

	<p><b>Performance and Contract Management Committee</b></p> <p><b>01 September 2014</b></p>
<p><b>Title</b></p>	<p><b>Quarter 1 Budget and Performance Monitoring 2014/15</b></p>
<p><b>Report of</b></p>	<p>Deputy Chief Operating Officer</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 – Performance Report (including performance methodology)                  Appendix B – Revenue Monitoring by Delivery Unit                  Appendix C – Capital Monitoring Programme Outturn by Programme                  Appendix D – Capital Programme Funding Adjustments                  Appendix E – Transformation Programme                  Appendix F – Prudential Indicator Compliance                  Appendix G - Investments outstanding as at 30 June 2014                  Appendix H – Average Time in Temporary Accommodation</p>
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## Summary

This report provides the delivery performance of both contracts and non-contracted services under paragraph 1.6. Additional overview on the contract performance can be located in Appendix A at section 2.6.

The Council's 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. A brief methodology explanation is also contained under section 6 of Appendix A.

### Delivery of the Council's Corporate Plan

The Corporate Plan sets the strategic objectives for 2013-2016 focusing on three main priority areas, and with targets in place to encourage improvement.

There are a number of successes to report from Quarter 1 of 2014/15, including: an increasing proportion of household waste sent for reuse, recycling and composting (to 41.9%); an increase in the number of private rented sector lettings for those in need of housing (from 62 to 106 lettings); successful completion of all programmed works on roads and footpaths resurfacing and maintenance work; and the performance of customer contact services remained largely stable during a time of major change.

Of the Corporate Plan Indicators (CPIs) that reported in Quarter 1, 45% were rated as green, 20% green amber, 5% red amber (representing positive progress towards the target or close proximity to the target). 30% of Corporate Plan Indicators were rated as red. Specific challenges are highlighted below in section 1.4.2. These challenges include a lower number of additional Early Years places than the target; achieving an increased number of health checks (1,430) but remaining below the target (2,000), and being below target for on and off-street parking transactions.

### Customer experience

Customer Services continued to deliver strong performance, with high call volumes and services relocating and transferring to the new contact centre. The service answered 97% of all calls compared to just 90% at the commencement of the Customer Services Group (CSG) contract in September 2013.

Customer satisfaction across all channels (telephones, face to face, web, and email) has remained at 68%, a slight decrease of 1% against Quarter 4 2013/14.

The proportion of calls answered in 20 seconds increased from 72 % in Quarter 4 2013/14 to 78% Quarter 1 2014/15.

### Contract monitoring

Detailed assessment of the contracts monitored through the quarterly monitoring report (Re, CSG, Barnet Homes and HB Public Law) are outlined in paragraph 1.8 (Delivery Performance) with an overview for each contract (including Your Choice Barnet) at Appendix A section 2.6. The full individual performance reports can be accessed from [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance) with the most recent quarter at [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance).

### Key challenges

There were a number of key challenges in Quarter 1 2014/15 that require the council to

deliver high level improvement plans: The creation of Delivery Unit workforce plans to be produced to the end of 2015/16; to deliver the Parking improvement plan, including consultation on a draft policy considered by Environment Committee in July 2014; the Street Scene budget position remains a challenge, largely due to pressures related to the Special Parking Account; and regarding the Depot relocation, the timescales for provision of the Council's depot are tight and present a challenge to the delivery timetable.

### **Delivery performance**

The direction of all Delivery Units (internal and external) in 2014/15 is guided by a set of priorities. A summary of progress against these priorities is provided in section 1.7, with a qualitative view of progress provided by the Council's Lead Commissioners. Each Delivery Unit also has a set of operational performance indicators – in addition to Corporate Plan targets. A summary of successes and challenges is provided in section 1.8.

### **Benchmarking**

The Council reviews our performance against other local authorities using the Local Government Association benchmarking tool. This data shows that Barnet is above the benchmark across 94% of the relevant service areas. The Revenue Account analysis of Council's planned spend over 2014/15 illustrates Barnet is continuing to provide below London unitised cost services across 8 of the 9 services.

### **Programmes**

The Council has a number of projects to deliver savings, changes and improvements to services (the Transformation programme), Regeneration and Capital projects – including the delivery of new schools and school places. The Transformation programme is reporting as Green. The Sport and Physical Activity project submitted an Outline Business Case to committee in July, the Education and Skills project is on target to develop a business case for committee in September. The Health and Social Care Integration project is identified as Amber, owing to the timescales for a detailed business case for committee in October.

The Capital programme is RAG rated Green with the vast majority of the 30 projects Green rated. However, the Depot Relocation project is still rated as Red. The Menorah Foundations project has deteriorated to a Red rating as the original contractor went into administration and negotiations are continuing with a substitute contractor.

The Regeneration programme overall is RAG rated as Green with good progress being made, particularly with the Grahame Park and Brent Cross projects.

### **Budget outturn**

The projected year-end revenue variance at Quarter 1 2014/15 is £2.672m. £1.688 of this projection relates to projected overspend in Street Scene. The projected overspend within Street Scene of £1.688, 12.0% of the Delivery Unit budget (£14.040m). The overspend is predominantly as a consequence of forecasted Special Parking Account outturn.

The Quarter 1 2014/15 forecast expenditure on the Council's capital programme is £127.640m. This is a movement of £21.463m against the latest approved budget of £149.103m. There is a slippage of £21.987 during Quarter 1 2014/15.

The Children's Education and Skills programme has slipped by £11.245m. This is primarily due to The Wren and London Academy projects, totalling £9.339m. The HRA programme has slipped by £4.243m. This is largely due to the New Affordable Homes programme as

part of the Housing Revenue Account, amounting to £4.000m.

### **Treasury Outturn**

The Council has been compliant throughout Quarter 1 2014/15 with the set Prudential Indicators and has not breached its Affordable Borrowing Limit.

### **Investment Performance**

At the end of Quarter 1 2014/15, deposits totalled £230.05m, achieving an average annual rate of return of 0.70 per cent – above the London Interbank Bid Rate of 0.39 per cent.

