

**MEETING**

**FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE**

**DATE AND TIME**

**TUESDAY 9TH OCTOBER, 2018**

**AT 7.00 PM**

**VENUE**

**HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG**

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

Chairman: Councillor Peter Zinkin,  
Vice Chairman: Councillor Anthony Finn

**Councillors**

Anthony Finn	Jess Brayne	John Marshall
Kathy Levine	Arjun Mittra	Alex Prager
Shimon Ryde		

**Substitute Members**

Geof Cooke	Lisa Rutter	Thomas Smith
Barry Rawlings	Alison Moore	Julian Teare

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments 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 4 October. 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: Gareth Greene 020 8359 7039

**ASSURANCE GROUP**

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## ORDER OF BUSINESS

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14.	Motion to Exclude the Press and Public	
15.	Exempt Item - Contractual review and commercial matters	93 - 136
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# Decisions of the Financial Performance and Contracts Committee

2 July 2018

Members Present:-

AGENDA ITEM 1

Councillor Peter Zinkin (Chairman)  
Councillor Anthony Finn (Vice-Chairman)

Councillor Kathy Levine  
Councillor Shimon Ryde  
Councillor John Marshall

Councillor Jess Brayne  
Councillor Arjun Mittra  
Councillor Alex Prager

## 1. ABSENCE OF MEMBERS

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

All Members of the Committee were present at the meeting.

## 2. DECLARATIONS OF MEMBERS DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY INTERESTS

The following declarations were made:

Councillor	Agenda Item(s)	Declaration
John Marshall	7, 10	Non-pecuniary interest by virtue of being a Council appointed Director for Barnet Group during the timeframe covered within the report
Shimon Ryde	7, 10	Non-pecuniary interest by virtue of being a Council appointed Director for Barnet Group
Arjun Mittra	7, 10	Non-pecuniary interest by virtue of being a tenant of Barnet Homes.
Jess Brayne	7, 10	Non-pecuniary interest by virtue of being a leasehold tenant together with her partner of Barnet Homes

## 3. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

## 4. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

The responses to the submitted Public Questions were published and tabled at the meeting. The Chairman invited the speakers, Mr John Dix and Mr Roger Tichborne who were in attendance, to join the meeting.

The Committee heard two Public Comments from Mr Dix and Mr Tichborne respectively.

The Committee also received a number of supplementary questions from Mr Dix and Mr Tichborne which were answered verbally by Officers and the Chairman.

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

There were none. The Chairman confirmed that Members' items can be considered in relation to areas of concerns that Members have about matters within the terms of reference of the Committee.

## **6. FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE GOVERNANCE ARRANGEMENTS**

The Chairman introduced the report and noted the core business items which will be considered on a regular basis in line with the Committee's Terms of Reference.

Members heard about the proposed reporting mechanism between this Committee and the Thematic and Policy & Resources Committees. The Chairman noted that any lessons learnt can be applied to ensure that the proposed arrangements work as efficiently as possible.

In respect of the remit between this Committee and the Performance and Contracts Management Committee (de-commissioned) the Chairman noted that Performance of services is reported to the relevant Thematic Committees. This follows the principles and recommendations set out by the Ofsted Monitoring review on the topic of management of performance.

The Committee noted that where issues are raised which fall within the terms of reference of another Thematic Committee, the specific request/ action will be noted and raised with the Chairman of the relevant Committee.

It was unanimously **RESOLVED** that:

- 1. The Committee approved the core papers that will be considered by the Committee on a regular basis.**
- 2. The Committee noted the Committee's relationship to the broader Performance and Risk reporting frameworks.**

## **7. FINANCIAL MONITORING REPORT OUTTURN 2017/18**

The Chairman introduced the report which provides an overview of financial performance for the year to 31 March 2018 and treasury management activity. The Director of Finance and S151 Officer Kevin Bartle presented the report to the Committee.

Following a query about the reported adverse variance, it was noted that overall variance is largely driven by overspends in CSG and council managed budgets. The Chairman noted that overspend in certain service areas are pressure and demand-led.

The Committee expressed concerns about the drawdown from specific and general earmarked reserves – it was agreed that action is needed to address the future sustainability of achieving a balanced budget.

The Committee highlighted the ever-increasing demand pressure in Adults and Safeguarding as an ongoing challenge and in response, Mr Bartle noted that the financial challenge is underpinned by underlying pressures which is being reported to the Policy and Resources Committee.

In response to concerns raised about the funding of Capital Programme, the Chairman noted that the Capital Programming is included on the Committee's Forward Work Programme for review and discussion. The Policy and Resources Committee is due to consider the profile of Capital Programme in more detail at their next meeting.

Members queried the borrowing mechanism reported within Table 13 on page 29 of the Agenda. It was noted that certain expenditure was classed as borrowed internally and that therefore there is no interest charge resulting from such borrowing.

The Committee noted the revised budget for HB Public Law 2017/18 on page 33, Appendix A Revenue Outturn. The Chairman noted that the Committee will consider the HB Public Law contract at a future meeting.

It was unanimously **RESOLVED** that:

- 1. The Committee noted the 2017/18 General Fund revenue outturn, as detailed in paragraph 1.2 and in Appendix A.**
- 2. The Committee noted the savings delivered in 2017/18, as detailed in paragraph 1.2.16.**
- 3. The Committee noted the level of reserves and balances as detailed in paragraph 1.3.**
- 4. The Committee noted the additions and deletions (which include virements) and accelerations and slippages in the capital programme, as detailed in paragraph 1.4 and in Appendix B.**
- 5. The Committee noted the treasury position outlined in paragraph 1.5.**

## **8. FUTURE FINANCIAL REPORTING**

The Chairman noted the proposed timetable and structure of Future Financial Reporting to this Committee which consist of three broad sections.

The first section, Executive Summary covers high level summary of performance and key issues, the second section will cover Financial Management which includes Revenue monitoring, Capital programme, Reserves, Debtors and Treasury. The third section covers strategic financial matters such as internal controls and long term financial planning.

In response to a query on reporting of CIL and S106 funding, Mr Bartle informed the Committee that a report will be taken to the Audit Committee which can be circulated to Members. **(Action)**

He also noted that CIL and S106 funding will be referenced as part of the Capital programme Financial report to this Committee.

It was unanimously **RESOLVED**:

**That the Committee approved the proposed reporting contents set out in Section 1 of the report.**

## **9. PERFORMANCE OF BACK OFFICE FUNCTIONS**

The Chairman introduced the item which sets out the forward work programme for the Committee's review of the performance of back office services.

A correction was noted on page 58 of the agenda, under paragraph 1.3 to read c) *Pensions Administration*.

The Committee requested to receive a list of all back office services. **(Action)**

It was unanimously **RESOLVED**:

**That the Committee agreed the approach and forward work programme for the Financial Performance and Contract Committee's review of the performance of back office services.**

## **10. END OF YEAR 2017/18 CONTRACTS PERFORMANCE REPORT**

The Chairman introduced the EOY Contracts Performance report for 2017/18 and invited Gillian Clelland, Assistant Director of Finance (CSG) to join the meeting.

Given the significance of some of the issues, the Committee requested that updates are provided where issues were closed off post reporting period. In order to incorporate this suggestion within future reports, the Chairman and Officers agreed to discuss this in more detail. **(Action)**

Going forward, reports will include a footnote where issues are being reviewed by other Thematic Committees to avoid duplication of work. **(Action)**

### The Barnet Group

In respect of Fire Safety, the Committee received confirmation that as reported in the End of Year performance report to Policy and Resources Committee, all fire risk assessments had been completed. It was requested that the report due to go to the Housing Committee on the delivery of the programme and value of works also be circulated to this Committee. **(Action)**

### Customer and Support Group (CSG)

Referring to page 69 of the Agenda, the Committee requested an update on the progress of works for Tarling Road Community Centre. **(Action)**



Following a comment about satisfaction with the website, GovMetrics and accuracy of information, it was agreed that the Committee will consider this issue at its next meeting. **(Action:** Forward Work Programme)

In response to concerns expressed over the Oakleigh Road Depot and bin collection dates, it was noted that the Environment Committee had considered both matters. It was agreed that both issues will be raised with the Chairman of the Environment Committee. **(Action:** refer)

The Committee asked for information on page 71 of the Agenda covering finance contract indicators, KPIs 29 and 30, which measure the quality of budget and savings monitoring to be circulated. Officers agreed to provide an update of the final versions of KPIs 29 and 30 to all Members of the Committee. **(Action)**

Following a discussion on Pensions administration, the Committee heard about the improvement plan which was put in place to address issues. The Chairman informed the Committee about the reporting mechanism of Pensions administration and that the Committee is due to review this topic at its future meeting. Officers agreed to contact Councillor Mittra outside of the meeting to address any further queries. **(Action)**

Officers agreed to respond to Councillor Brayne to confirm whether the wider impact of Universal Credit was previously reported and reviewed. **(Action)**

It was unanimously **RESOLVED** that:

**The Committee scrutinised the annual performance of the council's key strategic contracts as above and note any recommendations to Policy & Resources or Theme Committees on issues arising from the scrutiny of external providers and financial performance.**

**11. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT**

There were none.

**12. 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.

Members of the press and public vacated the room and the public gallery was cleared.

**13. EXEMPT ITEM - UPDATE ON COMMERCIAL MATTERS**

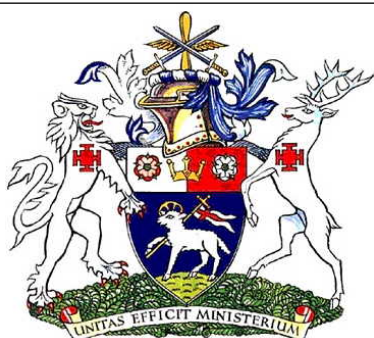
The Committee noted the exempt information.

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

None.

The meeting finished at 9.35 pm

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## Financial Performance and Contracts Committee

9 October 2018

<b>Title</b>	<b>Referral from the Environment Committee</b>
<b>Report of</b>	Head of Governance and Commercial Director
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Salar Rida, Governance Service <a href="mailto:salar.rida@barnet.gov.uk">salar.rida@barnet.gov.uk</a> Alaine Clarke, Head of Performance and Risk <a href="mailto:alaine.clarke@barnet.gov.uk">alaine.clarke@barnet.gov.uk</a>

### Summary

The Environment Committee considered the **Quarter 1 2018/19 Environment Performance Report** on 13 September 2018 and agreed to refer the ongoing IT issues between Re and Conway Aecom to the Financial Performance and Contracts Committee for consideration.

This report provides Members with an outline of the request and referral made by the Environment Committee and requests the Committee's instructions.

### Officers Recommendations

That the Committee's instructions are requested in relation to the referral from the Environment Committee.

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

1.1 At its meeting on 13 September 2018, under Agenda Item 13 the Environment Committee agreed to refer the following matter to the Financial Performance and Contracts Committee:

- Failure to resolve the IT issues between Re and Conway Aecom in relation to potholes

1.2 The Committee is therefore asked to provide instructions in response to the matter which has been referred.

## **2. REASONS FOR RECOMMENDATIONS**

2.1 The Financial Performance and Contracts Committee has a remit to consider matters referred from the Policy and Resources Committee and/ or Theme Committees.

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

3.1 None.

## **4. POST DECISION IMPLEMENTATION**

4.1 None.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 As set out in the substantive report.

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

5.2.1 As set out in the substantive report.

### **5.3 Social Value**

5.3.1 None in the context of this report.

### **5.4 Legal and Constitutional References**

5.4.2 Under the council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, the Financial Performance and Contracts Committee's responsibilities include:

- 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
- Responsible for the oversight and scrutiny of
  - (a) The overall financial performance of the council
  - (b) The performance of services other than those which are the responsibility of the thematic committees
  - (c) the council's major strategic contracts including (but not limited to):
    - Analysis of performance
    - Contract variations
    - Undertaking deep dives to review specific issues
    - Monitoring the trading position and financial stability of external providers
    - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers

## **5.5 Risk Management**

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

## **5.6 Equalities and Diversity**

5.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

5.6.4 This is set out in the council's Equalities Policy together with our strategic

Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

## **5.7 Corporate Parenting**

5.7.1 Not applicable.

## **5.8 Consultation and Engagement**

5.8.1 Not applicable.

## **5.9 Insight**

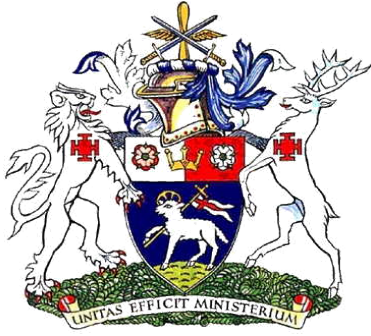
5.9.1 Not applicable.

## **6. BACKGROUND PAPERS**

6.1 Report to Environment Committee, 13 September 2018, Item 13:  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=695&Mid=9477>

# Financial Performance and Contracts Committee

## 9 October 2018



<b>Title</b>	<b>Chief Financial Officer Report Month 4</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 forecast Appendix B: Capital forecast Appendix C: Prudential indicator compliance to 31 July 2018 Appendix D: Investments outstanding as at 31 July 2018
<b>Officer Contact Details</b>	Paul Clarke, Deputy Section 151 Officer <a href="mailto:paul.clarke@barnet.gov.uk">paul.clarke@barnet.gov.uk</a>

### Summary

This report contains a summary of the Council's capital and revenue financial performance for the financial year 2018/19. It also contains information on the level of debt, debtors and treasury performance for the period to 31<sup>st</sup> July 2018. Additionally the report provides a narrative on strategic financial issues affecting the Council during the period.

### Officer's Recommendations

- 1. The Committee is asked to note the 2018/19 revenue forecast outturn, as detailed in Table 1 and in Appendix A;**
- 2. The Committee is asked to note the savings anticipated to be delivered in 2018/19, as detailed in Table 5;**
- 3. The Committee is asked to note the level of reserves and balances as detailed in Tables 6 and 7;**

## Officer's Recommendations

4. The Committee is asked to note the 2018/19 capital forecast outturn, as detailed in Table 10 and in Appendix B;

5. The Committee is asked to note the treasury position outlined in section 2.3.

6. The Committee is asked to note the debtors position outlined in section 2.4.

7. The Committee is asked to note the strategic financial matters outlined in section 3.

### 1 Executive Summary

1.1 This report provides an overview of the council's forecast financial outturn for the 2018/19 financial year. In addition, the report provides a high-level update on other strategic financial matters relevant to the Council as at July 2018.

1.2 This financial forecast displays an increase in the adverse variance of £0.75m over period 3, however it should be understood that this is mainly due to correcting a budget assumption in Adults and a pension accrual from 2014/15 and that current council expenditure is not increasing against budget. The impact of these changes is to increase the cost pressure challenge the council faces. The four key reasons for movement in forecast between periods 3 and 4 are as follows:

#### Adults and Communities

In Period 3 an assumption was made of the costs of pay inflation which was due to be paid to staff. This cost was partially netted off in the original forecast figure by an assumption of corporate funding towards this cost. This treatment effectively double counted the additional funding to the service as inflationary funding is provided through the Adult Social Care precept. This double counting has been removed at month 4.

#### Central Expenses

The council has an ongoing commitment to fund historical premature retirement costs. In 2014/15 not all the outstanding invoices for the period were accrued for. As part of the programme of work to improve pension fund accounting this was uncovered. The impact of now recognising these payments means that the budget will have a one off overspend this year but this offsets an under recognition from 2014/15.

#### Family Services

Through the effective management of the service and demand increases for the service appearing lower than anticipated, the forecast outturn for family services has been revised downwards.

#### Housing Needs and Resources

The initially anticipated recharges to the HRA in relation to management overheads was reduced in July following a review of the calculation. This ensures that the actual level of recharges are appropriate and adhere to the rules of the HRA ringfence.



- 1.3 Since the 2017/18 outturn position was known, a number of activities have been taking place to reduce the level of expenditure incurred by the organisation. These activities include the establishment of a panel to review the usage of agency staff and the recruitment to vacancies. Additional controls were also put in place to limit the use of consultants and the introduction of a moratorium on non-essential expenditure. These activities are having a positive impact on the council's financial forecasts and these benefits will become more apparent as the financial year goes on.
- 1.4 The General Fund revenue forecast for 2018/19 is £300.299m, which is a net overspend of £6.958m (2.4%) compared with the revised budget of £293.341m. This forecast is stated after the net drawdown from specific and general earmarked reserves totalling £3.273m. Excluding net drawdowns from reserves, the forecast is £303.572m, which is an adverse variance of £10.231m (3.5%), compared with the revised budget of £293.341m.
- 1.5 When the 2018/19 budget was set, the anticipated level of the council's General Fund balance was £9m which the Council would seek in time to increase to £12m. The balance as at 1 April 2018 was £15.083m (excluding schools' balances). The forecast overspend for the year, should it materialise in full, would reduce the level of the General Fund Balance to £8.124m.
- 1.6 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018, the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £20.554m are forecast as at month 4 which would result in total earmarked reserves as at 31 March 2019 of £54.384m.
- 1.7 The forecast as at 31 July 2018 on the council's 2018/19 capital programme is £303.469m, £260.522m of which relates to the General Fund programme and £42.947m to the HRA capital programme. This is £21.005m less than the approved 2018/19 budget of £324.474m.
- 1.8 The Prudential Indicators have not been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The Local Government Act 2003 requires the council to set an Affordable Borrowing Limit (the Authorised limit), irrespective of its indebted status. This is a limit which should not be breached. During the period to 31 July 2018, there were no breaches of the Authorised Limit and the Operational Boundary.
- 1.9 Investment deposits are managed internally. As at 31 July 2018, deposits outstanding were £91.500m, achieving an average annual rate of return of 0.69% against a benchmark average (London Interbank Bid Rate - LIBID) of 0.36%.
- 1.10 The total sundry debt owed to the Council as at 31<sup>st</sup> July 2018 was £24.9m. Between June and July 2018 overall debt decreased by £806k. The value of debts aged over 90 days however, increased by £4.1m as a result of a small number of high value invoices raised at year end remaining outstanding to the end of July.
- 1.11 The Council suffered fraudulent transactions of £2.06m which were identified during December 2017. Since then a series of actions have been put in place to both investigate the transactions and to implement additional internal controls. The Council has recovered the value and the perpetrator of the fraud was charged with two counts of fraud by abuse of position under the Fraud Act 2006. The perpetrator was found guilty of the offence and has since been jailed.

- 1.12 We are currently in the process of undergoing a Priorities and Spending Review (PSR) which was initiated in July 2017. The PSR aims to develop a clear strategic plan for how the council delivers services, within budget, between 2019 and 2024. The next Medium Term Financial Strategy, which will be approved by Council in March 2019, will include financial plans to deliver a balanced budget over the period. Progress is being made on identifying options for members to consider as part of the normal budget setting process.

## 2 Financial Management

### 2.1 Revenue Forecast

#### General Fund

- 2.1.1 The General Fund revenue forecast for 2018/19 is £300.299m, which is a net overspend of £6.958m (2.4%) compared with the revised budget of £293.341m (see table 1 below). This forecast is stated after the net drawdown from specific and general earmarked reserves totalling £3.273m. Excluding net drawdowns from reserves, the forecast is £303.572m, which is an adverse variance of £10.231m (3.5%), compared with the revised budget of £293.341m.
- 2.1.2 All proposed reserve drawdowns and contributions will be considered and approved, if appropriate, by the Director of Finance. It is important to note that these reserve movements are over and above the planned use of £4.040m of reserves approved by the Council in March 2018 to achieve a balanced budget.
- 2.1.3 The original budget approved by Council in March of each year is revised during the year to reflect virements between budgets and the allocation of contingency held within central expenses. All virements from contingency above £0.250m must be approved by Policy and Resources Committee. Significant allocations from contingency during 2018/19 to date include £2.333m allocated to fund pressures in Family Services.

