

Commercial Services – Quarter 3 2011/12

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
0	32	2.5	1.5	0.5

1.2 Top achievements, issues and actions

Top 3 Achievements	Top three issues	Actions required
1. Estates: Successfully negotiated possession of the “Really Fine Leisure” building lease to enable the development of a new school in Grahame Park.	1. Estates: Disposal of Council property to achieve capital receipts.	Estates: Progressing the marketing of properties for disposal in line with Council’s disposal schedule.
2. Estates: Completion of compulsory purchase order in relation to Grahame Park, which will enable the regeneration scheme to proceed.	2. Staff consultation on budget implications ends on 3 rd February. Management will continue to support staff through the redundancy and redeployment process.	IS: Consolidation to be progressed.
3. Procurement: Contract register now live. 100% of the council’s 50 largest vendors are now fully compliant with the Council’s contract procedure rules.	3. Procurement: Continued support and guidance for the delivery of compliant contracts across the Council.	Procurement: Consolidation to be progressed. A better definition of the” Clienting function” in relation to effective contract monitoring.

1.3 Summary of the Service

Both Estates and Procurement are working closely with the West London Alliance and their respective Project Boards to share best practice. IS remain focused on delivering efficient services and to delivering it's key internal activities. The key activity for IS for quarter 4 is to ensure a fit for purpose structure ahead of the NSCSO project implementation.

2. DELIVERING EFFECTIVE SERVICES

2.1 Corporate Plan indicators (CPIs)

CPI NO	Indicator description	Period Covered	Numerator and Denominator	Previous relevant 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	This indicator will report in Q4. Q2 outturn was 190KwH							
7002	Reduction in total property costs of the council's main office locations to £188 per GIA metre squared	This indicator will report in Q4. 2010/11 outturn was £256							
7003	Number of vendors reduced by 40% between November 2010 and end of June 2011	Jul 11-Dec 11	N/A	5694	5820	3119	46.4%	▲ 45.2%	Local indicator
7004	% increase of 50 largest vendors under formal contract	Jul 11-Dec 11	50/50	80.0%	90.0%	100.0%	11.1%	▲ 25.0%	Local indicator
7006	% of the value of compliant contracts	Jul 11-Dec 11	492,527,211/ 566,922,165	82.1%	90.0%	86.9%	3.5%	▲ 5.8%	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.

The downturn in Contract Compliance was due to the Environment, Planning & Regeneration directorate turning all “compliant” contracts into a non compliant state following a sample testing exercise undertaken by Audit. This is currently being reviewed for accuracy and will be reflected for Q4.

2.2. Corporate Plan Improvement Initiatives (CPIIs)

Corporate Priority & Strategic Objective	Top Project/ Top improvement initiative	Quarter 3 milestone/s	Status	Commentary	Quarter 4 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	Formal sign off Community Buildings strategy	Work initiated/partially achieved	Further consideration is being given by the Third Sector Commissioning team and Community Barnet to develop a strategy to deal with the use of the buildings by the third Sector organisations. The strategy will form part of this review to be completed by 31 March 2012.	Have a set of partnership proposals for better use of public assets
<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	Implementation of actions in disposals strategy for Q3	Achieved	Actions have been implemented are being monitored and reported monthly.	Implementation of actions in Disposals strategy for Q4

3. RESOURCES AND VALUE FOR MONEY

3.1 Revenue

Description	Variations				Comments	% Variation of Revised Budget
	Original Budget	Budget V1	Forecast 2011/12	Variation		
	£000	£000	£000	£000		
Corporate Programmes & Consultancy	86	752	809	57	Due to staffing costs.	7.6%
Property Services & Asset Management	7,075	8,110	8,131	21	Due to dilapidation costs at Friern Park and Church Lane.	0.3%
Corporate Procurement	413	211	207	(4)	Due to vacant post.	-1.9%
Information Systems	7,059	7,176	7,102	(74)	Due to IPT upgrade and two work's packages being cancelled.	-1.0%
One Barnet Programme	-	-	-	-		0.0%
Total	14,633	16,249	16,249	-		0.0%

