

<b><u>MEETING</u></b>
<b>FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE</b>
<b><u>DATE AND TIME</u></b>
<b>TUESDAY 8TH JUNE, 2021</b>
<b>AT 6.00 PM</b>
<b><u>VENUE</u></b>
<b>HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG</b>

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

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

**Councillors**

Anthony Finn	Barry Rawlings	Alex Prager
Julian Teare	Arjun Mittra	Gabriel Rozenberg
Nick Mearing-Smith	Kathy Levine	

**Substitute Members**

Geof Cooke	Lisa Rutter	Golnar Bokaei
Ammar Naqvi	Alison Moore	Jess Brayne
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 3<sup>rd</sup> June. Requests must be submitted to Salar Rida at [salar.rida@barnet.gov.uk](mailto: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](mailto:salar.rida@barnet.gov.uk)  
Media Relations Contact: Tristan Garrick 020 8359 2454

**ASSURANCE GROUP**

## ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of the Previous Meeting	5 - 10
2.	Absence of Members	
3.	Declarations of Members Disclosable Pecuniary Interests and Other Interests	
4.	Report of the Monitoring Officer (if any)	
5.	Public Questions and Comments (if any)	
6.	Members' Items (if any)	
7.	Chief Financial Officer Report: Financial Outturn, 2020/21	11 - 46
8.	Review of Capita Contracts	47 - 102
9.	Q4 2020/21 Contracts Performance Report	103 - 136
10.	Capital Projects	To Follow
11.	Brent Cross	To Follow
12.	Committee Forward Work Programme	137 - 140
13.	Any Other Items that the Chairman Decides are Urgent	
14.	Motion to Exclude the Press and Public	
15.	Any Other Exempt Items that the Chairman Decides are Urgent	

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## **Decisions of the Financial Performance and Contracts Committee**

17 March 2021

Members Present:-

**AGENDA ITEM 1**

Councillor Peter Zinkin (Chairman)

Councillor Thomas Smith (Vice-Chairman)

Councillor Anthony Finn  
Councillor Julian Teare  
Councillor Alex Prager

Councillor Barry Rawlings  
Councillor Arjun Mittra

Also in attendance

Councillor Geof Cooke (Substitute)

Apologies for Absence

Councillor Kathy Levine

### **1. MINUTES OF THE PREVIOUS MEETING**

The Chairman of the Financial Performance and Contracts Committee Councillor Peter Zinkin, welcomed all attendees to the virtual meeting. The responses to the actions agreed at the previous meeting were circulated to the Committee prior to the meeting.

**It was RESOLVED that the minutes of the previous meeting of the Financial Performance and Contracts Committee held on 7<sup>th</sup> December 2020 be agreed as a correct record.**

### **2. ABSENCE OF MEMBERS**

Apologies were received from Councillor Kathy Levine who was substituted by Councillor Geof Cooke.

### **3. DECLARATIONS OF MEMBERS DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS**

None.

### **4. REPORT OF THE MONITORING OFFICER (IF ANY)**

None.

### **5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)**

The Committee noted the response to the Public Question which was published and circulated prior to the meeting. The Committee noted the supplementary question from Mr Dix which was responded to verbally by the Chairman and Deborah Hinde, Commercial and Customer Services Director.

## **6. MEMBERS' ITEMS (IF ANY)**

None.

## **7. CHIEF FINANCIAL OFFICER REPORT FORECAST FINANCIAL OUTTURN AT MONTH 10 (JANUARY 2021)**

The Chairman invited Ben Jay, Assistant Director for Finance and Anisa Darr Chief Finance Officer to present the report. Mr Jay provided a summary for each section of the Chief Financial Officer report.

The Committee welcomed the report and requested that acronyms are expanded when first used in the report. (**Action**)

Members sought clarification regarding the estimated spend in table 3 of the report, Officers noted that the information shown relates to the current financial year and agreed to include an explanatory note in the next CFO report. (**Action: CFO Reporting**)

In response to a query from Members about the rejection rate for Test and Trace Support Payments, Officers informed the Committee that regional comparison places Barnet 8<sup>th</sup> and that the criteria applied is broadly comparable with other London and regional Authorities.

Following a query about the impact of the HRA budget variance set out in Table 8 on services, it was noted that there was no direct impact on services and that part of the Medium Term Financial Strategy will be to ensure there is correct level of capital funding for the current financial year and future funding.

In reference to paragraph 8.6 Members raised a query regarding the significant class of debtors. Officers noted that as part of a dedicated project additional resources are being applied to maximise monitoring, recovery of the debt and improve debt management.

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

- 1. Noted the current financial forecast outturn for 2020/21 and the level of uncertainty within that forecast;**
- 2. Noted the cost of the pandemic and the operational response to it;**
- 3. Noted the current view on use of reserves, and the outlook;**
- 4. Noted the current debt position and related action.**

## **8. Q3 2020/21 CONTRACTS PERFORMANCE REPORT**

The Chairman invited Tim Campbell, Head of Commercial Management to present the report. Mr Campbell summarised the report and provided an overview of Q3 performance for the contracted services delivered by the Customer and Support Group (Capita), Regional Enterprise (Capita), The Barnet Group (TBG) and HB Public Law.

The Committee raised a query regarding the recovery on historic duplicate payments as set out in paragraph 1.4 of the report. Officers informed Members that payments continue to be made and that there was an 8% increase from the previous quarter. In

addition, it was agreed that Officers provide an update to Members regarding the estimated timeline for the recovery of historic duplicate payments. (**Action:** Finance)

In reference to paragraph 3.14 of the report, Members noted that the national lockdown restrictions impacted on the food inspection KPIs for Q3. It was agreed that Officers brief the Chairman and Councillor Mittra about the re-establishment of the food inspection service and reporting on this matter to the Committee. (**Action:** Head of Commercial Management)

It was unanimously **RESOLVED** that:

**The Committee reviewed the Quarter 3 (Q3) 2020/21 performance for the backoffice 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; and the Legal services delivered by HB Public Law.**

## **9. CAPITAL PROJECTS**

Upon invitation of the Chairman, Matthew Waters Assistant Director Capital Delivery joined the meeting to present the item which outlines the status of project delivery across the Capital Portfolios and aims to provide visibility of the live projects between delivery and closure stages.

Following a query from Members about the impact of Covid-19 on projects, Mr Waters informed the Committee that overall, the Capital Delivery Programme remains on track to deliver live schemes within the timelines.

He noted that projects currently in delivery stages remain deliverable within the currently allocated budgets. In respect of the delivery of the Capital Programme it was noted that there was an impact on projects that are in early stages and not yet established, to focus on mitigating impact on live projects.

It was unanimously **RESOLVED** that:

**The Committee noted the content of this report updating on the current status of the Council's Capital Projects.**

## **10. YEAR 6/7 REVIEW OF CAPITA CONTRACTS**

The Chairman invited John Hooton, Chief Executive to introduce the report. Mr Hooton spoke about the challenges and delays to the Review as a result of the pandemic and the reasons for the recommended revised approach towards conducting the Review as set out in the report.

In response to a query regarding the review of services, the Chairman noted that all services would be subject to review and where an extension is proposed for a particular service, a business case would be drafted to justify the extension. Any and all decisions will be for Committee Members informed by the discussions at the informal working group.

It was **RESOLVED** that the Financial Performance and Contracts Committee:

- a) Noted the challenges and delays to the Review process;
- b) Agreed the revised approach, as set out in paragraph 2.6 of the report;
- c) Agreed that an informal cross-party working group may act as a sounding board for the development of proposals;
- d) Noted the content of exempt Appendix A; and
- e) Noted that a further report recommending the future direction for each service will be brought to this Committee in June 2021.

Votes were recorded as follows:

For:	5
Against:	0
Abstentions:	3

## 11. BRENT CROSS

The Chairman invited Karen Mercer, Programme Director who presented the item to the Committee and provided an update on the delivery and financial performance across the Brent Cross programme.

It was unanimously **RESOLVED** that:

**The Committee noted delivery progress across the Brent Cross (BX) programme as set out in the report to the Housing and Growth Committee on 25 January 2021 and the presentation to the HM Government Assurance Board on financial performance as set out in the associated exempt report.**

## 12. COMMITTEE FORWARD WORK PROGRAMME

The Committee noted the standing item on the agenda which lists the future reports to the Committee. It was **RESOLVED** that the Committee noted the Forward Work Programme 2020- 21.

## 13. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

## 14. MOTION TO EXCLUDE THE PRESS AND PUBLIC

The Chairman moved a motion, which was seconded and approved, to exclude the Press and Public on the basis that the exempt item will involve discussion of confidential information. The public meeting was concluded. The Committee moved to a separate private virtual session for the exempt report item.

**Appendix A - Item 10 Year 6/7 Capita Contracts Review:**  
**It was RESOLVED that the Committee noted the information set out in exempt Appendix A.**

## 15. BRENT CROSS (EXEMPT)

It was **RESOLVED** that the Committee noted the exempt presentation and information as set out in the report.

**16. ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT**

There were none.

The meeting finished at 9.55 pm

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	<span style="font-size: small;">AGENDA ITEM</span> 7 <b>Financial Performance and Contracts Committee</b> <b>8 June 2021</b>
<b>Title</b>	<b>Chief Financial Officer Report: Financial Outturn, 2020/21</b>
<b>Report of</b>	Director of Finance (Section 151 Officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A: Revenue tables
<b>Officer Contact Details</b>	Ben Jay, Assistant Director of Finance <a href="mailto:ben.jay@barnet.gov.uk">ben.jay@barnet.gov.uk</a>
<b>Summary</b>	
<p>This report contains a summary of the Council's revenue and capital outturn for the financial year 2020/21 as at 31 March 2021. It also contains information on the level of debt and the top 10 debtors as at 31 March 2021.</p>	

<b>Officer Recommendations</b>	
<b>That the Committee:</b>	
1.	Notes the financial outturn for 2020/21 including funds taken forward into the new financial year which are: the C19 funding received committed to be spent in the new financial year; the (planned, or prudent) contributions to service-based reserves arising from non-Covid operations, including specific or ringfenced grants; and the contribution to corporate reserves.
2.	Notes the cost of the pandemic and the funding of it;
3.	Notes the use of reserves in the year and the values taken forward;
4.	Notes the capital investment reported and the funding of it;
5.	Notes the outturn financial performance for ringfenced and restricted funding including the Housing Revenue Account, Dedicated Schools Grant, Public Health Grant, and the Special Parking Account;
6.	Notes the current debt position and related actions taken.

## **1. Summary**

- 1.1 This report sets out the Council's outturn position for the 2020/21 financial year as at 31<sup>st</sup> March 2021, the financial impact of the Covid 19 pandemic during 2020/21, and other relevant financial information as at that point.<sup>1</sup>
- 1.2 Marked by the COVID-19 pandemic, 2020/21 was turbulent but ended strongly for the council. The budget was set in March 2020 based on the discussions developed in the preceding 6 months, and was marked by a lack of any planned reliance on the use of reserves. A year later not only was it not necessary to rely on reserves, but in fact there have been contributions to reserves. There were planned contributions of £6.640m, with a further unplanned amount of £9.749m added to corporate reserves and provisions.
- 1.3 Costs of the pandemic incurred during the year were substantially covered through government funding received, with a balance £8.443m being taken forward to the new year to fund anticipated costs. This balance, together with the reserves created above, are one-off, but they will help to manage pandemic recovery costs during 2021/22.
- 1.4 The first lockdown was announced in late March 2020, and for several months thereafter there was great uncertainty over the level of cost that might be incurred and the extent of government funding. An early report (June 2020 FPCC) estimated that costs could be as high as £52.4m, with funding at that point only covering half of that. There were widespread concerns at the time that many councils could be pushed into a financial crisis. As it turned out, further financial support was provided. Announcements in July and later in November mean that government has substantially funded the local costs of the pandemic. The sums received have been managed carefully, targeting resources towards areas of greatest need as they were identified while still ensuring there were proper safeguards and effective management of public money.
- 1.5 As this report sets out, funding has in fact been received at a faster rate than it was spent, with a total of £85.0m received and total spending of £76.6m (excluding business support and support for schools). The balance so far unspent is already committed to a range of known further costs in the new year as being directed to areas such as support to employment, business support and ongoing social care impacts.
- 1.6 The pandemic impact also extends to the Medium Term Financial Strategy. The MTFS, which covered 2021-26, was based on service delivery assumptions rooted in the months leading up to March 2020, and so reflects a 'pre-pandemic' profile of council operations. At that point, the MTFS indicated a remaining savings requirement for 2022/23 of £8.6m, rising to £14.1m by 2024/25. A key priority for the council in the new financial year (2021/22) and through the budget planning process for 2022/23 and the MTFS period will be to understand the post-pandemic operation of council services and the impact of that on the MTFS.

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<sup>1</sup> The committee should note that this report has been prepared alongside the closure of the accounts and reflects the same values. However, the publication of this report precedes the finalisation of the accounts and the external audit review, and as such some values may change (notably around the collection fund outturn and business rates) as the accounting treatment in a number of areas of pandemic response is finalised and agreed.

- 1.7 In particular, the council will need to identify areas affected for a short period only by the pandemic, as opposed to where the pandemic has had a longer term or even permanent effect. In essence, a 'fundamental financial review' is required for all budgets affected (or possibly affected) by the pandemic. Key areas for review include latest or emerging trend data for social care (Adults and Children's) including mental health and domestic violence support, car parking income, business rates receipts and local business and employment support, and resident expectations of services such as housing provision, leisure, and parks and open spaces, among others. A report will be taken to June Policy & Resources Committee with recommendations regarding the approach to revising the MTFS and setting a budget for 2022/23 to support delivery of the Barnet Plan.
- 1.8 The direct impact on council finances in the 2020/21 year includes £76.6m of pandemic costs incurred already, with funds of £8.4m carried forward to meet further costs expected in the new year (particularly in wider community impacts such as domestic violence, mental health support, 'lost learning' in schools, and support for small businesses, employment, and skills).
- 1.9 Costs for non-pandemic related council activity were substantially reduced in the year, as some services could not be delivered as usual, or were delivered differently. Many staff were redirected to support pandemic response work. The overall outcome is that
  - overall, budgets have underspent by £9.7m overall, allowing funds to be set aside corporately to provide one-off support to the delivery of future years budgets (including risk cover for adults budgets in the new year)
  - planned and prudent contributions have been made to specific service based reserves (including for specific or ringfenced non-C19 grants) totalling £6.6m, including £1.0m added to the insurance reserve, £2.5m has been saved against anticipated capital financing costs, and £0.7m added to the ringfenced public health grant reserve.
- 1.10 The focus of the new year will clearly be upon stabilisation and pandemic recovery. It will be crucial to understand the emerging profile of social care demand and parking revenues as these stabilise post-pandemic, as well as quantifying emerging needs for domestic violence support, mental health support, employment and business support, addressing lost learning in schools, and other community impacts.
- 1.11 Notable trends that have financially impacted on the council during the year just ended include:
  - Car parking income: £10.4m lost parking income, with a recovery to around 65%-70% of previous levels as lockdown restrictions are eased (lost funding reimbursement arrangements will continue to 30 June); If parking income continues at these latest levels the loss of income in 2021/22 will be c £5m.
  - Adult social care: costs £4.9m less than budgeted, after receipt of £29m of additional funding for pandemic costs (including £11.5m of NHS funding for hospital discharges – this funding is continuing into the first quarter of the new year). All new client activity was funded by Health, which increased client related income for 20/21. There has been a significant increase in the number of discharges via hospital, 517 clients discharged with a package of care in 2019-20 compared to 1,394 for the period 19 March 2020 to 31 March 2021 (170% increase). The year also saw a significant trend with demand favouring homecare arrangements over care in nursing and residential settings. The pandemic has also accelerated the use of community based services. Monitoring the changing levels of need for different types of services as NHS support comes to an end and lockdown restrictions ease will be a key priority in the new year.
  - Business rates losses: Business rates losses is currently estimated at £4.5m, and council tax losses is estimated to be £2m. These should be substantially funded through remaining government support.

- Housing rent arrears: Increased rent arrears have been reported through the year in housing (GF and HRA), with the likelihood of increased levels of 'bad' debt. Levels of provisions have been reviewed accordingly.
- Employment: 33,000 residents on furlough (3<sup>rd</sup> highest in London) and 20,000 residents unemployed (borough unemployment has increased from 2.6% in March 2020 to 7.5% in March 2021) – unsurprising statistics given the level of SME and micro businesses in the borough. Early indications as lockdown eases are that businesses are reopening and rehiring but monitoring the positive and negative impacts on the local population will be a key area of focus in the new financial year.
- Temporary Accommodation: households requiring the use of TA has stayed largely stable (2,467 in March 2020; 2,399 in March 2021) mainly due to the government ban on evictions and furlough measures. It is not yet clear how the lifting of the evictions ban and the ending of furlough arrangements will affect local residents, but, as with other areas, this will be a key area to monitor as the new financial year progresses.
- Homelessness: The borough homeless count has decreased by half from an estimated 20 individuals in March 2020 to 11 in March 2021 due to borough-wide policies such as "everyone in".
- Children's social care: the number of 'children looked after' has remained largely stable through the year, although some areas (notably services for 18-25 year olds) have seen increases in the average cost per client – monitoring in the new year will seek to better understand whether this is a product of market provision and client needs, or a temporary feature arising from the pandemic. There are some emerging indications of a growth in demand (seen in referral and contact numbers), which, again, will be monitored to gain a better understanding of post-pandemic needs in this area.

## **2. Outturn position**

- 2.1 The overview as at month 12 is as follows and below (table 1):
- Overall, spending is recorded as £382.2m, which was £73.4m over budget.
  - Of this overspend
    - £76.6m additional expenditure was due to the pandemic, fully funded through government grants received.
    - £6.640m was contributed to specific reserves (in line with budget plans, grant terms, or other prudent purposes)
    - Leaving an underspend of £9.75m for non-Covid activities of the council.
  - Within this, savings delivery is estimated as £12.253m (71% of the MTFS target).
- 2.2 The application of the C19 reserves carried forward to 2021/22 is discussed in section 3.
- 2.3 The net contribution to non-C19 operational reserves of £6.640m is discussed in section 4.
- 2.4 The non-C19 funds still available at the end of the year of £9.749m are proposed to be allocated as set out in table 2 (below).
- 2.5 It should be noted that the Growth and Corporate Services service-specific reserves shown in table 1 excludes two transactions which are capital in substance. These are £10.5m of capital receipts drawn down to offset exit costs from Barnet House, in line with the previous P&R committee decision, and £13.5m of CIL receipts collected through the year and transferred to a dedicated reserve at year end.

Table 1 Revenue Outturn for 2020/21

Service Areas	2020/21 Budget	Total Spend 2020/21	Budget variance	COVID Impact	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	102,538	127,450	24,911	29,285	604	97,561	(4,977)
Children's Family Services	70,024	77,693	7,670	7,410	(418)	70,701	677
Environment	10,189	24,046	13,857	14,273	363	9,410	(779)
Growth and Corporate services	44,065	50,858	6,793	6,453	1,662	42,743	(1,322)
Assurance	7,239	6,926	(313)	1,015	1,109	4,802	(2,437)
Resources	57,540	73,776	16,237	14,553	2,606	56,617	(922)
Public Health	17,940	22,234	4,294	3,569	713	17,952	12
<b>Total at Month 12</b>	<b>309,535</b>	<b>382,985</b>	<b>73,450</b>	<b>76,559</b>	<b>6,640</b>	<b>299,786</b>	<b>(9,749)</b>
2019/20 C19 grant unapplied				(8,772)			
Funding received for C19 in-year				(76,230)			
C19 funding available in 2020/21				(85,002)			
Transfer to 2021/22 via earmarked C19 reserves (grant unapplied)				8,443			
Transfer to earmarked (non-C19) reserves						9,749	9,749
<b>Total at Month 12</b>	<b>309,535</b>	<b>382,985</b>	<b>73,450</b>	<b>76,559</b>	<b>6,640</b>	<b>309,535</b>	<b>0</b>

Table 2 - allocation of the non-C19 funds available at the end of 2020/21

<b>Non-C19 funds still available at year end</b>	<b>(9,749)</b>
Allocation as:	
Risk cover for uncertain adult social care demand in the new financial year	2,000
Your Choice Barnet – to support potential costs in 2021/22	1,200
Temporary accommodation additional bad debt provision reflecting increased risk in this area	766
MTFS reserve: to support MTFS and Barnet Plan delivery	5,783
<b>total allocated</b>	<b>9,749</b>

### 3. Covid-19 Pandemic; financial impact

- 3.0 The total cost to the Council of the local response to the Covid-19 pandemic along with the funding received is outlined below. In summary, the current year financial impact on the council arising from the pandemic is:
- costs incurred of £78.059m;
  - funding announced of £85.002m;
  - funds taken into the new year £6.943m.
- 3.1 Further details on the spending of the grants is outlined in table 3. All spending is fully aligned to the terms of the various grants.

Table 3 Summary of C19 funding application and estimated spending in 2020/21 and 2021/22

Grant	Directorate	Total Amount Received 2020/21 £000	Estimated Spend 2020/21 £000	Estimated Spend 2021/22 £000	total committed against current funding £000	Commentary
Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%)	ALL	11,091	11,091	0	11,091	The main factors here are loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts
NHS hospital discharge funding (via NCL CCG)	Adults	11,467	11,467	0	11,467	To help cover the cost of hospital admission avoidance, post-discharge recovery and support services, rehabilitation and reablement care
Estimated Contain Outbreak Management Fund	ALL	9,557	6,381	3,176	9,557	Led by Public Health, there are many areas of spend here including funding provided to schools, enforcement, support for those self isolating, targeted support at specific cohorts, rough sleeper additional support and utilisation of local sector to help contain the outbreak. Unspent portion approx. equal to Feb and March allocations.
Infection control	Adults	7,202	7,202	0	7,202	Supporting adult social care providers to reduce the rate of transmission in and between care homes and to support the wider workforce to deliver infection control
Hardship Fund	Resources	4,133	4,133	0	4,133	All council tax support residents have had their accounts credited with £150. The remaining funds have been used in line with the crisis fund or discretionary council tax hardship fund as required
SR20 collection fund losses reimbursement	Resources	3,575	3,575	0	3,575	This represents the 75% loss of council tax funding as a result of the pandemic
Test & Trace Allocation	Public Health	1,599	815	784	1,599	Predominantly spent on staffing, contract tracing, communication and asymptomatic lateral flow testing. £859k is forecast to be spent on these activities as they continue into 2021/22.
Temporary Accommodation	Growth and Corp	1,040	1,040	0	1,040	Provision of temporary accommodation to reduce homelessness, continuing to 2021/22.
COVID Winter Grant	Adults/CFS	1,312	1,312	0	1,312	Main spend has been on passing money to schools to provide food vouchers to vulnerable families for the period Dec-Mar. We have also engaged local organisations such as food banks and supported vulnerable families through this method also
Rapid Testing Fund	Adults	894	844	50	894	Funding to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible.
Workforce Capacity Fund	Adults	724	724	0	724	Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs
Clinically Extremely Vulnerable (CEV) Funding	Adults	467	9	458	467	Providing support such as access to food deliveries and signposting to local support of befriending services to the most at risk to enable them to stay at home as much as possible

other targeted funding	Misc	2,585	2,582	3	2,585	
Non-ringfenced funding (Grant Tranches 1-5)	ALL	29,356	25,383	3,973	29,356	To offset COVID 19 related costs and income losses as reported in monthly returns to MHCLG. Including but not limited to income losses not covered by the 75% reimbursement, supplier relief, increased demand on social care, staffing costs, cleaning costs and increased contract costs. £6.754m expected to be carried forward and spent on similar activities during 2021/22.
<b>Total</b>		<b>85,002</b>	<b>76,559</b>	<b>8,443</b>	<b>85,002</b>	
Grant	Directorate	Total Amount Received 2020/21 £000	Estimated Spend 2020/21 £000	Estimated Spend 2021/22 £000	total committed against current funding £000	Commentary
Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%)	ALL	11,091	11,091	0	11,091	The main factors here are loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts
NHS hospital discharge funding (via NCL CCG)	Adults	11,467	11,467	0	11,467	To help cover the cost of hospital admission avoidance, post-discharge recovery and support services, rehabilitation and reablement care
Estimated Contain Outbreak Management Fund	ALL	9,557	6,381	3,176	9,557	Led by Public Health, there are many areas of spend here including funding provided to schools, enforcement, support for those self isolating, targeted support at specific cohorts, rough sleeper additional support and utilisation of local sector to help contain the outbreak. Unspent portion approx. equal to Feb and March allocations.
Infection control	Adults	7,202	7,202	0	7,202	Supporting adult social care providers to reduce the rate of transmission in and between care homes and to support the wider workforce to deliver infection control
Hardship Fund	Resources	4,133	4,133	0	4,133	All council tax support residents have had their accounts credited with £150. The remaining funds have been used in line with the crisis fund or discretionary council tax hardship fund as required
SR20 collection fund losses reimbursement	Resources	3,575	3,575	0	3,575	This represents the 75% loss of council tax funding as a result of the pandemic
Test & Trace Allocation	Public Health	1,599	815	784	1,599	Predominantly spent on staffing, contract tracing, communication and asymptomatic lateral flow testing. £859k is forecast to be spent on these activities as they continue into 2021/22.
Temporary Accommodation	Growth and Corp	1,040	1,040	0	1,040	Provision of temporary accommodation to reduce homelessness, continuing to 2021/22.
COVID Winter Grant	Adults/CFS	1,312	1,312	0	1,312	Main spend has been on passing money to schools to provide food vouchers to vulnerable families for the period Dec-Mar. We have also engaged local organisations such as food banks and supported vulnerable families through this method also
Rapid Testing Fund	Adults	894	844	50	894	Funding to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible.

Workforce Capacity Fund	Adults	724	724	0	724	Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs
Clinically Extremely Vulnerable (CEV) Funding	Adults	467	9	458	467	Providing support such as access to food deliveries and signposting to local support of befriending services to the most at risk to enable them to stay at home as much as possible
other targeted funding	Misc	2,585	2,582	3	2,585	
Non-ringfenced funding (Grant Tranches 1-5)	ALL	29,356	25,383	3,973	29,356	To offset COVID 19 related costs and income losses as reported in monthly returns to MHCLG. Including but not limited to income losses not covered by the 75% reimbursement, supplier relief, increased demand on social care, staffing costs, cleaning costs and increased contract costs. £6.754m expected to be carried forward and spent on similar activities during 2021/22.
<b>Total</b>		<b>85,002</b>	<b>76,559</b>	<b>8,443</b>	<b>85,002</b>	

Grant	Total Amount Received 2020/21 £000	Estimated Spend 2020/21 £000	Estimated Spend 2021/22 £000	total committed against current funding £000	Commentary
Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%)	11,091	11,091	0	11,091	Loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts
NHS hospital discharge funding (via NCL CCG)	11,467	11,467	0	11,467	To help cover the cost of hospital admission avoidance, post-discharge recovery and support services, rehabilitation and reablement care
Estimated Contain Outbreak Management Fund	9,557	6,381	3,176	9,557	Led by Public Health, areas of spend here include funding provided to schools, enforcement, support for those self isolating, targeted support at specific cohorts, rough sleeper additional support and utilisation of local sector to help contain the outbreak. Unspent portion approx. equal to Feb and March allocations.
Infection control	7,202	7,202	0	7,202	Supporting adult social care providers to reduce the rate of transmission in and between care homes and to support the wider workforce to deliver infection control
Hardship Fund	4,133	4,133	0	4,133	All council tax support residents have had their accounts credited with £150. The remaining funds have been used in line with the crisis fund or discretionary council tax hardship fund as required
SR20 collection fund losses reimbursement	3,575	3,575	0	3,575	This represents the 75% loss of council tax funding as a result of the pandemic

Test & Trace Allocation	1,599	815	784	1,599	Predominantly spent on staffing, contract tracing, communication and asymptomatic lateral flow testing. £859k is forecast to be spent on these activities as they continue into 2021/22.
Temporary Accommodation	1,040	1,040	0	1,040	Provision of temporary accommodation to reduce homelessness, continuing to 2021/22.
COVID Winter Grant	1,312	1,312	0	1,312	Main spend has been on passing money to schools to provide food vouchers to vulnerable families for the period Dec-Mar. We have also engaged local organisations such as food banks and supported vulnerable families through this method also
Rapid Testing Fund	894	844	50	894	Funding to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible.
Workforce Capacity Fund	724	724	0	724	Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs
Clinically Extremely Vulnerable (CEV) Funding	467	9	458	467	Providing support such as access to food deliveries and signposting to local support of befriending services to the most at risk to enable them to stay at home as much as possible
other targeted funding	2,585	2,582	3	2,585	
Non-ringfenced funding (Grant Tranches 1-5)	29,356	25,383	3,973	29,356	To offset COVID 19 related costs and income losses as reported in monthly returns to MHCLG. Including but not limited to income losses not covered by the 75% reimbursement, supplier relief, increased demand on social care, staffing costs, cleaning costs and increased contract costs. £6.754m expected to be carried forward and spent on similar activities during 2021/22.
<b>Total</b>	<b>85,002</b>	<b>76,559</b>	<b>8,443</b>	<b>85,002</b>	

### 3.2 Table 3 excludes:

- Housing Revenue Account (HRA) cost pressures estimated at £1.5m. These are anticipated to be charged to the HRA reserve, although councils continue to lobby government to ask that HRA costs are supported in a way similar to cost pressures in the general fund and collection fund.
- Grant payments passported to schools (£1.5m)

### 3.3 The value expected to be spent in 2021/22 is to be focused on the following areas:

- Costs of the pandemic response which are continuing into the new financial year (all areas)
- Additional, short-medium term costs arising from the wider impacts of the pandemic, including domestic violence; mental health; lost learning; employment and business support.

