	<h2>Performance and Contract Management Committee</h2> <h3>6 September 2016</h3>
<b>Title</b>	<b>Quarter 1 Performance Monitoring 2016/17</b>
<b>Report of</b>	Chief Operating Officer
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	<p>Appendix A Corporate Plan Performance</p> <p>Appendix B Service Performance</p> <p>Appendix C Revenue Monitoring</p> <p>Appendix D Capital Monitoring</p> <p>Appendix Di Capital Funding</p> <p>Appendix E Transformation Programme</p> <p>Appendix F Prudential Indicators</p> <p>Appendix G Investments Outstanding</p> <p>Appendix H (i) CSG Benefit Realisation</p> <p>Appendix H (ii) CSG Contract Benefit Realisation Tracking</p> <p>Appendix H (iii) Capita Payments</p> <p>Appendix I Contract Variations</p> <p>Appendix J Strategic Risk Register</p>
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## Summary

The **Quarter 1 (Q1) 2016/17** report provides an overview of the council's **performance, risks and finance** - and progress in delivering the strategic priorities in the refreshed Corporate Plan.

### Residents perception

Residents' satisfaction with Barnet remains high. The spring 2016 survey shows that 89% of residents are satisfied with Barnet as a place to live (above the national average of 83%); and 74% of residents are satisfied with the way the council runs things (above the national average of 71%). Satisfaction with universal services remains on par with the autumn 2015 survey.

### Customer experience

Customer satisfaction ratings across the council's main access channels have achieved 77%, still short of meeting the 80% target. There continues to be a small increase in positive ratings for the council's website, now 46%. Responding to complaints on time has dropped slightly to 89%; and complaints volumes have continued to rise reaching 1,215, with the highest increase in Street Scene.

### Human resources

Sickness absence has continued to miss the 6 days target at 8.35 days, with Street Scene showing the highest absence rate at 10.30 days. Agency expenditure has increased by £0.239m from the same period last year. The principal reason for the increase in agency costs is the use of agency staff to cover permanent posts in Family Services and the Commissioning Group.

### Corporate Plan performance

An overview of **Corporate Plan performance, risk and finance** information for the refreshed Corporate Plan - focusing on key successes and challenges; any Corporate Plan indicators that are "below target" and strategic risks. More detailed information can be found in Appendix A and Appendix J.

### Budget outturns

The forecast General Fund **revenue outturn** (after reserve movements) is £280.069m, which is an adverse variance of £5.098m (1.9 per cent) compared with the revised budget of £274.971m. The projected outturn expenditure on the council's **capital programme** is £284.681m, £239.137m of which relates to the General Fund programme and £45.544m to the HRA capital programme. This is a variance of £32.326m against the 2016/17 budget of £317.007m.

### Service performance

An overview of **service performance and finance** information for each service – focusing on key successes and challenges; any service indicators that are "below target"; and revenue and capital budget variances. The majority of this information is in Appendix B. Information for specific services can be found in the service reports on the website at [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance)

### Transformation programmes

The council has in place five portfolios of large programmes and projects: Central, Adults

and Health, Children and Young People, Environment and Growth and Development. In addition, it has an Education Capital Programme in place to ensure successful delivery of new school places and improvements to schools.

### **Treasury outturn**

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 2016. 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.

### **Investment performance**

As at 30 June 2016, deposits outstanding were £163.4m achieving an average annual rate of return of 0.73 per cent against a benchmark average (London Interbank Bid Rate - LIBID) of 0.36 per cent.

### **Contract management**

A summary of contract changes on the council's key contracts has been provided in Appendix I.

## **Recommendations**

- 1. The Committee is asked to scrutinise the performance and risk of services, especially in relation to delivering the Corporate Plan, and (if necessary) make recommendations to other committees on the policy and commissioning implications.**
- 2. The Committee is asked to note the agency costs for Quarter 1 2016/17, as detailed in paragraph 1.6.**
- 3. The Committee is asked to note the Quarter 1 2016/17 revenue budget and forecast position, as detailed in paragraph 1.9.**
- 4. The Committee is asked to note the additions and deletions and approve the accelerations and slippages in the capital programme, as detailed in paragraph 1.10**
- 5. The Committee is asked to note the savings delivered in Q1 2016/17, as detailed in paragraph 1.11.**
- 6. The Committee is asked to note the treasury position outlined in paragraph 1.25**

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

1.1 The **Quarter 1 (Q1) 2016/17** report provides an overview of the council's **performance, risks and finance** - and progress in delivering the strategic priorities in the refreshed Corporate Plan:

- Responsible growth and regeneration
- Managing demand for services
- Transforming services
- Building community resilience
- Improving customer services and transparency

1.2 The report is structured to show:

- Information on residents' perception, customer experience and human resources
- How the council is performing against the strategic priorities in the refreshed Corporate Plan, including a summary of successes and challenges and strategic risks
- The overall budget position, including revenue and capital expenditure
- How services are performing, including commentary for indicators that are "below target" (see Appendix B)
- The status of key programmes.

1.3 In addition to this report, each quarter the council publishes on the website 15 service reports (for Delivery Units and Service Providers) providing detailed information on performance, risks and finance. These can be found at: [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance)

### **Residents' perception**

1.4 The most recent Residents' Perception Survey has been carried out in spring 2016<sup>1</sup>. This shows that:

- 89% of residents are satisfied with Barnet as a place to live – 6% points higher than the national average (83%); and 1% point higher than in autumn 2012
- 74% of residents are satisfied with the way the council runs things – 3% points higher than the national average (71%) and 4% points higher than London average (70%); and 11% points higher than in autumn 2012
- 50% of residents agree that the council provides value for money – 6% points lower than the national average (56%); but has stayed consistent since autumn 2013
- Lack of affordable housing (41%) remains the top concern - up 5% points from autumn 2015 (36%); and 17% points higher than autumn 2012. This is followed by condition of roads and pavements (37%) – up 8% points from autumn 2015 (29%); but 1% point lower than in autumn 2012. And crime (31%) – down 1% point from autumn 2015 (32%); but 6% points higher than autumn 2012
- The highest rated universal services are: refuse collection (77%) – 8% points higher than the London average (69%), but down 3% points from autumn 2015 (80%) and the same as spring 2015 (77%); street lighting (73%) – 2% points higher than the London average (71%), but down 2% points from autumn 2015 (71%) and the same as spring 2015 (71%); and doorstep recycling (73%) - 7% points higher than the London average

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<sup>1</sup> A representative sample of 500 residents (adults, 18+) from across the London Borough of Barnet. Confidence intervals for a sample of 500 = +/-4.4% (i.e. if we surveyed the whole population we can be confident that the results would be the same +/- 4.4%). London data taken from Survey of Londoners 2014/15 (November 2014) - a representative random sample of approximately 1,000 adults in London. National data taken from LGA public poll on resident satisfaction – a representative random sample of approximately 1,000 British adults polled by telephone once a quarter.

(66%), but down 2% points from autumn 2015 (75%) and spring 2015 (75%).

- The lowest rated universal services are: repair of roads (27%) – 14% points lower than London (41%), down 8% points from autumn 2015 (35%) and the same as spring 2015 (27%); parking services (28%) - 5% points lower than London (33%), down 2% points from autumn 2015 (30%) and up 1% point from spring 2015 (27%); and quality of pavements (33%) – 8% points lower than London (41%), but down 1% point on autumn 2015 (34%) and up 3% points from spring 2015 (30%). The council's £50m investment in the Network Recovery Plan for the borough's road network, and improvements to the new parking e-permitting system are expected to improve satisfaction with these services.

## Customer experience

- 1.5 To ensure the council maintains its focus on customers, the council monitors a range of customer indicators. In addition, the council has in place a weekly monitoring regime for senior management visibility of overdue complaints, members' enquiries and other customer data to drive further improvement.