## **Recommendations**

- 1. The Committee is asked to agree the following referrals to thematic committees:**

<b>COMMITTEE</b>	<b>REFERRAL</b>
Adults and Safeguarding	None
Assets, Regeneration and Growth	None
Children, Education, Libraries and Safeguarding	None
Community Leadership	None
Environment	To ensure, during finalisation of the Parking Policy, the reduction in the usage of off-street parking is considered.
Housing	To ensure, during finalisation of the Housing Strategy, the financial pressure relating to temporary accommodation is considered.

- 2. The Committee is asked to note the Quarter 1 2014/15 revenue budget and capital position contained in paragraphs 1.11 and 1.14.**

- 3. The Committee is asked to note the Agency Costs for the Quarter 1 2014/15 as detailed in paragraph 1.15.**

- 4. The Committee is asked to note the Transformation Programme position as at the 30 June 2014 as detailed in paragraph 1.16.**

- 5. The Committee is asked to note the Treasury position outlined in paragraph 1.17.**

- 6. The Committee is asked to note the projected £21.987m capital slippage of the outturn at Quarter 1 2014/15, as outlined in Appendix C.**

- 7. The Committee is asked to note the additional information requested at committee on the 23 July 2014; the average time in Emergency Temporary Accommodation, as set out in Appendix H.**

## WHY THIS REPORT IS NEEDED

1.1 This report outlines the quarterly position of the Council's performance against the priorities outlined in the Corporate Plan, the delivery performance of major contracts, performance of internal Delivery Units and the budget position.

1.2 The past three years of performance information is available at: [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance) with the most up-to-date version available from [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance)

### 1.3 Key challenges

There were a number of key challenges in Quarter 1 2014/15 that require the council to implement or continue to deliver improvement actions:

- Street Scene budget and parking services: The forecasted overspend for Street Scene is largely related to the Special Parking Account position, and was also a pressure in 2013/14. The parking improvement project is underway to improve parking systems and information; a parking policy was developed for committee to review in July 2014.
- Depot relocation: the timescales for provision of the council's depot are tight and there is a significant risk to the delivery timetable.
- Workforce Planning: the council requires Delivery Units to finalise their workforce plans by the end of 2014/15.

### 1.4 Corporate Plan successes and challenges

The following is an overview of the successes and challenges across the Corporate Plan:

- Promote responsible growth, development and success across the borough;
- Support families and individuals that need it- promoting independence, learning and well-being, and;
- Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

#### 1.4.1 Successes

There are a number of successes across Barnet for Quarter 1 2014/15, these have been highlighted as:

- The percentage of **household waste sent for reuse, recycling** and composting increased to 41.9% achieving the targeted level for Quarter 4 2013/14.
- The number of **households placed in emergency accommodation remained below 500** with 486. Overall Barnet's overall ranking against London improved from 28<sup>th</sup> in Quarter 3 to 23<sup>rd</sup> in Quarter 4 2013/14.
- The **level of domestic burglary** continued to decrease from 20.27 (March 2013 to February 2014) to 19.81 per 1,000 households during June 2013 to May 2014.
- The number of **first time entrants to Youth Justice System** remains below the target of 357 with an outturn of 337 in April to June 2014. The Youth Offending Service has also received a positive inspection result.

- There has been a 71% increase in the **number of private rented sector lettings achieved** from 62 in Quarter 4 2013/14 to 106 in Quarter 1 2014/15.
- At the last meeting of the Performance and Contract Management Committee, a comprehensive report on the performance of **CSG** was presented which included a number of successes – mostly across customer services performance and the 2<sup>nd</sup> fastest production of financial statements for 2013/14. Full details can be seen at Item 5a: <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7869&Ver=4>

#### 1.4.2 Challenges

There are some performance issues that required the implementation of an improvement plan following Quarter 1 2014/15:

- The number of **early years places made available** were 726 - over 30% lower than the target of 1,051. The number of places being made available is currently meeting demand.
- There were 1,430 **health checks received by eligible adults** against a target of 2,000. Provisional data for April to June 2014 indicates that over 2,600 health checks were carried out in the period, against a target of 1,150 – this will be confirmed in Quarter 2 2014/15 reporting.
- Projects to positively reduce the **Council's absence levels** have not occurred during Quarter 1 2014/15; however, the overall level of absence has reduced.
- The **baselining of policies by Re** has been further delayed following a 6 month extension.
- At the last meeting of the Performance and Contract Management Committee, a comprehensive report on the performance of **CSG** was presented which included a number of challenges - most of which were resolved in quarter or shortly following. Full details can be seen at Item 5a: <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7869&Ver=4>

The following challenges are those that are emerging or have continued to decline in Quarter 1 2014/15:

- The level of usage for **both on and off-street parking were lower than expected** in Quarter 1 2014/15 with 398,849 (5% below expectations) parking bay transactions and 66,728 (17% below) on-street transactions.
- **Community confidence in police and the local authority dealing with crime and anti-social behaviour** is 68% against a 78% target.
- Overall **satisfaction levels for recycling and refuse service** increased from 74% to 76% in the spring 2014 residents' perception survey, although the outturn remains 5% below target.

#### 1.5 Customer experience

##### Resident Perception Survey

The most recent Spring Residents Perception Survey results were reported to the Performance and Contract Management Committee in Quarter 4 2013/14. Overall the Residents Perception Survey showed that Barnet are significantly above the national average for satisfaction of the local area and the way the council runs things.

The full survey results are available from [http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-2014/consult\\_view](http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-2014/consult_view). During Quarter 1 2014/15, Delivery Units analysed the specific results for their services and have reported information as part of their Quarter 1 2014/15 performance reports. Details are available from the individual reports at [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance)

#### Q1 Customer Experience report

Customer Services continued to deliver strong performance, with high call volumes and services relocating and transferring to the new contact centre. The service answered 97% of all calls compared to just 90% at the commencement of the Customer Services Group (CSG) contract in September 2013.

Customer satisfaction across all channels (telephones, face to face, web, and email) has remained at 68%, a slight decrease of 1% against Quarter 4 2013/14.

The proportion of calls answered in 20 seconds increased from 72% in Quarter 4 2013/14 to 78% Quarter 1 2014/15. Performance of the Council's service centres for 'Face to Face' service remained steady, with the waiting time for a resident to speak with an advisor down to 3 minutes against a target of 6.5 minutes.