3.4 Support continues to be provided to local people and businesses. Current totals are below:

#### Business Grants

- Since the outbreak of Covid-19 LBB have been asked to deliver 13 separate business grant schemes.
- To date we have paid out over £78m across these schemes.
- Small Business and Retail, Hospitality and Leisure Grants = 4,008 businesses benefiting to a value of £63.3m
- March 2020 to September 2020 Discretionary Grant = 333 businesses benefiting to a value of £3.3m
- Local Covid Alert Level Grants = 2,351 businesses benefiting to a value of £29.6m (data as at 10th May 2021).

#### Test and Trace Support Payments

- Since the introduction of Local Covid Alert Levels in October 2020, 3,517 requests have been received with a 61% rejection rate.
- To date £678,500 has been paid out to 1,357 Barnet residents who have been forced to self-isolate.

#### Council Tax

- £3.8m in hardship payments has been distributed to over 24,000 of our poorest council tax payers to reduce their tax liability.
- Alternative payment plans have been agreed with over 5,000 of our tax base to help alleviate the financial impact of Covid.

#### Emergency financial support for residents

- This is in the form of Discretionary Housing Payments, Discretionary Council Tax Discounts and Crisis Fund all of which has increased significantly against last year
- DHP 48% increase against last year
- Discretionary Council Tax Discounts 223% increase against last year
- Crisis Fund 79% increase against last year

3.5 At the beginning of the COVID-19 pandemic, the Council instituted support to suppliers and strategic partners through three main mechanisms, the first two were local initiatives (subsequently confirmed through PPN01/20 and PPN03/20) with the latter informed:

- Relaxation of payment terms for Accounts Payable from 10 days post-certification to immediate payment post-certification. The Council has maintained this support throughout the pandemic and will do so until at least 31 March 2021.
- Opened up the eligibility criteria for Procurement Card expenditure to enable faster payments to suppliers where it was reasonable to do so. The Council maintained this support until August 2020.
- Provided Supplier Relief – financial and performance – to contractors able to evidence cashflow difficulties on an open book basis under Procurement Policy Notice (PPN) 02/20 to 30 June 2020 and PPN 04/20 until 31 October 2020. Additional support in a similar vein to Supplier Relief has been provided for where agreed with the Director of Resources (S151).

- 3.6 The table below shows the agreed financial Supplier Reliefs by CMT Service Area, Suppliers to 31 October 2020.

Table 4 COVID-19 Supplier Relief agreed as at Month 12

Service Areas	Supplier	Relief Provided £'000	Commentary
Growth and Corporate Services	Re	2,264	There exists an income loss totalling £3.964m for contract year 7, of which £1.7m has been capped as Re's liability through the GI shortfall mechanism agreed in accordance with PPN02 and confirmed by letter of variation dated 19th June. The remaining £2.264m is therefore LBB's pressure and expected to be claimed through the supplier relief mechanism.
Environment	NSL Marston	1,092	<p>Payments on account using previous 3 months' data prior to repurposing as COVID-19 enforcement.</p> <p>1) Deployment. This is normally paid at a unit hourly rate. The payment based on the average was £275,319.91 per month.</p> <p>2) Notice Processing This is normally paid at a unit rate per penalty. The payment based on the average was £85,300.36 per month.</p> <p>3) Abandoned vehicles service This is usually paid based on abandoned vehicle inspections. The payment based on the average was £3,869.39 per month.</p>
Adults and Communities	GLL	1,816	Loss of income and cashflow support (Q1 = 720k and July = 146k) March 21 = £950k)
Children's Family Services	ISS	1,115	Loss on school meals income
Children's Family Services	Cambridge Education	565	Loss on traded income
Growth and Corporate Services	Capita CSG	445	Capped Schools Traded Income losses. Deficit of £902k, CSG guarantee £457k. Balance of £445k. (Relates to education support such as advisory services, financial management support, HR support etc)
Children's Family Services	Manuella Care	5	Loss of Homecare provision - committed hours payment
Growth and Corporate Services	Norse Group	2	Payments of committed hours during March-June lockdown 2020
<b>Total</b>		<b>7,304</b>	

- 3.7 Contract performance target (KPI) relaxations were agreed under PPN02/20 and PPN04/20 with Capita CSG and Re. There are further conversations with strategic partners regarding ongoing support following the placing of London into Tier 3, Tier 4 and National Restrictions. This support sits outside the PPN process issued by HM Government and relates to maintenance of services for residents, post-restrictions.
- 3.8 This represents the amounts provided through the supply chain under PPN02/20 and PPN04/20 and is a part of wider support to businesses as outlined earlier in this report through both business rates relief and grants and additional work from services.
- 3.9 It is notable that the various 'waves' of pandemic infections have primarily reflected the experience of the general population and, in particular, acute hospitals. The impact on council-run services can be similarly immediate (for example, parking and leisure centre revenues), slightly delayed (adult social care), or significantly delayed (such as children's social care - which often relies on concerns that are initially flagged by schools, and employment support – where the extent of need is difficult to gauge ahead of the withdrawal of the furlough scheme). It is therefore expected that many costs arising from the pandemic and the recovery from it will continue to impact on the council for many months to come.

## 4. Reserves

4.0 The table below shows the drawdowns or top-ups to reserves at Month 12.

Table 5 Outturn: planned (drawdown) or top-up of reserves

Service Areas	Reserve Movements	commentary
Adults and Health	604	Against future risks for leisure income (beyond the fees and charges relief period Apr-Jun)
Children's Family Services	(418)	Use of Troubled Families balances brought forward
Environment	363	Drawdown from trees reserve - £350k Contribution to reserves made up of: Flood Risk Management - £263k Re Managed Budgets Reactive maintenance - £330k Street Lighting - £120k
Growth and Corporate services	1,662	Mainly due to £0.5m top up to general fund housing reserves plus additional bad debt provision relating to temporary accommodation.
Assurance	1,109	Review of self-insurance provision indicated that likely use was less than the provision. Following an analysis of insurance claim trends, the balance of £1m has been put
Resources	2,606	£2.480m – Treasury saving due to the timing of borrowing, and rates being lower than anticipated. £0.500m - Benefit Subsidy £0.100m - Housing Benefits: Drawdown £0.040m - Pension Saving statements costs reserve
Public Health	713	Public Health ring fenced grant top-up. Reflects underspend in demand led contracts, a direct result of the impact of the pandemic on attendance.
<b>Total</b>	<b>6,640</b>	

4.1 The reserves balances at year-end is shown in the table below.

Table 6 Reserves Balances at Month 12

Reserve Movements	Balance Brought Forward £000s	In-year use of reserves £000s	Increases to Reserves £000s	net change £000s	Resulting balance £000s
Revenue Reserves - non-earmarked	39,813	(1,408)	0	(1,408)	38,405
Revenue Reserves - earmarked (non-Covid-19)	9,249	(175)	16,903	16,728	25,977
<b>Total Revenue Reserves</b>	<b>49,062</b>	<b>(1,583)</b>	<b>16,903</b>	<b>15,320</b>	<b>64,382</b>
Revenue Grant - unapplied (Covid-19, general fund)	8,772	(8,772)	8,443	(329)	8,443
Revenue Grant - unapplied (Covid-19, business grant reliefs)	0	0	22,467	22,467	22,467
<b>Total Grants Unapplied</b>	<b>8,772</b>	<b>(8,772)</b>	<b>30,910</b>	<b>22,138</b>	<b>30,910</b>
<b>Total Revenue Reserves &amp; Grant Unapplied</b>	<b>57,834</b>	<b>(10,355)</b>	<b>47,813</b>	<b>37,458</b>	<b>95,292</b>
Community Infrastructure Levy (CIL)	7,419			13,499	20,918
Revenue Implications of Capital	1,440			2,481	3,921
Other	999			0	999
<b>Capital Reserves</b>	<b>9,858</b>	<b>0</b>	<b>15,980</b>	<b>15,980</b>	<b>25,838</b>
<b>Total All</b>	<b>67,692</b>	<b>(10,355)</b>	<b>63,792</b>	<b>53,437</b>	<b>121,130</b>

4.2 Table 6 shows an increase to reserves of £53.437m, from £67.692m to £121.130m. This increase includes

- Non-Covid-19 reserves – net contribution of £15.320m, due to planned or prudent service contributions to earmarked operational reserves (including ringfenced non-C19 funding) and general underspending on non-Covid-19 objectives (discussed above, section 2)
- Revenue Grant Unapplied (Covid-19, general) – net use of £0.329m, with in-year use of Covid-19 grant unapplied of £8.772m and carry-forward of new covid-19 grants received but unapplied within the year of £8.443m (as identified in table 3 and including separate amounts for COMF, test and trace, high-street reopening, and general unrifenced funding).
- Revenue Grant Unapplied (Covid-19, business grant reliefs) – contribution of £22.467m, which represents the LBB share of the full grant afforded by government to support lost business rates due to the pandemic. The amount is fully ringfenced to business rates relief and replaced funding the council would otherwise lose. The technical requirement of the collection fund means that this is received in 2020/21 but will be deployed in later years.
- Capital reserves - £9.898m brought into the year, further contributions of £15.980m (chiefly CIL contributions), and a resulting balance of £25.838m

## 5. Savings

5.1 The 2020/21 budget planned for the council to deliver £17.311m of savings. Table 7 below summarises the value of savings that have been achieved against that programme. (These amounts are also included in table 1.) Of the £5.058m unachieved, c.£2.5m is anticipated to be achieved in the next financial year. The balance of £2.6m relates to increased parking income which is no longer achievable and has been removed in the budget for 2021/22. Savings now reported against Adults & Safeguarding have increased further to review of performance against savings at outturn which indicated a higher level of achievement than reported previously.

- 5.2 Overall, savings delivery was significantly impacted by the pandemic and the response to it (in the previous year, 91.5% or £18.3m of savings were achieved). Had the savings been delivered at the target level, the underspend overall would have been greater.
- 5.3 Part of the financial review needed through the new financial year will include consideration of where savings arising through the pandemic (which contributed to the overall underspend) are ongoing and will support the MTFS, or alternatively where they are one-off and will need to be replaced for later years. If all savings prove to be recurrent, the overall MTFS savings target for the year will have been achieved (albeit not in line with the previous plans).

Table 7 Forecast Savings Delivery 2020/21

Service Area	Savings target 2020/21	Savings On Track as at 31/03/21	(Gap)/Over to plan	Service area gap %
	£'000	£'000	£'000	
Adults & Safeguarding	(5,317)	(4,102)	(1,215)	22.85%
Children and Family Services	(2,719)	(2,669)	(50)	1.84%
Environment	(4,150)	(1,450)	(2,700)	65.06%
Growth and Corporate Services	(3,874)	(2,861)	(1,013)	26.16%
Assurance	(247)	(247)	0	-0.08%
Resources	(580)	(500)	(80)	13.79%
Public Health	(424)	(424)	0	0.00%
<b>Total</b>	<b>(17,311)</b>	<b>(12,253)</b>	<b>(5,058)</b>	
<b>Percentages</b>	<b>100.00%</b>	<b>70.78%</b>	<b>29.22%</b>	

## 6. Ringfenced funding

### Housing Revenue Account

- 6.0 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.

Table 8 HRA Outturn Month 11

2019/20 Outturn	Service Areas	Revised Budget	Outturn	Budget Variance
(49,799)	Dwelling Rent	(50,405)	(49,587)	818
(1,057)	Non-Dwelling Rent	(1,093)	(926)	168
(7,065)	Service & Other Charges	(7,414)	(1,704)	5,710
(366)	Other Income	-	(697)	(697)
18,824	Housing Management	19,024	18,566	(458)
642	Other Costs	1,500	759	(743)
3,704	Internal recharges	3,048	3,060	12
7,562	Repairs & Maintenance - Mgt Fee	6,941	7,874	933
1,232	Repairs & Maintenance - Non Core	20	12	(7)
333	Provision for Bad Debt	258	696	438
412	Regeneration	837	725	(112)
7,429	Debt Management Expenses	8,253	7,643	(611)
(3)	Interest on Balances	(80)	(34)	46
<b>(18,152)</b>	<b>HRA Controllable (Surplus)/Deficit</b>	<b>(19,111)</b>	<b>(13,612)</b>	<b>5,499</b>
23,045	Depreciation	21,651	12,422	(9,229)
-	RCCO	-	4,714	4,714
<b>23,045</b>	<b>HRA Capital Charges</b>	<b>21,651</b>	<b>17,137</b>	<b>(4,515)</b>
<b>4,893</b>	<b>HRA (Surplus)/Deficit</b>	<b>2,540</b>	<b>3,525</b>	<b>984</b>

- 6.1 At month 12, the final outturn deficit is £3.525m, which is an overspend £0.984m compared to the agreed 2020/21 budget. This will be funded by a draw down from the HRA reserve, at the same value, as shown in Table 9.
- 6.2 This £3.525m deficit, or draw on the HRA reserve, is made up of £13.612m controllable revenue contributions and £17.137m capital charges, these are reflected in both tables 8 and 9.
- 6.3 Depreciation has been reduced to £12.422m, a £9.229m reduction from the prior accounting policy, bringing the calculation into line with best practice. In order to prevent an adverse impact on the Major Repairs Reserve and an unusually high closing HRA reserve balance it has been agreed to make a contribution to capital funding from revenue resources (in line with technical requirements). Therefore, a RCCO (revenue contribution to capital outlay) has been agreed at £4.714m, which effectively partially offsets the reduction in depreciation and enables the closing reserve balance to be carried forward at £4m whilst as well as minimising the adverse impact on in-year capital financing. This adjustment is only required in this year and is not repeated in subsequent years.
- 6.4 Some changes have occurred between the last forecast and the outturn including decreased regeneration costs arising from increased developer funding; increased dwelling and non-dwelling rents due to lower voids than forecast; and increased repairs and maintenance costs as a result of covid-19 delays.
- 6.5 The impact on the HRA as a result of these changes is an overall £0.233m favourable movement. This has been offset by a reduction in the RCCO in order to eliminate the impact on the HRA reserve and to enable a closing balance of £4m.
- 6.6 The total forecast Covid 19 reported to MHCLG for March 2021 (£1.547m) is made up of an increase in bad debt provision, lost commercial income, the Mears contract extension following the delayed staff TUPE transfer (repairs staff) and increased operational costs arising from the pandemic.
- 6.7 Lastly, the key difference between the 2019/20 and 2020/21 outturn (c£5m) is the creation of a provision for the HRA water rate commissions which may be repayable following the outcome of a high-court appeal ruling. Legal advice is being sought, and a decision around remedial action will then be taken.

Table 9 HRA Reserves

Service Area	B/Fwd	Forecast Revenue Movement	Forecast	C/Fwd
			Depreciation, RCCO and financing	
	£'000	£'000	£'000	£'000
HRA Reserve	(7,525)	(13,612)	17,137	(4,000)
Major Repairs Reserve	(11,363)		4,515	(6,849)
<b>HRA Reserves</b>	<b>(18,888)</b>	<b>(13,612)</b>	<b>21,651</b>	<b>(10,849)</b>

### Dedicated Schools Grant

- 6.8 The final position for the DSG for 20/21 is an underspend of £1.436m which will be transferred to the ringfenced DSG reserve. This is an improvement of £0.177m from last month. See the table below for the breakdown of this.

Table 10a Dedicated Schools Grant M12 Outturn

	2020/21 Budget	2020/21 Outturn	Variance
	£000	£000	£000
<b>Schools</b>			
Individual Schools Budget	142,824	142,772	(52)
Growth Fund	2,545	302	(2,243)
Central Schools expenditure	1,087	1,121	33
ESG retained funding	1,054	1,054	0
<b>Sub-total</b>	<b>147,511</b>	<b>145,249</b>	<b>(2,262)</b>
Early Years Block	29,877	29,332	(545)
High Needs Block	49,676	51,233	1,556
<b>Sub-total</b>	<b>79,553</b>	<b>80,565</b>	<b>1,011</b>
DSG Income	(227,064)	(227,249)	(185)
<b>Total DSG</b>	<b>0</b>	<b>(1,436)</b>	<b>(1,436)</b>
Contribution to DSG Reserve	0	1,436	1,436
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

- The overspend for the High Needs Block has remained largely in line with forecast ending at £1.556m. The main factor driving the overspend is a significant increase in Education Health and Care Plans (EHCPs). For example, there were 316 new EHCP's in 19/20 whereas in 20/21 there were 410.
  - Work is taking place in the new financial year to look at a 3-year forecast for high needs to identify whether the new increased funding from the DfE is sufficient for the anticipated levels of demand.
  - For the Early Years Block, January 21 census data is now available and this has been taken into account and an amount accrued for the liability of clawback in 21/22 financial year.
  - As part of year-end outturn and the factoring in of the January 21 census data, a further underspend was identified within the Early Years Block. A carry forward into the 21/22 financial year has been made where providers will be paid an additional backdated amount for the 20/21 financial year. This amount will be calculated, communicated and paid between mid-May and mid-June.
  - The growth fund has underspent by £2.243m. Since 2019/20, the government has used a separate formula for calculating growth funding. This formula looks at the number of pupils in "middle layer super output areas" (MSOAs) between 2 October census points. Only positive increases are counted, so a local authority with positive growth in one area balanced out by negative growth in another will still receive funding. This level of income does not necessarily match the expenditure required in the growth fund. The Growth fund only funds extra classes or bulge classes in schools. If just 1 or 2 extra pupils are present, but a new class is not set up, no expenditure from the growth fund is required. Estimates for future trends suggest that the number of pupils in these MSOAs will cease to increase, but further bulge classes will be required in the coming years. Work is ongoing in terms of estimating the cost in future years, but early forecasts suggest that the growth fund will be fully used in the next 2 years.
- 6.9 The DSG reserve will increase as the underspend from 20/21 will now be added to it. This takes the reserve balance to £3.244m as illustrated below:

Table 10b Dedicated Schools Grant Reserve

Reserves use	Brought forward	Forecast Movement	Forecast carry forward
	£000s	£000s	£000s
DSG reserve	1,808	1,436	3,244

- 6.10 A significant amount of work is ongoing with both the schools currently in deficit as well as those we have identified at risk of deficit to develop a recovery plan that balances over a 3-5 (maximum) year period.

### Public Health Grant

- 6.11 The public health grant (£17.477m) was underspent by £0.713m (an increase in the underspend of £0.023m on month 11) as demand led services have seen lower demand than expected as a result of the pandemic. This is mainly relating to Sexual Health services. This underspend will be carried to the Public Health ring fenced reserve at year end. It is possible that the ending of lockdown restrictions may see increased sexual health presentations (where people have not sought help due to virus restrictions) or an increase in demand for other health services funded via the public health grant, and it is intended that the unspent money from this year will help fund such demand, when it arises, during next year.
- 6.12 There was some additional spending, due to Covid-19, which was offset by additional funding received. The Directorate have also received £1.599m for Test and Trace, with a spend at outturn of £0.815m. The grant underspend of £0.784m will be carried forward into 21/22 to meet future planned commitments. There was also a small underspend against non-ringfenced budget allocations.

Table 11a Public Health Outturn

Service Area	2020/21 Budget	2020/21 Outturn	Covid 19 impact	2020/21 Outturn excl C19	Variance
	£0	£0	£0	£0	£0
Public Health services (PH grant funded)	17,477	16,764	0	16,764	-713
Additional C19 services		1,087	1,087	0	0
Health and safety, Intelligence and Insight Hub, EDI	444	425	0	425	-19
Test and Trace	0	815	815	0	0
<b>Public Health Services</b>	<b>17,921</b>	<b>19,091</b>	<b>1,902</b>	<b>17,189</b>	<b>-732</b>

- 6.13 The Public Health Grant Reserve at year end is £1.901m, which included a month 12 revised ‘top-up’ of £0.713m.

Table 11b Public Health Grant Reserve forecast

Reserves use	brought forward	budget use	forecast use	forecast carry forward
	£000	£000	£000	£000
Public Health reserve	1,188	713	0	1,901

### Special Parking Account (SPA)

- 6.14 Income received from parking charges is paid into a Special Parking Account (SPA) this is in order to comply with section 55 Road Traffic Regulations Act (RTA) 1984. Any surplus is appropriated into the General Fund at year end. The act allows any surplus which is generated to be spent on specified traffic and highways management objectives. Table 12 below illustrates the forecast outturn position for the SPA and the estimated appropriation to the general fund.

Table 12 SPA Forecast Appropriation to General Fund

SPA Accounts	2020-21 Budget £000	Estimated 2020-21 Outturn		
		£000	£000	£000
Income	Budgeted SPA Account	Outturn Excluding Covid-19	Funded Covid-19 losses	Outturn
Penalty Charge Notices	(15,525)	(6,670)	(8,855)	(15,525)
Residents Permits	(3,020)	(2,849)	(171)	(3,020)
Pay & Display	(3,990)	(2,053)	(1,420)	(3,473)
CCTV Bus lanes	(370)	(887)		(887)
<b>Total Income</b>	<b>(22,905)</b>	<b>(12,459)</b>	<b>(10,446)</b>	<b>(22,905)</b>
<b>Operating Expenditure (running costs)</b>	<b>6,841</b>	<b>6,729</b>	<b>0</b>	<b>6,729</b>
Net Operating Surplus	(16,064)	(5,730)	(10,446)	(16,176)
<b>Appropriation to General Fund</b>	<b>(16,064)</b>	<b>(5,730)</b>	<b>(10,446)</b>	<b>(16,176)</b>

- 6.15 Covid-19 had a large impact upon parking income in 20-21 with an underachievement of income against budget of £10.4m.
- 6.16 Figure 1 below compares the number of Parking Penalty Charge Notices (PCNs) issued in 2019-20 to 2020-21. The graph shows a 95% drop in activity at the end of 2019-20 which coincides with the first national lockdown on 23<sup>rd</sup> March 2020. This reduction in activity continues throughout the first few months of 2020-21 and starts to recover in line with the easing of restrictions last summer. Towards the end of 2020-21 activity is gradually beginning to improve and current activity levels are around 65-70% of 2019-20 levels.

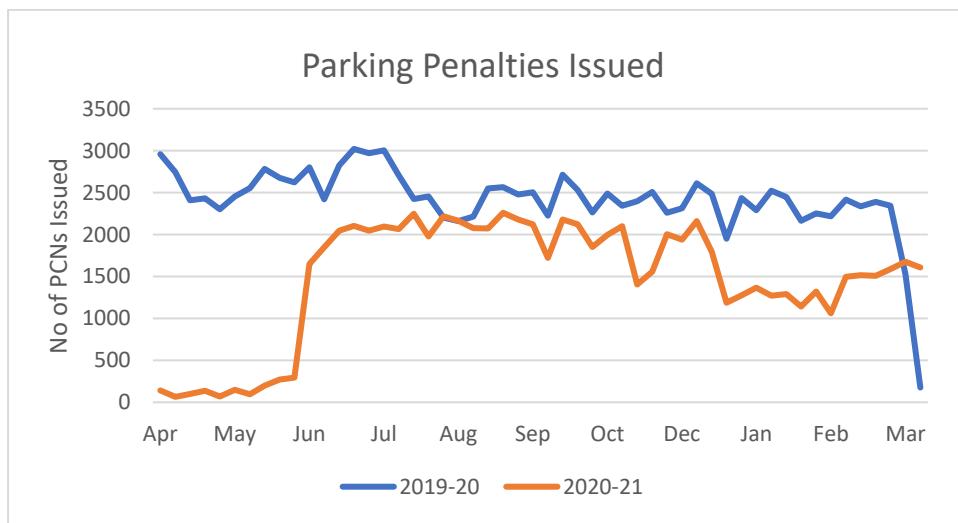
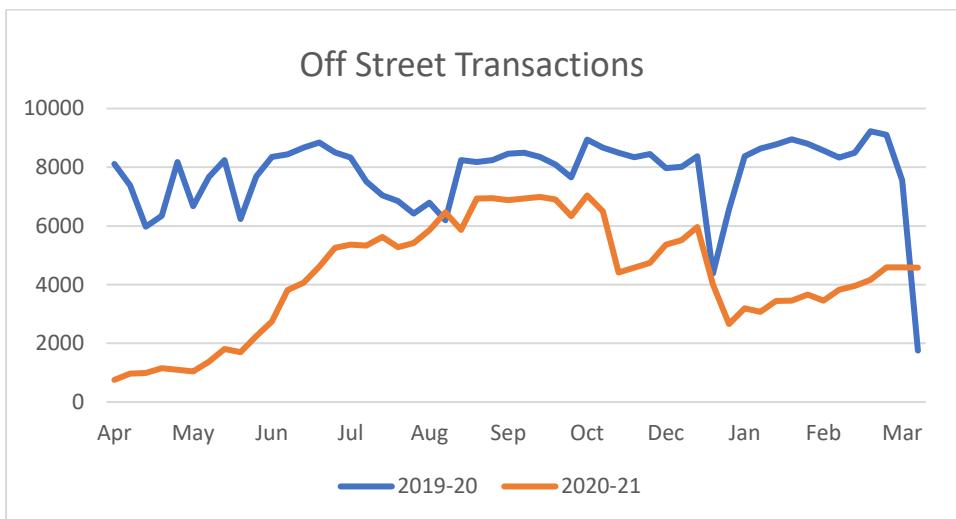
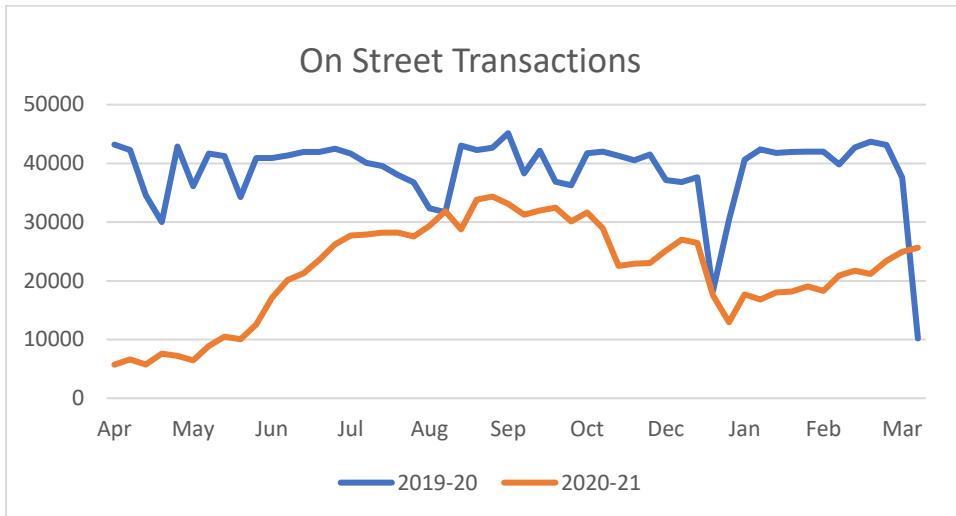


Figure 1 Parking PCN Issued 2019-20 vs 2020-21

- 6.17 Off Street and On Street activity levels showed a similar trend to PCNs as shown the graphs below. On Street saw activity drop to around 20% of 2019-20 levels during the months of April and May and Off-Street experiences a drop of 17% for the same time period. The recovery of activity has not been as quick as with PCNs and currently On Street parking activity is around 56% when compared with 2019-20 and Off Street is at 52%.