**Table 1: Customer experience indicators (Q1 2016/17)**

Indicators	Target 2015/16	Target 2016/17	Q4 2015/16	Q1 2016/17	DoT
% customers that rate customer service as Good (GovMetric)	80%	80%	77%	77%	→
% customers that rate the website as Good (GovMetric)	n/a	45% (Q1)	45%	46%	↑
% customers that rate their full experience as 'Very good' or 'Good' when the case is closed <sup>2</sup>	65%	65%	54%	49%	↓
% of cases delivered within SLA	90%	90%	90%	68% <sup>3</sup>	↓
% of cases delivered within SLA for customers needing additional support	90%	90%	89%	92%	↑
% Complaints responded to within SLA	80%	90%	92%	89%	↓
% Members Enquiries responded to within 5 days	95%	95%	97%	97%	→
% Members Enquiries cases closed in 5 days	-	-	80%	79%	↓
% FOIs resolved within SLA	90%	90%	97%	98%	↑
% CSG Webforms responded to within 5 days	90%	90%	91%	98%	↑
% CSG Emails responded to within 5 days	90%	90%	78%	88%	↑
% CSG contact centre calls answered in total, including IVR	-	-	96%	96%	→
% Council desk phones answered in total	95%	95%	79%	80%	↑

<sup>2</sup> Case closure survey data covers CSG, Street Scene and Re.

<sup>3</sup> Data currently primarily covers Parking, Assisted Travel, Highway and Planning, and Revenues & Benefits. We are seeking to add data for Street Scene from Q2 onwards. The data excluded Re and Revenues & Benefits in Q4 last year.

Indicators	Target 2015/16	Target 2016/17	Q4 2015/16	Q1 2016/17	DoT
Non-appointment average wait (min)	5 mins	5 mins	4.16	6.48	↓
Appointment average wait (min)	5 mins	5 mins	4.47	0.91	↑

There have been challenges but also notable improvements in Q1 2016/17. According to the council's customer experience dashboard seven of the 15 indicators have improved and five of the 12 targets have been achieved. The customer satisfaction ratings across the council's main access channels have achieved 77%, still short of meeting the 80% target. However, ratings for the Parking service have been a highlight, with ratings on the telephone and email channel both very high. There continues to be a small increase in positive ratings for the council's website (from 45% in Q4 2015/16 to 46% in Q1 2016/17) and an increase in the proportion of positive ratings from face-to-face customers.

*Successes (improvements):*

- The number of **webforms submitted in Q1 2016/17 has risen to the highest ever level**, with 16,558 webforms submitted in Q1 2016/17 compared to 10,937 in Q4 2015/16 (a 51% increase). This is a very positive development and suggests an increased customer awareness of the benefits of transacting with the council online. Compared to the same quarter last year, the increase is 41%. A portion of the increase has been due to the council tax payment form being unavailable in the key payment period last year. However, the volumes in this Q1 have been dampened by the outage of the Library system Vubis, which also affected library webforms. The majority of increase has been attributed to 1,665 'Pay Council Tax', 1,146 'Report a non-collection' and 1,124 'Report a problem' web forms submitted this quarter. Compared to the same quarter last year (Q1 2015/16), the increase is 41%.
- Satisfaction ratings for webforms continue to outperform the rest of the website, at 59% satisfaction in Q1 2016/17. The number of customers registered with My Account continues to increase and currently stands at 25,923. The number of CSG **webforms responded to within SLA timeframes has increased by 7% points to 98%**, exceeding the 90% target and helping to build customer confidence in an excellent online experience.
- **The proportion of cases for customers needing additional support closed within SLA has increased to 92%, hitting the target.** This is a 3% point increase from the previous quarter.
- The percentage of **Members' Enquiries responded to within 5 days has remained at a very high level of 97%**, with all Delivery Units continuing to meet the 90% target, despite a 19% increase in volume. Closing cases within 5 days has reduced marginally but is still high at 79%.
- The **average waiting time for appointments has reduced from 4.5 minutes to less than 1 minute**, which is far below the 5 minute target.
- In June, the council's **face-to-face service has ranked second** of all councils using the GovMetric satisfaction tool and the highest of the unitary

councils. 93% of 6,338 customers rated the face-to-face service as 'Good' (GovMetric) this quarter.

*Challenges (areas for improvement):*

- **The overall customer service satisfaction rating has remained at 77%.** Barnet Homes and the Commissioning Group have been the only Delivery Units receiving ratings above 80%, but for Barnet Homes this excludes website ratings, which are the ones that pull the other Delivery Unit ratings down. Despite low web ratings, the Commissioning Group, which manages the Parking service, received high ratings across all contact centre channels other than the website, reflecting a huge amount of work by Customer Services and the Barnet Parking team to improve the customer experience.
- There has been a minor increase (1% point) to **46% in “good” ratings for the website**, which remains a priority area of focus for the council to improve.
- CSG has **responded to 88% of all emails within SLA timeframes**, which remains under the 90% target but is an increase of 10% points compared with last quarter.
- There has been a **decrease in the percentage of complaints responded to within SLA timeframes** by 3% points to 89%. Re, CSG and Family Services have all failed to hit the new target but all had an increase in volume. Re's increase has been primarily in the Highways Service – this has been due to the service's failure to respond to service requests within set timescales, causing a backlog of open cases on Exor (Highway's internal system) and customers choosing to escalate the complaints in an attempt to get a response from the service. Training opportunities are being identified for Re customer services staff to improve the handling of enquiries at the first point of contact. CSG's increase has been due to higher levels of Council Tax recovery activity causing customer dissatisfaction, whilst Family Services has improved complaints recording practices thus increasing complaints.
- The **complaints volume has continued to increase this quarter, almost double since last year** (656 in Q1 2015/16 to 1,215 in Q1 2016/17). The largest increase in the volume of Stage 1 complaints has been Street Scene (62%) due to staffing issues, which has led to delays in resolving cases. Street Scene still met the 90% response target in Q1 2016/17 and 76% of all its complaints have not been upheld. Re's increase was primarily in the Highways Service and due to the service's failure to respond to service requests within set timescales, causing a backlog of open cases on Exor (Highway's internal system) and customers choosing to escalate the complaints in an attempt to get a response from the service. Training opportunities are being identified for Re customer services staff to improve the handling of enquiries at the first point of contact. CSG's increase was due to higher levels of Council Tax recovery activity causing customer dissatisfaction, whilst Family Services has improved complaints recording practices thus increasing the volume of recorded complaints. The annual report from the Local Government Ombudsman for 2015/16 showed a positive decrease in the volume of

detailed investigations required (from 36 in 2014/15 to 25 in 2015/16) and a decrease in the proportion of cases upheld (from 89% in 2014/15 to 72% in 2015/16).

- There has been a **22% point drop in the number of cases closed within SLA**. This can be attributed to Revenues & Benefits' resolution rate of 63% in SLA in Q1 2016/17 and Re cases, which had a resolution rate of 79%, compared to higher performance by CSG and Street Scene. The pressure on the Highways service (59% responded within timescales compared to 67% in the previous quarter) continues to impact the overall Re score. Re management is continuing to focus on strategies aimed at reversing the trend.

**Table 2: Customer experience indicators by Service (Delivery Unit and Service Providers) in Q1 2016/17** (measures calls, emails and web forms handled by CSG Customer Services for other Delivery Units)

	Target	Adults	Assurance	Barnet Homes	Commissioning	CSG	Education & Skills	Family Services	Re	Street Scene
% customers that rate customer service as Good (GovMetric)	80%									
% customers that rate the website as Good (GovMetric)	45% (Q1)		/							
% customers that rate their full experience as 'Very good' or 'Good' when the case is closed <sup>4</sup>	65%	/	/	/			/	/		
% of cases delivered within SLA <sup>5</sup>	90%		/	/						
% of cases delivered within SLA for customers needing additional support	90%	0	0	0	3	62	0	1	0	110
% complaints responded to within SLA	90%	/	/							
% Members Enquiries responded to within 5 days	95%									
% Members Enquiries cases closed in 5 days	-	85%	100%	100%	73%	65%	69%	69%	72%	90%
% FOIs resolved within SLA	90%									
% CSG Webforms responded to within 5 days <sup>6</sup>	90%	/	/	/		/			/	

<sup>4</sup> Case closure survey data covers CSG, Street Scene and Re

<sup>5</sup> Data currently primarily covers Parking, Assisted Travel, Highway and Planning, and Revenues & Benefits. We are seeking to add data for Street Scene from Q2 onwards. The data excluded Re and Revenues & Benefits in Q4 last year.

