

Commercial Services – performance overview

1. Overview

1.1 Summary rating for this service

Revenue budget actual variance £000 ^[1]	Capital actual variance £000	Corporate Plan performance rating	HR rating	Key project rating
323	(1696)	2.5	-1	-2

1.2 Top achievements, issues and actions

Top 3 achievements	Top 3 issues	Top 3 actions needed
Procurement: The Procurement Controls and Monitoring plan presented to Audit Committee on 16 June 2011 has been implemented.	Procurement: Successful embedding of the principles within the Procurement Controls and Monitoring plan requires effective cross organisational working.	Procurement: Continued focus on non-compliance activity to achieve target of 95% compliant contracts by yr end 11/12.
Corporate Programmes: Handover of new Colindale Primary School.	Corporate Programmes: Legal challenge to planning permission granted to carry out works to create Etz Chaim Free School has delayed project delivery. There is a need to submit a new Planning Application for Etz Chaim Free School.	Corporate Programmes: Deliver Information Management Strategy with recommendations for prioritisation/ agreement of subsequent projects/work streams.
IS: Specification of Disaster Recovery capability completed. Procurement to commence Oct 2011, award subject to CRC approval Jan 2012.	Consultation with staff commenced on 26 October on staffing implications of the Budget Proposals for 2012/13.	Management need to support staff through the impact of budget proposals- engagement with affected staff and TU's must be prioritised through the consultation period and through the implementation of accepted proposals thereafter.

1.3 Key correlations & interdependencies

None.

2. Budget

2.1 Revenue

Commercial Services

Description	Variations				Comments	% Variation of Revised Budget
	Original Budget	Budget V1	Forecast 2011/12	Variation		
	£000	£000	£000	£000		
Corporate Programmes & Consultancy	86	807	726	(81)	Underspend from vacant posts.	-10.0%
Property Services & Asset Management	7,075	8,000	8,031	31	Shortfall on Building Services rechargeable income.	0.4%
Corporate Procurement	413	211	260	49	Shortfall on Procurement savings partly offset by vacant posts.	23.2%
Information Systems	7,059	7,176	7,500	324	Overspend due to full cost of Civica Open Revenues, licences and maintenance in addition to one-off costs for aspects of Pericles. Partly offset by inflation pressure on IT Services contracts now funded.	4.5%
One Barnet Programme	-	-	-	-		0.0%
Total	14,633	16,194	16,517	323		2.0%

2.2 Capital

	2011/12 Latest Approved Budget	Additions/ Deletions recommended to November CRC	Slippage / Accelerated Spend recommended to November CRC	2011/12 Budget (including November CRC)	Variance from Approved Budget	% slippage of 2011/12 Approved Budget
	£000	£000	£000	£000	£000	%
Commercial Services	4,672	(8)	(1,688)	2,976	(1,696)	-36%
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3. Key projects

Project Name	Total allocated Budget	Capital funded?	Projected end date	Stage project is in	Spend to date	Planned stage progression next period	Current status Quarter 2	Direction of travel in Quarter 4	Forecast Quarter 3 Status	Comments / Risks / Finance
Corporate IM Platform	£ 5,968	Capital	31-Aug-12	Assessment	3,989	Same	Red	Same	Red	This project has been under review since March 2011 while business requirements were being re-evaluated. A decision was taken in June 2011 to put the project on hold temporarily while an Information Strategy was being developed. This is due for completion at the end of October 2011 at which point they are expected to be in a position to consider requirements based on the recommendations of the Strategy.

4. Performance

CPI NO	Indicator description	Period Covered	Numerator and Denominator	Previous outturn	Target	Outturn	Target Variance	DoT Variance	Benchmarking
7001	Reduction in the amount of energy used in the council's main office locations to 367 kw/h per GIA metre squared	Apr 11-Sep 11	N/A	386 kw/hr/m2 (yr end 9/10)	168kWh	190kWh/m2	13.1%	▲ 50.8	LB Barnet's Q2 performance in 9/10 was 177 kw/hr/m2
7002	Reduction in total property costs of the council's main office locations to £188 per GIA metre squared	April 2011 – March 2012 (inclusive)	N/A	£256	£245	Data not supplied – will report in Q4	N/A	N/A	Not reported – will report in Q4
7003	Number of vendors reduced by 40% between November 2010 and end of June 2011	Jul 11-Sep 11	N/A	8271	5820	5694	2.2%	▲ 31.2%	local indicator
7004	% increase of 50 largest vendors under formal contract	Jul 11-Sep 11	40/50	80%	80%	80.0%	0.0%	↔ 0.0%	local indicator
7006	% of the value of compliant contracts	Jul 11- Sep 11	436,606,044.67 / 531,548,347.46	79.4%	80%	82.1%	2.6%	▲ 3.4%	local indicator

