	Performance and Contract Management Committee **11 February 2015**
Title	**Quarter 3 Budget and Performance Monitoring 2014/15**
Report of	Deputy Chief Operating Officer
Wards	All
Date added to Forward Plan	1 April 2014
Status	Public
Enclosures	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 31 December 2014 Appendix H Corporate Risk Register Appendix I Capita Payments Appendix J Corporate Plan Indicator Rationale
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Summary

This report provides the delivery and financial performance of both contracts and non-contracted services from paragraph 1.6. Additional overview on the contract performance can be located in Appendix A at section 2.5.

The Council's historic performance can be accessed from 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; promote responsible growth, development and success across the borough; support families and individuals that need it, promoting independence, learning and wellbeing; and improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study. Targets are in place to encourage improvement against these priority areas.

Of the Corporate Plan Indicators (CPIs) that reported in quarter 3, the balance of met and missed targets was 70% were rated as green, 3.4% green amber, 13.3% red amber and 13.3% of Corporate Plan Indicators were rated as red. Specific challenges are highlighted below in section 1.4.2.

There are a number of successes to report from quarter 3 of 2014/15, including: a reduction in the number of households in emergency accommodation from 511 to 461; an increased number of private rented sector lettings to 280; final attainment for academic year 2013-14 shows an increased percentage of pupils making two levels progress from Key Stage 1 to Key Stage 2 to 94% for both reading and writing; the attainment gap between pupils eligible for Free School Meals (FSM) and their peers reduced from 18% to 13% for the achievement of level 4 or above in reading, writing and maths at Key Stage 2; Early Years attainment showed improvement with 65% of children achieving a good level of development; 1,926 eligible people received health checks against a target of 1,350 for the quarter reported; a reduction in the number of mothers that smoke at time of delivery from 4.1% to 2.9%.

The key corporate plan challenges from quarter 3 include provisional figures for academic year 2013-14 indicating a decline in the percentage of looked after children making the expected level of progress in English and Maths between Key Stage 2 and Key Stage 4 from 11.8% to 9.4%. Notably, GCSE grades are unknown for 12.5% of Barnet Looked after pupils. In adult social care, the number of younger adults in residential and nursing care increased from 302 to 306 by the end of quarter 3.

Customer experience

Performance in quarter 3 has been varied. Call answering performance has declined for a

consecutive quarter, down to 74.7%, although satisfaction levels remain above target at over 71%. Complaints handling times are improving further although remain below target, and responding to Freedom of Information requests remains significantly above target.

Contract monitoring

Detailed assessment of the contracts monitored through the quarterly monitoring report (Re, CSG, Barnet Homes, Parking & Infrastructure 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 2.5. The full individual performance reports can be accessed from www.barnet.gov.uk/performance with the most recent quarter at www.barnet.gov.uk/currentperformance.

Key challenges

There were a number of key challenges in quarter 3 2014/15 that require the council to deliver high level improvement plans:

- Revenue monitoring position across Adults and Communities, Commercial – Parking and Infrastructure and Barnet Homes remain a concern.
- Agency levels have increased by 10% since quarter 2.
- The continued volatility in the Parking budget continues to be a concern and will be monitored closely.
- A significant amount of transformation is underway in Streetscene and a continued programme of support is in place during this transformation.
- Timescales for the relocation of the depot remain tight, work continues to progress options at two confirmed sites.
- Securing sufficient Early Years places for vulnerable two year-olds remains a challenging commitment which requires a comprehensive effort by the council and it's partners.

Delivery performance

A summary of progress against commissioning priorities is provided in section 1.8, 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. Across the performance indicators reported in quarter 3, 83% are on target. A summary of successes and challenges is provided in section 1.8.

Benchmarking

The council continues to perform strongly compared to peers. The Local Government Association's benchmarking tool shows that Barnet is above the England benchmark (single tier and county councils) for 83% of service indicators.

Programmes

The Transformation programme progress is rated as amber. There are no red rated projects.

The Capital programme is rated green. Two thirds of the projects are green rated and there are no red rated projects.

The Regeneration programme overall is rated as green with good progress being made across most schemes. There are 12 open projects of which none are red-rated which is unchanged from the last three quarters.

Risk summary
Appendix H outlines the Corporate Risk Register. Movement in the risk profile has been monitored during the quarter and reflected in the risk register.

Budget outturn
The quarter three forecast outturn general fund expenditure (after reserve movements) is £287.339m, which is an adverse variance of £1.572m (0.5%) against the revised budget of £286.412m. The overall over spend projected at quarter 3 in the prior year, 2013/14 was £1.598m. The final outturn for the prior year was an under spend variance of £0.120m.

Treasury Outturn
The Council has been compliant throughout quarter 3 2014/15 with the set Prudential Indicators and has not breached its Affordable Borrowing Limit.

Investment Performance
As at 31 December 2014, deposits outstanding were £208.100m, achieving an average annual rate of return of 0.64 per cent against a benchmark average (London Interbank Bid Rate - LIBID) of 0.35 per cent.

Capita Payments
Appendix I outlines the payments made to Capita relating to the CSG and Re contracts. This will be reported as part of future quarterly reporting with payments made within the quarter only.

Corporate Plan Indicator Rationale
As requested by the previous committee, on the 11 November 2014, appendix J outlines the rationale for the choice in the indicators used to report the success of progress towards achieving the Corporate Plan.

Recommendations
1. **The Committee is asked to note the quarter 3 2014/15 revenue budget and capital position contained in paragraphs 1.11 and 1.15.**
2. **The Committee is asked to note the Agency Costs for the quarter 3 2014/15 as detailed in paragraph 1.16.**
3. **The Committee is asked to note the Transformation Programme position as at the 31 December 2014 as detailed in paragraph 1.17.**
4. **The Committee is asked to note the Treasury position outlined in paragraph 1.19.**
5. **The Committee is asked to note the projected £18,323 capital slippage of the outturn at quarter 3 2014/15, as outlined in Appendix C.**
6. **The Committee is asked to note the Capita Payments outlined in Appendix I.**
7. **The Committee is asked to note the additional information requested at committee on the 11 November 2014; the rationale behind the choice of Corporate Plan Indicators, as outlined in Appendix J.**

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 performance of Delivery Units is measured across a number of areas:
• The Corporate Plan's measures of success, measured as Corporate Plan Indicators – successes and challenges are highlighted in section 1.4.
• Commissioning Priorities, the success of activities specified for internal Delivery Units to deliver the commissioned priorities – these are outlined in section 1.7.
• Delivery performance indicators which measure the success of the delivery of key services – successes and challenges are outlined in section 1.8.