<sup>6</sup> There is no equivalent webform data for Re or Barnet Homes currently



	Target	Adults	Assurance	Barnet Homes	Commissioning	CSG	Education & Skills	Family Services	Re	Street Scene
% CSG Emails responded to within 5 days <sup>7</sup>	90%	/	/	/		/			/	
% contact centre calls answered in total, including IVR	-	89%	96%	91% <sup>8</sup>	96%	97%	96%	89%	95% <sup>9</sup>	95%
% council desk phones answered in total	95%			/						

Key: Green=target met, Red=target not met, /=no data available, 0=no instances recorded

## Human Resources

- 1.6 Sickness absence has continued to miss the 6 days target at 8.35 days, with Street Scene showing the highest absence rate at 10.30 days. The number of agency staff has remained high at 498 across the council (25% of staff spend). See table 3 below.

**Table 3: Human Resources data (Q1 2016/17)**

	Establishment headcount	No. of agency staff	% of spend on agency staff	Average days lost per FTE (rolling 12 months)
Adults and Communities	284	78	25%	8.85
Commissioning Group	170	47	22%	3.75
Family Services	638	169	31%	7.31
Street Scene	484	204	14%	10.30
<b>Overall</b>	<b>2,576</b>	<b>498</b>	<b>25%</b>	<b>8.35</b>

Agency expenditure has increased by £0.239m from the same period 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. The principal reason for the increase in agency costs from the previous year is the use of agency staff to cover permanent posts in Family Services and the Commissioning Group. See table 4 below.

**Table 4: Expenditure on agency staff (Q1 2016/17)**

Service	2016/17 £000	2015/16 £000
Adults and Communities	867	1,083
Assurance	2	50

<sup>7</sup> There is no equivalent email data for Re or Barnet Homes currently

<sup>8</sup> Excludes IVR data

<sup>9</sup> Excludes IVR data

Service	2016/17 £000	2015/16 £000
Education and Skills	123	323
Family Services	1,782	1,188
Commissioning Group	1,013	691
Children's Service DSG	15	106
Parking & Infrastructure	17	-
Regional Enterprise (Re)	55	-
Street Scene	478	672
<b>Total</b>	<b>4,352</b>	<b>4,113</b>

## CORPORATE PLAN PERFORMANCE

1.7 This section aligns **performance, risk and finance** information for the refreshed Corporate Plan – focusing on any Corporate Plan indicators that are “below target”; strategic risks; and revenue and capital budget variances.

An overview of performance for the basket of indicators in the refreshed Corporate Plan is shown in table 5 below.

**Table 5: Corporate plan indicators (Q1 2016/17)**

Strategic priority	Green	Green Amber	Red Amber	Red	Improved/ Same	Worsened
Growth and regeneration	83% (5)	0% (0)	0% (0)	17% (1)	43% (3)	57% (4)
Managing demand	65% (13)	10% (2)	15% (3)	10% (2)	81% (13)	19% (3)
Transforming services	63% (5)	38% (3)	0% (0)	0% (0)	100% (8)	0% (0)
Resilient communities	63% (5)	25% (2)	13% (1)	0% (0)	50% (4)	50% (4)
Customer service and transparency	67% (4)	33% (2)	0% (0)	0% (0)	63% (5)	38% (3)
<b>Total</b>	<b>67% (32)</b>	<b>19% (9)</b>	<b>8% (4)</b>	<b>6% (3)</b>	<b>70% (33)</b>	<b>30% (14)</b>

80 indicators are in the refreshed Corporate Plan. Of these, 59 have been reported in Q1 2016/17.

- 48 have been given a RAG rating: **67% (32)** are “on or above target” and **33% (16)** are “below target”.
- 47 have been given a Direction of Travel (DOT) status: **70% (33)** have an “improved or same” DOT and **30% (14)** have a “worsened” DOT from the same period last year.

The Corporate Plan indicators that are significantly “below target” (RAG rated as Red) are shown in the **Strategic Priorities** section below.

The percentage of Corporate Plan indicators “on or above target” (67%) has increased from Q4 2015/16 (59%) and the percentage of Corporate Plan indicators with an “improved or same” DOT (70%) has increased from Q4 2015/16 (66%). See chart 1 below.

**Chart 1: Corporate Plan indicators trend (Q3 2015/16 to Q1 2016/17)**



1.8 The Strategic Risk Register has been refreshed for Q1 2016/17 (see Appendix J). This refreshed register has been developed as part of the wider exercise undertaken to review all the council’s risk registers. This has considered all functions and responsibilities to identify the risks faced, the controls already in place to manage these risks, and what further activities will be undertaken. The Strategic Risk Register includes the strategic risks that senior officers within the council are directly responsible for managing. A summary of the residual scores for these strategic risks, reflecting the controls already in place, is provided in the table below.

Strategic Risks (SR)	Low	Moderate	Medium High	High
	0 (0%)	0 (0%)	11 (73%)	4 (27%)

Risk registers are always a snapshot in time, in that new risks can emerge, and the probability and impact of risks change continuously. Furthermore, the risk information provided here represents a small sample of all the risks that are identified and managed across the council. Refreshed Service-level Risk Registers are also being developed and will be published within the Service Performance Reports for Q2 2016/17. Escalated risks from these service-level registers will be recorded in a refreshed Corporate Risk Register, alongside those risks on the Strategic Risk Register, for Q2 2016/17.

Further information on Corporate Plan performance can be found in **Appendix A**, including progress on the council’s “key areas of focus”; and commentary on indicators that are “below target” (RAG rated as Green Amber, Red Amber or Red).

1.9 The forecast General Fund **revenue outturn** (after reserve movements) is £280.069m, which is an adverse variance of £5.098m (1.9 per cent) compared with the revised budget of £274.971m. See table 6 below.

**Table 6: Revenue outturn (Q1 2016/17)**

Service	Original Budget £000	Revised Budget £000	Q1 Projected Outturn £000	Variance from Revised Budget Adv/(fav) £000	Variance from Revised Budget Adv/(fav) %
<b>Adults and Communities</b>	<b>85,566</b>	<b>88,907</b>	<b>92,792</b>	<b>3,885</b>	<b>4.4</b>
Assurance	3,793	3,863	3,863	0	0.0
Births Deaths and Marriages (Registrar Service )	(160)	(160)	(7)	153	95.4
Central Expenses	51,381	43,933	43,706	(227)	-0.5
<b>Commissioning Group</b>	<b>19,288</b>	<b>20,256</b>	<b>20,256</b>	<b>0</b>	<b>0.0</b>
<b>Customer and Support Group (CSG)</b>	<b>22,120</b>	<b>22,120</b>	<b>22,621</b>	<b>501</b>	<b>2.3</b>
Education and Skills	6,940	7,082	7,158	76	1.1
Family Services	46,481	50,561	50,561	0	0.0
HB Public Law	2,011	2,011	1,997	(14)	-0.7
Housing Needs and Resources (Barnet Homes)	4,976	5,560	5,690	130	2.3
Parking and Infrastructure	(1,933)	(1,896)	(1,559)	337	17.8
Public Health	18,544	18,055	18,055	0	0.0
Regional Enterprise (Re)	1,134	1,134	1,134	0	0.0
<b>Street Scene</b>	<b>13,896</b>	<b>13,545</b>	<b>13,802</b>	<b>257</b>	<b>1.9</b>
<b>Total</b>	<b>274,036</b>	<b>274,971</b>	<b>280,069</b>	<b>5,098</b>	<b>1.9</b>

The top contributors to the variance from budget are **Adults and Communities**, the **Commissioning Group** and **Customer and Support Group**.

