick (station contractor) that includes the major 72 hour rail possessions in April – June next year to undertake the realignment of the rail fast lines to make way for the station (NR weeks 1,5 and 9)
- The station remains on target to open in December 2022 (approved programme shows construction will complete in July 2022 to allow sufficient time for handover).
- Commencement of Highway Improvements at the Cricklewood Lane Southern Junctions (Cricklewood Broadway/Cricklewood Lane/Chichele Road and Cricklewood Lane/Claremont Road/Lichfield Road).

Key Challenges faced by the BX programme in 2020

- A) As reported to the Housing and Growth Committee in Nov 2019 and March 2020, Network Rail had initially failed to secure the critical rail access to undertake mainline track slews to create the space for the station platforms. This critical access requires 72-hour possessions, which involves shutting the entire midland

main line (a very rare event), only achievable over a bank holiday and then only when east and west coast main lines remain open. As reported to the H&G Committee, this required the council working with HM Government and Network Rail (with the wider rail industry support) to identify alternative major possessions. Access is now secured and approved by Network Rail and the Train Operating Companies, and will take place during May / June 2021. This has had further consequences on the station construction programme that has to be re-planned by Mace BX delivery team and Volker Fitzpatrick (the station contractor) working with Network Rail.

B) Covid pressures – whilst the BX programme responded well to the rapidly developing situation from last March to put in place the necessary safety measures to ensure staff and contractors are working safely in line with guidelines issued by HM Government, this has had an impact on cost, programme, working practices, and supply chain delivery. The impacts and measures are being continually assessed and tracked to understand the impact on delivery in terms of both programme and budget.

- 1.8 Despite the above challenges, it is important to acknowledge that the project is in a good place – the BXW works are progressing well and remain on programme to open the station in 2022.

Contracts – completions / placed throughout 2020.

- 1.9 A summary of the main contractual developments is as follows. An updated diagram showing the delivery partners is attached at appendix 4 and updated contracts list at appendix 5.

A) Train Operators Compound – JGCL NEC 3 Option E: Cost Reimbursable (now in operational use)

Whilst the Train Operating Company Compound and Fuel Farm has been handed back to Network Rail and now occupied by the Govia Thameslink Railway and East Midlands Trains, this project has incurred additional costs. These costs, amongst others, relate to the higher levels of contamination in the ground beyond that indicated during ground investigations leading to substantially higher remediation costs; changes in scope and improved specification required by the NR/TOCS prior to handover, increased temporary works connected to the installation of the East Midlands Rail Fuel Farm and associated haul road to meet NR/TOC standards, acceleration costs and prolongation as a result of Covid 19. These costs have been partially mitigated by the agreement of Network Rail to reflect the additional scope increases required by NR / TOCs by a reduction in the agreed price for the Network Rail land, which was acquired in August 2020. Council officers are in the process of negotiating a settlement with the contractor supported by Mace and Currie and Brown and a full account will be provided to this Committee in December.

B) The transition of the BXW Station Delivery team from Re to Mace (August - September 2020)

The council and Re mutually agreed to progress a revised delivery arrangement for the BXW project. Following the H&G Committee's approval In March, council officers working with Re agreed and implemented a Transition Plan. This included identifying

a new home for the BXW team as well as the exit arrangements with Capita and ensuring clear arrangements in place for document control. Through the TFL project management framework, the council invited consultants to bid in a mini-competition to provide a new home for the existing BXW Team and support the council in the provision of advisory and assurance services within the rail construction sector for the BX development. Three bids were received on 24 June 2020. The Housing & Growth Committee subsequently confirmed Mace as the preferred bidder on 6 July 2020. The contract was signed on 14 August 2020. The transition is now almost complete. The council and Mace have worked closely to resolve logistical and TUPE issues associated with the transfer, and are finalising the governance, financial and reporting processes. Similarly, the council and Re are also in the process of settling the final contract account. The link to the report to the Housing and Growth Committee (including the Addendum report are attached here.
<https://barnet.moderngov.co.uk/documents/s59211/Brent%20Cross%20Cricklewood%20Report.pdf>
<https://barnet.moderngov.co.uk/documents/b35417/BXC%20update%20report%20addendum%2006th-Jul-2020%2019.00%20Housing%20and%20Growth%20Committee.pdf?T=9>

C) Delivery of the entire Brent Cross West Station Eastern Entrance Box (SEEB) by Volker Fitzpatrick (due to conclude in November 2020)

In July, the Housing and Growth Committee confirmed "...that the Deputy Chief Executive in consultation with the Chair of this Committee be authorised to agree the revised delivery arrangements for the SEEB and authorise on behalf of the Council, that it enters into the required legal agreement with Brent Cross South Limited Partnership (BXS) to allow the Council to deliver the SEEB and make the necessary amendments to the Station Contract with Volker Fitzpatrick"

Through the regular engagement between the BXS (responsible for delivery of the eastern entrance box) and BXW (responsible for the fit out), it became apparent that there are clear programme benefits in the SEEB being delivered by one party in its entirety given the large number of interfaces. These interfaces range from design integration around systems that work across packages (CCTV, Communications, Fire Safety) to the physical complications of multiple contractors operating in and around each other on site.

Consequently, council officers and BXS have been exploring options and agree that the council would be best placed to deliver the SEEB given that it already has a team mobilised and on site. The council's BXW team has the capacity and ability to manage the SEEB works and the mechanism to deliver through the existing contract with Volker Fitzpatrick. This contract was procured via an OJEU-compliant procedure and is a 'works contract' for the purposes of the Procurement Contracts Regulations 2015 (the PCR). The council's legal advisors GWLG has confirmed that the council can make the necessary changes to the contract to facilitate this arrangement. The council, Mace and BXS together with VF are progressing this arrangement to enable the detailed design of the entrance box to commence in December.

Housing & Growth Committee on the 6th July
(<https://barnet.moderngov.co.uk/documents/s59211/Brent%20Cross%20Cricklewood%20Report.pdf>)

d) Replacement Hendon Waste Transfer Station a) transfer of the project management functions from Re/BXW to the council's BX central team; and b) procurement of a contractor to deliver main works contract through an OJEU procurement (procurement due to conclude Q1 2021)

The project management of the delivery of the Waste Transfer Station project has been transferred from the Re/BXW delivery team to the council's central Brent Cross team effective from April 2020. This reflects the close working relationship required with the council's Environment and Waste team, who manage the interface with NLWA and LEL and have direct experience in waste sites. The council is better placed to manage this internally especially given that the cost and funding risk sits with the council.