1.3 The past three years of performance information is available at: www.barnet.gov.uk/performance with the most up-to-date version available from www.barnet.gov.uk/currentperformance

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 3 2014/15, these have been highlighted as:

- Number of households in emergency accommodation reduced from 511 to 461.
- The number of private rented sector lettings has increased to 280.
- The use of car parking, both on-street and off-street, have both increased compared to the same period last year - 16% and 70% respectively.
- Final results show an increase in pupils making two levels progress from Key Stage 1 (aged 5-7) to Key Stage 2 (aged 7-11) to 94% for both reading and writing.
- Attainment of pupils eligible for Free School Meals (FSM) improved in 2013/14 with the gap between their peers reducing from 18% to 13% for achieving the expected level in reading, writing and maths at Key Stage 2 (aged 7-11).
- Early Years attainment showed improvement with 65% of children achieving a good level of development compared to a London average of 62%.
- Number of eligible people receiving health checks remains high at 1926 against a target of 1,350 for the quarter.
- There has been a reduction in the number of mothers that smoke at time of delivery from 4.1% to 2.9%.

1.4.2 **Challenges**

There are a number of challenges in quarter 3 requiring the implementation of improvement actions:

- The Council's **revenue monitoring position**, although improved, continues to have pressures around Adults and Communities, Commercial – Parking and Infrastructure and Barnet Homes.
- Work to **relocate the depot** is progressing as the purchase of 2 potential sites has been approved subject to planning permission. However challenges remain as there are tight timescales to exit Mill Hill Depot.
- **Agency levels** have increased by 10% from quarter 2, with 543 agency staff currently employed. Delivery Units are creating workforce plans to ensure appropriate use of agency workers to maintain front line services during the Council's transformation.

- Elements of the **customer experience** have declined since quarter 2 and are of increasing concern; in particular the call answering performance. There have also been issues relating to data collection.
- The **number of younger adults in residential and nursing care** increased from 302 to 306. This is one of the areas of pressure creating the projected over spend within Adults and Communities as outlined in section 1.11.1.
- Take up of funded education for **two year olds** is below target, although there has been a 51% increase since the summer term. Meeting the challenging target will require renewed focus across a number council services and support from partners.
- Although there has been recent decline in the number of households in **emergency temporary accommodation**, continuing high costs have created a significant projected overspend from the budget.
- **Recycling** performance is very close to the target but a reduction in the income, received per tonne of recycling, has led to a pressure on the waste budget.
- Provisional figures for 2013/14 show an increased gap between percentage of **looked after children** making the expected level of progress in English and Maths between Key Stage 2 (aged 7-11) and Key Stage 4 (aged 14-16).

As highlighted at the Performance and Contract Management Committee on the 11 November 2014, an error occurred at the start of quarter 3 with the planning service provided by Re. A recommendation was made to the Planning Committee to modify an existing planning permission. The original permission has been granted in error on 1 October because it had been made without being presented to the relevant planning committee. This process is required where a case receive five or more objections, in this case 6 objections were received. Once the error had been discovered by officers, the matter was presented to the next Finchley & Golders Green Planning Committee on 22 October 2014. The service has enhanced the processes and checks to avoid a repeat of this instance.

1.5 Customer experience

Resident Perception Survey

The Council uses a twice yearly sample of customer and resident satisfaction with the borough and public services. The Autumn 2014 Resident Perception Survey was carried out between October and December by the Council's consultation partner, ORS. The survey was a telephone survey of 1,600 residents of Barnet.

Barnet is making £72.5m savings between 2011 – 2015, with significant changes taking effect. In this context, the Resident Perception Survey continues to show a broadly positive direction of travel.

Table 1: Summary of Resident Perception Survey

Question	Autumn 2014	Spring 2014	Autumn 2013	Autumn 2013	Benchmark
Residents' satisfaction with their local area as a place to live	88%	87%	86%	88%	82% (National – Oct 2014)
Residents' satisfaction with the way your local council runs things	71%	72%	74%	63%	68% (National – Oct 2014) 70% (London – Autumn 2014)
Barnet Council provides value for money	50%	51%	50%	43%	51% (National – Oct 2014)

N.B. not all questions are asked across other areas so not all benchmarks are available for all indicators.

- 88 per cent of residents reported Barnet is a good place to live, 6 percentage points above the national average.
- 50 per cent of residents reported that they think Barnet council provides Value for Money, an increase of 7 percentage points from 2012 and in line with the national average.
- Overall satisfaction with the council remains significantly higher than 2012 and above the London average.
- Satisfaction with Council services has been maintained since the spring 2014 survey. Satisfaction with 9 services significantly higher than they were in 2012.
- 'Conditions of roads and pavements' remains the top concern although a significantly lower proportion of residents include this in their top three concerns. 'Lack of affordable housing' and 'crime' remain the second and third top concerns.

Full survey results will be available at the end of February from: http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-autumn-2014
Details are available for individual Delivery Units reports at www.barnet.gov.uk/currentperformance

To further increase transparency of the Council's performance; each quarter's results are published on the Council's data portal https://open.barnet.gov.uk/.

Customer Experience report

Although calls answered by the CSG contact centre within 20 seconds has remained below the target, 74% against a target of 80%, satisfaction has continued to exceed the target with 77% of people satisfied.

The proportion of complaints dealt within target has continued to rise, to 76%, but remains below the 90% target. Freedom of Information requests have continued to exceed the target with 98% responded to within target.

Overall customer experience performance is summarised in table 2 below.

Table 2: Customer Experience summary

Area	Target	Performance previous quarter	Performance current quarter	DoT
% Complaints resolved within SLA	90%	71%	76%	⇧
% Member Enquiries resolved within SLA	90%	87%	78%	⇩
% Calls resolved at first contact (FCR)	50%	54%	54%	⇨
% FOIs resolved within SLA	90%	97%	98%	⇧
% CSG calls answered within SLA	80%	77%	74%	⇩
% non CSG calls answered within SLA (Re & Barnet House)	80%	59%	59%	⇧
% desk calls answered within SLA	80%	71%	72%	⇧
% Emails responded to within SLA	90%	68%	71%	⇧
% Webforms responded to within SLA	90%	53%	39%	⇩
Avg. initial waiting time (min.) Barnet House only	Max. 5 min.	1.3	1.5	⇩
Avg. secondary waiting time (min.) Barnet House only	Max. 10 min.	5.2	7.3	⇩
Case Closure satisfaction (all services recorded on Lagan CRM)	tbc		39%	
Govmetric satisfaction	65%	81%	77%	⇩
Mystery Shopping	90%	76%	79%	⇧

Please note: *SLA* refers to the service level agreement which outlines the target for each indicator.

