

	<p><b>Performance and Contract Management Committee</b></p> <p><b>23rd July 2014</b></p>
<p><b>Title</b></p>	<p><b>Performance management arrangements and the end of year position of Barnet Homes</b></p>
<p><b>Report of</b></p>	<p>Commercial and Customer Services Director</p>
<p><b>Wards</b></p>	<p>All</p>
<p><b>Status</b></p>	<p>Public</p>
<p><b>Enclosures</b></p>	<p>Appendix A - Barnet Homes 2013/14 quarter 4 performance report Appendix B – Barnet Homes Delivery Plan 2014/15</p>
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<p><b>Summary</b></p>
<p>This report provides the Committee with information as requested in respect of the end of year position and the performance management arrangements for Barnet Homes with an initial update on performance so far in 204/15.</p>

<p><b>Recommendations</b></p>
<p><b>1. The Committee is asked to note the 2013/14 Q4 performance report for Barnet Homes and make appropriate comments.</b></p>

## 1. WHY THIS REPORT IS NEEDED

- 1.1 The Performance and Contract Management Committee at its meeting of 11<sup>th</sup> June resolved to consider and review performance management arrangements and the end of year position of Barnet Homes.
- 1.2 This report outlines the end of year performance against the priorities outlined in the Council's Corporate Plan, and priorities agreed in the 2013/14 Management Agreement, and the budget position.
- 1.3 This report further provides information on the performance management arrangements as agreed in the Delivery Plan for 2014/15.

## 2. BACKGROUND

- 2.1 This report contains the Barnet Homes 2013/14 Q4 performance report at Appendix A, previously published for the 11th June Performance and Contract Management Committee.
- 2.2 It also contains, at Appendix B, the 2014/15 Delivery Plan agreed with Barnet Homes for the delivery of Housing services for the year to March 2015.
- 2.3 Barnet Homes' historic performance can be accessed from [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance). Within this page there is also a link to the quarterly reporting explanatory note.
- 2.4 **Corporate Objectives.** Barnet Homes' performance is set within the context of the London Borough of Barnet Corporate Plan. This sets the strategic objectives for 2013-2016 focusing on three main priority areas:
  - Promote responsible growth, development and success across the borough
  - Support families and individuals that need it- promoting independence, learning and well-being
  - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.
- 2.5 **Delivery Plan.** The Barnet Homes Delivery Plan (Appendix B) sets out the performance framework for the delivery of Housing Management and Homelessness Services to be provided by Barnet Homes for 2014/15. It reflects the transitional nature of the 2014/15 business year. The existing ten-year management agreement with Barnet Homes expired on 31st March 2014. The Cabinet Resources Committee 25th February 2014 agreed to the extension of this for one year and to the development of longer term arrangements from April 2015.  
<http://barnet.moderngov.co.uk/documents/s13261/Management%20Agreement%20report.pdf>
- 2.6 Barnet Homes' responsibilities are detailed in the Delivery Plan. It receives a management fee from the Housing Revenue Account to deliver full housing management services across 15,000 homes, including tenancy and leasehold management, estate management, income collection, and

allocations. It also receives a management fee from the General Fund to provide the housing options and advice services for all those seeking housing within Barnet. The Council retains ownership of the housing stock, and responsibility for the Housing and Homelessness Strategy and rent setting, as well as disposal of properties, the Allocations Scheme and private sector housing policy.

2.7 Barnet Homes is a private company limited by shares, set up in 2004 as an Arm's Length Management Organisation (ALMO). It is now a subsidiary company along with Your Choice Barnet, to the Barnet Group. The Barnet Group was created in February 2012 as a local authority trading company (LATC), wholly owned by Barnet Council. Your Choice Barnet (Limited) is an adult social care company that provides services to adults with learning and physical disabilities.

2.8 This report is for Barnet Homes only. The performance of Your Choice Barnet is reported separately to the Committee, and the Committee will receive the annual report of The Barnet Group at the November meeting.

