

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
308	(828)	0	-4	-1.5

1.2 Top achievements, issues and actions

Top 3 achievements	Top 3 issues	Top 3 actions needed
Approval by CRC of Estates Strategy 2011- 2015	Internal Audit Review of Council's security contract	Implement Procurement Controls and Monitoring Plan and detailed Directorate review of all contract monitoring and management
NSOCSO Market Day	Managing potential disputes in relation to progressing One Barnet key projects	One Barnet Wave 2 planning
Planning consent for Etz Chaim Free School awarded	Need to finish review and reconciliation of IS contracts	Development of the Community Assets Strategy following Partnership Summit in July 2011

1.3 Key correlations & interdependencies

- Implementation of Procurement Controls and Monitoring Plan will be led by the Corporate Procurement Team but will rely on co-operation by services across the Council.
- Strategic direction for Barnet Wave 2 will be set by the Council's Leadership.
- Development of Community Assets Strategy will be informed by findings from the Community Assets Partnership Summit held in July 2011.
- Development of some key One Barnet projects will be driven by the Council's Customer Services strategy.

2. Budget

2.1 Revenue

Description	Variations				Comments	% Variation of Revised Budget
	Original Budget	Budget V1	Forecast 2011/12	Variation		
	£000	£000	£000	£000		
Management Team, Corporate Programmes & Consultancy	86	807	683	(124)	Underspend from staff vacancies.	-15.3%
Property Services & Asset Management	7,075	7,075	7,591	516	Overspend due to Rents and Services Charges in NLBP Building 4 and uplift of 15% on all utility costs.	7.3%
Corporate Procurement	413	592	453	(139)	One-off refund income from contracts and underspend from vacant posts.	-23.5%
Information Systems	7,059	7,059	7,114	54	IS transformation resource costs, partially offset by reduced Supplies/services forecast (following re-analysis)	0.8%
One Barnet Programme	-	-	-	-		0.0%
Total	14,633	15,533	15,841	308		2.0%

2.2 Capital

	2011/12 Latest Approved Budget	Additions/ Deletions recommended to March CRC	Slippage / Accelerated Spend recommended to March CRC	2011/12 Budget (including March CRC)	Forecast to year end	Variance from Approved Budget	% slippage of 2011/12 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Commercial Services	5,500	-	(828)	4,672	4,672	(828)	-15%
Commercial Services	5,500	-	(828)	4,672	4,672	(828)	-15%

3. Key projects

There are no Key projects reporting red for Commercial Services in quarter 1.

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 223kw/h per GIA metre squared	Reporting in quarter 2 1011/12. Previous outturn was 288kw/h GIA squared							
7002	Reduction in total property costs of the council's main office locations to £188 per GIA metre squared				250	Data not reported for Q1			-
7003	Number of vendors reduced by 40% between November 2010 and end of June 2011	Nov 10 – Jun11	N/A/	9700	5820	8271	42.1%	▲ 14.7%	Local Indicator
7004	% increase of 50 largest vendors under formal contract	Apr 10 – Jun 11	40/50	70.0%	75.0%	80.0%	6.7%	▲ 14.3%	Local Indicator

CPI 314 – This indicator was adapted from an annual CIPFA Benchmarking indicator. Whilst in principle we had assessed that it could lend itself to quarterly reporting, in practice this has not been the case both in terms of the huge amount of resource needed to draw out the data to fit a quarterly model and in terms of the quality of the resulting data. It is propose that this indicator be reported at quarters 2 and 4 only to mitigate this.

CPI 205 – Whilst we have progressed with the work to reduce the number of Council vendors, we have still failed to meet the target set for end June 2011. Our forecast result (a 40% reduction between November 2010 and June 2011) was informed by an

independent review of the procurement service undertaken in 2010 and the recommendations made within that review relating to opportunities for rationalising our vendor base. We now believe the potential to reduce the number of vendors within only 8 months was overstated in the context of the scale of work the Corporate Procurement Team is undertaking to improve procurement monitoring and controls across the Council. Vendor reduction is important to drive better VFM from our commercial relationships and we will continue to rationalise the vendor base throughout 2011/12. We propose setting new, more realistic targets which we will continue to report quarterly over the year.

CPI 333 – We have exceeded the target by 5% for quarter 1.

5. Human Resources

Performance Indicator	Period covered	Target	Amber criteria	Q1 Actual (No.)	Q1 Actual % of total	Q1 (numerator/denominator)	Target Variance	Q4 DoT	Council average	Benchmarking
Attendance										
Average number of absence days per employee (Rolling year)	July 10 - June 11	6	6 - 6.5	6.6	N/A	941.93/142.9	-9.8%	▲ 4.5%	8.0	9 days (CIPFA, All Members & other Unitary Authorities 2010)
Average number of absence days per employee this quarter (target is seasonally adjusted)	April 11 - June 11	1.34	1.3 - 1.5	1.0	N/A	142.86/140.6	24.0%	▲ 27.1%	1.7	2.25 days (CIPFA, All Members & other Unitary Authorities 2010)
% managers submitting a monthly absence return	April 11 - June 11	100%	>94%	21	75.0%	21/28	25.0%	▲ 19%	72.7%	N/A : measure applicable to LBB only
Performance Review										
% objectives set for eligible staff only	April 11 - June 11	100%	>94%	78	55.7%	78/140	44.3%	Not previously reported	80.8%	N/A : measure applicable to LBB only
% appraisals completed for eligible staff only	Apr 10 - March 11	100%	>94%	84	60%	84/140	40%	Not previously reported	63.6%	84% (CIPFA, All Members & other Unitary Authorities 2010)
Cost										