- The projected overspend of £3.885m within **Adults and Communities** represents 4.4 per cent of the total Delivery Unit budget (£88.907m). The care budgets within Adults have continued to see significant overspends since 2014/15, as a result of rising demand for services and increasing complexity in relation to those supported. Deprivation of Liberty Safeguards (DOLS) service continues to have significant pressures in 2016/17, as a result of Supreme Court judgements in 2014/15 and a loss of grant funding since 2015/16. The non-placements budget areas continue to be closely monitored and managed as MTFS savings reduced some of these areas significantly in 2016/17. These areas are producing a slight underspend position which is offsetting placements pressures at this point.
- The projected overspend of £0.819m within the **Commissioning Group** represents 4.0 per cent of the total Delivery Unit budget (£20.256m), including anticipated overspends within the finance team due to reduced income, the strategy team due to staffing pressures and use of agency

staff and communications due to funding a number of initiatives which were previously funded from reserves.

- The projected overspend of £0.501m within the **Customer and Support Group** represents 2.3 per cent of the total Delivery Unit budget (£22.120m). The anticipated overspend includes repairs and maintenance on non-civic buildings and reduced income.
- The projected overspend of £0.257m within **Street Scene** represents 1.9 per cent of the total Delivery Unit budget (£13.545m). There are some issues around savings delivery and there are some staffing cost pressures and a one-off staff termination cost.

1.10 The projected outturn expenditure on the council's **capital programme** is £284.681m, £239.137m of which relates to the General Fund programme and £45.544m to the HRA capital programme. This is a variance of £32.326m against the 2016/17 budget of £317.007m. See table 7 below.

**Table 7: Capital outturn (Q1 2016/17)**

Service	2016/17 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerate d Spend £000	Projected Outturn £000	Variance from Approved Budget Adv/(Fav) £000	Variance from Approved Budget Adv/(Fav) %
Adults and Communities	6,568	663	(438)	6,793	(225)	(7)
<b>Commissioning Group</b>	<b>35,168</b>	<b>0</b>	<b>(4,331)</b>	<b>30,837</b>	<b>(4,331)</b>	<b>(12)</b>
<b>Education and Skills</b>	<b>78,667</b>	<b>2,944</b>	<b>(7,946)</b>	<b>73,665</b>	<b>(5,002)</b>	<b>(10)</b>
Family Services	14,856	0	0	14,856	0	0
Housing Needs and Resources (Barnet Homes)	259	0	0	259	0	0
Parking and Infrastructure	1,707	0	0	1,707	0	0
<b>Regional Enterprise (Re)</b>	<b>126,232</b>	<b>(231)</b>	<b>(18,148)</b>	<b>107,853</b>	<b>(18,379)</b>	<b>(14)</b>
Street Scene	3,169	(2)	0	3,167	(2)	0
<b>General Fund Programme</b>	<b>266,626</b>	<b>3,374</b>	<b>30,863</b>	<b>239,137</b>	<b>(27,489)</b>	<b>(12)</b>
HRA (Barnet Homes)	50,381	(663)	(4,174)	45,544	(4,837)	(8)
<b>Total Capital Programme</b>	<b>317,007</b>	<b>2,711</b>	<b>(35,037)</b>	<b>284,681</b>	<b>(32,326)</b>	<b>(11)</b>

The 'variance from approved budget' column is a net figure based on slippage (budget required for future financial years), accelerated spend (budget required from future years) and underspends<sup>10</sup>.

The **HRA** programme is forecast to underspend by £4.837m due to anticipated slippage of £4.174m associated with advanced acquisitions in delivering the council's various build programmes, due to the re-profiling of the advanced acquisitions programme. The other top contributors to the variance

<sup>10</sup> As an example, a budget may be set for a school build but construction may not start until halfway 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 in which it will be spent. Slippage does not indicate an underspend, simply a movement of budget into future financial years.

from revised budget are the **Commissioning Group, Education and Skills** and **Re**. Funding of the capital programme is shown in **Appendix D(i)**.

- The **Commissioning Group** capital programme is forecast to underspend by £4.331m. Slippage of £1.628m is anticipated on the depot relocation due to re-profiling of works and slippage of £2.703m is anticipated on the Daws Lane Community Centre due to delays in the on-site construction start date, now expected to commence in winter 2017.
- The **Education and Skills** capital programme is forecast to underspend in total by £5.002m. Additions to modernisation costs amounting to £2.998m relating to anticipated building fabric work (£2.270m), mechanical services (£0.334m) and Electrical Services works to be carried out across primary and secondary schools are to be funded from schools devolved capital grant monies. Primary and secondary schools' contingency budgets totalling £7.878m have no planned commitments against them this year, and therefore can slip to fund schemes in future years.
- The **Re** delivery unit capital programme is forecast to underspend by £18.379m. This is partly due to slippage of £2.473m in general fund regeneration projects as no works are anticipated in this financial year. The Colindale Office Build project forecasts a slippage due to an extension of the programme that will improve the 'buildability' of the scheme, increase the efficiency of the internal space and generate cost savings.

1.11 In 2016/17 the council budgeted to deliver £19.554m of **savings**. The value of savings achieved against the savings programme is shown in table 8. As at 30 June, £11.172m of total savings has been delivered, which represents 57.1 per cent of the target.

**Table 8: Savings (Q1 2016/17)**

Service	2016/17 MTFS Savings £000	Savings Achieved £000	Savings Unachievable £000	Savings achieved %
<b>Adults and Communities</b>	<b>3,383</b>	<b>1,768</b>	<b>543</b>	<b>52.3</b>
Assurance	356	-	216	-
<b>Central Expenses</b>	<b>6,995</b>	<b>6,640</b>	<b>330</b>	<b>94.9</b>
<b>Commissioning Group</b>	<b>2,406</b>	<b>1,909</b>	<b>466</b>	<b>79.3</b>
Education and Skills	85	-	0	-
Family Services	1,986	115	374	5.8
Parking and Infrastructure	1,130	50	50	4.4
Regional Enterprise (Re)	2,253	-	0	-
Street Scene	960	690	170	71.9
<b>Total</b>	<b>19,554</b>	<b>11,172</b>	<b>2,149</b>	<b>57.1</b>

The top contributors to savings achieved are **Adults and Communities, Central Expenses** and **the Commissioning Group**.

### **Strategic priorities**

- 1.12 This section sets out **performance** information for each of the strategic priorities in the refreshed Corporate Plan – highlighting successes and challenges in relation to the “key areas of focus”; and any Corporate Plan indicators that are significantly “below target” (RAG rated as Red). Further information can be found in **Appendix A**.

### Responsible growth and regeneration

- 1.13 Progress on the “key areas of focus” outlined in the refreshed Corporate Plan is shown in **Appendix A**. Key successes and challenges in Q1 2016/17 are summarised below:

#### Successes

- Good progress has been made on the **growth and regeneration programme**, including the completion of new homes in Millbrook Park; a review of the station options and configuration of the new waste facility for Brent Cross Cricklewood; approval of the Supplementary Planning Document (SPD) for Grahame Park and first draft of the new tube station design for Colindale.
- As part of **Entrepreneurial Barnet**, the “Town Centre Offer” has been published on the council website on 13 April 2016, which will make it easier for local groups to drive forward projects to improve their local area. Detailed design work for Burnt Oak place-based pilot strategy has been completed, with works to commence in autumn 2016. A project to deliver a strategy for improving Finchley Church End Town Centre has been put out to tender in May 2016 and will be completed towards the end of 2016.

#### Challenges

- Forecast costs have increased above allocated budgets for both the Moreton Close extra-care housing and the General Fund Mixed Tenure housing schemes (Tranche 0 and 1 of the council’s Development Pipeline programme). The schemes are under review and may be redesigned to ensure viability.
- Squatters at Dollis Valley have extended their occupation from vacant commercial properties to vacant residential properties. A more co-ordinated approach is being taken to the legal removal of squatters, including soft demolition immediately following squatter removal. Other techniques are also being used to make vacant properties uninhabitable where possible.

CPI: Growth and regeneration	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
	83% (5)	0% (0)	0% (0)	17% (1)	43% (3)	57% (4)

Nine indicators have been reported in Q1 2016/17 under Growth and Regeneration.