CSG will be introducing three new KPIs in quarter 3, which will drive improvements in those areas that matter most to customers.

1.6 Performance against the Corporate Plan

Table 3 below provides a breakdown of the RAG rating of the Corporate Plan Indicators, expected to report in quarter 3, by each Delivery Unit.

Table 3: Corporate Plan Indicator by Delivery Unit

Delivery Unit	Total no. of Corporate Plan indicators	No. of indicators expected to report in Quarter 2 2014/15	RAG ratings				Positive/ neutral Direction of Travel	Negative Direction of Travel
			Green	Green amber	Red amber	Red		
Adults and Communities	10	7	4	1	1	1	5	2
Children's Education and Skills	6	6	5	0	0	1	4	1
Family Services[1]	5	4	1	0	0	2	2	2
Commissioning Group	1	1	1	0	0	0	1	0
Streetscene	3	2	0	0	2	0	1	1
Public Health	4	4	4	0	0	0	3	1
Barnet Homes	2	2	2	0	0	0	2	0
R^{e}[2]	5	5	2	0	1	0	3	2
Parking and Infrastructure	2	2	2	0	0	0	2	0
Total	**38**	**33**	**21** (70%)	**1** (3.4%)	**4** (13.3%)	**4** (13.3%)	**23**	**9**

Of the Corporate Plan Indicators (CPIs) that reported in quarter 3, the balance of met and missed targets was 70% were rated as green, 3.4% green amber, 13.3% red amber and 13.3% 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 80% success rate.
- Support families and individuals that need it- promoting independence, learning and well-being has met 73% success targets.

[1] One indicator is for monitoring purposes and has not been RAG rated.
[2] Two indicator targets are annual and are reported for monitoring purposes quarterly.

- Improve satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study is currently at 57% of success measures being met.

See section 2.4 of Appendix A for full detail.

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 4 outlines the RAG rating for the Commissioning Priorities by area:

Table 4: Commissioning Priorities by Lead Commissioner

Lead Commissioner	RAG ratings			Direction of Travel^	
	Green	Amber	Red	Positive/ neutral DoT	Negative DoT
Later Life (Adults and Communities)	2	3	-	3	2
Schools, Skills and Learning (Children's Education and Skills)	2	3	-	5	-
Family & Community Wellbeing (Family Services)	1	4	-	5	-
Environment (Streetscene and Parking & Infrastructure)	3	2	-	5	-
Public Health (Public Health)	5	-	-	5	-
Total	13	12	-	**23**	**2**

A total of 13 out of 25 Commissioning Priorities were achieved a green rating in quarter 3 2014/15. Of the indicators that reported, 52% of the RAG ratings were Green with the remainder (48%) rated as Amber (indicating improvement required).

Later Life (Adults and Communities)
In quarter 3, two commissioning priorities showed a negative direction of travel from green to amber. **Delivery of health and social care integration including through the Better Care Fund** received an amber rating as a result of NHS England requiring further assurance on the target to reduce emergency admissions; additional work is currently subject to approval. The timescales to go live with the **Delivery of the new vision for adult social**

care by 1 April are challenging resulting in an amber rating. **Sufficiency and quality of the social care delivery workforce** remained amber with a recruitment drive for permanent staff beginning within the quarter.

Schools, Skills and Learning (Children's Education and Skills)
Three commissioning priorities remained amber rated in quarter three. **Driving a rise in attainment in schools** remains amber until there is an increase in the percentage of schools achieving good or outstanding. Provisional results for progress of looked after children from Key Stage 2 to Key Stage 4 indicate a continued challenge for the **attainment of vulnerable children. An alternative delivery model** recommendation was referred to full council and the impact of MTFS cannot be realised until detailed proposals have been evaluated.

Family & Community Wellbeing (Family Services)
Four out of five commissioning priorities remained amber in quarter three. Work is on-going and monitoring of Children's Social Care, Children's Centres and the Youth Offending Service continues to **ensure practice is 'inspection ready'**. The **Looked After Children transformation programme** is on track to deliver within timescales although the challenge in ensuring the right foster carers are in place to meet the specific need of children requiring placement continues. **Implementation of the Early Years review** has commenced following consultation and the presentation of the business case to committee during the quarter. T**he future of early intervention services and the Family Focus team** is in phase 2 of recruitment with detailed design work underway to determine operating models for each service area.

Environment (Streetscene and Parking & Infrastructure)
Two out of five commissioning priorities remained amber. **Establishing a coherent, co-ordinated customer facing service offer with a clear accessible policy and increasing resident satisfaction of the parking service** remained amber as a result of technical issues with the database; the parking policy consultation is currently underway. The Children's service are currently exploring routes to manage demand and client needs to **enhance passenger transport service delivery offer and reduce costs**. This commissioning priority remains amber as a result of piloting of brokerage function impacting the financial position for new cases with clients being able to select personal transport budgets.

Public Health (Public Health)
All commissioning priorities were on target in quarter three. The review of school nursing and health visiting remain on track ahead of **assuming responsibilities for health visiting services at the end of 2015. Fit and Active Barnet (FAB) Campaign continues to deliver environmental and behavioural interventions to promote physical activity** with a new section

added to the website to encourage disabled people to participate in sports and physical activity. Health and social care integration tier 1 plans were finalised and submitted as part of the introduction of a **new self-care programme in partnership with CCG**. A local sexual health strategy was presented to Barnet Health and Well Being board as part of the **re-procurement of sexual health services and drug and alcohol services**. **Support to other areas of the council that influence the wider determinants of health** has been implemented through two employment services to provide motivational and psychological support and individual placement support.

The full detail can be found in individual Delivery Unit reports on www.barnet.gov.uk/performance with the most recent quarter at 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 3 2014/15 for each Delivery Unit is outlined in table 5 below:

Table 5: 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	7	-	-	1	5	3	8
Children's Education and Skills	3	4	1	2	9	1	10
Family Services *(reported as Commissioning Priorities)*	4	-	-	-	3	1	10
Streetscene *(reported as Commissioning Priorities)*	10	-	1	2	6	6	12
Public Health	9	-	-	3	6	5	12
Barnet Homes	10	1	-	2	10	3	13
R^e	49	1	-	5	39	17	64
CSG	15	-	-	3	8	10	18
HB Public Law	14	-	-	-	8	5	14
Parking & Infrastructure	15	-	2	-	13	4	17
Total	**136** (82.9%)	**6** (3.7%)	**4** (2.4%)	**18** (11.0%)	**107**	**55**	**178**

*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 3 2014/15 – a large majority of indicators met their target (82.9%).