3.2 Capital

	2011/12 Latest Approved Budget	Additions/ Deletions recommended to February CRC	Slippage / Accelerated Spend recommended to February CRC	2011/12 Budget (including February CRC)	Forecast to year-end	Variance from Approved Budget	% slippage of 2011/12 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Commercial Services	2,976	32	-	3,008	3,008	32	0%
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4. MANAGING THE ORGANISATION

4.1 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 3	Direction of travel in Quarter 2	Forecast Quarter 4 Status	Comments / Risks / Finance
Depot Re-location (Commercial)	£12,159,157.50	Capital	31-Dec-16	Assessment	£447,648	Same	Red	Down	Amber	Delays have occurred in finding suitable sites. The property search is ongoing - Property Services are currently pursuing several site options for available for lease.
Arts Depot Safety Lifts	£95,000.00	Capital	TBC	Assessment	£14,339.90		Red	Down	Amber	Delays have resulted whilst waiting for landlord approval. Approval has been granted this quarter and a programme of works will commence in Quarter 4.

4.2. Human Resources

Performance Indicator	Period covered	Target	Amber criteria	Q3 Actual (No.)	Q3 Actual % of total	Q3 (numerator/denominator)	Target Variance	Q3 DoT	Council average	Benchmarking
Attendance										
Average number of absence days per employee (Rolling year)	Jan 10 - Dec 11	6	6 - 6.5	4.0	N/A	569.2/141.9	33.2%	▲ 21.4%	7.7	10.1 days (CIPFA, All Members & other Unitary Authorities 2011)
Average number of absence days per employee this quarter (target is seasonally adjusted)	Oct 11 - Dec 11	1.71	1.72 -2%	1.4	N/A	191.4/140.4	20.5%	▼ 240%	2.0	2.25 days (CIPFA, All Members & other Unitary Authorities 2011)
% managers submitting a monthly absence return	Oct 11 - Dec 11	100%	>90%	28	100.0%	28/28	0.0%	▲ 33.3%	74.1%	N/A : measure applicable to LBB only
Performance Review										
% objectives set for eligible staff only	Oct 11 - Dec 11	100%	>90%	Next reported in Quarter 1 2012/2013						N/A
% mid year performance reviews undertaken for eligible staff only	Oct 11 - Dec 11	100%	>90%	126	97.7%	126/129	2.3%	not previously reported	90.8%	N/A : measure applicable to LBB only
Cost										
Variance of total paybill to budget	Oct 11 - Dec 11	£1,664,083	+/-5%	£1,524,214	8.4%	1524214/1664083	8.4%	▲ 33.3%	5.1%	N/A : measure applicable to LBB only
Management Indicator	Period covered			Q3 Actual (No.)	Q3 Actual % of total	Q3 (numerator/denominator)		DoT Q3 %	Council average	Benchmarking

Diversity data

Percentage of top 5% earners that are female	As at 31 December 2011	4	50.0%	4/8	▼ 10.1%	50.6%	Women in leadership posts 49.9% (CIPFA, All Members & other Unitary Authorities 2011)
Number of BME employees as % of total employees	As at 31 December 2011	39	31.7%	39/123	▼ 03.3%	0.327	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 31 December 2011	4	2.9%	4/139	▲ 9.1%	2.7%	2.33% (CIPFA, All Members & other Unitary Authorities 2011)

Employee Relations

High Risk - Employee Relations cases as % of total cases	As at 31 December 2011	0	0.0%	0/2	0̄%	8.9%	N/A : measure applicable to LBB only
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ESTABLISHMENT				OCCUPANCY					OTHER	
Permanent	Fixed Term	Vacant	TOTAL	Permanent	Fixed Term	Agency / Interim	TOTAL	Variance	Consultants	Casual
114.31	25.00	17.17	156.48	114.31	21.00	20	155.31	-1.17	0	0

Variance of total paybill to budget – In view of the NSCSO project, the directorate has been maintaining as flexible a workforce as possible. This has impacted on short term costing but we do not expect this to impact the long term pay bill for Commercial.