In respect of the programme, the former Selco building at Geron Way has now been demolished and ground remediation works completed ahead of construction. The council has initiated an OJEU procurement process for the construction of the new facility in summer 2020. Four bids have now been received in response to the Selection Questionnaire and are currently being evaluated. The procurement is due to complete in Q1 2021 (calendar year).

Council officers have been working with the North London Waste Authority (NLWA), to reorganise its waste operations so as not to interfere with the delivery of the Brent Cross West Station and BXS. The likely means by which this will be achieved is by the redirection of waste by road to an interim facility at the Carey's Seneca Resource Recovery facility in Neasden in NW London. This will allow the decommissioning of the existing Hendon Waste Transfer Station (HWTS) and the railway siding that serves HWTS by Easter 2021. NLWA were already progressing this option to meet their own requirements as part of contingency planning for Edmonton. The council and NLWA has agreed a contingency option to operate the existing HWTS as a road to road operation from the end of September 2021 if the lease at Seneca does not progress allowing the decommissioning of the railway siding, thereby releasing the logistical conflict with the delivery of BXS. This is now documented in the form of a very recent Variation to the Settlement Agreement between the council and NLWA originally signed in 2017. This approach provides greater flexibility on timing to deliver the replacement waste transfer station, removes the dependencies between with the BXW and BXS programmes and mitigates against potential acceleration cost increases due to constrained delivery times. It also enables the council, working with the contractor, to implement efficiencies into the scheme design that do not impact operations.

- 1.10 Other than procuring the main works contractor to construct the replacement waste transfer station (which is due to be let in Q1 2021 (calendar year), all other significant contracts are now let.

Financial Performance and Monitoring

- 1.11 Progress on delivery of the scheme and budgets are reviewed monthly within the council, both at operational level and by a Steering Group chaired by the Chief Executive with the Deputy Chief Executive and Director of Finance. They are also regularly reported to HM Government through a monthly Government Assurance Board as described in the introductory section of this report. Regular reports are

provided to Members through the council's committee structure. Updates are provided to each meeting of the Housing and Growth Committee.

- 1.12 The report to the Financial Performance and Contracts Committee in January 2020 recognised that the programme has been subject to a number of significant events driving change and potential increased costs, as set out in the report above. Covid 19 has added to these pressures.
- 1.13 Subsequent to this, the council together with the BXW delivery team set efficiency targets to mitigate these pressures. An efficiency plan to deliver the targets has looked at all possibilities to reduce cost without detriment to the quality or operational needs of the new station. The efficiency focus is being pursued at three levels;
 - a. Process and Value Engineering challenge of the physical works.
 - b. Challenging and changing the procurement strategies (as outlined above)
 - c. Challenging Network Rail to reduce their costs and take greater ownership of their part in the cost pressures.
- 1.14 Significant progress has been, with some efficiencies already identified, in part as a result of the contractual changes over the past year. Work continues across all three fronts to deliver the efficiency target. A full update will be provided in the December paper.
- 1.15 As described above, the council is working with Mace, Network Rail, HM Government (HMG) and its delivery partners to finalise the revised integrated programme taking into account the changes to the rail possessions now agreed with Network Rail, the impact of Covid 19 (both to working practices and the contractor supply chain) and further development on the construction methodology. This is being used to inform a deep dive review of the anticipated final cost (AFC) taking into account the completion of the TOC compound and Fuel Farm contracts by John Graham Construction Limited (JGCL) and the completion of the Sidings works through Network Rail alongside the developments described above.
- 1.16 The council has asked Mace to commission a separate peer review of the BXW cost position which will be independent of the project team. Mace will utilise their own in-house rail expertise and resources, part of their wider remit in their assurance role. This should provide the council and its public sector partners greater confidence in the final cost forecast.
- 1.17 The council BX team has also been working with the Audit team and PWC on an assurance review of the BX programme. This will focus on the BXW transition and ensuring that the required finance processes are in place going forward to manage the council delivery contracts.

2 REASONS FOR RECOMMENDATIONS

- 2.1 To provide an interim update to the Committee ahead of the review in December.

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 objective 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)

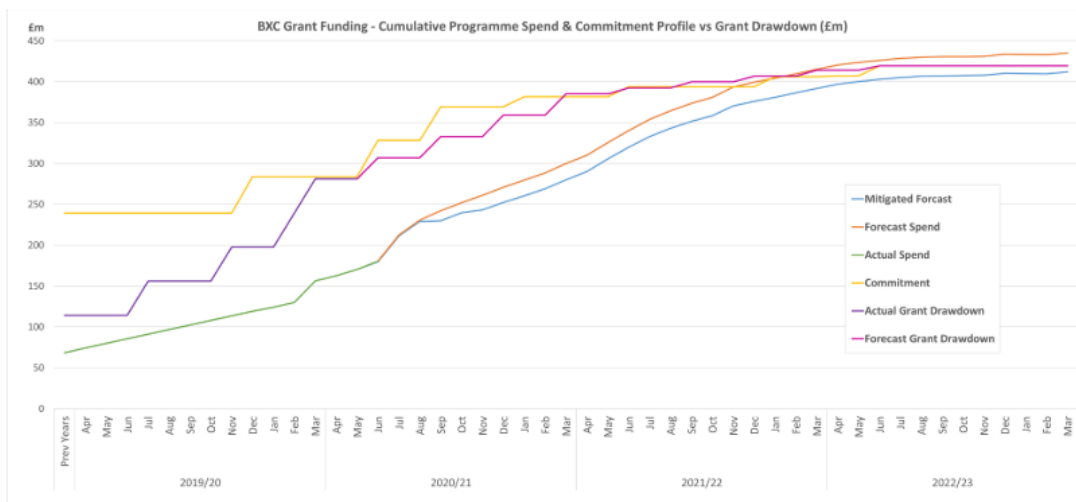
Budget Monitoring

5.2.1 Budget, performance and risk information across the BXC programme is reported to Housing and Growth Committee. The outcomes set out in the Council's Corporate Plan, Barnet 2024, include 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.