#### **1.6 Performance against the Corporate Plan**

Table 1 below provides a breakdown of the RAG rating of the Corporate Plan Indicators, expected to report in quarter 1, by each Delivery Unit.

**Table 1: Corporate Plan Indicator by Delivery Unit**

Delivery Unit	Total no. of Corporate Plan indicators	No. of indicators expected to report in Quarter 1 2014/15	RAG ratings				Positive/neutral Direction of Travel	Negative Direction of Travel
			Green	Green amber	Red amber	Red		
Adults and Communities	10	6	3	1	1	1	2	4
Children's Education and Skills	6	0	-	-	-	-	-	-
Family Services	5	4 <sup>1</sup>	1	-	-	2	1	2
Commissioning Group	1	1	-	1	-	-	1	-
Street Scene	5	4	1	1	-	2	2	2
Public Health	5	1	-	-	-	1	1	-
Barnet Homes	2	2	2	-	-	-	1	1
R <sup>e</sup>	7	5 <sup>2</sup>	2	1	-	-	4	1
<b>Total</b>	<b>41</b>	<b>23</b>	<b>9</b> (45%)	<b>4</b> (20%)	<b>1</b> (5%)	<b>6</b> (30%)	<b>12</b>	<b>10</b>

Of the Corporate Plan Indicators (CPIs) that reported in Quarter 1, the balance of met and missed targets was 45% were rated as green, 20% green amber, 5% red amber (representing positive progress towards the target or close proximity to the target). 30% of Corporate Plan Indicators were rated as red.

The focus of Barnet during 2013/16 Corporate Plan period is to remain an attractive and successful London borough where people want to live, become an enterprising place and support people that need it. Against the Corporate Plan strategic objectives performances on Barnet's measures of success are:

- Promoting responsible growth, development and success across the borough at 25% success rate.
- Support families and individuals that need it- promoting independence, learning and well-being has met 63% success targets.
- Improve satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study is currently at 50% of success measures being met.

See section 2.4 of Appendix A for full detail.

<sup>1</sup> Family Services reported three indicators, one of which is a monitoring indicator and no RAG has been applied.

<sup>2</sup> Re reported five indicators, two of which are monitoring indicators until year end therefore no RAG has been applied in Quarter 1.



## 1.7 Commissioning Priorities

For 2014/15, Lead Commissioners have defined a set of five commissioning priorities for each Delivery Unit. Lead Commissioners and Delivery Units have agreed a RAG rating for each Commissioning Priority. Table 2 outlines the RAG rating for the Commissioning Priorities by area:

**Table 2: Commissioning Priorities by Lead Commissioner**

Lead Commissioner	RAG ratings			Direction of Travel <sup>^</sup>	
	Green	Amber	Red	Positive/ neutral DoT	Negative DoT
<b>Later Life</b> (Adults and Communities)	2	3	-	N/A	N/A
<b>Schools, Skills and Learning</b> (Children's Education and Skills)	2	3	-	N/A	N/A
<b>Family &amp; Community Wellbeing</b> (Family Services)	1	4	-	N/A	N/A
<b>Environment</b> (Street Scene)	1	4	-	N/A	N/A
<b>Public Health</b> (Public Health) <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>6</b> (30%)	<b>14</b> (70%)	-	<b>N/A</b>	<b>N/A</b>

<sup>^</sup> this is the first time Commissioning Priorities have been RAG rated, from Quarter 2 2014/15 a Direction of Travel will be monitored.

A total of 6 out of 20 Commissioning Priorities were achieved a green rating in Quarter 1 2014/15. Of the indicators that reported, 30% of the RAG ratings were Green with the remainder (70%) rated as Amber (indicating improvement required).

### Later Life (Adults and Communities)

There are 3 out of 5 commissioning priorities rating amber in Quarter 1 2014/15; delivery of **health and social care integration** including through the **Better care fund**; ensuring the **sufficiency and quality of the social care delivery workforce** and; delivery of the **new vision for adult social care** including changes to the model for Older People, Learning Difficulties, Mental Health and carers. There are concerns in relation to the production of detailed specifications for business cases on health and social care integration and delayed mobilisation of the social care delivery workforce project.

<sup>3</sup> Public Health has reported against year-end for Quarter 4 2013/14 due to a time lag in the data. Commissioning Priorities will be reported from Quarter 2 2014/15.

### **Schools, Skills and Learning** (Children's Education and Skills)

There are 3 out of 5 commissioning priorities that have missed the target in Quarter 1 2014/15; ensure Local Authority monitoring and challenge of **all schools is robust and focussed to drive a rise in attainment**; challenge schools to **raise attainment of vulnerable pupils particularly those on free school meals (FSM) and looked after children** and; develop an **alternative model of delivery** to deliver medium term financial strategy (MTFS) savings. The issues faced by the Delivery Unit include a higher than expected number of schools rated as inadequate or requiring improvement, and the need to narrow the attainment gap for primary children on FSM and improvement secondary attainment for looked after children. The delivery of an alternative model is Amber as it is not possible to determine the impact on savings until a delivery model has been chosen.

### **Family & Community Wellbeing** (Family Services)

There are 4 out of 5 commissioning priorities that have missed the target in Quarter 1 2014/15; ensure best practice is **'inspection ready' for social care, youth offending and children's centres**, ensure **safeguarding arrangements are effective and robust**; through the transformation programme, **review and re-model social care, placements and permanence**; determine the **future of early intervention services** and; ensure the MTFS implications for Family Services at the end of the priorities and spending review period will leave **sufficient budget to meet the council's thresholds for quality and safety**. The challenges faced by the Delivery Unit include that all of the MTFS savings for 2015/16 required through placements will not be delivered within timescales- the delivery unit have re-profiled the timescales, the design phase of children's service is underway and resourcing is yet to be put in place, and a full analysis of savings up to 2019/20 is yet to be completed.