The Council uses an escalation approach which highlights where there are performance challenges within Delivery Units, whether an internal or external 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 3 2014/15, these have been highlighted as:

- Number of households in Emergency Accommodation pending enquiries or found to be intentionally homeless has improved at 30.8% and is now on target.
- Customer satisfaction levels for customer services were 71.7% and first contact resolution was 53.7% for quarter 3, both exceeding the targets.
- The percentage of committee reports and delegated power reports cleared within 5 working days met the target this quarter with 97.7%

There were also some challenges experienced across Barnet Delivery Unit KPIs for quarter 3 2014/15 which include:

- Current tenant arrears and temporary accommodation (TA) arrears continue to worsen;
    - current arrears as a percentage of debit was 3.74% against a target of 2.83% and;
    - Temporary Accommodation arrears as percentage of debit was 7.78% against a target of 4.6%
- Customer Services answered 75% of calls in 20 seconds against an 80% target; this is the second consecutive quarter that the target has been missed.
- Revenues and Benefits faced challenges with meeting the target of 6 days for processing changes to circumstances with an average of 9.23 days in quarter 3.
- Successful completion of drug treatment for opiate and non-opiate users continued to worsen;
    - 7.99% of opiate users completed drug treatment and did not return within 6 months from July to September (a reduction from 9.2%)
    - There were 22.2% of non-opiate users that did not return within 6 months of treatment against a target of 40.2%
- There were no strategic planning documents completed and signed off (out of three required) by the Authority during quarter 3.

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 Associations' (LGA) public benchmarking tool – LG Inform – ranks Barnet across 18 service indicators. Barnet was above benchmark in 83% of service indicator (15 out of 18), See appendix A, section 4 for full details.

The 3 service indicators highlighted as below benchmark are:

- *Total revenue expenditure on Housing services* is illustrated as in the bottom quartile (highest spending) across Unitary/ County Council benchmark.

- *Social care-related quality of life* is illustrated as in the 3rd quartile across Unitary/ County Council benchmark. Barnet's performance is better than the London and Barnet's peers benchmarks.
- *Overall satisfaction of people who use services with their care and support* is illustrated in the 3rd quartile across Unitary/ County Council benchmark. Barnet's performance is better than the London and Barnet's peers benchmarks.

1.10 Programmes

Within the Transformation programme progress has been made across a number of projects, with a number of complex projects in the design phase therefore the overall assessment is that the programme is amber. There are no red rated projects. The Depot relocation project is rated as amber, with two relocations options under consideration and detailed work on the next stage of the business case is underway.

The Capital programme is rated green. Two thirds of the projects are green rated and there are no red rated projects.

The Regeneration programme overall is rated as green with good progress being made across most schemes. There are 12 open projects of which none are red-rated which is unchanged from the last three quarters. Positively, it is noted that invoices are now being raised in a timely manner to recover costs and there have been improvements in communications. For Grahame Park, £56 million loan to Genesis was approved from central government treasury for the next phase. Two projects, Brent Cross Cricklewood and West Hendon have moved from green to amber ratings. For Brent Cross Cricklewood there is good overall progress, however, there are a few challenges such as the possible delay to implementation of Compulsory Purchase Order, completion of agreements with partners and central government. Concerns for the West Hendon project are due to the considerable objection to the scheme, with a Planning Inquiry underway in January 2015.

1.11 Quarter 3 Revenue Monitoring

Table 6 below provides a summary of the quarter 3 forecast position for the outturn at 31 March 2015. This analysis compares the quarter 3 forecast to the revised budget position. The quarter 3 forecast outturn general fund expenditure (after reserve movements) is £287.984m, which is an adverse variance of £1.572m (0.5%) against the revised budget of £286.412m.

Note that the overall over spend projected at quarter 3 in the prior year, 2013/14 was £1.598m. 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 6: 2014/15 Revenue Quarter 3 Analysis – Summary

Description	Variations				
	Original Budget £000	Budget V1 £000	Q3 Forecast £000	Variation £000	Variation vs Revised Budget %
Adults and Communities	89,669	90,814	91,671	857	0.9
Assurance	4,005	4,057	3,955	(102)	(2.5)
Children's Education	7,069	7,120	7,120	0	0.0
Children's Family Service	48,342	50,359	50,359	0	0.0
Commissioning Group	6,668	7,322	7,027	(295)	(4.0)
Streetscene	15,650	15,695	15,453	(242)	(1.5)
Commercial - Parking and Infrastructure	(1,657)	(942)	(59)	883	(93.7)
Public Health	14,302	14,335	14,335	0	0.0
HB Public Law	1,782	1,952	1,993	41	2.1
Barnet Group	3,338	4,254	5,303	1,049	24.7
Re	767	1,030	1,302	272	26.4
CSG	22,153	22,922	23,422	500	2.2
Central Expenses	74,323	67,493	66,103	(1,390)	(2.1)
Service Total	**286,412**	**286,412**	**287,984**	**1,572**	**0.5**
Allocations agreed from GF Balances					
GF Balances as at 01/04/14				(15,950)	
Forecast GF Balances as at 31/03/15				(14,378)	

Please see table 7 for the impacts to General Fund Balances

Housing Revenue Account

Description	Variations				
	Original Budget £000	Budget V1 £000	Q3 Forecast £000	Variation £000	Variation vs Revised Budget %
Housing Revenue Account	0	0	(68)	(68)	**(100.0)**

Please see table 8 for the impacts to the Housing Revenue Account Balances

Dedicated Schools Grant

Description	Variations				
	Original Budget £000	Budget V1 £000	Q3 Forecast £000	Variation £000	Variation vs Revised Budget %
Dedicated Schools Grant	0	0	(3,221)	(3,221)	**(100.0)**

Please see table 9 for the impacts to the Dedicated Schools Balances.

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 budget available.

Impact on Balances

Table 7: General Fund Balances

	£'000
General Fund Balances brought forward 1 April 2014	**(15,950)**
Budgeted Use of Balance	0
Outturn Variation	1,572
Forecast General Fund Balances 31 March 2015	**(14,378)**

*Subject to Policy and Resources Committee approval

The Council's overall general fund balance position has improved since quarter 2 (reported as £13.231m); to now forecasting a year-end general fund balances of £14.378m.