**Table 1: General Fund Revenue Forecast**

Service	Revised Budget £000	Month 4 Forecast £000	Variance from Revised Budget Adv/(fav) £000	Reserve Movts £000	Month 4 Forecast after Reserve Movts £000	Variance after Reserve Movts Adv/(fav) £000	Variance after Reserve Movements Adv/(fav) %
Adults and Communities	95,410	96,802	1,392	(600)	96,202	792	0.8
Assurance	6,127	7,391	1,264	(846)	6,545	418	6.8
Central Expenses	51,075	48,224	(2,851)	150	48,374	(2,701)	(5.3)
Commissioning Group	33,845	35,815	1,970	(1,977)	33,838	(7)	0.0
CSG and Council Managed Budgets	21,506	28,128	6,622	-	28,128	6,622	30.8
Education and Skills	6,576	6,576	-	-	6,576	-	0.0
Family Services	59,201	59,364	163	-	59,364	163	0.3
Housing Needs and Resources (Barnet Homes)	6,859	7,012	153	-	7,012	153	2.2
Re	196	1,540	1,344	-	1,540	1,344	686.9

Service	Revised Budget £000	Month 4 Forecast £000	Variance from Revised Budget Adv/(fav) £000	Reserve Movts £000	Month 4 Forecast after Reserve Movts £000	Variance after Reserve Movts Adv/(fav) £000	Variance after Reserve Movements Adv/(fav) %
Street Scene	12,546	12,720	174	-	12,720	174	1.4
<b>Total</b>	<b>293,341</b>	<b>303,572</b>	<b>10,231</b>	<b>(3,273)</b>	<b>300,299</b>	<b>6,958</b>	<b>2.4</b>

2.1.4 The forecast as at month 4 (after reserve movements) has increased by £0.749m since the forecast reported at quarter 1. The main movements are in shown in Table 2 below.

**Table 2: Movement from Quarter 1 Forecast**

Service	Quarter 1 forecast variance £000	Month 4 forecast variance £000	Increase / (Decrease) £000	Explanation for significant movements
Adults and Communities	667	792	125	At month 3, a lower assumption about pay inflation was forecast. Partially offset by a reduction in the placements forecast.
Central Expenses	(3,632)	(2,701)	931	In month 4 it was identified that a number of prior year invoices for pension strain payable to the pension fund totalling £1.089m had not been paid nor provided for in previous years. These have been included in the month 4 forecast.
Family Services	613	163	(450)	Additional mitigations for placement pressures have been identified since month 3
Housing Needs and Resources	13	153	140	Change in estimate of recharges to the HRA
Services with no significant variation in forecast	8,548	8,551	3	
<b>Total</b>	<b>6,209</b>	<b>6,958</b>	<b>749</b>	

2.1.5 The movement from period 3 is set out above. In summary this relates to four key changes in assumption and has not been caused by a material change in spending levels. The changes are described below:

Adults and Communities

In Period 3 an assumption was made of the costs of pay inflation which was due to be paid to staff. This cost was partially netted off in the original forecast figure by an assumption of corporate funding towards this cost. This treatment effectively double counted the additional funding to the service as inflationary funding is provided through the Adult Social Care precept. This double counting has been removed at month 4.

Central Expenses

The council currently spends around £3.6m per year in relation to historical premature retirement costs. In 2014/15 not all the outstanding invoices for the period were accrued for. As part of the programme of work to improve pension fund accounting this was uncovered. The impact of now recognising these payments means that the budget will overspend this year but this offsets an under recognition from 2014/15.

#### Family Services

Through the effective management of the service and demand increases for the service appearing lower than anticipated the forecast outturn for family services has been revised downwards.

#### Housing Needs and Resources

The initially anticipated recharges to the HRA in relation to management overheads reduced in July following a review of the calculation. This ensures that the actual recharges are appropriate and adhere to the rules of the HRA ringfence.

- 2.1.6 The main reasons for the forecast overspend of £6.958m as at month 4 are set out below.
- 2.1.7 The revenue budget for **Adults and Communities** is projected to overspend by £0.792m which represents 0.8% of the overall budget. The overspend is driven mainly by an overspend of £1.437m in the care placements budgets as Adult Social Care (ASC) has experienced increasing complexity and demand for services since 2014/15.
- 2.1.8 As at month 4, Older Adults' services are projected to overspend by £0.399m. Despite mitigating actions factored in to reduce spend, including various increases to income, there are significant pressures in homecare placements. Older Adults' services have experienced activity growth of 10% in homecare. There were 38% more new homecare packages in quarter one of 2018/19 than in quarter one of 2017/18 and the average cost for new homecare packages was also 10% higher than last year. The favourable movement of £0.486m since month 3 is largely due to residential care clients' packages ending (£0.242m), nursing care (£0.173m) and direct payments (£0.073m).
- 2.1.9 The Mental Health service is projecting to overspend by £0.298m in supported living due to activity growth. Physical Disabilities services are overspending by £0.693m due to the full year effect of new clients in 2017/18. Pressures are partly mitigated by underspends in Supported Living Learning Disabilities (£0.618m) relating to lower than expected growth from 2017/18.
- 2.1.10 The forecast overspend on placements has reduced by £0.217m from month 3, largely due to additional Ordinary Residence income (£0.427m) and additional Direct Payments refunds (£0.101m). This reduction was partly offset by movements in weekend day care (£0.080m), an increase in costs for existing clients turning 25 (£0.143m) and an increase in the provision for bad debts (£0.057m).
- 2.1.11 The non-placements budgets are projected to underspend by £0.646m in 2018/19. There is a projected underspend in the Adults and Communities workforce of £0.460m. The adverse movement of £0.351m from Month 3 is due to the inclusion of inflation at month 4.
- 2.1.12 The underspends projected in community equipment (£0.247m) and telecare (£0.173m) are a result of planned capitalisation of the cost of large items of equipment via the Disabled Facilities Grant (DFG) budget. Voluntary Organisations budgets are also projecting underspends of £0.307m due to planned reductions in prevention contracts. Deprivation of Liberty Safeguards (DOLS) continues to be a cost pressure (£0.131m) in 2018/19 because of Supreme Court judgements in 2014/15 and a loss of grant funding since 2015/16.

- 2.1.13 The overspend of £0.418m in **Assurance** is driven by increased costs of the HB Public Law contract. This is a demand-led service and in this year to date, demand has exceeded the available budget.
- 2.1.14 **Central Expenses** is projecting an underspend of £2.701m which represents 5.3% of the overall budget. The underspend relates mainly to capital financing costs, due to slippage on the capital programme, and levies. In month 4 it was identified that a number of prior year invoices for pension strain payable to the pension fund had not been paid nor provided for in previous years. These have been included in the forecast as at month 4 which results in an adverse movement of £1.089m from month 3.
- 2.1.15 The total underspend for the **Commissioning Group** is £0.007m.
- 2.1.16 There are pressures in information management resulting from consultancy based advice on current capital projects such as Customer Transformation, Mosaic and TW3.
- 2.1.17 Human Resources is projecting an overspend of £0.614m. The activity in this area is greater than budgeted, including an ongoing commitment for organisational development resources and a one-off cost pressure resulting from implementation of a new recruitment system. The costs of an additional pension resource and the Guaranteed Minimum Pension (GMP) reconciliation are being charged to the Pension Fund.
- 2.1.18 Registrars has continuing pressures in achieving their income target as a direct impact of changes in legislation. The service transferred back to Barnet from 1 July so there are also one-off project costs built in this financial year. The total forecast overspend is £0.272m.
- 2.1.19 These overspends are offset by additional income from Housing Benefits overpayments (£0.278m) which is partially offset by gainshare costs projected within CSG.
- 2.1.20 The Special Parking Account is expected to exceed its income target resulting in an underspend of £1.097m.
- 2.1.21 The total Public Health allocation for 2018/19 is £17.156m. The Public Health grant is ring fenced and is used for improving local population health outcomes which includes prevention services and improving the take-up of treatment services. The grant is expected to be spent in full.
- 2.1.22 The overspend for **CSG and Council Managed Budgets** is £6.622m, 30.8% of the overall budget.
- 2.1.23 Estates managed budgets are projected to overspend by £3.6m. The overspend is due to the Council renting additional space for recycling, waste and cleaning services for Street Scene and highways and winter maintenance services in Harrow (£0.548m), additional security across the estate (£0.322m), the cost of management of some vacant properties (£0.427m), repairs and maintenance across the estate and including some backdated pressures from works required for Fremantle (£0.952m). There is also a net cost pressures of £1.4m from rent and rate increases across Council office buildings and anticipated costs arising from the move to the Colindale office. These costs are 'one-off' in nature and will not recur in future years once the Council has moved into the new building.

- 2.1.24 The CSG management fee is projected to overspend by £1.3m. The forecast includes indexation and core fees, which will be allocated from contingency, change requests and volume increases. Gainshare is estimated at £0.467m over budget. The overspend is offset against estimated income from the Comensura rebate and administration recharge of £1.1m.
- 2.1.25 Due to historical income targets built into the budget, retained income is showing an under-achievement of income in Corporate Programmes of £0.467m, the schools traded service of £0.740m and document centre recharges of £0.164m. The total net overspend in retained income is £0.872m.
- 2.1.26 The forecast for **Education and Skills** as at quarter 1 is broadly in line with budget.
- 2.1.27 The projected overspend of £0.163m for **Family Services** represents 0.3% of the total Delivery Unit budget (£59.201m) and relates to the non-achievement of adoption savings for regionalisation. Pressures relating to external high cost specialist placements and associated services are being mitigated. Forecast pressures are being offset in the main by additional resources of £2.333m approved by the Policy and Resources Committees of February and June 2018 and additional one-off grant funding.
- 2.1.28 The forecast overspend of £0.152m for **Housing Needs and Resources** represents 2.2% of the total Delivery Unit budget (£6.859m). The projected net overspend on temporary accommodation is £1.292m. The overspend reflects the ongoing cost pressures associated with the rising cost of temporary accommodation (TA) in the borough set against restrictions on rents that can be charged and remain eligible for housing benefit. Whilst current prevention activities and new affordable supply are projecting a long-term downward trend on the volume of households in TA, to sustain this, expenditure on preventative work has increased. This coupled with ongoing inflationary pressures, and the loss of affordable supply such as RSL leased and regeneration units means that although gross expenditure is decreasing, net expenditure remains high. Additional validation and assurance measures are in place to track and validate inputs into forecasting the overall homelessness budget pressure from period one, to include elements managed by all parties (The Barnet Group, Re and London Borough of Barnet) involved in managing homelessness expenditure.
- 2.1.29 Mitigations in place include acquisition of affordable properties to replace temporary accommodation, additional Flexible Homelessness Support Grant and additional appropriate recharging of costs to the HRA.
- 2.1.30 The forecast overspend of £1.344m for **Re** represents 686.9% of the total delivery Unit budget (£0.196m). £1.190m of the overspend relates to a shortfall in net income compared to the total income generated by Re that is budgeted within both the General Fund and the HRA.
- 2.1.31 The remainder of the overspend relates to unbudgeted client costs that the council is liable to pay (£0.153m). These client costs relate mainly to legal expenses and an increase in the provision for bad debts.

2.1.32 The overspend of £0.175 for the **Street Scene** service represents 1.4% of the total Delivery Unit budget (£12.546m). The bottom line forecast overspend is due to delays in withdrawing the separate food waste collection service which was approved by Environment Committee in June and was planned for the end of July. The delay has been as a result of Mayor Khan's request that Barnet enter consultation with his office regarding the withdrawal. As such the savings, a significant proportion of which would have been made in the school holidays by a reduction in agency spend to cover annual leave, are yet to be made.

2.1.33 In year pressures within waste and recycling are being offset by savings across the rest of the service while the collection round reorganisation is being planned and implemented.

2.1.34 There are a number of risks inherent in forecasting, in particular at an early stage in the year. The risks highlighted as at quarter one are detailed in Appendix B.

### Housing Revenue Account (HRA)

2.1.35 The Housing Revenue Account (HRA) has a budgeted contribution from balances of £0.754m in 2017/18. The forecast for the year as at 31 July 2018 is a deficit of £0.417m, thus there is a forecast balance of £14.586m as at 31 March 2019.

**Table 3: Housing Revenue Account Forecast**

	Revised Budget £000	Month 4 Forecast £000	Variance from Budget Adv/(Fav) £000
Dwelling rents	(49,810)	(49,990)	(180)
Service and other charges	(9,133)	(8,640)	493
Housing management	20,499	19,996	(503)
Repairs and maintenance	7,446	7,571	125
Provision for bad debts	250	250	-
Regeneration	837	589	(248)
Capital charges	30,760	30,760	-
Interest on balances	(95)	(119)	(24)
<b>Total</b>	<b>754</b>	<b>417</b>	<b>(337)</b>

2.1.36 The main reasons for the variance from budget are set out below.

**Income** - Dwelling rents are projected to over recover by £0.180m compared with the revised budget. This is mainly due to lower than expected rental loss from stock loss through sales and the regeneration programme. Tenant service charges, leasehold contributions and other non-dwelling income are currently projected to under recover by £0.493m based on activity to month 4.

**Expenditure** - Housing management costs mainly reflect the core management fee of £17m paid to Barnet Homes to manage the housing stock. There is a forecast underspend of £0.503m.

2.1.37 The repairs and maintenance budget of £7.446m relates to the management fee paid to Barnet Homes for the repair and maintenance of housing stock and refurbishment of properties when they become void. The current forecast is a slight overspend of £0.125m.

2.1.38 The housing regeneration forecast as at quarter one is an underspend of £0.248m due to costs being partially recovered from developers on a number of regeneration schemes at Dollis Valley, Grahame Park, Stonegrove, West Hendon and Granville Road.

2.1.39 Capital charges which includes depreciation and borrowing costs are projected to budget at this stage.

### Dedicated Schools Grant (DSG)

2.1.40 The DSG budget for 2018/19 has been revised to take into account the brought forward reserve of £0.501m. All blocks are forecast to spend to budget as at month 4, other than high needs, where there is a forecast overspend of £0.450m due to top-up funding for high needs pupils. The £0.501m carry forward has been offset against this figure, giving a total projected overspend as at quarter one of £0.450m. Table 4 below summarises the DSG position:

**Table 4: Dedicated Schools Grant**

	Revised Budget £000	Q1 Forecast £000	Variance from Budget Adv/(Fav) £000
Schools			
- Individual Schools Budget	141,056	141,056	-
- Growth Fund	984	984	-
- Central schools expenditure	1,268	1,268	-
- ESG retained funding	852	852	-
<b>Sub-total</b>	<b>144,160</b>	<b>144,160</b>	-
Early Years Block	28,392	28,392	-
High Needs Block	44,309	44,759	450
<b>Sub-total</b>	<b>216,861</b>	<b>217,311</b>	<b>450</b>
DSG Income	(216,360)	(216,360)	-
DSG c/f	(501)	(501)	-
<b>DSG Total</b>	<b>-</b>	<b>450</b>	<b>450</b>

### Savings

2.1.41 In 2018/19 the council budgeted to deliver £11.287m of savings. Table 5 below summarises by Theme Committee the value of savings that are expected to be achieved against the savings programme. In total, £9.455m of savings is expected to be delivered by year end, representing 83.7% of the target. Delivery of these savings is included in the forecasts reported in table 1.

**Table 5: Savings 2018/19**

Service	2018/19 MTFS Savings Target £000	Savings Expected to be Achieved £000	Savings Unachiev- able £000	Savings Expected to be Achieved %
Adults and Safeguarding	2,980	2,315	665	77.7
Assets, Regeneration and Growth	2,355	1,855	500	78.8
Children, Education and Safeguarding	2,692	2,525	167	93.7
Environment	1,915	1,915	-	100.0
Policy and Resources	1,345	845	500	62.8
	<b>11,287</b>	<b>9,455</b>	<b>1,832</b>	<b>83.7</b>



2.1.42 Commentary on the delivery of savings is included within the explanation of variance from budget above.

## Reserves and Balances

### *General Fund Balance*

2.1.43 When the 2018/19 budget was set, the anticipated level of the council's General Fund balance was £9m which the Council would seek in time to increase to £12m. The balance as at 1 April 2018 was £15.083m (excluding schools' balances). The forecast overspend for the year, should it materialise in the way outlined in this report, would reduce the level of the General Fund Balance to £8.124m.

**Table 6: General Fund Balance**

	£000
<b>General Fund Balance brought forward 1 April 2018</b>	<b>(15,083)</b>
Forecast adverse variance	6,958
<b>Forecast General Fund Balance 31 March 2019</b>	<b>(8,125)</b>

### *Earmarked Reserves*

2.1.44 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018 the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £20.554m are forecast as at month 4 which would result in total earmarked reserves as at 31 March 2019 of £54.384m.

**Table 7: Reserves**

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contributions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Central - Community Infrastructure Levy	22,560	(20,000)	10,000	12,560
<b>Total Capital Reserves (GF)</b>	<b>22,560</b>	<b>(20,000)</b>	<b>10,000</b>	<b>12,560</b>
Central - MTFS	30,374	(4,185)	-	26,189
Central - Service Development	2,056	(670)	-	1,386
Central – council tax and NNDR smoothing	3,038	-	-	3,038
Central - Transformation	3,432	(3,000)	-	432
Service - Central Expenses	880	(616)	150	414
Service – Family Services	1,079	(395)	-	684
Service - Commissioning	462	-	-	462
Service - Other	1,028	(200)	-	828
<b>Total Revenue Reserves (GF)</b>	<b>42,403</b>	<b>(9,066)</b>	<b>150</b>	<b>33,486</b>
<b>Sub-total General Fund Earmarked Reserves</b>	<b>64,963</b>	<b>(29,066)</b>	<b>10,150</b>	<b>46,047</b>

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contributions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Service - DSG	501	(817)	-	(316)
Service - Housing Benefits	3,542	(430)	-	3,112
Service - NLSR	567	-	-	567
Service – local welfare provision	644	(500)	-	144
Service – GLL contract	341	-	-	341
Service – Syrian VPR	213	-	-	213
Service - Other	444	(13)	-	431
Service - Public Health	2,392	(620)	-	1,772
Special Parking Account (SPA)	2,148	(75)	-	2,073
<b>Sub-total Ring-fenced Reserves</b>	<b>10,792</b>	<b>(2,455)</b>	<b>-</b>	<b>8,337</b>
<b>Total Earmarked Reserves</b>	<b>75,755</b>	<b>(31,521)</b>	<b>10,150</b>	<b>54,384</b>

\* subject to approval

#### *Public Health Reserve*

2.1.45 Included within earmarked reserves is the ring fenced public health reserve which, after proposed drawdowns, totals £1.772m. The service is identifying proposals for the use of the reserve.

#### *Housing Revenue Account Balance*

2.1.46 The Housing Revenue Account (HRA) has a budgeted contribution to balances of £0.754m in 2018/19. The forecast outturn for the year as at 31 July is a deficit of £0.337m, thus there is a forecast balance of £14.586m as at 31 March 2019.

**Table 8: HRA Balance**

	£000
<b>HRA Balance brought forward 1 April 2018</b>	<b>(15,003)</b>
Budgeted deficit	754
Favourable variance from budget	(337)
<b>Forecast HRA Balance 31 March 2019</b>	<b>(14,586)</b>

#### *Dedicated Schools Grant Balance*

2.1.47 The DSG reserve as at 1 April 2018 was £0.501m which was budgeted to be drawn down. In addition, as at month 4, an in-year overspend is forecast which would result in the DSG balance being in deficit by £0.316m.