### **Environment** (Street Scene)

Four out of five commissioning priorities were rated Amber in Quarter 1 2014/15; reduce the **volume of waste presented for collection and sent to landfill** and increase the **efficiency of collection and disposal services**; increase **resident satisfaction with the parking service** and establish **coherent, co-ordinated customer facing service offer** with a clear accessible effectively communicated policy basis; **sustain borough cleanliness** and; **enhance passenger transport service delivery offer**, customer experience, coherence of service offer and reduce costs. The following activities are underway to deal with commissioning priorities that require improvement, the waste futures project scoping is underway to deal with waste, a draft parking policy was approved by the Environment Committee in July for public consultation and a new parking system has been launched, a Clean Borough Strategy is being refreshed and resources will be identified. In order to enhance the passenger transport service Children's and Street Scene will work together to agree a set of target and priorities to measure performance.

The full detail can be found in individual Delivery Unit reports on [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance) with the most recent quarter at [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance).

## 1.8 Delivery Performance

The quarterly budget and performance monitoring report has previously reported only against Corporate Plan Indicators – the measures of success against indicators outlined in the Corporate Plan.

In addition to the Corporate Plan Indicators, Delivery Units each have a set of Key Performance Indicators (KPIs) to measure the success of the delivery of key services and Commissioning Priorities. The overall delivery performance for Quarter 1 2014/15 for each Delivery Unit is outlined in Table 3 below:

**Table 3: Delivery Performance Indicators by Delivery Unit**

Delivery Unit	RAG ratings				Direction of Travel*		No. of Indicators reported
	Green	Green amber	Red amber	Red	Positive/neutral DoT	Negative DoT	
Adults and Communities	4	-	-	2	4	2	6
Children's Education and Skills	2	2	-	1	4	-	6 <sup>4</sup>
Family Services	KPIs reported as part of Commissioning Priority Indicators.						
Street Scene	KPIs reported as part of internal contract monitoring and Commissioning Priority Indicators.						
Public Health	4	-	-	2	5	1	6
Barnet Homes	8	1	1	2	6	6	12
R <sup>e</sup>	47	1	2	2	36	16	59 <sup>5</sup>
CSG	18	-	-	3	15	6	22
HB Public Law	13	-	-	-	7	1	14 <sup>6</sup>
<b>Total</b>	<b>96</b> (83.5%)	<b>4</b> (3.5%)	<b>3</b> (2.6%)	<b>12</b> (10.4%)	<b>77</b>	<b>32</b>	<b>125</b>

\*The Direction of Travel indicates the performance compared to the last time it was reported. Various KPIs did not report a direction of travel due to reporting for the first time.

The table above illustrates that of the Delivery Performance Indicators expected to report in Quarter 1 2014/15 – a large majority of indicators met their target (83.5%).

The Council uses an escalation approach which highlights where there are performance challenges within Delivery Units, whether an internal or external

<sup>4</sup> One indicator is not RAG rated as a target is yet to be agreed.

<sup>5</sup> Various KPIs have an annual target therefore were not RAG rated this quarter; monitoring only.

<sup>6</sup> One indicator is not RAG rated as a target is yet to be agreed.

Delivery Unit. This approach ensures that the areas are subject to challenge and action planning. This approach is also used to highlight the successes across the Council.

There are a number of successes across Barnet Delivery Unit KPIs for Quarter 1 2014/15, these have been highlighted as:

- The percentage of **16 year olds recorded in education and training** was 98.2% at 30 April 2014.
- Barnet were **above the England average for the percentage of opiate drug users successfully leaving drug treatment** and not representing to treatment within 6 months achieving 9.4% compared to 8.4% in the previous period.
- In Barnet Homes, **all estates in Barnet were rated as satisfactory or good.**
- In April to June 2014, 100% of **complaints relating to drainage malfunction and/or flooding events** were responded to on time, a 7 percentage points increase from Quarter 4 2013/14.
- There has been an **increase in the percentage of community based packages with full person-centred support plans** from 86% to 93%, meeting the 90% target for the quarter.

## 1.9 Benchmarking

Local Authorities review and compare performance with other council's through benchmarking of common performance indicators. The Headline Report of the Local Government Association (LGA) public benchmarking tool – LG Inform – ranks Barnet across 18 service indicators. Barnet was above benchmark in all but one indicator (17 out of 18 indicators – 94%)<sup>7</sup>.

The single area where performance was illustrated as below the Unitary/ County Council benchmark was *Social care-related quality of life (2013)*. When compared to only the London local authorities, Barnet's performance is above benchmark. See appendix A, section 4 for full detail.

The Revenue Account 2014/15 release from the Department for Communities and Local Government – which outlines the budget allocation against broad service areas – was recently published. This release illustrates that when compared on a like-for-like<sup>8</sup> basis Barnet provides lower cost services than the London average.

## 1.10 Programmes

The Council has a number of programmes and projects to deliver savings, changes and improvements to services. Regeneration and Capital projects – including the delivery of new schools and school places. Within the Transformation programme progress has been made across a number of projects and the overall assessment is that the programme is Green. Sport and Physical Activity which submitted a Business Case to 21 July 2014 Policy & Resources Committee and Education and Skills project which is on target to develop an Outline Business Case for committee in September. The

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<sup>7</sup> <http://lginform.local.gov.uk/>

<sup>8</sup> Compared on a per capita, per household or per KM basis.

Registration and Nationality project is in closure stage, though has declined to an amber rating as IT activities still outstanding and need to be addressed before the project can formally close. For the Health and Social Care Integration project there are concerns over the short timeframe and tight schedule to develop a detailed Business Case.

The Capital programme is RAG rated Green. Almost all of the 30 projects are Green rated. The Depot Relocation project is still Red rated as although progress has been made with developing the planning application for Pinkham Way but there are challenges with the overall project timescales for delivery. The Menorah Foundations project has deteriorated to a red rating as the original contractor went into administration and negotiations are continuing with a substitute contractor.

The Regeneration programme overall is RAG rated as Green with good progress being made across many projects. There are 11 open projects of which none are red rated which is unchanged from the last quarter. One project, Granville Road has deteriorated from a Green to Amber rating. The reason for this is the delay in the submission of the planning application. Progress on the Brent Cross Programme and next phase of Grahame Park project is positive.

