

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
(20)	(1,456)	-0.5	-1	3

1.2 Top achievements, issues and actions

Top 3 achievements	Top 3 issues	Top 3 actions needed
Opening of new combined Northway Special School and Fairway School and Children's Centre and Topping-Out ceremony at Colindale Primary School rebuild	Resourcing in procurement team to deliver service and One Barnet objectives. Lack of capacity is putting timescales at risk.	Proposals needed for alternative means of delivering key pieces of procurement work and implementation of procurement improvement plan to ensure resource allocated appropriately in key areas such as One Barnet procurement support.
Copthall Stadium partnership approval at CRC	Need to progress IS transformation work. We have put AD level support in place to drive this crucial work.	We must support HR in managing the trade dispute on the Development and Regulatory project and ensure the impact on service provision is monitored by the services and reported appropriately.

Issue of OJEU notice for Development & Regulatory Services Project	One Barnet: Risks have been identified around the Local Authority Trading Company structure and liabilities in relation to corporation tax. Taxation advice has been sought and KPMG commissioned to support us in seeking resolution.	Delivery of the Referendum on May 5th
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1.3 Key correlations & interdependencies

We have progressed the procurement work to deliver the contract review and renegotiation targets (CPIs 10a&b). However, a significant lack of capacity to deliver this work whilst also supporting the One Barnet procurement processes means we have been unable to meet the Q4 targets. This is a crucial piece of work therefore we are drafting proposals to find alternative means to deliver this work according to the necessary timescale.

2. Budget

2.1 Revenue

Description	Variations				Comments	% Variation of Revised Budget
	Original Budget	Budget V1	Final Outturn 10/11	Variation		
	£000	£000	£000	£000		
Corporate Programmes & Consultancy	92	612	618	6	Non-Rechargable costs within Corporate Programmes	1.0%
Property Services & Asset Management	7,951	7,885	7,839	(46)	Income generated from another London Borough for print management support.	-0.6%
Corporate Procurement	495	410	379	(31)	Underspend due to staff cost recharged for dedicated support being provided to the Regeneration team	-7.6%
Information Systems	7,094	6,899	6,950	51	Additional software licensing costs.	0.7%

One Barnet Programme	-	-	-	-	Total spend of £2.5 million has been met from various sources - £1.5 million from central expenses and £1 million from the Transformation reserve.	0.0%
Total	15,632	15,806	15,786	(20)		-0.1%

2.2 Capital

Service Area	Original Budget (including prior years slippage)	In-year Slippage	In-year Additions/Deletions	Current Budget	Final Outturn	Outturn Slippage	Total Slippage (In-year plus Outturn)
	£000	£000	£000	£000	£000	£000	£000
Commercial Services	7,147	(2,932)	(400)	3,816	2,360	(1,456)	(4,388)

3. Key projects

There are no Commercial Services key projects reporting status red this quarter

4. Performance

CPI no	Performance Indicator	Period Covered	Numerator/denominator	Relevant previous outturn	Target	Outturn	Target Variance	DoT	Benchmark data
10	Effective contract management (basket)								
10a	% of contracts held by the Council have been reviewed	January 2011 – March 2011	66/180	31.1%	50%	36.7%	26.6%	▲ 18.0%	Local indicator, no benchmarking data
10b	% of contracts deemed to require renegotiation have commenced renegotiation		19/90	15.6%	50%	21.1%	57.8%	▲ 35.3%	Local indicator, no benchmarking data
11	% of 50 largest vendors under formal contract		35/50	16%	80%	70.0%	12.5%	▲ 337.5%	Local indicator, no benchmarking

									data
12	% rental voids on Commercial property portfolio		7/202	4.5%	5%	3.5%	30.8%	▲ 22.2%	Not participating in benchmarking

Service Commentary:

CPI 10a & b: Whilst there is an upward direction of travel in this area, a significant resourcing issue has meant that we have been unable to complete this schedule of work within the desired timescale. We have recognised that we do not have the internal capacity to deliver this work within the timescale allocated and proposals have been developed for approval which set out alternative means of delivering this work.