5.2.2 The council has put in place procedures to ensure the effective monitoring of the 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 BXC 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 BXC 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 deep dive on the anticipated final cost completed.



Land Acquisitions

- 5.2.4 The approved budget for land acquisition to facilitate the BXC programme is £63.13m, furthermore, there was expenditure on advanced acquisitions of £4.06m. This is in addition to the BXW budget. Actual spend to date is £53.485m. The current forecast for 2020/21 is £13.558m.

Brent Cross West Thameslink Station

- 5.2.5 The approved budget in the capital programme is £364.473m, in line with the MHCLG Funding Agreement. Actual spend to date is £174.555m. The current forecast for 2020/21 is £117.856m.

Critical Infrastructure

- 5.2.6 These works are funded from the £59.9m core critical infrastructure budget which includes £55m being provided as part of the MHCLG Revised Funding Agreement for Brent Cross Cricklewood. Actual spend to date is £20.438m. The current forecast for 2020/21 is £23.822m.

MHCLG Funding Agreement

- 5.2.7 The funding provided as part of the MHCLG Funding, covering both BXW and Critical Infrastructure, is £419.473m. The total contractual commitments at the end of August 2020 is £355.367m. The Council has submitted drawdown requests against the grant totalling £333.001m, of which all has been paid to date.

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. The 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 BXC programme is reported to Housing and Growth Committee.

<https://barnet.moderngov.co.uk/documents/s59911/Brent%20Cross%20Cricklewood%20Report.pdf>

- 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 Board.

- 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/Mace delivery are continuing to review the costs each month. Similarly, there is an on-site presence by the council/Mace 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 Mace 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.

- 5.5.7 In order to promote and retain a collaborative working relationship, whilst discussing challenging topics, the Council and NR have instigated a Project Board attended by Senior managers from both organisations where project issues can be openly debated in a strategic context. This Board meets fortnightly to discuss contemporary issues, and acts as the level 2 escalation stage for any formal disputes. This group seeks to keep NR actively engaged in, and jointly accountable for both project successes and challenges

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.

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>. The Council has complied with all Equalities Act legislation as appropriate throughout the project.

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 14 September 2020.

5.9 Insight

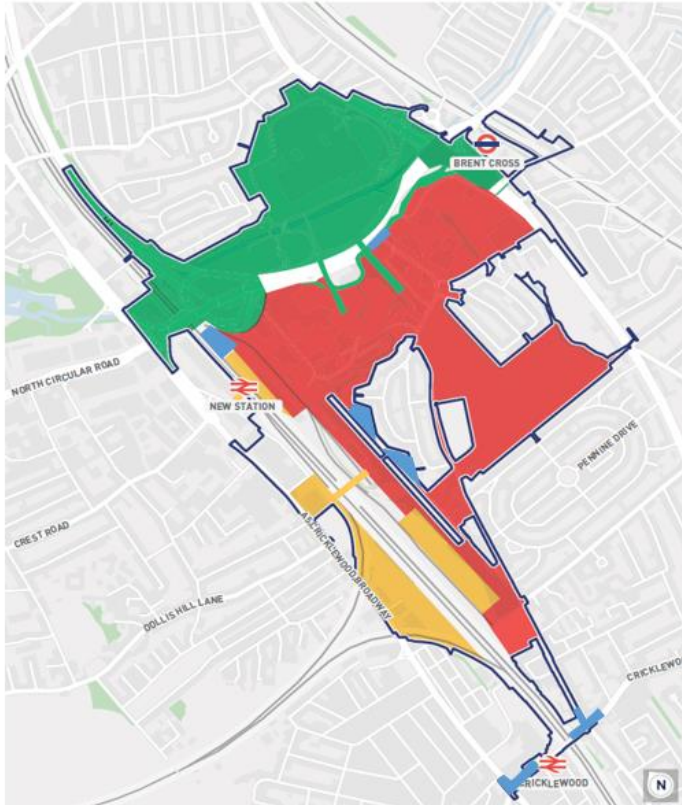
- 5.9.1 This is not applicable for this report.

6 BACKGROUND PAPERS

6.1 None.

Appendix 1

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

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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 BXC project has a positive, or no more than a de minimise negative, effect on the overall balance sheet.

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Appendix 3

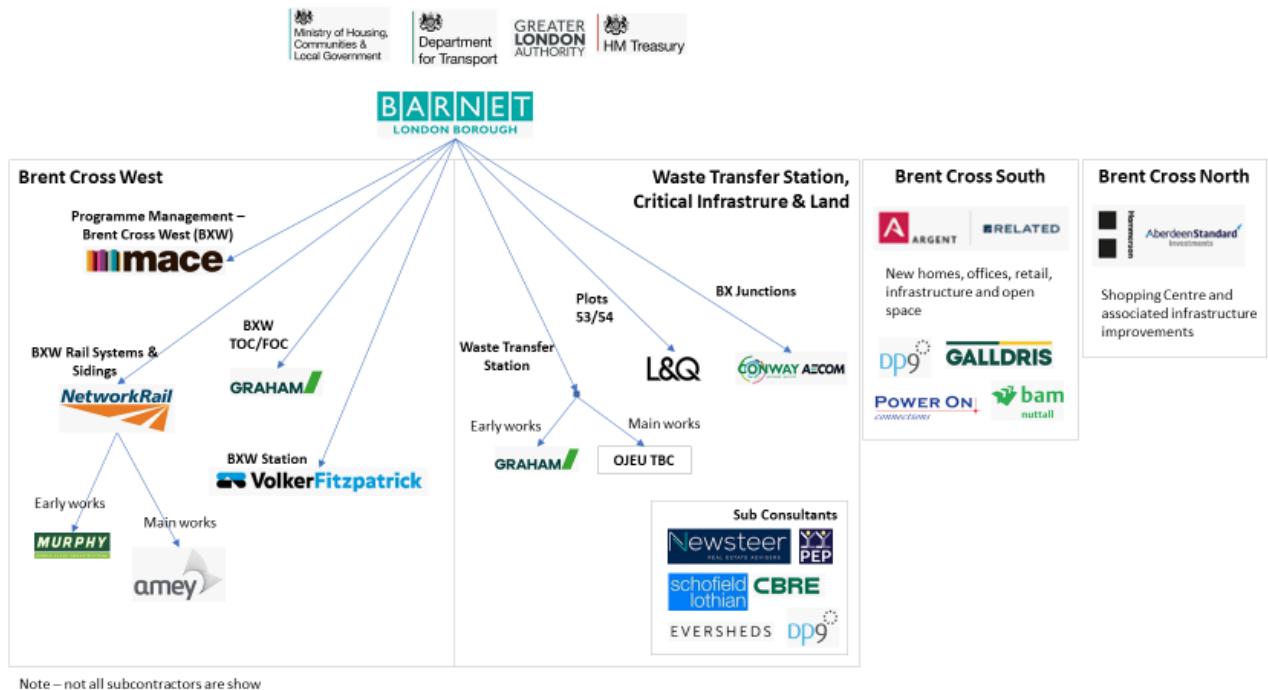
BXT	FBC Dec 2018	Dec 19	Comment
CPO3 Inquiry	Achieved		Achieved
CPO3 Confirmed	Achieved		Achieved
LBB and NR Sign off - Single Option Development (Grip 4)	Achieved		Achieved
Network Change Approved	Q1 2019	Q3 2019	Achieved
Update Full Business Case and Funding strategy approved	Q1 2019	Q1 2019	Achieved
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	Achieved (previously ongoing)
Completion of New NLWA Waste Transfer Facility	Q4 2020	Q2 2021	Delay due to cost and programme from framework contractor. Council currently procuring new main works contractor..
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		