In addition to the programmes above a number of Delivery Unit Transformation programmes (Children's Transformation, Adults Transformation and Street Scene Transformation) as well as themed programmes Connecting with Barnet (transforming our interactions with customers and residents) and Smarter Working are in delivery. A summary of the Delivery Unit Transformation Programmes is in section 2.7 of the Appendix A.

#### **1.11 Quarter 1 Revenue Monitoring**

Table 4 below provides a summary of the Quarter 1 2014/15 forecast analysis compared to the revised budget position. The Quarter 1 2014/15 forecast outturn general fund expenditure (after reserve movements) is £290.083m which is an adverse variance of £2.672m (0.9%) against the revised budget of £287.411m.

Note that the overall overspend projected at Quarter 1 2013/14, the prior year, was £2.378m. The final outturn for the prior year was an under spend variance of £0.120m. A breakdown of revenue monitoring by each delivery unit is set out in Appendix B and summarised in the table below:

**Table 4: 2014/15 Revenue Quarter 1 Analysis – Summary**

Description	Variations				
	Original Budget	Revised Budget V1	Q1 Forecast	Variation	Variation vs Revised budgets
	£000	£000	£000	£000	%
Adults and Communities	89,669	89,594	90,318	723	0.8%
Assurance	4,005	4,055	3,843	(212)	-5.2%
Children's Education	7,183	7,013	7,364	351	5.0%
Children's Family Service	48,228	49,503	49,493	(10)	0.0%
Commissioning Group	6,668	7,035	7,287	252	3.6%
Street Scene	13,993	14,040	15,728	1,688	12.0%
Public Health	14,302	14,335	14,335	0	0.0%
HB Public Law	1,782	1,782	1,920	138	7.7%
Barnet Group	3,338	4,254	4,858	604	14.2%
Re	766	766	1,388	622	81.1%
CSG	22,153	22,153	22,153	0	0.0%
Central Expenses	74,323	72,880	71,397	(1,483)	-2.0%
<b>Service Total</b>	<b>286,411</b>	<b>287,411</b>	<b>290,083</b>	<b>2,672</b>	<b>0.93%</b>
Allocations agreed from GF Balances				0	
GF Balances as at 01/04/14				(15,950)	
<b>GF Balances as at 31/03/15</b>				<b>(13,278)</b>	

Description	Variations				
	Original Budget	Revised Budget V1	Q1 Forecast	Variation	Variation vs Revised budgets
	£000	£000	£000	£000	%
Children's Social Care	426	427	427	0	0.0%
Early intervention and prevention	6,173	5,866	5,692	(174)	-3.0%
Education	(6,599)	(6,293)	(6,119)	174	-2.8%
Schools funding	0	0	0	0	0.0%
<b>Total Dedicated Schools Grant</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

Please see Table 6 for the impact to the Dedicated Schools Grant balance.

Description	Variations				
	Original Budget	Revised Budget V1	Q1 Forecast	Variation	Variation vs Revised budgets
	£000	£000	£000	£000	%
LBB Retained	175	175	0	(175)	-100.0%
HRA Regeneration	1,126	1,126	1,125	(1)	0.0%
HRA Other Income and Expenditure	1,549	1,549	1,652	103	6.7%
Support Service Recharges	576	576	576	0	0.0%
Interest on Balances	(80)	(80)	(80)	0	0.0%
HRA Surplus/Deficit for the Year	(3,346)	(3,346)	(3,346)	0	0.0%
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>(73)</b>	<b>(73)</b>	<b>0.0%</b>

Please see Table 7 for the impact to the Dedicated Schools Grant balance.

Directors are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within their total available budget.

The Council's overall position is forecasted to decline from the 2013/14 outturn position. The result is that the Council's level of balances will decrease from £15.950m to £13.278m this year. This is below the target level of general fund balances of £15.000m. Service recovery plans should be aiming to ameliorate any significant budget variances and bring the forecast level of balances back up to the recommended level.

**Table 5: General Fund Balances**

	£'000
General Fund Balances brought forward 1 April 2014	(15,950)
Budgeted Use of Balance	0
Outturn Variation	2,672
General Fund Balances 31 March 2015	(13,278)

The Housing Revenue Account (HRA) is showing a £0.073m surplus position for the 2014/15 financial year. The projected surplus is largely due to anticipated underspends of £0.176m within staffing budgets, off-set by anticipated overspends of £0.103m from trade down payments.

**Table 6: Housing Revenue Account Balances**

	£'000
Housing Revenue Account Balances brought forward 1 April 2014	<b>(14,831)</b>
Budgeted Use of Balance	3,346
Outturn Variation	<b>(73)</b>
Housing Revenue Account Balances 31 March 2015	<b>(11,558)</b>

The Dedicated Schools Grant (DSG) is showing a breakeven position for the 2014/15 financial year.

**Table 7: Dedicated Schools Grant Balances**

	£'000
DSG Balances brought forward 1 April 2014	<b>(3,678)</b>
Budgeted Use of Balance	2,333
Outturn Variation	0
DSG Balances 31 March 2015	<b>(1,345)</b>

### 1.11.1 Commentary for Budget Variances

#### **Adults and Communities**

The overspend for Adults and Communities of £0.723m represents 0.8% of the delivery unit budget (£89.594m). The overspend is predominantly due to a number of clients who were self-funders, whose funds have depleted and are now the responsibility of the authority. The committed expenditure for these clients amounts to £0.568m. There are also additional Ordinary Residence cases, where Barnet becomes legally responsible for clients placed in supported living in Barnet by another Council, and an increase in demand specifically around elderly mentally infirm (EMI) clients. MTFS savings are forecast to be achieved by reviews of existing clients and new client costs are being treated as additional demand.

Further, due to an increase in activity in the Deprivation of Liberty Safeguards (DOLS) service as a result of recent Supreme Court judgements on the 'acid test' for DOLS and the application of DOLS to supported living, the forecast overspend has increased by £140K to reflect the continuation of increased activity levels throughout the year is reflected within the £0.723m forecast overspend for the service.



## **Assurance**

The under spend for Assurance of £0.212m represents 5.2% of the delivery unit budget (£4.055m). The under spends are due to the revised members allowance scheme, implemented in June 2014. These underspends would represent savings in excess of MTFS targets.