## 7. Capital Programme

- 7.0 The capital outturn for 2020/21 capital investment programme is £327.144m, of which £269.991m relates to the General Fund programme and £57.153m relates to the HRA capital programme.

Table 13 Capital Outturn

Service Area	2020/21 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	2020/21 Outturn £000	Variance £000
Adults and Health	6,109	0	(1,292)	4,817	(1,292)
Children's Family Services	14,347	0	(1,253)	13,094	(1,253)
Growth and Corporate services	119,413	(179)	(5,655)	113,579	(5,834)

Service Area	2020/21 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	2020/21 Outturn £000	Variance £000
Environment	36,057	0	(10,117)	25,940	(10,117)
Brent Cross	140,861	0	(29,619)	111,242	(29,619)
Resources	1,419	465	(567)	1,318	(101)
<b>General Fund Programme Total</b>	<b>318,206</b>	<b>286</b>	<b>(48,502)</b>	<b>269,991</b>	<b>(48,216)</b>
HRA	62,044	0	(4,891)	57,153	(4,891)
<b>Grand Total</b>	<b>380,250</b>	<b>286</b>	<b>(53,393)</b>	<b>327,144</b>	<b>(53,107)</b>

- 7.1 The key issues and variances for each service area are summarised below.
- 7.2 **Adults and Safeguarding** – The Adults and Safeguarding Capital budget for 2020-21, the outturn position reported an underspend of £1.292m as follows:
- The leisure centres project is nearing completion, the year-end underspend is reported at £0.045m (-£0.045m movement from month 11).
  - Mosaic IT spend reports a £0.379m underspend at outturn. The full budget was expected to be spent this financial year on Better Gov delivering Phase 1 and Phase 2 as well as further third party spend to ensure Mosaic reimplementation is completed however Phase 2 will now likely be delivered in 2021-22 resulting in the underspend position being reported. The underspend is proposed for slippage into next year financial year.
  - Disabled Facilities Grant – underspend of £0.760m. Final outturn includes £0.997m of costs incurred in Adults Revenue which funds the capitalisation of community equipment, telecare and DFG Occupational Therapist costs, with a revised £1.128m incurred directly through ring fenced grant applications. The grant applications outturn position is a reduction of £0.072m from month 11. In December 2020 the BCF bulletin announced a 13.5% increase to the 2020-21 DFG grant which has been reflected in an increase to the budget. The final underspend position will be slipped into 21/22 and will be needed to complete delayed work because of the pandemic
  - Community Equipment spend reports a year-end underspend of £0.107m (a £-0.107m movement on m11). Spend has reduced compared to previous year, consequently spend which can be capitalised has also reduced hence the reported movement from month 11.
- 7.3 **Children's and Family Service** – The budget for the capital schemes in 2020/21 is £14.347m and the Outturn is £13.094m. This is a variance of £1.253m. The main reasons for the underspend are listed below:
- £0.119m additional spent on the PRU than in-year budget due to progress made on site.
  - £0.624m underspend on Modernisation Programme. This is mainly due to £0.401m being held for emergencies which was not required in-year, £0.113m due to planning delays at Bell Lane School, £0.066m spent less on Hollickwood School (Not LA managed Scheme) and £0.044m across various other modernisation schemes.
  - £0.254m underspend on Woodside Avenue due to Covid restriction delays.
  - £0.176m underspend on the Grammar school project due to a delay in project commencement. This is not an LA managed scheme

- £0.109m underspend in loft conversations as not all expected schemes were signed off in time.
- £0.101m underspend on the Support Demand Transformation- New approved scheme: The budget was allocated to this FY however project not commencing till next FY
- £0.108m underspend is due to various other slippages and additions across various schemes.

7.4 **Growth and Corporate Services** – At Month 12, £2.604m is the net underspend against the in-year capital budget. This underspend is expected to be slipped into 2020/21 as it is a result of covid related programme delays and work re-profiling as opposed to the discontinuation of any specific scheme.

***Housing (Net underspend of £1.957m), variances above £0.500m outlined below:***

- £0.395m underspend on Empty Properties due to project slippage and delays in the year due to Covid.
- £5.784m underspend on Hermitage Lane is due to the final land transfer and loan agreement not being finalised before year end. The transaction is expected to be completed within the next two months.
- £4.724m overspend on Housing Acquisitions Opendoor (500 acquisitions) – the original budget for 2020/21 was at £49m and was revised down during the year to £15m as property purchases were paused temporarily and also processing to complete was taking longer due to Covid restrictions. However, the team were able to complete a number of transactions in the pipeline before year end, including 11 completions over March 21.
- £1.724m overspend on Microsites – reflecting acceleration in building work and funding from the s106 grant.
- £0.160m underspend on Mixed tenure housing programme (Tranche 1) - preparing to engage professionals including architects, construction consultants, legal advisers and valuers and site surveys – costs will fall into 21/22.
- £1.954m underspend on ULF GF SAGE (142) - due to project not starting in January as per original business case. Development agreement signed between Sage and LBB, and a letter of intent has been agreed with the contractors, waiting for Management agreement between Sage and Barnet Homes to be agreed at the June Board.
- The net underspend of £1.957m in Housing General Fund is expected to be fully slipped into 2021/22 and to be fully spent in future years.

***Commercial, Re and other buildings***

- At month 12, £0.205m is the net underspend which is largely related to Grahame Park community facilities and is due to programme delays, this is expected to be slipped into 2021/22 to be spent in future years.

7.5 **Environment** – The capital outturn position for Environment is £10.117m slippage, this is largely made up of:

- Highways Improvement: This programme is reporting a slippage of £2.347m into 2021/22 due to delays in the programme.

- Investment in Roads & Pavement (NRP): is reporting a slippage of £1.553m into the next financial year due to the termination of the term maintenance contract with the existing contractor and entering into a new one with Tarmac Kier from 1st April 2021.
- Mill Corner Drainage Scheme: £1m will be slipped into 21/22 due to delays in carrying out the works.
- Colindale and Rushgrove parks: £0.521m slippage. COVID-19 and BREXIT impact has resulted in delays to start on site. Construction phase will be slipped into Q1 21/22 with an expected start date of April 2021
- Exor Asset Management System: The system implementation, licencing, maintenance requirement and Network configuration have been paid for in this financial year, £0.294m will be slipped into 2021/22.
- Refurb & Regen Hendon Cemetery & Crematorium: £0.378m slippage. Chapel and gate house building have been refurbished. The final tranche of grounds maintenance replacement will be slipped into 2021/22. Slippage is due to COVID-19.
- Data Works Management system: £0.111m due to programme delayed due to Covid-19.
- Vehicles: £0.327m slippage due to delay in placing order due to Covid-19 and extension to ULEZ to October 2021.
- LED Lighting: Slippage is due to the full conversion of the LED lanterns not being completed by the 31.03.2020, payment is only triggered when a Certification certificate is issued.
- Moving traffic cameras: £0.148m slippage due to works being delayed.
- Controlled parking zones review: £0.099m slippage due to works being delayed.
- Highways (permanent re-instatement): £0.070m due to works scheduled to be completed in March delayed due to weather conditions.
- Social distancing project: slippage of £0.538m. This is funded via TfL; a number of schemes were unable to be completed prior to the year end but TfL have confirmed we are able to carry the funding over into 2021-22 and complete the schemes next year.

**7.6 Brent Cross** – The 2020/21 position for the overall scheme has resulted in re-profiling of £29.619m across the various sub elements. The overall programme until completion is currently shown on budget, albeit reports to Housing and Growth Committee and Finance Performance and Contracts Committee acknowledge the budget pressures facing the programme.

- Funding for Land Acquisitions has re-profiled £6.115m into the 2021/22 financial year. This relates to priority acquisitions £5.757m which were initially due to take place in 2020/21, however as reported in February, the forecast was amended to reflect the emerging land acquisitions strategy. This land is needed to deliver the scheme in line with CPO Orders currently in place until May 2021. The remaining £0.356m relates to specific title review charges that did not materialise in year plus a small over-estimation of legal and staff costs to deliver the annual programme.

- Thameslink Station 2020/21 has re-profiled £9.785m into future years. The re-profiling relates to £2.896m net across the Delivery Packages (Station, Sidings and TOC). Station re-profiling of £3.745m is a result of variances in actual valuations received against a contractor cashflow profile and a re-alignment of programme management costs. Rail Systems and Sidings expenditure increased £1.104m mainly due to Network Rail costs brought forward in line with a revised December 2020 profile. The remaining £0.255m re-profiling in TOC relates to a descope of costs as well as programme management and workshare deliverables being re-aligned. The remaining £6.889m total re-profiling is in respect of land acquisitions. Property acquisitions £6.663m did not occur prior to 31st March with the remaining re-profiling relating to legal and joint ventures support costs not materialising in year.
- Critical Infrastructure 2020/21 has re-profiled £12.547m into future years. The re-profiling relates to Plot 53/54 £8.580m, of which £8.221m contractual payment linked to start on site has been delayed due to stopping up objections and £0.359m of contractor costs slipping into 2021/22 offset by an in year unrealised saving. Sub-station re-profiling of £0.607m due to a change in the agreed payment profile with our joint venture partners. The Southern Junctions work package accounts for £3.351m of the remaining re-profiling. This is due to differences between preliminary property cost estimates used to accrue vested property acquisitions last year and updated compensation assessments made available in 2020/21.
- BXS Land Acquisitions has re-profiled £1.172m from 2020/21. This is a result of four properties now forecast to complete in 2021/22.

### HRA Capital Investment

- 7.7 The HRA has a capital expenditure budget of £62.044m in 2020/21, and the final outturn was £57.153m, which is a £4.891m underspend against the in-year budget but just a £0.182m favourable change from the month 11 forecast. There are no additions or deletions to the capital programme therefore the full £4.891m is to be slipped into 2021/22. A detailed breakdown of the in-year capital variances are as follows:
- Regeneration stock additional investment has an in-year underspend of £2.413m, expected to be slipped into future years and is due to delays getting contractor on site for window/door/access control replacement.
  - Extra care pipeline Cheshire House has an in-year underspend of £1.752m, expected to be slipped into future years and is due to delays starting work on site, originally expected to sign agreement by February with onsite work by March.
  - HRA direct acquisition has an in-year underspend of £1.709m, expected to be slipped into future years and is due to slower conveyancing process due to Covid 19.
  - Major Works has an in-year underspend of £1.242m, expected to be slipped into future years due to Covid related delays during the year. This is offset by an expected acceleration in 2021/22 as more work is matched to the Green Homes Grant.
  - HRA Fire Safety Programme has an in-year overspend of £1.396m largely as a result of increased work following policy changes.

## Funding of the Capital Investment Programme

- 7.8 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 14 Funding the Capital Programme 2020/21

Service Area	Grants/ Other contributions £000	S106 £000	Capital Receipts £000	Dep'n. / RCCO £000	CIL £000	Borrowing £000	Total £000
Adults and Safeguarding	3,675	0	0	0	443	699	4,817
Children's Family Services	9,349	2	257	0	1,091	2,396	13,094
Growth and Corporate services	49	3,366	9,045	0	270	100,849	113,579
Environment	2,267	404	2,494	0	7,501	13,274	25,940
Brent Cross	110,178	0	0	0	0	1,064	111,242
Resources	0	817	35	0	465	0	1,318
<b>General Fund Programme</b>	<b>125,517</b>	<b>4,589</b>	<b>11,831</b>	<b>0</b>	<b>9,771</b>	<b>118,283</b>	<b>269,991</b>
HRA	3,816	0	2,652	21,651	0	29,043	57,153
<b>Total Capital Programme</b>	<b>129,333</b>	<b>4,589</b>	<b>14,483</b>	<b>21,651</b>	<b>9,771</b>	<b>147,317</b>	<b>327,144</b>

## 8. Debtors

- 8.1 Between February 2021 and March 2021 overall debtors increased by £18.209m. The large increase in money owed is mainly due to £15m being raised with the CCG in month 12. An analysis of debtors as at the 31 March 2021 is provided below at Table 15 and 16. It should be noted that this information is a snapshot as at that date.

Table 15 Aged Debt Analysis as at 31 March 2021

Debtor	Not Overdue		Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total Debt
	£000	£000	£000	£000	£000	£000	£000
Month 12	20,570	12,053	2,806	992	16,812		53,233
Month 11	8,478	3,627	1,965	5,050	15,904		35,024
<b>Movement</b>	<b>12,092</b>	<b>8,426</b>	<b>841</b>	<b>-4,058</b>	<b>908</b>		<b>18,209</b>

- 8.2 Table 16 gives detail of the individual debts by debtor for external organisations where debts are over £1m, totalling £33.739m.

Table 16 External debtors over £1m as at 31 March 2021

Debtor	Total Debt	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days
	£000	£000	£000	£000	£000	£000
NHS North Central London CCG	23,430	8,206	8,907	1,035	233	5,050
NHS Barnet CCG	2,166	1,063	0	-71	0	1,174
Barnet Education Learning Services	2,046	2,038	8	0	0	0
BXS Limited Partnership	1,964	1,964	0	0	0	0
The Barnet Group	1,783	1,786	10	73	14	-100
The Fremantle Trust	1,357	0	0	0	0	1,357
Comer Homes	993	0	0	0	0	993
<b>Total</b>	<b>33,739</b>	<b>15,057</b>	<b>8,925</b>	<b>1,037</b>	<b>247</b>	<b>8,474</b>

- 8.3 Adult Services and finance business partners have been in regular contact with Barnet/NCL CCG to discuss the outstanding debt position. There has been an upward movement in the debt position at year end as invoicing has been brought up to date. March invoices in respect of the Hospital Discharge scheme are still to be raised c.£1.8m. The CCG continue to be pressed, with a formal letter due to be issued and quarterly debt review meetings being set up for the new year, and the position continues to be actively managed.
- 8.4 Outside of the table above (which shows individual debtor accounts) is a significant class of debtors which relate to privately funded adults social care placements. At the time of preparing the report, this debt is recorded as being £7.817mm. A dedicated project is in place to maximise recovery of this debt and to further improve its active management. Some of the debt is related to former client's property and collection depends on the conclusion of probate arrangements. The committee will receive further updates on this at future meetings. A bad debt provision has been raised to mitigate the impact of likely difficulties in recovery.
- 8.5 Other debtors:
- A remittance advice was received from Barnet Education Learning Services for £1.9m in month 2 of 2021/22.
  - BXS Limited have not paid the balance owed as the service area did not include a Purchase Order number on the invoice. This is with the service to resolve.
  - Discussions are ongoing with The Barnet Group regarding the outstanding balances and the credit we hold on account owing to a duplicate payment made to us in a prior year.
  - The Assistant Director of Estates continues discussion with HBPL regarding the Comer Homes debt.

## 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 10 (31 January 2021).

## 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**

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

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

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

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

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

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

### **12.3. Social Value**

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

### **12.4. Legal and Constitutional References**

12.4.1. 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.

12.4.2. Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its

income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

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

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Housing & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee;
- The council's major strategic contracts (Customer Support Group, Development and Regulatory Services, The Barnet Group Ltd (Barnet Homes) and HB Public Law) 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.

12.4.4. 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

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

## 12.6. Equalities and Diversity

12.6.1. 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:

12.6.2. 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.**

12.6.3. 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:

- **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.**

12.6.4. 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.

12.6.5. 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:

- **Tackle prejudice, and**
- **Promote understanding.**

12.6.6. 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

12.6.7. 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.

12.6.8. 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](http://www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity)

12.6.9. 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

12.7.1. 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.

## 12.8. Consultation and Engagement

12.8.1. None in the context of this report

## **12.9. Insight**

12.9.1.        None in the context of this report

## **13. BACKGROUND PAPERs**

None.

## Appendix A

**Table 1 - Adults and Health**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	Commentary		
	£'000	£'000	£'000	£'000			
A&H Prevention Services	2,264	0	2,653	389	DOLS +£0.255m - increase in assessments completed during the year in response to a legal judgement. Telecare contract +£0.230m - increase on annual contract, not reflected in budget allocation (mitigated in 21/22)		
A&H Workforce	16,097	0	16,284	186	Social work teams (i.e. front door, hospital team, LD assessment and care management, reviews team etc.) + £0.817m. Net of Covid funding. Reflects continued pressures in front line services.  Non-Social work team (i.e. business improvement, business support, performance, joint commissioning etc.) - (£0.626m). Reflects some vacancy holding to mitigate staffing pressures elsewhere in the Directorate.		
Adult Social Care	84,768	0	79,413	(5,355)	The service has seen several key changes including; - New client activity being funded by Health, which increased client related income for 20/21. Health funding covered the entire costs of care for new activity. There has been a significant increase as expected in the number of discharges via hospital, 517 clients discharged with a package of care in 2019-20 compared to 1,394 for the period 19 March 2020 to 31 March 2021 (170% increase) - A shift in placement activity from higher costing residential settings to lower cost community settings. The pandemic has accelerated the use of community based services. - A change in the profile of deceased service users i.e. front loaded to the start of the year at the onset of the pandemic.		
Leis, Sports and Phys Activity	(592)	604	(788)	(197)	Reflects Finchley lido final claim settlement being lower than previous estimates.		
<b>Adults and Health Total</b>	<b>102,538</b>	<b>604</b>	<b>97,561</b>	<b>(4,977)</b>			

**Table 2 - Children's and Family Services**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Children Social Care	46,277	(8)	47,438	1,161	The movement is due to £0.298m of additional placement costs identified at year end. New costs in March amounted to £0.139m across External Residential budgets and a contribution to the fostering service (NLFPC). The balance relates to an increase in costs above forecast including agency, taxi, mentoring and various others.
Early Intervention & Prevention	12,924	(410)	11,270	(1,654)	
Education Skills	6,024	0	6,031	7	
Family Services Management	(720)	0	(834)	(113)	
18-25 Services	5,519	0	6,796	1,277	18-25 Services has a favourable movement of £0.459m from previous estimates, due to additional invoices raised for NHS income at the end of the year following an in-depth service review of which young adults were entitled to NHS funding. This has reduced the forecast overspend. The overspend is largely due to increased average cost of care packages rather than to increased numbers – 231 clients in March 2020 compared with 200 in March 2021. Average cost changes are concentrated in a small number of higher complexity clients.
<b>Children's Family Services</b>	<b>70,024</b>	<b>(418)</b>	<b>70,701</b>	<b>677</b>	

**Table 3 - Environment**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Street Scene	15,877	0	14,134	(1,743)	Key factors contributing to this are overachievement of Garden Waste income, lower vehicle fuel and maintenance costs than originally anticipated and an underspend within street cleansing.
Greenspaces Development	1,057	(350)	1,698	640	Mainly due savings not achieved of £0.600m. The outturn position includes use of reserve funding for the tree planting programme of £0.350m.
Parking & Infrastructure	(9,653)	120	(9,827)	(174)	The underspend within Parking & Infrastructure is due to reduced contract fees offset by additional costs of £0.086m for unfunded maintenance works, Non-Domestic Rates within Car parks and £0.189m for Winter Maintenance.
Environment Management	1,860	0	1,771	(89)	Underspend of £0.089m due to a £0.347m refund from the non-household chargeable levy as set out at the February 2021 meeting of the NLWA offset by an overspend on staffing costs.
<b>Environment Subtotal</b>	<b>9,142</b>	<b>(230)</b>	<b>7,777</b>	<b>(1,365)</b>	

Re managed Budgets	1,047	593	1,633	586	Re Managed Budgets is reporting an overspend of £0.586m. This is largely due to the LIP works which are recharged to capital coming in at £0.675m over budget. There is a corresponding underspend within the management fee which offsets this and this is reported within the Growth and Corporate Services outturn position. Overall, the position for Re is a balanced one. Movement between month 11 and month 12 is due to reduced LIP fees recharged to capital than forecast (£240k adverse movement) this is offset by reduced spend on works due to the change in term maintenance contractor.
<b>Total</b>	<b>10,189</b>	<b>363</b>	<b>9,410</b>	<b>(779)</b>	

**Table 4 - Growth and Corporate Services**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Customer Support Group	27,873	0	28,593	720	Overspend of £1.585m in Estates services primarily due to the lease at Oakleigh Road Depot, shortfalls in commercial service charge Income, lost commercial income and additional security costs. Partially offset by a £0.860m underspend in corporate services as a result of a general change in the ways of working; including the transfer of pensions administration services to West Yorkshire, reduced variable storage IT costs and increased recoverable IT recharges from third parties
Deputy Chief Executive	514	0	507	(7)	
Growth and Development	9,438	866	8,402	(1,035)	Underspend largely as a result of a reduced temporary accommodation spend associated with the evictions ban, coupled with increased tenant income. The delayed transfer of 155 homes to the Barnet group has also led to increased temporary accommodation income compared to previous forecasts.
Commercial & ICT	2,766	0	2,178	(589)	Underspend due to reduced legal fees arising from the delayed strategic contract review, also a favourable level of underlying income from registrars (excluding the effect of the pandemic), and staffing vacancies.
Strategy & Communications	1,703	27	1,520	(183)	Underspend is due to recruitment delays in the new strategy and communications team
<b>GCS Subtotal</b>	<b>42,294</b>	<b>893</b>	<b>41,200</b>	<b>(1,094)</b>	
Transformation Programme	246	769	696	450	Overspend and change from P11 to P12 is all due to revenue costs associated with Brent Cross south and the Brent Cross in-house delivery team, whereby a number of costs cannot be either recovered from third parties nor capitalised
Regional Enterprise (Re)	1,525	0	847	(678)	Underspend in Re (growth & Corporate Services element) due to shortfall in the LIP fee payable to regional enterprise, increased CIL administration income as a result of increased CIL receipts being collected in-year, and Re management fee contract volume discounts
<b>Total</b>	<b>44,065</b>	<b>1,662</b>	<b>42,743</b>	<b>(1,322)</b>	

**Table 5 - Assurance**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Assurance Management	790	0	843	53	Immaterial
Counter Fraud Operations	355	(75)	355	(0)	Immaterial
Community Safety	2,112	0	2,117	5	Immaterial
Electoral Service	683	150	539	(144)	Underspend and positive variance movement primarily due to unanticipated additional recovery of income from funding bodies in respect of prior-year elections
Governance	2,255	15	1,953	(302)	Underspend and positive variance movement in Governance Services due to staffing vacancies expected to be filled by year end but were not, along with reduced costs associated with members allowances and mayoral support largely due to the way business is conducted in the pandemic.
Assurance and Business Development	736	0	674	(62)	Immaterial
Internal Audit	387	0	286	(102)	Underspend and movement from P11 to P12 as a result of reduced external fees from PWC than had been anticipated
Legal Advice and Monitoring	11	0	(608)	(619)	Underspend as a result of additional legal income recovered from developers, conveyancers and other professionals in respect of work undertaken by HBPL but budgeted for across various council directorates following the disaggregation of legal service budgets in 2019/20
Organisational Resilience	(91)	1,019	(1,356)	(1,265)	Underspend largely as a result of: - Insurance provision drawdown credit of c£1.8m exceeding the top up of the earmarked insurance reserve of c£1m, this £0.767m "difference" forms an underspend. - Two GRN reversals for £0.728m and £0.209m respectively, relating to over receipted insurance premiums in prior years. £0.937m credit as a result of this. Underspend partially offset by overspend of £0.439m in insurance premiums payable.
<b>Assurance Total</b>	<b>7,239</b>	<b>1,109</b>	<b>4,802</b>	<b>(2,437)</b>	

**Table 6 - Resources**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Central Expenses	46,987	2,131	45,819	(1,168)	Net underspend on PWLB capital financing interest costs as a result of lower interest rates
Other central expenses	5,351	0	3,541	(1,811)	Underspend due to unused contingency budge and shortfall in teachers early retirement spend partially offset by increased external audit fees

Finance	2,572	73	3,575	1,003	Overspend predominately due staffing cover required and professional services and subscription costs, partially offset by higher than budgeted HRA and SPA recharge income for recharged back-office services .
Grants	29	2	7	(22)	Immaterial
Revs & Bens	812	400	1,813	1,001	£1m increase in Housing Benefit Overpayment BDP, £0.5m transfer to EMR for benefit subsidy increase, £0.8m increase in rent rebates, Offset by £2m favourable shift in HB admin services
Human Resources	1,788	0	1,863	75	£0.069m underspend in Organisational Development(OD) budget of £0.163m as OD Manager started new role mid year.
<b>Resources Total</b>	<b>57,540</b>	<b>2,606</b>	<b>56,617</b>	<b>(922)</b>	

**Table 7 -**  
**Public**  
**Health**

Service	2020/21 Budget	Reserves - Service Specific, non-COVID	Month 12 Outturn	Non-COVID variance	commentary
	£'000	£'000	£'000	£'000	
Public Health	17,940	713	17,952	12	

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	AGENDA ITEM 8
<b>Financial Performance and Contracts Committee</b>	
<b>8 June 2021</b>	
<b>Title</b>	<b>Review of Capita Contracts</b>
<b>Report of</b>	Chief Executive
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – Market Insights Report
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<b>Summary</b>
The purpose of this report is to provide an update on the Review of Capita contracts and to confirm the proposed direction of travel for each of the services currently provided under the Customer and Support Group (CSG) and Regional Enterprise (RE) contracts.

## **Officer Recommendations**

**That the Financial Performance and Contracts Committee:**

- 1. Notes the content of Grant Thornton's Market Insights Report, attached as Appendix A;**
- 2. Agrees the proposed approach to public consultation, as set out in paragraphs 1.7 and 1.8 of the report;**
- 3. Agrees the proposed direction of travel for each service, as set out in section 2 of the report and summarised in paragraph 2.42;**
- 4. Notes the next stages of the Review, as set out in section 4 of the report; and**
- 5. Notes that a further report on progress will be brought to this Committee in October 2021.**

## **1 WHY THIS REPORT IS NEEDED**

- 1.1 At its meeting on 17<sup>th</sup> March 2021, the Financial Performance and Contracts Committee agreed a revised approach to conducting the Review of Capita contracts. This involved undertaking a limited review to identify, in principle, those services that should be extended for a period of time and those services that should be re-procured or brought in-house at the end of the original term, dealing with services in three categories:
  1. Retained services – interim extension of two-three years for key technology-based services, where return in-house would be unlikely to be a viable option and a reasonable extension would generate additional investment. The agreement of any extension would be dependent upon robust investment and improvement proposals from the service provider;
  2. Returning services – confirm contract will expire in 2023 for services where there is unlikely to be much scope for the service provider to add further significant value, the market for re-procurement is limited and the financial case can be made to return them to the council; and
  3. Further review services – interim extension of one-two years for services where the case for returning, re-procuring or extending is unclear and a more detailed review is required to determine the best strategic option.
- 1.2 The report confirmed that work on the Review would continue, with a view to confirming the proposed categorisation of individual services as quickly as possible. It also stated that recommendations on this would be based on the following factors:
  - Overall performance
  - Scope for further investment and innovation
  - Scope for service provider to further add value
  - Logistical considerations
  - Financial viability of returning the service in-house

- Clarity of strategic direction for the service
- 1.3 The Committee considered an initial assessment of the likely categories, which was set out in an exempt appendix to the report, due to the commercial sensitivity of its content. Based on further work that has been carried out since that meeting, this report now sets out the proposed direction of travel for each service. That work has focussed on the following activities:
- Analysis of service performance – work is continuing on developing detailed evidence packs that analyse the performance of services over last three years. The outputs of this work will be considered and presented as part of outline business cases in due course
  - Initial joint workshops with Capita and client leads to explore the potential for improvement and investment in services being considered for extension
  - Development of outline business cases for services being considered for return
  - In respect of the Highways service, the conduct of the Review has been integrated with the wider Highways Transformation Programme, to ensure a whole-service approach to developing the future operating model for the service
- 1.4 To support the overall Review process, an independent market insights report has been commissioned from Grant Thornton. Their report is attached as Appendix A. The key findings are:
- The approach that councils take to outsourcing has developed over recent years, in that they are now making decisions on the basis of “what works” on a service by service basis, characterised in the report as pragmatism rather than ideology
  - Market pressures over the last decade mean that the gap between the public and private sector in terms of cost and efficiency has been squeezed, so outsourcing may not automatically be the most cost-effective option
  - Across the country, the picture is now much more mixed in terms of in-house and outsourced services
  - Despite press coverage, particularly post-Carillion, suggesting otherwise, local government spend with third parties has actually increased in recent years
  - The key to successful outsourcing is to have a clear vision of what you are trying to achieve and an objective options appraisal approach
- 1.5 The council’s approach to the Review aligns with this, in that it is based on a pragmatic, service by service review, with the focus being on “what is the right approach for that service to achieve the overarching priority of ensuring that Barnet residents receive the best possible services that we can afford and at a competitive price”.
- 1.6 Grant Thornton have also been commissioned to undertake benchmarking work on a range of services. However, this has proved to be particularly

challenging on this occasion, due to the impact of the pandemic on the cost and delivery of services during 2020, making sound comparisons difficult and reducing the capacity and willingness of other local authorities to participate in a benchmarking exercise. Further discussions will take place with Grant Thornton on this and alternative sources of information will be explored.