Variance of total paybill to budget	April 11 - June 11	£1,444,587.5	+/-5%	£1,713,831.1	18.6%	1713831.1/ 1444587.5	18.6%	not previously reported	-1.9%	N/A : measure applicable to LBB only
Management Indicator	Period covered		Q1 Actual (No.)	Q1 Actual % of total establishment	Q1 (numerator/denominator)	DoT Q4 outturn %	Council average	Benchmarking		
Diversity data										
Percentage of top 5% earners that are female	As at 30 June 2011		0	0.00%	0/1	Not previously reported	53.19%	Women in leadership posts 37% (CIPFA, All Members & other Unitary Authorities 2010)		
Number of BME employees as % of total employees	As at 30 June 2011		40	28.4%	40/140.7	Not previously reported	29.73%	8.5% (CIPFA, All Members & other Unitary Authorities 2010)		
Number of declared disabled staff as % of total employees	As at 30 June 2011		4	2.8%	4/140.7	Not previously reported	1.35%	5.1% (CIPFA, All Members & other Unitary Authorities 2010)		
Establishment/staffing										
Number of FTE established posts	As at 30 June 2011		172.1	5.4%	172.1/3178.7	▲ 4.4%	N/A	No relevant information available		
Number of FTE occupied posts as % of total establishment	As at 30 June 2011		156.7	91.1%	156.7/172.1	Not previously reported	100.4%	No relevant information available		
Number of FTE employees in permanent posts	As at 30 June 2011		114.7	66.7%	114.7/172.1	▼ 6.1%	80.2%	88.3%(Capital Ambition, 2010)		
Number of Fixed Term Contract staff as % of total establishment	As at 30 June 2011		26.0	15.1%	26/172.1	▲ 3.5%	8.4%	No relevant information available		
Number of Hays temps covering established posts as % of total establishment	As at 30 June 2011		15	8.7%	15/172.1	▲ 10.3%	11.4%	All agency staff 11.7%(Capital Ambition, 2010)		
Number of non Hays temps covering established posts as % of total establishment	As at 30 June 2011		1	0.6%	1/172.1	Not previously reported	0.3%	All agency staff 11.7%(Capital Ambition, 2010)		

Number of consultants Not covering established posts as % of total establishment	As at 30 June 2011	0	0.0%	0/172.1	Not previously reported	0.5%	No relevant information available
Employee Relations							
Number of active employee relations cases	As at 30 June 2011	5	N/A	N/A	▲ 400%	N/A	N/A : measure applicable to LBB only
High Risk - Employee Relations cases as % of total cases	As at 30 June 2011	0	0.0%	0/5	— <0.01%	12.6%	N/A : measure applicable to LBB only

While the absence figure for Q1 is still flagged red, at 6.6 it is getting closer to moving below the corporate target of 6. There has been considerable work within the directorate on absence management resulting in the exit from the organisation of a number of the long-term absence cases. Direction of travel for this indicator is green and there has been a 4.5% drop in sickness this quarter. The direction of travel should continue in this vein as we move through the next quarter. 23.5% of the sickness in the directorate is long term, with 76.5% short term. This is where the focus will now be following the reduction in the long term sickness contribution.

The Commercial Director placed great emphasis on managing well and accuracy of absence returns this quarter. This resulted in a 75% return rate which represents a 19% improvement on the last quarter for the number of managers submitting sickness returns. We will continue to work to improve this figure through Q2.

35.7% of managers completed the appraisal on SAP for the last financial year and for this year, the number of managers who have recorded that they have undertaken performance reviews and set objectives is 42%. There is a clear discrepancy between the activity within the directorate and the recording of that activity, and this will actively be addressed in time for Q2.

Diversity data

These are new reported indicators for the Council and it can be seen that Commercial has no women in the top 5% of its earners. The data reveals a need to look at possible reasons for this over the next quarter, and consider mitigating actions such as succession planning. However, Commercial does contain some traditionally male dominated areas of work, such as IT, Estates and Facilities, which is likely to impact this figure.

In terms of black and minority ethnic employees (BME) 28.4% of Commercial's staff fall into this category compared with 33.7% across the council and 8.5% for the benchmark figure. 2.8% of the directorate's staff is disabled, higher than the average of 1.5%. Being new indicators, these need to be explored further to check for underlying issues. The directorate follows the council's recruitment and selection guidance which requires that appointments are made using fair and objective selection criteria.