4.3. Risk Overview

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	1	3	0
	3 Possible	0	0	3	3	0
	2 Unlikely	0	1	0	3	0
	1 Rare	0	0	0	1	0

The Commercial risk profile for quarter 3 has increased compared to quarter two. In the long term we don't expect this to change too much. All Commercial related risks rated 12 and above are monitored fortnightly by the Commercial Senior Management team.

MP002 – 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 and consistent income streams which come in on time and budget.

MP007 – Whilst the impact of the 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.

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	Five year Estates Strategy & action plan developed and signed off <i>Implemented</i> (100% complete) Implement Estates Strategy Action Plan 2011/12	Treat	31/03/2011 (Normal) 31/03/2012 (high)	Moderate 3	Possible 3	Medium High 9

Risk	Current Assessment Impact Probability Rating			Control Actions	Risk Status	Target Date (Priority)	Target Assessment Impact Probability Rating		
				<p><i>In Progress (10% complete)</i> Develop and implement 5 yr Asset Management Plan informed by new Asset management system Plan developing, SAP aspect of Asset management system delivering as planned. Now extending scope of Asset management system - deadline extended accordingly.</p> <p><i>In Progress (30% complete)</i> 5 year asset management plan final plan A commitment is emerging to the development and council Approval of an Asset Management Plan</p> <p><i>Superseded (2% complete)</i> Deliver Total Capital & Assets project Complete shared asset mapping & work with partners to develop proposals for co-location/ disposal/ acquisition. Community Assets Strategy drafted</p> <p><i>In Progress (40% complete)</i></p>		30/03/2012 (High)			
				<p><i>In Progress (30% complete)</i> 5 year asset management plan final plan A commitment is emerging to the development and council Approval of an Asset Management Plan</p> <p><i>Superseded (2% complete)</i> Deliver Total Capital & Assets project Complete shared asset mapping & work with partners to develop proposals for co-location/ disposal/ acquisition. Community Assets Strategy drafted</p> <p><i>In Progress (40% complete)</i></p>		30/03/2012 (High)			
				<p><i>Superseded (2% complete)</i> Deliver Total Capital & Assets project Complete shared asset mapping & work with partners to develop proposals for co-location/ disposal/ acquisition. Community Assets Strategy drafted</p> <p><i>In Progress (40% complete)</i></p>		30/03/2012 (High)			
<p>MP0004 - Financial Lack of skills, availability of resources and economic conditions impact on our ability to use our property as effectively as possible and maximise opportunities.</p>	Major 4	Likely 4	High 16	<p>Develop and get approved an Asset Management Plan, and an implementation plan</p> <p>Develop and get approved an Asset Management Plan, and an implementation plan as an annex that maps the position of and potential arrangements with other public sector property assets and uses</p> <p><i>Proposed (2% complete)</i></p>	Treat	30/03/2012 (High)	Minor 2	Unlikely 2	Medium Low 4
<p>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</p>	Major 4	Likely 4	High 16	<p>Establish Commercial Assurance division including putting in place an interim Ad Commercial Assurance, business analysts & new procurement managers</p> <p><i>Implemented (100% complete)</i></p> <p>Tribal review of procurement - complete final report and recommendations</p>	Treat	28/02/2011 (High)	Major 4	Unlikely 2	Medium High 8
						15/06/10 (Normal)			

Risk	Current Assessment Impact Probability Rating			Control Actions	Risk Status	Target Date (Priority)	Target Assessment Impact Probability Rating		
relates to the Corporate Procurement team and their role to support effective procurement practices across the organisation.				<p><i>Implemented (100% complete)</i> Implement recommendations from Tribal procurement review through delivery of Procurement Controls and Monitoring Plan</p> <p>This action has been updated (including a deadline extension) to reflect the development and initiation of the Procurement Controls and Monitoring Plan (reviewed and monitored by Business Mgt OSC) which encompasses a wider remit of work than the initial work plan drafted in response to the Tribal Review. Led by AD Commercial Assurance.</p> <p><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.</p> <p><i>In Progress (60% complete)</i> Create an up to date and fit for purpose single repository of contracts held across the council Draft Forward Procurement Plan including contract register</p> <p><i>Approved (95% complete)</i> Develop and implement vendor management strategy to include vendor limits</p> <p>All new vendor requests are now authorised by the AD Commercial Assurance. To date over 3000 inactive suppliers have been switched off from the SAP Finance system. This work is</p>		<p>31/03/2012 (High)</p> <p>30/09/2011 (Normal)</p> <p>31/07/2011 (Normal)</p> <p>30/09/2011 (High)</p>			