Delivery units have been proactively managing the situation through formulating and implementing service recovery plans to mitigate adverse variances from the reported quarter two position. The largest contribution to the movement is the decrease in forecasts within commercial – Parking and Infrastructure, amounting to £1.202m largely relating to the Special Parking account, discussed further in paragraph 1.11.1. The other major contributor towards the movement includes the elimination of the anticipated £0.623m over spend reported within Children's Education and Family services in quarter two, again detailed further in paragraph 1.11.1.

Also, the Policy and Resources committee in December 2014 approved that the pressures on permit income within the Special Parking Account (£1.020m) will be funded from contingency.

Further, the Policy and Resource Committee in December 2014 that any impacts of an inflationary pay award for all staff will also be funded from contingency. Service recovery plans are being put in place by Delivery Units to ameliorate any significant budget variances.

Table 8: Housing Revenue Account Balances

	£'000
Housing Revenue Account Balances brought forward 1 April 2014	**(14,831)**
Budgeted Use of Balance	3,346
Outturn Variation	(68)
Forecast Housing Revenue Account Balances 31 March 2015	**(11,553)**

The in-year Housing Revenue Account (HRA) is showing a £0.068m increased surplus than budgeted position for the 2014/15 financial year. The projected increase in surplus is largely due to anticipated unrecoverable regeneration staffing expenditure (£0.278m) as a consequence of exceeding the private developer agreement (PDA) value, off-set by anticipated under spends of £0.055m within other staffing budgets and increased levels of service charges income amounting to £0.291m largely due to increases in collection rates. Hence, the Council's Housing Revenue Account balances are forecast to be £11.553m, which will be factored into the 30-year business plan.

Table 9: Dedicated Schools Grant Balances

	£'000
DSG Balances brought forward 1 April 2014	**(3,678)**
Budgeted Use of Balance	2,333
Outturn Variation	(3,221)
Forecast DSG Balances 31 March 2015	**(4,566)**

The projected in year under spend is £3.221m, this is due to £0.608m anticipated under spends mainly in the take up of the two-year old offer within Early Intervention and Prevention and £2.613m under spend relating to top up funding in high needs due to more up to date information from out of borough schools and the reduction in the use of more expensive placements.
Special Educational Needs budgets for individual pupils are volatile and no contingency has been set aside. Moreover, if schools are funded on a similar basis as 2014/15, the reported under spend will be used to support the 2015/16 budget.

Growth in pupil numbers is putting pressure on the Schools budgets. Whilst ideally the services would distribute the under spend to schools, to maintain prudence, the under spend may be needed for advanced funding of new schools in 2016/17 and 2017/18.

The projected Dedicated Schools Grant (DSG) balance at year end is expected to be £4.566m.

1.11.1 Commentary for Budget Variances

Adults and Communities

The over spend for Adults and Communities of £0.857m represents 0.9% of the delivery unit budget (£90.814m). The key drivers for this variance are detailed as follows;

There is a forecasted under spend within Prevention and Well-being amounting to £0.995m. This is in relation to early achievement of savings on housing related support contracts, over and above medium term financial strategy for 2014/15 (being used to partially offset MTFS savings pressures within Social Care); and anticipated additional public health funding in relation to the provision of Leisure Services.

Within Integrated Care – Learning Disability and Mental Health there is a forecasted £0.939m over spend. This is due to additional pressures resulting from 7 new ordinary residence clients and an increase in service users with Learning Disabilities compared to last year; this is mainly in relation to transitions clients where, over the last 4 years, there has been pressures on the service due to clients transitioning over from Children's to Adult's services. This is due to two reasons, new clients coming through and an increase in cost for existing clients where there is no change in client needs. The year to date pressure for 2014/15 of £1.100m has largely been absorbed within Adult's budget. However, there is likely to be additional pressure for additional 8 to 9 clients in the last quarter of 2014/15, included in the forecast. Further, for 2015/16 an additional 34 clients are expected, resulting in another anticipated additional pressure estimated to cost £1.014m. Adults and Communities do not receive any additional demographic growth for the pressure caused by the increase in transitions clients.

Finally, a £1.042m over spend is anticipated due to clients who were self-funders, whose funds have depleted and are now the responsibility of the local authority (seventeen in total). The number of self-funders who come forward is difficult to predict and the local authority has a legal duty to support client's un-met eligible needs. EMI Nursing and Residential are both areas of pressure within this service, where client numbers have increased from 114 in month 2 of 2013/14 to 134 at the end of month 9 2014/15, reflecting Barnet's increasing older population. The £0.800 demographic growth and £1.167m inflation received by Adults and Communities is not sufficient to meet these additional demand on services. The forecast also assumes £0.500m MTFS savings in relation to procurement savings on the equipment contract will not be achieved.

Assurance

The under spend for Assurance of £0.102m represents 2.5% of the delivery unit budget (£4.057m). The under spends are largely due to the savings realised as a consequence of the revised members allowance scheme (£0.136m), implemented in June 2014, Off-set by anticipated over spends of 0.033m within Assurance Management and Internal Audit and CAFT due to interim cover.

Children's Education and Skills

The Children's Education and Skills outturn is forecast to be as per delivery unit budget (£7.120m).

The Delivery unit is forecast to under spend by £0.033m within the Management Team budgets due to reduced costs relating to supplies and services and by £0.312m within Education Partnership and Commercial Services from managing the demand in the schools causing concern budget, where funding is provided to schools to avoid schools going into special measures.

These under spends are anticipated to be off-set by over spends within High Needs Support services amounting to £0.345m due to budget efficiencies not being fully realised in 2013/14, with the same underlying problems remaining in 2014/15 within Special Educational Needs transport. Projects are now in place in Street scene and Education and Skills to identify possible ways to achieve further savings.

Children's Family Services

The Children's Education and Skills outturn is forecast to be as per delivery unit budget (£50.359m).

The forecasted outturn spend to budget is the net impact of variances across the service. Within the management team there is a forecast £0.311m under spend due to budgets including centrally held inflation monies, offset against over spends in transformation project (£0.138m).

There is an anticipated over spend of £0.437m within Assessment and Children in Need, largely due to over spends within direct payments and respite services off-set by anticipated under spends in short breaks resulting in a net over spend position of £0.230m. The remaining over spend within the service is due to the utilisation of agency staff for established posts.
Within Children's in Care and Provider services there is a forecast over spend of £0.714m in relation to staffing and external placement costs.