## **Children's Education and Skills**

The overspends for Children's Education and Skills of £0.351m represents 5.0% of the delivery unit budget (£7.013m). The overspend is a consequence of a shortfall in the realisation of savings relating to transport of £0.404m, offset by savings accrued due to vacancies and demand management of the Schools causing concern budget.

## **Commissioning Group**

The overspends for the Commissioning Group of £0.252m represents 3.6% of the delivery unit budget (£7.035m). The overspend is due to a historical Service Level Agreement (SLA) amounting to £0.214m. The agreement is being reviewed by the Budget Holder to ensure that the SLA is still appropriate. This review will be completed during Quarter 2 2014/15.

## **Street scene**

The overspends for Street scene of £1.688m represents 12.0% of the delivery unit budget (£14.040m). The overspend is predominantly as a consequence of forecasted Special Parking Account (SPA) outturn. The forecast position for Street Scene at the end of Quarter 1 2014/15 is an overspend £1.688m. Excluding the SPA, an overspend of £0.046m is expected. The pressure within the SPA is driven by a combination of reduced income and increased committed expenditure to the parking service provider.

## **HB Public Law**

The overspend for Legal Services of £0.138m represents 7.7% of the delivery unit budget (£1.782m). Expenditure on this service is forecasted to underspend by £0.060m within legal disbursements. However, this under spend is offset by the forecasted lack of achievement of income particularly relating to R<sup>e</sup> and the Barnet Group, currently projected to £73k below budget.

## **Barnet Group**

The overspends for the Barnet Group of £0.604m represents 14.2% of the delivery unit budget (£4.254m). The variance is due to pressures expected relating to temporary accommodation procurement in 2014/15. The demand for temporary accommodation purchased on a nightly basis is increasing in volume as well as price despite a number of mitigations to reduce costs. The service received £916k in Quarter 3 2012/13 to fund incentive payments to landlords (i.e. paying deposits).

The new forecast is due to combination of both increased volumes and increasing rental prices driven by the market. The price increases are particularly evident in the emergency nightly purchased accommodation. Although there is this overall pressure it has been controlled by mitigations such as collaborative purchasing with other North and West London boroughs.

**R<sup>e</sup>**

The overspend of £0.622m is due to TUPE pressures in this area. A number of options are being reviewed to offset this pressure and it is expected that this overspend will reduce by Quarter 2 2014/15.

### **Central Expenses**

The underspends for Central expenses of £1.483m represents 2% of the allocated budget (£72.880m). The underspend is predominantly as a consequence of underspends against the North London Waste Authority (NLWA) and London Pension Fund Authority (LPFA).

## **1.12 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that required settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the account of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

As at the 31 March 2014 the Council held provisions of £10.515m. The level of provisions as at the end of the 2014/15 financial year is forecast to be £9,428m.

**Table 8: Provisions**

Service Area	Provision b/fwd 01 April 2014	In year related Expenditure	Written back in year	New Provision Raised	Forecast Provsions c/fwd 31 March 2015
	£0	£0		£0	£0
Adults	542	(74)	0	0	468
Resources (Grant unit)	105	(105)	0	0	0
Corporate	8,860	0	0	0	8,860
Regional Enterprise (RE)	160	(160)	0	0	0
Commercial	256	(256)	0	0	0
Childrens	152	(52)	0	0	100
Street Scene	67	(67)	0	0	0
Carbon Reduction Commitment	373	(373)	0	0	0
<b>Total Provisions</b>	<b>10,515</b>	<b>(1,087)</b>	<b>0</b>	<b>0</b>	<b>9,428</b>

**1.13 Reserves**

The Council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at the 31 March 2014 the Council held reserves of £91.625m. The forecasted level of reserves as at end of the 2014/15 financial year is £73.453m.

**Table 9: Reserves**

Reserves	Reserve b/fwd 01 April 2014	In year related Expenditure	Written back in year	New Reserves Raised	Forecast Reserve c/fwd 31 March 2015
	£000	£000	£000	£000	£000
Central - Financing	2,673	(122)	0	0	2,551
Central - Infrastructure	22,565	(4,050)	0	8,417	26,932
Central - Risk	15,500	(728)	0	0	14,772
Central - Service Development	9,577	(5,426)	0	0	4,151
Central - Transformation	11,293	(5,700)	0	0	5,593
Service - Other	10,341	(2,313)	0	1,254	9,282
<b>Sub Total General Fund Earmarked Reserves</b>	<b>71,949</b>	<b>(18,339)</b>	<b>0</b>	<b>9,671</b>	<b>63,281</b>
Service - DSG	3,678	(3,678)	0	0	0
Service - Housing Benefits	7,669	(39)	0	154	7,784
Service - NLSR	1,228	(80)	0	0	1,148
Service - PFI	3,117	(3,117)	0	0	0
Service - Street Lighting	1,149	(1,149)	0	0	0
Service - Section 256 - NHS Social Care Funding	1,596	(1,596)	0	0	0
Service - Public Health	831	0	0	0	831
Special Parking Account (SPA)	409	0	0	0	409
<b>Sub Total Ring Fenced</b>	<b>19,677</b>	<b>(9,659)</b>	<b>0</b>	<b>154</b>	<b>10,172</b>
<b>Total All Earmarked Reserves</b>	<b>91,626</b>	<b>(27,998)</b>	<b>0</b>	<b>9,825</b>	<b>73,453</b>

#### 1.14 Quarter 1 Capital Monitoring

The Quarter 1 forecast expenditure during 2014/15 on the Council's capital programme is £127.640m, £94.219m of this relates to the general fund programme and £33.421m for the HRA capital programme. This is a variance of £21.463m against the latest approved budget of £149.103m. The table below summarises the expenditure by each service.