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Appendix 4

Brent Cross Contract Delivery Map



LBB Asite Ref: BXC-PMO-LBB-XXX-OC-P-0002



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Appendix 5 – BX Contracts List

Works	Contractor	Contract Type	Contract date	End Date
TOC	JGCL	NEC 3 Option E: Cost Reimbursable	10/01/2019	24/08/2020
	NR	APA		
Rail Sidings and Systems	NR	DSA 1	25/11/2014	28/02/2017
		APA	30/01/2018	30/04/2018
		DSA 2 GRIP 4	02/03/2017	30/04/2018
		DSA 2 GRIP 5	03/08/2018	
		IA Long Lead	16/11/2018	
		IA Early Works	27/06/2018	
	Sub Total			
	NR	IA Works Schedule 1:	27/12/2018	
		Extension to IA Works Schedule 1	21/03/2019	
		IA Works Schedule 2:	11/04/2019	
	Sub Total			
Station	VF	NEC3 ECC Option C (target price contract with activity schedule)	23/12/2019	31/07/2022
	NR	APA	29/03/2020	31/05/2022
	Aecom	Modeling Works		
	East Midlands Trains Limited	Network Change applications		
	GTR	Network Change applications		
	Sub Total			
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.	20/02/2018	12/06/2019
	TBC	Main Works NEC3 ECC Option A (priced contract with activity schedule)		
	NR	APA		
	Sub Total			
Land	NR			
	Selco			
		Total		
Critical Infrastructure				
Sub-Station	Argent Related	Sub-Station Construction	01/10/2020	31/03/2023
Access Ramp	Conway Aecom	LoHAC call off contract	01/09/2019	31/12/2020
Relocation of Part 1 Whitefield Estate	L&Q	Funding Agreement (novated from Hammerson / Aberdeen Standard x November 2019) in process of being renegotiated	01/11/2019	31/03/2023
Geron Way	Conway AECOM prelim design	Option E Task Order - LoHAC call off Contract	01/11/2018	29/02/2020
	Conway Aecom detailed design & construction	Option A Task Order - LoHAC call off Contract	01/03/2020	01/03/2021
	TfL costs	Traffic Signals, Supervision, Bus Stop relocation	01/03/2020	01/03/2021
	BT Openreach	Utilities Diversion	01/03/2020	01/03/2021
	Cadent Gas	Utilities Diversion	01/03/2020	01/03/2021
	UKPN	Utilities Diversion	01/03/2020	01/03/2021
	Thames Water	Utilities Diversion	01/03/2020	01/03/2021
	Sub Total			
Southern Junctions	Conway Aecom LoHAC Prelim	Option E Task Order	01/06/2019	01/06/2020
	Conway Aecom LoHAC Detailed & Construction	Construction, incl detailed design - A407/Claremont Road	01/11/2019	31/07/2020
		Walls Construction - A407/Claremont Road	01/11/2019	31/07/2020
		Construction, incl detailed design - Cricklewood Broadway	06/01/2020	31/07/2021
		Demolition - Cricklewood Broadway	30/04/2020	30/09/2020
	TfL	TfL costs A407/Claremont Road	01/11/2019	31/07/2020
		TfL costs Cricklewood Broadway	01/07/2020	31/07/2021
	UKPN	UKPN Main Order - A407/Claremont Road	01/11/2019	31/07/2020
	BT Openreach	Claremont Road Diversion	01/11/2019	31/07/2020
		Cricklewood Broadway Diversion	01/07/2020	31/07/2021
	Cadent Gas	Claremont Road Diversion	01/11/2019	31/07/2020
		Cricklewood Broadway Diversion	01/07/2020	31/07/2021
	Virgin Media	Utilities Diversion	01/11/2019	31/07/2020
	Thames Water	Utilities Diversion	01/11/2019	31/07/2020
		Sub Total		
		Total		

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Financial Performance and Contracts Committee

AGENDA ITEM 14

27 October 2020

Title

**Finchley Lido Leisure Centre:
Remedial Programme**

Report of

Executive Director: Adults & Health

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

Appendix A – Finchley Lido Remedial Photos
Appendix B – Finchley Lido Remedial Programme

Officer Contact Details

Assistant Director: Greenspaces & Leisure
Cassie.Bridger@Barnet.gov.uk

Assistant Director: Estates
Chris.Smith@Barnet.gov.uk

Summary

The leisure management contract (2018-2028) outlines the responsibility of the Council to maintain the structure and roof of its leisure facilities.