- 1.7 In respect of public engagement and best value considerations, discussion has taken place with ORS (Opinion Research Services – an independent organisation that has a track record of working with the council on conducting surveys and public focus groups) and with the informal cross-party working group. As a result of those discussions, it is proposed that further public engagement and best value consultations on the Review should consist of two rounds of focus groups. The first round would take place in early July, with the objective of seeking views on priorities, in order to inform the development of proposals for the future delivery of the services. The second round would take place later in the year, to seek views on the proposals that have been developed.
- 1.8 For both rounds, it is proposed that the approach that was taken for the Strategic Contract Review in 2018 be adopted, whereby one focus group consists of residents that have previously engaged with the council on the services delivered by Capita and one group brings together a random, representative sample of all residents organisations, service users, and the wider community.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 The proposed direction of travel for each service is set out below. The Committee is asked to note that the position for each service is based on an initial analysis and all final decisions are subject to the further development of outline business cases, which will be presented to Members for decision in due course. Setting out a proposed direction of travel at this stage will allow more efficient focus of officer effort to enable the Review to be completed in a timely manner. It will also enable an open dialogue with staff employed within the services.
- 2.2 Members are asked to note that these proposals are intended to secure the most appropriate delivery model for each service going forward, recognising that circumstances have changed since the contracts were first entered into. They do not imply any judgement on the relative value of the services in each category, nor on the staff who deliver them.

### **Customer and Support Group (CSG) Contract**

#### **Retained services – Customer Services/IT/Revenues and Benefits**

- 2.3 Overall, these services have generally performed well, albeit with occasional problems, particularly earlier in the contract. There is a good track record of

meeting KPIs over recent years, although there is scope within Revenues and Benefits to re-frame some of the priorities.

- 2.4 As a result of the pandemic, Revenues and Benefits has had to completely turn its operating model on its head to pay out various tranches of business grant and self-isolation payments, which made the last year particularly challenging. The process of returning the service to its normal business operations and addressing the backlog of revenue collection activity, has highlighted that there is significant opportunity for improvement, particularly on the customer experience of engaging with the service.
- 2.5 Customer experience of engaging with the council more generally has improved over the life of the contract, particularly in respect of the more routine transactions. However, this is a continuing journey and there is further scope to improve the ease with which more vulnerable residents and those with more complex queries can access an appropriate advisor.
- 2.6 All three of these services are central to Capita's strategy of focussing on large-scale, technology-enabled services, so there is scope for further investment, innovation and added value through an extension of the contract. In particular, this would facilitate ongoing work on increasing automation and integration of customer services with back-office functions. Whilst the strategic direction for IT and Customer Services is relatively well defined, there would need to be further work on this for Revenues and Benefits, including ensuring the dependencies with Customer Services are also reviewed and improved.
- 2.7 The services are provided in large part from locations outside of Barnet and are intrinsically linked with other parts of the Capita organisation and infrastructure. It should be recognised, therefore, that returning them in-house would be more complex than for those services where staff are located locally.
- 2.8 The proposed direction of travel for these services is, therefore, to explore the options for and potential benefits of extension of up to three years, on the premise of a robust investment and improvement plan from the service provider.
- 2.9 There may be some benefit in returning the Welfare Service element of Revenues and Benefits, which is a small team based in Barnet, to the council and this will be explored as part of ongoing discussions between client officers and Capita service leads.

#### **Returning service – Procurement**

- 2.10 The Procurement service has generally performed reasonably well throughout the life of the contract, but the recent limited assurance audit report has

highlighted the extent to which the council and the service are not fully integrated.

- 2.11 The service is integral to ensuring that the council secures the best possible value for money through its extensive procurement activity and integrating it with the council's wider financial, commercial and contract management activity would further improve the effectiveness of the service. However, the service is not a strategic priority for Capita and there is limited scope for further investment and innovation.
- 2.12 In light of this, together with the fact that the service is primarily based in Barnet, the proposed direction of travel is to return the service to the council upon expiry of the contract.
- 2.13 The business case that is being developed will consider the financial implications of this course of action, but initial indications are that this would be an affordable option.

#### **Further review – Accounts Payable/Integra and HR/Core HR**

- 2.14 These services are now generally performing well and meeting KPIs, despite having suffered from poor performance in the past. The performance of both services has benefited from the in-sourcing of the more strategic elements of HR and Finance in 2019, in that there is a much stronger client/contractor relationship and increased knowledge of the Integra and Core HR systems within the council.
- 2.15 Work is underway to plan for the Capita-wide transition to a substantially new version of Integra within the next few years and, therefore, the council will need to make a decision to move either to its successor or to a new platform. This decision, alongside wider consideration of the council's future requirements of core systems (finance, HR and procurement) will be a key factor in determining the future of these services.
- 2.16 These services are, on the whole, provided remotely from Barnet and they benefit from the economies of scale associated with a large-scale provider. It is considered unlikely, therefore, that returning them in-house would be the most cost-effective option. However, there is a strong market for the transactional element of these services, so shared services with other local authorities or procurement of a third-party provider could prove to be appropriate alternatives. If the ultimate decision is to procure a third-party provider, then further consideration would need to be given as to the relative benefits of extending the existing contract or going out to the open market.
- 2.17 In light of the need for significant further work to review the council's core systems requirements and determine the most appropriate delivery model in the longer term, the proposed direction of travel is to extend these services for one year to allow that work to take place.

- 2.18 There may be some benefit in returning elements of the Recruitment service to the council upon expiry of the contract, to further strengthen the client/contract relationship and this will be explored as part of ongoing discussions.

### **Further review – Estates**

- 2.19 Overall, the Estates function has had a number of problems over many years, which go back to before the CSG contract was put in place. Repeated efforts to resolve this over the years have made some improvements, but the service is not yet consistently performing to the required standard. Acknowledging that, it should be recognised that this is a complex service, comprising several distinct elements, and some of those elements have performed better than others. Particular successes have included the work on reviewing and regularising community tenancies and on implementing a new Community Asset Strategy and Development Pipeline.
- 2.20 Capita regards this as a core competency, where there is scope for them to add value and bring further investment and innovation in some areas.
- 2.21 The council client's view is that there are some elements of the service that would ordinarily be provided by a third party, due to their commercial nature, so this is not a straightforward extend or bring in-house decision.
- 2.22 The proposed direction of travel is, therefore, to extend the service for a year, to provide time for improvements that are already in train to take effect and to enable a more fundamental review of the most appropriate future delivery model.
- 2.23 The Print service is currently included within the Estates service. It is considered that there may be benefit in either returning the service to the council upon expiry of the contract, or moving it to another service within the contract, and this will be explored as part of ongoing discussions.

### **RE Contract**

#### **Retained services – Planning/Development Control/Building Control/Land Charges**

- 2.24 Overall, these services are performing well and meeting KPIs. The volume of planning applications has increased over the life of the contract, as has the efficiency with which they are handled. Concerns with the planning enforcement element of the service and access to information, which were highlighted in the Year 4 RE Contract Review Report, published in November 2017, have largely been addressed, with the enforcement service now regarded as one of the highest performing in the country. The 2017 report is available here:

<https://barnet.moderngov.co.uk/documents/s43591/PCM%20RE%20Contract%20Review%20Report%20Nov%202017.pdf>

- 2.25 Although primarily delivered from within Barnet, the planning service also benefits from additional capacity provided from Capita's Belfast office. This model works well and is consistent with Capita's strategic direction. Initial indications are that there is scope for further investment and improvement, particularly in respect of process automation.
- 2.26 The proposed direction of travel for these services is, therefore, to explore the options for and potential benefits of extension of up to three years.
- 2.27 Strategic Planning documents such as the Local Plan and associated Supplementary Planning Documents are one of the council's most important strategic levers for delivering the outcomes in the Barnet Plan. There is therefore an in-principle case for returning elements of the Strategic Planning service to the council. The appropriate division of roles will be explored as part of ongoing discussions.

#### **Returning services – Regulatory Services/Regeneration**

- 2.28 Regulatory Services have generally performed well over the life of the contract, in terms of meeting KPIs and delivering to the output specification. However, there have been persistent concerns about the ability of the council to flex the deployment of resources to respond quickly to a changing social environment, where the focus is on complex cross-cutting issues and delivering speedy outcomes for residents. These concerns have been amplified by the impact of the pandemic.
- 2.29 The council has many enforcement powers and responsibilities, with the various teams providing a street-based presence across the Borough during the working week, in the evenings and at weekends. A wider review of enforcement activity has highlighted that the different services and teams do not always work seamlessly together, which can lead to delays in response times. There is significant potential for greater integration and more of a "one team" approach across enforcement, which would align processes and procedures to improve outcomes for residents and visitors.
- 2.30 Regeneration is a relatively small service, which has performed well over the life of the contract. Changes to the nature of regeneration schemes and delivery arrangements over the last few years mean that most new regeneration activity is now delivered directly by the in-house council team and there would be benefits from integrating all of the activity that supports regeneration and growth in the Borough within one management structure.
- 2.31 Whilst Capita do operate elsewhere in the Regulatory Services and Regeneration sphere, these are primarily people-based services and it is considered that there is limited scope for Capita's expertise to bring further opportunities for investment and innovation.

- 2.32 In light of this, together with the fact that these services are primarily based in Barnet, the proposed direction of travel is to return Regulatory Services and Regeneration to the council upon expiry of the contract.
- 2.33 The business case that is being developed will consider the financial implications of this course of action, but initial indications are that this would be an affordable option.

#### **Returning service – Highways**

- 2.34 Considerable efforts have been expended on improving the Highways service over recent years and there is a joint Highways Transformation Programme underway, which is delivering improvements. It is recognised that there is a strong skills and knowledge base within the service and it is essential that we build on this during this ongoing process to maintain effective delivery of the service to residents.
- 2.35 Through the work that has taken place to date, it has become clear to both parties that the current contractual arrangements do not provide an optimal solution for this service. In particular, the arrangements for commissioning works that are not included in the core contract are too complicated to satisfy either party.
- 2.36 Work is continuing through the Highways Transformation Programme to develop a more unified approach to managing the service, which includes the secondment of Capita's Highways Director to report directly into the council's Executive Director Environment. The client and commercial teams are also working on developing a more streamlined approach to commissioning and budgeting for works, thereby addressing some of the underlying concerns in the short term. However, the ability to do this without changes to the way the contract works is limited.
- 2.37 Consequently, it would not be appropriate to extend the current arrangement, so the proposed direction of travel is that the contract should be allowed to expire in 2023. Whilst it is anticipated that the bulk of the service currently provided through the RE contract will transfer back to the council, Highways is a particularly complex service, so there may be some elements that will continue to require third party input, particularly specialist design work. Further work will, therefore, be required to determine the detail of the most appropriate model going forward. It is proposed that the detailed future roadmap for the service and the associated business case will be developed through the Barnet/RE Highways Transformation Programme. Both parties are committed to continuing this joint working approach, which will be essential to ensure a smooth transition to new arrangements. Maintaining the cohesiveness of the service and maximising the retention of skilled and experienced staff is an absolute priority for the Programme.

#### **Further review – Cemetery and Crematorium**

- 2.38 The service has performed well throughout the life of the contract and has clearly benefited from the commercial freedoms of being delivered by a third

party. The service has been particularly impacted by the pandemic over the last year, but successfully operated a safe and secure service throughout the periods of peak demand.

- 2.39 However, this is not a core service for Capita and is the only cemetery and crematorium they run. Whilst this does not present any immediate issues of concern, the potential for them to add further value to the development of the service over the medium-term may be limited.
- 2.40 Whilst a long-term extension of the contract may not be appropriate at this point in time, returning the service in-house in 2023 may not be the best alternative option either, as there are other delivery models that may be more appropriate for this service.
- 2.41 The proposed direction of travel for this service is to extend the contract for one year, to enable a full options appraisal to be carried out.
- 2.42 The following table summarises the proposals set out above:

<b>Service</b>	<b>Retain</b>	<b>Return</b>	<b>Further review, with short extension</b>
IT	✓		
Customer Services	✓		
Revenues and Benefits	✓*		
Procurement		✓	
Accounts Payable/Integra			✓
HR/Core HR			✓*
Estates			✓*
Planning and Development Control	✓*		
Building Control	✓		
Land Charges	✓		
Regulatory Services		✓	
Regeneration		✓	
Highways			✓
Cemetery and Crematorium			✓

\* with some element of the service potentially returning to the council upon expiry of the contract

### **3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not applicable – this report sets out a proposed direction of travel, rather than firm recommendations. Alternative options for conducting the Review were considered by the Committee on 17<sup>th</sup> March 2021.

### **4 POST DECISION IMPLEMENTATION**

- 4.1 Whilst this report sets out the proposed direction of travel for each service, there remains a considerable amount of work to be done before firm recommendations on the future delivery model for each service can be made.
- 4.2 For those services where the proposed direction of travel involves contract extension, whether for one year or three, the focus of attention will be on continuing the joint working with Capita to ensure that their proposals for the future development of the services align with council's vision and requirements. Discussions will also continue to further understand and agree the rationale, scope and any wider impacts or interdependencies, where a partial return of services has been suggested. Capita's proposals will inform the development of business cases for these services, as will the detailed performance evidence packs, which it is anticipated will be presented to the next meeting of this Committee.
- 4.3 Where the proposed direction of travel is to return services to the council, work will continue on confirming the business cases for so doing. Capita have confirmed that they are keen to work closely with the council on maintaining the delivery of these services over the remaining life of the contract and ensuring a smooth transition back to the council in due course. To support this, preliminary work on exit planning will commence over the summer.
- 4.4 Where it has been identified that further review is required before the future delivery model can be determined, work will continue on identifying and assessing the options, including carrying out further market research where appropriate.
- 4.5 The public engagement activity identified above will be initiated within the next few weeks and the outcomes of that will be reported to the next meeting of this Committee.
- 4.6 Further meetings of the informal cross-party working group will take place over the summer, as considered appropriate by the Chairman.

## **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 was originally anticipated that around £500k, less than 1% of the value of the contracts, would be required to carry out the Review. This would be required for programme management, specialist input (including procurement and legal) and additional commercial capacity.
- 5.2.2 Project management 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 will, therefore, be additional resource implications associated with the extension to the overall timescales for delivery the Review. These are estimated to be approximately £240k for the financial year 2021/22.
- 5.2.3 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.

### **5.3    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. The existing contracts include Social Value provisions and the opportunity to enhance these will be considered as part of the negotiations to extend the contracts and in any re-procurement activity.

## **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 make recommendations to the referring committee.' Policy and Resources Committee on 17<sup>th</sup> June 2019 agreed that terms of reference and progress on the 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. Statutory Guidance requires the council to provide for organisations, businesses, service users, and the wider community to put forward options on how to reshape services, and to consider overall value, including economic, environment and social value when reviewing service provision. This will be carried out as set out in paragraphs 1.7 and 1.8 of this report.
- 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:

- Ongoing time and/or resource constraints lead to the Review not being carried out effectively, resulting in poor decision-making
- Relationship with Capita deteriorates during the Review, 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 have been put in place, including establishment of close partnership working with Capita, ensuring appropriate resourcing (please refer to 5.2.1) and through detailed planning.

## 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 on a service by service basis as more detailed proposals and business cases are developed.

## 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 17<sup>th</sup> June 2019. The Review is a continuation of the review of Capita contracts and will take into account the feedback already provided. Further engagement will take place through the use of focus groups, as set out in paragraphs 1.7 and 1.8 above. 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. Arrangements have been put in place to engage with and update staff, as the Review progresses.

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, 29<sup>th</sup> 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, 18<sup>th</sup> 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, 15<sup>th</sup> June 2020:  
<https://barnet.moderngov.co.uk/documents/s58926/Yr%206-7%20Review%20FPC%20report.pdf>
- 6.4. Report to Financial Performance and Contracts Committee, 27<sup>th</sup> October 2020:  
<https://barnet.moderngov.co.uk/documents/s60807/Year%206-7%20Review%20FPC%20report.pdf>
- 6.5. Report to Financial Performance and Contracts Committee, 17<sup>th</sup> March 2021:  
<https://barnet.moderngov.co.uk/documents/s64235/Yr%206-7%20Review%20FPC%20report.pdf>

# Market Insights

**London Borough of Barnet**

March 2021

Final version



FAO Deborah Hinde (Director – Commercial & IT services)  
London Borough of Barnet  
2 Bristol Avenue  
Colindale  
London  
NW9 4EW

26 March 2021

Dear Deborah Hinde

### Benchmarking and Market Insight: Market Insight Report

We have pleasure in enclosing the consultation draft Market Insights Report (the Report). This Report has been prepared by Grant Thornton UK LLP (Grant Thornton) for the London Borough of Barnet (the Council) in connection with Benchmarking and Market Insight (the Purpose) under our agreement dated 10 October 2020.

To the fullest extent permitted by law, Grant Thornton does not accept a duty of care whether in contract or in tort [including in negligence] or under statute or otherwise nor assume responsibility to any one other than the Council for our work or this Report or for any opinions or conclusions that we have formed. We do not accept any responsibility for any loss or damages or costs incurred arising out of the use of this report by any third party. We do not accept any responsibility for any loss or damages arising out of the use of the Report by the Council for any purpose other than in relation to the Purpose.

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All data used in the analysis has been provided by third parties. We have not verified the accuracy or completeness of any such data. There may therefore be errors in such data which could impact on the content of this report. No warranty or representation as to the accuracy or completeness of any such data or of the content of the report relating to such data is given nor can any responsibility be accepted for any loss arising therefrom.

We agree that the Council may disclose our Report to its professional advisers in relation to the Purpose, or as required by law or regulation, the rules or order of a stock exchange, court or supervisory, regulatory, governmental or judicial authority without our prior written consent but in each case strictly on the basis that prior to disclosure the Council informs such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) to the fullest extent permitted by law we accept no responsibility or liability to them or to any person other than the Council.

Events and circumstances occurring after the date of our Report will, in due course, render our Report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date Report. Additionally, we have no responsibility to update this Report for events and circumstances occurring after this date.

Yours faithfully

Grant Thornton UK LLP

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# Introduction

## Purpose

In December 2020, the London Borough of Barnet commissioned Grant Thornton to undertake a market review of the outsourcing market in relation to local government outsourcing.

The purpose of this report is to present an objective view of key trends in the outsourcing market. Therefore, the report intentionally does not to draw any conclusions with respect to the London Borough of Barnet's future delivery models.

Grant Thornton have leveraged our insight across the sector and data analytics capability to explore:

- **History of public sector outsourcing** – what are the key milestones that have changed the local government procurement landscape?
- **Data & insights** – what are the trends in local government spend with third parties at a national, London and local level?
- **Outsourcing: what works?** – what services have been outsourced successfully? What makes a successful outsourcing contract?
- **Key players in the outsourcing market** – in the midst of key changes (e.g. Brexit, pandemic, Carillion), how are key outsourcing providers performing?
- **Bringing services back in house and innovation in delivery** – why are services being brought back in house? How are councils innovating to deliver services differently?

## Executive summary

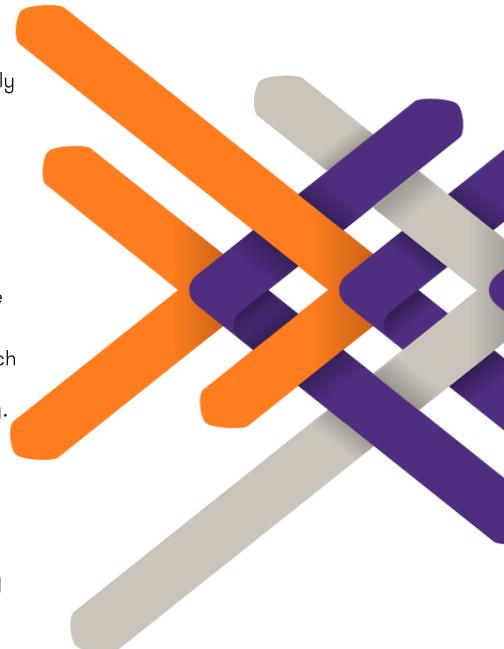
Historically procurement has been ideologically driven and highly political. As a result of austerity and the need to drive value, efficiency and innovation in local government has moved to a more pragmatic approach to procurement, basing decisions on what works.

Furthermore, the gap between cost and efficiency for delivery between the public and private sector has been significantly squeezed over the last decade as a result of market pressures. This means that outsourcing is not always the most cost effective option by default.

Due to the highly pragmatic, as opposed to ideological, approach now taken by local government we can see a mixed picture in terms of service delivery and mix of provision across the country.

Post Carillion, the press has hailed the end to outsourcing and Councils are bringing services back in house. However, through out the research we have found that it is not a black and white picture and in fact local government spend with third parties is increasing.

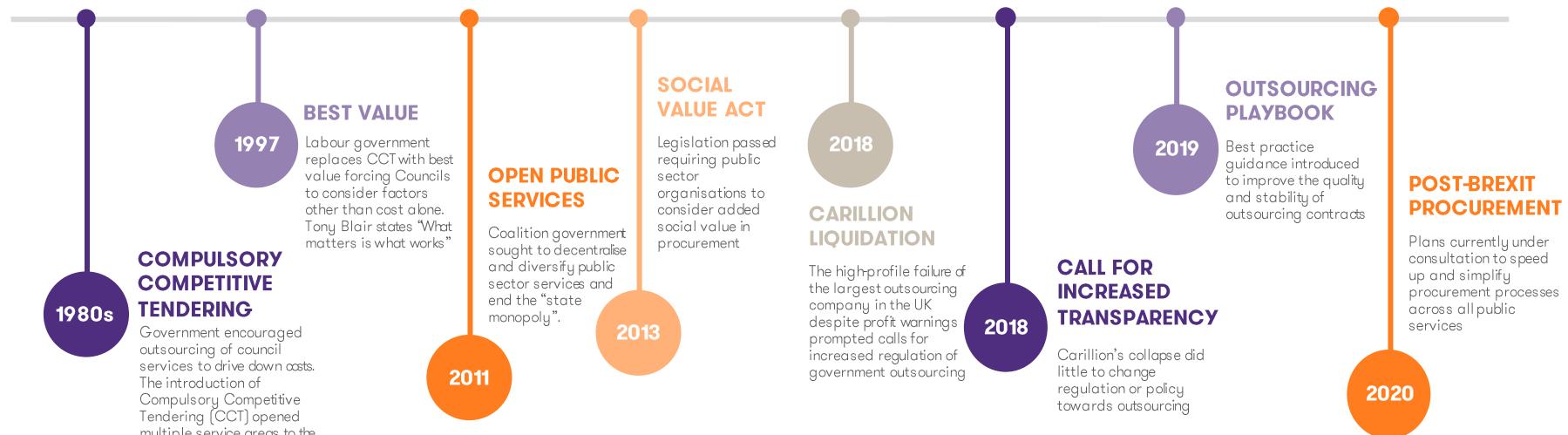
Key to pragmatic delivery and understanding is an effective and objective options appraisal process with a clear vision at the outset of 'what are we trying to achieve' and 'what problem are we trying to solve'.



# History of public sector outsourcing

# A timeline of public sector outsourcing

In this section we explore the key milestones in public sector outsourcing over the last three decades and how outsourcing has been reported in the press overtime. These milestones illustrate the political nature of public sector outsourcing and the change in focus from driving efficiency and low cost to seeking out social value and delivering outcomes through private sector contracts. Below is a timeline of these key milestones and they are explored in more detail in the following pages.



# History of public sector outsourcing



## COMPULSORY COMPETITIVE TENDERING

Whilst the legal ability for councils to outsource service provision was first introduced in 1972, Margaret Thatcher's Conservative government extended outsourcing with compulsory Competitive Tendering [CCT] for construction, maintenance and highways work in 1980, meaning that authorities were legally required to open these services to competitive tender. Use of CCT was expanded into almost all areas of local government over the next decade. John Major's government continued in this vein, creating Private Finance Initiatives to finance and operate hospitals, schools and prisons.



## BEST VALUE

Under New Labour, CCT was replaced with 'Best Value', encouraging councils to look beyond cost when outsourcing, but use of PFIs expanded and Tony Blair voiced his opposition to the 'public sector monopoly'. In 2000, New Labour signed an agreement with the Independent Healthcare Association to address capacity shortages in the NHS by working with private healthcare associations. This was further compounded with policies to bring in private or voluntary providers where public providers are performing badly. The Duty of Best Value principles in the 1999 Local Government Act remain in force today, requiring local authorities to consider overall value (including social value) when contracting.



## OPEN PUBLIC SERVICES

As part of wide-ranging reforms across all levels of government in response to the financial crisis and resultant deficit, the Coalition government introduced the principle of 'open public services' in 2011. This modernisation focused on increasing choice for service users, decentralising from Whitehall, allowing a range of providers across the public, private and voluntary sectors to bid for services, and improving access and accountability to public services. This was held up as a way to increase service quality and value for money. Examples of policies resulting from the 2011 White Paper include personal care budgets, free schools and the expansion of academy chains and encouraging private and third sector organisations to bid for health, probation and employment contracts.



## SOCIAL VALUE ACT

The Public Services (Social Value) Act 2013 codified the need for public sector commissioners to look beyond the financial cost of a contract to consider how procured services will improve the economic, social and environmental wellbeing of an area, maximising the returns achieved by contract procurement. This policy achieved rare cross-party support and was hailed as a way to avoid the 'supermarketisation' of public sector outsourcing by prioritising the added social value that smaller, community based charities and social enterprises could bring to a contract.

 Source: The Guardian 2011, [Outsourcing and the public sector](#). House of Commons 2019, [Alternative models of service delivery](#)

Source: Parliament.uk, [The NHS Plan 2000](#), MHCLG 2020, [Statutory Intervention and Inspection](#)

Source: gov.uk, [Open Public Services 2011 White Paper](#), [Open Public Services 2014 Update](#)

Source: LGA, [Achieving community benefits – Social value](#)

# History of public sector outsourcing



## CARILLION LIQUIDATION

In early 2018, outsourcing firm Carillion collapsed, resulting in 3000 direct job losses, the delay of 450 public sector projects and forcing the government to take back a number of contracts at considerable cost to the taxpayer. 45% of the firm's UK income came from public sector projects and several high value contracts were signed with the firm shortly before its collapse, despite profit warnings. Then Labour leader Jeremy Corbyn called Carillion's liquidation a 'watershed moment' for PFI and privatisation projects, arguing that running public sector projects at a profit was damaging public services. Later crossbench select committee investigations called for a complete overhaul of Britain's corporate governance regime and called for the reform of the audit industry.

 Source: The Guardian 2018, [Key findings from the MPs' report into Carillion's collapse](#), The Guardian 2020, [Carillion collapse: two years on](#)

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## CALL FOR INCREASED TRANSPARENCY

Carillion's high profile failure did little to dampen the government's appetite for private sector involvement, with then Cabinet Office Minister David Lidington declaring in summer 2018 that private sector could operate 'more efficiently' at lower cost and better value' than the public sector. He acknowledged the need for more diversified contracts to increase third sector involvement, and promised to increase transparency in the outsourcing process. This was followed in November 2019 with a policy announcement extending the 2013 Social Value Act so that central government departments would be required to consider social value in outsourcing and that large suppliers should draw up contingency plans in case of failure. There was no mention of local government contracting.