Risk	Current Assessment Impact Probability Rating			Control Actions	Risk Status	Target Date (Priority)	Target Assessment Impact Probability Rating		
				<p>ongoing and based on no activity for an 18 month period.</p> <p><i>In Progress (65% complete)</i></p> <p>Complete review of top 50 vendors analysing cost, performance, productivity</p> <p>Number of key reviews in hand by end Q3 including:</p> <p>Telecom's</p> <p>Transport (West London Alliance)</p> <p>Property contracts</p> <p>Security</p> <p>Adult Social Care</p> <p>Corporate target to have reviewed and contracted 100% by end March 2012</p> <p><i>In Progress (80% complete)</i></p> <p>Implement vendor authorisation process</p> <p><i>Implemented (100% complete)</i></p> <p>Progress move towards transformation of procurement function / centralised model to consolidate skills into one area</p> <p>Proposed go live has now been reviewed and put back to April 2012. Work is underway to ascertain staffing levels, structure and fit with the residual Barnet structure.</p> <p><i>In Progress (50% complete)</i></p> <p>Implement Procurement Monitoring and Control Plan</p> <p>Action until September 2011. All other actions are ongoing. Action met deadlines and is now deemed business as usual.</p> <p><i>In Progress (100% complete)</i></p>		31/03/2012 (Normal)			
<p>MP0001 - Financial</p> <p>Significant change in National Government policies/reduction in resources impacts our ability to deliver the Councils objectives for its Estate as set out in the Estates</p>	Moderate 3	Likely 4	Medium High 16	<p>Asset management and planning toolkit to be developed. Team plan action.</p> <p>Building manual guidance being worked up for schools.</p> <p>A commitment is emerging to the development and council Approval of an</p>	Treat	30/03/2012 (High)	Minor 2	Unlikely 2	Medium Low 4

Risk	Current Assessment Impact Probability Rating			Control Actions	Risk Status	Target Date (Priority)	Target Assessment Impact Probability Rating		
Strategy.				Asset Management Plan <i>Proposed (2% complete)</i> Roll out asset management and planning toolkit across the organisation and update in accordance with local and national policy <i>Proposed (2% complete)</i> Asset Management Plan developed with regular review in context of national and local policy developments A commitment is emerging to the development and council Approval of an Asset Management Plan <i>Proposed (2% complete)</i>		30/03/2012 (High) 30/03/2012 (High)			
MP0005 - Financial RISK: Inaccurate long term planning impacts on our ability to ensure the asset portfolio is appropriate to deliver the Council's operational need	Major 4	Possible 3	Medium High 12	Develop Asset Management Plan Reinforce corporate property model, and embed strategy in an Asset Management Plan approved by Cabinet and therefore Council Policy. <i>Proposed (2% complete)</i>	Treat	30/03/2012 (High)	Minor 2	Unlikely 2	Medium Low 4
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 The Council completed its scheme registration before the deadline at the end September and has now set up a steering group to oversee compliance and mitigation. No end date- ongoing commitment and participation Phase 1 - Year 1 Footprint and Annual Report submitted 29th July 2011 <i>Proposed (100% complete)</i> Implementing actions from CRC health check Implementing actions from CRC Health Check, completing data gathering	Treat	10/09/2010 (Normal) 29/07/2011 (Normal) 15/12/2011 (Normal)	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
				reporting process for compliance Reporting in July 2011 <i>Implemented (100% complete)</i>					
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 on going action <i>In Progress (60% complete)</i> Develop 5 year Public Offices Strategy & Action Plan Strategy drafted and fed into 12/13 and future years finance and business planning in order to ensure costs are controlled and provided for. draft now being considered for sign off end Oct 2011. <i>In Progress (50% complete)</i>	Treat	30/03/2012 (Normal) 30/03/2012 (High)	Major 4	Unlikely 2	Medium High 8