**Table 9: DSG Balance**

	£000
<b>DSG Balance brought forward 1 April 2018</b>	<b>(501)</b>
Budgeted drawdown	501
In-year overspend	316
<b>Forecast DSG Balance 31 March 2019</b>	<b>316</b>

2.1.48 The Schools Forum need to approve any carry forward of a DSG deficit on central expenditure to the following year, if it is to be funded from the schools' budget. Otherwise, the deficit will fall on the General Fund.

The options to reduce / limit the forecast deficit are as follows:

- Move 0.5% or less from the school block to the high needs block with Schools Forum approval. If the Schools Forum do not agree with the Council's proposal they may appeal to the Secretary of State who would adjudicate. A recovery plan will be needed. Internally the council already requires all services with an overspend to develop a recovery plan.
- Reduce the high needs top up rates for SEN pupils/ reduce out of borough education places, review central services and operate full cost recovery charging.

2.1.49 From the autumn term, there will be a new requirement for local authorities to report on how they will bring any deficit position back in line if the deficit is more than 1% of total DSG as at 31 March 2019; for LBB this figure is £2m.

## 2.2 Capital Programme

2.2.1 The forecast as at 31 July 2018 on the council's 2018/19 capital programme is £303.469m, £260.522m of which relates to the General Fund programme and £42.947m to the HRA capital programme. This is £21.005m less than the approved 2018/19 budget of £324.474m. Table 10 below summarises the actual expenditure, budget and variance by service.

**Table 10: Capital Forecast**

Service	2018/19 Revised Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	Forecast £000	Variance from Approved Budget £000	Variance from Approved Budget %
Adults and Communities	4,200	-	(1,350)	2,850	(1,350)	(32.1)
Commissioning Group	64,274	453	(80)	64,647	373	0.6
Education and Skills	37,519	-	-	37,519	-	0.0
Family Services	13,478	-	-	13,478	-	0.0
Housing Needs and Resources (Barnet Homes)	69,631	15,077	(33,695)	51,013	(18,618)	(26.7)
Parking and Infrastructure	1,480	-	(42)	1,438	(42)	(2.8)
Re	86,757	90	(2,224)	84,623	(2,134)	(2.5)

Service	2018/19 Revised Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	Forecast £000	Variance from Approved Budget £000	Variance from Approved Budget %
Street Scene	5,623	240	(909)	4,954	(669)	(11.9)
<b>General Fund Programme</b>	<b>282,962</b>	<b>15,860</b>	<b>(38,300)</b>	<b>260,522</b>	<b>(22,440)</b>	<b>(7.9)</b>
HRA (Barnet Homes)	41,512	1,435	-	42,947	1,435	3.5
<b>Total Capital Programme</b>	<b>324,474</b>	<b>17,295</b>	<b>(38,300)</b>	<b>303,469</b>	<b>(21,005)</b>	<b>(6.5)</b>

2.2.2 Forecast capital expenditure for 2018/19 as at quarter one totals £303.469m which is £21.005m (6.5%) lower than the latest approved budget. The majority of service areas are forecasting on budget as at month 4, with a number of areas forecasting slippage and the HRA forecasting an overspend. The principal variances from budget and the reasons for these are as follows:

- **Adults and Communities** - Additional funding of £4.2m for the procurement of a new delivery partner to complete the implementation of the adults case management system was approved by Policy and Resources Committee in July. £2.850m of the budget is currently forecast to be spent in 2018/19.
- As at 31 July, the **Commissioning Group** capital programme is forecasting a small overspend on the customer services transformation programme currently in phase two and expected to be completed by February 2019. Further scope is currently being considered for phase three.
- As at month 4, the **Schools** capital programme totalling £37.519m is forecast on budget. There is a risk on the St Mary's and St John's project in relation of potentially irrecoverable VAT.
- The **Family Services** capital programme totalling £13.478m is also currently forecast to be on budget.
- The **Housing Needs and Resources** capital programme as at month 4 is showing slippage of £18.618m. There is slippage of £33.695m on the Open Door Homes loan as there have been delays in getting schemes on site with only eight schemes on site, compared to the planned 19 schemes. This is mainly due to land transfers taking longer than anticipated and, in some cases, decanting existing tenants to appropriate accommodation.

The direct acquisitions programme was established to acquire properties from the open market in order to increase the supply of affordable temporary accommodation to meet housing demand. This is now forecast to spend £24.2m, £15.020m more than reported last month as the Cheyne project is now expected to bring on units at a much slower rate in this financial year. As a result, the direct acquisition programme has been re-prioritised and is expected to achieve 55 acquisitions, 28 more than the 27 forecast at month 3.

- The **Re** capital programme has decreased by £2.134m overall. The Brent Cross land acquisitions project is showing slippage of £2.500m as at month 4. This forecast is based on the current expected spend profile following the conclusion of CPO challenges.

- As at month 4, forecast capital expenditure on the **HRA** capital programme is £42.947m against a revised budget of £41.512m, resulting in a forecast variance of £1.435m. The main programme, which includes major works, regeneration, mechanical and electrical / gas works and the fire safety programme is forecasting full spend against the revised budget of £32.393m.

The new build programme is forecasting increased spend of £1.435m. Moreton Close is expected to be delivered by the end of December 2018. This scheme is currently being reported on budget, however approval for an additional £0.360m for fit out costs is to be requested. The budget for the Development Pipeline - Stag House project will be spent on the completion of Burnt Oak Broadway in quarter three. The extra care pipeline is expected to be at the first stage of scoping during this financial year and the majority of expenditure in this year will be Barnet Homes' development fees.

## Funding of Capital Programme

2.2.3 Table 11 below shows the how the 2018/19 forecast capital programme is being funded.

**Table 11: Funding of 2018/19 Capital Programme**

Service Area	Grants £000	S106/ Other Contrib- utions £000	Capital Receipts £000	Revenue/ MRA £000	Capital Reserves £000	Borrow- ing £000	Total £000
Adults and Communities	-	-	-	-	-	2,850	2,850
Commissioning Group	2,020	-	11,242	-	9,538	41,847	64,647
Education and Skills (including schemes managed by Schools)	30,517	6,002	-	-	-	1,000	37,519
Family Services	-	-	1,603	-	7,346	4,529	13,478
Housing Needs and Resources	1,500	1,327	17,775	-	-	30,411	51,013
Parking and Infrastructure	-	-	1,160	-	-	278	1,438
Regional Enterprise (Re)	17,801	9,921	915	6,307	1,590	48,089	84,623
Street Scene	652	387	1,133	-	-	2,782	4,954
<b>General Fund Programme</b>	<b>52,490</b>	<b>17,637</b>	<b>33,828</b>	<b>6,307</b>	<b>18,474</b>	<b>131,786</b>	<b>260,522</b>
HRA	50	-	841	32,868	-	9,188	42,947
<b>Total Capital Programme</b>	<b>52,540</b>	<b>17,637</b>	<b>34,669</b>	<b>39,175</b>	<b>18,474</b>	<b>140,974</b>	<b>303,469</b>

## 2.3 Treasury Management

### Prudential Indicators

2.3.1 The Prudential Indicators have not been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The Local Government Act 2003 requires the council to set an Affordable Borrowing Limit (the Authorised limit), irrespective of its indebted status. This is a limit which should not be breached. During the period to 31 July 2018, there were no breaches of the Authorised Limit and the Operational Boundary.

2.3.2 The council's timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy (TMS). The TMS Strategy for 2018/19 was approved by Council on 6 March 2018.

### Investment Performance

2.3.3 Investment deposits are managed internally. As at 31 July 2018, deposits outstanding were £91.500m, achieving an average annual rate of return of 0.69% against a benchmark average (London Interbank Bid Rate - LIBID) of 0.36%. The list of deposits outstanding as at 31 July 2018 is attached as Appendix D and summarised in table 12 below.

**Table 12: Summary of Investments as at 31 July 2018**

	£000
Local Authorities	19,000
Money Market Funds	29,100
UK Banks & Building Societies	20,000
Overseas Banks	23,400
<b>TOTAL</b>	<b>91,500</b>

2.3.4 The benchmark, the average 7-day LIBID rate, is provided by the authority's treasury advisors Link Asset Services. The LIBID rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

### Borrowing

2.3.5 The total value of long term loans as at 31 July 2018 was £304.08m. There has been no new external borrowing in the 2018/19 financial year to date. The average rate for total borrowing for the year ending 31 July 2018 was 3.86%.

2.3.6 As at month 4 the anticipated increase in borrowing for the Council during 2018/19 is £140.9m. The forecast interest rate for this borrowing is presently 2.84%.

## **2.4 Debtors**

2.4.1 An analysis of debtors as at the 31<sup>st</sup> July 2018 is displayed within this section of the report. It should be noted that this information is a snapshot as at that date and the position moves on a daily basis.

2.4.2 Between June and July 2018 overall debt decreased by £806k. The value of debts aged over 90 days however, increased by £4.1m as a result of a small number of high value invoices raised at year end remaining outstanding to the end of July. Officers are taking steps to address this and future period's reports will demonstrate the impact of this action.

### Aged Debt Analysis

Not overdue	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days
3,544,000	2,383,791	1,471,315	515,356	16,984,507

### Top 10 debtors

<b>Organisation</b>	<b>Sum of Amount (£)</b>
NHS BARNET CCG	7,204,613
Regional Enterprise Ltd	1,136,358
The Barnet Group	1,078,375
COMER HOMES	1,039,883
Barratt Metropolitan LLP	1,031,786
HAMMERSON (BRENT CROSS) LTD	1,028,318
COPTHALL GIRLS SCHOOL ACADEMY	849,031
HAMMERSON PLC	813,213
Henrietta Barnett Academy	784,745
HASMONEAN HIGH SCHOOL	647,385

### **3 Strategic Financial Matters**

#### **3.1 Internal Controls**

- 3.1.1 A referral was received by the Corporate Anti Fraud Team (CAFT) in December 2017 alleging that a substantial amount of money had been paid into an account belonging to a member of Re staff. A criminal and financial investigation was immediately initiated by CAFT which subsequently identified that 62 allegedly fraudulent transactions, between July 2016 to December 2017, amounting to the total sum of £2,063,972, had been paid into various bank accounts controlled by the individual. The individual is no longer working for Re. The individual has been charged and convicted with two counts of fraud by abuse of position under the Fraud Act 2006. The sum has been repaid to the Council by Re and Capita has confirmed that it has underwritten this loss.
- 3.1.2 Following this discovery, the Council immediately took action to tighten financial controls and initiated an independent report into the wider financial control environment across the organisation.
- 3.1.3 The Council immediately put into place a new system of approving CHAPs payments. As these “on the day” payments are approved outside of Integra or any feeder systems that interface with the financial ledger, such as the Social Care system, approval for payments take place. The new systems went live during December. The system introduced six stringent effective new controls.
- 3.1.4 A dual authorisation process was also introduced for the release of payments from Bankline, the application through which CHAPs payments are made, so that in addition to a CSG employee, a Barnet Council employee must sign off each payment release in the system.
- 3.1.5 The Council subsequently employed Grant Thornton UK LLP (GT) in January 2018 to undertake a detailed review to fully understand and document the fraud itself through a forensic review, identify the reasons that the alleged fraud could occur, including weaknesses in the control environment and to identify lessons learned. The Council engaged an external provider as this ensured that the circumstances around the alleged fraud were the subject of an independent review, as well as adding capacity.

3.1.6 The Internal Audit programme has been focused on internal financial controls for 2018/19. This will ensure that sufficient scrutiny and external challenge is applied to the robustness of the control environment.

## **3.2 Long term financing planning**

3.2.1 We are currently in the process of undergoing a Priorities and Spending Review (PSR) which was initiated in July 2017. The PSR aims to develop a clear strategic plan for how the council delivers services in and beyond 2019-2024. This has included understanding our demand, developing a vision and outlining priority areas, which has then formed the basis to begin exploring the options for addressing the financial gap to 2024.

3.2.2 This process is interlinked with the development of a five-year corporate plan (2019-2024), underpinned by a detailed three-year financial plan, and a forecast for years 4 – 5, all of which are updated annually on a rolling basis.

3.2.3 This ambition with regard to timing means following the usual budget setting timetable, e.g.

- June – September 2018: focused work on the financial options for the next three years and a refresh of the vision, purpose and outcomes of the corporate plan
- August – September 2018: informal sharing and development of options with committee chairs.
- October – November 2018: submission of proposals and draft corporate plan to committees.
- December 2018 – January 2019: public consultation.
- February – March 2019: sign off by P&R Committee and Council.

3.2.4 Whilst it is a very tight timescale for developing the corporate plan, the benefits of this approach are as follows

- a. Supports a “refresh” of our thinking and strategy to reflect our context, view of the future, and take account of the new administration;
- b. Supports closer integration of the MTFS and corporate plan and a focus on shoring up the financial position for the next three years;
- c. Shapes an updated narrative for partners and residents;
- d. Provides a public document that can support a lobbying position;
- e. Takes control of our situation; rather than waiting for certainty that might not come from central government.

3.2.5 Given the financial issues we face, any corporate plan has to be a costed plan, and directly aligned with the MTFS.

## **4 Reasons for Recommendations**

4.1 The report provides an overview of the council’s financial performance to period 4 of the 2018/19 financial year. The report also provides a commentary on the strategic financial issues facing the council during the period.



## 5 Alternative options considered and not recommended

5.1 None.

## 6 Post decision implementation

6.1 None.

## 7 Implications of decision

### 7.1 Corporate Priorities and Performance

7.1.1 The report provides an outline of the forecast financial performance for the 2018/19 financial year.

7.1.2 Robust budget monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan and Commissioning Plans. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

7.1.3 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Capital, Assets and Property Strategy.

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

7.2.1 This report considers the financial position of the Council.

### 7.3 Social Value

7.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. The council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

### 7.4 Legal and Constitutional References

7.4.1 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.

7.4.2 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.

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

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

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

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

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

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

## 7.5 Risk Management

7.5.1 Various projects within the council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.

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

## **7.6 Equalities and Diversity**

7.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

7.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

7.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

7.6.4 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

7.6.5 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)

## **7.7 Corporate Parenting**

7.7.1 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.

## **7.8 Consultation and Engagement**

7.8.1 None in the context of this report

## **7.9 Insight**

7.9.1 None in the context of this report

## **8 Background Papers**

<b>Description</b>	<b>Meeting</b>	<b>Link</b>
8 Future financial Reporting	Financial Performance and Contracts Committee Monday 2nd July, 2018 7.00 pm	<a href="http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&amp;MId=9716&amp;Ver=4">http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&amp;MId=9716&amp;Ver=4</a>
11 Report of Policy and Resources Committee - Business Planning 2017 to 2020	Budget Council, Council Tuesday 7th March, 2017 7.00 pm	<a href="http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&amp;MId=8819&amp;Ver=4">http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&amp;MId=8819&amp;Ver=4</a>

**Appendix A - Revenue Forecast 2018/19**
**Adults and Communities**

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Integrated Care - LD	32,019	7,081	32,196	177	(171)	32,026	7	Movement from month 3 due to increase in costs of existing clients turning 25 (£143k) and activity growth in day care.	0.0%
Integrated care - MH	6,544	1,366	7,003	459	(120)	6,884	339	Mental health overspend in supported living due to activity growth 5% greater than anticipated.	5.2%
Integrated Care - OA	29,584	6,762	30,252	668	(270)	29,982	399	Despite mitigating actions, the net overspend relates to significant pressures due to growth in homecare hours (10%), with the hourly cost of homecare 10.3% higher than in 2017/18. The favourable movement since month 3 is largely due to client packages ending in residential care (£242k), nursing care (£173k) and direct payments (£73k).	1.3%
Integrated Care - PD	7,369	2,508	8,102	733	(40)	8,063	693	Pressure relating to the full year effect of 2017/18 clients being greater than initially forecast.	9.4%
Workforce	14,396	5,632	14,350	(46)	0	14,350	(46)	Movement from month 3 due to inclusion of inflation previously assumed to be funded corporately (£263k), £28k Safeguarding Board costs and £60k overtime costs. The month 4 position assumes 30 posts held vacant and a number of agency staff have also been transitioned to permanent roles.	(0.3%)
A&C Other	5,498	356	4,898	(600)	0	4,898	(600)	Underspend due to equipment capitalisation (£426k) and prevention contracts (£307k) partly offset by overspends in DOLs assessment costs £131k.	(10.9%)
<b>Total</b>	<b>95,410</b>	<b>23,704</b>	<b>96,802</b>	<b>1,392</b>	<b>(600)</b>	<b>96,202</b>	<b>792</b>		<b>0.8%</b>

**Assurance**

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Elections	553	729	1,154	601	(616)	538	(15)	Local election funded from reserves.	(2.8%)
Assurance Management	679	212	679	0	0	679	0		0.0%
Governance	2,187	716	2,332	145	(145)	2,187	0	£145k expected drawdown from reserves for the purchase of Members' IT equipment	0.0%
Internal Audit & CAFT	671	427	756	85	(85)	671	0	Internal Audit and CAFT on target to come in on budget. £75k of staff costs to be funded from SPA reserve, £10k of staff costs anticipated at this stage to be covered from the POCA reserve.	0.0%
HB Law	2,036	(433)	2,470	434	0	2,470	434	Forecast based on last year. Monitoring of the HB Law budget is currently under review. Overspend relates to an unachievable income target from court fees which is demand led.	21.3%
<b>Total</b>	<b>6,127</b>	<b>1,651</b>	<b>7,391</b>	<b>1,264</b>	<b>(846)</b>	<b>6,545</b>	<b>418</b>		<b>6.8%</b>

**Central Expenses**

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Capital Financing	16,280	197	13,304	(2,976)	0	13,304	(2,976)	Net variance on capital financing based on anticipated capital programme slippage. This is expected to be a £1m pressure in 2019/20 as schemes progress and borrowing increases.	(18.3%)
Central Contingency	12,156	0	12,154	(2)	0	12,154	(2)		(0.0%)
Corporate Fees and Charges	234	2	198	(36)	0	198	(36)		(15.3%)
Corporate Subscriptions	194	162	162	(32)	0	162	(32)	Underspend on London Councils membership	(16.6%)
Early Retirement	3,577	(2,331)	4,208	630	0	4,208	630	Projection of current year pension strain cost based on an average of the invoices received for the year to date. It is expected that these costs will reduce over time as the number of people we have a pension liability for reduces. It has been identified in month 4, however, that there are a number of prior year invoices that have not been paid or provided for and these are included within the month 4 forecast.	17.6%
Local Area Agreement	105	35	105	0	0	105	0	Relates to the WLA Programme. Projection based on 2017/18 outturn plus 10k for core growth funding.	0.0%
Levies	17,788	4,725	17,557	(231)	0	17,557	(231)	Expected underspends on all levy payments	(1.3%)
Miscellaneous Finance	740	4,103	536	(204)	150	686	(54)	Net underspend expected on insurance payments. Projections also include a £150k transfer to reserves to build up funding for the local election.	(7.3%)
<b>Total</b>	<b>51,075</b>	<b>6,893</b>	<b>48,224</b>	<b>(2,851)</b>	<b>150</b>	<b>48,374</b>	<b>(2,701)</b>		<b>(5.3%)</b>

