

Decisions of the Financial Performance and Contracts Committee

15 June 2020

Members Present:-

Councillor Peter Zinkin (Chairman)
Councillor Thomas Smith (Vice-Chairman)

Councillor Anthony Finn
Councillor Kathy Levine
Councillor John Marshall

Councillor Arjun Mittra
Councillor Alex Prager
Councillor Barry Rawlings

1. MINUTES OF THE PREVIOUS MEETING

The Chairman of the Committee, Councillor Peter Zinkin welcomed all attendees to the virtual meeting.

It was RESOLVED that the minutes of the previous meeting of the Financial Performance and Contracts Committee held on 29 January 2019 be agreed as a correct record.

2. ABSENCE OF MEMBERS

None.

3. DECLARATIONS OF MEMBERS DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY INTERESTS

The following declarations were made during the meeting:

Councillor	Agenda Item(s)	Declaration
John Marshall	9	Non-pecuniary interest by virtue of being a Council appointed Director of Re

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

None.

The Chairman sought agreement to alter the order of the items on the agenda. The Committee agreed to move discussion on the Members items to the end of the agenda, to allow any points raised during discussion of the various reports to take place first and any outstanding concerns raised to subsequently be addressed at the end of the meeting.

The Committee also agreed to discuss Item 8 on the agenda before Item 7.

6. CHIEF FINANCIAL OFFICER REPORT OUTTURN MONTH 12 (MARCH 2020) (ITEM 8 ON THE AGENDA)

The Chairman introduced the item and invited Anisa Darr, Director of Finance and Ben Jay, Assistant Director of Finance to present and summarise the report.

The Director of Finance informed the Committee that had Covid-19 not happened, the Council's financial position for 19/20 would have ended in a favourable position and significantly better than had been anticipated at the last meeting with the ability to add to back to reserves, always recognising that reserve usage had been budgeted.

The Assistant Director of Finance raised the following key points:

- That a key concern raised by Councillors had been the use of reserves and as of month 12 this had significantly improved since the last meeting, with a net contribution to reserves at the end of the year, always recognising the already budgeted use of reserves.
- That there was some work to be done to improve forecasting for the end of the year, which would help aid planning, particularly around Covid.

The Committee requested that the original budget be included in the tables within the report, to allow comparisons against the revised budget figures. Officers agreed to incorporate this into future reports. (**Action** - Assistant Director of Finance)

The Committee queried whether the increased costs for residential care and the increasing length of stay had been factored into the budget for 2020/21. The Director of Finance confirmed just under £9m had been put into the adult's budget in recognition of these increased costs, however these budgets were set pre-covid, so the Council would only know if the budget was adequate as the year evolved. However, she confirmed that a month 2 detailed exercise was currently taking place.

Councillor Mitra asked for the final cost figure for the repair of the Finchley Lido, as well as the proposed opening date. Officers explained that it was not detailed within the report as capital costs were funded by the asset maintenance fund. The Chairman suggested that officers provided Councillor Mitra with a link to the environment committee paper on the Finchley Lido and that anything not covered in the paper be picked up and provided by officers outside of the meeting. (**Action** – AD Finance)

The Committee requested the latest information on the school balances and in-year deficits be circulated to Members. The Director of Finance agreed that this would be included in the next set of monitoring reports that are brought to committee. (**Action**- Director of Finance)

As part of the discussion in relation to the HRA, the Chairman requested a report be brought to the committee providing a detailed explanation on the movement between month 10 and 12 and where the overspend occurred, as well as plans that had been put in place to prevent the problem re-occurring in the future. The Chairman asked that the report include a month by month trend analysis of last year and this year. The Director of Finance explained that a piece of work was taking place between all relevant officers and the Barnet Group to map all processes and make sure there were no gaps between the different teams. She agreed to bring a report back to the committee which would outline the revised arrangements and how it would be made more robust going forward. (**Action**- Director of Finance).