- Six have been given a RAG rating: **83% (5)** are “on or above target” and **17% (1)** are “below target”.
- Seven have been given a Direction of Travel (DOT) status: **43% (3)** have an “improved/same” DOT and **57% (4)** have a “worsened” DOT from the same period last year.

One indicator has been RAG rated as Red:

- Residents who are **satisfied with parks and open spaces**, 66% against target 72%. The drop in satisfaction has been attributed to a lower level of capital works during 2015. The previous period had seen high levels of capital investment including an extensive programme of play area upgrades and large improvement schemes resulting in the highest ever satisfaction at 72%. The current level is more in line with previous satisfaction levels for Barnet and the London average of 68% (2014/15).

## Managing demand

1.14 Progress on the “key areas of focus” outlined in the refreshed Corporate Plan is shown in **Appendix A**. Key successes and challenges in Q1 2016/17 are summarised below:

### *Successes*

- The percentage of people with **learning disabilities in paid employment** has increased by 0.1% to 9.3% (from 9.2% in Q4 2015/16); the percentage of people with **mental health needs in paid employment** has increased by 2.4% to 7.2% (from 4.8% in Q4 2015/16).
- The **Early Intervention and Prevention** Project brings together 53 professionals across the partnership from 25 agencies/departments, including the voluntary sector in a number of work streams. Over the last year the partnership has agreed draft principles, pathways and menus of interventions to ensure a consistent approach and integrated working. The Families First (Troubled Families) programme, which seeks to ensure a whole family approach and enables the child and family to be active partners as part of the ‘Team Around the Child’ has been embedded. DCLG have visited and audited the work in Barnet and given positive feedback, it is among the best in the country, and the model will be promoted to other boroughs.
- Despite the challenges faced in the current market environment, **let2barnet**, established in 2012, has been a real success story helping well over 1,600 households access affordable private sector accommodation since its inception and being a key element of a procurement service recently commended by the country’s top homelessness consultant as being ‘the best in England’. With such demand for affordable properties in Barnet, it has been especially important to reduce the time council properties are empty and can be let to families in need more quickly. To this end the Housing Options service have completed a fundamental review of the voids and lettings function driving the average re-let time for council properties down to **14.4 days** in **Q1 2016/17** placing performance in the top quartile for London.
- A new **recycling and waste strategy** for achieving a 50% recycling rate by 2020 has been signed off by Environment Committee on 16 May 2016. In addition, dry recycling facilities have been provided at 92 sites (1,304 flats) and re-balanced at 24 sites (548 flats); and food waste trials have been completed at 12 sites.



### Challenges

- Increased pressure across the **health and social care** system, particularly in relation to older adults, has resulted in increased costs for residential care placements and delayed transfers of care from hospital. Adults and Communities are managing demand through better support planning via initiatives such as strengths-based working and improving information and advice services.
- High demand for **homelessness services** and in particular the increasing reliance on temporary accommodation has exposed the council to a greater risk of cost inflation in relation to the cost of accommodation. Whilst inflation has stabilised during Q1 2016/17, demand remains high with almost 19% more placements into temporary accommodation during the quarter compared with the same period last year. A range of mitigations to maximise prevention, manage demand and increase affordable supply have started to take effect.
- The **recycling rate** at 33% missed the 2015/16 target of 42%. The drop in performance has been attributed to an overall reduction in garden, food and dry recycling. The new Recycling and Waste Strategy has been signed off by Environment Committee on 16 May 2016. In addition, food waste trials have been completed at 12 site and dry recycling facilities have been provided at 92 sites (1,304 flats) and re-balanced at 24 sites (548 flats).

CPI: Managing Demand	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
	65% (13)	10% (2)	15% (3)	10% (2)	81% (13)	19% (3)

24 indicators have been reported in Q1 2016/17 under Managing Demand.

- 20 have been given a RAG rating: **65% (13)** are “on or above target” and **35% (7)** are “below target”.
- 16 have been given a Direction of Travel (DOT) status: **81% (13)** have an “improved/same” DOT and **19% (3)** have a “worsened” DOT from the same period last year.

Two indicators have been RAG rated as Red:

- **Adults with learning disabilities in paid employment**, 9.3% against target 9.6%. The Commissioning Group is leading a supported employment project aiming to develop and strengthen the offer for people with learning disabilities. ‘Project Search’ – a supported employment scheme which has run successfully in Hounslow and Bexley, both high performers against this indicator – is commencing in Barnet in Q2 2016/17.
- **Household waste sent for reuse, recycling and composting**, 33.2% against target 40% (Q4 2015/16). Performance has been impacted by a decrease in garden, food and dry recycling tonnages. A poster campaign has taken place in Q1 2016/17 to encourage more food recycling; and a new food waste campaign will commence later in the year.

### Transforming services

1.15 Progress on the “key areas of focus” outlined in the refreshed Corporate Plan is shown in **Appendix A**. Key successes and challenges in Q1 2016/17 are summarised below:

*Successes*

- The multi-agency **BOOST** project has supported over 200 people into work up until the end of June 2016. Similarly, the multi-agency **Welfare Reform Task Force** has helped 2,000 households and supported 744 people into work. The team is now preparing to support the 1,066 households expected to be impacted by the lower benefit cap
- A robust Practice Improvement Plan has been put in place to ensure Barnet has high quality resilience based **social work practice** across Family Services. This focuses on three key aspects: practice quality, systems and tools, and recruitment and retention.
- Recruiting into vacant social worker posts and the **use of agency cover** in Family Services continues to be an area for focus. Recent recruitment activity has resulted in a number of agency staff moving onto permanent contracts; helping to create greater workforce stability and manage budgets
- There has been a smooth transition to the Joint Venture business model with **Cambridge Education**, appointed as the new strategic service provider for the provision of education and skills, with continuity of service uninterrupted for stakeholders. The partnership will deliver savings of £1.88m a year by 2019/20, which will predominantly be achieved through income growth as a result of marketing and selling services to more schools and other local authorities.

CPI: Transforming service	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
	63% (5)	38% (3)	0% (0)	0% (0)	100% (8)	0% (0)

10 indicators have been reported in Q1 2016/17 under Transforming Services.

- Eight have been given a RAG rating: **63% (5)** are “on or above target” and **38% (3)** are “below target”.
- Eight have been given a Direction of Travel (DOT) status: **100% (8)** have an “improved/same” DOT and **0% (0)** have a “worsened” DOT from the same period last year.

No indicators have been RAG rated as Red.

**More resilient communities**

1.16 Progress on the “key areas of focus” outlined in the refreshed Corporate Plan is shown in **Appendix A**. Key successes and challenges in Q1 2016/17 are summarised below:

*Successes*

- As part of the **community assets strategy**, the Community Benefit Assessment Tool (CBAT) pilot has commenced following approval by Policy and Resources on 28 June 2016, including the recommendation to roll-out more widely.

CPI: Resilient Communities	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
	63% (5)	25% (2)	13% (1)	0% (0)	50% (4)	50% (4)

Nine indicators have been reported in Q1 2016/17 under Resilience Communities.

- Eight have been given a RAG rating: **63% (5)** are “on or above target” and **38% (3)** are “below target”.
- Eight have been given a Direction of Travel (DOT) status: **50% (4)** have an “improved/same” DOT and **50% (4)** have a “worsened” DOT from the same period last year.

No indicators have been RAG rated as Red.

### Improving customer services and transparency

- 1.17 Progress on the “key areas of focus” outlined in the refreshed Corporate Plan is shown in **Appendix A**. Key successes and challenges in Q1 2016/17 are summarised below:

#### Successes

- An additional £335k has been collected in **Council Tax** than the same time last year, bringing the net annual collectable Council Tax in June 2016 to £3.5m. The Council Tax four-year collection rate (98.30%) is slightly less than the year-end target (98.49%) and the same period last year (98.34%). The NNDR 4-year collection rate (98.11%) is also slightly less than the year-end target (99%). However, this represents an increase of 0.71% compared to the same period last year (97.4%).
- Barnet has built itself a national reputation for setting high standards in the field of **Open Data and Transparency** and is recognised as a Local Government Transparency Champion by the Cabinet Office. Recent achievements include: new DataPress Open Barnet portal implemented, providing a much more user-friendly interface and options for further development, all at a lower cost; 209 datasets now published on the portal; FOI requests – significant reduction in process and number of requests received for published datasets; spend data – all spend data above £0.00 now published; portal utilised to promote and host data for Waste Strategy consultation and Green Spaces Strategy; VCS Database to be implemented using Open principle with all data published on Open Barnet.

