

**Pre-Decision Scrutiny Items: Responses to  
the Business Management Overview and  
Scrutiny Committee from the Cabinet  
Resources Committee**

**Adults In-House Service Review: TheBarnetGroup Ltd Business Plan**

**Comment One – Governance arrangements for the LATC. The Committee wanted reassurance regarding the active involvement of tenants and lease holders on Barnet Homes Board.**

Barnet Homes has places reserved for three tenants, one of which must be a Leaseholder. Each tenant Board Member is elected by tenants following a process led by the Board that identifies a shortlist of suitable candidates. Elected Tenant Board Members serve for a three year term and appointments have previously been staggered meaning that normally one tenant or leaseholder is replaced each year providing continuity and a good opportunity to develop new Board Members and skills. In addition members of the Barnet Homes Performance Advisory Group, the tenant scrutiny panel regularly attend Barnet Homes meetings as observers. There are no plans to move away from this model and although the structure of the rest of the Board has been modified and other groups have been reduced, the role of tenants remains unaltered demonstrating our commitment to a model of tenant engagement at all levels.

**Comment Two – the Committee wanted reassurance that there would be no detrimental impact to Barnet Homes lease-holders and tenants if Barnet Homes lost its ALMO status and would be liable for VAT.**

A review of the impact of VAT was undertaken and advice was received from external advisors on the most effective mitigation activity which includes creating a VAT group which is currently underway as part of implementation activities. The Department for Communities and Local Government and the Tenant Services Authority have now confirmed that Barnet Homes will retain its ALMO status so we are not expecting any impact on Barnet Homes in respect of VAT and there will be no detrimental effect on Barnet Homes tenants and/or leaseholders.

**Comment Three – the Committee wanted assurance that the Business Plan for TheBarnetGroup Ltd, if fully delivered, still allows for the LATC to rely on the Teckal exemption.**

The legal advice received from Trowers continues to confirm that there are two main tests in respect of the Teckal exemption being ‘control’ and “essential part of activities”. Both of these areas are not impacted by the current business plan which has been set out to rely on the Teckal exemption in the short to medium term to support the take up of personalisation and reflected in the business plan initial term. The Barnet Group and governance

and contractual arrangements has been created to ensure that London Borough of Barnet has appropriate control within the Teckal definition.

As the take up of personalisation grows with increased numbers of users of the services opting for direct payments, the same business will be purchased differently. Therefore whilst remaining relatively constant in the description of the services provided over time this will become almost a wholly purchased service directly by 'third party' service users which will eliminate the need for the Council to rely on the Teckal exemption which formed the basis of the business plan. The 'essential part of activities' limb of the Teckal exemption will continue to be monitored as The Barnet Group business plan is further reviewed and developed.

The three year review will enable monitoring and mitigation against the loss of the Teckal exemption, which will be subject to Council approval through the governance arrangements in place.

**Comment Four – the Committee noted that the Business Plan was viable based on the assumptions set out regarding income and activity. However it was noted that a small reduction in income of 2% placed the Your Choice company at increased levels of risk. The Committee therefore wanted confirmation about how scrutiny will be involved in looking at the performance of the LATC given the fragility of the business plan.**

The Council has robust provisions to ensure that the LATC is fully accountable. Council reserves the right to appoint or remove Directors, and the Barnet Group's major strategic documents, including its budget and annual report, are required to be signed-off by the Council as the sole shareholder. Scrutiny also has an important role to play in holding the LATC to account, and we are seeking consent to amend the Terms of Reference of the Budget and Performance Overview & Scrutiny Committee to reflect this.

## Future of Housing Services in Barnet

**Comment One – the Committee identified that it was important for the Housing Advice service to remain independent and suggested that it should be retained by the council. The Cabinet Member for Housing clarified that the Housing Advice service was out of scope for the project and would not be transferred to Barnet Homes. It was emphasised that the Housing Advice service should also be providing advice to residents living in the private rented sector.**

There is no intention for this service not to continue to be provided by a third party provider and the council is in the process of re-procuring the independent Housing Advice Contract on a two year contract. This contract is currently managed by the Housing Service and will be novated to the Barnet Group under the proposed changes.

**Comment 2 – the Interim Director of Environment, Planning and Regeneration undertook to provide the Committee with details of proposed changes to leaseholder representation on the Barnet Homes Board.**

Barnet Homes has places reserved for three tenants, one of which must be a Leaseholder. Each tenant Board Member is elected by tenants following a process led by the Board that identifies a shortlist of suitable candidates. Elected Tenant Board Members serve for a three year term and appointments have previously been staggered meaning that normally one tenant or leaseholder is replaced each year providing continuity and a good opportunity to develop new Board Members and skills.

In addition members of the Barnet Homes Performance Advisory Group, the tenant scrutiny panel regularly attend Barnet Homes meetings as observers. There are no plans to move away from this model and although the structure of the rest of the Board has been modified and other groups have been reduced, the role of tenants remains unaltered demonstrating our commitment to a model of tenant engagement at all levels.

**Comment 3 – the Committee sought assurance that possible changes to the VAT status of Barnet Homes would not have negative consequences for leaseholders and tenants.**

A review of the impact of VAT was undertaken and advice was received from external advisors on the most effective mitigation activity which includes creating a VAT group which is currently underway as part of implementation activities. The Department for Communities and Local Government and the Tenant Services Authority have now confirmed that Barnet Homes will retain its ALMO status so we are not expecting any

impact on Barnet Homes in respect of VAT and there will be no detrimental effect on Barnet Homes tenants and/or leaseholders.