*The relevant previous outturn used will either be the previous quarter, or the same quarter of the previous year. The same quarter of the previous year will be used for annual indicators, cumulative indicators (where the numbers add up during the year and are reported as 'year to date') and if the indicator is affected by seasonal fluctuations.

CPI 7001 – The Building Services team have done comprehensive quality assurance on their sustainability targets and identified errors in the baseline data upon which the original targets for this indicator were based. The baseline has been amended and targets updated accordingly to represent a targeted 5% reduction in energy consumption over the year. The target for Q2 was narrowly missed this quarter. Outturn was partially influenced by weekend usage of NLBP Building 4 during reporting period which has now ceased. Proposals on appropriate changes to the building's services to more efficiently facilitate out of hours use to be considered as part of Modern Ways of Working.

CPI 7002 – This indicator has not reported this quarter and a recommendation has been put forward to the Council Leadership to report a year end cost only. The Building Services team have, as stated above, done extensive quality assurance work this quarter on their management information and consider year end reporting to be the best and only means to get an accurate reading of the Total Property cost for the Council's main office buildings. This indicator was originally a CIPFA benchmarking indicator which reported annually due to the time lag which exists when calculating property costs per gross internal area per meter squared (a consequence of the time taken for costs of utilities etc which are billed only quarterly and are often corrected throughout the year, making accurate and timely quarter by quarter establishment of costs unlikely). Whilst it was initially judged that the data behind this indicator could be disaggregated and reported quarterly, the team's recent data quality work has indicated that annual reporting of the indicator would be a more meaningful and accurate measure of how well we are managing our property costs.

5. Human Resources

Performance Indicator	Period covered	Target	Amber criteria	Q2 Actual (No.)	Q2 Actual % of total	Q2 (numerator/ denominator)	Target Variance	Q1 DoT	Council average	Benchmarking
Attendance										
Average number of absence days per employee (Rolling year)	Oct 10 - Sept 11	6	6 - 6.5	5.1	N/A	747/146	15.0%	<div><div></div><div>22.7%</div></div>	8.1	9 days (CIPFA, All Members & other Unitary Authorities 2010)
Average number of absence days per employee this quarter (target is seasonally adjusted)	July 11 - Sept 11	1.44	1.3 - 1.5	0.4	N/A	65/148	69.4%	<div><div></div><div>56%</div></div>	1.8	2.25 days (CIPFA, All Members & other Unitary Authorities 2010)
% managers submitting a monthly absence return	July 11 - Sept 11	100%	>90%	21	75.0%	21/28	25.0%	<div><div></div><div><0.01%</div></div>	55.9%	N/A : measure applicable to LBB only
Performance Review										
% objectives set for eligible staff only	July 11 - Sept 11	100%	>90%	79	56.0%	79/141	44.0%	<div><div></div><div>0.6%</div></div>	84.1%	N/A : measure applicable to LBB only
% mid year performance reviews undertaken for eligible staff only (to be reported in Q3)	July 11 - Sept 11	100%	>90%	Available for Quarter 3 2011/2012						84% (CIPFA, All Members & other Unitary Authorities 2010)
Cost										

Variance of total paybill to budget	July 11 - Sept 11	£1,669,588	+/-5%	£1,458,453	-12.6%	1458453/1669588	-12.6%	<div>▲ 0.6%</div>	-4.7%	N/A : measure applicable to LBB only
Management Indicator	Period covered			Q2 Actual (No.)	Q2 Actual % of total	Q2 (numerator/ denominator)	DoT Q1 outturn %		Council average	Benchmarking
Diversity data										
Percentage of top 5% earners that are female	As at 30 September 2011			5	55.6%	5/9	<div>▲ 55.6%</div>		50.9%	Women in leadership posts 37% (CIPFA, All Members & other Unitary Authorities 2010)
Number of BME employees as % of total employees	As at 30 September 2011			44	32.8%	44/134	<div>▲ 15.6%</div>		32.8%	Black and Minority Ethnic local population 33.1% (State of the Borough June 2011)
Number of declared disabled staff as % of total employees	As at 30 September 2011			4	2.6%	4/152	<div>▼ 6.1%</div>		1.7%	5.1% (CIPFA, All Members & other Unitary Authorities 2010)
Employee Relations										
High Risk - Employee Relations cases as % of total cases	As at 30 September 2011			0	0	n/a	n/a		14.4%	N/A : measure applicable to LBB only