Establishment/staffing

The directorate has chosen to maintain a flexible workforce in order to be responsive to the anticipated period of change and this is reflected in the staffing and establishment figures, with 66.7% of employees in permanent posts (a drop of 6.1%) and 15.1% in fixed term roles. The directorate holds 8.7% of their establishment as agency temps, an increase of 10.3% on the last quarter.

There were five ER cases in Q1, all of have been actively managed and have now concluded. None of these were flagged as being of high risk to the council.

6. Risk Overview and Top four risks

PROBABILITY	Score:	IMPACT				
		1	2	3	4	5
		Negligible	Minor	Moderate	Major	Catastrophic
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

The Commercial Directorate has 1 ‘major’ risk that is also still categorised as ‘likely’.

MP0002 - Financial

Challenging economic conditions impact on our ability to maximise the return on our commercial portfolio.

The Estates Service is treating those elements it can in order to control the likelihood and impact of this risk, focussing on better forward asset management planning and delivery of the estates strategy. The Service does accept that the changeable and difficult economic climate is likely to continue to place pressure on the ability to maximise commercial returns for the foreseeable future.

The other risk categorised as ‘major’ and which was originally categorised as ‘likely’ is:

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.

The Corporate Procurement Team is focussing on implementing the Procurement Controls and Monitoring Action Plan across the organisation to significantly impact the Council’s ability to mitigate risks associated with poor procurement and commissioning.

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 In Progress (10% complete)	Treat	31/03/2012 (high)	Major 4	Likely 4	High 16
				Develop and implement 5 yr Asset Management Plan informed by new Asset management system In Progress (30% complete)		30/12/2011 (normal)			
				5 year asset management plan In development		-			
				Five year Estates Strategy & action plan developed and signed off Implemented (100% complete)		-			
				To secure approval for the Estates Strategy - combined with mp0002/004 Implemented- 100%		-			
				Deliver Total Capital & Assets project In Progress (40% complete)		-			
						30/09/2011 (normal)			
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 Implemented (100% complete)	Treat	-	Major 4	Unlikely 2	Medium High 8
				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)		31/03/2010 (high)			
				Develop & Implement an up to date procurement strategy informed by a solid understanding of the supply market. In Progress (60% complete)		30/09/2011 (normal)			
				Review existing procurement strategy		-			

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
				<p>Superceded</p> <p>Create an up to date and fit for purpose single repository of contracts held across the council In Progress (75% complete)</p> <p>Develop and implement vendor management strategy to include vendor limits In Progress (0% complete)</p> <p>Complete review of top 50 vendors analysing cost, performance, productivity In Progress (75% complete)</p> <p>Implement vendor authorisation process Implemented (100% complete)</p> <p>Progress move towards transformation of procurement function / centralised model to consolidate skills into one area In Progress (50% complete)</p> <p>Implement Procurement Monitoring and Control Plan In Progress (50% complete)</p>		<p>31/07/2011 (normal)</p> <p>30/09/2011</p> <p>31/03/2012 (normal)</p> <p>-</p> <p>31/10/2011 (high)</p> <p>30/09/2011 (high)</p>			
<p>MP0015 – Financial</p> <p>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</p>	Major 4	Possible 3	Medium High 12	<p>Regular meetings with public offices' landlords to interrogate and reduce service charges via better procurement / contracting In Progress (40% complete)</p> <p>Develop 5 year Public Offices Strategy & Action Plan In Progress (10% complete)</p>	Treat	<p>Ongoing (normal)</p> <p>30/09/2011 (normal)</p>	Major 4	Unlikely 2	Medium High 8
<p>MP0014 - Compliance</p> <p>Reputational risk - Council performs poorly in Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) league tables resulting in performance penalties. Potential financial loss</p> <p>League table performance penalties now removed as part of scheme</p>	Major 4	Possible 3	Medium High 12	<p>Enrol on London Energy CRC Health Check (informal peer review) Implemented (100% complete)</p> <p>Establishing CRC Steering Group to strengthen management of CRC Implemented (100% complete)</p> <p>Implementing actions from CRC health check In Progress (75% complete)</p>	Treat	<p>-</p> <p>-</p> <p>08/07/2011 (normal)</p>	Moderate 3	Unlikely 2	Medium Low 6

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
simplification actions as part of the Comprehensive Spending Review although penalties associated with inadequate reporting remain.									

7. Corporate Plan improvement initiatives

Corporate Priority & Strategic Objective	Top Project/ Top improvement initiative	Quarter 1 milestone/s	Status	Commentary	Quarter 2 milestone/s
<i>Better services with less money</i> <i>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	Complete wave 1 mapping (all Council assets) and hold partnership summit to discuss scope for joint working around public in Barnet.	Work initiated/partially achieved	Wave 1 mapping completed as planned. Partnership summit held on 18 July to progress wave 2 mapping (partners' assets) and scope for partnership working around public assets.	Develop a full register of public assets in Barnet Develop community assets strategy in consultation with partners
<i>Better services with less money</i> <i>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	Develop and sign off 5 year acquisitions and disposal plan Delivery against plan milestones through quarters 3 & 4	Work initiated/partially achieved	Draft strategy has been completed for sign off by 1 August 2011.	Formal sign off of strategy and begin implementation against milestones within it.