As part of the monitoring schedule and in partnership with GLL (leisure operator) a review of asset condition, lifecycle maintenance and repairs and maintenance takes place on a quarterly basis. Where items are required for action, LBB and GLL work to commission specialist contractors to undertake work as per an agreed specification.

In line with routine maintenance, Solution Consulting Engineers Ltd (SCE) were commissioned in December 2018 to carry out a roof inspection within the pool hall at Finchley Lido Leisure Centre (FLL) and provide a report on its structural condition.

The SCE report noted a number of areas of requiring further investigation and immediate

attention. In the interests of customer safety and due to the nature of the defect along with the limited survey data available the Council closed access to the wet-side facility in March 2019.

Capita were subsequently appointed in April 2019 to further assess and review the SCE report findings and to propose a remedial strategy for the roof and associated structure of the swimming pool area.

A programme of intrusive investigations and surveys were conducted between April – December 2019 by a team of specialist civil and structural engineers. To minimise service disruption and to bring the facility back into full use in a timely manner, Guild Architectural Restoration (Guild) were directly appointed in September 2019 to deliver the remedial action required.

The total capital value of the programme is £1,415m which is funded from the Asset Management Fund and includes all associated professional fees, site investigations, surveys and the remedial works required. The full programme has been co-ordinated in three separate phases;

- Phase 1 – Enabling works, structural propping and investigations;
- Phase 2 – Structural remedial works
- Phase 3 – Atrium (wetside) and Apex Connections, Changing Column Remedials

Phase 1 works were completed between September – December 2019, in which remedial items relating to the glulam beams, apex joint connections and steel columns were identified. Phase 2 commenced in December 2019 and was completed in April 2020.

Additional concerns were also raised during Phase 2 delivery in relation to the wetside atrium area (glazing panels), whereby a significant volume of water began to track into the newly remediated structure. Deemed necessary to ensure the facility retains its structural integrity and recommended for remediation, the scope of works was enhanced in May 2020. The revised anticipated programme completion date was scheduled for November 2020. Referred to as Phase 3, this stage of remedials was carried out by the project team during the COVID19 pandemic.

Progress has been monitored on a weekly and monthly basis by the project team, which has included LB Barnet, Capita, Guild Architectural and GLL. The full remediation programme completed in September 2020, ahead of planned schedule. In consideration of Government Guidelines, the facility has been adapted to comply with COVID Secure arrangements. The dryside (health and fitness, studio) re-opened to the public on 28th September, the wetside area is anticipated to re-open on 26th October 2020.

As part of the leisure management contract, the Council receives a variable average annual payment from GLL (circa £1.6m). This is based on the projected income and expenditure to operate the facilities on behalf of the Council. The primary responsibility for the physical asset is retained by the Council, who are liable for the associated loss of revenue if the facilities are not available for use and GLL are unable to operate the service.

The conditions of this are outlined within the leisure management contract which describes how the revenue liability period takes effect from the point at which operations are affected

and determining the loss of revenue for the associated activities for the period in question.

The total loss of revenue is subject to a full commercial assessment which was undertaken in partnership with GLL and consultation with HB Public Law. The conclusion of this was agreed in June 2020.

This report outlines the extent of the remedial programme which has been co-ordinated and requests for the Committee to note the progress against delivering the priority works required.

Officers Recommendations

- 1. The Committee note the extent of the remedial programme at Finchley Lido Leisure Centre, associated delivery timescales and the Councils responsibilities as per the Leisure Management Contract (2018-2028).**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Council in partnership with GLL commissioned Solution Consulting Engineers Ltd (SCE) in December 2018 to carry out an inspection of the existing roof to the main swimming pool at Finchley Lido Leisure Centre and report on its structural condition.
- 1.2 The SCE report noted a number of areas of cracking within the roof beams and corrosion within the steel columns. Due to the nature of the defect and limited survey data available (ie restriction to access at height) it was deemed necessary to close access to the wet-side facility on health and safety grounds in March 2019. The Council subsequently appointed Capita to review the SCE report and provide recommendations for a remedial programme whilst support in managing all aspects of the repair works including, but not limited to:
 - Due diligence;
 - Remedial design proposals;
 - Scoping and instructing intrusive investigations;
 - Detailed design proposals;
 - Contractor Procurement;
 - Management of the construction activities;
 - Handover and aftercare.
- 1.3 A programme of further intrusive investigations took place from April 2019, which was completed independently by GBG Structural Services. The assessment included visual inspections, physical measurements, intrusive inspections and sampling, timber resistographic drilling, endoscopic investigation and ultrasonic thickness testing to assess the roof beams and steel columns. At the same time a

full review of the 'as built' design was undertaken by the project team which identified sub-standard connection arrangements within the structure.

- 1.4 The investigative surveys highlighted the condition of the apex joint connection and several columns would require major repair works to be carried out to ensure structural integrity is maintained. It was also noted that the remaining columns within the swimming pool area would require remedial works but not of a structural nature. The surveys provided a series of recommendations which included items such as re-coating the structural beams with fire retardant paint and removing the corrosion identified on the columns, to coat with in anti-corrosion paint.
- 1.5 As such and to expediate the remedial process the Council appointed Guild Architectural Restoration (Guild) under a single tender action to fully design the remedial works, including the completion any additional surveys, temporary propping of the structure and opening of the roof apex connections.
- 1.6 The programme has been delivered in a phased approach which includes;
- 1.7 **Phase 1** – installation of temporary propping, access scaffolding, removal of apex connections, removal of duct work and appointment of timber specialist to carry out investigations.
- 1.8 **Phase 2** - remedial works to the glulam beams, the steel beams and steel columns
- 1.9 **Phase 3** – remedial works to the apex connections (dryside), changing columns, atrium area remedial.
- 1.10 Phase 1 delivery commenced in September 2019 which included an inspection and survey of the full length of each beam within the pool hall. To complete, scaffolding and propping was installed enabling access to work at height. The design requirements were complicated by the irregular ground conditions (ie the swimming pool, multiple plinths, barriers etc) which caused additional spans and complex requirements. However, the scaffolding has been designed in such a way to reduce the loading away from the poolside and into the centre of the pool.
- 1.11 To enable the apex connection to be removed, a large ventilation duct spanning the length of the pool was required to be carefully taken down and set aside for reinstallation once the works are complete. The project team concluded Phase 1 in December 2019 which confirmed the extent of identified defects within the structural glulam beams, the glulam apex connections and significant corrosion within the steelwork and columns. Images which highlight the extent and nature of the work undertaken are located in Appendix A – Finchley Lido Remedial Photo Images.
- 1.12 In December 2019, the Phase 2 programme was agreed with Guild which is located at Appendix B – Finchley Remedial Programme. The proposal includes timber repairs to glulam beams in addition to structural repairs to 6 heavily corroded columns, the treatment would comprises of a comprehensive blast cleaning of corroded areas and reapplication of anti-corrosion paint. Additional

minor works will also be undertaken to remaining columns. Guild also confirmed the large ventilation duct spanning the length of the pool is salvageable and could be reinstalled to save costs.