#### Commissioning Group

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Strategic Commissioning Board	576	214	542	(34)	0	542	(34)		(5.9%)
Resources	467	2,542	1,119	652	(930)	189	(278)	Underspend on running costs in insurance team (£22k) and additional income from Housing Benefits overpayments (£300k) which is to be offset against gainshare in CSG.	(59.5%)
Information Management	1,066	404	1,081	14	0	1,081	14	Overspend due to IT consultancy costs to support existing capital projects offset by part year vacancies.	1.3%
Commercial	1,805	583	2,405	599	(600)	1,805	(1)		(0.1%)
Communications	698	309	976	278	(204)	772	74	Overspend on staff costs from use of agency staff and staff costs that are above budgeted mid-points	10.6%
Commissioning Strategy	514	257	656	142	(170)	486	(28)	Web team part of the Customer transformation project to be funded from reserves	(5.4%)
Human Resources	33	(32)	647	614	0	647	614	Includes HR lead, OD staff, a new recruitment system, licence costs and Trade Union costs. Pension related costs are forecast to be charged to the Pension Fund.	1844.1%
Adults and Health	1,298	358	1,399	100	(73)	1,326	28		2.1%
Children and Young people	41	117	41	0	0	41	0		0.8%
Growth and Development	232	250	760	528	0	760	528	The costs of developing the local plan. Expected to be subject to a reserves bid during the year due to the one off nature of the work	227.9%

Registrar Service (Births, Deaths and Marriages)	(160)	14	112	272		112	272	Registrars has continuing pressures in achieving their income target as a direct impact of changes in legislation. The service transferred back to Barnet from 1 July so there are also one-off project costs built in this financial year.	(170.2%)
Mortuaries	99	(8)	0	(99)	0		(99)	Variance due to unbudgeted agency spend.	(100.0%)
Public Health	17,156	1,324	17,156	0	0	17,156	0		0.0%
<b>Environment, Parking and Infrastructure</b>									
- Environment	14,786	5,029	14,786	0	0	14,786	0		0.0%
- Highway Inspection/Maintenance	269	250	269	0	0	269	0		0.0%
- Parking	(538)	(70)	(538)	0	0	(538)	0		0.0%
- Special Parking Account	(10,839)	3,192	(11,936)	(1,097)	0	(11,936)	(1,097)	Underspend due to the over achievement of income targets - PCN and moving traffic camera contraventions.	(10.1%)
- Street Lighting	6,341	1,928	6,341	0	0	6,341	0		0.0%
<b>Total</b>	<b>33,845</b>	<b>16,663</b>	<b>35,815</b>	<b>1,970</b>	<b>(1,977)</b>	<b>33,838</b>	<b>(7)</b>		<b>(0.0%)</b>

#### Customer Support Group and Council Managed Budgets

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
CSG Managed Budget	834	2,133	4,466	3,632	0	4,466	3,632	Overspend on Estates Buildings - Oakleigh Depot (£295k), Harrow (£222k), and Edgware Hospital (£29k). NLBP pressure of £2.3m (which includes £500k savings not achieved), Barnet House (£966k) from rent and rate increase, Security costs £392k and vacant and void buildings (£332k). Repairs and maintenance is forecasting an overspend of £952k for priority 1 works and a pressure has also been built in for maintenance work on Fremantle (£368k). The overspend is offset against £2.3m of additional income from commercial rents, £1.7m of which is from backdated income from Re.	435.7%
CSG Management Fee	29,028	6,043	31,146	2,118	0	31,146	2,118	Overspend on management fee (£1.3m) which includes prepayment, indexation, change requests and volume increases. Net overspend of £467k forecast on gainshare and a further £170k overspend on debt collection and employee benefits.	7.3%
Retained Income	(8,355)	549	(7,483)	872		(7,483)	872	Income shortfall in schools traded service (£740k), document solutions (£164k) and corporate programmes (£467k).	10.4%
<b>Total</b>	<b>21,507</b>	<b>8,725</b>	<b>28,129</b>	<b>6,622</b>	<b>0</b>	<b>28,129</b>	<b>6,622</b>		<b>30.8%</b>

#### Education and Skills

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Education and Skills Management	6,576	3,348	6,576	0	0	6,576	0		0.0%
Education Partnership and Commercial	0	(1,552)	0	0	0	0	0		0.0%
SEND & Inclusion	0	78	0	0	0	0	0		0.0%
<b>Total (excluding SDM)</b>	<b>6,576</b>	<b>1,875</b>	<b>6,576</b>	<b>0</b>	<b>0</b>	<b>6,576</b>	<b>0</b>		<b>0.0%</b>

#### Family Services

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Family Services Management	1,877	404	789	(1,088)	0	789	(1,088)	Use of transformation grant for ADM, school improvement brokerage grant, non pay inflation and SEND grant. Includes schools meals pressure offset.	(58.0%)
Social Care Management	1,600	295	1,600	0	0	1,600	0		0.0%
CSC 0-25	8,251	1,889	8,270	19	0	8,270	19	Residual care leavers pressure	0.2%
Permanence Trns & CorParenting Placements	4,113	2,503	4,113	0	0	4,113	0		0.0%
	17,932	6,057	19,968	2,036	0	19,968	2,036	Pressure based on 20 new external residential placements, 25 new external fostering placements, 13 additional mother and baby residential family assessment, 13 new children and 36 new semi-independent young people. Includes SGO pressure and £0.150m unachievable adoption savings.	11.4%
Assessmnt, Intervntion & Planning	7,829	3,179	7,625	(204)	0	7,625	(204)	Additional budget approved by P&R and recruitment freeze on non-social care non-front line posts, plus Section17 pressure.	(2.6%)
Clinical Services	978	114	378	(600)	0	378	(600)	Review of health related costs	(61.3%)
Early Help 0-19	6,074	1,437	6,074	0	0	6,074	0		0.0%
Risk & Vulnerability	725	345	725	0	0	725	0		0.0%
Safeguarding, QA & Workforce Development	2,652	900	2,652	0	0	2,652	0		0.0%
Commissioning	1,103	225	1,103	0	0	1,103	0		0.0%
Comm, Complaint & BusinessSupport	1,064	338	1,064	0	0	1,064	0		0.0%
Libraries & Comm.Engagement	3,465	1,576	3,465	0	0	3,465	0		0.0%
Performance Imporvement & Customer Engagement	1,538	411	1,538	0	0	1,538	0		0.0%
<b>Total</b>	<b>59,201</b>	<b>19,673</b>	<b>59,364</b>	<b>163</b>	<b>0</b>	<b>59,364</b>	<b>163</b>		<b>0.3%</b>

#### Housing Needs and Resources

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Housing Needs and Resources	6,860	4,712	7,012	152	0	7,012	152	The overspend reflects the ongoing cost pressures associated with the rising cost of temporary accommodation in the borough set against restrictions on rents that can be charged and remain eligible for housing benefit in addition to (i) an increase in the number of households in emergency accommodation (ii) increased costs relating to refurbishing buy back properties and financing costs of acquisitions and (iii) increases in demand following post homelessness reduction activity.	2.2%
<b>Total</b>	<b>6,860</b>	<b>4,712</b>	<b>7,012</b>	<b>152</b>	<b>0</b>	<b>7,012</b>	<b>152</b>		<b>2.2%</b>

#### Regional Enterprise

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		



Guaranteed Income	(16,549)	(3,326)	(15,359)	1,190	0	(15,359)	1,190	Variance due to PDA income allocated and accounted for within the HRA but which contributes towards the guaranteed income target.	7.2%
Re Managed Budgets	(63)	(79)	(63)	1	-	(63)	1		1.1%
RE Projects	-	1,753	-	-	-	-	-		0.0%
Management Fee	16,808	10,434	16,961	153	0	16,961	153	Overspend due retained client cost relating to legal expenses and a projected increase in the bad debt provision on pre Re contract debt.	0.9%
<b>Total</b>	<b>196</b>	<b>8,783</b>	<b>1,539</b>	<b>1,344</b>	<b>0</b>	<b>1,539</b>	<b>1,344</b>		<b>686.9%</b>

#### Street Scene

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
Street Data and System / Service Support / Service Change	638	137	549	(89)	0	549	(89)	Underspend due to savings from staff vacancies, and any non-essential discretionary spend. To alleviate in year pressures in recycling and waste service.	(14.0%)
Green Spaces / Grounds Maintenance	3,699	996	3,658	(41)	0	3,658	(41)	Projecting small underspend currently. Significant changes have been made to the services, including savings in staffing costs and vehicle running costs. Situation will be motioned closely through peak season.	(1.1%)
Waste	6,065	1,915	6,348	283	0	6,348	283	The forecast overspend is mainly staffing costs due to the delay in withdrawing the separate food waste collection, but also due to an in-year pressure on current agency use. Saturday staffing costs will be reduced once recycling and waste rounds are reorganised in late 2018.	4.7%
Street Cleansing	2,521	899	2,494	(26)	0	2,494	(26)	Cleansing Service forecast to be on budget following savings made in 2017/18.	(1.0%)
Street Scene Leadership / Service Delivery	1,025	497	1,077	52	0	1,077	52	Reporting a slight underspend, due to savings in staffing costs within the Street Scene Service Delivery.	5.1%
Collection Services and Innovation	(1,787)	(2,471)	(1,788)	(0)	0	(1,788)	(0)	The service is projecting to achieve its income target. In 2018/19 the service will operate as a trading account, where all income and expenditure will be accounted for separately.	0.0%
Transport	385	2,061	382	(4)	0	382	(4)	Projecting to budget as all costs for provision to Cambridge Education will be recharged under the SLA. The services are bidding for inflation for fuel and tyres and are currently projecting no pressure.	(0.9%)
<b>Total</b>	<b>12,546</b>	<b>4,034</b>	<b>12,720</b>	<b>174</b>	<b>0</b>	<b>12,720</b>	<b>174</b>		<b>1.4%</b>

#### Dedicated Schools' Grant

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	Commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
<b>Schools</b>									#DIV/0!
- Individual Schools Budget	141,056		141,056	0	0	141,056	0		0.0%
- Growth Fund	984		984	0	0	984	0		0.0%
- Central schools expenditure	1,268		1,268	0	0	1,268	0		
- ESG retained funding	852		852	0	0	852	0		
<b>Sub-total</b>	<b>144,160</b>		<b>144,160</b>	<b>0</b>	<b>0</b>	<b>144,160</b>	<b>0</b>		

Early Years Block	28,392		28,392	0	0	28,392	0		
High Needs Block	44,309		44,759	450	0	44,759	450		
<b>Sub-total</b>	<b>216,861</b>		<b>217,311</b>	<b>450</b>	<b>0</b>	<b>217,311</b>	<b>450</b>		
DSG Income	(216,360)		(216,360)	0	0	(216,360)	0		
DSG c/f	(501)		(501)	0	0	(501)	0		
<b>Total</b>	<b>0</b>		<b>450</b>	<b>450</b>	<b>0</b>	<b>450</b>	<b>450</b>		<b>(100.0%)</b>

#### Housing Revenue Account

	Revised Budget	Actuals to 31/07/2018	Month 4 Forecast	Variation to revised budget	Reserve Movements	Month 4 Forecast after reserve movements	Variation to revised budget	commentary	% Variation to revised budget
	£000	£000	£000	£000	£000	£000	£000		
HRA Other Income and Expenditure	11	(9,365)	(53)	(65)	0	(53)	(65)	The net position relates to additional rental income due to lower than expected stock loss to date, reduced housing management costs and reduced income from garage rentals and service charges.	<b>(565.1%)</b>
HRA Regeneration	837	371	589	(248)	0	589	(248)	Relates to income expected to be recovered from developer partners.	<b>(29.6%)</b>
HRA Surplus/Deficit for the year	(754)	0	(417)	337	0	(417)	337	Contribution from balances	<b>44.7%</b>
Interest on Balances	(95)	(2)	(119)	(24)	0	(119)	(24)	Income from interest on HRA balances	<b>(25.6%)</b>
<b>Total</b>	<b>0</b>	<b>(8,996)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0.0%</b>

<b>TOTAL BEFORE DSG AND HRA</b>	<b>293,341</b>	<b>96,714</b>	<b>303,572</b>	<b>10,231</b>	<b>(3,273)</b>	<b>300,299</b>	<b>6,958</b>
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**Appendix B - Capital Forecast - Month 4 2018/19**

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Investing in IT	4,200	-	(1,350)	2,850	(1,350)	(32.1%)	Investing in IT project is forecast to spend £2.850m, including third party spend for 2018/19.
<b>Adults and Communities</b>	<b>4,200</b>	<b>-</b>	<b>(1,350)</b>	<b>2,850</b>	<b>(1,350)</b>	<b>(32.1%)</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Depot relocation	1,950	-	(80)	1,870	(80)	(4.1%)	£1.750m is committed against construction works.
Copthall Infrastructure Enhancement	1,000	-	-	1,000	-	0.0%	
Community Centre - Tarling Road	2,646	-	-	2,646	-	0.0%	
Asset Management	1,962	-	-	1,962	-	0.0%	
Libraries asset management	506	-	-	506	-	0.0%	
ICT strategy	2,210	-	-	2,210	-	0.0%	
Community Centres fit out	1,520	-	-	1,520	-	0.0%	
Customer Services Transformation Programme	3,301	453	-	3,754	453	13.7%	Programme tracking to target with no slippage currently recorded. Project is currently in phase 2. Full completion of phase 2 expected to be around Feb 2019. Further scope is currently being considered for phase 3.
Implementation of Locality Strategy	695	-	-	695	-	0.0%	
Sport and Physical Activities	22,761	-	-	22,761	-	0.0%	Completion date for Copthall on track (August 2019). New Barnet site delayed to July 2019.
Office Build	25,723	-	-	25,723	-	0.0%	Currently on track to deliver the project. Project to be split into: - Colindale build - Central programme (contingency and resourcing) - Travel and occupation (building car parks, sustainable travel etc) - IT infrastructure
<b>Commissioning Group</b>	<b>64,274</b>	<b>453</b>	<b>(80)</b>	<b>64,647</b>	<b>373</b>	<b>0.6%</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
<b>Modernisation - Primary &amp; Secondary</b>	4,603	-	-	4,603	-	0.0%	
Urgent Primary Places - Temporary Allocated	1,485	-	-	1,485	-	0.0%	
Orion Primary School	75	-	-	75	-	0.0%	
Menorah Foundation	182	-	-	182	-	0.0%	
Martin Primary	9	-	-	9	-	0.0%	
Monkfrith	161	-	-	161	-	0.0%	
Wren Academy	80	-	-	80	-	0.0%	
London Academy	21	-	-	21	-	0.0%	
St Agnes	870	-	-	870	-	0.0%	
Saracens Primary	1,000	-	-	1,000	-	0.0%	
Kosher Kitchen	250	-	-	250	-	0.0%	
Brookland	1,064	-	-	1,064	-	0.0%	
Christ college	1	-	-	1	-	0.0%	
Oak Lodge Special School	288	-	-	288	-	0.0%	
St Mary's & St John's	1,001	-	-	1,001	-	0.0%	Potential irrecoverable VAT being investigated
St James / Blessed Dominic	14,001	-	-	14,001	-	0.0%	
Christ College Facilities Upgrade	250	-	-	250	-	0.0%	
Grammer school projects	1,000	-	-	1,000	-	0.0%	
<b>SEN Programme</b>							
Coppets Wood ASD	62	-	-	62	-	0.0%	
Chalgrove Primary school ASD	500	-	-	500	-	0.0%	
Whitefield School ASD	2,000	-	-	2,000	-	0.0%	
<b>Other Projects</b>							
Whitings Hill, Colindale and Northway/Fairway	431	-	-	431	-	0.0%	
School place planning (Primary )	437	-	-	437	-	0.0%	
School place planning (Secondary)	783	-	-	783	-	0.0%	
SEN	3,700	-	-	3,700	-	0.0%	
Alternative Provision	3,265	-	-	3,265	-	0.0%	
<b>Education and Skills</b>	<b>37,519</b>	<b>-</b>	<b>0</b>	<b>37,519</b>	<b>-</b>	<b>0.0%</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Early Education and Childcare place sufficiency	3,942	-	-	3,942	-	0.0%	Tender for enabling works has been completed and a contractor appointed. Project team have commenced work on developing high level costs for main building. Final price agreed for the intervention centre.
Information Management	673	-	-	673	-	0.0%	
Youth Zone	3,999	-	-	3,999	-	0.0%	
Loft conversion and extension policy for Foster Carers	175	-	-	175	-	0.0%	
New Park House Children's home	20	-	-	20	-	0.0%	
Meadow Close Children's Homes	2,517	-	-	2,517	-	0.0%	
Family Services Estate - building compliance, extensive R&M	2,152	-	-	2,152	-	0.0%	
<b>Family Services</b>	<b>13,478</b>	<b>-</b>	<b>-</b>	<b>13,478</b>	<b>-</b>	<b>0.0%</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Empty Properties	2,843	-	-	2,843	-	0.0%	The direct acquisitions programme is forecasting to spend £24.2m, £15.020m more than reported last month as the Cheyne project is now expected to bring on units at a much slower rate in this financial year. As a result, the direct acquisition programme has been re-prioritised and is expected to achieve 55 acquisitions, 28 more than the 27 forecast at month 3. additions of £15.020m as at month 4.
Direct Acquisitions	9,180	15,020	-	24,200	15,020	163.6%	
Modular Homes	300	-	-	300	-	0.0%	
Open Door	53,913	-	(33,695)	20,218	(33,695)	(62.5%)	
Pinkham Way land release	1,500	-	-	1,500	-	0.0%	
Micro sites	1,895	57	-	1,952	57	3.0%	
<b>Housing Needs Resources</b>	<b>69,631</b>	<b>15,077</b>	<b>(33,695)</b>	<b>51,013</b>	<b>(18,618)</b>	<b>(26.7%)</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Lines and Signs	170	-	-	170	-	0.0%	There will be spend in 2018/19, as works are currently being scoped. It is unlikely that the programme of works will be completed in year, part of the budget is likely to slip into 2019/20.
Highways (permanent re-instatement)	750	-	(42)	708	(42)	(5.6%)	Underspend proposed to be slipped into 2019/20.
Highways proactive patching	560	-	-	560	-	0.0%	
DLO restructure and Investment project	-	-	-	-	-	#DIV/0!	
<b>Parking and Infrastructure</b>	<b>1,480</b>	<b>-</b>	<b>(42)</b>	<b>1,438</b>	<b>(42)</b>	<b>(2.8%)</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget %	Comments
	£000	£000	£000	£000	£000	%	
<b>HIGHWAYS TfL - LOCAL IMPLEMENTATION PLAN</b>							
Local Implementation Plan 2016/17 and onwards	3,163	-	-	3,163	-	0.0%	
Borough Cycling Programme	606	-	-	606	-	0.0%	
<b>HIGHWAYS non-TfL</b>							
Footway Reconstruction	43	-	-	43	-	0.0%	
Traffic Management	4	-	-	4	-	0.0%	
Highways Improvement	364	-	-	364	-	0.0%	
Travel Plan Implementation	91	-	-	91	-	0.0%	
Carriageways	650	-	-	650	-	0.0%	
Highways Planned Maintenance Works Programme	40	-	-	40	-	0.0%	
Saracens	16	-	-	16	-	0.0%	
Drainage Schemes	70	-	-	70	-	0.0%	
Road Traffic Act - Controlled Parking Zones	108	-	-	108	-	0.0%	
Investment in Roads & Pavement (NRP)	9,367	90	276	9,733	366	3.9%	
BXC - Funding for land aquisition	25,500	-	(2,500)	23,000	(2,500)	(9.8%)	Forecast based on the current expected spend profile following the conclusion of CPO challenges.
Colindale – Highways and Transport	1,500	-	-	1,500	-	0.0%	
Colindale – Parks, Open Spaces and Sports	1,665	-	-	1,665	-	0.0%	
Colindale Station Works	6,500	-	-	6,500	-	0.0%	
Grahame Park – Community Facilities	1,000	-	-	1,000	-	0.0%	
Town Centre	720	-	-	720	-	0.0%	
Thames Link Station	19,258	-	-	19,258	-	0.0%	
Development pipeline	181	-	-	181	-	0.0%	
Development pipeline strategic opportunities fund	11,804	-	-	11,804	-	0.0%	
Disabled Facilities Grants Programme	2,602	-	-	2,602	-	0.0%	
Refurbish and regenerate Hendon Cemetery and Crematorium	1,149	-	-	1,149	-	0.0%	
Hendon Cemetery & Crematorium Enhancement	116	-	-	116	-	0.0%	
Decent Homes Programme	232	-	-	232	-	0.0%	
DECC - Fuel Povety	7	-	-	7	-	0.0%	
<b>Regional Enterprise</b>	<b>86,756</b>	<b>90</b>	<b>(2,224)</b>	<b>84,623</b>	<b>(2,134)</b>	<b>(2.5%)</b>	