#### 2.9 Performance Summary Q4 2013/14.

	Revenue budget projected year end variance £000	Capital actual variance £000	Corporate Plan Performance	Management Agreement Performance
General Fund – Housing Needs and Resources	(269)	(24)	0	15
Housing Revenue Account	0	(1,135)		

2.10 **Budget Outturn – General Fund Housing Needs and Resources Revenue.** At the beginning of quarter four, £0.916m was transferred to the service from the contingency budget to fund the increased demand for temporary accommodation. The steps taken by Barnet Homes in previous reporting periods to mitigate the financial pressures, coupled with higher than expected income on temporary accommodation (arrears levels met the target of less than 4%) resulted in a favourable variance of 6.25% (£0.269m) in Q4.

2.11 **General Fund Housing Needs and Resources Capital.** The underspend of £0.24m relates to retention sums for the new build properties at Alexander Road.

2.12 **Housing Revenue Account (HRA).** There was a shortfall in dwellings rents due to a higher than planned property voids driven by regeneration

schemes. Service charge income was lower than expected related to electricity charges. Overall the HRA was in balance.

- 2.13 **HRA Capital Outturn.** Overall there was a slippage of £1.135m. This was due to a delayed commencement of works on Electrical Rising Maintenance (ERM) and associated rewiring work. There was also a delay in the expenditure on the West Hendon regeneration project, due to delays in commencing electrical works. The value of this work is estimated to be £0.350m which will now have to be completed in 2014-15.
- 2.14 **Successes and challenges – Corporate Plan Performance**
- 2.15 Of the two Corporate Plan Indicators, Barnet Homes successfully improved performance in the number of people in nightly booked Emergency Temporary Accommodation (ETA). Numbers continued to decline following the implementation of mitigation actions during the year, and was on target at the end of the year. In the first two months of 14/15, performance has remained on target.
- 2.16 **The average length of time spent by households in short-term accommodation** continued to increase. This indicator has been dropped for 2014/15 because a) all ETA used is self-contained and provides appropriate accommodation suitable for the needs of those placed there; b) the more recent placements are at a higher cost to the Council reflecting the current London housing market; and, c) efforts are focused on preventing people going into high cost ETA as a priority and on securing additional suitable private sector longer-term lettings which are more affordable for the Council. This indicator has therefore been replaced in 2014/15 by the total number of Private Rented Sector lettings achieved which better measures the performance of Barnet Homes in addressing the pressures of rising demand for homeless accommodation. In the first two months of 14/15 Barnet Homes achieved 66 private lets, which is above target.
- 2.17 **Management Agreement (Delivery Plan) Performance.** In addition to the Corporate Plan Indicators, Delivery Units each have a set of Key Performance Indicators (KPI) to measure the success of the delivery of key services and Commissioning Priorities. For Barnet Homes, of the 21 KPIs reporting in quarter 4, 76% were met (16 rated green) and 34% missed (1 red, 2 amber red and 2 amber green). 12 showed a positive or neutral direction of travel and 8 negative (one with no previous data to compare).
- 2.18 **Successes:**
- Improved revenue collection

- Continued good performance in homeless prevention and with no families in bed and breakfast
- High levels of customer satisfaction

2.19 Challenges:

- Satisfaction with major works was 1.37% below target. The annual works programme included a significant amount of electrical works consisting of domestic rewires and replacement of electrical rising mains. These works are often disruptive and offer little perceived benefit to residents as well as being expensive for leaseholders.
- Complaint resolution at stage 1 was missed by 0.5%. This reflects the high volume and type of complaints regarding the MITIE gas contract over the winter period. The MITIE contract was terminated on 31 March, with replacement contractor Robert Heath Heating commencing full gas contract services in April 2014.
- **New Build.** The Council has set Barnet Homes the target of building 41 new homes by March 2016. It was expected to have started 20 on site in 2013/14, but only 3 were started and completed in that time. Whilst Barnet Homes was not able to meet the required level of starts, they have established a development function capable of delivering an enhanced new build capability for the future. 38 additional homes are due to go to planning this year, and Barnet Homes expects to meet its target by March 2016.