CPI 11: Lack of internal capacity has meant that whilst we have progressed this work, we have still missed the target by 10%. Through the performance improvement plan we have set a revised schedule for the delivery of this work with a view to achieving 100% by Q3 of 11/12.

5. Human Resources

Performance Indicator	Period covered	Target	Amber criteria	Q4 outturn (No.)	Q4 outturn % of total	Q4 (numerator/denominator)	Target Variance	Q4 DoT	Council average	Benchmarking
Attendance										
Average number of absence days per employee (Rolling year)	April 10 - March 11	6	6 - 6.5	6.9	N/A	1035.89/151.14	14.2%	▲ 3.5%	7.8	9 days (CIPFA, All Members & other Unitary Authorities 2010)
Average number of absence days per employee this quarter (target is seasonally adjusted)	Jan 11 - March 11	1.51	1.5 - 1.7	1.4	N/A	204.81/151.14	9.9%	▲ 38.4%	1.9	2.25 days (CIPFA, All Members & other Unitary Authorities 2010)
% managers submitting a monthly absence return	Jan 11 - March 11	100%	>94%	17	63.0%	17/27	37.0%	▼ 23.3%	59.3%	N/A : measure applicable to LBB only
Performance Review										
% performance reviews undertaken for eligible staff only	Apr 09 - March 10	100%	>94%	N/A for Quarter 4						84% (CIPFA, All Members & other Unitary Authorities 2010)

Cost								
Variance of total paybill to budget	Jan 11 - March 11	0	+/-5%	Available for Quarter 1 2011/2012				84% (CIPFA, All Members & other Unitary Authorities 2010)
Management Indicator	Period covered		Q4 outturn (No.)	Q4 outturn % of total establishment	Q4 (numerator/ denominator)	DoT Q3 outturn %	Council average	Benchmarking
Establishment/staffing								
Number of FTE established posts	As at 31 March 2011		177.8	5.2%	177.8/3406.58	▲ 0.9%	N/A	No relevant information available
Number of FTE employees in permanent posts	As at 31 March 2011		126.3	71.0%	126.3/177.8	▲ 1.4%	78.1%	88.3%(Capital Ambition, 2010)
Number of Hays temps covering established posts (non Hays temps and Interims available for Q1, 2011/2012)	As at 31 March 2011		14	7.9%	14/177.8	■ 0%	9%	11.7%(Capital Ambition, 2010)
Number of Fixed Term Contract staff covering established posts as % of total establishment	As at 31 March 2011		26.0	14.6%	26/177.8	Not previously reported	8.3%	No relevant information available
Number of consultants not covering established posts	As at 31 March 2011		Available for Quarter 1 2011/2012				No relevant information available	
Employee Relations								
Number of active employee relations cases	As at 31 March 2011		1	N/A	N/A	Not previously reported	N/A	No relevant information available
High Risk - Disciplinary	As at 31 March 2011		0	0.0%	0/1	Not previously reported	3.2%	N/A : measure applicable to LBB only
High Risk - Grievance	As at 31 March 2011		0	0.0%	0/1	Not previously reported	1.1%	N/A : measure applicable to LBB only
High Risk - Capability	As at 31 March 2011		0	0.0%	0/1	Not previously reported	0.0%	N/A : measure applicable to LBB only

High Risk - Ill health capability	As at 31 March 2011	0	0.0%	0/1	Not previously reported	0.0%	N/A : measure applicable to LBB only
High Risk - Employment Tribunals	As at 31 March 2011	0	0.0%	1/1	Not previously reported	6.5%	N/A : measure applicable to LBB only

The sickness data for the directorate is adversely affected by the contribution to the sickness statistics from long term sickness absence. All of the long term sickness cases were closed in March 2011. The directorate expects to see a dramatic improvement over the next quarter. All managers have also been asked to ensure that all short term sickness absence is closely monitored in line with corporate trigger points and appropriate action taken swiftly.

The absence return reporting is red flagged with considerably lower reporting levels than expected. Some of this may be due to managers not being familiar with the system and struggling to comply. There are one or two managers who have raised problems with HR which have been passed on to the service desk to resolve.