	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4 Forecast	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Old Court House - public toilets	40	-	-	40	-	0.0%	Awaiting final quotations - order o be raised in Q3.
Parks & Open Spaces and Tree Planting	54	47	-	101	47	87.0%	Some works complete and some quotations awaited.
Park Infrastructure	410	-	-	410	-	0.0%	
Victoria Park Infrastructure	501	-	-	501	-	0.0%	
Data Works Management system	432	-	-	432	-	0.0%	
Parks Equipment	108	(7)	-	101	(7)	-6.5%	£60k allocated to projects; remainder to be allocated.
Waste	234	-	-	234	-	0.0%	
Weekly Collection Support Scheme	488	-	-	488	-	0.0%	
Vehicles	1,827	-	(909)	918	(909)	(49.8%)	The month 4 projection has been based on the current fleet replacement programme and is subject to change.
Street cleansing and greenspaces - vehicles and equipment	1,029	-	-	1,029	-	0.0%	
Green spaces development project	500	200	-	700	200	40.0%	Transferred from carriageways in Re
<b>Street Scene</b>	<b>5,623</b>	<b>240</b>	<b>(909)</b>	<b>4,954</b>	<b>(669)</b>	<b>(11.9%)</b>	

<b>General Fund Programme</b>	<b>282,962</b>	<b>15,860</b>	<b>(38,300)</b>	<b>260,522</b>	<b>(22,440)</b>	<b>(7.9%)</b>	
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	2018/19 Revised Budget	Additions/ Deletions Recommended	Slippage / Accelerated Spend Recommended	2018/19 Month 4	Variance from Approved Budget	Variance from Approved Budget	Comments
	£000	£000	£000	£000	£000	%	
Major Works (excl Granv Rd)	5,670	-	-	5,670	-	0.0%	
Regeneration	1,200	-	-	1,200	-	0.0%	
Misc - Repairs	2,785	-	-	2,785	-	0.0%	
M&E/ GAS	5,715	-	-	5,715	-	0.0%	
Voids and Lettings	3,605	-	-	3,605	-	0.0%	
Advanced Acquisitions (Regen Estates)	275	-	-	275	-	0.0%	
Moreton Close	5,914	-	-	5,914	-	0.0%	
Dollis Valley	30	-	-	30	-	0.0%	
Extra Care Pipeline	50	931	-	981	931	1862.0%	The scheme is projected to reach the first stage - scoping stage mile stone this financial year, and the majority of the projected costs will be Barnet homes development fees of £42k.
Burnt Oak Broadway Flats	250	-	-	250	-	0.0%	Programme is expected to reach planning stage this financial year. Projected expenditure will be on planning, agency and engineers surveys.
Upper & Lower Fosters Community Led Design	1,669	-	-	1,669	-	0.0%	
Development Pipeline Stag House	931	504	-	1,435	504	54.1%	Re-profiled
HRA Fire Safety Programme	13,418	-	-	13,418	-	0.0%	
<b>Housing Revenue Account</b>	<b>41,512</b>	<b>1,435</b>	<b>-</b>	<b>42,947</b>	<b>1,435</b>	<b>3.5%</b>	

<b>Total Capital Programme</b>	<b>324,474</b>	<b>17,295</b>	<b>(38,300)</b>	<b>303,469</b>	<b>(21,005)</b>	<b>(6.5%)</b>	
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## Appendix C: Prudential Indicator Compliance

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

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2018/19 %
<b>Upper Limit for Fixed Rate Exposure</b>	100
Compliance with Limits:	Yes
<b>Upper Limit for Variable Rate Exposure</b>	30
Compliance with Limits:	Yes

### Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/07/18 £000	% Fixed Rate Borrowing as 31/07/18	Compliance with Set Limits?
Under 12 months	0	50	0	0	Yes
12 months and within 24 months	0	50	0	0	Yes
24 months and within 5 years	0	75	0	0	Yes
5 years and within 10 years	0	75	22,516	7.4	Yes
10 years and above	0	100	281,564	92.6	Yes
<b>Total</b>			<b>304,080</b>	<b>100.0</b>	

### Capital Financing Requirement and External Debt

The table below demonstrates that capital plans for 2018/19 and associated debt are well within the agreed borrowing limit.

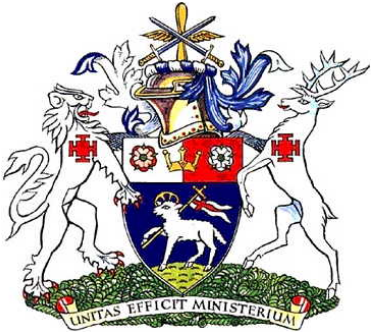
	Forecast for March 2019 £000
<b>Prudential Indicator – Capital Financing Requirement (CFR)</b>	
CFR – Non-housing	490,506
CFR – Housing	224,546
Total CFR	<b>715,052</b>
<b>Prudential Indicator – The Operational Boundary for External Debt</b>	
Borrowing	589,764
Other long-term liabilities	15,288
Total debt	<b>605,052</b>

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## Appendix D – Investments Outstanding as at 31 July 2018

	Balance	Limit	Long-term credit rating	Yield	Maturity	Historic Risk of Default
	£000	£m	(lowest)	%		%
<b>Money Market Funds</b>						
Federated Investors	9,800	25	AAA	0.56	Daily	0.000
Standard Life	19,300	25	AAA	0.55	Daily	0.000
<b>Total Money Market</b>	<b>29,100</b>					
<b>Local Authority Deposits</b>						
Thurrock Borough Council	5,000	25	AA	0.75	9/11/18	0.007
Babergh District Council	4,000	25	AA	0.52	20/8/18	0.001
Surrey Heath Borough Council	5,000	25	AA	0.75	16/10/18	0.005
LB Southwark	5,000	25	AA	0.95	2/1/19	0.010
<b>Total Local Authority</b>	<b>19,000</b>					
<b>Banks</b>						
Santander UK	5,000	25	A	0.80	1/8/18	0.000
Australia & NZ Banking Grp	5,000	25	AA-	0.64	31/8/18	0.002
Australia & NZ Banking Grp	5,000		AA-	0.63	28/9/18	0.004
Australia & NZ Banking Grp	4,000		AA-	0.66	31/10/18	0.006
Lloyds Banking Group	5,000	25	A+	0.68	31/10/18	0.014
Lloyds Banking Group	5,000		A+	0.85	4/2/19	0.028
Lloyds Banking Group	5,000		A+	1.00	19/6/19	0.048
Sumitomo Mitsui BCE	4,400	25	A	0.75	22/10/18	0.012
Sumitomo Mitsui BCE	5,000		A	0.77	16/11/18	0.016
<b>Total Banks</b>	<b>43,400</b>					
<b>Total Investments</b>	<b>91,500</b>					

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	<b>Financial Performance and Contracts Committee</b>  <b>9 October 2018</b>
<b>Title</b>	<b>Performance of back office functions - temporary staffing</b>
<b>Report of</b>	Assistant Chief Executive
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A: Table A - Temporary Worker Headcount
<b>Officer Contact Details</b>	Natasha Edmunds – Strategic HR Lead <a href="mailto:Natasha.Edmunds@Barnet.gov.uk">Natasha.Edmunds@Barnet.gov.uk</a> 020 8359 2978

## Summary

This report details the council's usage of and expenditure on the council's temporary workforce. It highlights that while the council will always have a need for some temporary workers it is currently an area of high expenditure and warrants tight control and scrutiny. Actions taken during the last financial year demonstrated some reduction in expenditure and further actions currently underway are expected to see a further and faster reduction in expenditure going forward.

## Officers Recommendations

1. That the Committee notes the actions being taken by officers to reduce and control expenditure of the council's temporary workforce.

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

### **CONTEXT AND BACKGROUND INFORMATION**

- 1.1 The purpose of this report is to set out how and why the council uses a temporary workforce, to provide an overview of control measures, to scrutinise this area of spend and establish whether the council is getting good value for money.
- 1.2 The temporary workforce is made up of different types of workers whose employment is temporary in nature and is made up three different types of worker as follows:
- i) Temporary: working through an agency and paid an hourly rate through the agency, rather than being employed directly by the council. Typically used to cover short terms gaps in the establishment e.g. whilst permanent recruitment is underway, or where there are significant skills shortages impacting on the ability to recruit to the permanent establishment or where there are short term demand pressures that require additional capacity.
  - ii) Contracting: brought in for a special project or to cover an extended absence. Employed on a fixed-term or rolling contract, dependant on the project or absence they are covering. Typically used to cover known periods of extended absence such as maternity leave, career breaks, or for time limited specific projects
  - iii) Interim: senior-level experts that are needed to make an immediate impact. Typically used to provide specialist or executive level expertise and can cover extended absences, requirements for short term expertise, or to provide additional capacity pending organisational change.
- 1.3 This report covers temporary and interim workers, referred to as temporary workers throughout this report, for the five internal services (Adults & Communities, Assurance, Commissioning Group, Family Services and Street Scene).
- 1.4 The council engages the temporary workforce in different ways. For temporary workers supplied through an agency there is a Managed Service Provider (MSP), whose function is to manage the relationships with temporary staffing agencies in its supply chain as well as providing quality assurance over their compliance with core requirements around the vetting and screening of temporary staff. The council sources the majority of temporary staff by advertising on a web based portal provided by the MSP. The majority of temporary workers supplied through an agency are used to cover substantive roles in the staffing establishment, however, cost pressures arise as follows:
- 1.4.1 Where there is a skills shortage resulting in difficulties making permanent appointments and temporary worker hourly rates are high (e.g. social workers) reflecting supply and demand challenges in the labour market.

- 1.4.2 Where the temporary worker is covering a period of sickness absence and the absent staff member is on full or half pay, resulting in services having to pay for both the substantive staff member and the temporary worker (e.g. waste and recycling collection operatives).
- 1.4.3 Where capacity over and above the budgeted staffing establishment is needed due to short term demand pressures on services.
- 1.5 Those individuals brought in to cover extended periods of absence e.g. maternity leave or specific projects, are typically engaged on fixed term employment contracts and are typically recruited to substantive roles in the staffing establishment. These workers typically fill roles that are funded through existing budget provisions and attract no additional cost than a substantive staff member would.
- 1.6 The engagement of interims is usually through specialist interim agencies available via framework contracts that the council has access to. It should be noted that following recent changes to tax laws the cost of engaging interim workers has increased substantially, in particular where the interim is covering what would be deemed as a substantive role or 'office holder' by Her Majesty's Revenue and Customs (HMRC). These changes are often referred to as IR35.
- 1.7 The council will always have a need for some temporary workers, however it is imperative that use of and expenditure on this workforce is tightly controlled and not used as an alternative to good management practice in recruitment and sound workforce and succession planning of the substantive workforce.

## **CURRENT PERFORMANCE**

- 1.8 In light of the council's current financial challenge greater focus is being placed on temporary worker usage and expenditure. The scrutiny has also involved a recent audit of temporary worker arrangements in the council and the audit report will be presented to Audit Committee at its meeting on 22 November 2018.

## **EXPENDITURE**

- 1.9 The data below (see Table 1) provides the total expenditure for the five internal services for the last three financial years (2015/16 to 2017/18). The data shows a peak in expenditure in 2016/17 of £18.9m and a small decrease in 2017/18 to £16.7m. Year to date expenditure (April to August 2018) for these five internal services is £6.4m (see Chart 4) which, if it continued on the current trajectory, would give a forecast full year spend in the region of £15m. The temporary worker expenditure for the last three financial years is shown in Chart 1.

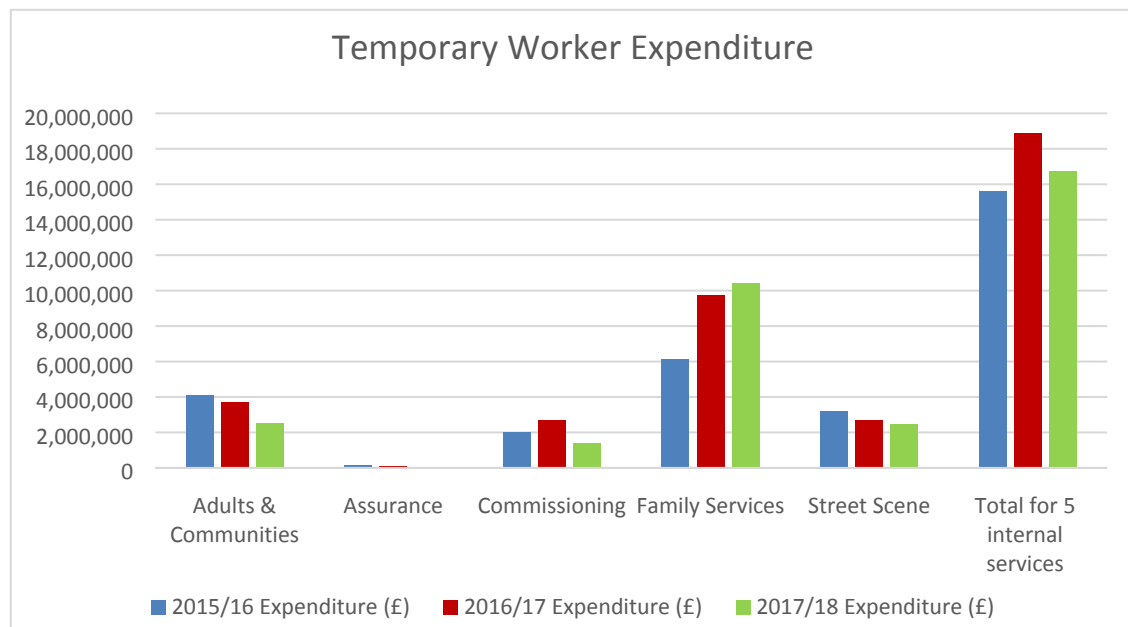
### **Table 1 Temporary Worker Expenditure 2015/16 – 2017/18**

Service	2015/16 Expenditure (£)	2016/17 Expenditure (£)	2017/18 Expenditure (£)	% Change 2015/16 to 2016/17	% Change 2016/17 to 2017/18
Adults & Communities	4,117,000	3,715,000	2,510,000	-9.76	-32.44
Assurance	153,000	73,000	16,000	-52.29	-78.08
Commissioning	2,005,000	2,654,000	1,355,000	32.37	-48.94
Family Services	6,135,000	9,723,000	10,396,000	58.48	6.92
Street Scene	3,215,000	2,686,000	2,429,000	-16.45	-9.57
<b>Total for 5 internal services</b>	<b>15,625,000</b>	<b>18,851,000</b>	<b>16,706,000</b>	<b>20.65</b>	<b>-11.38</b>
<b>Total for all services*</b>	<b>18,160,000</b>	<b>20,929,000</b>	<b>19,193,000</b>	<b>15.25</b>	<b>-8.29</b>

\*The table presents information for the five internal services only that are the focus of this report. Therefore, the service expenditure figures will not add up to the 'Total for all services' expenditure in the table.

\* Figures have been rounded to the nearest thousand and the % Change calculated on this basis.

**Chart 1 Temporary Worker Expenditure 2015/16 – 2017/18**



\*The chart presents information for the five internal services only that are the focus of this report.

\* Figures have been rounded to the nearest thousand.

1.10 It should be noted however that 52% of the 2016/17 expenditure and 62% of the 2017/18 expenditure (for the five internal services) is within Family Services and is driven by operational requirements associated with the Improvement Plan (initiated in 2016/17) and the Inadequate Ofsted rating (in 2017/18). These two events combined meant that additional roles were created to increase capacity to drive improvement as previously reported to and agreed by members.

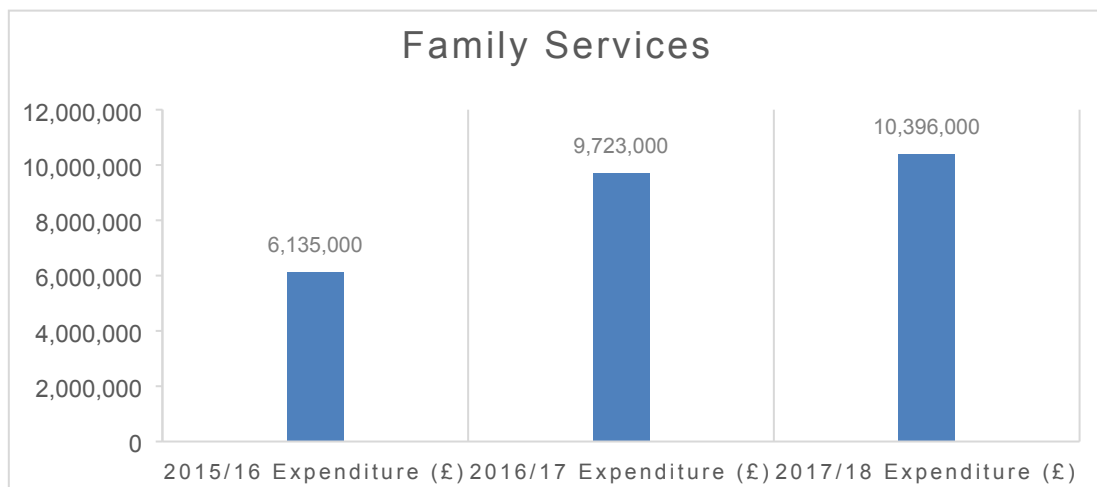
1.11 In addition, following the outcome of the Ofsted inspection and the inadequate rating there was a period of considerable staff turnover which resulted in an increase in temporary workers filling staffing establishment roles. The council also recently brought back in house the Children and Adolescent Mental Health Service (CAMHS)



and although the service transferred it did so with a large number of vacancies which required short term temporary staffing until permanent staff could be recruited.

- 1.12 The council's over-riding priority is to deliver a safe service to all Barnet children and in order to do so it has been necessary to fill roles with temporary workers. The labour market continues to be challenging for experienced children's social workers resulting in a greater reliance on temporary workers than would otherwise be desirable, though steps are being taken to reduce reliance on temporary workers in Family Services in particular and across the council as a whole. The expenditure by Family Services on temporary workers for the last three years is detailed below in Chart 2.