2.20 In the first 2 months of 2014/15, overall 64% of KPI target were met. Initial emerging challenges include renewed pressure on rent collection rates and homeless preventions. A full Q1 report will be provided at the September Committee meeting.

2.21 **Benchmarking.** In Q4 2013/14, benchmarking was possible in 5 Key Performance Indicators (KPIs). Housing management benchmarking is based on comparisons with London Housing Organisations. In Q4, Barnet Homes was in the top 2 quartiles in 4 indicators (responsive repairs satisfaction; average days to re-let empty properties; families in bed and breakfast for longer than 6 weeks; and, current arrears as percentage of debit) and in the third quartile for one (gas servicing completion).

2.22 Homelessness benchmarking is based on Government data for London Councils. Barnet had the second highest level of households placed in Emergency accommodation. Benchmarking has been extended for 2014/15, with a revised Performance Indicator suite, and 12 of the 15 Indicators capable of being benchmarked.

2.23 **Change projects.** Barnet Homes has established 10 projects to support the Corporate Priorities, including:- new IT systems; tenancy support programmes; community engagement strategy; new business strategy; and, developing new homes. Of these, 8 were on track (green rated) while

developing new homes was red rated and developing a community engagement strategy was amber rated. A revised set of change projects has been agreed in the 2014/15 Delivery Plan.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To allow scrutiny of the information requested and to allow some discussion and feedback from the committee on the position reported.

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

- 4.1 None.

### **5. POST DECISION IMPLEMENTATION**

- 5.1 This will be dependent on the feedback received from the committee.

### **6. IMPLICATIONS OF DECISION**

#### **6.1 Corporate Priorities and Performance**

6.1.1 This report presents the performance of Barnet Homes at meeting the measures of success for the Corporate Priorities. This report also includes performance indicators of the delivery of services by Barnet Homes.

6.1.2 Robust budget and performance monitoring are essential to ensuring 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.

6.1.3 Relevant Council strategies and policies include the following:

- Corporate Plan 2013-14:

[http://www.barnet.gov.uk/downloads/download/264/corporate\\_plan](http://www.barnet.gov.uk/downloads/download/264/corporate_plan)

- Medium Term Financial Strategy:

<http://barnet.moderngov.co.uk/documents/s13295/Budget%20report%20Feb%20Cab%20v5.pdf>

- Risk Management Strategy:

[http://www.barnet.gov.uk/downloads/download/1049/risk\\_management\\_strategy](http://www.barnet.gov.uk/downloads/download/1049/risk_management_strategy)

- Council's Constitution:

[http://www.barnet.gov.uk/info/1291/council\\_constitution/793/council\\_constitution](http://www.barnet.gov.uk/info/1291/council_constitution/793/council_constitution)

6.1.4 The priorities of the Council are aligned to the delivery of the Health and Wellbeing Strategy:

[http://www.barnet.gov.uk/downloads/download/1056/barnet\\_health\\_and\\_wellbeing\\_strategy](http://www.barnet.gov.uk/downloads/download/1056/barnet_health_and_wellbeing_strategy)

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

6.2.1 Robust budget and performance monitoring plays an essential part in enabling the organisation to deliver its objectives efficiently and effectively.

- 6.2.2 The financial performance at end of Q4 for Barnet Homes is outlined in section 4, “Resources and Value for Money” in the attached Appendix A.
- 6.2.3 The Barnet Group Annual Report is due to be received by the Committee in November which will provide the financial performance of both Barnet Homes and Your Choice Barnet as legal entities.