- 1.13 The detailed investigations also highlighted structural damage within the dryside area of the facility (studio /gym area), recommended for remediation in May 2020. Additional concerns were also raised during Phase 2 delivery in relation to the wetside atrium area (glazing panels), whereby a significant volume of water began to track into the newly remediated structure. Deemed necessary to ensure the facility retains its structural integrity, the scope of works was enhanced in May 2020 with a revised anticipated programme completion date of November 2020. Referred to as Phase 3, the two stage remedials were carried out by Guild, monitored and assessed by the project team during the COVID19 pandemic.
- 1.14 The Phase 3 scope of works was agreed under Single Tender Action, considered appropriate due to existing access, detailed contractor knowledge and an opportunity to deliver cost efficiencies; for example to remove the access and re-erect scaffolding at a later date would have incurred costs in excess of £150,000 (excluding operator loss of revenue claim and a further closure of facility).
- 1.15 In order to protect the Phase 1 and Phase 2 warranty, a surveyor was instructed to confirm the damage and remedial requirements for the atrium area (Phase 3). A number of quotes were obtained and scrutinised, the preferred option selected delivering the best value, providing a 5-year guarantee and a cost effective solution.
- 1.16 During the closure period GLL have invested in improvements to enhance the poolside experience ready for when the pools re-open. The refurbishment includes installation of a new ventilation system, poolside changing cubicles, a vanity area, new lockers to create a better atmosphere for swimmers and spectators. Capital refurbishment has also taken place within the health and fitness area, with new equipment available for customers.
- 1.17 From March 2019 to date, customers were redirected to swimming activities available within the new facilities at Barnet Copthall Leisure Centre and New Barnet Leisure Centre. This also included the transfer of lessons and courses for those customers who were affected. Where applicable refunds and freezes on memberships have been reviewed and offered by GLL. All of this was taken into account in the contract discussions with GLL in relation to loss of revenue.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Finchley Lido Leisure Centre (circa 1995/96) is the Council's most successful site in financial terms, helped by its location on a leisure retail park. A typical lifespan of a leisure facility is projected between 25 -30 years. The Centre is circa 24 years old and has been subject to an ongoing programme of lifecycle maintenance undertaken by GLL in partnership with the Council.
- 2.2 The Council has a duty to fulfil its obligations in line with the leisure management contract and to ensure that health and safety is dually considered and managed

appropriately. Delivery of the remedial programme ensures that the Council are able to progress with opening the wet-side facility by October 2020, with the replacement of key structural elements providing up to 10 years guarantee on the apex connections and a 5-year warranty on the Atrium remedial. All other remedial items will be monitored in line with existing partnership arrangements.

- 2.3 The works were also required to reduce the existing revenue claim levied against the Council, which will continue to accumulate until the facility is brought back into full use. The revenue liability period takes effect from the point of closure (March 2019) for all activities associated for the period in question. The Council has been in continued dialogue with GLL to assess the commercial information to reduce the claim to be levied against the Council.
- 2.4 Ensuring remedial action was completed in a timely manner is also key in ensuring that the forecasted growth targets (by GLL) can be progressed to the expected levels, supporting the recovery planning efforts due to the COVID 19.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1.1 If the facility were to close permanently with immediate effect (up to leisure contract expiry in March 2028) it is likely to result in a significant claim to be submitted by the operator and would impact the offer and service available to residents.
- 3.1.2 Alternative options have been considered, the Council has a statutory duty in respect of the building and doing nothing is not an option to ensure appropriate risk management.
- 3.1.3 The timely appointment of a contractor via single tender action was deemed necessary to respond to the Councils obligation and mitigate against the associated financial risks.

4. POST DECISION IMPLEMENTATION

- 4.1 The Committee are requested to note the extent of the remedial programme and the associated timescales (at Appendix B) to bring the facility back into full effect.
- 4.2 The Council will continue to work with the project team and GLL to ensure that communication is provided to customers and a re-launch of the facility is promoted.

- 4.3 The Councils Sport & Physical Activity Project (2014/15) highlighted Finchley Lido as a medium-term priority within the Feasibility Study reported to Policy and Resources Committee (2015), which highlighted that significant future investment would be required to meet modern facility standard and to meet operational efficiencies as it reaches its optimum lifespan.
- 4.4 As such and noted within the Adults & Safeguarding Committee; Fit & Active Barnet Annual Update report (September 2019), a future feasibility study and options appraisal of the facility will be reviewed in 2020/21 and reported to for consideration.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.2 The Councils Corporate Plan, Barnet 2024 references outcomes: a pleasant, well maintained borough that is protected and invested in, residents living happy, healthy, independent lives, and safe and strong communities where people get along well.
- 5.3 The maintenance of Finchley Lido Leisure Centre is a crucial part of supporting the Corporate Plan, ensuring that residents have a facility which provides opportunities to participate in physical activity, community and health initiatives.
- 5.4 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.4.1 The Council received a quotation via Guild under single tender action, this was reviewed against benchmark rates and construction indices to ensure the rates allowed are fair and reasonable.
- 5.4.2 The total value of the remedial programme is £1.415m and is funded from the Asset Management Fund. All associated costs have been scrutinised by the project team cost consultant who has provided an appropriate assessment of costs submitted by Guild.
- 5.4.3 The loss of revenue impact has been reviewed at several stages since from March 2019. This has included GLL submitting evidence in relation to specific areas of operating the service (eg income and expenditure mitigations). A final claim and settlement was agreed between GLL and the Council in June 2020.