The temp data has remained the same, however a cost analysis has been undertaken and often it is cheaper for the organisation to employ temps than to recruit permanently. It is also allows the directorate to maintain a flexible workforce during times of change.

There are is only one ER case which is not deemed a high risk according to the new criteria. This case is a grievance which has now been resolved.

6. Risk Overview and Top three risks

Whilst the top 3 risks remain for quarter 4 as at quarter 3, we are progressing the key mitigating actions.

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	Prob.	rating			Impact	Prob.	rating
MP0002 – Financial	High	High	High	Develop & implement 5 yr Asset	31/12/2011	High	High	High

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	Prob.	rating			Impact	Prob.	rating
<p>RISK: Challenging economic conditions impact on our ability to maximise the return on our investment in the commercial portfolio.</p> <p>CAUSE: Challenging economic climate, poor strategic planning relation to commercial portfolio.</p> <p>CONSEQUENCE: financial loss to the Council</p>	3	3	9	<p>Management Plan informed by new Asset management system as part of SAP Optimisation project. In Progress (20% complete)</p> <p>Five year Estates Strategy & action plan developed and signed off. In Progress. (90% complete).</p> <p>Implement Estates Strategy Action Plan 2011/12. In Progress (10% complete)</p>	<p>24/05/11</p> <p>31/03/2012</p>	3	3	9
<p>MP0005 – Financial</p> <p>RISK: Inaccurate long term planning impacts on our ability to ensure the asset portfolio is appropriate to deliver the Council's operational need</p> <p>CAUSE: Lack of customer insight, inconsistent asset management processes; lack of accurate information on our asset portfolio</p> <p>CONSEQUENCE: failure to meet customer need, customer dissatisfaction, financial loss</p>	High 3	Medium 2	High 6	<p>5 year acquisition and disposal plan for Council assets developed and implemented. In Progress. (30% completed)</p> <p>Develop full and accurate register of information relating to our asset portfolio & a standardised way of managing these assets. In Progress. (40% completed).</p> <p>Develop and implement 5 yr Asset Management Plan informed by new Asset management system as part of SAP Optimisation project In progress. (20% completed).</p> <p>Implement 5 yr Estates Strategy & Action Plan. In progress (25%</p>	<p>01/09/2011</p> <p>30/04/2011</p> <p>01/09/2011</p> <p>01/03/2012</p>	High 3	Medium 2	High 6

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	Prob.	rating			Impact	Prob.	rating
				complete) Joint needs analysis exercise (with partners and citizens) under Total Capital and Assets Project. Proposed. (0% complete).	01/09/11			
MP0007 – Financial RISK: Failure 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 CAUSE: Lack of resource and/or skills across the Council to provide good procurement operations; the organisation does not engage Commercial Assurance professionals in their work to procure and commission services, procurement and commissioning is undertaken without necessary expertise to achieve vfm CONSEQUENCE: financial loss, failure to meet savings target (including failure to negotiate top 180 contracts)	High 3	High 3	High 9	Establish Commercial Assurance division. In Progress. (100% complete) Tribal review of procurement - complete final report and recommendations. Implemented. (100% complete). Implement recommendations from Tribal procurement review through delivery of Procurement Improvement Plan. In Progress. (30% complete). Develop & Implement an up to date procurement strategy informed by a solid understanding of the supply market. In Progress. (50% complete). Create an up to date and fit for purpose single repository of contracts held across the council. In Progress. (80% complete). Develop and implement vendor	13/02/2011 31/07/2011 31/03/2012 27/01/2011 30/04/2011 14/03/2011	High 3	High 3	High 9

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	Prob.	rating			Impact	Prob.	rating
				management strategy. In Progress. (0% complete)				
				Complete review of top 50 vendors analysing cost, performance, productivity. In Progress. (70% complete).	30/04/2011			
				Implement vendor authorisation process. Implemented. (100% completed).				
				Progress move towards transformation of procurement function / centralised model to consolidate skills into one area. In progress. (50% completed)	01/09/11			

7. Corporate Plan improvement initiatives

There are no Corporate Plan improvement initiatives reporting for this quarter.