**Table 10: Capital Programme Position at Quarter 1**

	2014/15 Latest Approved Budget	Additions/ (Deletions) - Quarter 1	(Slippage) / Accelerated Spend - Quarter 1	2014/15 Budget (including Quarter 1)	Forecast to year-end	Variance from Revised Budget	% slippage of 2014/15 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Adults and Communities	3,060	36	(300)	2,796	2,796	(264)	-9.8%
Children's family services	3,542	0	(1,365)	2,177	2,177	(1,365)	-38.5%
Children's education and skills	54,759	0	(11,245)	43,514	43,514	(11,245)	-20.5%
Commissioning Group	5,990	0	(2,780)	3,210	3,210	(2,780)	-46.4%
Street Scene	3,803	283	0	4,086	4,086	283	0.0%
Re delivery unit	39,992	205	(2,054)	38,143	38,143	(1,849)	-5.1%
CSG delivery unit	0	0	0	0	0	0	0.0%
The Barnet Group	294	0	0	294	294	0	0.0%
<b>General Fund Programme</b>	<b>111,439</b>	<b>524</b>	<b>(17,744)</b>	<b>94,219</b>	<b>94,219</b>	<b>(17,220)</b>	<b>-15.9%</b>
HRA	37,664	0	(4,243)	33,421	33,421	(4,243)	-11.3%
<b>Total Capital Programme</b>	<b>149,103</b>	<b>524</b>	<b>(21,987)</b>	<b>127,640</b>	<b>127,640</b>	<b>(21,463)</b>	<b>-14.7%</b>

The capital monitoring summary and scheme details by service directorate is set out in Appendix C.

Table 11 details the proposed funding changes to the Capital Programme. A detailed analysis of the changes including, addition, deletions and budget movements is provided in Appendix D.

**Table 11: 2014/15 Capital Funding Changes at Quarter 1**

	Grants	S106 / Other Contribution	Capital Receipts	Revenue / MRA	Borrowing	Total
	£000	£000	£000	£000	£000	£000
Adults and Communities	(300)	0	0	36	0	(264)
Children's family services	0	0	(1,365)	0	0	(1,365)
Children's education and skills	(4,382)	0	(1,232)	100	(5,731)	(11,245)
Commissioning Group	0	0	(2,527)	(253)	0	(2,780)
Street Scene	18	65	0	200	0	283
Re delivery unit	1,479	(1,178)	(650)	(4,350)	2,850	(1,849)
CSG delivery unit	0	0	0	0	0	0
The Barnet Group	0	0	0	0	0	0
<b>General Fund Programme</b>	<b>(3,185)</b>	<b>(1,113)</b>	<b>(5,774)</b>	<b>(4,267)</b>	<b>(2,881)</b>	<b>(17,220)</b>
HRA	0	0	(4,000)	(243)	0	(4,243)
<b>Total Capital Programme</b>	<b>(3,185)</b>	<b>(1,113)</b>	<b>(9,774)</b>	<b>(4,510)</b>	<b>(2,881)</b>	<b>(21,463)</b>

1.14.1 There is a forecasted 14.7% reduction in the capital programme at end of Quarter 1 2014/15, with the projected outturn expenditure being £127.640m against the latest budget of £149.103m. It is projected, over the full financial year, there will be slippage of £21.987m, representing 14.7% of the latest approved budget programme.

The main outturn slippage this quarter is as follows:

- The Children's Education and Skills capital programme has slipped by £11.245m. This is primarily due to The Wren and London Academy, as part of the Children's education programme, totalling £9.339m. The slippage is in line with project construction commencement dates. Further, the menorah Foundation and Oak lodge special school, as part of the Children's education programme, are anticipated to slip by £1.538m and £2.988m respectively, according to current project plans.
- The HRA capital programme has slipped by £4.243m. This is largely due to the New Affordable Homes programme as part of the Housing Revenue Account, amounting to £4.000m. The slippage is due to delays in commencement date following development of enhanced project specifications. Works are anticipated to start on site in Winter 2014 and due to be completed by December 2015.

## 1.15 Agency Costs

The table below details all agency staff costs incurred during Quarter 1 2014/15 financial year in comparison to Quarter 1 2013/14 financial year. This identifies that agency expenditure has reduced by £1.516m (20.91%)

compared to the equivalent quarter last year. Delivery Units are carrying higher than normal levels of agency spend while they deliver the transformation programmes. The Council expects spend to reduce in 2015/16.

**Table 12 – Agency Costs for 2014/15**

Directorate	2013/14			2014/15		
	Agency Spend	Consultants Spend	Total Agency & Consultants Expenditure - Q1	Agency Spend	Consultants Spend	Total Agency & Consultants Expenditure - Q1
	£000	£000	£000	£000	£000	£000
Adults and Communities	874	37	911	908	(14)	894
Assurance	15	0	15	9	1	10
Children's Education	304	516	819	310	23	333
Children's Family Service	566	16	582	764	87	851
Commissioning Group	457	641	1,098	577	10	587
Street Scene	296	4	300	506	0	506
Public Health	0	8	8	0	0	0
HB Public Law	0	0	0	0	0	0
Barnet Group	0	0	0	0	1,231	1,231
Re	241	628	869	46	220	266
CSG	1,412	181	1,593	17	(13)	4
Central Expenses	0	0	0	0	0	0
HRA	66	989	1,055	(14)	1,065	1,051
<b>Total</b>	<b>4,231</b>	<b>3,018</b>	<b>7,249</b>	<b>3,123</b>	<b>2,610</b>	<b>5,733</b>

\* Data as at 30th June 2014 includes revenue (£5.690m) and capital spend (£0.043m)

\*\* Commissioning Group includes transformation project expenditure £0.090m (Agency)

### 1.16 Transformation Programme

The expenditure on the Transformation programme and projections for 2014-15 as at Jun 2014 is included in Appendix E of the report. The Policy and Resources Committee on the 10th June 2014 approved transformation reserve drawdown. The budgets in the Appendix E have been amended to reflect the drawdown from the transformation reserve, leaving a balance of £5,600k uncommitted. As at June 2014 the projected outturn variance is for a small overspend. However it will be regularly monitored to ensure that further drawdown from the reserves is not required.

### 1.17 Treasury Outturn

1.17.1 In compliance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice this report provides Members with a summary report of the treasury management activity during

the period to 30 June 2014. 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. Further details of compliance with prudential indicators are contained in Appendix F.

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of its indebted status. This is a limit which should not be breached. During the period to 30 June 2014 there were no breaches of the Authorised Limit and the Operational Boundary.

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. The Treasury Management Strategy 2014/15 was approved by Council on 5 March 2014 and the revised strategy applied with immediate effect. The Treasury Management Strategy demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate Treasury Management Strategy.