Source: Public Finance 2018, [Outsourcing here to stay](#), gov.uk 2019, [New 'Social Value' Contracts](#)



## OUTSOURCING PLAYBOOK

The government reaffirmed its commitment to outsourcing by producing guidance on best practices in contracting to the private and third sectors. There was nothing new or controversial in this document, and although it was aimed at those working with and within central government, the policies it contained were also intended as useful guidance for those working in local government. It was produced on the recommendation of the Select Committee convened to investigate Carillion's collapse. A 2020 report from the Institute for Government (IfG) thinktank warned that internal government policies had not been updated to reflect the playbook and that this guidance was not extended to local government or health services.

Source: Government Commercial Function 2019, [The Outsourcing Playbook](#), House of Commons 2018, [After Carillion](#), IfG 2020, [Carillion: Two Years On](#)



## POST-BREXIT PROCUREMENT

In December 2020, the Cabinet Office published a green paper outlining the future of outsourcing in the UK, promising the most radical changes to public procurement in a generation. It vowed to "speed up and simplify" government's procurement processes, "place value for money at their heart" and "unleash opportunities for small business, charities and social enterprises to innovate in public service delivery". This model will affect all levels of public service and is open for consultation until March 2021.

Source: Cabinet Office 2020, [Transforming public procurement](#)

# Public sector outsourcing in the press

Procurement and outsourcing by both local and central government are often in the headlines and are highly politicised. The fallout from headlines around procuring PPE during the Covid-19 pandemic and the scale of spend in track and trace on consultants have brought the impact of outsourcing firmly into the public consciousness.

Collated to the right are example headlines from broadsheets and trade press over the last nine years related to outsourcing and insourcing in the public sector. As is the nature of news reporting and opinion pieces, critiques of current policy and examples of failures are far more apparent in the headlines than best practice and good news stories.

Examples of poor procurement, contracts that have not delivered, relationships between organisations that have broken down and providers that have gone into liquidation feature heavily in the press.

There are of course many outsourced services that have been successful and delivered as contracted. ‘Aeroplane lands safely’ is never news, and similarly ‘contract delivers agreed savings and meets KPIs’ is not a headline that will draw much attention.

The aim of this report is to present an objective view of trends in the market based on data and insights from our experience across the sector.

**Open public services update: inconsistency at the heart of policy – Guardian 2012**

Northamptonshire pushes outsourcing further – FT 2014

**UK outsourcing spend doubles to £88bn under coalition – FT 2014**

**Is measuring social value the key to better public sector commissioning? –  
Guardian 2015**

**Carillion demise shakes UK outsourcing industry model – FT 2018**

**Carillion collapse exposed government outsourcing flaws – Guardian, 2018**

**Councils urged to rethink the way services are commissioned – LGC, 2018**

**Outsourcing's here to stay; let's make it better – LGC 2019**

**Why councils are bringing millions of pounds worth of services back in-house –  
Guardian, 2019**

**Is outsourcing falling out of favour with local government? – Public Finance 2019**

**Post-Brexit public procurement rules face a shake up – FT 2020**

**Government departments ‘ignoring’ post-Carillion procurement guidance – Public Finance, 2020**

**Our government’s obsession with outsourcing is harming the UK and costing lives – Independent, 2020**

# Data & Insight

# How has local government third party spend changed over time?

Over the last decade, government policies have focused on how and from where councils procure services. Furthermore, the fall of Carillion shook up the market. But have these had any impact on local government trends in actual spend with third parties?

Our Supply Chain Insights Platform aggregates all receipts over £500 published by local authorities and public sector bodies across England. This equates to over 96 million invoices and £0.5 trillion of spending. Using this data we can examine trends in spending with third parties overtime, by council (buyer), by provider (seller) and service area (procurement category). This data captures both services and products that are procured.

Since 2011/12, local government spend with third parties has increased year on year despite decreasing spending power as a result of austerity. In 2011/12, councils spent £55bn with third parties, compared to £82bn in 2019/20 (see chart right). This represents a 48.7% increase in spend. Although it should be noted that this may include inflationary impacts.

The most significant year on year increase in third party spend since 2011/12 was between 2018/19 and 2019/20. Between these years there an increase in spend of 14%, compared to an average of 5% over the last six years.



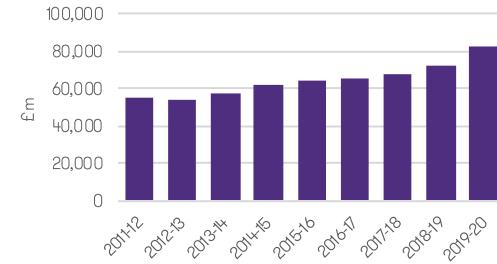
The overall trend is that local government spend with third parties is increasing. However, the number of transactions is not increasing at the same rate so there is both an increase in the total scale of spend and size of transactions.

The line chart, bottom right, shows a comparison in change in third party spend since 2011/12 for all councils across England and London Boroughs. It is clear that London Boroughs are following a similar trajectory of increasing third party spend as England. However, it can be seen that this was at a steeper trajectory in London than in England between 2013/14 and 2017/18. Between these years London spend increased by 33% compared to 17% in the rest of England.

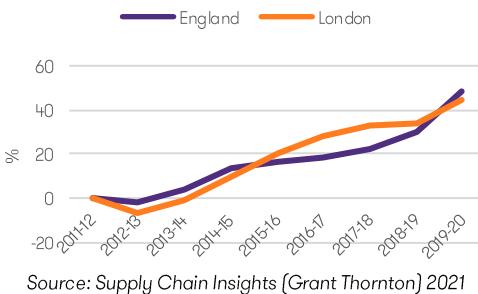
Per head of population, London Councils spend more on average with third parties compared to the rest of England. In 2019/20, English councils spent an average £1,462 per capita with third parties, whereas London Boroughs spent £1,930 per capita.

This implies a greater lean towards outsourcing in London over this period in comparison to the rest of England.

**National local government third party spend (2011/12 – 2019/20)**



**Change in third party spend since 2011/12**



Source: Supply Chain Insights (Grant Thornton) 2021

# Trends in third party spend of authorities similar to Barnet

Despite an upward trajectory for national and regional third party spend, considering individual authorities identifies interesting variances.

We have identified a group of London Boroughs that are socio-economically similar to the London Borough of Barnet [details of this can be found in the appendix]. We have used this group to consider more local trends and also how Barnet compares to this group.

Spend with third parties by the near neighbour group have followed national and London trends of increasing over time since 2011/12 (see bar chart bottom left).

There are interesting variances between individual authorities within the comparator group.

Over the last five years, three authorities have increased their third party spend by more than 50%, including Merton, Kingston upon Thames and Barnet.

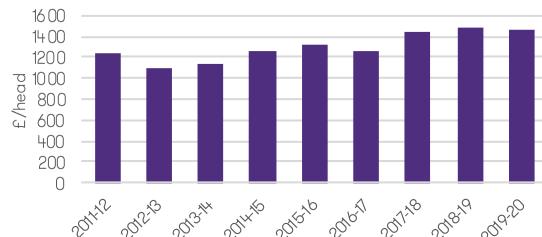
However, these authorities do not necessarily have the largest overall spend. Of the comparator group, Kingston upon Thames had the lowest spend per head of population with third parties in 2019/20 despite a significant percentage increase over the last five years.

Enfield had the second highest spend per head in the group in 2019/20 and yet has decreased spend over the last 5 years by 14%.

Of the group, Barnet has seen some of the most significant growth in third party spending over the last 5 years (53%) as well as being in the top half of third party spenders per head.

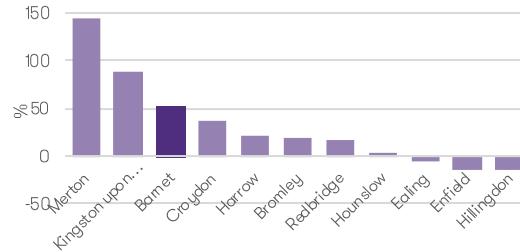
A question to consider when examining individual authorities is: what is the ratio of internal vs external spend?

**Average third party spend per head of near neighbour group (2011/12 – 2019/20)**

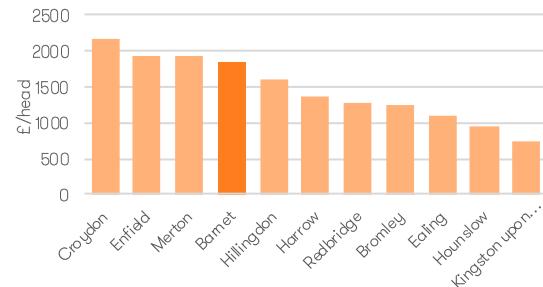


Source: Supply Chain Insights (Grant Thornton) 2021

**Change in third party spend (2014/15 – 2019/20)**



**Third party spend per head (2019/20)**



# Service area trends in third party spend

Overall third party spend has increased over the last decade across England, however we know that there are significant variations when individual Councils are examined. There are also significant variations in trends when considering third party spend by service area.

The infographic right shows that spend by English Councils has increased across all service areas since 2014/15, albeit to varying extents.

The service areas that have seen the most significant increase in third party spend are education and health and social care.

The following pages give more detailed insights into service areas that are of particular interest to London Borough of Barnet.

## Increases in spend since 2014/15 by high level service areas



**Education**



**Health & Social Care**  
23.7%



**Public Bodies**  
18.1%



**Housing services**  
15.0%



**Environmental services**  
14.2%



**Highways & Transport**  
13.1%



**Construction & Works**  
12.2%



**Back office**  
11.9%



**Building & Facilities**  
6.9%



**Culture & Leisure**  
4.5%

Source: Supply Chain Insights [Grant Thornton] 2021

# Service area deep dives

## Human Resources



National reduction in third party spend of 1.87% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£m)	# Buyers
Olsten (U.K.) Holdings Limited	137	113
Impellam Holdings Limited	116	31
Reed Specialist Recruitment Limited	104	57
Hays Plc	63	96
Impellam Group Plc	39	19
Pertemps Group Limited	36	5
Capita Plc	24	49
Pertemps Limited	22	5
Bertelsmann UK Limited	22	2

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## Information Communication Technology



National reduction in third party spend of 3.39% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£m)	# Buyers
BT Group Plc	236	161
G.M.C.A. Limited	158	3
Civica UK Limited	59	157
Capita Plc	54	75
Insight Enterprises UK Limited	40	111
Bytes Technology Group Limited	29	95
Softcat Plc	28	100
Bytes Software Services Limited	26	59
XMA Limited	26	90

## Financial services



National increase in third party spend of 15.15% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£M)	# Buyers
OneSavings Bank Plc	142	1
Skipton Building Society Charitable Foundation	140	2
State Street Global Advisors Holdings Limited	110	1
London Luton Airport Limited	67	1
Natwest Group Plc	57	59
Coventry Building Society Charitable Foundation	55	2
MMC Treasury Holdings (UK) Limited	38	75
Capita Plc	36	28
Zurich Insurance Company (U.K.) Limited	36	55

# Service area deep dives

## Facilities & Management Services



National increase in third party spend of 5.51% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£m)	# Buyers
Matrix SCM Group Ltd	543	37
Capita Plc	179	147
Serco Group Plc	151	84
Dynamic Procurement Holdings Limited	131	16
Ty UK Limited	124	1
Veolia UK Limited	120	56
Amey Plc	80	21
Dalmore Gp Holdings Limited	75	12
Morgan Sindall Group Plc	74	15



## Environmental Services



National increase in third party spend of 13.48% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£m)	# Buyers
Veolia UK Limited	390	39
Suez UK Group Holdings Ltd	286	48
Planets UK Midco Limited	62	38
FCC Recycling (UK) Limited	61	26
Biffa Waste Services Limited	58	79
Biffa Group Limited	53	13
Ansa Environmental Services Limited	33	1
Biffa West Sussex Limited	27	1
Hills UK Limited	25	4

## Roads – Construction, Repairs & Maintenance



National increase in third party spend of 2.36% since 2014/15

### Top ten suppliers (England, 2018/19)

Supplier	Total Value (£m)	# Buyers
Eurovia UK Limited	542	36
Colas Limited	63	54
Birmingham Highways Limited	56	1
Volkerwessels UK Limited	50	9
Via East Midlands Limited	48	4
F M Conway Limited	35	6
Kier Group Plc	31	10
Kiely Bros. Limited	30	32
3i Group Plc	27	1

# Service area deep dives

To add further depth for services of particular interest to London Borough of Barnet the following pages examine the delivery models and providers used by London Borough of Barnet's near neighbours for customer services, finance, facilities management and property services.

Council	Customer Services	Finance (ERP)
London Borough of Bromley	Delivered in house, with <a href="#">Liberata</a> providing certain customer facing revs and bens services since 2015	Delivered in house, with renewal of contract with <a href="#">Oracle Cloud ERP</a> agreed in 2020.
London Borough of Croydon	Delivered in house	<a href="#">Evolutionary Systems Company Ltd</a> contracted in 2017 to deliver ERP system Oracle Cloud, which went live in 2019 as part of a move to a pan-London framework for IT services.
London Borough of Ealing	Delivered in house	Delivered in house
London Borough of Enfield	Delivered in house, using contracted software from <a href="#">visual</a> to automate services (call trees, AI chatbot, cloud services)	Delivered in house
London Borough of Harrow	Delivered in house	Delivered in house, with MS Dynamics and Loki Systems contracted to provide <a href="#">ERP systems</a> in 2020 (PwC commissioned to manage transition).
London Borough of Hillingdon	Delivered in house	Delivered in house
London Borough of Hounslow	Outsourced since 2017 to Liberata to deliver housing benefit and council tax support, revenues and benefits customer services and numerous other back office functions	Outsourced since 2017 to Liberata to deliver rent and cash accounting, financial assessments, HR admin, debt collection and numerous other back office functions
London Borough of Kingston-upon-Thames	Delivered in house	Delivered in house
London Borough of Merton	Delivered in house	Delivered in house
London Borough of Redbridge	Delivered in house	Delivered in house

# Service area deep dives

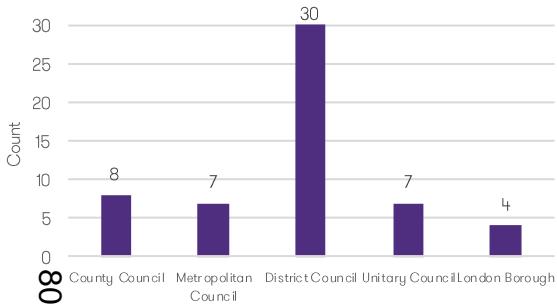
Council	Facilities Management	Property Management
London Borough of Bromley	Delivered in house	Delivered in house
London Borough of Croydon	<a href="#">Churchill Contract Services Ltd</a> awarded 5 year FM cleaning contract in 2015, <a href="#">extended in 2020</a> due to pandemic	Delivered in house
London Borough of Ealing	10 year contract awarded to <a href="#">Interserve in 2009</a> , terminated in 2013 and <a href="#">staff brought back in house</a>	Delivered in house
London Borough of Enfield	Brought back <a href="#">in house in 2019</a> from Enfield Norse (Joint Venture with Norse Ltd, trading arm of Norfolk County Council), which was <a href="#">established in 2009</a> to provide FM services, including Council managed schools.	Delivered via an <a href="#">arm's length company</a> , <a href="#">Housing Gateway</a> and its trading arm, Enfield Let, to buy and let properties and provide statutory housing duties, with initial management contracted to a private company.
London Borough of Harrow	Delivered in house	Delivered in house, supported by a Council run social lettings agency, <a href="#">Help2let</a>
London Borough of Hillingdon	Delivered in house	Delivered in house
London Borough of Hounslow	Joint Venture established with <a href="#">Chartwells in 2014</a> to provide catering services to schools, cleaning services of Council properties (and schools who pay for the service) <a href="#">outsourced to Nviro in 2015</a>	Delivered in house, with commercial property managed by <a href="#">Avison Young</a> and a <a href="#">dedicated lettings agency</a> for landlords
London Borough of Kingston-upon-Thames	Some FM outsourced to <a href="#">Two Services Ltd</a> , unclear as to the extent of the contract	Delivered in house
London Borough of Merton	Delivered in house, schools cleaning services delivered by <a href="#">JR&amp;Co</a> since 2009	Delivered in house, <a href="#">2016 report</a> stated that the Council 'is forming a partnership with a property development company', but no further detail or evidence that this happened
London Borough of Redbridge	Delivered in house	Delivered in house with specialist software provided by <a href="#">Civics</a> to bring systems onto one platform with a customer portal for requests and payments

# Client survey

Grant Thornton are one of the leading firms in providing audit and advisory services to the local government market. 40% of local authorities in England are our external audit clients. In the course of this commission we have leveraged this first hand knowledge of local government decision-making in relation to service delivery.

We surveyed public sector audit colleagues to understand any major policy directions in insourcing and outsourcing services over the last five years. Information was gathered for over 50 Councils across England from District Councils to County Councils to London Boroughs.

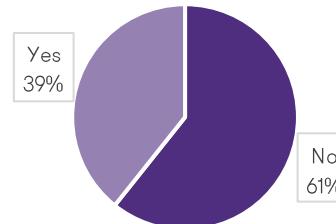
## Number of Councils surveyed by authority type



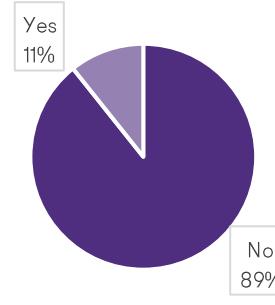
## What did we find?

- 39% of Councils surveyed had outsourced a service over the last five years.
- Of the 22 Councils that had outsourced a service, eight were outsourced to a shared service, local authority trading company or trust.
- Of the 22 Councils that had outsourced a service, six had outsourced multiple services to a single provider. These multiservice packages were predominantly [all but one Council], for back office functions such as Human Resources, Payroll, Housing Benefits and ICT.
- Only 11% of the Councils surveyed had brought a service back in house over the last five years.
- The services brought back in house are wide ranging with no specific pattern – they range from waste to ICT to parking services.
- Of those that had brought services back in house, reasons given include value for money, drive to improve quality and contract disagreements.

## In the last five years has a Council service been **outsourced**?



## In the last five years has a Council service been **brought back in house**?



# Outsourcing: what works?

# What services have been outsourced most successfully?

As shown in our public sector outsourcing timeline, the use of outsourcing to deliver public services has greatly expanded over the last four decades. Despite a varying best practice approach, there has been a largely consistent rationale: that applying market mechanisms and private sector expertise to the work of central and local government can reduce costs, raise quality and achieve wider benefits such as innovations and improved public sector efficiency.

The drivers of outsourcing services can vary between councils and between services and be both financial and non-financial. The most common drivers of outsourcing can be seen in the table below:

## Drivers for outsourcing

Financial	Non-Financial
• Absolute unit cost saving	• Focus
• Improved fixed: variable cost ratio	• Flexibility
• Investment avoidance and capital management	• Improved quality
• Realising value in operational assets	• Risk avoidance and risk management
	• Expansion capability

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Politicians and senior officials often cite 20%-30% savings when making the case for outsourcing services today. Whilst this was possible for some services outsourced in the 1980s and 1990s, the Institute for Government (IfG) found little evidence that such savings are available today, whether for services outsourced for the first time or on second- or third-generation contracts. Where there is more recent evidence of savings, they are typically of around 5%-10%.

Research carried out by the IfG found that the likely success of outsourcing varies by service (see table right).

It was found that 'support services' that are relatively simple to contract and deliver such as waste, cleaning and maintenance have the greatest likelihood of success. These services were first outsourced in the 1980s and 1990s and delivered large savings of up to 20% of annual costs while maintaining quality. Due to the public sector becoming more efficient in these areas, the competitive advantage of the private sector has decreased or all but disappeared today.

Some of the drivers for why some services are more successful using an outsourced model are explored on the following page.

## Success of outsourcing varies by service

Success of outsourcing is based on whether it can reduce costs, raise quality and achieve wider benefits such as innovations and improved public sector efficiency.

Sector	Rating
Waste collection	Green
Cleaning	Green
Catering	Green
Maintenance	Green
Back office (HR and IT)	Green / Amber
Prisons	Green / Amber
Health care (clinical services)	Amber
Employment services	Amber
Adult social care	Amber
Private financing of construction	Amber / Red
Probation	Red

Source: Institute for Government – 'Government outsourcing, What has worked and what hasn't?' (2019)

# In what conditions does outsourcing work?

We know that some services are more likely to be outsourced successfully. This is driven by many factors for Councils both internal and external. The Institute for Government argue that a ‘yes’ answer to any of the following questions creates challenges for ‘in house’ provision but generates particularly acute risks when using contractual mechanisms.

The two most significant are:

## Is it difficult to measure the value added by the provider?

It is crucial for Councils to be able to tell good performance from bad which can be challenging when outcomes are dependent on a large number of factors beyond a supplier’s control. Contracts without clear measurable value are challenging to write, price and monitor, making them vulnerable to opportunistic behaviour by suppliers. Conversely, suppliers may also find themselves making losses due to circumstances over which they have no power.

An example of a straightforward contract could include grounds maintenance where contracts can specify outputs such as the minimum and maximum length the grass should be cut in public spaces. As well as defined outcomes such as residents’ levels of satisfaction.

## Is there a limited existing supply of high quality providers?

Competition is one of the key reasons policy makers outsource services in the first place: they believe it can put a downward pressure on costs, encourage providers to meet customer needs and allocate resources more efficiently, and act as a spur for innovation. Without a well-functioning market there is an increased likelihood of opportunism from suppliers and risks problems with service performance as well as limited bargaining power.

Other questions include:

- Are service outcomes highly dependent on the performance of other services?
- Does delivering the service require investment in highly specific assets?
- Is the service characterised by high demand uncertainty?
- Is the service characterised by high policy uncertainty?
- Is there a lack of organisational capability to design and monitor the use of contractual mechanisms?

Source: Institute for Government – ‘When to contract?’ (2013)

## Top ten outsourcing risks:

1. Transformation failure to deliver
2. Service degradation / desired SLAs not achieved
3. Failure to implement robust Governance / oversight
4. Cost / benefit risks: tax, exit, errors, inflation, change
5. Service / business as usual continuity
6. Loss of key personnel, knowledge, control
7. Change congestion / lack of flexibility
8. Firm strategy change undermines deal
9. Security, data protection or regulatory breaches
10. Outsource provider sustainability / strategic exit

Source: Grant Thornton – ‘Outsourcing in Financial Services’ (2015)

# Social value procurement

Social value is defined through the Public Services (Social Value) Act which came into force in January 2013, mandating that all public sector organisations and their suppliers must look beyond the financial cost of a contract and consider (but not necessarily account for) how procured services will improve the economic, social and environmental wellbeing of an area. This helps councils use procurement to achieve wider outcomes by making social value a decision making criterion when awarding contracts.

From 1<sup>st</sup> January 2021, central government contracts must account for social value in the procurement process [not to just consider it, as per the 2013 legislation], and whilst this does not yet apply to local government contracts it does pave the way for more exacting legislation.

Local Government Association (LGA) research suggests that less than a quarter of councils have a published social value strategy, which it considers essential to communicating with key stakeholders. It also recommends that social value should not be prioritised above cost, so that bidders do not add additional cost.

Source: [Social Value Portal 2017](#)

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## Measuring social value

In 2016, the LGA established the National Social Value Taskforce (NSVT) to support councils to embed social value in their supply chain. The NSVT have produced a framework for social value around five themes:



Promote local skills and employment



Supporting growth of responsible regional business



Healthier, safer and more resilient communities



Decarbonising and safeguarding our World



Promoting social innovation

## Greater Manchester

The Greater Manchester Combined Authority (GMCA) has an annual public spend of nearly £8bn. Manchester was an early adopter of added social value policies and has a minimum 20% social value weighting for procurements, higher than many other authorities. A recent contract between Trafford Council and a technology company to dismantle redundant equipment included a partnership with a local charity to train inmates at a local prison to break down and recycle the components. This has resulted in reduced environmental impact, cost savings and increased employability and lower reoffending rates for prisoners.

Source: [Public Sector Executive, 2017, LGA, 2020](#)

# Case studies of outsourcing



## Trafford Council and Amey

In March 2015, Trafford Council announced that it had selected Amey LG to manage its economic growth, environment and infrastructure services. The contract involves the delivery of minimum savings of 20% against the net budget and the transfer of around 250 staff.

The new partnership delivers commercial and domestic waste collections, street cleaning, grounds maintenance, highways services, bridges, road safety, street lighting and furniture, drainage and property services.

The partnership will maintain nearly 800 km of roads, 17,000 km footways, 150 structures, 30,000 street columns and illuminated signs and 37 parks, in addition to collecting waste from 97,000 households for the next 15 years.

 Source: [Trafford Council \(amey.co.uk\)](https://trafford.gov.uk/council-and-government/outsourcing-and-partnerships/trafford-council-and-amey/)



## Brent Council and Capita

In 2019, Capita successfully rebid to deliver business rates collection for Brent Council for a further five years, with the option of a three year extension.

Capita will continue to collect up to £137 million in business rates from over 9,000 businesses in the borough.

Capita has delivered the service for Brent since 2003, which has helped secure efficiencies while improving collection rates. Before Capita started its contract, the council's collection rate was 94.7%. Rates have increased year on year since, reaching 98.6% in 2017/2018.

 Source: <https://www.capita.com/news/capita-selected-brent-council/>



## Harrow Council

### Social value procurement example

When looking to appoint a contractor to refurbish a residential development, Harrow decided to award the contract based on 60% cost, 30% quality and 10% social value (quantified via the NSVT). Bidders offered additional social value via offering employment and training to local people, giving volunteering time to community groups and sourcing materials locally. Ultimately, the bidder able to provide work at the lowest overall cost was chosen, but Harrow now requires contractors bidding for work worth more than £100,000 to incorporate social value into their bids.

 Source: [Social Value Portal, 2017](#)

# Key players in the outsourcing market

# Profiles of key players in the outsourcing market

The majority of this report focuses on the ‘buyer’ side of the outsourcing market – what are Councils buying and why? However, there is an important other side of the coin which is the ‘supplier’ or outsourcing provider. The sustainability and success of providers creates a market for Councils to procure from. As we explored earlier in the report, if the market shrinks and there is limited competition this can reduce the likelihood of success for outsourcing.

There are a whole range of providers of services for local government in the private market that range from charities and small local businesses to large multi national corporations.

We have selected a handful of high profile and large scale organisations that contract with local government across a range of services. Where possible, we have explored key financial measures and share price of these organisations in order to examine their relative performance overtime. Where collecting financial information has not been possible we have gathered recent news events to get a sense of current performance.

The organisations we have selected are:

- Capita
- Serco
- Kier
- Amey
- Interserve

What we can see from the share price analysis is that all organisations suffered a drop in share price in early 2020, most likely as a result of the pandemic. However, these are now recovering at varying rates.