	ESTABLISHMENT				OCCUPANCY				Variance	OTHER	
	Permanent	Fixed Term	Vacant	TOTAL	Permanent	Fixed Term	Agency / Interim	TOTAL		Consultants	Casual
Commercial Directorate	115.91	34	18.17	168.08	117.31	31.00	17.00	165.31	-2.77	3	0.00

- 1) Low levels of sickness have been recorded across the Directorate as a result of a management focus on reducing sickness levels.

- 2) The number of managers making absence returns is above the Council average but below target. Further investigation into this has confirmed that this has been a result of an erroneous change in SAP management reporting lines which prevented numerous managers from making their September return. This has now been rectified.
- 3) % objectives set for eligible staff- This is below target and the Commercial Director has instructed managers to prioritise this work, ensuring that all Commercial staff have a full set of agreed objectives and that mid year reviews are undertaken in accordance with corporate expectations.
- 4) Variance of total paybill- In view of the NSCSO project, the Directorate has been maintaining as flexible a workforce as possible where this is appropriate, filling vacancies flexibly. This has impacted short term costing but we do not expect this to impact the long term paybill for Commercial.

6. Risk Overview and risks rated 12 and above

The following is the 5 X 5 matrix 'heat map' highlighting the number of risks at a Directorate Level and where they are currently rated:

	Score:	IMPACT				
		1	2	3	4	5
		Negligible	Minor	Moderate	Major	Catastrophic
PROBABILITY	5 Almost Certain	0	0	0	0	0
	4 Likely	0	0	0	2	0
	3 Possible	0	0	3	2	0
	2 Unlikely	0	1	0	5	0
	1 Rare	0	0	0	0	0

- MP0002 – This is a risk which we expect to remain likely in the current financial climate. However, will continue through the implementation of the Estates Strategy to manage the Commercial portfolio to the highest possible standards in terms of achieving best value, consistent income streams which come in on time and budget.
- MP0007- Whilst the impact of this risk occurring will remain significant over the long term, as the principles within the Procurement Controls and Monitoring Plan are embedded across the organisation and standards of compliant procurement activity are monitored by a Central procurement function we would expect the likelihood of this risk occurring to reduce.
- MP00015 – The impact, should this risk occur will remain significant due to the cost involved in maintaining a substantial office estate which is not fit for purpose. The likelihood of this risk occurring should reduce as we implement the Council's Public Offices Strategy to ensure that the Council operates a flexible, responsive office estate to deliver its core functions. This strategy is in draft at present and should be finalised in quarter 3.
- Commercial risks rated 12 and above are monitored fortnightly by the Commercial Senior Management team.

The following risk register lists those risks rated as 12 and above:

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
MP0002 - Financial Challenging economic conditions impact on our ability to maximise the return on our commercial portfolio.	Major 4	Likely 4	High 16	Implement Estates Strategy Action Plan 2011/12 <i>In Progress (10% complete)</i> Develop and implement 5 yr Asset Management Plan informed by new Asset management system <i>In Progress (20% complete)</i> 5 year asset management plan final plan <i>Superseded</i> Five year Estates Strategy & action plan developed and signed off <i>Implemented (100% complete)</i> Deliver Total Capital & Assets project <i>In Progress (40% complete)</i>	Treat	31/03/2012 (high) 30/12/2011 (normal) 30/09/2011 (low) 30/03/2011 (normal) 30/09/2011 (normal)	Major 4	Likely 4	High 16
MP0007 - Financial Failure to adequately support the organisation to procure and commission services which are high quality and at the right cost and which are flexible enough to meet both current and future needs. This risk relates to the Corporate Procurement team and their role to support effective procurement practices across the organisation.	Major 4	Likely 4	High 16	Establish Commercial Assurance division including putting in place an interim Ad Commercial Assurance, business analysts & new procurement managers <i>Implemented (100% complete)</i> Review of procurement - complete final report and recommendations <i>Implemented (100% complete)</i> Implement recommendations from procurement review through delivery of Procurement Controls and Monitoring Plan. Action <i>In Progress (30% complete)</i> Develop & Implement an up to date procurement strategy informed by a solid understanding of the supply market. Extended to reflect implementation of Procurement Improvement Plan. Being developed in line with the centralisation review. <i>In Progress (60% complete)</i> Create an up to date and fit for purpose	Treat	28/02/2011 30/6/2010 31/3/2012 30/9/2011 31/07/2011	Major 4	Unlikely 2	Medium High 8