This report therefore asks the Committee to note the continued cautious approach to the current investment strategy: to note also, that as a result of considerable stabilisation and in some cases improvement in credit metrics, the revised treasury strategy for 2014/15 has extended the maximum duration to 10 years with further diversification, albeit with maximum recommended duration of deposits for different banks depending on risk assessment.

#### **1.17.2 Investment Performance**

Investment deposits are managed internally. As at 30 June 2014, deposits outstanding were £230.05 million (excluding Icelandic deposits), achieving an average annual rate of return of 0.70 per cent (adjusted for Icelandic deposits) against a benchmark average (London Interbank Bid Rate - LIBID) of 0.39 per cent. A list of deposits outstanding as at 30 June 2014 is attached as Appendix G.

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

All deposits have been settled for the Icelandic banks, with the exception of the £2.5m held in an escrow account in Icelandic Krónur because of Icelandic currency export restrictions.

#### **1.17.3 Debt Management**

The total value of long term loans as at 30 June 2014 was £304.08m. There has been no external borrowing in the financial year to date. The average total cost of borrowing for the quarter ending 30 June 2014 was 3.89 per cent.



Given the fact that interest rates on deposits are lower than borrowing rates, the current strategy is to use internal balances to finance capital expenditure rather than taking out additional loans. With the exception of the HRA, the Council has not taken out any new borrowing since 2008.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 These recommendations are to allow the Council to meet the budget agreed by Council on 5 March 2013.

## **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 This report presents the performance of the Council at meeting the measures of success for the Corporate Priorities. This report also includes performance indicators of the delivery of services by the Council, such as the performance levels of contracts, internal Delivery Units and partners.

- 5.1.2 The past three years of performance information is available at: [www.barnet.gov.uk/performance](http://www.barnet.gov.uk/performance)

- 5.1.3 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. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

- 5.1.4 Relevant Council strategies and policies include the following:

- Corporate Plan 2013-16;
- Medium Term Financial Strategy;
- Treasury Management Strategy;
- Debt Management Strategy;
- Insurance Strategy;
- Risk Management Strategy; and
- Capital, Assets and Property Strategy.

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

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

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

## **5.3 Legal and Constitutional References**

5.3.1 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.

5.3.2 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.

5.3.3 The Council’s Constitution, in Part 15 Annex A, Responsibility for Functions, states in Annex A the functions of the Performance and Contract Management Committee including:

- a) Overall responsibility for quarterly budget monitoring, including monitoring trading position and financial strategy of Council Delivery Units.
- b) Monitoring of Performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group (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
- c) Receive and Scrutinise contract variations and change requests in respect of external delivery units.
- d) 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.
- e) Specific responsibility for the following function within the Council:
  - a. Risk Management
  - b. Treasury Management Performance
- f) Approve the Annual Report of the Barnet Group Ltd.

5.3.4 The Council’s Constitution, Part 21, Financial Regulations section 4. paragraphs 4.4.9 - 11 state:

- Allocations from the central contingency relating to planned developments will be approved by the Chief Finance Officer (section 151 officer), in consultation with the Chairman of the Performance and Contract Management Committee, following the receipt from a Chief Officer of a fully costed proposal to incur expenditure that is in line with planned development (including full year effect).  
Where there is a significant increase in the full year effect, the contingency allocation must be approved by the Performance and Contract Management Committee.
- Allocations from the central contingency for unplanned expenditure, including proposals to utilise underspends previously generated within the service and returned to central contingency, will be approved by the Chief Finance Officer in consultation with the Chairman of Performance and Contract Management.  
Where there are competing bids for use of underspends, additional income or windfalls previously returned to central contingency, priority will be given to the service(s) that generated that return.
- Allocations for unplanned expenditure over £250,000 must be approved by Performance and Contract Management Committee.

5.3.5 The Chief Finance Officer (section 151 officer) will report in detail to Performance and Contract Management Committee at least four times a year, at the end of each quarter, on the revenue, capital budgets and wider financial standing, will report in detail to Cabinet Resources Committee at least four times a year on the revenue and capital budgets and wider financial standing in addition to two summary reports at the beginning and end of the financial year.

5.3.6 The Council's Constitution, Part 21, Financial Regulations section 4 paragraph 4.4.3 states amendments to the revenue budget can only be made with approval as per the scheme of virement table below:

Virements for allocation from contingency for amounts up to £250,000 must be approved by the Section 151 Officer in consultation with appropriate Chief 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 bottom line are approved by Service Director
Virements between services (excluding contingency allocations) up to a value of £50,000 must be approved by the relevant Chief Officer
Virements between services (excluding contingency allocations) over £50,000 and up to £250,000 must be approved by 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

<b>Capital Virements</b>
Performance and Contract Management approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e. as per the budget book. The report must show the proposed: <ul style="list-style-type: none"> <li>i) Budget transfers between projects and by year;</li> <li>ii) Funding transfers between projects and by year; and</li> <li>iii) A summary based on a template approved by the Section 151 Officer</li> </ul>
Funding substitutions at year end in order to maximise funding are the responsibility of the Section 151 Officer.

## 5.4 Risk Management

5.4.1 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.

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

## 5.5 Equalities and Diversity

5.5.1 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

5.5.2 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. .

5.5.3 The council aims to adopt a proportionate approach to meeting the duty to pay due regard to equalities by:

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

This is also what we expect of our partners.

5.5.4 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.

5.5.5 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)

## 5.6 Consultation and Engagement

5.6.1 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

5.6.2 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>

## **6. BACKGROUND PAPERS**

- 6.1 Performance and Contract Management Committee, 11 June 2014 (Decision Item 5) – approved Final Outturn and Quarter 4 Monitoring Report 2013/14  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7868&Ver=4>
- 6.2 Council, 4 March 2014 (Decision item 2.1) – approved the Business Planning 2014/15 – 2015/16 report.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7516&Ver=4>
- 6.3 Policy and Resources Committee, 21 July 2014 (Decision item 5) – approved inflation amounts to budgets (total £3.390m) and the £1.4m set aside specifically for pressures in Children’s social care budget, this is to be transferred from contingency to Family Services.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7860&Ver=4>