#### Challenges

- **Maximising the benefits available from the CSG contract review.** This is expected to achieve benefits of cost reduction, improvement and alignment of services with Council priorities, while focusing on improving key services.

CPI: Customer service and transparency	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
	67% (4)	33% (2)	0% (0)	0% (0)	63% (5)	38% (3)

Eight indicators are reported in Q1 2016/17.

- Six have been given a RAG rating: **67% (4)** are “on or above target” and **33% (2)** are “below target”.
- Eight have been given a Direction of Travel (DOT) status: **63% (5)** have an “improved/same” DOT and **38% (3)** have a “worsened” DOT from the same period last year.

No indicators have been RAG rated as Red.

## SERVICE PERFORMANCE

1.18 An overview of service performance is shown in table 9 below. This refers to the basket of indicators set out in the council’s key business plans (Corporate Plan, Commissioning Plans and Management Agreements) and contracts that help the council monitor operational performance.

**Table 9: Service indicators (Q1 2016/17)**

Service	Green	Green Amber	Red Amber	Red	Improved/Same	Worsened
Adults and Communities	59% (10)	12% (2)	12% (2)	18% (3)	79% (11)	21% (3)
Barnet Homes	88% (14)	0% (0)	13% (2)	0% (0)	81% (13)	19% (3)
Commissioning Group	50% (13)	31% (8)	8% (2)	12% (3)	59% (16)	41% (11)
Customer and Support Group (CSG)	66% (25)	3% (1)	0% (0)	32% (12)	63% (12)	37% (7)
Education and Skills	67% (4)	33% (2)	0% (0)	0% (0)	100% (6)	0% (0)
Family Services	84% (16)	11% (2)	0% (0)	5% (1)	78% (7)	22% (2)
HB Public Law	83% (10)	17% (2)	0% (0)	0% (0)	83% (10)	17% (2)
Mortuaries	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)
Parking and Infrastructure	71% (5)	14% (1)	0% (0)	14% (1)	71% (5)	29% (2)
Public Health	67% (24)	3% (1)	0% (0)	31% (11)	75% (9)	25% (3)
Regional Enterprise (Re)	90% (46)	4% (2)	0% (0)	6% (3)	72% (38)	28% (15)
Registrar Service	67% (6)	11% (1)	0% (0)	22% (2)	0% (0)	0% (0)
Street Scene	45% (5)	9% (1)	18% (2)	27% (3)	50% (4)	50% (4)
<b>Total</b>	<b>72% (178)</b>	<b>9% (23)</b>	<b>3% (8)</b>	<b>16% (39)</b>	<b>72% (131)</b>	<b>28% (52)</b>

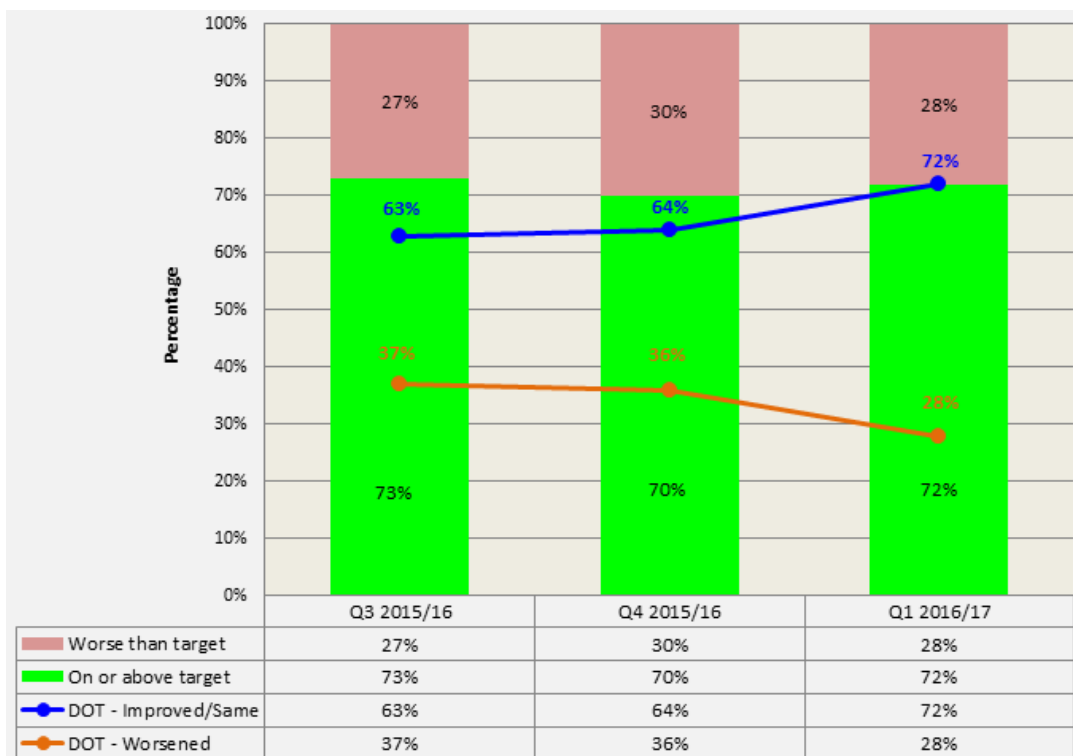
Service	Green	Amber	Red	Improved/Same	Worsened
<b>YCB</b>	<b>80% (16)</b>	<b>20% (4)</b>	<b>0% (0)</b>	<b>86% (19)</b>	<b>14% (3)</b>

**296** indicators are reported in Q1 2016/17.

- 248 have been given a RAG rating: **72% (178)** are “on or above target” and **28% (70)** are “below target”.
- 183 indicators have been given a Direction of Travel (DOT) status: **72% (131)** have an “improved/same” DOT and **28% (52)** have a “worsened” DOT from the same period last year.

The percentage of Service indicators “on or above target” (72%) has increased from Q4 2015/16 (70%) and the percentage of Service indicators with an “improved or same” DOT (72%) has increased from Q4 2015/16 (64%). See chart 2 below.

**Chart 2: Service indicators trend Q3 2015/16 to Q1 2016/17)**



**Appendix B** aligns the **performance** and **finance** information for each service – focusing on the key successes and challenges; any service indicators that are “below target”; and revenue and capital budget variances. Further information can be found in the service reports on the website at [www.barnet.gov.uk/currentperformance](http://www.barnet.gov.uk/currentperformance)

### Transformation programmes

- 1.19 The council has in place five portfolios of large programmes and projects: Central, Adults and Health, Children and Young People, Environment and Growth and Development. In addition, it has an Education Capital Programme in place to ensure successful delivery of new school places and improvements to schools.

#### Central

Improvements have been made on a number of projects within the portfolio. An e-learning tool (Abintegro) has been launched for staff on 29 June and a successful Management Academy Conference has been held on the 18 May. The Unified Reward project continues to progress to plan, collective agreement has been agreed and both council and school staff have received their job evaluation letters, with new arrangements for council staff due to commence in October. The Locality Strategy and Full Business Case for

Colindale Office have been approved at Full Council on 26 July. A business case in support of the Customer Access Strategy is being developed and will be considered at Policy and Resources Committee on 5 October. One project is now Red rated, the Community Asset Strategy / Community Centres project is Red rated due to lack of current resolution plan for projected funding shortfall for Daw Lane Community Centre - an options paper will be developed to agree a way forward. A new approach to agreeing rent subsidies and leases has been agreed by Policy and Resources Committee on 28 June.