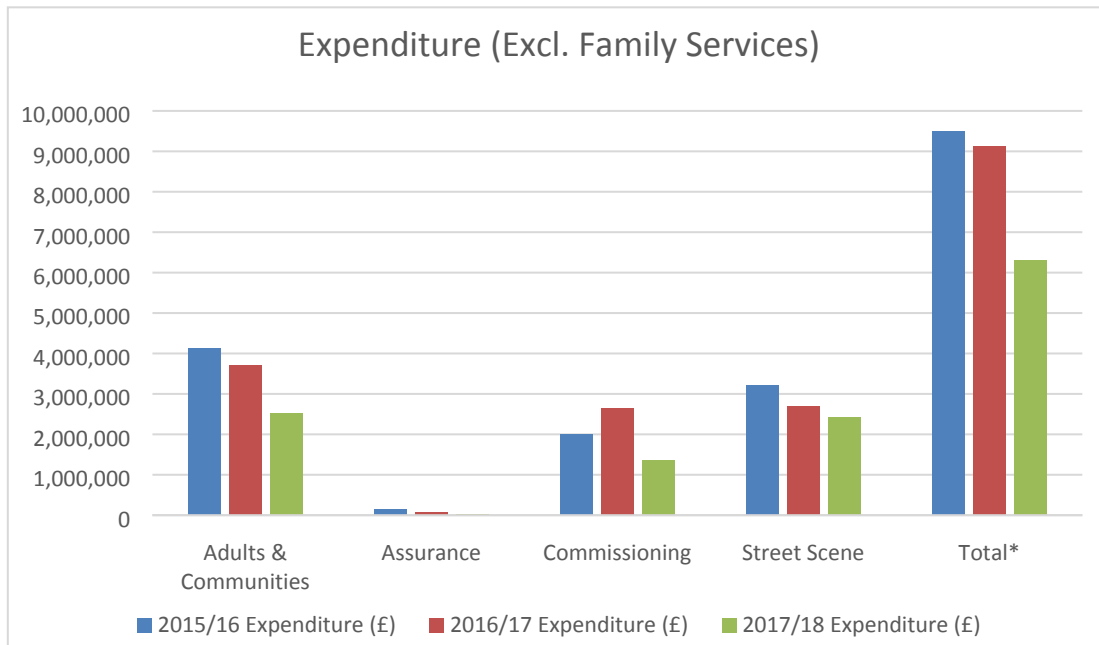
**Chart 2 Temporary Worker Expenditure in Family Services 2015/16 – 2017/18**



\* Figures have been rounded to the nearest thousand.

- 1.13 When considering temporary worker expenditure within the five internal services the total expenditure is significantly lower without Family Services, with a total spend in 2017/18 of £6.3m, which is also a considerable reduction since a peak in 2015/16 of £9.5m. The biggest reductions in this period (between 2015/16 and 2017/18) were in Adults and Communities (£1.6m), Street Scene (£786k) and Commissioning Group (£650k) as shown in Table 1 and Chart 3.

**Chart 3 Temporary Worker Expenditure Excluding Family Services 2015/16 – 2017/18**

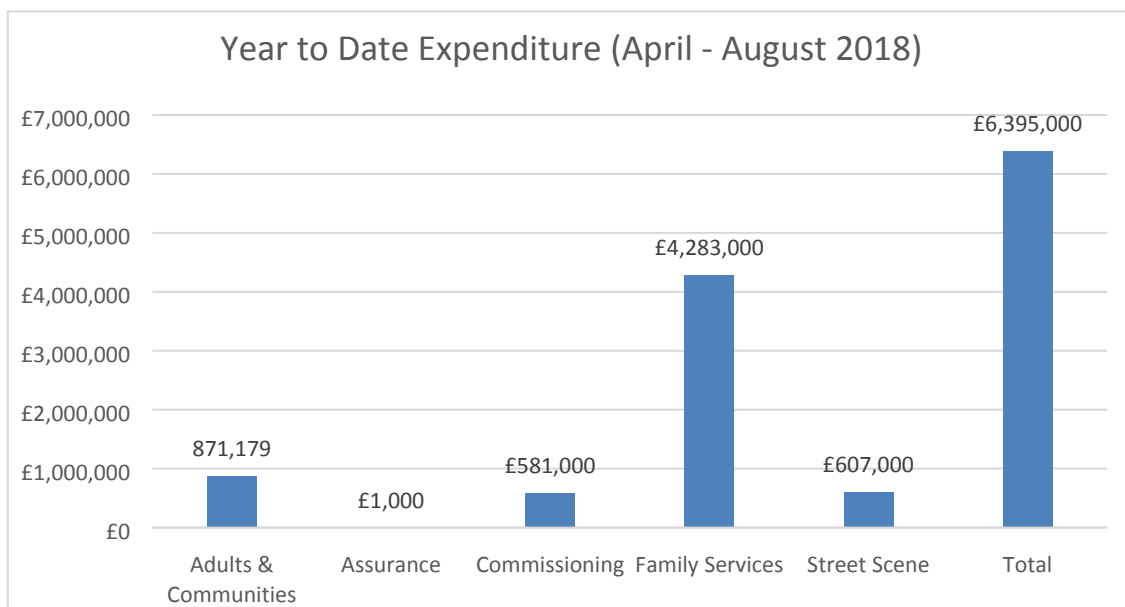


\*The chart presents information for the five internal services only (excluding Family Services) that are the focus of this report.

\* Figures have been rounded to the nearest thousand.

1.14 Year to date expenditure shows that the ratio of temporary worker expenditure is consistent with previous years with 67% of spend to date in Family Services, reflecting ongoing requirements to improve services to children. See Chart 4.

**Chart 4 Temporary Worker Expenditure Year to Date (April – August 2018)**



\*The chart presents information for the five internal services only that are the focus of this report.

\* Figures have been rounded to the nearest thousand.

## CONTRACT MANAGEMENT

- 1.15 As outlined in 1.4 above the council engage temporary workers through a Managed Service Provider (MSP). The purpose of the MSP is to manage the supply chain of agencies from whom the council sources temporary staff. The contract with the provider is currently managed by CSG HR and CSG Procurement on behalf of the council. The recent audit has identified deficiencies in the controls applied to manage the supply of temporary workers to the council and these are being addressed with oversight from council officers. Of particular note are:
- Issues with the use and quality of performance data as part of contract monitoring and that the contract monitoring process has failed to pick up and address any anomalies. In addition, there has been a lack of analysis of key data to challenge use of temporary workers or develop HR interventions to reduce spend on temporary workers.
  - Related to the point above, the audit has identified a lack of clarity on roles and responsibilities between CSG HR, CSG Procurement and the council.
  - A need to tighten the controls within the supply chain on pre-employment verification checks for temporary workers for the purposes of safeguarding and right to work in the UK.
  - A need to continuously review supplier performance that includes review of value for money on rates being charged for different types of worker and/or assignment.
- 1.16 The audit report provides further detail on the findings and learning from the audit is being built into future policy and procedure for the engagement of temporary workers and management of the supplier contract.
- 1.17 It should also be noted that the current temporary supplier contract expires on 30 September 2018. In anticipation of this the council has undertaken a re-procurement exercise. The re-procurement was run as a project with the project team comprising of representatives from all delivery units, CSG procurement, CSG HR, the council's commercial team and was led by the council's strategic HR lead.
- 1.18 A new provider has been appointed and mobilisation of the contract is currently underway. The council has taken the opportunity to introduce additional measures to support reduction in expenditure and apply the learning and actions from the recent audit. Measures include more competitive hourly/daily rates, streamlined process to convert temporary workers to permanent workers, building in review dates after 12 weeks (i.e. extensions subject to recruitment panel approval).

The following additional benefits are also expected to be realised:

- i) Price reductions from saving generated from reduced Managed Service Provider fees and agency fees
- ii) Greater clarification on fees charged for hiring managers to enable better budget management
- iii) Support demand management by the council to reduce the use of temporary workers and increase the number of permanent and fixed-term contracts in line with the staffing establishment.
- iv) Improve levels of contract compliance by Services to ensure the Council receives the benefit of agreed contracted rates from a reduction in off-contract spend (i.e. agencies not in the approved supply chain).

### **ADDITIONAL INTERNAL CONTROLS**

- 1.19 Additional interventions to monitor and control expenditure and usage of the temporary workforce have been introduced in the current financial year and these are as follows:
- 1.20 A recruitment panel has been established to monitor and approve all permanent and temporary appointments as an additional control. The panel meets weekly and reviews business cases submitted by recruiting managers. The panel has been in place since May 2018 and is expected to be a significant contributing factor in reducing temporary worker usage and expenditure. Table 2 below shows that since the inception of the panel the number of temporary workers is starting to reduce and this will also be reflected in the expenditure on temporary workers.

**Table 2 Temporary Worker Headcount Year to Date (April - August 2018)**

<b>Service</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>
Adults & Communities	48	51	60	52	39
Assurance	0	0	0	0	0
Commissioning Group	24	22	24	24	28
Family Services	179	186	174	163	157
Street Scene	99	91	69	61	60
<b>Total</b>	<b>350</b>	<b>350</b>	<b>327</b>	<b>300</b>	<b>284</b>

- 1.21 The panel’s decisions are being monitored and data on temporary worker usage and expenditure will be reviewed on a quarterly basis to ensure the downward trend continues. However, there are exceptions to the recruitment panel process which are:
- i) Front line Children’s social workers including frontline early help staff
  - ii) Grant Funded posts
  - iii) Income generating posts

- iv) Posts that have already been advertised and/or staff being on-boarded with signed contracts already in place though these are likely to diminish over time

1.22 During 2017/18 an agency conversion project was also introduced which has seen a reduction in agency spend in Adults and Communities in particular and with some positive impact within Family Services. Interviewing suitable temporary staff and offering them permanent roles. Due to the high expenditure within the field of social work, the project has, to date, focused on conversion in those roles with some success. Further work is underway to review temporary workers in other non-social care professions with a view to converting as many as possible to fixed term contracts.

1.23 With the introduction of a new MSP, officers have taken the opportunity to build into the contract the ability to review temporary worker placements after 12 weeks and the ability to offer them fixed term contracts. This is a considerable change from the previous arrangement and substantially minimises costs as placing a temporary worker into a substantive role usually attracts a placement fee, typically a percentage of the annual salary.

## **2. REASONS FOR RECOMMENDATIONS**

2.1 The purpose of this report is to ensure that the committee has sufficient information to have a clear understanding of the council's use of temporary workers and how usage and expenditure is monitored and controlled, while scrutinising spend and ensuring value for money is being achieved.

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

3.1 None.

## **4 POST DECISION IMPLEMENTATION**

4.1 The council will continue with the recruitment panel to review service requirements and control temporary worker spend. Continuous reviews of agency expenditure and usage through the quarterly performance reporting cycle will help track financial savings. When the new supplier contract goes live (1 October 2018) both financial and non-financial benefits will be managed through the contract management arrangements.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 The council's corporate plan (2018-19 addendum) sets out that the one of the council's core purposes is to work together to ensure quality services. The corporate

plan also includes a focus on ensuring services are delivered efficiently to get value for money for the taxpayer. The Financial Performance and Contract Committee's role in scrutinising the performance of back office functions and its use of a temporary workforce will support the objectives of achieving value for money and quality services.

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

5.2.1 In setting out financial expenditure on temporary staff, the council is verifying that it is achieving value for money. Expenditure on temporary staff over the period 2015/16 to 2017/18 is set out in paragraph 1.9 of this report. Through the procurement process for the new temporary worker contract, as set out in paragraph 1.17 of this report, the council is testing the market for value for money and ensuring a suitable temporary workforce to deliver services to the highest standard.

## **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. All contracts awarded to Managed Service Providers are required to adhere to the Act.

## **5.4 Legal and Constitutional References**

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

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

The content of this report is in line with these Constitutional responsibilities.

## **5.5 Risk Management**

- 5.5.1 The council's Risk Management Framework is used to identify and respond to risks across all the council's services. The review of the use of temporary staff will enable the Committee to have more in depth oversight of performance in this area, which will support the council to mitigate any risks related to these services.

## **5.6 Equalities and Diversity**

- 5.6.1 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

## **5.7 Corporate Parenting**

- 5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision making across the council. The recruitment panel exemptions for children's social workers supports the council with this duty, making sure there are few social work posts vacant for looked after children, meaning looked after children receive a higher quality and more consistent service.

## **5.8 Consultation and Engagement**

- 5.8.1 Obtaining user feedback is a part of the contract management process to inform service delivery, service development and service improvement. Feedback is regularly sought from services to inform contract management of the temporary worker supplier and deliver continuous improvement. The recent procurement of a temporary worker managed service provider entailed detailed engagement with services, and service representative are included as core members of the project team from developing the tender specification through to moderation of supplier bids. The project team remains in place and is currently mobilising the new supplier contract.

## **5.9 Insight**

- 5.9.1 The new provider has a user friendly portal based on a technological platform, which will allow a range of customisable reports to enable greater detailed analytics of Barnet's temporary staff. As part of mobilisation a Service Level Agreement is being

developed which will include service and performance metrics as well a range of bespoke management information reports for operational managers and to provide strategic overview of the temporary workforce.

## **6 BACKGROUND PAPERS**

- 6.1 Report on the Performance of Back Office Functions to Financial Performance and Contracts Committee on 2 July 2018. This is available online at:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9716&Ver=4>



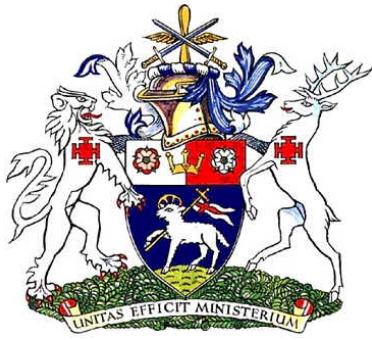
## Appendix A

**Table A: Temporary Worker Headcount (April 2017 - August 2018) <sup>1</sup>**

Service	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Adults & Communities	70	70	71	67	62	51	40	46	47	58	63	47	48	51	60	52	39
Assurance	0	0	0	0	2	3	2	0	0	0	0	0	0	0	0	0	0
Commissioning Group	20	17	18	16	17	17	14	22	23	22	26	21	24	22	24	24	28
Family Services	119	113	119	109	108	95	94	145	157	159	171	172	179	186	174	163	157
Street Scene	158	169	141	148	105	142	134	123	100	74	88	83	99	91	69	61	60
<b>Total</b>	<b>367</b>	<b>369</b>	<b>349</b>	<b>340</b>	<b>294</b>	<b>308</b>	<b>284</b>	<b>336</b>	<b>327</b>	<b>313</b>	<b>348</b>	<b>323</b>	<b>350</b>	<b>350</b>	<b>327</b>	<b>300</b>	<b>284</b>

<sup>1</sup> Figures provided by CSG HR

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## Financial Performance and Contracts Committee

9 October 2018

<b>Title</b>	<b>Improving Customer Services – website satisfaction</b>
<b>Report of</b>	Commercial Director
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Barry May – Head of Customer Strategy & Programmes <a href="mailto:barry.may@barnet.gov.uk">barry.may@barnet.gov.uk</a> 0208 359 7628

### Summary

This report provides an update on customer services performance with additional detail provided on web satisfaction as requested by the Committee at its previous meeting on 2 July 2018. It highlights areas of concern, what is being done to improve performance and the wider upcoming digital improvements enabled by the Customer Transformation Programme. Within the current financial climate this report also provides further detail on savings enabled by this programme.

### Officer's Recommendations

1. That the Committee notes the actions being taken by officers to improve web satisfaction performance and the broader digital improvements that will enable savings for the authority.

## 1. WHY THIS REPORT IS NEEDED

### INTRODUCTION

- 1.1 Website satisfaction has declined over the last three quarters (October 2017 to June 2018). This has been due to:
- Technical glitches following the launch of 'My Account' in October 2017, including problems with re-setting passwords and logging in
  - Searchability of the site, out of date content and confusion with the content on the website
  - The accuracy of online bin collection day information
  - Forms timing out and other stability issues with the site.
- 1.2 To address these factors and improve performance, several changes have been made and further work is in process:
- An upgrade of 'My Account' in early September 2018 resolved some areas causing dissatisfaction (more detail is provided in paragraph 1.12)
  - A new website will be launched before Christmas, with a complete refresh of content. This will improve navigation and the searchability of the site and is being tested with residents before launch
  - Issues around the accuracy of bin collection day information will be fully resolved when new round information is launched in the autumn of 2018
  - The site will be hosted on new servers before Christmas and all forms will be moved to new software to improve stability and resilience of the site.
- 1.3 More residents are visiting the site (up 25% since 2016), webforms are being used more to contact the council (up 14%) and less people are phoning; total inbound calls have dropped by 11% over the last two years and there has been a drop in face-to-face visits (24%). Over 72,000 people have signed up for the councils 'My Account', accessing services such as Parking, Council Tax, Libraries and Waste services. Channel shift is beginning in Barnet and making the new site easier to use and greater digital automation should drive this further. This should reduce costs to the council and save residents time through the provision of more convenient and efficient ways of interacting with the council. Recognition that some residents will not find this more convenient is considered in 1.4 below.
- 1.4 Safeguards are in place to ensure residents are not left behind by these digital changes and the council will support those that cannot interact digitally. A comprehensive programme of activity is being designed to implement the Digital Inclusion Strategy to reduce the proportion of residents who are digitally excluded and ensure those that are digitally excluded still have effective and cost efficient ways of accessing council services. Further details on progress of this, is outlined in section 1.16 to 1.18 of this report.
- 1.5 This report provides more detail on the drivers of public dissatisfaction in the website over this period and what is being done to ensure the future website works better for

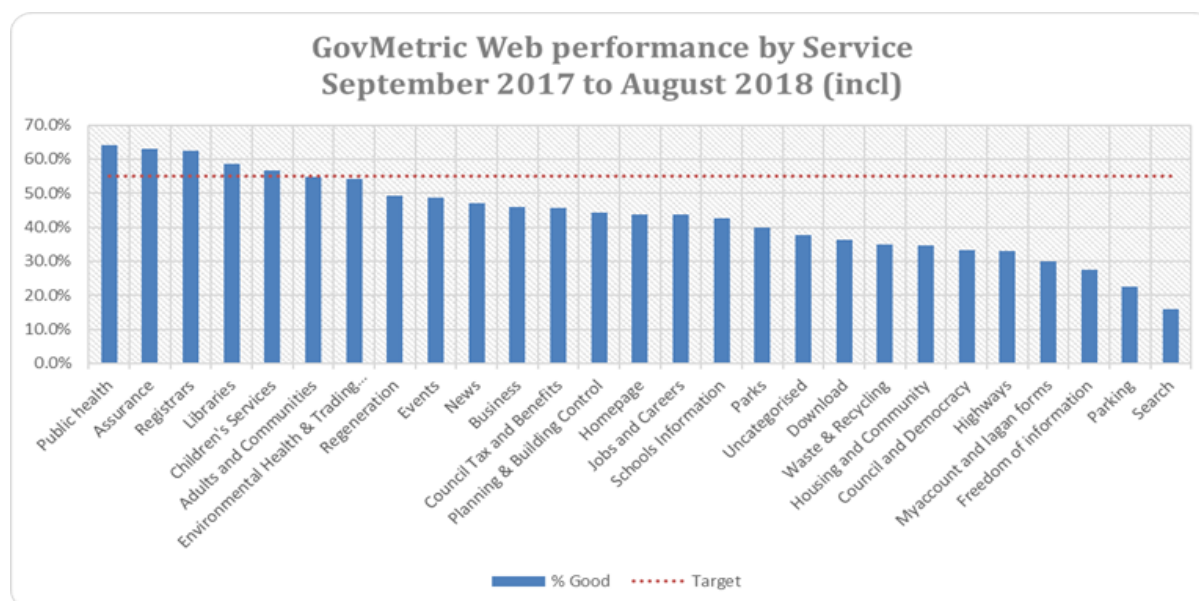
residents and is co-designed with them. It also provides a wider update on customer services and performance against a range of indicators.

## UPDATE ON PROGRESS

1.6 The percentage of customers who have rated the website as 'good' has missed the target of 55% for three consecutive quarters (October 2017 to June 2018).