5.5 Social Value

- 5.5.1 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.

- 5.5.2 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.

5.6 Legal and Constitutional References

- 5.6.1 Under Rule 6 of the Council's Contract Procedure Rules, a Single Tender Action is the awarding or entering into a Contract with a contractor without undertaking a competitive tendering exercise. This is permitted only in exceptional circumstances and needs to be approved in advance by the Commercial & ICT Services Director. The approval to appoint Guild Architectural Services Phase 1 & 2 was agreed by Commercial & ICT Services Director on 06 September and 12 December 2019.
- 5.6.2 Consideration was given in undertaking a tender exercise for the Phase 1, Phase 2 and Phase 3 works. However, given constraints, especially the need to respond in a timely manner delivering a full procurement exercise for each stage was concluded unviable.
- 5.6.3 Any delay in proceeding with the Phase 2 works (agreed in December 2019) would result in a further accumulation of costs for temporary propping, scaffolding and security. The Council would also continue to incur revenue penalties during this period from the leisure operator.
- 5.6.4 It was concluded that Guild have a unique understanding of the structure and the proposed remedial and have demonstrated their ability in delivering other Council works.
- 5.6.5 Under the Council's Constitution, Article 7, the terms of reference of the Financial Performance and Contracts Committee includes the following responsibilities:
- 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

5.6.6 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

5.6.7 To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.7 Risk Management

5.7.1 All identified risks are captured on the project risk register, monitored and updated by the project team. Where applicable, risks are escalated via the Capita Project Team to the Council Monthly progress meetings are held between the Council, the Capita Project Team, Guild and GLL.

5.7.2 Where identified risks materialised, the residual design life of the facility alongside a financial appraisal was undertaken to review viability. Assessments were undertaken throughout Phase 1, Phase 2 and Phase 3 to ensure that any expenditure demonstrates value for money in consideration of longer term options.

5.7.3 All works are carried out in accordance with statutory requirements and building regulations.

5.7.4 The facility re-opened compliant with COVID secure arrangements to the public on 28th September 2020 (wetside area to follow in October 2020). The facility has updated risk management plans and protocols in place to ensure all revised parameters are met.

5.8 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.

5.9 Corporate Parenting

5.7.1 Not applicable.

5.10 Consultation and Engagement

5.10.1 The Council has issued statements in partnership with GLL in March 2019 and throughout co-ordination of the remedial activity.

5.10.2 Further communication in relation to a confirmed opening date of the full facility will be advised by 31 March 2020.

5.9 Insight

5.9.1 not applicable.

6. BACKGROUND PAPERS

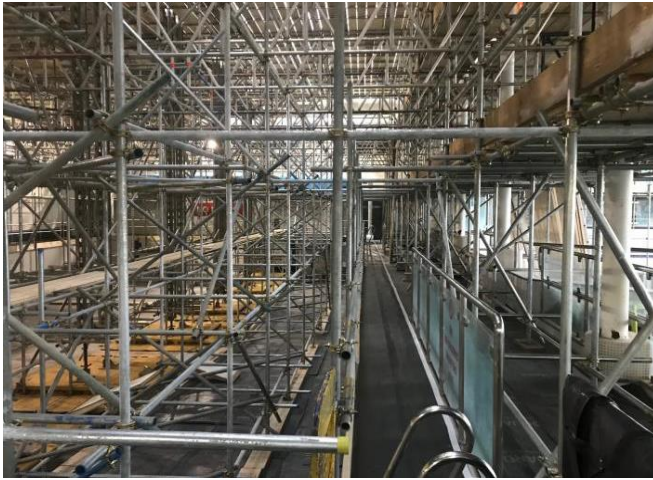
6.1 <https://open.barnet.gov.uk/dataset/2yzqv/leisure-operating-contract-201728>

6.2 <https://barnet.moderngov.co.uk/documents/s43032/DPR%20Leisure%20Management%20Award.pdf>

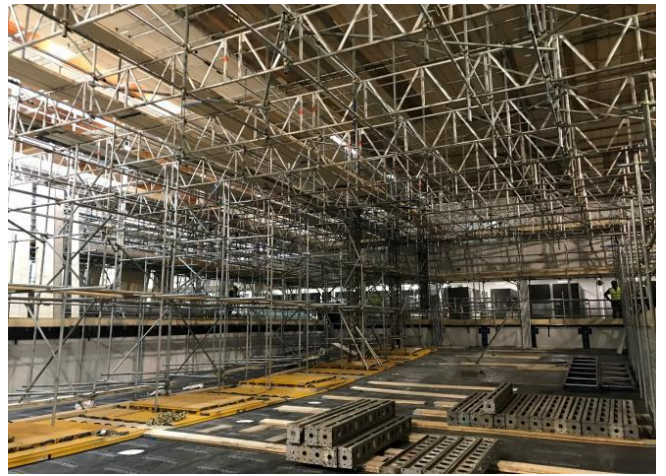
6.3 <https://barnet.moderngov.co.uk/documents/s21253/Appendix%206%20-%20Feasibility%20Study.pdf>

APPENDIX A: Finchley Lido Remedial Photos

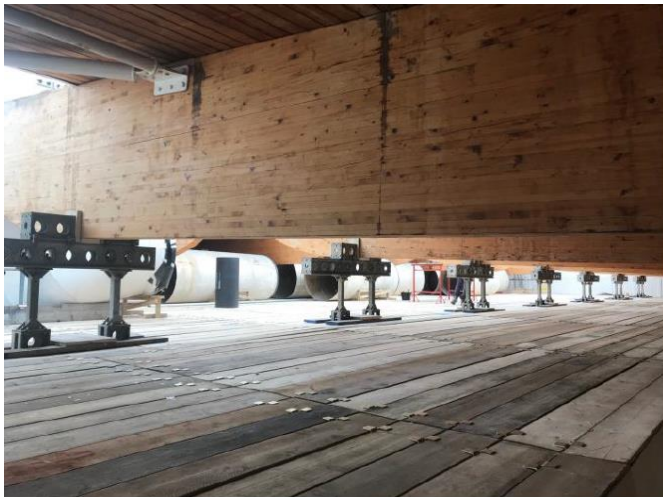
Main Pool: Extent of propping & scaffolding