# Profiles of key players in the outsourcing market

## Capita plc

### Key financials and forecasts

£m	FY2018A	FY2019A	FY20E*	FY21E*	FY22E*
Group revenue	3,815	3,640	3,325	3,484	3,584
EBITDA	425	496	370	450	487
EBITDA margin %	11.1	13.6	11.1	12.9	13.5
Net debt	745	1,458	1,457	1,465	1,360
Cash flow from operations	(202)	(26)	152	214	331
Pre tax profit reported	281	262	74	139	165
Pre tax profit reported margin %	7.3	7.2	2.2	3.9	4.6

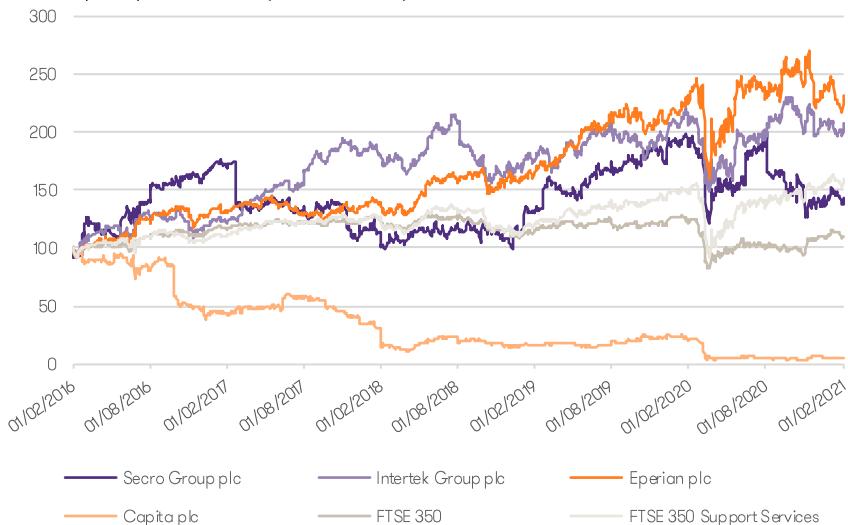
Please see appendix for definitions of key financial measures



Source: Annual reports, Lexis Nexis

### An overview of the relative share price performance of Capita and its industry peers

Share price performance (rebased = 100)



# Profiles of key players in the outsourcing market

## Capita plc

### Key recent events

- **January 2021**-Amdocs has extended a contract with consulting and digital services group Capita to support Transport for London's (TfL's) Ultra Low Emission Zone (ULEZ) and its migration to the cloud on Microsoft Azure.
- **January 2021**- Capita has won a 3-year £700k contract renewal to manage a shared wide area network (WAN) for the East Coast & Hertfordshire Control Room Consortium.
- **January 2021**- West Sussex County Council is set to leave its outsourced IT with Capita early as its bringing some services back in house. Original contract amounted to £150m and was signed in 2012 for a 10-year period.
- **January 2021:** Capita is in discussions with PwC about a fresh plan to overhaul its operations, after the company said in March 2020 that the £720m restructuring budget was not enough and it would need another £80m as it swung to a £63m annual loss.

- **December 2020:** Capita announced that it has been selected as the winning bidder to provide training services to the Royal Navy and the Royal Marines. The contract will be worth an estimated £1bn over 12 years for Capita.
- **December 2020**- Capita Business Services Ltd has secured contract from South Oxfordshire District Council for Business services law, marketing, consulting, recruitment, printing and security. The contract is valued approximately £126m.
- **December 2020:** Capita signed a two-year contract extension with the British Ministry of Defence for recruitment services for potential soldiers and officers. The new contract will start March 2022, once the current agreement expires. The overall value of the deal is £140m.
- **December 2020:** Capita plc has agreed to sell its Education Software Solutions ('ESS') business to Tiger UK Bidco Limited in a deal that values ESS at up to £400m.



# Profiles of key players in the outsourcing market

## Serco Group plc

### Key financials and forecasts

£m	FY2018A	FY2019A	FY20E*	FY21E*	FY22E*
Group revenue	2,836.8	3,248.4	3,924.0	4,098.0	4,119.0
EBITDA	135.5	162.6	238.0	215.0	217.0
EBITDA margin %	4.8	5.0	6.1	5.2	5.3
Net debt	191.8	585.4	110.0	110.0	26
Cash flow from operations	2.7	102.9	252.0	244.0	255.0
Pre tax profit reported	74.1	53.2	134.0	138.0	144.0
Pre tax profit reported margin %	2.6	1.6	3.4	3.3	3.5

Please see appendix for definitions of key financial measures

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Source: Annual reports, Lexis Nexis

**An overview of the relative share price performance of Serco and its industry peers**  
Share price performance (rebased = 100)



# Profiles of key players in the outsourcing market

## Kier Group Plc

### Key financials and forecasts

£m	FY2018A	FY2019A	FY20E*	FY21E*	FY22E*
Group revenue	3,951.1	3,422.5	3,732.0	4,072.0	4,259.0
EBITDA	85.7	41.4	97.0	114.0	125.0
EBITDA margin %	2.2	1.2	2.6	2.8	2.9
Net debt	167.0	310.3	269.3	130.3	20.4
Cash flow from operations	(124.4)	(113.2)	87.6	183.6	196.7
Pre tax profit reported	[229.5]	[225.3]	36.0	64.0	76.0
Pre tax profit reported margin %	(5.8)	(6.6)	1.0	1.6	1.8

\*Estimates as of 2 October 2020 provided by Peel Hunt

\*\*EBITDA actual and estimate figures provided by Peel Hunt as it was not reported in the annual accounts

Please see appendix for definitions of key financial measures

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Source: Annual Accounts FY20, broker notes, Nexis, company's website, web press

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**An overview of the relative share price performance of Kier and its industry peers**  
Share price performance (rebased = 100)



# Profiles of key players in the outsourcing market

Please note that share price and finance KPIs are unavailable for the UK private listed companies of Amey, as they are owned by a French limited company. In addition we do not have share prices for Interserve as it was delisted and went into administration in 2019. However, was recently sold its support services business to Mitie.

## Interserve Group Limited

### Key recent events

- 2019 Interserve plc administration:** In March 2019, Interserve plc enters into administration, managed by EY, after shareholders voted down a deleveraging plan, resulting in its subsidiary companies being sold to the group's lenders in a pre-pack administration. This led to debt of £815m and other liabilities of more than £200m being effectively wiped out by stakeholders in exchange for equity in the new parent company, Interserve Group Limited. [\[details\]](#)
- December 2020 -** Interserve Group Limited completed the sale of Interserve Support Services to Mitie for £120m in cash and 248m shares in Mitie.
- December 2020 -** Interserve Construction has been awarded a £5.4m contract by the Ministry of Justice (MoJ) to refurbish and transform Wrexham Magistrates' Court in North Wales.
- December 2020 -** United Kingdom based Interserve Healthcare Ltd has secured contract from NHS Mid Essex Clinical Commissioning Group for Health services. The amount of contract is not disclosed.
- November 2020:** Interserve Group Limited has been awarded a £3.6m contract to deliver cleaning services and pest control at the campus of Autonoma University of Madrid.
- November 2020:** Interserve Group Limited commenced work on the new Medicines Manufacturing Innovation Centre (MMIC) in Inchinnan, Renfrewshire after securing the £15m contract with CPI.

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## Amey Plc

### Key recent events

- February 2021 -** It was reported that Ferrovial SA, Amey's French based owner, has appointed Morgan Stanley to oversee an auction of the company more than two years after initially hoisting a 'for sale' sign over the company. The initial attempt to divest it was unsuccessful, however, amid uncertainty about the future of a controversial £2.7bn roads contract in Birmingham. A dispute with the city's local authority was resolved in 2019, although Amey only finally extricated itself from the deal last year (2020).
- December 2020 -** Has secured a major project to install energy efficient LED street lighting for Wakefield Council.
- December 2020 -** Was awarded the design contract for a new pedestrian and cycle bridge crossing Nottingham's River Trent. The £9.2m project is funded by the Government's Transforming Cities Fund.
- November 2020 -** Was awarded the £180m Area 12 Maintenance and Response (M&R) contract by Highways England.
- November 2020 -** Was awarded a £198k - £331k contract for engineering design services by Sustrans Scotland.
- October 2020 -** Was awarded a £4.5m - £6.5m contract for environmental engineering consultancy services from Swindon Borough Council.



# **Bringing services back in house and innovation in delivery**

# What services are Councils insourcing?

Recent reports suggest that the rate of outsourcing has slowed and that increased commercialisation and efficiency in the public sector have narrowed the margins between council run and outsourced services. High profile collapses of outsourcing firms notwithstanding, there is greater recognition that long-term contracts lock up local authority budgets and reduce financial flexibility. Anecdotal reports from councils suggest that services are being brought back in house on a pragmatic basis, with some authorities making considerable savings.

However, making savings is not the only driver for Council's bringing services back in house. We are seeing across the sector that services are being insourced often to achieve additional outcomes and social value.

Insourcing can provide added social value through better pay and conditions for staff, as well as boosting the local economy and strengthening local supply chains, and even generating revenue. The next slide gives examples of

councils who have brought services back in house, reflecting the multiple aims that insourcing can bring: protecting services for residents, protecting staff and Covid recovery.

With regard to the types of services that Councils are insourcing, there seems to be little pattern or trend. As reinforced by our survey of local government clients, confirming that there are no trends as to the type of services being insourced. Although increasingly leisure services are being brought back in house due to the impact covid 19 has had on the leisure market.

This lack of pattern in the types of services being brought back in house supports the hypothesis of Councils taking a more pragmatic approach to the delivery of services.

## Association for Public Sector Excellence (APSE) survey findings (2017, 2019)

**77%** of councils had or were considering insourcing a service

**78%** of councils believed that insourcing gave them more flexibility

**66%** said it saved money

**50%** plus believed that it improved quality

Source: APSE 2019, [Rebuilding Capacity](#)



Source: Public Finance 2019, [Coming home: local government insourcing](#)

# Case studies of insourcing



## Wigan Metropolitan Borough Council

Wigan MBC brought leisure centres back in house in January 2021 to safeguard jobs affected by Covid. This allows the council to 'protect staff and services for residents and members of our leisure centres'. The charity Inspiring Healthy Lifestyles has provided leisure services in Wigan since 2003, including leisure centres, country parks and outdoor education.

From April 2021, all leisure and wellbeing services will once again be managed by the council, following a consultation with current staff.



## Royal Borough of Greenwich

Greenwich brought fleet, passenger and facilities management in house in February 2019 after establishing two LATCs, GSS and GSPlus, to help protect services and safeguard jobs while generating additional revenue. However, continued austerity and competition from rivals that did not pay the London living wage made the businesses unsustainable, and bringing back in house would protect the staff.

The authority is looking at options outside the council for catering, schools, IT and cleaning services at GSS and GSPlus.



## London Borough of Islington

From 2010, Islington has pursued a policy of bringing services back in house as outsourced contracts came up for renewal. It established the Islington Fairness Commission to address inequalities within the Borough, and it soon became apparent to council leaders that social justice outcomes could be achieved via directly employing maintenance, cleaning and other staff previously employed by the council in order to ensure the London Living Wage. Since 2010, Islington has brought back cleaning services, housing repairs, waste, recycling, street cleaning and education in house. Initial costs of insourcing the contract and one-off purchases have embedded capacity for other contracts.

# Alternative service delivery models (ASDMs)

Our survey of Grant Thornton local government audit clients found that of the 22 Councils that had outsourced a service, 8 were outsourced to a shared service, local authority trading company or trust. Over recent years Councils have increasingly been exploring alternative delivery models wider than the traditional in-house or outsource models. This has been driven by austerity which is forcing Councils to consider level of service, how services are provided and means of generating income.

## Types of alternative service delivery models on a spectrum of control



There are a large range of alternative delivery models that Council's have explored to varying levels of success. The key variations between service delivery models are control and risk profile (as shown in the diagram left).

While some councils have always had a commercial approach, many traditionally avoided commercial considerations. This is no longer the case. As councils have come under financial pressure, they have considered how to reduce costs, generate income and improve efficiency by introducing commercial structures. For many councils, the use of Local Authority Trading Companies (LATCs) is a step towards becoming self financing.

The advantages of LATCs can be seen right, however Councils should ensure that they have a vigorous options appraisal process when considering alternative models to ensure that the way forward chosen directly addresses the challenges for the Council and individual service.

Moving services into the commercial world carries risk and is not easy. There are examples where inadequate planning has resulted in LATCs becoming loss making and leaders should take care before setting one up. However, these issues can be overcome with the right preparation and business processes.

## Advantages of LATCs include the ability to:

-  Trade in the wider market
-  Generate economies of scale and greater efficiency
-  Return revenue to local authority through profitability
-  Create a more commercial culture
-  Retain people knowledge inside the company
-  Retain more control and a greater public sector ethos
-  Safeguard jobs via diversifying work and contracts

Source: Grant Thornton 'Spreading their wings: Building a successful local authority trading company' (2013)

# Case studies for alternative delivery models



## Strata

Strata was formed as a collaboration between Exeter City Council, East Devon District Council and Teignbridge District Council. The three councils own and control it equally and have set it up to provide ICT services to all partners. The company has a turnover of £6 million and employs 70 people across the three council sites. It also owns all the ICT infrastructure required to deliver the services.

The biggest driver in the formation of the company was the need to reduce costs while retaining a skilled group of people with a degree of resilience for the service. IT professionals across the county recognised that, with the current funding pressures, they were looking at having to make cuts to areas such as maintenance or insurance of ICT. These changes would increase the risk profile for the service, at a time when many other areas of the efficiency agenda were looking to IT to help them achieve savings in the medium to longer term.



## Liverpool Streetscene Services Ltd (LSSL)

It is four years since Liverpool City Council set up its own company to manage refuse collection, street cleaning and grounds maintenance. Since 2018, Liverpool Streetscene Services Ltd has also taken charge of highways maintenance and parks.

LSSL is a Teckal company, owned by the council and set up to provide services for it. Having Teckal status means contracts can be awarded without competitive tendering. Prior to 2016, most contracts were held by Amey or Enterprise Liverpool Ltd, a joint venture between the council and Amey.

Mayor Joe Anderson says contracts were brought back from the outsource provider because of complaints over service quality and to gain better value for money. Since 2016, Liverpool has not just saved management fees but has also generated a further £2.6m in efficiencies.



## Norse

Norse Group is a wholly-owned company of Norfolk County Council. The group brings together NPS (property consultancy), Norse Commercial Services (facilities management) and NorseCare (a social care provider). These companies are wholly-owned subsidiaries of Norse Group. Both NPS and Norse Commercial Services have a significant number of joint venture companies that are partially owned by the companies (80%) and the councils they have entered into partnership with (20%).

Norse Group is by far the largest and most successful LATC in the country and has an annual turnover in excess of £300 million. Collectively, the group's companies employ over 10,000 people nationwide. The group has made significant cost savings and efficiency improvements for the councils involved, providing a clear example of what local authority companies can achieve.

# Case studies for alternative delivery models:

## Smart Cities

The advent of new digital technology such as 5G, the Internet of Things, Artificial Intelligence and data analytics have the potential to transform cities, towns and places, drive efficiencies, open up new businesses and improve the lives of our citizens through improved public services. But this transformation cannot be achieved without the public and private sectors working together.

The MJ and BT recently undertook a survey of local government directors and found that:

- Almost three quarters of survey respondents said their shared smart services were 'in development'
- 20% said their shared smart services were 'up and running'
- 7% said there was no sharing at all

Of those surveyed, reasons for shared services cited included:

- Cost savings
- Delivery of efficiencies
- Better service to citizens

 Source: The Municipal Journal: <https://themj.co.uk/Where-are-your-services-on-the-Smart-City-journey/217128> (2020)



### Hull City Council and Connexin

In 2019, a partnership between Hull City Council and smart city operator Connexin set to put Hull among the world leaders in smart city technology.

The ambitious plans looks to link services including waste management, traffic and parking to deliver improved public services for residents.

Using Connexin's Smart City platform, the local authority will be able to integrate information from a range of council services and systems into a single intelligent dashboard.

Information from data-producing sensors linked to smart lighting, parking, traffic, waste management and Wi-Fi deployments are to be integrated into the "single pane of glass" software platform.

The information will also made available to the public to encourage new ideas to benefit the economy in Hull.

It is one of the first times a city has brought together service-driven technologies in such a coordinated manner.

### International case study

#### Seoul: A city based on data

The South Korean capital believes the analysis of urban patterns forms the bedrock of smart infrastructure and services. Public-private partnerships and the fostering of innovative smart city start-ups are seen as fundamental to achieving sustainability.

Examples of how the city have used smart data to address city challenges include:

- Traffic accidents involving elderly citizens have also been analysed to identify hotspots where special elderly protection zones are needed.
- 3 billion mobile call records were analysed to identify late-night calls to taxi companies and design the routes and frequency of a new 'Owl Bus', which services the needs of party-goers and shift workers, reducing congestion
- Motion detectors are designed to detect emergencies early and aim to save the lives of senior citizens who might faint in their houses due to health disorders or the elderly with dementia who might wander.

Source: <https://www.smartcityworld.net/special-reports/special-reports/seoul-a-city-based-on-data#:~:text=Smart%20City%20is%20one%20of%20the,underprivileged%20City%20through%20balanced%20regional%20development> (2020)

# **Appendix**

# Near neighbour group

In order to appropriately benchmark the London Borough of Barnet against similar areas we used a variety of socio-economic measures to profile the council and then find other London Boroughs with similar characteristics.

The measures used were specifically selected as they give a holistic picture of the population of Barnet and also encapsulate the idea of scale, which is significant to service delivery. Measures include age brackets, deprivation, earnings, employment rate, population size, road length and borough area.

The socioeconomic profile, to the right, shows the London Borough of Barnet in the context of all London Boroughs. The 50 line represents the London median and points closer to the outside of the profile are 'very high' in comparison to London as a whole and those closer to the centre are 'very low'.

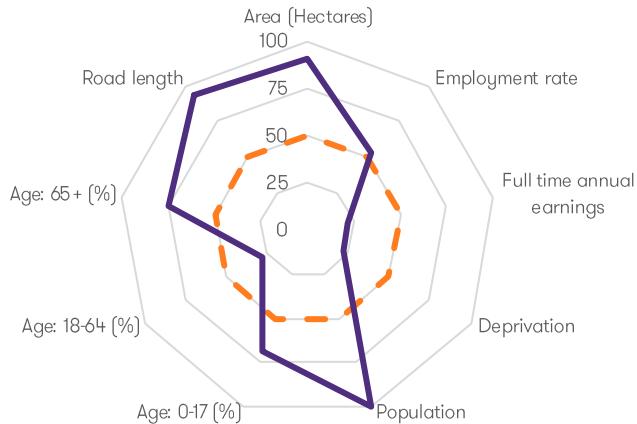
The spider chart shows that London Borough of Barnet has the largest population of all the London Boroughs and its spatial area is also within the top 10% of London Boroughs. The demographic make up of the population includes a high young population (0-17) in comparison to the group and a very low working age population. Barnet's population also has low levels of deprivation, low full-time earnings and an average employment rate.

Using the measures set out in the spider chart and after consultation with council stakeholders, we have identified the ten most statistically similar London authorities to the London Borough of Barnet. These are shown in the table to the right. Each of these ten authorities are outer London Boroughs.

The nearest neighbour group identified has been used as a more focused benchmark group for this report in order to appropriately benchmark the London Borough of Barnet against similar areas.

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Socio-economic profile



2020 Nearest Neighbours	
Bromley	Hillingdon
Croydon	Hounslow
Ealing	Kingston-upon-Thames
Enfield	Merton
Harrow	Redbridge

# Definitions of measures for key players

The report covers the following information on each player, depending on availability:

- Press releases over the October 2020 - February 2021 period.
- Financial key performance indicators
  - Group revenue
  - EBITDA – depending on the company, the figure was reported in the annual accounts or calculated as follows:  
EBITDA = Operating Profit + Depreciation + Amortisation.
  - EBITDA margin – is a measure of a company's operating profit as a percentage of its revenue. Depending on the company, the figure was reported in the annual accounts or calculated as follows: EBITDA margin = EBITDA / Revenue.
  - Net debt – is a liquidity metric used to determine how well a company can pay all of its debts if they were due immediately. Depending on the company, the figure was reported in the annual accounts or calculated as follows: Net debt = Short-term debt + Long-term debt - Cash and cash equivalents. Short-term debt = due in 12 months or less; Long-term debt = maturity longer than 12m and includes lease payments; Cash and cash equivalents = cash and liquid instruments that can be easily converted in cash.
  - Pre tax profit
  - Pre tax profit margin – measures the operating efficiency of a company and is a percentage calculated as follows: Profit before tax / Revenue
- Share price of the companies against selected peers and FTSE 350 Index, FTSE 350 Support Services Index and FTSE 350 Construction & Building Materials Index, depending on the sector of each player. Share price is rebased = 100.



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AGENDA ITEM 9

## Financial Performance and Contracts Committee

### 8 June 2021

<b>Title</b>	<b>Q4 2020/21 Contracts Performance Report</b>
<b>Report of</b>	Director (Commercial and Customer Services)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
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### Summary

This report provides an overview of Quarter 4 (Q4) performance with a review of annual performance of the contracted services delivered by the Customer and Support Group (Capita), Regional Enterprise (Capita), The Barnet Group (TBG) and HB Public Law.

### Officers Recommendations

The Committee is asked to note the Quarter 4 (Q4) 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 services delivered by Regional Enterprise (Capita); the Housing services delivered by The Barnet Group; and the Legal services delivered by HB Public Law.

## **PURPOSE OF REPORT**

### **Introduction**

- 1.1 This report provides an overview of performance for the council's contracted services for Quarter 4 (Q4) 2020/21 with a review of some significant highlights during the year. The report covers delivery from the Customer and Support Group (CSG) (Capita), Regional Enterprise (Re) (Capita), The Barnet Group and HB Public Law.
- 1.2 This report does not include budget information. The Chief Finance Officer's report which is taken to this Committee meeting as a separate agenda item contains the budget information.

### **Overview 2020/21**

- 1.3 2020/21 brought significant challenges as result of the Covid-19 pandemic. During Q1 2020/21 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.
- 1.4 Environmental Health teams were involved in activities to support the enforcement of pandemic restrictions such as ensuring non-essential businesses were closed and essential businesses which were open had Covid-19 secure arrangements in place.
- 1.5 Hendon Cemetery and Crematorium saw significant increases in the number of burials and cremations as a result of the first wave of the pandemic. The team were also involved in pan-London emergency arrangements to respond to the pandemic
- 1.6 CSG IT rolled out Microsoft Teams for council staff to use which supported staff working from home.
- 1.7 During Q2 2020/21, lockdown measures eased, and services continued to adapt to the new operating environment. The council and its strategic partners focused their efforts and resources on restoring services. However, many services, such as Environmental Health, Planning and Housing, were prevented from operating in their normal way and others, such as Regulatory Services, had additional workloads and are now dealing with subsequent backlogs.
- 1.8 During Q3 2020/21 the government introduced the tier system of Covid-19 restrictions followed by a second national lockdown. Throughout this time many services, such as Finance and Customer Services, continued to deliver during pandemic restrictions but Environmental Health, Planning, Housing continued to experience challenges in service delivery.
- 1.9 By Q4 2020/21 a roadmap out of the national lockdown was announced and the vaccination programme continued at pace. Services that were significantly impacted by the restrictions began recovery in anticipation of further easing of lockdown measures in Q1 2021/22.
- 1.10 Throughout 2020/21 most staff worked exclusively from home and made the

adjustment to new ways of working whilst delivering services remotely. The adoption of new work practices during the pandemic and the many challenges it brought is a credit to our staff and our partners.

- 1.11 Overall, performance continued to go well with the majority (68) of the 94 KPIs reported achieving the target at End Of Year (EOY). Four KPIs reported No Activity, which means there were 19 KPIs that did not achieve the target at End Of Year. Those KPIs that did not achieve the target, as a direct result of the restrictions and demands of the pandemic are shown in lighter text in the tables below to differentiate from deficiencies that were not directly related to the pandemic response. One KPI is monitored and two KPIs are due to be reported in Q1 2021/22.

Service	Indicator <sup>1</sup> Description	EOY Result	DOT
CSG – Estates	Lease Renewals	99.7% (A)	↓ W
Re – Environmental Health	Conducting Food Hygiene Inspections Target A	44.7% I	↓ W
Re – Environmental Health	Conducting Food Hygiene Inspections Target B	40.5% I	↓ W
Re – Environmental Health	Conducting Food Hygiene Inspections Target C	22.3% I	↓ W
Re – Environmental Health	Food Standards Inspections (unrated premises)	88.6% I	↓ W
Re – Environmental Health	Improvement in food hygiene in the highest risk premises	56.1% I	↓ W
Re – Environmental Health	Compliance with Licensing Requirements for Houses in Multiple Occupation (HMOs) – Licenced HMOs meeting legal standards (q)	68.9% (A)	↓ W
Re – Environmental Health	Food Standards Inspections (Category A) Number of A rated interventions completed within 28 days of due date	0% I	↓ W
Re- Strategic Planning	Strategic Planning Documents completed and signed off	80% I	↓ W

<sup>1</sup> 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 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 <sup>1</sup> Description	EOY Result	DOT
Re- Strategic Planning	Percentage of Section 106 cases cleared annually (as per the Town and Country Planning Act 1990 as amended) –payment of Section 106 obligations by developers to the Authority	79.5% (A)	↓ W
Re – Planning	Planning Enforcement Basket	0	↓ W
Re- Building Control	Number of decisions within statutory timescales – Meet building regulation statutory timescales	99.6% (A)	↓ W
Re – Highways <sup>2</sup>	Category 1 Defects Rectification Timescales completed on time	78.8%	↑
Re – Highways	Category 2 Defects Rectification Timescales completed on time	57.5%	↓ W
Re – Highways	Response to complaints relating to a drainage malfunction and/or flooding event	73.6%	↓ W
Re – Highways	Insurance Investigations completed on time (14 days)	98.7% (A)	↓ W
Barnet Homes	Number of homes purchased for use as affordable accommodation	48	↑
Barnet Homes	% of scheduled fire risk assessment completed	91% (A)	↓ W
Barnet Homes	Numbers of households in Temporary Accommodation	2399 (A)	↑

1.12 The Strategic Contract Review re-commenced and discussions are taking place regarding the future of all contracted services as documented in a separate agenda item in this meeting.

## Service Highlights for Q4

1.13 Q4 service highlights for CSG included:

- CSG IT organised the repurposing of over 250 laptops after recycling laptops which had reached the end of their useful corporate life and provided these to the council

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<sup>2</sup> From Q1 2021/22 Highways KPIs are being temporarily suspended and new KPIs being negotiated following the commencement of the new term contractor.

to distribute amongst schools and for those who face digital poverty.

- HR worked with the Organisational Development Lead at the council to support the roll out of the ‘POD’ (Place of Development) a Learning Management System, as a centralised learning resource on the intranet. Initial feedback has been positive. The POD was also integrated with Core HR during this period.
- The Test and Trace self-isolation payments scheme was extended to 30 June 2021. This scheme will see residents on low income who are self-isolating and losing income receive a Test and Trace Support Payment or discretionary support payment of £500. At the end of Q4 a total sum of £0.676m had been paid out.
- The Facilities Management Team negotiated an £11k saving on the security contract by reassigning security from Colindale offices to support at Brogans Yard at Oakleigh Depot. This will be a saving until Housing Options moves into Colindale.

#### 1.14 Q4 service highlights for Re included:

- The Highways Term Maintenance Contract from 1<sup>st</sup> April 2021 was awarded to TarmacKier as reported to Environment Committee on 18 January 2021. Work is underway with TarmacKier to implement a new KPI suite under the terms of that contract, from Q2 2021/22. As a result, six of the KPIs under the DRS contract with Re will be suspended for Q1 2021/22 whilst the KPIs under the new Highways Term contract are established.
- Hendon Cemetery and Crematorium service levels reduced back to seasonal norms. Service durations returned to normal 1-hour slots previously reduced to 45 minutes to help meet demand.
- During Q4 the Environmental Health teams began planning the return to usual levels of service delivery in anticipation for the easing of lockdown measures in Q1 2021/22.

## 2. CSG SERVICES

### Overview

- 2.1 Q4 2020/21 performance of CSG services will be reviewed with reference to some end of year performance highlights.
- 2.2 The Q4 2020/21 period saw the national lockdown continue with some easing of restrictions in late March 2021. The restrictions continued to present challenges for some services such as Customer Services and Revenues and Benefits where there was an increase in call volumes and requests for support which were broadly met
- 2.3 Out of the 26 KPIs reported at EOY, 25 achieved target and one failed due to the impact of Covid-19.

2.4 The cross-cutting KPI on Compliance with Authority Policy<sup>3</sup> met the EOY target.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Compliance with Authority Policy (q)	N/A	Pass	Pass (G)	Pass (G)	➔ S	Pass

## Finance

- 2.5 There are three KPIs for CSG Finance and all three KPIs achieved the Q4 and EOY targets.
- 2.6 There were 6293 Covid-19 related grant payments processed and paid during Q4, totalling £19.6m.
- 2.7 The finance system was reconfigured to identify and record purchases under the new Domestic Reverse Charge <sup>4</sup> for the construction industry for the national commencement date of 1 March 2021.
- 2.8 A new BACS Refund/Reject process was introduced. The new process was required as the rejected funds were being allocated directly from the bank to General Ledger (GL) account with no adjustment being made in the Purchase Ledger. This will substantially reduce misallocations and ensure the rejected postings are all accounted for properly.
- 2.9 The Accounts Payable (AP) team supported the council with their year-end activities to close accounts for the 31 March 2021.
- 2.10 The Integra Central Support Team (CST) continued to focus on resolving calls raised on ServiceNow, with the target of 95% achieved in Q4. March 2021 showed a significant increase in the number of calls raised relating to year-end tasks, which included closing down Purchase Orders (POs) and Goods Receipt Notes (GRNs). Also, in March 2021, the council had numerous new starters. The focus has been on completing year-end tasks and calls associated with year-end closing.