### **Adults and health**

Progress has been made across a number of projects in the portfolio. A number of key decisions have been made on projects; Barnet's Strategic Commissioning Plan for Adults Accommodation and Support has been approved at Adults Transformation Board on the 28 June and the Demand Management Strategy has been approved at Policy and Resources Committee on 28 June. For the Your Choice Barnet project, proposals identifying £1.3m savings have been approved at Adults and Safeguarding Committee on 16 June. Public consultation for the proposals regarding the Alternative Delivery Vehicle and Operating Model is taking place between 16 May and 8 August. The Independence of Young People (0-25s) project continues to be Red rated due to the risk associated with the achievability of expected savings. The Investing in IT project is now Red rated as the new adult social care system go-live date has been delayed due to issues raised during user acceptance testing. Work is underway to address these issues through workshops with services.

### **Children and young people**

A number of projects are in early phases across the portfolio, although project resources are largely now in place and governance structures for projects and the overall portfolio has been established. Significant progress has been made in developing a social work practice improvement plan, including developing a governance framework which includes daily checkpoint meetings with head of service to monitor progress. For the Libraries project, a 60 day staff consultation was launched on the 7 July and work continues on planning the reconfiguration required within libraries to create space for commercial or community let, and to identify suitable partners to run the partnership libraries. Work on the new Colindale Library is approaching completion, with the library, replacing the existing Grahame Park Library, due to open in September. Young people have been given the opportunity to vote on the new name for the Barnet Youth Zone, which was successful, and identified 'unitas' as the preferred new name. For the Education and Skills ADM project, the contract with Cambridge Education went live on 1 April and the transition happened on time, with no disruption to schools and no major issues regarding the transfer of staff. A lessons learnt and closure report has been produced and the project is now closed.

### **Environment**

Projects within the Environment portfolio have progressed well in the last quarter, with the majority of projects RAG rated as Green. A number of project

milestones have been met and committee decisions have been taken in the last three months; both the Recycling and Waste Strategy and Parks and Open Spaces Strategy have been approved by Environment Committee on 12 May. At the Environment Committee on 14 July, the revised Street Cleansing Framework and an introductory paper to future transport strategies: "Moving Around in Barnet: a Direction of Travel" have been approved. The extension of the NSL Parking Contract has been approved by Environment Committee on 12 May. Public engagement is taking place for the Silkstream / Montrose parks project from mid-June to mid-July. Work continues on assessing options for an alternative delivery model for all Street Scene services and the response window for the in-house offer(s) is running from 27 June to 21 October. Regarding the Oakleigh Road Depot site, construction works commenced on 9 May. The issuing of Moving Traffic Contraventions (MTCs) went live on 17 April and work on Phase 2 began the week commencing 2 June.

### **Growth and Development**

A number of milestones have been reached in the past three months. In the Regeneration Programme, within the West Hendon project the last 146 private sale units of Phase 3A have been completed. Full handover of the Stonegrove Community Centre, Church and Vicarage has been completed and formal launch took place on 16 July. The Granville Road project remains a Red rated project until a decision is made in relation to the Public Inquiry. For the Brent Cross project the Assets Regeneration and Growth Committee has approved the CPO3 order on 11 July and all legal documents for the Joint Venture Company set up have been signed. Within the Development Pipeline programme, Tranche 0 Haldane Close (9 units) has been completed in June 2016. Tranche 1 General Fund Mixed Tenure Housing project is now Red rated due to project costs, as the stage 2 tender price is significantly over the estimated budget for the scheme. Work is underway to bring the project back on track. For General Fund out-of-borough acquisitions of homes to use as temporary accommodation, £5 million funding has been approved by Policy and Resources Committee on 28 June, and the business case was approved by Assets, Regeneration and Growth Committee on 11 July.

### **Education Capital Programme**

Progress continues to be made across a number of projects and some new projects have been initiated (including Childs Hill Expansion, St Agnes Expansion, St Mary's and St Johns Phase 3 and Underhill). Overall the programme is on target to achieve pupil places when required. The Aggregated Procurement exercise to provide a single contracted partner for design and build work (including schools and other builds such as leisure centres) is progressing and a shortlist has been made. The ground works have been completed at Oak Lodge; however the costs associated with delays are yet to be agreed although the contractor has now supplied substantiation. In May all stakeholders agreed to progress the design for Blessed Dominic to RIBA stage 2. A number of projects in the defects period have completed or are completing shortly including, Copthall Secondary School expansion, Etz Chaim Free School new build, Christs' College Secondary School Expansion and Whittings Hill.

## Other Finance

### 1.20 General Fund Balance

Directors are accountable for any budget variations within their services and ensuring that expenditure and income are managed within agreed budgets. To make sure that this is achieved, it is essential that Directors develop action plans to address forecast variances and review these throughout the financial year. If the current forecast overspends cannot be addressed in-year, or alternative savings or funding sources identified to offset these, the council's General Fund balances would need to be used to fund the variation at the end of the financial year as set out in table 10 below.

**Table 10: General Fund Balance**

	£000
<b>General Fund Balances brought forward 31 March 2016</b>	<b>(12,543)</b>
Budgeted use of balance	-
Forecast outturn variation	<b>5,098</b>
<b>Projected General Fund balance 31 March 2017</b>	<b>(7,445)</b>

The recommended limit for the council's General Fund balance is £15m and therefore the final revenue outturn results in the balance being £7.555m below this recommended limit. This reduction in the General Fund balance will need to be managed through the council's Medium Term Financial Strategy to ensure the balance is replenished throughout the year as the reduced balance would not be sustainable given the risks the council faces over the short to long term.

### Housing Revenue Account

- 1.21 The Housing Revenue Account (HRA) has a budgeted contribution to reserves of £1.246m. The projected outturn is a surplus of £0.493m, largely due to developer income expected to exceed costs on regeneration schemes resulting in net surplus position.

**Table 11: Housing Revenue Account outturn (Q1 2016/17)**

	Original Budget £000	Revised Budget £000	Q1 Projected Outturn £000	Variance from Revised Budget Adv/(fav) £000	Variance from Revised Budget Adv/(fav) %
Housing Revenue Account surplus before transfer from balances	(1,246)	(1,246)	(1,739)	(493)	39.6
Budgeted contribution to reserves	1,246	1,246	1,246	-	-
<b>Housing Revenue Account projected surplus after transfer to reserves</b>	<b>-</b>	<b>-</b>	<b>(493)</b>	<b>(493)</b>	<b>N/A</b>

The HRA projected balance as at 31 March 2017 is £10.558m, as shown in table 12 below.



**Table 12: Housing Revenue Account balance**

	£000
<b>Housing Revenue Account Balance brought forward 1 April 2016</b>	<b>(8,819)</b>
Budgeted contribution to reserves	(1,246)
Projected in year surplus	(493)
<b>Projected Housing Revenue Account Balance 31 March 2017</b>	<b>(10,558)</b>

**Dedicated Schools Grant**

- 1.22 The Dedicated Schools Grant (DSG) has a budgeted use of £1.342m of balances in 2016/17. The projected outturn is a surplus of £1.544m, largely due to anticipated underspends in high needs top-up funding. The DSG projected balance as at 31 March 2017 is £5.221m.

**Table 13: Dedicated Schools Grant outturn (Q1 2016/17)**

	Original Budget £000	Revised Budget £000	Q1 Projected Outturn £000	Variance from Revised Budget Adv/(fav) £000	Variance from Revised Budget Adv/(fav) %
Dedicated Schools Grant	-	-	(1,544)	(1,544)	N/A

The impact on the Dedicated Schools Grant balance is shown in table 14 below.

**Table 14: Dedicated Schools Grant balance**

	£000
<b>DSG Balance brought forward 1 April 2016</b>	<b>(5,019)</b>
Budgeted use of balance	1,342
Projected in year surplus	(1,544)
<b>Projected DSG Balance 31 March 2017</b>	<b>(5,221)</b>

**Provisions**

- 1.23 Provisions are made where an event has taken place that gives the council a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For example, 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 1 April 2016 the council held provisions of £14.255m and projects to have a balance of £14.211m as at 31 March 2017.