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
				<p>single repository of contracts held across the council Draft Forward Procurement Plan including contract register <i>Approved</i> (95% complete)</p> <p>Develop and implement vendor management strategy to include vendor limits. All new vendor requests are now authorised by the AD Commercial Assurance.</p> <p><i>In Progress</i> (65% complete)</p> <p>Complete review of top 50 vendors analysing cost, performance, productivity Corporate target to have review and contracted 100% by end March 2012 <i>In Progress</i> (80% complete)</p> <p>implement vendor authorisation process <i>Implemented</i> (100% complete)</p> <p>Progress move towards transformation of procurement function / centralised model to consolidate skills into one area Proposed go live has now been reviewed and put back to April 2012. <i>In Progress</i> (50% complete)</p> <p>Implement Procurement Monitoring and Control Plan Action until September 2011. All other actions are ongoing. Action met deadlines and is now deemed business as usual. <i>In Progress</i> (100% complete)</p>		<p>30/10/2011</p> <p>01/10/2011</p> <p>-</p> <p>31/03/2012</p> <p>-</p>			
MP0015 – Financial Lack of control of office space impacts on our ability to ensure that the Council's asset portfolio is appropriate to deliver it's operational need	Major 4	Possible 3	Medium High 12	Regular meetings with public offices' landlords to interrogate and reduce service charges via better procurement / contracting <i>In Progress (40% complete)</i> Develop 5 year Public Offices Strategy & Action Plan <i>In Progress (40% complete)</i>	Treat	Ongoing (normal) 30/09/2011 (normal)	Major 4	Unlikely 2	Medium High 8

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
MP0014 - Compliance Reputational risk - Council performs poorly in Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) league tables resulting in performance penalties. Potential financial loss League table performance penalties now removed as part of scheme simplification actions as part of the Comprehensive Spending Review although penalties associated with inadequate reporting remain.	Major 4	Possible 3	Medium High 12	Enrol on London Energy CRC Health Check (informal peer review) <i>Implemented (100% complete)</i> Establishing CRC Steering Group to strengthen management of CRC <i>Implemented (100% complete)</i> Implementing actions from CRC health check <i>In Progress (75% complete)</i>	Treat	- - 01/12/2011 (normal)	Moderate 3	Unlikely 2	Medium Low 6

7. Corporate Plan improvement initiatives

Corporate Priority & Strategic Objective	Top Project/ Top improvement initiative	Quarter 2 milestone/s	Status	Commentary	Quarter 3 milestone/s
<i>Better services with less money Manage resources and assets effectively and sustainably across the public sector in Barnet</i>	Developing a clear asset map across the public sector in Barnet and using it to inform decisions about asset use in the Council and partner bodies	Develop a full register of public assets in Barnet Develop community building strategy in consultation with partners	Work initiated/partially achieved	We have been informed of some additional public assets which we now working to include on the full register and map. This is expected to be in place by December 2011. Community Assets strategy is being drafted with input from partners. Sign off expected by the end of quarter 3.	Formal sign off Community Buildings strategy
<i>Better services with less money Manage resources and assets effectively and sustainably across the public sector in Barnet</i>	Delivery of 5 year assets acquisitions and disposals programme to ensure that Council estate is fit for purpose	Formal sign off of strategy and begin implementation against milestones within it.	Work Completed	The Five Year Acquisitions and Disposals Plan is in place and monthly update and review meetings are being held including a monthly review of key transactions. In order to monitor and review progress against milestones.	Implementation of actions in disposals strategy for Q3