<sup>3</sup> This KPI measures compliance with the Authority's Customer Service Standard and Complaints Policy.

1. Complaints responded to late i.e. outside of timescales are 'fails' against this target, and  
2. Complaints arising from a failure to do what we promised to do are also 'fails' against this target. The target is to have no higher than 30 'misses' in any given quarter.

<sup>4</sup> The new Domestic Reverse Charge (DRC) rules for Construction Industry suppliers commenced on 1 March 2021. From that date, any construction services that fall within the scope of DRC must be paid without value-added tax (VAT), with the council recording the VAT in their own VAT return

	2020/21			
	Q1	Q2	Q3	Q4
Total calls raised	1618	1659	1458	1619
Closed or still open within SLA	1538	1562	1391	1569
Closed or still open outside SLA	80	97	67	50
SLA %	<b>95.06%</b>	<b>94.15%</b>	<b>95.40%</b>	<b>96.91%</b>

- 2.11 A new Asset Management system ‘Confirm’ was introduced in Highways which handles works orders and interfaces with Integra to raise orders automatically and enable standard invoice processing, aiming to improve efficiency.
- 2.12 In January, a duplicate payment of £15,792 was made in error but this was recovered. This error resulted in an end-to-end review of the Accounts Payable (AP) payment process. The investigation identified three main root causes for the duplicate payment.
- The same invoice scanned twice with a different reference number. This was resolved by refreshing operator training at Darlington and ensuring regular quality assurance (QA) against daily invoice loads.
  - Both invoices matched to the same Goods Receipt Note (GRN). This was resolved by introducing a permanent fix in Integra, stopping two invoices matching to the same GRN. The fix will be deployed in July 2021 as part of a system upgrade. In the meantime, the AP Team have set up an alert to flag up any invoices matched to the same GRN.
  - Invoices flagged as potential duplicates on AP Forensics report. However, the AP Forensics algorithm marked the level of risk as a medium to low. If both invoices had been input with the same invoice reference, AP Forensics would have marked the level of risk as high. This would have been highlighted and picked up by the AP team and invoices cancelled. This was resolved by the AP team carrying out additional checks when dealing with potential duplicates.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Operational availability of financial system application (Integra) to the hosted network (q)	Bigger is Better	98%	99.4% (G)	99.6% (G)	⬆️	99.2%
Invoice documents in Accounts Payable processed within agreed timescales (q)	Bigger is Better	90%	97.8% (G)	97.1% (G)	⬆️	95.5%

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Completion of audit recommendations by Capita in relation to their provision of finance services (q)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%

## Human Resources

- 2.13 There are four KPIs for Human Resources and all four KPIs achieved the Q4 and EOY targets.
- 2.14 CSG HR supported the Starters, Leavers and Movers (SLAM) process managed by the council, providing data and process reviews in workshops, which identified a series of proposed improvements.
- 2.15 During Q4 2020/21, three projects were completed, including the integration of Core HR to the new Learning Management System (LMS).
- 2.16 Capita are also engaging with the council's client leads on the annual customer satisfaction survey
- 2.17 Rollout of online forms for Barnet School Payroll and HR customers commenced. Further developments are being considered with a demonstration to be taken to the council's audit team.
- 2.18 Networking sessions were held with existing school customers to engage them on the full suite of HR services available. CSG HR allocated an Account Manager to the school's contract to oversee service delivery and renew customer commitment.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Offer letters issued (q)	Bigger is Better	100%	100% (G)	100% (G)	➔ I	91.1%
Pre-Employment vetting (q)	Bigger is Better	99%	100% (G)	99.2% (G)	➔ I	92.4%
Payroll Accuracy – error rates and correct date (q)	Smaller is Better	0.1%	0.03% (G)	0.03% (G)	➔ I	0.12%
DBS verification audits (q)	Bigger is Better	100%	100% (G)	100% (G)	➔ I	99.8%

## Customer Services

- 2.19 There are four KPIs for Customer Services and all four KPIs achieved the Q4 and EOY targets.
- 2.20 The pandemic continued to provide many challenges to customers and resulted in additional calls to the Contact Centre. This was due to new claimants requesting support and customers experiencing financial difficulties. In readiness for annual billing and the impact of Covid-19 on customers, staffing numbers were increased in December 2020.
- 2.21 There was also an increase in the duration of calls for Council Tax/Benefits as the team supported vulnerable customers with more complex issues. The total number of call handling hours in the team in Q4 2020/21 was 7554 compared to 5050 in Q4 2019/20, up 33%. In many cases customers were claiming benefits for the first time or struggling to pay their council tax.
- 2.22 During this time the team supported customers in many ways, including signposting to voluntary organisations or simply listening to residents' concerns. Although an increase in workload was anticipated, the actual increase was even more significant than expected compared with a normal annual billing period.
- 2.23 A joint working group was established to monitor feedback from customers, Members and website analytics to review the customer journey over this period and will implement improvement actions, as a result.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Customer satisfaction with phone, face-to-face, email and post case closure (q)	Bigger is Better	89%	91.6% (G)	91.5% (G)	↑ I	90.8%
Web satisfaction (web performance and customer feedback) (q)	Bigger is Better	55%	59.6% (G)	59.1% (G)	↓ W	61.3%
Customer Services closing cases on time (Customer Advocacy Service) (q)	Bigger is Better	94%	100% (G)	100% (G)	→ S	100%
Cases/transactions completed via self-service channels (CSG Customer Service only) (q)	Bigger is Better	50%	70.9% (G)	67.4% (G)	↑ I	54.2%

## Information Systems

- 2.24 There are two KPIs for Information Systems. Both KPIs achieved the Q4 and EOY targets.
- 2.25 During 2020/21 the team carried out an extensive laptop refresh programme, modernised applications and introduced Office365 and Windows 10.

- 2.26 In Q4 2020/21, 2502 IT incidents were logged compared to 5979 during the same period in 2019/20, a decrease of 58%. This led to less downtime for staff and enabled staff to focus on their core roles in a flexible secure environment.
- 2.27 The reduction in incidents meant there was less disruption for colleagues and residents. In total, over 700 system changes were made during 2020/21, that is an average of 60 per month. This reflected the investment being made into digital technologies to modernise the authority and ensure systems are kept up-to-date to reduce the frequency of large one-off investments establishing a process of continued maintenance and improvement.
- 2.28 The total volume of password resets has reduced, with less than c.150 staff now contacting the service desk each month to resolve a password issue. This was a result of an implemented change to password policy to introduce complex passwords with less frequent changes required.
- 2.29 **Telephony:** The phone line capacity was increased from 240 to 400 lines, having identified that the volume of 240 lines was no longer sufficient to cope with seasonal demand during annual billing, garden waste charging, schools' admissions. With more colleagues now working remotely, the additional line capacity was added to provide the headroom to cope with changes in communication patterns and transferring of external calls across the network. The bandwidth was also increased to support call quality.
- 2.30 **Cyber Security Threats:** CSG IT responded to two e-mail phishing attacks in Q4. Cyber Security remains a constant threat and additional security measures were implemented to safeguard residents' data and systems.
- 2.31 **Laptops for Schools:** CSG IT organised the repurposing of over 250 laptops after recycling laptops which had reached the end of their useful corporate life and provided these to the council to distribute amongst schools and for those who face digital poverty. Work is continuing to further the roll out of this scheme.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Incident resolution (q)	Bigger is Better	91% <sup>5</sup>	91.8% (G)	92.2% (G)	↗ I	88.3%
Critical system availability (q)	Bigger is Better	99.5%	100% (G)	99.9% (G)	➔ S	99.9%

## Procurement

- 2.32 There are four KPIs for Procurement. All four KPIs achieved the Q4 and EOY targets.

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<sup>5</sup> The target was changed in Q1 2020/21 to 91% from 95% on a temporary basis due to essential services being prioritised. This will be reviewed in Q1 2021/22.

- 2.33 During Q4 2020/21 there was a reduction in the number of contracts classified as ‘slipping<sup>6</sup>’ from six to four (a 33% reduction).
- 2.34 The ICES contract (Community Equipment) was awarded successfully after a robust challenge from an unsuccessful supplier.
- 2.35 An audit report (reported at Audit Committee in April 2021) recognised that the council and the CSG service are not fully integrated in the way that they work. In response to the report CSG Procurement have implemented additional training tailored to service area responsibilities such as new vendor creation and advertising procurements. Attendance increased from 16 to 21 staff (although noted there is still significant room for improvement), and the training is available on the Procurement Intranet site.
- 2.36 The audit report had a high priority action relating to the integrity of the contracts register. This action has had significant focus and on a recent retest of the register saw an improvement in the integrity of the register which was reported at Audit Committee in April 2021.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Compliant with contract Procedure Rules/Code of practice (Council wide contract compliance)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Effective corporate contract management (q)	Bigger is Better	100%	100% (G)	100% (G)	⬆️ I	99.9%
Cumulative apprenticeships (c)	Bigger is Better	70	101 (G)	101 (G)	⬆️ I	83
Cumulative work experience (c)	Bigger is Better	433	473 (G)	473 (G)	⬆️ I	393

## Revenues and Benefits

- 2.37 There are three KPIs for Revenue and Benefits. All three KPIs achieved the Q4 and EOY targets.

## Council Tax/Business Rates

- 2.38 The Council Tax 4-year collection target of 98.5% was reached with an EOY result of 98.59%. Direct debit take-up was 66.32% against a target of 65% for Council Tax

<sup>6</sup> Procurements that are classed as slipping are those that have moved from the planned procurement timetable but have not affected the critical path to delivery. The Client Lead monitors these monthly and raises issues at Procurement Board where necessary. If Procurements become “at risk” they have impacted the critical path and require more immediate intervention by both CSG and the client-side commissioners.

and 21% for Business Rates. Council Tax and Business Rates recovery is underway, and E-Billing is live with 6706 customers signed-up.

- 2.39 A range of business grants such as Retail, Hospitality and Leisure Grants and Small Business grants were made available by the government between March 2020 and September 2020. Under the second tranche of grants from government a total value of £22.6m was paid between October 2020 and March 2021.
- 2.40 A virtual court is being held fortnightly for Liability Order hearings. Summons have been issued but are restricted across all London Boroughs to 2000 as per instruction from the court.

## Benefits

- 2.41 Housing Benefit Accuracy was at 97.61% at the end of the year against a 95% target. In response to Covid-19, £150<sup>7</sup> applied to live Council Tax Support claims with the total paid during 2020/21 at £3.5m.
- 2.42 CSG administered the Test and Trace self-isolation payments scheme which was extended to 30 June 2021. The scheme supports residents on low income who are self-isolating and losing income with a Test and Trace Support Payment or discretionary support payment of £500. A total sum of £0.676m had been paid out from September 2020 and 31 March 2021.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Accuracy of benefit assessments (q)	Bigger is Better	95%	98.2% (G)	97.8% (G)	↗ I	95.1%
Speed of processing new claims (q)	Smaller is Better	22	22 (G)	20 (G)	➔ S	20
Speed of processing changes (q)	Smaller is Better	6	5 (G)	5 (G)	➔ S	5

## Estates

- 2.43 There are five KPIs for Estates, four achieved the EOY targets whilst one KPI achieved the Q4 target but did not meet the EOY target.
  - **Lease Renewals (RAG rated AMBER) - 99.7% against a EOY target of 100%.** The target was missed due to Covid-19 related reasons in Q3. It was agreed that the council would grant service credit relief on this (as per the supplier relief agreement letter between the parties).

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<sup>7</sup> In response to the Covid-19 pandemic Local Authorities received a hardship fund from government enabling a £150 payment to be awarded to all residents in receipt of Council Tax Support. This hardship fund was a one-off award and applied to 2020/21 only

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Lease Renewals	Bigger is Better	100%	100% (G)	99.7% (A)	⬇️ W	100%
Planned Maintenance (a)	Bigger is Better	100%	Reported at EOY	100% (G)	➔ S	100%
Statutory Compliance with Civic Estates - Planned Inspections (a)	Bigger is Better	100%	Reported at EOY	100% (G)	➔ S	100%
Statutory Compliance of Transferred Responsibility (a)	Bigger is Better	100%	Reported at EOY	100% (G)	➔ S	100%
Facilities Management Incident Resolution (a)	Bigger is Better	100%	Reported at EOY	100% (G)	➔ S	100%

## Building Services

- 2.44 The proposed Annual Work Plan (AWP) for 2021/22 has been approved and work is being planned and contractors notified. All works will be monitored and managed by the services through site inspections and monthly contract meetings.
- 2.45 On the Managed Estate, with the support of the council's in house compliance officer, building compliance performance improved from Q3 and was 93%<sup>8</sup> in Q4 as reported in the database InfoExchange, and was the highest it has been since the commencement of the CSG contract in 2013. Whilst contractual targets are being achieved and in line with contractual KPIs, the service is reviewing how it can achieve 95% compliance across the estate.
- 2.46 The service worked on the Heritage Programme for the upkeep and maintenance of heritage assets in the borough. Six applications for grant funding were approved and work is underway to plan for delivery of works in line with the agreed programme due in Q1 2021/22. Work on the memorial at Hadley High Stone finished in February 2021.
- 2.47 Where reactive input is required, usually where building issues could lead to closure, the service worked with Barnet Educational and Learning Services and Estates Services to manage and maintain safety. The works included rectifying the loss of heating, leaks, etc within buildings at the following schools:
- Whitings Hill Primary School
  - Frith Manor Primary School
  - Gold Beaters Primary School
  - Edgware Primary school
  - Northside Primary School

<sup>8</sup> 93% relates to the *level* of compliance reported in the InfoExchange database and is different to the KPI for Statutory Compliance across the Civic Estate.

## **Property Services**

- 2.48 On the Brent Cross and the Open Door Homes Programmes, Property Services delivered a number of key possessions and recovery of both business rates (c.£0.130m) and rent (c.£0.700m) at properties on Brent Terrace and the Claremont Way Industrial Estate enabling vacant possession to be delivered for the programmes to proceed.
- 2.49 The programme of Annual Asset Valuations progressed in line with the programme agreed with Finance. Commercial valuations were completed at the end of February 2021 and residential valuations were completed in April 2021. All of the local authority housing stock and Out of Borough valuations have been completed including a significant phase of the Brent Cross regeneration.
- 2.50 The Estates Medium Term Financial Plan savings income target of £0.343m for LBB Estates has been exceeded this year by 20% and £0.411m was achieved.
- 2.51 The sale of the former mortuary site completed in March 2021 and was led by the council Estates team with CSG Estates assisting in the delivery of this technical and complicated transaction. Harrow and Barnet Public Law (HBPL) and CSG Property Services supported delivery of the £2.6m capital receipt to the council.

## **Facilities Management Team**

- 2.52 LBB Estates led on the decant and handover of Barnet House to the landlord on 31 March 2021, ensuring keys, mechanical and electrical operations and other useful information were given. Facilities Management supported the process.
- 2.53 The building compliance score for weekly and monthly inspections at civic estates (managed and civic estate measures have been separated) was maintained above 97% since it was introduced in late 2020. Training was completed internally within the service to ensure the inspections were comprehensive and the database was accurate.
- 2.54 Mandatory weekly asymptomatic testing for custodians, cleaners and security took place and the service worked with the Governance Service and LBB Health and Safety to plan for building re-entry in line with changing government guidelines on public meetings. The service worked with the Elections team in planning for the 6 May 2021 London elections.
- 2.55 The service negotiated an £11k saving on the security contract by reassigning security from Colindale offices to support at Brogans Yard at Oakleigh Depot. This will be a saving until Housing Options at Colindale is operational.

### 3. RE SERVICES

#### Overview

- 3.1 Q4 2020/21 performance of Re services will be reviewed with reference to some end of year performance highlights.
- 3.2 The Q4 2020/21 period saw the national lockdown continue with some easing of restrictions in late March 2021. The restrictions continued to present some challenges for service delivery particularly in Environmental Health and some planning enforcement activity.
- 3.3 Out of 58 KPIs reporting at EOY, 37 achieved the EOY targets, four reported No Activity, two were not due for reporting until Q1 2021/22 and 15 did not meet the EOY targets.

#### Corporate

- 3.4 There is one cross-cutting KPI, which met the Q4 and EOY target<sup>9</sup>.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Compliance with Authority Policies (number of instances of non-compliance with Authority policies) (s) <sup>10</sup>	Smaller is better	30	17 (G)	17 (G)	↓ W	15

#### Hendon Cemetery & Crematorium

- 3.5 There are two KPIs for Hendon Cemetery & Crematorium, which met the Q4 and EOY targets.
- 3.6 The service carried out 1777 cremations and 460 burials in 2020/21 compared to 1233 cremations and 348 burials in 2019/20.

2020 / 21	Q1			Q2			Q3			Q4			Total
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Cremations	282	248	104	85	84	107	87	105	124	200	222	129	1777
Burials	77	66	26	29	24	30	19	23	32	50	55	29	460

<sup>9</sup> This indicator measures the consistency in the application of council policies.

<sup>10</sup> This KPI measures compliance with the Authority's Customer Service Standard and Complaints Policy. The methodology involves a review of all RE service complaints recorded on the Council's LAGAN System in any given quarter:

1. Complaints responded to late i.e. outside of timescales are 'fails' against this SKPI, and
2. Complaints arising from a failure to do what we promised to do are also 'fails' against this SKPI.

- 3.7 Service levels reduced back to seasonal norms and as a result the Barnet Excess Death Management Group stood down. Service durations for funerals also returned to normal one-hour service slots.
- 3.8 The move of grave digging operations to Milesplitt New Cemetery did not cause any operational issues and seasonal grounds maintenance at sites continued. Remaining work to the Gatehouse was completed and the site approved for occupation following the requisite Fire Risk Assessment, café tenant procurement and office furniture procurement.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Meeting religious burial requests timescales (q)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Maintain Charter for the Bereaved status for Burial & Cremation (a)	N/A	Pass	Pass (G)	Pass (G)	➔ S	Pass

## Environmental Health

- 3.9 There are 28 KPIs for Environmental Health. 15 KPIs met the Q4 and EOY targets, two KPIs reported two reporting no activity in Q4 and met the EOY target. Three KPIs reported as having No Activity at EOY. Seven KPIs did not meet the EOY targets and one KPI met the Q4 target but did not meet the EOY target.
- 3.10 The food inspection KPIs did not meet the EOY targets due to Covid-19 restrictions requiring the closure of restaurants resulting in inspections not taking place as planned. This generated a substantial backlog (see table after Scientific Services & Pest Control section). Compliance with Licensing Requirements was slightly below the EOY target.
- Compliance with Licensing Requirements for Houses in Multiple Occupation (HMOs) - Licenced HMOs meeting legal standards (RAG rated AMBER) – 68.9% against EOY target of 72%.**  
Inspections stopped except for the highest risk cases due to Covid-19 restrictions throughout the year. There remained a backlog in HMO conditions work. All high-risk cases are being prioritised assessed and first. The HMO team are recruiting additional staff to assist with clearing this by March 2022.

## Commercial Premises

- 3.11 The commercial premises team worked closely with the Corporate Anti-Fraud team and secured a proceeds of crime award along with significant costs. The defendant was also sentenced to a 12-month community order.

- 3.12 The Food Safety teams accrued substantial backlogs due to Covid-19. The service is recruiting additional staff to assist with clearing the backlog by March 2022.

### **Private Sector Housing (Enforcement)**

- 3.13 Targeted conditions work at Houses of Multiple Occupation (HMOs) is ongoing with the highest risk cases being prioritised. The service has focussed on major conditions compliance cases. This has been achieved through a combination of desktop and inspection work.
- 3.14 Housing enforcement and nuisance work continued throughout the year and was handled sensitively given the concerns of tenants and landlords in relation to the risk of Covid-19. Whilst this was more time consuming it was deemed necessary during this difficult time.
- 3.15 The HMO team accrued substantial backlogs due to Covid-19 and are recruiting additional staff to assist with clearing this by March 2022.

### **Private Sector Housing (Grants)**

- 3.16 During Q4 2020/21 43 Disabled Facility Grants were completed. In total 121 were issued during 2020/21.

### **Local Land Charges**

- 3.17 The Local Land Charges service processed 1387 searches in Q4. The overall total for 2020/21 was 4439, an increase of 11% compared to last year where 4001 land charges were processed. The increase was due to the stamp duty holiday, which was extended to June 2021.

### **Scientific Services & Pest Control**

- 3.18 Local readings show that air quality improved during lockdown and positive impacts continue to be monitored. The annual report from the Department for Environment, Food and Rural Affairs (DEFRA) on the borough's air quality is expected in May 2021.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Conducting Food Hygiene Inspections - Target A Number of completed Food Hygiene Inspections due and overdue (q)	Bigger is Better	100%	48% (R)	44.7% (R)	⬇️ W	99.2%
Conducting Food Hygiene Inspections - Target B Number of completed Food Hygiene Interventions due and overdue (q)	Bigger is Better	85%	28.6% (R)	40.5% (R)	⬇️ W	94.9%

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Conducting Food Hygiene Inspections - Target C Number of completed Food Hygiene Inspections of new unrated premises within 28 days of discovery date (q)	Bigger is Better	90%	27.6% (R)	22.3% (R)	➔ W	95.4%
Food Standards Inspections (Category B) Number of B rated interventions completed on or before the next due intervention (q)	Bigger is Better	100%	111.4% (G)	106% (G)	↑ I	100%
Food Standards Inspections (unrated premises) Unrated: Number of unrated premises inspected at the same time as the first food hygiene inspection (q)	Bigger is Better	100%	104.6% (G)	88.6% (R)	➔ W	100%
Improvement in food hygiene in the highest risk premises (q)	Bigger is Better	90%	70% (R)	56.1% (R)	➔ W	95.2%
Compliance with Licensing Requirements for Houses in Multiple Occupation (HMOs) - Licensed HMOs meeting legal standards (q)	Bigger is Better	72%	67.5% (A)	68.9% (A)	➔ W	72.1%
Food Standards Inspections (Category A) Number of A rated interventions completed within 28 days of due date (q)	Bigger is Better	100%	0% <sup>11</sup> (R)	0% <sup>12</sup> (R)	➔ W	100%
Safer workplaces – A higher level of compliance with health and safety legislation in the known most unsafe workplaces (q)	Bigger is Better	75%	No Activity	No Activity	Not Comparable	83%
Number of empty properties brought back into residential use (q)	Bigger is Better	125	130 (G)	130 (G)	➔ W	293
Number of private tenanted properties with category 1 hazards (q)	Bigger is Better	200	243 (G)	243 (G)	➔ W	287
Compliance with Environmental Health Service standards (Priority 1 incidents and service requests) (q)	Bigger is Better	100%	100% (G)	100% (G)	↑ I	91%
LAPPC Part 2a and 2b processes intervention programme (q)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%

<sup>11</sup> Only one inspection was due to take place in Q4

<sup>12</sup> Only one inspection was due to take place in 2020/21

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Implementing Health & Safety Inspection Programme Compliance with legislation, departmental, statutory and service standards (q)	Bigger is Better	100%	No Activity	100% (G)	➔ S	100%
Implementing the Animal Welfare Inspection Programme Compliance with legislation, departmental, statutory and service standards (q)	Bigger is Better	100%	No Activity	100% (G)	Not Comparable	No Activity
Business license applications processed in a timely manner (q)	Bigger is Better	95%	100% (G)	100% (G)	⬆ I	98.4%
Reduction of unit costs of disabled adaptations (q)	Smaller is Better	£9,500	£7,358 (G)	£5,612 (G)	⬆ I	£8,260
Compliance with Environmental Health Service Standards (Priority 2 incidents and service requests) (q)	Bigger is Better	95%	97.2% (G)	96.4% (G)	⬇ W	96.7%
Food & Drinking Water Sampling Inspections (q)	Bigger is Better	100%	100% (G)	100% (G)	⬇ W	212.9%
Average time taken to process requests for full official searches (online and post in Land Charges (q)	Smaller is better	3	2.7 (G)	2.4 (G)	⬇ W	1.9
Effectiveness of Trading Standards department interventions undertaken within a 12-month period (bi)	Smaller is better	10%	7.1% (G)	5.8% (G)	⬇ W	3.4%
Effectiveness of Licensing department interventions undertaken within a six-month period (bi)	Smaller is better	5%	1.2% (G)	2.1% (G)	⬇ W	0.2%
Appropriate response to statutory deadlines. Ensuring that all statutory time scales are being adhered to. Within the Licensing and Gambling Act	Bigger is Better	100%	100% (G)	100% (G)	⬆ I	99.8%
Appropriate response to service requests Service requests dealt with to present standards to the satisfaction of customers	Bigger is Better	90%	97.4% (G)	94.1% (G)	⬇ W	94.6%
Completion of projects to assist in meeting the key priorities of the Joint Strategic Needs Assessment priorities (a)	Bigger is Better	100%	Reported at EOY	No Activity	Not Comparable	No Activity

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Service plans, Sampling and Intervention programmes detailed in Schedule 4 to be submitted to the Authority for approval by 1st week of March each year. (a)	Bigger is Better	100%	Reported at EOY	No Activity	Not Comparable	100%
Increasing number of HMOs licensed under the mandatory scheme (a)	Bigger is Better	500	Reported at EOY	656 (G)	↑ I	599
Increase in the number of accredited landlords in Barnet (accredited either through the London scheme or a local scheme)	Bigger is Better	5% Increase 18/19	Due for Q1 2021/22	Due for Q1 2021/22	Not Comparable	989 <sup>13</sup>

## Strategic Planning

3.19 There are three KPIs for Strategic Planning. One KPI met the EOY target and two KPIs met the Q4 target but did not meet the EOY target.

- **Strategic Planning Documents completed and signed off (RAG rated Red) – 80% against a EOY target of 100%.**

The indicator failed due to one planning document not being signed off in time during Q2.

- **Percentage of Section 106 cases cleared annually (as per the Town and Country Planning Act 1990 as amended) (RAG rated Amber) – 79.5% against a target of 80%.**

The indicator did not meet the target due to one outstanding payment. HB Public Law are in the process of seeking an injunction for non-payment of the s.106 contributions.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Strategic Planning Documents completed and signed off	Bigger is Better	100%	100% (G)	80% (R)	↓ W	91.8%
Percentage of Section 106 cases cleared annually (as per the Town and Country Planning Act 1990 as amended) – payment of Section 106 obligations by developers to the Authority	Bigger is Better	80%	91.6% (G)	79.5% (A)	↓ W	88 .6%

<sup>13</sup> This is the final confirmed result for 2019/20.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Percentage of Community Infrastructure Levy (CIL) cases cleared annually - payment of overall CIL obligations by developers to the Authority	Bigger is Better	80%	Reported at EOY	80.8% (G)	⬇️ W	82.4%

## Planning Obligations and the Community Infrastructure Levy

- 3.20 During Q4, public consultation on the Community Infrastructure Levy (CIL) Rate Review took place, which included bespoke virtual consultation activities with developers and planning agents.
- 3.21 Virtual public consultations and workshops also took place for two Supplementary Planning Documents (SPDs) with a range of formats and tools being used by the policy team to test the response and comfort of residents and stakeholders with the different online consultation formats. Lessons learned will inform the consultation on the Regulation 19 Local Plan in Summer 2021.

## Planning and Development Management

- 3.22 There are three KPIs for Planning and Development. Two KPIs achieved the Q4 and EOY targets. One KPI did not achieve the Q4 and EOY target.
- **Planning Enforcement basket (RAG rated RED) – Planning Enforcement basket (RAG rated RED).**  
The KPI basket failed due to delays in serving notices or starting prosecutions during the Covid-19 pandemic.
- 3.23 Development related income KPIs were met and expected income on commenced sites was received in year, including £2m Barnet CIL in Q4, taking the annual Barnet CIL total to £11.67m. However, the deferral of CIL payments enabled by Covid-19 legislation has delayed a substantial amount of further receipts.
- 3.24 Proactive enforcement resumed on a number of historic unpaid cases; with legal action commencing where developers still owed contributions from schemes begun prior to lockdown in March 2020. This proactive enforcement follows an initial pause during Q1 and Q2 2020/21 to allow time for lenders to adjust to Covid-19 circumstances, so that demands for payments by developers could be met.