Further, there are anticipated under spends within Commissioning and Business Improvement service amounting to £0.650m arising from staff vacancies and a substitution of funding source and the use of reserves to bring overall budgets back in line as per service recovery plans. Finally, within Youth and Community services due to further staffing vacancies and sponsorship of training courses there is an anticipated under spend amounting to £0.276m.

Commissioning Group

The projected under spend for the Commissioning Group of £0.295m represents 4.0% of the delivery unit budget (£7.322m).

The variance is largely as a consequence of under spends within staffing expenditure within commercial services amounting to £0.152m due to vacancies not being filled.

Streetscene

The projected under spend for Streetscene of £0.242m represents 1.5% of the delivery unit budget (£15.695m).

Savings are expected within Transport totalling £0.173m due to lower than anticipated fuel prices and usage as well as other efficiencies generated in the service resulting in lower than anticipated maintenance costs. Within Greenspaces there is an anticipated under spend of £0.078m largely as a result of reductions in weed spraying rounds and efficient management of staffing and supplies costs.

Within the Waste service there are anticipated savings of £0.136m from fuel and general transport costs. This saving is off-set by an equivalent over spend within the Recycling service due to a projected shortfall in the £1.100m co-mingled recyclable materials income. This is a result of significant market changes affecting the value of this waste material stream. In particular, a 9% price adjustment per tonne of waste (£25.00 to £23.71 per tonne). This is managed by the North London Waste Authority on behalf of the Council and maximises economies of scale for participating authorities.

The under spend is to be reviewed to take into account possible provisions for expenditure in future years.

Commercial – Parking and Infrastructure

The over spends for Commercial – Parking and Infrastructure of £0.883m represents 93.7% of the services budget (income of £0.942m). The over spend is almost wholly as a consequence of the anticipated Special Parking Account (SPA) contribution to the general fund. There is expected to be a £0.967m shortfall largely due to reduced permit income of £0.950m (resulting from a judicial review), with the remaining balance of the under spend being explained by the off-setting Bus lane Penalty Charge Notice (PCN) income being forecast to be slightly above budget and a forecast shortfall on street PCN income. As reported in 'impact on balances' section above, it was approved at the Policy and Resources Committee in December 2014 that the reduced permit income pressure (£0.950m) would be funded from contingency with the area.

Public Health

Public Health outturn is forecast to be as per delivery unit budget (£14.335m). Although there is a forecast under spend of £552k for Public Health, this is being utilised to fund GF pressures in Adults and Children's and is included in the forecasts for the relevant services to maximise efficiency.

HB Public Law

The over spends for Legal Services of £0.041m represents 2.1% of the delivery unit budget (£1.952m). This figure shows that the current income target is not being achieved. As with any income target this amount is based on a number of historical assumptions and therefore total accuracy cannot be predicted.

Barnet Group

The over spends for the Barnet Group of £1.049m represents 24.7% of the delivery unit budget (£4.254m). The variance is due to temporary accommodation pressures that have resulted due to increasing number of clients and high inflation rates for emergency accommodation during 2014, despite recent decreases in emergency accommodation costs where numbers were 461 by the end of December and with relatively low demand in month 9, where emergency accommodation has been utilised less than expected.

The demand is being controlled as far as possible through mitigations being undertaken within the service. There is also a shortfall in the budgeted rental income for regeneration buy back properties.

R$^{\underline{e}}$

The over spend for R<u>e</u> of £0.272m represents 26.4% of the delivery unit budget (£1.030m). The over spend is largely due to a higher than budgeted number of officers being funded from R<u>e</u>'s management fee. A recovery plan has been developed and this is currently being verified.

Customer Support Group (CSG)

The over spends for Customer Support Group (CSG) of £0.500m represents 2.2% of the delivery unit budget (£22.922m). The over spend is due to base lining of income guarantees currently taking place, where the income in certain areas such as schools is lower than anticipated. Work is ongoing to identify mitigating savings.

Central Expenses

The under spends for Central Expenses of £1.390m represents 2.1% of the budget (£67.493m). The under spend is predominantly as a consequence of under spends against the North London Waste Authority (NLWA) and London Pension Fund Authority (LPFA).

1.12 Savings

Table 10: Savings

	2014/15 MTFS savings allocation	Acheiveable savings	Non-achievable savings	Achieved savings	Identified savings against allocation
	(£000s)	(£000s)	(£000s)	(£000s)	%
Adults and Communities	8,377	7,877	500	6,782	81%
Assurance	40	40	0	40	100%
HNR	55	55	0	55	100%
Commissioning Group	800	796	4	796	100%
CSG	2,393	2,393	0	2,393	100%
Education and Skills	561	561	0	561	100%
Family Services	3,879	3,404	475	3,404	88%
HB Public Law	150	117	33	117	78%
Re	1,355	1,355	0	1,355	100%
Street Scene	1,005	1,005	0	1,005	100%
Commercial - Parking and Infrastructure	395	395	0	395	100%
Total	**19,010**	**17,998**	**1,012**	**16,903**	**89%**

There is a risk that £1.012m of the savings for 2014/15 are not achievable. The breakdown of savings is outlined in table 10 above. The outlook for 2015/16 is that savings of £13.669m need to be achieved.

1.13 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 £8.880m.

Table 11: Provisions

Description	Provsions brought	Q3 Forecast in-year	Written back in year	New provision	Provsions carried
	£000	£000	£000	£000	£000
Adults	552	(552)	0	0	0
Resources (grant unit)	105	(105)	0	0	0
Corporate (insurance provisions)	8,850	0	0	0	8,850
Regional Enterprise (RE)	160	(160)	0	0	0
Commercial	256	(256)	0	0	0
Childrens	152	(152)	0	0	0
Streetscene	67	(67)	0	0	0
Carbon Reduction Commitment	373	(343)	0	0	30
Total	**10,515**	**(1,635)**	**0**	**0**	**8,880**

1.14 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 £91.624m. As at quarter 3, the forecasted level of reserves anticipated to be carried forward at 31 March 2015 is £68.864m.

