

AGENDA ITEM: 9

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Meeting	Business Management Overview and Scrutiny Committee
Date	9 January 2012
Subject	Future of Housing Services in Barnet
Report of	Cabinet Member for Housing
Summary	Appendix 1 provides the Committee with the Cabinet Resources Committee report outlining the One Barnet Project on the Future of Housing Services in Barnet

Officer Contributors	Paul Shipway, Head of Strategy and Performance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1: Future of Housing Services in Barnet, Report to Cabinet Resources Committee on 12 January 2012
For decision by	Business Management Overview and Scrutiny Committee

Contact for further information:

Contact for further information: Paul Shipway, Head of Strategy and Performance (Housing), 020 8359 4924, paul.shipway@barnet.gov.uk

1. RECOMMENDATION

- 1.1 That the Business Management Overview and Scrutiny Committee make comments and recommendations to the Cabinet Resources Committee on the Future Provision of Housing Services, as set out in Appendix 1 to this report.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 As set out in the attached report at Appendix 1.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Overview and Scrutiny Committees, Panels and Task and Finish Groups must ensure that the work of Scrutiny is reflective of the Council's priorities.
- 3.2 The three priority outcomes set out in the draft 2011-13 Corporate Plan are: –
- Better services with less money
 - Sharing opportunities, sharing responsibilities
 - A successful London suburb
- 3.3 The One Barnet programme has three overarching aims: –
- A new relationship with citizens
 - A one public sector approach
 - A relentless drive for efficiency
- 3.4 Corporate priorities and policy considerations as they relate to the Future Provision of Housing Services project are set out in the Cabinet Resources Committee report attached at Appendix 1.

4. RISK MANAGEMENT ISSUES

- 4.1 The One Barnet programme recognises that Barnet residents deserve and expect high quality, efficient public services. The council accepts that it is not best placed to deliver all services and that some will be delivered more effectively and efficiently and with greater quality by public sector partners, or the private or third sector.
- 4.2 To enable the Council's Overview and Scrutiny function to provide a critical friend challenge to the executive, it is essential that the Committee have the opportunity to provide a robust, proportionate and timely challenge to the One Barnet workstreams as they progress through the council's decision-making framework. Failure to facilitate

pre-decision scrutiny in this way might result in reputation damage to the council.

- 4.3 Risk management considerations as they relate to the Future Provision of Housing Services project are set out in the Cabinet Resources Committee report attached at Appendix 1.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 In addition to the Terms of Reference of the Committee, and in so far as relating to matters within its remit, the role of the Committee is to perform the Overview and Scrutiny role in relation to:

- The Council's leadership role in relation to diversity and inclusiveness; and
- The fulfilment of the Council's duties as employer including recruitment and retention, personnel, pensions and payroll services, staff development, equalities and health and safety.

- 5.2 Equalities and diversity considerations as they relate to the Future Provision of Housing Services project are set out in the Cabinet Resources Committee report attached at Appendix 1.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 As set out in the attached report at Appendix 1

7. LEGAL ISSUES

- 7.1 As set out in the attached report at Appendix 1

- 7.2 Section 122 of the Local Government and Public Involvement in Health Act 2007 places a duty on the executive to respond to overview and scrutiny committees where the committee makes a report or recommendations to the executive. The legislation requires the executive to:

- (a) to consider the report or recommendations;
- (b) to respond to the overview and scrutiny committee indicating what (if any) action the authority propose, or the executive proposes to take; and
- (c) if the overview and scrutiny committee has published the report or recommendations, to publish the response; and to do so within two

months beginning with the date on which the authority or executive received the report or recommendations or (if later) the notice.

8. CONSTITUTIONAL POWERS

8.1 The scope of the Overview & Scrutiny Committees is contained within Part 2, Article 6 of the Council's Constitution.

8.2 The Terms of Reference of the Overview & Scrutiny Committees are set out in the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution).

8.3 Scrutiny of matters relating to the One Barnet Programme fall within the terms of reference of the Budget and Performance Overview and Scrutiny Committee which has the following responsibilities:

“To perform the overview and scrutiny role in relation to the One Barnet transformation programme, particularly performance and financial issues.