The Committee queried the £2.1m borrowing for Brent Cross, The Director of Finance agreed to confirm the position and circulate to the members. (**Action** – director of Finance) [Members were later informed that this related to land acquisitions.]

The Committee also queried the slippage in IT projects for Adults and Health and were concerned whether the data that was being used to provide information to government was reliable. The Chairman informed the Committee that a report on Mosaic was due to be reported to the Adults and Safeguarding Committee, however due to resource implications arising from Covid-19, this had been delayed. The Assistant Director of Finance confirmed that Mosaic was performing well, however the report would outline and address specific concerns. He also explained that whilst the data was not completely up to date, other financial systems were used to check the data was as accurate as possible and benchmarking was used to ensure there was a sense check of the cost element.

The Committee raised concerns about the same debtors being identified within multiple reports brought to the Committee, Freemantle Trust, Comer Homes and the NHS. The Director of Finance explained that the issues regarding Freemantle were ongoing and that the Council were currently awaiting further comment from legal. Regarding Comer Homes, she said mediation had been unsuccessful, the council was waiting for courts to re-open to progress further. The Director said that Barnet CCG had combined to become NCL CCG from the 1st April which had contributed to the delay in recovering the debt, as well as the NHS and care sectors being particularly affected by Covid-19, however dialogue with the new team had started and she was hopeful that resolution would progress quickly.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

The Committee noted the overall financial outturn at the end of 2019/20 for General Fund services, Housing (HRA), Schools (DSG) and capital budgets.

The Committee noted the overall use of reserves reflected in the report.

7. COVID-19 FINANCIAL IMPLICATIONS (MAY 2020) (ITEM 7 ON THE AGENDA)

The Chairman introduced the report which outlined where the council has funding and income pressure. He invited Anisa Darr, Director of Finance and Ben Jay Assistant Director of Finance to present and summarise the report.

The Director of Finance stated the paper provided an estimate and forecast based on a point in time, due to uncertainty around the speed at which lockdown would be eased and the potential of a second peak. Therefore, the figures were subject to change based on these and other variables. The paper outlined the gross pressure on Covid-19 response and loss of income to the local authority, the net loss being estimated at £26.2m. She also updated the committee on further funding announcements since the publication of the paper, including £1.5m for the Track and Trace responsibilities and the government announcement of £63m to Local Authorities to assist those struggling to afford food and other essentials, however the specific allocation for Barnet was not yet known.

The Committee requested that a range of figures for each estimate would be helpful, rather than an estimated absolute figure. Officers confirmed that ranges were contained within a paper being drafted.

The Committee queried how much of the £26.2m the Council was likely to receive from the government. The Director of Finance said discussions were taking place with MHCLG monthly, but she could not confirm at this point the exact amount. The Chairman confirmed that many discussions were being had, at all levels, and it was acknowledged that the current rate of spending was not sustainable, without further funding from MHCLG.

A member queried the increased costs in relation to mortuary's and crematoriums and why this was not recovered through charges. Officers explained that during the pandemic they incurred significant additional costs, due to 5 times the normal level of demand for funerals and therefore extra resources had been needed to cope. A new cemetery was also being built and would be in place from early August. The Committee also queried the increased cost for LEZ complaint vehicles, which the Chairman explained was the result of a delay in delivery of the new vehicles due to the impact of Covid and the cost of hired vehicles in the meantime being an additional cost.

The Committee requested further information on the situation surrounding parking income pressures as the number in the report was significant. (**Action** – Assistant Director of Finance.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was therefore unanimously **RESOLVED:**

- 1. That the Financial Performance and Contracts Committee noted the current net estimated financial impact of Covid-19 for 2020/21 of £26.2m.**

8. Q4 2019/20 CUSTOMER AND SUPPORT GROUP (CSG) PERFORMANCE REPORT (ITEM 9 ON THE AGENDA)

The Chairman invited Tim Campbell, Head of Commercial Management to present and summarise the report. He notified the Committee that Covid had impacted on the report, meaning it concentrated on CSG performance only. He highlighted that there had been continued improvement across most areas.. The pensions transfers remained on track, apart from incident resolution and that there were notable improvements in HR audit initial findings and changes to the contact centre to enable staff to work from home.