Main Pool: Enabling access to roof / structure



Structure: Access to enable intrusive surveys

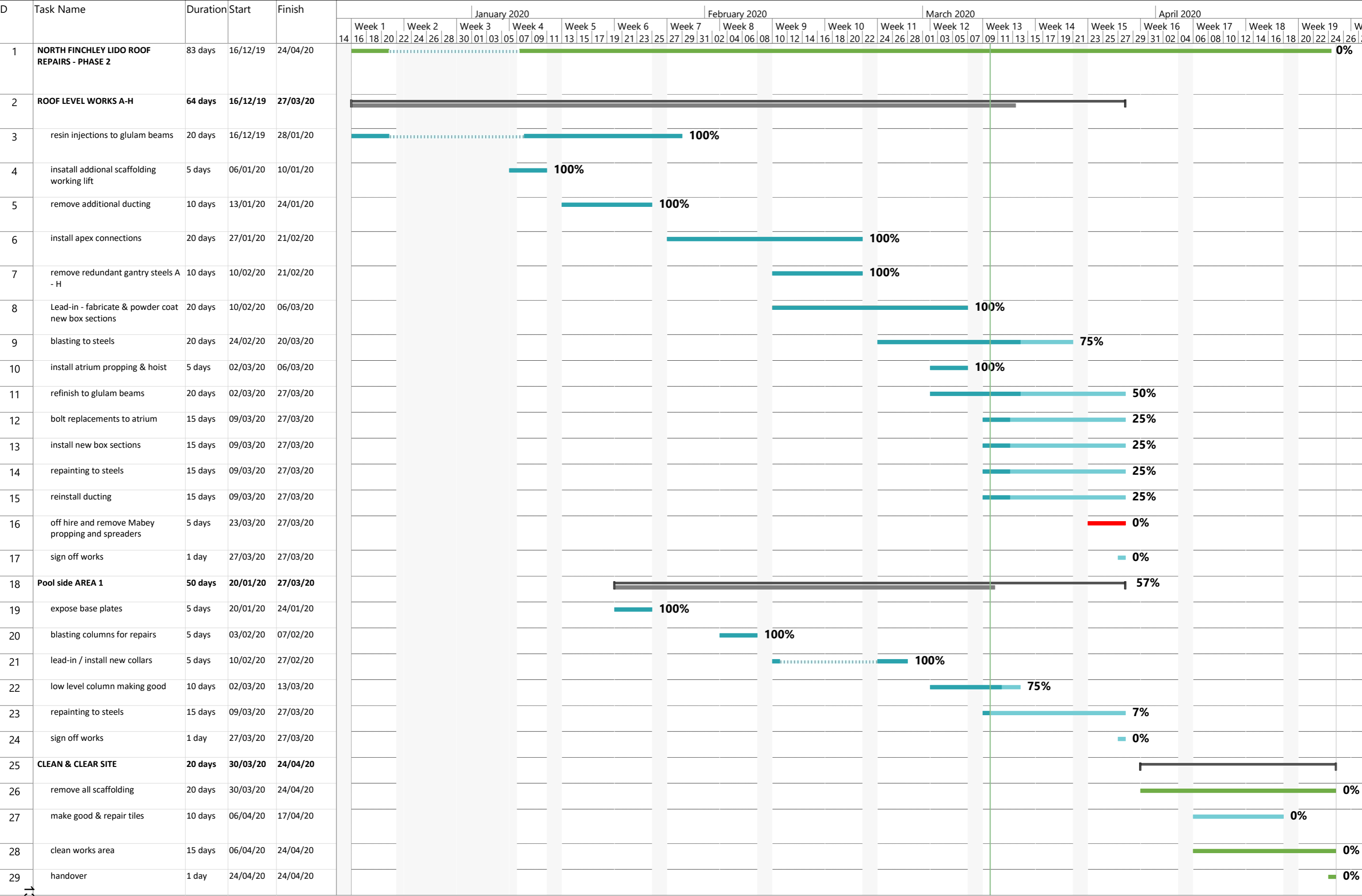


Structure: Access to timber beams and connections



Access: Removal of ducting and apex connections

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**London Borough of Barnet
Financial Performance and
Contracts Committee
Forward Work Programme
2020-21**

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)
27 October 2020			
Chief Finance Officer Report Month 5	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	Non key
Q1 2020/21 Contracts Performance Report	To review and note Quarter 1 2020/21 performance of strategic contracts	Director (Commercial and Customer Services)	Non key
Year 6/7 Strategic Contracts Review	To receive an update on the Year 6/7 review and Capita's position	Director (Commercial and Customer Services)	Non key
Loan Agreement with Saracens Copthall LLP – Update Report	To receive an update on the on the position with the Loan Agreement with Saracens Copthall LLP.	Deputy Chief Executive	Non key
Depot Relocation	The Committee to note the update report as requested at its October 2019 meeting.	Deputy Chief Executive Assistant Director Capital Delivery	Non key
Leisure Centre Delivery	To provide an update on delivery of the contract for leisure centres.	Assistant Director Green Spaces and Leisure Assistant Director Capital Delivery	Non key
Brent Cross (and accompanying exempt report)	The receive an update on the Brent Cross Programme, including overall project timetable and cost implications	Director of Growth Assistant Director of Finance	Non key

Subject	Decision requested	Report Of	Type
Finchley Lido Leisure Centre (and accompanying exempt report)	To update the Committee on the scale of the investigation work and the remedial work.	Assistant Director Green Spaces and Leisure	Non key
7 December 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
Capital Programme	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	Non key
Year 6/7 Strategic Contracts Review	To receive an update and any interim recommendations.	Director (Commercial and Customer Services)	Non key
Q2 2020/21 Contracts Performance Report	To review and note Quarter 2 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	Non key
To be allocated			
The Barnet Group Report (Change of Contractor) (TBC)	TBC	TBC	TBC

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

AGENDA ITEM 18

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

AGENDA ITEM 19

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