## Planning – Development Management

- 3.25 The start of 2021 saw continuation of the new Planning Committee structure with the three committees operating on a taxi-rank basis for application decision-making. The first quarter of the new structure has gone well and feedback from users is largely positive.
- 3.26 Covid-19 continued to have an increasing impact on the delivery of the Planning Service, and especially the performance of the Enforcement Basket KPI; mostly through:

- Restrictions on officer site visits with planning enforcement investigations remaining the most affected part of the service. A Recovery Plan is being prepared to clarify the volume and type of breaches affected and how the backlog in issuing notices will be addressed.
  - The determination of a small number of planning applications and tree works applications were briefly delayed as a result of the inability to visit some sites when restrictions were in force. Additional resources were brought in to support the tree team to specifically help recover this function.
- 3.27 Despite these challenges, the overall performance delivered by the service continued to be good and compared favourably with other London Boroughs. The number of applications submitted to the council did not drop off, despite the pandemic. Agile working enabled all workstreams to continue, except where there was a direct requirement for site visits during periods of restrictions.
- 3.28 During Q4 2020/21 the Planning Service was shortlisted for a Royal Town Planning Institute (RTPI) award in the category of “Team of the Year”, with the entry centring on the achievements of the Re Enforcement team. MHCLG statistics show that Barnet continued to serve the most enforcement notices nationally in the last quarter of 2020/21 (65 notices), almost 1 in 5 notices in London. The Barnet Homes scheme at Red Hill Court, Burnt Oak Broadway was shortlisted for the RTPI award for Excellence in Planning (Small Schemes).
- 3.29 The provision of “fast-track” services was paused in January 2021 to ensure available staff resources could focus on the core work of dealing with planning applications in a timely manner during a short period of staff turnover in Q4 2020/21. Fast track services were fully up and running again by the end of the quarter.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Compliance with planning application statutory timescales (for major, minor, other applications) (q)	Bigger is Better	80%	89.1% (G)	92.7% (G)	↑ I	91.8%
Application Basket (q)	Bigger is Better	6	6 (G)	6 (G)	↑ I	5
Planning Enforcement Basket (q)	Bigger is Better	6	0 (R)	0 (R)	↓ W	5

- 3.30 There is one KPI for Building Control, which met the Q4 target but not the EOY target.
- **Number of decisions within statutory timescales – Meet building regulation statutory timescales (RAG rated AMBER) - 99.6% against a EOY target of 100%.** Due to the Covid-19 pandemic, work processes were amended to be paperless. The change in process was mainly successful except for an isolated case in Q3 where timescales were not met.

3.31 Data from the Building Control team from March 2021 shows a continued recovery of the construction sector with Q4 applications up 37% on average from the same period last year; although the service's market share was slightly below average at 32% and this issue continues to be a focus of efforts to win business for the service, alongside efforts to secure more 'larger development' clients.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Number of decisions within statutory timescales – Meet building regulation statutory timescales (q)	Bigger is Better	100%	100% (G)	99.6% (A)	➔ W	99.7%

## Regeneration

3.32 There are four KPIs for Regeneration of which three met their Q4 and EOY targets and one result is due in Q1 2021/22.

3.33 Key activities included:

- Adjustments to construction programmes and changes in health and safety procedures, along with flexible working practices to maintain the successful delivery of service and outcomes.
- Key outcomes and outputs were re-programmed to occur later in 2020/21, largely within six or nine months of the original date due to the impact of the Covid-19 where construction sites were temporarily closed and re-mobilisation increased delays, there were delays to delivery of goods to site, or where staffing became an issue due to the range of Covid-19 related constraints.
- External Partnership Board and other key meetings used online software tools, enabling engagement, direction, transparency, feedback, and updates to continue despite Covid-19 restrictions to move to home-based working

3.34 Throughout 2020/21 there was regular tracking of 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.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Regeneration budgetary and financial controls (% of invoices sent within timescales) (q)	Bigger is Better	85%	100% (G)	100% (G)	➔ S	100%
Delivery of Regeneration projects' deliverables and milestones to meet outcomes and achieve benefits (q)	Bigger is Better	85%	100% (G)	144% (G)	➔ I	104%

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Delivery of affordable housing completions (q)	Bigger is Better	231 <sup>14</sup>	76 (G)	245 (G)	↓ W	463
Number of New Homes completed (a)	Bigger is Better	2677	Due Q1 20/21	Due Q1 20/21	Not Comparable	2677

## Highways

3.35 There are 16 KPIs for Highways. 11 KPIs achieved the Q4 and EOY targets. Four KPIs did not achieve the Q4 and EOY targets and one KPI reported no activity.

- **Highways Category 1 defects rectification timescales completed on time (48 hours) (RAG rated RED) – 78.8% against a EOY target of 100%.**  
This has been the subject of ongoing contractual issues related to anomalies between Re KPIs and the London Highways Alliance Contract (LoHAC) KPIs. A new term maintenance contract (TMC) commenced from 1 April 2021 with a new service provider. Some of the contract KPIs, including this performance target, are being reviewed in order that all Re and TMC KPIs are aligned with each other in the future.
- **Highways Category 2 defects rectification timescales completed on time (7 days) (RAG rated RED) - 57.5% against a EOY target of 100%.**  
Comment as above.
- **Response to complaints relating to drainage malfunction and/or flooding event (RAG rated RED) – 73.6% against a EOY target of 100%.**  
During Q2 the managing agent had a member of staff on long-term sick leave which resulted in lower than expected performance. However, plans were put in place to triage complaints and a temporary drainage engineer was brought in to assess and respond to drainage and flooding issues.
- **Insurance Investigations completed on time (14 Days) (RAG rated AMBER) – 98.7% against a EOY target of 100%.**  
An insurance claim was missed due to a change in policy because of Covid-19 restrictions. Previously, the inspector could access the building on an ad-hoc basis, which changed to appointment-only. A process was set up for the inspector to attend at agreed times.

3.36 A key development has been the commencement of a new call-off maintenance contract with TarmacKier Joint Venture (TKJV) under London Highway Maintenance and Projects Framework (HMPF) procured by Transport for London (TfL) on 1 April 2021. A revised performance framework is being devised for the TKJV and Re with

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<sup>14</sup> Developments experienced delays in 2020/21 from disruptions from Covid-19 restrictions throughout the year. It was agreed in January 2021 for the target to change from 370 to 231. The 370 target will be reinstated for 2021/22 reporting.

a focus on operational delivery and keeping the highway network running efficiently.

- 3.37 Six KPIs related to delivery by the third party are being reviewed and aligned to the new Highways Term Maintenance Contract and will be suspended for Q1 2021/22 whilst the new contract is established. The suspension of these KPIs will be taken to Environment Committee on the 2 June 2021. The new KPIs will be reported from Q2 2021/22 onwards. The suspended KPIs are:
- Annual programme of Gully Cleansing
  - Emergency Defects Rectification Timescales completed on time
  - Category 1 Defects Rectification Timescales completed on time
  - Category 2 Defects Rectification Timescales completed on time
  - Timely construction of Vehicle Crossovers following receipt of payment
  - Response to complaints relating to a drainage malfunction and/or flooding event
- 3.38 The review of the KPIs with Re is being undertaken to reflect Re's role as the Managing Agent under the DRS contract. The Managing Agent responsibilities under the DRS contract are to ensure that the Third-Party Contractors are complying with the terms of their contracts. It includes monitoring managed contracts and related KPIs and PIs including quality of service delivery (employing technical experts where necessary), cost (including budget, efficiency and cost effectiveness) and performance. The intention is that the KPIs will cover Re's responsibilities for receiving defect reports.
- 3.39 The service focused on delivering a stable service delivery model continuing to apply the best practice in remote and field working.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Category 1 Defects Rectification Timescales completed on time	Bigger is Better	100%	83.9% (R)	78.8% (R)	↑ I	66.6%
Category 2 Defects Rectification Timescales completed on time	Bigger is Better	100%	61.2% (R)	57.5% (R)	↓ W	61.1%
Response to complaints relating to a drainage malfunction and/or flooding event	Bigger is Better	100%	45.3% (R)	73.6% (R)	↓ W	100%
Insurance Investigations completed on time (14 days)	Bigger is Better	100%	98.6% (A)	98.7% (A)	↑ I	97.5%
Emergency Defects Rectification Timescales completed on time	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Response in dealing with Highway Licence applications	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Processing of Vehicle Crossover Applications - timescale for providing quotes	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Timely construction of Vehicle Crossovers following receipt of payment	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Timely response to Permit requests (LoPS)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Appropriate conditions attached to Permits (LoPS)-	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Appropriateness of approved and rejected extension requests (Permit Extension Requests, LoPS)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Level of Withdrawn Defects. Levels of passed and failed Highways works inspections	Smaller is better	15%	0% (G)	0% (G)	➔ S	0%
Activity in relation to dealing with Section 50 (S50) Requests (TMA)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Section 74 (S74) compliance and sanctions correctly imposed for failures (NRSWA)	Bigger is Better	100%	100% (G)	100% (G)	➔ S	100%
Interventions (from DfT or similar agencies) regarding Traffic Manager Duties (TMA)	Smaller is better	0	0 (G)	0 (G)	➔ S	0
Processing of Vehicle Crossover Appeals	Smaller is better	100%	No Activity <sup>15</sup>	No Activity <sup>16</sup>	Not Comparable	No Activity <sup>17</sup>

## 4. THE BARNET GROUP

4.1 The Barnet Group section of this report is based on the Barnet Homes annual delivery plan. The delivery plan has three priorities delivering 10 KPIs.

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

4.2 There are three KPIs for quality housing. Two KPIs achieved the Q4 and EOY targets. One KPI did not achieve the Q4 and EOY target.

<sup>15</sup> No Vehicle Crossover appeals took place in Q4 2020/21

<sup>16</sup> No Vehicle Crossover appeals took place in 2020/21

<sup>17</sup> No Vehicle Crossover appeals took place in 2019/20

- Number of homes purchased for use as affordable accommodation (RAG rated RED) – 48 against a EOY target of 125.**  
The impact of Covid-19 had a direct effect on the purchasing process impacting on the delivery of this programme. There were 21 completions in Q4 2020/21, and it is hoped that momentum will continue into the next financial year.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Affordable housing delivered on council owed land (c)	Bigger is Better	144	145 (G)	145 (G)	↑ I	15
Number of homes purchased for use as affordable accommodation (c)	Bigger is Better	125	48 (R)	48 (R)	↓ W	15
Increase the supply and range of housing available for care leavers for those ready to move into independent living (c)	Bigger is Better	48	67 (G)	67 (G)	↓ W	128

## Safe and secure homes

4.3 There are two KPIs for Safe and Secure homes. One KPI achieved the Q4 and EOY target and one KPI did not achieve the Q4 and EOY target.

- Scheduled fire risk assessment completed (Council housing) on time (RAG rated Amber) – 91.0% against a EOY target of 100%.**  
Fire risk assessments were missed in Q2 due to Service Provider Assessors needing to self-isolate and again in Q4, as a site with two communal areas only had one area assessed. 15 assessments were missed in total but these have now been completed<sup>18</sup>. No assessments are outstanding for 2020/21.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
% of scheduled fire risk assessment completed (c)	Bigger is Better	100%	96.9% (A)	91.0% (A)	↓ W	98.6%
Percentage of priority 0 and 1 fire safety actions completed on time (c)	Bigger is Better	90%	100% (G)	99.9% (G)	↑ I	76.4%

## Tackling and preventing homelessness and rough sleeping

4.4 There are five Homelessness KPIs. Three KPIs achieved the EOY targets, one KPI is a Monitor Only and one KPI did not achieve the EOY targets.

- Number of households in Temporary Accommodation (RAG rated Amber) – 2399 against a EOY target of 2250.**

<sup>18</sup> Fire Risk Assessments that were missed in Q2 2020/21 were completed in early Q3 2020/21. The missed assessment in Q4 2020/21 was completed within the quarter.

There was a reduction in the number of households in Temporary Accommodation at the end of the year (2339 from 2499 in Q3). The ability to meet this target has been a challenge, it still represents a reasonable outcome for 2020/21 given the extraordinary challenges presented by Covid-19.

Indicator	Polarity	20/21 Target	Q4 20/21	EOY 20/21		EOY 19/20
			Result	Result	DOT	Result
Rough sleeper counts every other month (s)	Smaller is Better	20	11 (G)	11 (G)	↑ I	24
Households placed directly into the private sector by Barnet Homes (c)	Bigger is Better	610	647 (G)	647 (G)	↓ W	674
Families with Children in Temporary Accommodation (c)	Smaller is Better	Monitor	52.3%	52.3%	↑ I	60.8%
Number of Homelessness Preventions (c)	Bigger is Better	1250	1264 (G)	1264 (G)	↑ I	1221
Numbers of households in Temporary Accommodation (c)	Smaller is Better	2250	2399 (A)	2399 (A)	↑ I	2467

## 5. LEGAL SERVICES

- 5.1 Like many support service areas, shared Legal Service staff 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 For civil litigation there was a mixture of face-to-face and virtual hearings. For criminal litigation, since January 2021, the service attended face- to-face hearings, including some trials and first appearances. In the family courts cases were considered on a case by case basis with some hearings being remote and other face-to-face depending on the complexity.
- 5.3 The service provided advice remotely to licensing panels and planning committees A, B and C. The service continued to deal with Court of Protection applications by way of remote hearings. Employment tribunal and SEND tribunal cases continued mainly with remote hearings and lawyers continue to work on these cases. Court of protection cases were generally remote but there were some face-to-face final hearings.
- 5.4 HB Public Law 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. The service supported officers with advising on current and ever changing Covid-19 restrictions and its enforcement powers including giving out of hours of advice to support the front line Covid-19 enforcement efforts of the council at the point that advice was needed.

5.5 The following training was provided since December 2021:

- Licences Leases and Tenancies at Will
- Statutory Consents and Best Value.
- Appropriation.
- JR section 20 and 17 of the Children Act 1989.

5.6 There were many successful criminal prosecution cases conducted including:

- Trademarks Prosecution – Sale of Counterfeit Trademark Goods
- Breach of a Planning Enforcement Notice
- Failure to Licence Property as House in Multiple Occupation (HMO) Social Housing Fraud.

5.7 The property team worked on many matters including:

- The completion of the sale of the Mortuary to Pocket Living before year end for £2.6 million
- Hendon Hub project - the acquisition of two strategic properties 6 Church Terrace and 36 Church End to enable the multi-million development
- The completion of due diligence, in particular the registration of crucial unregistered roadways to facilitate the exchange of two Development Agreements with Sage to obtain drawdown of grant funding
- The completion of the Granville Road sub-station after months of negotiation
- The speedy completion of further leases at North London Business Park for parking and workshops
- Completion of the deed of surrender of the Brogan lease of the land adjoining the depot
- The completion of the licence for works the Finchley War Memorial.

5.8 The contracts team drafted many contracts including:

- Framework for the Provision of Community Equipment for Health Care
- Mortuary Provision (Barnet) – Pan London IAA 2020-21

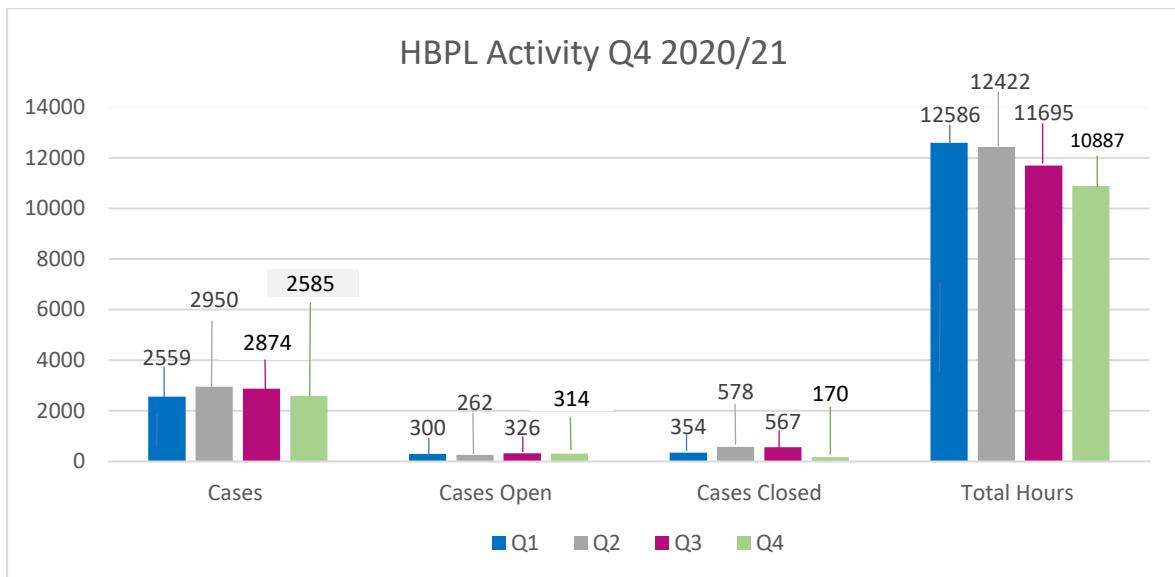
## Cases Hours and Disbursement<sup>19</sup> Data

### Activity by Cases

5.9 In Q4, Legal Services worked on 2,585 cases, 314 new opened cases, 170 cases were closed and there were 10,887 chargeable hours. This compared with Q3 where Legal Services worked on 2874 cases, 326 new opened cases, 567 cases closed and 11,695 were chargeable hours.

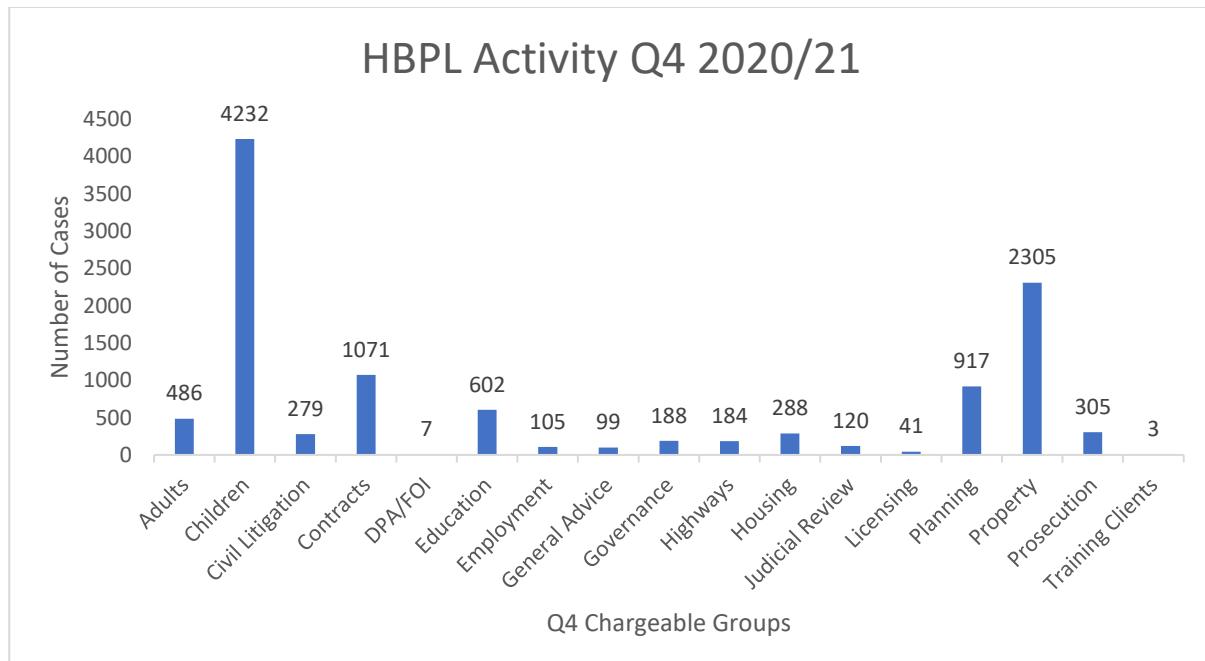
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<sup>19</sup> Disbursement costs include barristers' time as well as postage, telephone, travel and other charges



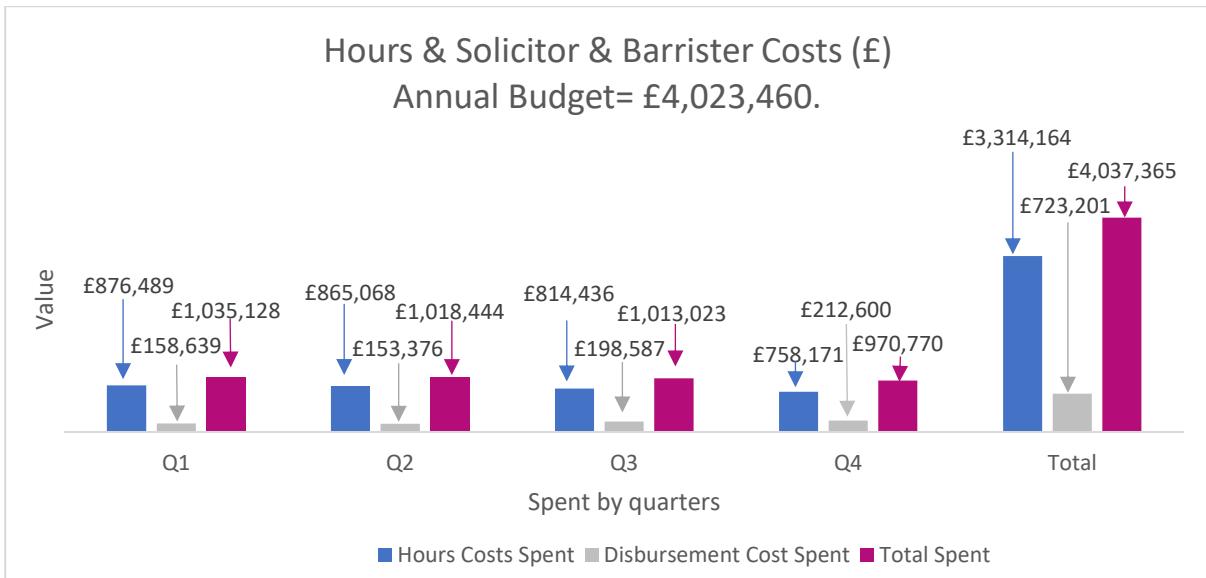
### **Chargeable hours Recorded by Work Group**

5.10 Children's services continued to have the highest number of chargeable hours at 4,232 costing £0.295m. Property services were the second highest area with 2,305 hours totalling £0.161m.



### **Total hours and disbursements**

5.11 In Q4 there were 10,887 chargeable hours at a cost of £0.758m and £0.213m disbursements totalling a Q4 spend of £0.971m. There was an overall decrease of 4.17% compared to Q3.



- 5.12 The Legal Services budget is 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.
- 5.13 Legal spend in Q1 was £0.876m in hours and £0.159m in disbursements totalling £1.035m, which represented 25.73% of the total budget (£4.023m).
- 5.14 Legal spend in Q2 was £0.865m in hours and £0.153m in disbursements totalling £1.018m which represented 25.31% of the total budget. The cumulative spend at the end of Q2 was 51.04% of the budget.
- 5.15 Legal spend in Q3 was £0.814m in hours and £0.199m in disbursements, totalling £1.013m which represented 25.18% of the total budget. The cumulative spend at the end of Q3 is £3.067m this represents at 76.22% of the total budget.
- 5.16 Legal spend in Q4 was £0.782m in hours and £0.213m in disbursements, totalling £0.995m which represented 24.73% of the total budget. The cumulative spend at the end of Q4 is £4.061m this represents a 100.94% of the total budget.

## **6 REASONS FOR RECOMMENDATIONS**

6.1 This report provides an overview of Quarter 4 (Q4) 2020/21 performance with a review of some significant highlights during the year for the back-office functions delivered by the Customer and Support Group (Capita) and 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; and the Legal services delivered by HB Public Law.

## **7 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

7.1 None.

## **8 POST DECISION IMPLEMENTATION**

8.1 None.

## **9 IMPLICATIONS OF DECISION**

### **10. Corporate Performance**

10.1 Performance monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate priorities of our strategic contracts.

10.2 Relevant council strategies and policies include the following:

- CSG Contract
- Re Contract
- TBG Contract
- HBPL Contract

### **11. Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

11.1 Budgetary information is part of the Chief Finance Officer report that reports to this Committee.

### **12. Social Value**

12.1 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.

### **13. Legal and Constitutional References**

- 13.1 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.
- 13.2 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.
- 13.3 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:
- The overall financial performance of the council
  - The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Housing & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee;
  - The council's major strategic contracts (Customer Support Group, Development and Regulatory Services, The Barnet Group Ltd (Barnet Homes) and HB Public Law) 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 & 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.
- 13.4 The council's Financial Regulations can be found at:  
<https://barnet.moderngov.co.uk/documents/s60884/17FinancialRegulations.doc.pdf>

### **14. Risk Management**

- 14.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any

high level (15 to 25) risks are reported to Policy and Resources Committee.

## **15. Equalities and Diversity**

15.1 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.

15.2 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.

15.3 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.

15.4 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>

## **16. Corporate Parenting**

16.1 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.

## **17. Consultation and Engagement**

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

## **18. Insight**

18.1 The report identifies performance information in relation to the council's contracted services for Quarter 4 (Q4) 2020/21. The report covers delivery from the Customer and Support Group (CSG) (Capita), Regional Enterprise (RE) (Capita), and HB Public Law.

## **19. BACKGROUND PAPERS**

19.1 None.

**London Borough of Barnet  
Financial Performance and  
Contracts Committee  
Forward Work Programme  
2021-2022**

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AGENDA ITEM 12

<b>Title of Report</b>	<b>Overview of decision</b>	<b>Report Of (officer)</b>	<b>Issue Type (Non key/Key/Urgent)</b>
<b>8 June 2021</b>			
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	<b>Non key</b>
Capita Contracts Review	To review update and recommendations	Director (Commercial and Customer Services)	<b>Non key</b>
Capital Projects	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	<b>Non key</b>
Q4 2020/21 Contracts Performance Report	To review and note Quarter 4 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	<b>Non key</b>
Brent Cross	To note the update on the delivery and financial performance across the Brent Cross programme	Director of Growth	<b>Non key</b>
<b>5 October 2021</b>			
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	<b>Non key</b>
Year 6/7 Strategic Contracts Review	To receive an update and any interim recommendations.	Director (Commercial and Customer Services)	<b>Non key</b>
Capital Programme	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	<b>Non key</b>
Q1 2021/22 Contracts Performance Report	To review and note Quarter 1 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	<b>Non key</b>
<b>23 November 2021</b>			

<b>Subject</b>	<b>Decision requested</b>	<b>Report Of</b>	<b>Type</b>
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	<b>Non key</b>
Year 6/7 Strategic Contracts Review	To receive an update and any interim recommendations.	Director (Commercial and Customer Services)	<b>Non key</b>
Capital Programme	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	<b>Non key</b>
TBC 2021/22 Contracts Performance Report	To review and note Quarterly 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	<b>Non key</b>
<b>1 February 2022</b>			
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	<b>Non key</b>
Year 6/7 Strategic Contracts Review	To receive an update and any interim recommendations.	Director (Commercial and Customer Services)	<b>Non key</b>
Capital Programme	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	<b>Non key</b>
Q2 2021/22 Contracts Performance Report	To review and note Quarter 2 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	<b>Non key</b>
<b>14 March 2022</b>			
Chief Finance Officer Report	To review and note the council's financial performance.	Director of Finance (S151 Officer) Assistant Director of Finance	<b>Non key</b>
Year 6/7 Strategic Contracts Review	To receive an update and any interim recommendations.	Director (Commercial and Customer Services)	<b>Non key</b>
Capital Programme	To update on the Capital Schemes within the Capital Programme.	Assistant Director Capital Strategy	<b>Non key</b>

<b>Subject</b>	<b>Decision requested</b>	<b>Report Of</b>	<b>Type</b>
Q3 2021/22 Contracts Performance Report	To review and note Quarter 3 2020/21 performance of strategic Contracts.	Director (Commercial and Customer Services)	<b>Non key</b>