Description	Q3 17/18 (Oct-Dec 17) Result	Q4 17/18 (Jan-Mar 18) Result	Q1 18/19 (Apr-Jun 18) Result
Customer Satisfaction (% customers who rate website as good - GovMetric)	43%	39%	32%
Target Customer Satisfaction	55%	55%	55%
Web sessions	732,147	819,306	845,180

1.7 The key drivers for public dissatisfaction with the website are outlined in paragraph 1.1. A tool called Govmetric is used to measure satisfaction, which provides more detail of the areas of the site that are rated poorly, shown in the graph below. This tool was updated at the beginning of the year to improve the quality of the feedback data to inform future service improvements and web changes. The more detailed data is helping to focus on the areas causing frustration for residents and enable the prioritisation of resources to ensure they are fixed.



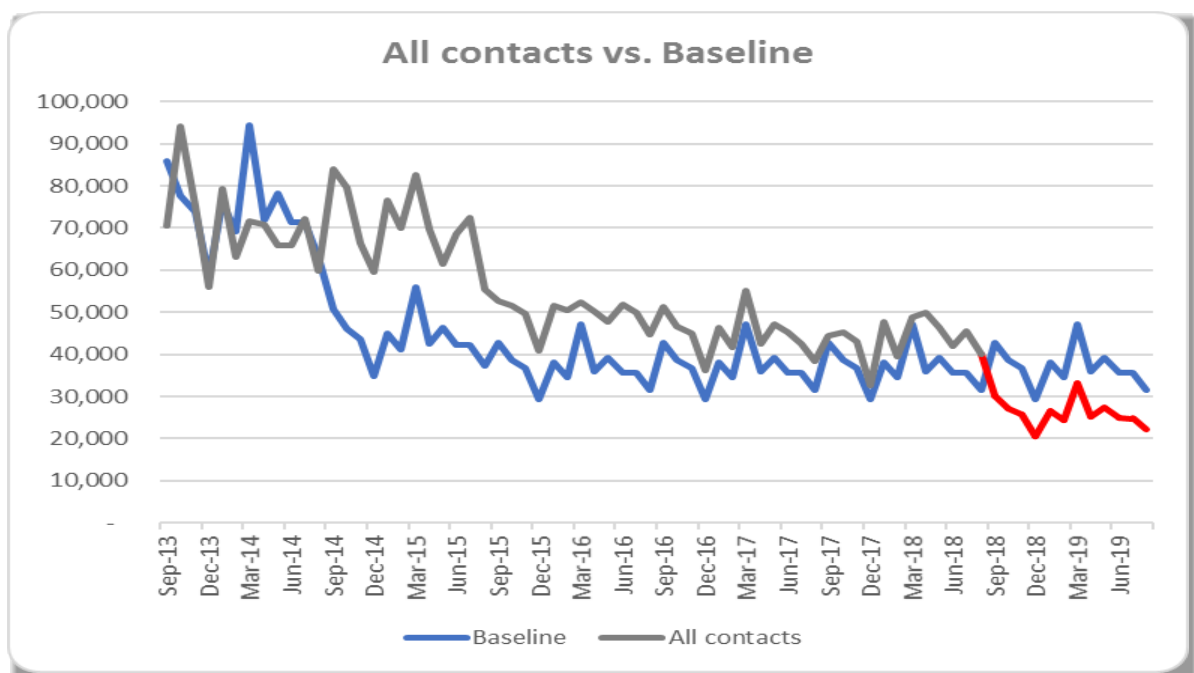
1.8 The Customer Transformation Programme was agreed at Policy and Resources Committee in October 2016 to implement the recommendations of the Customer Access Strategy and began implementation in 2017. The delivery of the 'My Account' digital platform on the website in October 2017 was the first major milestone for this programme and set up the infrastructure to deliver further customer improvements and financial benefits for the council. The key outcomes for this programme are outlined below.

- To deliver the vision that by 2020 access to services will be simplified and primarily 'digital by choice'; the majority of customer interaction with the council will be via digital means

- To adapt to how residents want to access services, making it possible to access council services online 24/7
- To encourage all customers who can to 'self-serve', at a time that suits them; whilst retaining access to highly trained teams for those residents that need extra support
- To reduce customer frustrations; ensure a quicker, smoother and more successful process; and make cost savings
- To invest in digital skills and improve digital access for residents.

1.9 These changes should deliver significant financial benefit for the council and a recent review of scope has prioritised deliverables to return maximum financial benefit as well as delivering customer improvements. This phase of the programme aims to enable cost reductions of c£579k, within the existing customer services element of the Customer Support Group (CSG) contract. Other financial benefits will be enabled by automating online booking processes for venues and events in libraries, increasing revenue opportunity and reducing administration time in services re-keying information to back office systems. This should enable c£117k of further financial benefits. The investment made in building a new digital technical architecture should provide a solid foundation to further enhance the service in the future.

1.10 The graph below represents the anticipated decrease in contact volumes to the CSG contact centre in Coventry as more residents are enabled to interact with the council online. This is anticipated to save c£337k against the current contract costs (the red line is the forecasted decrease).



1.11 A recent update to the council's 'My Account' improved the log in and password re-set process, removing unnecessary steps and fixing an issue that stopped some residents re-setting their password automatically. There was a fix made to the Council Tax payment form that was driving over 19% of the dissatisfaction ratings and more billing information was added. Some residents were experiencing problems when reporting street issues, such as littering, and these problems were fixed and simplified e-forms were added to report noise and environmental health issues. In November 2018, further improvements will be made to bin collection day

information and issues preventing some residents finding their address details in their 'My Account' to report a missed bin collection will be resolved.

1.12 A more detailed list of improvements is outlined below.

- The new website should be more relevant to residents and easier for the council to maintain. 81% of pages on the website will be re-written for the launch of the new site; and unnecessary content will be deleted. The current 1,309 pages will be reduced to c800, which will make the site easier to navigate and search
- There are 131 e-forms on the site, which often generate negative feedback. A new forms package will improve the usability of forms and by logging into the 'My Account' they will be pre-populated with resident's details making it quicker and simpler to request a service or update the council if circumstances change. 41 unnecessary forms will be deleted and the rest re-designed to make them easier to understand, reflecting resident feedback. These forms will also start to be integrated to internal systems, which should speed up response times
- Proactive notifications for residents will be launched in the New Year to automatically track requests and residents will start to be provided with status updates via their digital accounts, removing the need to phone the council to chase up progress
- There will be a fully automated online booking facility enabling residents to book appointments 24/7 for registering births, arranging weddings and booking sports facilities and library venue rooms
- The 'My Account' part of the website will be developed to deliver proactive, personalised content based on customer preferences that have been set up
- Webchat facilities will be introduced so customers can have queries dealt with online rather than having to phone
- The ability for residents to upload documentation for the council's attention, attached to a relevant case, will be introduced. This should eliminate the need to visit council premises or post evidence
- Customers will also be able to see issues other residents have reported to save time reporting them and they will be able to request updates via SMS/email
- Integration of 'My Account' to council systems such as Parking, Council Tax and Libraries will mean information can be held in one place, which will reduce the need to repeat information to different departments.

1.13 A new approach has been adopted to ensure these changes deliver for and are influenced by residents and a 'co-design' approach had been adopted to iteratively develop these digital improvements.

1.14 Resident research workshops have been held to validate and gain insight around how residents engage with the council and what causes frustration. The focus is to iteratively shape and drive improvements using this research, ensuring resident feedback is actioned upon. Residents are also helping test the new website to ensure it is easier to use, understand, and navigate for all.

1.15 A total of 4,921 residents have been contacted via surveys and c120 invited to workshops, with over 50 attending. 86 residents have also helped test the improvements both online and in person. There will be further testing sessions as this phase of the programme is completed up to February 2019.

1.16 The council is however aware digital is not for all, albeit this is an increasingly smaller proportion of the population. It is important safeguards are in place to ensure nobody

is left behind by the digital changes and the council supports those that need additional help. A comprehensive programme of activity is being designed to implement the council's Digital Inclusion Strategy to reduce the proportion of residents who are digitally excluded and ensure that those that are digitally excluded still have effective, cost efficient ways of accessing council services. An integral element of the Customer Transformation Programme is ensuring that residents with complex and sensitive needs can access services from the council and partners.

1.17 Office of National Statistics (ONS) data shows the “percentage of households with internet access” is rising (90% in London and 94% in Great Britain, 2017) and an increase in adults accessing the internet “on the go” using smartphone, portable computer and other handheld devices (from 61% in 2013 to 78% in 2017). Residents’ feedback has highlighted lack of skills, equipment or access costs being too high (telephone/broadband subscription) as barriers to engaging online.

1.18 To address these, the council has put in place the following initiatives and continues to engage with residents to understand where to prioritise resources in a meaningful way.

- Various IT training / support initiatives that aim to upskill residents who wish to learn basic IT skills
- Initiatives that provide free Wi-Fi and free (limited) use of computers for those who may have limited access otherwise (e.g. libraries, town centres, sheltered housing)
- Customer Advocacy Service (CAS) for customers who are unable to use the internet and need additional help to access council services
- Review and refresh web pages to ensure accessibility needs are met.

1.19 Website satisfaction is one of 15 Customer Service indicators (see table below) monitored as part of the CSG contract. Customer satisfaction with phone, email and face-to-face have continued to meet targets; whilst the other indicators have, in the main, met or exceeded targets over the same period. The last two years have seen a positive performance trend across the service; and the face-to-face service has featured in the top 10 performing councils in a GovMetric national league table (reaching first place in Q3 2017/18).

Description	2018/19 Target	Q3 17/18 (Oct-Dec 17) Result	Q4 17/18 (Jan-Mar 18) Result	Q1 18/19 (Apr-Jun 18) Result
Customer Satisfaction (% customers who rate phone calls, emails & face-to-face service as good –GovMetric)	89%	90%	91%	90%
Customer Satisfaction (Resolution Satisfaction – % customers satisfied following case closure (Survey Monkey)	65%	68%	67%	72%
Customer Satisfaction (% customers who rate website as good –GovMetric)	55%	43%	39%	32%
Customer Services closing cases on time (SLA performance)	94%	95%	98%	98%
Customer Services closing cases on time (CAS SLA performance)	98%	100%	100%	100%



Description	2018/19 Target	Q3 17/18 (Oct-Dec 17) Result	Q4 17/18 (Jan-Mar 18) Result	Q1 18/19 (Apr-Jun 18) Result
% cases/transactions completed via self-service channels (CHANNEL SHIFT)	77%	New measure	New measure	77%
Emails and web forms forwarded within 1 day (First Contact emails and web forms (1 day))	98%	91%	99%	99%
Emails and web forms responded to within 5 days	95%	99%	99%	98%
Member enquiries responded to within 5 days	98%	100%	100%	100%
Face-to-face - Average Initial wait time - face-to-face non appointment wait time (average wait time in minutes)	5	4.60	3.70	4.75
Number of stage 2 complaints upheld (formerly stage 3)	1	New measure	New measure	0.50
Complaints responded to within SLA	90%	95%	100%	100%
Customer Advocacy - CAS escalations	1.5	No activity	6	No activity
% cases that have no avoidable contact (Right First Time)	79%	85%	83%	80%
% calls answered in 120 seconds	80%	New measure	New measure	79%

## 2 REASONS FOR RECOMMENDATIONS

2.1 The report provides an overview of performance for customer services with additional scrutiny provided on website satisfaction which has decreased significantly and provides details on action plans in place to address this. The Committee is asked to review the performance.

## 3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None.

## 4 POST DECISION IMPLEMENTATION

4.1 The council will continue to ensure the improvements highlighted in this report are delivered and enable the customer and financial benefits indicated.

4.2 The pace of change in digital developments will require a continual focus to ensure the council's website continues to improve, meets resident's expectations and has the flexibility to enable the overall ambition and priorities of the council. A focus on co-designing changes with residents and businesses to ensure the website works for them in the future will continue to be a key priority and focus.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 Barnet's vision in the Corporate Plan is to have redesigned local services that are integrated, intuitive and efficient, making life simpler for residents and customers. The Customer Transformation Programme enables this priority and is enabling contribution to the council's Medium Term Financial Strategy (MTFS).
- 5.1.2 Customer satisfaction in the website is a corporate indicator and the Financial Performance and Contracts Committee's role in scrutinising the performance of this supports the objectives of achieving value for money and quality services.

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

- 5.2.1 The improvements and financial benefits outlined in this report will enable savings contributing to wider MTFS delivery for the council.

### **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 council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.
- 5.3.2 Improvements outlined in this report will ensure that more information and services are available online so that customers can access them at a time of their choosing, and that barriers preventing customers accessing online channels are addressed through a Digital Inclusion Strategy.

### **5.4 Legal and Constitutional References**

- 5.4.1 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:
- The overall financial performance of the council
  - The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
  - The council's major strategic contracts including (but not limited to):
    - Analysis of performance
    - Contract variations

- Undertaking deep dives to review specific issues
- Monitoring the trading position and financial stability of external providers
- Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.4.2 The content of this report is in line with these Constitutional responsibilities.

## **5.5 Risk Management**

5.5.1 The council's Risk Management Framework is used to identify and respond to risks across all the council's services and is used in delivery of the customer Transformation Programme. An external audit on the Customer Transformation Programme recently closed and a Substantial Assurance rating was given in this regard.

## **5.6 Equalities and Diversity**

5.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

5.6.4 This is also what we expect of our partners.

5.6.5 The delivery of the improvements outlined and enabled by the Customer Transformation Programme have been considered in an Equalities Impact Assessment and the Digital Inclusion Strategy implementation plan, as outlined in this report, monitors the council's duty in this regard. There are potential equalities impacts and these are being monitored and addressed within the project as outlined in paragraphs 1.16 to 1.18 above.

## **5.7 Corporate Parenting**

5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider

Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

## **5.8 Consultation and Engagement**

5.8.1 Obtaining customer feedback is part of the contract management process to inform service delivery, service development and service improvement. Engagement undertaken has been outlined in this report.

## **5.9 Insight**

5.9.1 The report identifies the approach to ensuring customer insight, data and feedback from residents has been used and is prioritising the delivery plan in regard to the improvements as developed as part of the new website

## **6 BACKGROUND PAPERS**

### **6.1 Policy and Resources Committee, 28<sup>th</sup> June 2016**

- [Appendix 1 – The Draft Customer Access Strategy](https://barnet.moderngov.co.uk/documents/s32726/Appendix%201%20The%20Draft%20Customer%20Access%20Strategy.pdf)  
<https://barnet.moderngov.co.uk/documents/s32726/Appendix%201%20The%20Draft%20Customer%20Access%20Strategy.pdf>

### **6.2 Policy and Resources Committee, 5<sup>th</sup> October 2016**

- [Customer Transformation Programme Report](https://barnet.moderngov.co.uk/documents/s34904/Customer%20Transformation%20Programme.pdf)  
<https://barnet.moderngov.co.uk/documents/s34904/Customer%20Transformation%20Programme.pdf>
- [Appendix B Digital Inclusion strategy](https://barnet.moderngov.co.uk/documents/s34906/Appendix%20B%20Digital%20Inclusion%20Strategy.pdf)  
<https://barnet.moderngov.co.uk/documents/s34906/Appendix%20B%20Digital%20Inclusion%20Strategy.pdf>
- [Appendix C – Equality Impact Assessment](https://barnet.moderngov.co.uk/documents/s34907/Appendix%20C%20-%20EIA.pdf)  
<https://barnet.moderngov.co.uk/documents/s34907/Appendix%20C%20-%20EIA.pdf>

	<p style="text-align: center;"><b>Financial Performance and Contracts Committee</b></p> <p style="text-align: center;"><b>9 October 2018</b></p>
<p><b>Title</b></p>	<p><b>Q1 2018/19 Contracts Performance Report</b></p>
<p><b>Report of</b></p>	<p>Commercial Director</p>
<p><b>Wards</b></p>	<p>All</p>
<p><b>Status</b></p>	<p>Public</p>
<p><b>Urgent</b></p>	<p>No</p>
<p><b>Key</b></p>	<p>No</p>
<p><b>Enclosures</b></p>	<p>None</p>
<p><b>Officer Contact Details</b></p>	<p>Alaine Clarke, Head of Performance and Risk  <a href="mailto:alaine.clarke@barnet.gov.uk">alaine.clarke@barnet.gov.uk</a></p>

### Summary

This report provides an overview of performance for the key strategic contracts, where information has not been reported to a Theme Committee, as part of the Q1 2018/19 Themed Performance Reports.

### Officer's Recommendations

The Committee is asked to review the Q1 performance in relation to back office functions delivered by the Customer and Support Group (CSG) and to note any recommendations to Policy and Resources or Theme Committees on issues arising from this review.

## 1. PURPOSE OF REPORT

- 1.1 This report provides an overview of performance for the key strategic contracts, where information has not been reported to a Theme Committee, as part of the Q1 2018/19 Themed Performance Reports.
- 1.2 Contract performance for **The Barnet Group** (including Barnet Homes and Your Choice Barnet), **Cambridge Education** and **Regional Enterprise (Re)**, including relevant performance indicators and high level joint risks, has been reported to the Theme Committees. One matter in relation to the Re contract has been referred to this Committee, which has been set out in a separate paper.
- 1.3 As there is no Theme Committee that considers the back office functions delivered by the **Customer and Support Group (CSG)** - Finance, Human Resources (HR), Corporate Programmes, Customer Services, Information Systems, Procurement, Revenue and Benefits, and Safety, Health and Wellbeing - performance and risk information relating to this strategic contract is reported here. Budget forecasts have been included in the Q1 2018/19 Strategic Performance Report to Policy and Resources Committee on 23 October 2018. There is also a separate Chief Finance Officer report to this Committee.

### Update on back office functions

- 1.4 The majority of CSG back office functions performed to satisfactory standards in Q1. However, the Grant Thornton report on the fraud identified failings in **financial controls**, and there have been issues in **pensions** and **payroll**. Action plans have been put in place to address all of these. An update on each of the CSG back office functions is provided below in paragraphs 1.41 to 1.48.

#### 1.41 Finance

- There have been significant failings in respect of **financial control**, as detailed in the Grant Thornton report, which was commissioned following the identification of a significant fraud by a former member of Re staff. The review was undertaken to enable the council to fully understand the circumstances under which the fraud was allowed to happen and identify lessons learned. The findings will be reported to Audit Committee on 22 November 2018, along with progress on the immediate actions undertaken to tighten financial controls. The contractual issues in relation to these failings and subsequent action will be discussed as part of a separate item to this Committee on the contractual review and commercial matters. The Grant Thornton report is available online at: <https://www.barnet.gov.uk/citizen-home/council-and-democracy/finance-and-funding/Financial-controls.html>.
- The **Accounts Closure** improvement plan was completed and a final progress report presented to Audit Committee in April 2018. The draft **Statement of Accounts** were presented to the Section 151 Officer for review in May 2018 and published on the statutory deadline of 31 May 2018. The external audit took place in June 2018 and the first draft Audit Completion Report was published for Audit Committee in July 2018. The Statement of Accounts were signed off on 31 July 2018.
- Whilst the Statement of Accounts were signed off prior to the date required by regulations, there were delays in the production of the **Pension Fund** accounts. This delay has had a consequential knock on impact to the completion of the audit, indeed at the time of writing, the audit is still ongoing. The delay is primarily as a result of issues around the quality and timeliness of membership data provided to enable the accounts to be put together. The

quality of membership data has improved over the past period but is still not at the required standard. Additionally, it should be recognised that audit firms in general are under advice to be more thorough in their testing of pension accounts.