Table 12: Reserves

Description	Reserves brought	Q3 Forecast in-year	New reserves raised in-year	Reserves carried
	£000	£000	£000	£000
Central - Financing	2,673	(122)	0	2,551
Central - Community Infrastructure Levy	992	0	0	992
Central - Infrastructure	21,573	(4,050)	8,417	25,940
Central - Risk	15,500	(2,046)	0	13,454
Central - Services Development	9,577	(4,535)	0	5,042
Central - Transformation	11,293	(6,750)	0	4,543
Service - Other	12,237	(2,079)	1,844	12,002
Sub total general fund earmarked reserves	**73,845**	**(19,582)**	**10,261**	**64,524**
Service - DSG	3,676	(2,333)	0	1,343
Service - Housing Benefit	5,773	(5,773)	0	0
Service - NLSR	1,228	(235)	0	993
Service - PFI	3,117	(3,117)	0	0
Service - Street Lighting	1,149	(1,149)	0	0
Service - Section 256 - NHS Social Care Funding	1,596	(7,166)	6,634	1,064
Service - Public Health	831	(300)	0	531
Special Parking Account (SPA)	409	0	0	409
Sub total ring fenced reserves	**17,779**	**(20,073)**	**6,634**	**4,340**
Total all earmarked reserves	**91,624**	**(39,655)**	**16,895**	**68,864**

The largest reserve the Council has is the infrastructure reserve, where income is received from the New Homes Bonuses.

1.15 Quarter 2 Capital Monitoring

The quarter 3 forecast expenditure during 2014/15 on the Council's capital programme is £98.604m, £70.785m of this relates to the general fund programme and £27.819m for the HRA capital programme. This is a variance of £19.103m against the latest approved budget of £117.707m. The table below summarises the expenditure by each service.

Table 13: Capital Programme Position at Quarter 2

Description	2014/15 Latest Approved Budget	Additions/ (Deletions) - Quarter 3	(Slippage) / Accelerated Spend - Quarter 3	2014/15 Budget (including Quarter 3)	Forecast to year-end	Variance from Revised Budget	% slippage of 2014/15 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Adults and Communities	2,574	0	(4)	2,570	2,570	(4)	(0.1)
Children's Family Services	2,051	315	(440)	1,925	1,925	(125)	(21.5)
Children's Education and Skills	36,793	(15)	(6,195)	30,583	30,583	(6,210)	(16.8)
Commissioning Group	3,191	0	(981)	2,210	2,210	(981)	(30.7)
Commercial - Parking and Infrastructure	-	162	(72)	90	90	90	0.0
Street Scene	3,230	(38)	(109)	3,083	3,083	(147)	(3.4)
Re delivery Unit	37,734	(1,133)	(6,432)	30,169	30,169	(7,565)	(17.1)
The Barnet Group	152	3	0	155	155	3	0.0
General Fund Programme	**85,725**	**(707)**	**(14,232)**	**70,785**	**70,785**	**(14,940)**	**(16.5)**
HRA	31,982	0	(4,163)	27,819	27,819	(4,163)	(13.0)
Total Capital Programme	**117,707**	**(707)**	**(18,395)**	**98,604**	**98,604**	**(19,103)**	**(15.6)**

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

Table 14 below analyses the 2014/15 capital programme as at the end of quarter 3. A detailed analysis of changes including additions, deletions and budget movements is provided in Appendix D.

Table 14: **2014/15 Capital Funding Changes at quarter 2**

Description	Grants	S106 / Other Contribution	Capital Receipts	Revenue/MRA	Borrowing	Capital Reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Adults and Communities	(4)						(4)
Children's Family Services	(195)		(194)	(41)		304	(125)
Children's Education and Skills	(3,356)		(82)	(300)	(2,472)		(6,210)
Commissioning Group			(15)	(73)	(892)		(981)
Commercial - Parking and Infrastructure				90			90
Street Scene	105	(61)		(162)	(30)		(147)
Re delivery unit	(185)	(3,464)	(323)		(2,443)	(1,150)	(7,565)
The Barnet Group			3				3
General Fund Programme	**(3,633)**	**(3,525)**	**(612)**	**(486)**	**(5,837)**	**(846)**	**(14,940)**
HRA			(2,350)	(1,813)			(4,163)
Total Capital Programme	**(3,633)**	**(3,525)**	**(2,962)**	**(2,299)**	**(5,837)**	**(846)**	**(19,103)**

1.15.1 There is a forecasted 16.2% reduction in the capital programme at end of quarter three, with the projected outturn expenditure being £98.604m against the latest budget of £117.707m. It is projected, over the full financial year; there will be slippage of £18.395m, representing 15.6% of the latest approved budget programme.

The main outturn slippage this quarter is as follows:

- The total Children's Education and Skills programme has net slipped by £6.210m. This is composed of slippage on the Orion Primary and Blessed Dominic schools project, forecast to slip by £1.566m due to re-profiling of budgets to support the change in project scope and contingencies. Slippage of £0.848m has been requested for the watching brief of St Joseph's RC Junior & St Joseph's RC Infants School based on cash flow forecasts. There is anticipated slippage of £1.083m on the St Mary's and St John's project and consideration is now being given to potential changes in the project brief for phase three of. There is also anticipated slippage on the London Academy amounting to £0.974m as a consequence of re-profiling of contract sums in line with contractor billing time lines. Finally, the modernisation of Primary and Secondary schools has slipped by £0.771m, largely due to delays in construction start dates and associated costs.

- The Re delivery unit programme has been revised by £7.565m. This is composed of forecast reduction and slippage of £0.401m on Highways Transport for London bus stop accessibility allocations. Total anticipated slippage of £1.373m is anticipated on the Highways Colindale Development Area programme. This is largely due to projected slippages on the reconstruction of railway bridges amounting to £0.850m due to re-profiling of bridge retention funds and projected slippages on Improvement and Signalisation Infrastructure amounting to £0.356m predominantly due to re-profiling of Section 106 projects. The Highways Investment Capital programme is forecast to slip by £0.540m, also predominantly due to re-profiling of section 106 projects. The Highways drainage project is also envisaged to slip by £0.373m due to re-profiling of budgets. The General Fund regeneration programme is forecast to slip by £2.128m. This is largely due to projected slippages on infrastructure improvements on Graham Park Regeneration amounting to £0.450m due to re-profiling of the project, anticipated slippages on the Thameslink Project totalling £1.000m due to delays in the commencement of the project and forecast slippages £0.478m on the General Fund Regeneration project due re-profiling of the project. Finally, the Empty Properties project is envisaged to slip by £0.500m due to delays in acquiring properties under Compulsory Purchase Order (CPO).

- There are also net anticipated accelerations within the Re delivery unit programme amounting to £0.972m, largely due to the funding of the programme moving from capital to revenue.