### **6.3 Legal and Constitutional References**

- 6.3.1 Under the Council’s Constitution (Annex A, Responsibility for Functions), the Performance and Contract Management Committee has the following responsibilities:
- (1) Overall responsibility for quarterly budget monitoring, including monitoring trading position and financial strategy of Council Delivery Units.
  - (2) Monitoring of Performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group Ltd (including Barnet Homes and Your Choice Barnet); HB Public Law; NSL; Adults and Communities; Family Services; Education and Skills; Street Scene; Public Health; Commissioning Group; and Assurance.
  - (3) Receive and scrutinise contract variations and change requests in respect of external delivery units.
  - (4) To make recommendations to Policy and Resources and Theme Committees on relevant policy and commissioning implications arising from the scrutiny of performance of Delivery Units and External Providers.
  - (5) Specific responsibility for the following functions within the Council:
    - Risk Management
    - Treasury Management
    - Performance
  - (6) Approve the Annual Report of the Barnet Group Ltd.

If any report comes within the remit of more than one committee, to avoid the report being discussed at several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed and determined by the Policy and Resources Committee.

### **6.4 Risk Management**

- 6.4.1 Risks with a rating of 12 or above are reported as part of the Council’s quarterly performance monitoring process.
- 6.4.2 The Council maintains its own separate risk logs for all major contracts, which are informed by the risks reported by each partner. The Council’s risk log for each contract are published in the council’s quarterly performance reports and reported internally and externally as part of the routine performance cycle.
- 6.4.3 Each partner reports their risks at least monthly to the Council for review by the commercial team and respective contract boards.
- 6.4.4 The risks for Barnet Homes are included in the attached report.
- 6.4.5 Many of the risks reported at Q4 will continue to be live, whilst some will have been closed or replaced.

6.4.6 Additional performance scrutiny is undertaken within Barnet Homes through its resident-led Performance Advisory Group (PAG). Membership consists of ten tenant and leaseholder representatives, and meetings to scrutinise performance and service delivery take place every six weeks. In addition, Barnet Home's own board holds the organisation to account for performance, budgets and delivery. The Board includes two London Borough of Barnet Member appointees.

## 6.5 Equalities and Diversity

6.5.1 Each contract places obligations on our partners to support the Council in carrying out its public sector equality duty (as set out in the Equality Act 2010). This means having due regard to the need to:

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

6.5.2 The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

6.5.3 Effective contract management is vital to ensuring that the Council's duties under the Equality Act 2010 are supported by its partners.

6.5.4 Equality performance is monitored by collecting data on service usage, customer feedback and specific performance indicators. Where service changes affecting residents or service users are proposed, equality impact assessments will be undertaken, and where needed, these will include consultation with residents or service users.

6.5.5 The Equalities measures adopted by Barnet Homes in support of the corporate equalities and diversity strategy are provided at Appendix B in the Barnet Homes 2014/15 Delivery Plan.

## 6.6 Consultation and Engagement

6.6.1 During the process of formulating budget and Corporate Plan proposals for 2013/14 onwards, three phases of consultation took place:

- Phase One (October 2012 – November 2012): Residents' Perception telephone survey.
- Phase two (November 2012 – January 2013): Corporate Plan consultation
- Phase three (October 2012 – January 2013): Finance and business planning (including proposed budget) consultation

6.6.2 The results and impact on the Corporate Plan and budget are outlined in the Cabinet Report to Committee on the 5 March 2013 (Item 8). <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=6629&Ver=4>



## 7. BACKGROUND PAPERS

- 7.1 Minutes and decision of Cabinet Resources Committee 25th February 2014 Agenda Item 6:  
<http://barnet.moderngov.co.uk/documents/g7520/Printed%20minutes%202014%2020.00%20Cabinet%20Resources%20Committee.pdf?T=15th-Feb-2014%2020.00%20Cabinet%20Resources%20Committee.pdf?T=1>
- 7.2 Report to Cabinet Resources Committee 25th February 2014:  
<http://barnet.moderngov.co.uk/documents/s13261/Management%20Agreement%20report.pdf>
- 7.3 Performance and Contract Management Committee Minutes 11th June:  
(Not yet published)