**Table 15: Provisions**

Service Area	Provisions b/fwd 1 April 2016 £000	Provisions Balance 30 June 2016 £000	Projected In Year Draw Down £000	Projected: Year End Balance 31 March 2017 £000
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Service Area	Provisions b/fwd 1 April 2016 £000	Provisions Balance 30 June 2016 £000	Projected In Year Draw Down £000	Projected: Year End Balance 31 March 2017 £000
Adults	699	699	-	699
Corporate (insurance provision)	8,850	8,850	-	8,850
Regional Enterprise (Re)	95	95	-	95
Commercial	117	117	-	117
Children's	54	54	(44)	10
Central (Business Rates Appeals)	4,440	4,440	-	4,440
<b>Total</b>	<b>14,255</b>	<b>14,255</b>	<b>(44)</b>	<b>14,211</b>

## Reserves

- 1.24 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2016 the council held reserves of £112.000m and projects to have a balance of £112.617m as at 31 March 2017.

**Table 16: Reserves**

Description	Reserve s b/fwd 1 April 2016 £000	Drawdown £000	Reserve s c/fwd 30 June 2016 £000	Projected In Year Draw-down £000	Projected In Year Increases £000	Projected Year End Balance 31 March 2017 £000
Central - Capital Financing	3,191	-	3,191	-	-	3,191
Central - Community Infrastructure Levy	16,068	-	16,068	-	-	16,068
Central - Infrastructure	19,622	-	19,622	-	-	19,622
Central - Risk	9,099	-	9,099	-	-	9,099
Central - Service Development	10,582	-	10,582	-	-	10,582
Central - Transformation	12,653	-	12,653	-	-	12,653
Service – Central Expenses	10,642	(33)	10,609	-	-	10,609
Service – Education and Skills	1,982	-	1,982	-	-	1,982
Service – Commissioning	7,285	(82)	7,203	-	-	7,203
Service – Other	1,575	(26)	1,549	(786)	-	763
<b>Sub-total General Fund Earmarked Reserves</b>	<b>92,699</b>	<b>(141)</b>	<b>92,558</b>	<b>(786)</b>	<b>-</b>	<b>91,772</b>
Service - DSG	5,269	-	5,269	(1,342)	2,886	6,813
Service - Housing Benefits	5,875	-	5,875	-	-	5,875
Service - NLSR	642	-	642	-	-	642
Service - PFI	4,265	-	4,265	-	-	4,265
Service - Public Health	1,336	-	1,336	-	-	1,336
Special Parking Account (SPA)	1,914	-	1,914	-	-	1,914
<b>Sub-total Ring-fenced Reserves</b>	<b>19,301</b>	<b>-</b>	<b>19,301</b>	<b>(1,342)</b>	<b>2,886</b>	<b>20,845</b>
<b>Total Earmarked Reserves</b>	<b>112,000</b>	<b>(141)</b>	<b>111,859</b>	<b>(2,128)</b>	<b>2,886</b>	<b>112,617</b>

## Funding of Capital Programme

**Table 17: Funding Movements in the 2016/17 Capital Programme**

Service Area	Grants £000	S106/ Other Contribu tions £000	Capital Receipts £000	Revenue /MRA £000	Borrowing £000	Capital Reserves £000	Total £000
Adults and Communities	0	0	375	0	(150)	0	225
Commercial	0	0	0		0	0	0
Commissioning Group	0	0	(1,628)	0	(2,703)	0	(4,331)
Education and Skills	2,944	0	0	0	(7,946)	0	(5,002)
Family Services	0	0	0	0	0	0	0
Re delivery unit	(231)	0	(2,300)	0	(15,848)	0	(18,379)
Street Scene	0	(2)	0	0	0	0	(2)
<b>General Fund Programme</b>	<b>2,713</b>	<b>(2)</b>	<b>(3,553)</b>	<b>0</b>	<b>(26,647)</b>	<b>0</b>	<b>(27,489)</b>
HRA	0	0	375	0	(4,462)	0	(4,837)
<b>Total Capital Programme</b>	<b>2,713</b>	<b>(2)</b>	<b>(3,928)</b>	<b>0</b>	<b>(31,109)</b>	<b>0</b>	<b>(32,326)</b>

### Treasury outturn

- 1.25 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 2016. 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, (the Authorised limit), irrespective of its indebted status. This is a limit which should not be breached. During the period to 30 June 2016, 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 (TMS). The TMS Strategy for 2016/17 was approved by Council on 1 March 2016. The Treasury Management Strategy requires 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.

### **Investment performance**

- 1.26 Investment deposits are managed internally. As at 30 June 2016, deposits outstanding were £163.4m achieving an average annual rate of return of 0.73 per cent against a benchmark average (London Interbank Bid Rate - LIBID) of 0.36 per cent. The list of deposits outstanding as at 30 June 2016 is attached as Appendix G and summarised in table 18 below.

**Table 18: Investments as at 30 June 2016**

	£000
Local Authorities	13,000
Money Market Funds	54,500
UK Banks & Building Societies	73,400
Non UK Banks & UK Building Societies	22,500
<b>TOTAL</b>	<b>163,400</b>

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

LB Barnet sold its remaining interest in Icelandic bank deposits through an auction sale held by the Central Bank of Iceland on 16 June 2016. The total received for the balance held in escrow was £2.584m.

In summary, the council had deposits of £27.4m in the Icelandic banks Landsbanki and Glitnir. After taking part in this recent auction, the council has recovered £28.53m in total. This represents recovery of all of the principal and £1.13m in interest.

### **Debt management**

- 1.27 The total value of long term loans as at 30 June 2016 was £304.08m. There has been no external borrowing in the financial year to date. The average rate of interest paid on total borrowing for the quarter ended 31 March 2016 was 3.89 per cent.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 These recommendations are to allow the council to meet the budget agreed by Council on 1 March 2016.

## **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 Plan. This report also includes performance indicators for the delivery of services by the council, such as the performance of Delivery Units, Service Providers and partners.

5.1.2 The past four 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 ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan. 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 2015-2020
- Corporate Plan - 2016/17 Addendum
- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Risk Management Strategy
- 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 and Support Group; Re; the Barnet Group (Including Barnet Homes and Your Choice Barnet); HB Public Law; NSL (Parking Contractor); 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) Note 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
<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 In order to assist in meeting the duty the council will:

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

This is also what we expect of our partners.

5.5.4 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 2015/20 onwards, three phases of consultation took place:

Phase	Date	Summary
Phase 1: Setting out the challenge	Summer 2013	The council forecast that its budget would reduce by a further £72m between 2016/17 and 2019/20,



		setting the scene for the PSR consultation
Phase 2: PSR consultation to inform development of options	October 2013 - June 2014	Engagement through Citizen's Panel Workshops which focused on stakeholder priorities and how they would want the council to approach the Priorities and Spending Review An open 'Call for Evidence' asking residents to feedback ideas on the future of public services in Barnet.
Phase 3: Engagement through Committees	Summer 2014	Focus on developing commissioning priorities and MTFS proposals for each of the 6 committees Engagement through Committee meetings and working groups
Phase 4: Strategic Plan to 2020 Consultation	December 2014 – March 2015	A series of 6 workshops with a cross section of residents recruited from the Citizens Panel and Youth Board, plus two workshops with users <sup>11</sup> of council services. An online survey (17 December 2014 – 11 February 2015)

## 6 BACKGROUND PAPERS

- 6.1 Performance and Contract Management Committee, 12 May 2015 (Decision Item 7) – approved Final Outturn and Quarter 4 Monitoring Report 2014/15  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7873&Ver=4>
- 6.2 Council, 3 March 2015 (Decision item 12) – approved Business Planning 2015/16 – 2019/20, including the Medium-Term Financial Strategy.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7865&Ver=4>
- 6.3 Council, 14 April 2015 (Decision item 13.3) – approved Corporate Plan 2015-20.  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7820&Ver=4>
- 6.4 Council, 4 April 2015 (Decision item 13.1) – approved 2016/17 addendum to Corporate Plan  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8344&Ver=4>

<sup>11</sup> One “service user” workshop was for a cross section of residents who are users of non-universal services from across the council. The second workshop was for adults with learning disabilities.