1.15.2 The slippage column in the report is a net figure based on slippage (budget required for future financial years) and accelerated spend (budget required from future years). As an example, a budget may be set for a school build but construction may not start until half way through the year and is due to continue into future financial years. As construction accounts for the majority of the budget, it needs to be re-profiled (slipped) into the financial year it is required for. Slippage does not indicate an over spend, just a movement of budget into future financial years.

1.16 Agency Costs

The table below details all agency staff costs incurred during quarter three 2014/15 financial year in comparison to quarter three 2013/14 financial year. This identifies that agency expenditure has reduced by £0.914m from the equivalent quarter last year.

The current level of agency usage is consistent with the Council's strategic approach to ensure business critical functions continue to operate and perform while going through significant change. This strategic approach reflects the Council's desire to reduce redundancies from the workforce.

Table 15: Agency Costs for 2014/15

	2013/14	2014/15
Directorate	Agency Spend £000	Agency Spend £000
Adults and Communities	2,846	3,265
Assurance	23	79
Barnet Group	52	0
Central Expenses	0	0
Children's Education	1,014	1,162
Children's Families Service	1,877	2,533
Commercial		
Commissioning Group	2,217	1,929
CSG	2,638	1,254
HRA	237	0
Public Health	0	0
Re	720	0
Schools Direct Management	142	0
Street Scene	1,220	1,851
Total	**12,988**	**12,074**

1.17 Transformation Programme

The expenditure on the Transformation programme and projections for 2014/15 as at December 2014 is included in Appendix E. The Policy and Resources Committee on the 2nd December 2014 approved transformation reserve drawdown of £2.530m. The budgets in Appendix E have been amended to reflect the drawdown from the transformation reserve.

1.18 Write-offs and Debt Information

As part of the quarterly monitoring process the Council will now report on all scheduled write-offs in excess of £5,000

Sundry Debt write-offs

The value of a write off is determined at a debt value as per the Council's financial regulations. Debts under £5,000 are approved by the Director of Finance in consultation with HB Public Law, as set out in the *Scheme of Delegation* (section 15 of the Constitution).

Actions taken to recover debt is as per the Council's Income & Debt Management Policy. If an invoice is raised and remains unpaid, "dunning" process comes into play as follows:-

- Level 1 - a reminder is sent after 21 days
- Level 2 - a final notice is sent after 35 days i.e. a further 14 days

The Income Team will review all Level 2 cases remaining outstanding greater than 49 days (allowing a further 14 days to pay after the Final Notice) to decide whether the debt recovery should proceed.

Depending on the type of debt, customer and circumstances consideration of the use of debt collectors or issuing proceedings in the County Court is considered. Every case is treated individually, hence the circumstances of each debt is assessed prior to taking a decision on the recovery of the debt in conjunction with the delivery unit.

There were no additional write-offs in quarter 3.

Council Tax and Non-Domestic Rates

Irrecoverable council tax debts of £555,462.43 are recommended for write off. The individual debts are all £5,000 or more and cover the financial years from 2000/2001 to 2014/2015.

All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded, including some who are known to now be abroad. Other debts are either individuals subject to bankruptcy, or limited companies that have been dissolved, or companies registered abroad. No or insufficient monies to clear these debts were yielded (council tax debt does not rank as a preferential debt in insolvency proceedings) and no further action can be taken.

The breakdown of the value of the Council Tax debts by year is as follows:

Sum of Write Off Amount Council Tax	
Financial Year debt raised	Value of debt
2000/2001	£5,126.40
2001/2002	£3,071.60
2002/2003	£3,698.48
2003/2004	£6,126.42
2004/2005	£14,282.41
2005/2006	£22,236.15
2006/2007	£41,957.06
2007/2008	£59,224.91
2008/2009	£97,228.45
2009/2010	£92,073.63
2010/2011	£86,271.49
2011/2012	£81,061.74
2012/2013	£29,947.31
2013/2014	£12,754.43
2014/2015	£401.95
Grand Total	£555,462.43

Non-domestic rates totalling £1,150,288.78 are recommended for write off. The individual debts are all over £5,000 and cover the financial years 2005/2006 to 2014/2015.

Attempts to trace absconded debtors include searches of internal systems, enquiries made with owners, agents and new occupiers of properties, and visit reports by the council’s Enforcement agents. Having regard to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts, with a greater number of checks being carried out in respect of larger debts. The breakdown of the value of the Business Rates debts by year is as follows:

Sum of Write Off Amount Business Rates	
Financial year debt raised	Value of debt
2005/2006	£2,034.38
2006/2007	£2,641.30
2007/2008	£4,325.06
2008/2009	£7,376.21
2009/2010	£17,874.97
2010/2011	£136,081.23
2011/2012	£359,106.22
2012/2013	£294,511.28
2013/2014	£169,010.74
2014/2015	£157,327.39
Grand Total	£1,150,288.78

Housing

The aggregate of the anticipated scheduled Housing write-off's where the individual debt level is in excess of £5,000 is currently forecast to total £0.267m, with £0.245m relating to the General Fund and £0.022m relating to the Housing Revenue Account.

1.19 **Treasury Outturn**

1.19.1 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 31 December 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 September 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 assessments.

1.19.2 **Investment Performance**

Investment deposits are managed internally. As at 31 December 2014, deposits outstanding were £208.100m (excluding Icelandic deposits), achieving an average annual rate of return of 0.64 per cent (adjusted for Icelandic deposits) against a benchmark average (London Interbank Bid Rate - LIBID) of 0.35 per cent. A list of deposits outstanding as at 31December 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.

There have been no Icelandic bank deposit settlements in the quarter ending 31 December 2014. To date the Council has received £10.970m from the Glitnir Winding- up Board with a further £2.5 million held in an escrow account in Icelandic Krónur, because of the Icelandic currency export restrictions. The Council approved the sale of the Landsbanki claim under executive powers on 20 January 2014 and the claim was sold by auction on 30 January 2014. Finally, the Urgency Committee approved on the 29th January 2015 that the Council proceed with the auctioning of the escrowed balances it has with Glitnir on the 10th February 2015.

1.19.3 **Debt Management**

The total value of long term loans as at 31 December 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 31 December 2014 was 3.89%.

2. REASONS FOR RECOMMENDATIONS

2.1 These recommendations are to allow the Council to meet the budget agreed by Council on 4 March 2014.

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

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; Streetscene; 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.

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

Capital Virements
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: i) Budget transfers between projects and by year; ii) Funding transfers between projects and by year; and iii) A summary based on a template approved by the Section 151 Officer
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 meet the duty to pay due regard to equalities by:

- Trying to understand the diversity of our customers to improve our services
- Being mindful of 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

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