Members noted an error in the text on page 4 for pre-employment vetting in relation to table 1.18, which should read as amber.

The Committee were concerned about the number of pensions items outstanding, which was important data required for transferring over to the new supplier. The Director of Finance informed the committee that a paper was due to go to the Local Pension Board, which put together an action plan to ensure outstanding cases and information were chased up and that benefits moved across correctly. Additional staffing into the team had been arranged to work on the non-actionable 3rd party cases.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

That the Committee noted the Quarter 4 (Q4) 2019/20 performance for the back-office functions delivered by the Customer and Support Group (Capita).

9. YEAR 6/7 REVIEW OF CAPITA CONTRACTS (ITEM 10 ON AGENDA)

The Chairman invited Deborah Hinde, Director, Commercial and Customer Services to present the report.

The Director for Commercial and Customer Services said the work on the review had been paused due to the pandemic and the decision to focus on critical services only. She said that most of the services that had been noted in the phase 1 review had been heavily involved in supporting the council's response to Covid-19 and therefore there had no capacity to work on the review. The Council was currently still in emergency response mode.

The Director for Commercial and Customer Services commended Capita colleagues for the way in which they had stepped up to respond to the pandemic, the level of flexibility and responsiveness had been second to none. Capita led in terms of redeploying staff into critical services and enabling 80% of council employees to work from home. She stressed that there was still a lot of work to be done before services were back to a normal footing, which impacted on when the review could progress.. She said the intention was to bring a report back to the committee in the autumn, detailing the arrangements of the review and revised timelines. She also confirmed that officers were very conscious of the impact of timing on the review decisions and that conversations would include reconsideration of how the review would be conducted, with a focus on key areas of concern.

Following discussion of the item, the Chairman moved to vote on the recommendations outlined in the report.

It was unanimously **RESOLVED** that:

- 1. That the Committee noted the suspension of work on the Year 6/7 Review;**
- 2. That the Committee noted the exemplary response of Capita colleagues in supporting the council's response to the Covid-19 pandemic.**
- 3. That the Committee noted a further update report would be brought to the Committee in the autumn.**

10. MEMBERS' ITEMS (ITEM 6 ON THE AGENDA)

The Chairman invited the Members to introduce the Members Items that had been submitted in their names.

Councillor Kathy Levine – Budget Position.

Councillor Levine introduced her Members item which asked for the Committee to be updated on the current assessment of the s151 officer of the Council's finances and commitments of the Government to meet the additional costs and the extent to which the Council can continue to meet the shortfall over the next 3 months.

The Committee agreed that the issues raised in the members item had been addressed during the discussion on the Chief Financial Officer's report

Councillor Arjun Mitra – Capita

Councillor Mitra introduced the Members item in his name which requested a report be brought back to the committee on the robustness of the financial state of Capita and their ability to deliver services in Barnet.

The Chairman proposed that officers circulate the latest annual update, which included a contingency plan, to Councillor Mitra and that any specific questions not covered within that report could then be picked up with officers (**Action** – Assistant Director of Finance). The Chairman also said that if events changed or an emergency arose, a report would be circulated and an emergency committee would take place to make any decisions. However, he commented that there was nothing to suggest that Members needed to be alarmed about the financial state of Capita, but concerns were noted.

The Chairman agreed to have a discussion with Councillor Mitra and officers on what information could be published in future for Members to review.

11. COMMITTEE FORWARD WORK PROGRAMME

Officers apologised for the Committee work programme not being included within the agenda and agreed for the most up to date version to be published and circulated to Members.

12. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 9.27 pm