- Challenges remain with the quality and consistency of **finance support**. There are two themes of work aimed at improving this and the service is progressing on its improvement journey:
  - The first stream is fundamentally looking at the **key processes underpinning financial management** within the council and putting in place improvements. There have been a number of issues raised with the quality of finance support over the past 18 months such as delays in producing the 2016/17 Statement of Accounts, significant movements in financial forecasts and internal service user satisfaction scores. The Deputy Section 151 Officer is leading on this stream of improvement work and is aiming to deliver at pace to improve the quality and reputation of the service. An example of this work is looking at the way that financial forecasts are produced and against what timetable, raising standards across the board and ensuring financial data is both timely and accurate.
  - The second stream of work relates to the **user experience**. A detailed action plan to improve customer satisfaction is being implemented. Actions in this workstream include improved support for Integra users, for example departmental specific user groups, drop in sessions and new face-to-face training courses on purchase to pay and general ledger/budget monitoring. Other improvements included in the plan are finance training for non-financial managers, improved communication and a project to resolve outstanding Integra issues. This work is being led by the Assistant Director of Finance (CSG).

#### 1.42 HR

- A number of projects have progressed, including work to implement a new recruitment solution; procurement of a new temporary staff provider; and support to Family Services with the recruitment of social workers, including converting temporary workers to permanent roles. Slower progress has been made on implementation of a new e-recruit system.
- **Pensions** - In response to the regulatory intervention report issued by the Pensions Regulator in relation to the London Borough of Barnet Superannuation Fund, a service improvement plan was put in place to address the Pensions Administration deficiencies, which led to the notice on the 2016 Scheme Return. The Pensions Service has continued to be managed under this improvement plan, with monthly meetings in place. Recent priority/statutory activities have been the issuing of Annual Benefit Statements. Of the circa. 9,000 statements all were issued on time, except for 447 statements where queries are outstanding with employers (such as schools). The Pensions team and the council's lead officer for pensions continue to engage with these employers to encourage them to provide the necessary information to enable statements to be issued. The failure to produce 447 statements constitutes a breach of law and a report is being prepared for the Pensions Regulator that will identify the relevant non-compliant employers. The Local Pensions Board has also agreed to take a more robust approach - in line with the Administration Strategy - with employers who fail to comply with pensions regulations and the provision of employee information to the Pensions team. A workshop has been held between Finance, Pensions and the Scheme's actuary, Hymans Roberston to clarify roles and responsibilities between all parties and ensure future activity and projects have clear ownership of tasks and that learning is applied from previous events/projects. Work continues on the data cleanse to ensure scheme member data is up-to-date and planning

is underway between Pensions Administration, Finance and the Scheme actuary for the triennial valuation in early 2019.

- **Payroll** has continued to experience challenges with accuracy (also identified through the internal audit process) and remains a high priority for improvement. Work underway includes a workshop between Payroll and Street Scene to review processes between the services and streamline/simplify these to enable improved accuracy and reduce errors. Contractual levers are being applied (e.g. service credits) to incentivise improvement in performance. Payroll performance is monitored monthly and continues to be escalated through contractual mechanisms to address improvement.

#### **1.43 Corporate Programmes**

- CSG delivers the council's large-scale transformation and capital programmes and projects. Work delivered in Q1 included: continued design stages for primary, secondary and special educational needs school places; supported the management of the Strategic Construction Partnership; continued management of on-site construction at New Barnet and Copthall Leisure Centres, Tarling Road Community Centre, and Blessed Dominic and St James' Schools; completed the transfer of Public Health service back in-house; prepared for the transfer of Registrars service back in-house; continued activity to improve the customer experience through the Customer Transformation Programme; project managed the delivery of cloud-based productivity and collaboration applications to enable a more agile workforce; and continued project, change and technical support of The Way We Work (TW3) programme, including preparing for the council's move to new offices in Colindale.

#### **1.44 Customer Services**

- A strategic service plan has been developed and strategic priorities were progressed. Root cause analysis packs were prepared for the high-volume services, with a view to engage with individual services and agree service priorities, including contribution towards the overall contact reduction ambition.
- A Web Performance Group has been formed to focus on improvements to the website, in response to the decline in public satisfaction reported since Q3 2017/18. The framework for the output has been agreed, where all stakeholders will contribute towards the web dashboard. The dashboard will allow the group to focus on improvements strategically and provide a holistic view of customer satisfaction, which will feed into how the website satisfaction indicator is designed in the future. A detailed report looking into the reasons for the decline in public satisfaction with the website and the actions being taken to address these, along with upcoming digital improvements enabled by the Customer Transformation Programme, is being presented to Committee in a separate paper. The report also provides a wider update on Customer Services and performance against a range of indicators, which in the main perform well. In Q1, all key performance indicators (KPIs) were achieved. Website satisfaction (downgraded to a PI for Q1 and Q2 whilst improvements are made) has continued to underperform and will be a focus of the web performance group.

#### **1.45 Information Systems**

- The total number of Major incidents was low at 21 (99.96% availability of critical applications). IT support over the elections period went according to plan. A structured and robust patching regime has continued to protect the IT estate from a global increase of malware and cyber-attacks.



- Office 365 mailboxes were migrated to the cloud from on-premise servers. Most staff have successfully moved over to Office 2016 and Skype for Business; and the Skype telephony roll-out has continued. Initial network issues have been mitigated by investing in core infrastructure (Azure Express route was deployed and the internet bandwidth was doubled). The network performance is being monitored. Monthly mobile device surgeries were made available to users at North London Business Park and Barnet House as a proactive measure, in light of the Android, iPad and Blackberry devices being configured for Office 365, to address any issues raised.
- A PwC health check in September 2017 on the Change Management process had one remaining action for Release Management. This has now been confirmed as implemented by Internal Audit.

#### **1.46 Procurement**

- A Procurement Open Day was held in May 2018 and was attended by over 40 staff. The agenda focused on addressing feedback from service areas, including procurement policy, governance, gainshare, market engagement and contract management. A contract monitoring checklist has been agreed for implementation in CSG (for managed and novated contracts) and across the council in tranches, which should give greater visibility around the quality of contract monitoring. Other work in Q1 included the Parking and Traffic Enforcement Service tender and re-procurement of the temporary staff provider. Work also took place to support the implementation of GDPR. A review and update of the council's contracts register is underway, and all contracts will be updated on the central contracts register during Q2.

#### **1.47 Revenue and Benefits**

- The Housing Benefit Subsidy claim was submitted on time; and the first and most substantial recovery runs took place. To address issues raised in the Housing Benefit Subsidy Audit, an action plan was put in place. All audit recommendations have been implemented or have agreed completion dates, which are on track for delivery.
- Additional resources and a new service tool from the Department of Works and Pensions (DWP) have helped to increase Housing Benefit Overpayment recovery by 53% compared to last year. This will mean a significant increase in income to the council.
- The introduction in May 2018 of Full Service Universal Credit in Barnet has added increased volumes of work to the Benefit Service. This is being monitored for long-term impacts, as this additional work is not funded by the DWP.
- Work has progressed to introduce a new suite of digital forms for Council Tax with an expected go-live date in the autumn 2018.

#### **1.48 Safety, Health and Wellbeing (SHaW)**

- The service has delivered support, guidance and advice to staff, as well as carrying out audits, inspections and investigations. SHaW has continued to actively engage and support managers. A risk profiling exercise has been undertaken to understand areas of high risk, so the allocation of resources can be prioritised. SHaW have fed into a wider programme looking at the Learning and Development offer; and managers have been encouraged to complete revised courses and regularly communicate with staff.

## Key Performance Indicators (KPIs)

	Green	Amber	Red	Monitor only	Improved/Same	Worsened	No. indicators
KPIs <sup>1</sup>	21	0	2	1	14	8	24

1.5 24 KPIs were reported in Q1. Two did not meet the quarterly target.

- **Compliance with Authority policy (RAG rated RED)** – this KPI failed due to repeated failures to comply with information governance policies relating to the use of Integra. Capita has taken action to address these particular shortcomings and prevent future occurrence.
- **Payroll accuracy - error rates (RAG rated RED)** – 0.0013% against a target of 0.0012%. All issues were investigated and human error was established as the root cause. These errors were made by new staff, so additional coaching, quality checking and reporting controls have been put in place.

Indicator <sup>2</sup>	Polarity	17/18 EOY	18/19 Target	Q1 18/19			Q1 17/18
				Target	Result	DOT	Result
Compliance with Authority policy	Bigger is Better	Fail	Pass	Fail	Fail (R)	↓ W	Pass
Payroll accuracy - error rates	Smaller is Better	0.3%	0.1%	0.1%	0.0013% (R)	↓ W +8.3%	0.0012%
Payroll - correct pay date	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Facilities management incident resolution	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Customers who rate phone calls, emails and face-to-face service as good (GovMetric)	Bigger is Better	90.3%	89%	89%	89.9% (G)	↓ W -0.6.6%	90.5%
Customers satisfied following case closure	Bigger is Better	69.2%	65%	65%	71.8% (G)	↓ W -3.75%	74.6%
Customer Services closing cases on time	Bigger is Better	97.4%	94%	94%	98.3% (G)	↓ W -1.5%	99.8%
Customer Services closing cases on time (Customer Advocacy Service)	Bigger is Better	100%	98.3%	98.3%	100% (G)	→ S	100%
Cases/transactions completed via self-service channels	Bigger is Better	New for 2018/19	77%	77%	77.3% (G)	New for 2018/19	New for 2018/19

<sup>1</sup> Includes indicators in the Corporate Plan reported to P&R Committee.

<sup>2</sup> No benchmark data available for any CSG KPIs

Indicator <sup>2</sup>	Polarity	17/18 EOY	18/19 Target	Q1 18/19			Q1 17/18
				Target	Result	DOT	Result
Budget forecasting - variance to budget	N/A	Fail	Pass	Pass	Pass (G)	→ S	Pass
Savings implemented	Bigger is Better	Pass	Pass	Pass	Pass (G)	→ S	Pass
DBS verification audits	Bigger is Better	99.7%	100%	100%	100% (G)	→ S	100%
Absence projects and interventions	N/A	Pass	Pass	Pass	Pass (G)	→ S	Pass
Critical system availability	Bigger is Better	99.9%	99.5%	99.5%	100% (G)	↓ W -1.8%	99.8%
Incident resolution	Bigger is Better	92.8%	91%	91%	91.4% (G)	↓ W -2%	93.3%
Contract compliance - new contracts over £25k <sup>3</sup>	Bigger is Better	100%	100%	100%	100% (G)	→ S	100%
Contract compliance - legacy contracts over £25k <sup>4</sup>	Bigger is Better	99.9%	99.8%	99.8%	99.9% (G)	→ S	99.9%
Effective contract management - complex legacy contracts (Contract Procedure Rules)	Bigger is Better	60%	60%	60%	100% (G)	→ S	100%
London Procurement Pledge - cumulative apprenticeships <sup>5</sup>	Bigger is Better	65	60	50	65 (G)	↑ I +54.7%	42
London Procurement Pledge - cumulative work experience <sup>6</sup>	Bigger is Better	258	240	200	258 (G)	↑ I +58.2%	163
Speed of processing new claims	Smaller is Better	22	22	22	21 (G)	→ S	21
Speed of processing changes	Smaller is Better	5	6	6	6 (G)	↓ W +20%	5
Accuracy of benefit assessments	Bigger is Better	96.4%	95%	95%	96.4% (G)	↑ I +0.2%	96.2%

<sup>3</sup> Percentage of the value of new contracts over £25k awarded and managed in accordance with CPR's and procurement legislation.

<sup>4</sup> Percentage of the value of legacy contracts over £25k managed in accordance with CPR's and procurement legislation.

<sup>5</sup> Cumulative refers to the start of the contract - September 2013.

<sup>6</sup> Cumulative refers to the start of the contract - September 2013.

Indicator <sup>2</sup>	Polarity	17/18 EOY	18/19 Target	Q1 18/19			Q1 17/18
				Target	Result	DOT	Result
Statutory compliance with civic estate	Bigger is Better	Pass	100% (2052)	Monitor (388)	238	N/A	N/A <sup>7</sup>

## High level risks

1.6 There were three high level risks (scoring 15+) on the joint risk register with CSG, which are being managed in accordance with the council's risk management framework.

- CSG07 - Quality of CSG finance support falls below required standard (residual risk score 20 – increased from 9).** Challenges remain with the quality and consistency of finance support. Additional capacity has been commissioned to focus on internal controls and the Brent Cross project; as well as the revenue and capital budget monitoring processes to improve the accuracy of financial forecasts. The team should also benefit from additional capacity from October 2018, with the recruitment of secondees from central government. However, risks remain within the capital programme and budget monitoring processes. Improved support is also being provided to Integra users, including on purchase to pay and general ledger/budget monitoring.
- CSG056 - Pension scheme member data inaccurate (residual risk score 16).** The conditional data analysis has been completed and work has continued on the data cleanse to ensure scheme member data is up-to-date. The quality of membership data has improved but is still not at the required standard; and there remain issues with the timeliness in provision of membership data to enable the accounts to be put together. Planning is underway between Pensions Administration, Finance and the Scheme actuary for the triennial valuation in early 2019.
- CSG057 - Pension administration getting accurate data (residual risk score 16).** A communication plan was approved by the Local Pension Board in June 2018. 447 of circa 9,000 Annual Benefit Statements were not issued on time due to outstanding queries with employers (e.g. schools). The Pensions team and the council's lead officer for pensions continue to engage with these employers to encourage them to provide the necessary information to enable statements to be issued. An employer forum is scheduled for October 2018 and the website is being updated with procedures manuals for employers and FAQ for scheme members. The Local Pensions Board has also agreed to take a more robust approach with employers who fail to comply with pensions regulations and the provision of employee information to the Pensions team.

## 2 REASONS FOR RECOMMENDATIONS

2.1 The report provides an overview of performance for the key strategic contracts, where information has not been reported to a Theme Committee, as part of the Q1 2018/19 Themed Performance Reports. The Committee is asked to review the Q1 performance in relation to back office functions delivered by CSG, which are not reported to any Theme Committee.

## 3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

<sup>7</sup> 2017/18 programme covered five buildings. Q1 2017/18 result not available. 2018/19 programme covers 95 buildings.

3.1 None.

## **4 POST DECISION IMPLEMENTATION**

4.1 None.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 Budget, performance and risk information for the key strategic contracts in relation to the priorities in the Corporate Plan have been reported to the relevant Theme Committees. One matter in relation to the Re contract has been referred to this Committee, which has been set out in a separate paper.

5.1.2 The Q1 2018/19 results for all KPIs are published on the Open Barnet portal at <https://open.barnet.gov.uk/dataset>

5.1.3 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan.

5.1.4 Relevant council strategies and policies include the following:

- Corporate Plan 2015-2020
- Corporate Plan - 2016/17, 2017/18 and 2018/19 Addendums
- Medium Term Financial Strategy
- Performance and Risk Management Frameworks

5.1.5 The priorities of the council are aligned to the delivery of the Health and Wellbeing Strategy.

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

5.2.1 The budget outturns for CSG and Re are included in the report. More detailed information on financial performance will be provided to Committee in separate papers.

### **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 council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

### **5.4 Legal and Constitutional References**

5.4.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.4.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

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

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

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

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

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

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

## 5.5 Risk Management

5.5.1 Various projects within the council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.

5.5.2 The revised forecast level of balances needs to be considered in light of the risk identified in 5.4.1 above.

## **5.6 Equalities and Diversity**

5.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

5.6.4 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

5.6.5 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)

## **5.7 Corporate Parenting**

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

## **5.8 Consultation and Engagement**

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

## **5.9 Insight**

5.9.1 The report identifies performance and risk information in relation to the back office functions provided by CSG.

## **6 BACKGROUND PAPERS**

- 6.1 Council, 3 March 2015 (Decision item 12) – approved Business Planning 2015/16 – 2019/20, including the Medium-Term Financial Strategy.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7865&Ver=4>
- 6.2 Council, 14 April 2015 (Decision item 13.3) – approved Corporate Plan 2015-2020.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7820&Ver=4>
- 6.3 Council, 4 April 2016 (Decision item 13.1) – approved 2016/17 addendum to Corporate Plan.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8344&Ver=4>
- 6.4 Council, 7 March 2017 – approved 2017/18 addendum to Corporate Plan.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4>
- 6.5 Council, 6 March 2018 – approved 2018/19 addendum to Corporate Plan.  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9162&Ver=4>



**London Borough of Barnet  
Financial Performance and  
Contracts Committee  
Forward Work Programme  
2018-2019**

Contact: Salar Rida 020 8359 7113 [salar.rida@barnet.gov.uk](mailto:salar.rida@barnet.gov.uk)

Title of Report	Overview of decision	Report Of ( <i>officer</i> )	Issue Type (Non key/Key/Urgent)
<b>9 October 2018</b>			
Chief Finance Officer report (Month 4 Forecast)	To review the council's financial performance	Director of Finance Head of Finance	<b>Non key</b>
Performance of back office functions – temporary workers	To scrutinise spend on temporary workers and performance of the contract	Assistant Chief Executive Strategic Lead - HR	<b>Non key</b>
Improving customer services – website satisfaction	To scrutinise the performance of customer services, including website satisfaction	Commercial Director Head of Customer Strategy and Programmes	<b>Non key</b>
Quarter 1 2018/19 Contracts performance report	To review and note Quarter 1 2018/19 performance of strategic contracts	Commercial Director Head of Performance and Risk	<b>Non key</b>
Contractual review and commercial matters (Exempt – Part 2)	To consider the contractual review and commercial matters	Commercial Director	<b>Non key</b>
<b>28 November 2018</b>			
Chief Finance Officer report (Month 6 Forecast)	To review and note the council's financial performance	Director of Finance Head of Finance Assistant Director of Finance (CSG)	<b>Non key</b>
Performance of back office functions - legal services	To receive an update on the performance of HB Public Law	Commercial Director Head of Legal Practice, HB Public Law	<b>Non key</b>

<b>Subject</b>	<b>Decision requested</b>	<b>Report Of</b>	<b>Type</b>
Quarter 2 2018/19 Contracts performance report	To review and note Quarter 2 2018/19 performance of strategic contracts	Commercial Director Head of Performance and Risk	<b>Non key</b>
Contingency planning arrangements	To provide an update on the council's contingency planning arrangements, in the event of the failure of one of its providers of significant outsourced services.	Commercial Director Interim Assistant Director (Commercial)	<b>Non key</b>
<b>11 March 2019</b>			
Chief Finance Officer report (Month 10 Forecast)	To review and note the council's financial performance	Director of Finance Head of Finance Assistant Director of Finance (CSG)	<b>Non key</b>
Performance of back office functions – Pensions Administration service	To review the performance of the Pensions Administration service	Director of Finance Strategic Lead - HR	<b>Non key</b>
Performance of back office functions - major programmes including benefit realisation	To review the performance of major programmes including benefit realisation	Commercial Director	<b>Non key</b>
Quarter 3 2018/19 Contracts performance report	To review and note Quarter 3 2018/19 performance of strategic contracts	Commercial Director Head of Performance and Risk	<b>Non key</b>
<b>Items to be allocated</b>			
Chief Finance Officer report (2018/19 Outturns)	To review and note the council's financial performance	Director of Finance Head of Finance Assistant Director of Finance (CSG)	<b>Non key</b>

<b>Subject</b>	<b>Decision requested</b>	<b>Report Of</b>	<b>Type</b>
End of Year 2018/19 Contracts performance report	To review and note the End of Year 2018/19 performance of strategic contracts	Commercial Director Head of Performance and Risk	<b>Non key</b>
Overview of SPIRS and contract variations	To provide an overview of SPIRs and contract variations on strategic contracts	Commercial Director	<b>Non key</b>
Deep dive into capital programme	To provide an in-depth look at the capital programme	Director of Finance Head of Finance Assistant Director of Finance (CSG)	<b>Non key</b>

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

## AGENDA ITEM 15

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

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