To receive and consider options appraisals, business cases and closure reports for One Barnet projects.

To monitor the implementation of One Barnet projects throughout the programme lifecycle.

To engage with partner organisations, other relevant public sector bodies, private sector organisations, trade unions, local residents or any other appropriate witnesses when fulfilling the overview and scrutiny role in relation to the One Barnet programme.”

8.4 Due to the timing of project, deferring consideration of the Future Provision of Housing Services until the next meeting of the Budget and Performance Overview and Scrutiny Committee on 26 January 2012 will have an adverse impact on delivery of the project within the scheduled timelines. Accordingly, the Chairmen of Budget and Performance Overview and Scrutiny Committee and the Business Management Overview and Scrutiny Committee have agreed that pre-decision scrutiny of the Future Provision of Housing Services should take place at this meeting of the Business Management Overview and Scrutiny Committee.

8.5 The Chairman of the Business Management Overview and Scrutiny Committee has agreed that the Cabinet Resources Committee decision (as set out at Appendix 1) will be exempted from call-in on the grounds of urgency. ***Reasons for the exemption are set out at paragraphs 8.2 to 8.6 of Appendix 1.***

- 8.6 To ensure that the comments and recommendations made by the Committee are given due consideration, the Cabinet Resources Committee will be requested to provide a formal response to recommendations made by the Committee, in accordance with the provisions of the Section 122 of the Local Government and Public Involvement in Health Act 2007 (as referred to at paragraph 7.2 above).
- 8.7 Constitutional powers as they relate to the Future Provision of Housing Services project are set out in the attached report at Appendix 1.

9. BACKGROUND INFORMATION

- 9.1 The Committee are requested to make comments, representations and recommendations to the Cabinet Resources Committee on the Future Provision of Housing Services project as set out in Appendix 1.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal – PD
Finance – MC

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AGENDA ITEM:

Appendix One

Meeting	Cabinet Resources Committee
Date	12 January 2012
Subject	Future of Housing Services in Barnet
Report of	Cabinet Member for Housing
Summary	An options appraisal to identify the most beneficial option for the future provision of Housing Services has been undertaken under the One Barnet Framework. At the same time, a business case to support the recommended option has been developed. This report reviews the recommended option and business case for consideration by CRC.

Officer Contributors	Pam Wharfe, Acting Director of Environment, Planning and Regeneration Cathy Osborn, Interim Head of Housing Paul Shipway, Head of Strategy and Performance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Annex 1 – The Options Appraisal Annex 2 – The Business Case Annex 3 – Response from Unions
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	To achieve the agreed timetable, it is requested that this report is exempt from call in on grounds of urgency. The report will be presented at pre-decision Scrutiny stage at the Business Management Overview & Scrutiny Committee on 9 January 2012.

Contact for further information: Paul Shipway, Head of Strategy and Performance, 020 8359 4924, paul.shipway@barnet.gov.uk

1. RECOMMENDATION

- 1.1 That Cabinet Resources Committee approves the Future of Housing Services Business Case in order that the council can proceed with transferring the Housing Service to Barnet Homes.
- 1.2 That Cabinet Resources Committee authorise the Interim Director of Environment, Planning and Regeneration to implement the transfer of the Housing Service to Barnet Homes.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet approved the establishment of an arms length (housing) management organisation (ALMO), Barnet Homes, on 19 January 2004 (Decision Item 8).
- 2.2.1 The Housing Strategy was agreed by Cabinet on 12 April 2010 (Decision Item 8) and included the following:

The Council views Barnet Homes as a potential vehicle for providing additional services on its behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme

- 2.3 Cabinet 29 November 2010 (Decision Item 8) resolved:
 1. That approval be granted for work to be done to develop a full business case, supporting the findings of the high level options appraisal, which recommended the transfer of Adult Social Services in house provision and staff to a newly established Local Authority Trading Company (LATC) and, subject to legal constraint, incorporating Barnet Homes.
 2. That a report be brought to Cabinet on the viability of the recommendation when the full business has been completed.
- 2.4 Cabinet 14 September 2011 (decision item 6) resolved that the Interim Director of Environment, Planning and Regeneration be authorised to proceed with a full options appraisal and development of a detailed business case for the future delivery of the Council's housing service. The outcome of the options appraisal and the business case will be reported to Cabinet Resources Committee for final approval.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Ensuring that the Council is able to cater for the housing needs and aspirations of residents, is a key element of meeting the Corporate Plan priority of *Successful London Suburb*.
- 3.2 This proposal supports the Corporate Plan priority of *Sharing Opportunities, Sharing Responsibilities* by providing assistance for those who are most in need and supporting young people and households whose circumstances have improved, to be independent.
- 3.3 Under the Corporate Plan priority *Better Services with Less Money*, bringing housing services delivered by the Council and Barnet Homes together has the potential to realise efficiencies through economies of scale and integrated management arrangements, whilst customers would benefit from a single provider incorporating Barnet Homes' track

record in providing customer focused services and high quality resident involvement. Additional service improvements would be delivered by having a more integrated approach to the delivery of housing related services, whilst enabling the Council to focus more on becoming a strategic commissioning organisation in line with One Barnet objectives.

4. RISK MANAGEMENT ISSUES

4.1 Key risks and mitigating actions are set out in section 7.1 of the attached Business Case (Annex 2), and are summarised below:

- A poorly designed or structured business case leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate management agreement or failure to keep pace with legislative changes.
- Inadequately designed output specifications within a revised management agreement could lead to Barnet Homes not delivering the expected service. This would leave the council open to increased costs as a result of increased requirements for temporary accommodation. It would also lead to a damaged reputation and a likely reduction in satisfaction levels and increase in appeals and complaints
- Possible dip in performance of collection rates of rent and procurement rates of private sector accommodation over the period of staff transfer due to uncertainty caused by change. This would impact the income generated from this service and increase costs from increased requirements for temporary accommodation and a reduction in service to the customer.
- Changes imposed by central government, such as future government savings targets or funding reductions, or changes to legislation (e.g. welfare reform) adversely affect the project's ability to deliver its benefits.
- Central government funding decreases significantly during the life of the contract or there are significant changes to homelessness or housing legislation and/or Temporary Accommodation subsidy rules.
- There are a limited number of functions expressed in the Order which must remain the responsibility of the Council and these legal requirements will be reflected in the service specification.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 The Housing service deals with a client group that is more diverse than the population of Barnet as a whole, as shown in the following table:

Ethnic Origin	Total	%	Barnet Population as a whole
White	970	43%	68%
Black	488	21%	8%
Asian	299	13%	15%
Other	514	23%	6%
Chinese	13	1%	3%

- 5.2 An initial risk assessment was carried out for each of the options being considered through the options appraisal. This identified low to medium risks for retaining the service in house and transferring it to Barnet Homes, with higher risks for the outsourcing option.
- 5.3 It was concluded that as the recommended option to transfer the service to Barnet Homes carried no significant risk that a full Equalities Impact Assessment will not be required. However, an equalities action plan will be developed as part of any implementation of the recommended option, to ensure that the equalities risks identified are addressed. A copy of the Equalities Assessment carried out in relation to service users is attached as Appendix C to the Business Case.
- 5.4 It is recognised that the transfer of the Housing Services is likely to have an impact upon staff. This impact will be monitored through the completion and update of an Employee Equalities Impact Assessment; this is attached as Appendix D to the Business Case.
- 5.5 The council will continue throughout the process to assess the impact of the change in regard to the protected characteristics. It is important to understand the effect change will have on staff and what the council can do to minimise any impact.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Approach

The recommendation from the options appraisal is that a business case is produced for the transfer of the Council's Housing Needs and Resource services to Barnet Homes. The approach taken has been to analyse current delivery costs and then determine the financial benefits associated with the merging of the service with Barnet Homes.

6.2 MTFS

The approach taken is to start with a baseline of the requirement to make savings of £400K in 2012/13 in the Council's general fund housing services, based on the Medium Term Financial Strategy (MTFS). The outline business case has considered the extent to which the merged organisation could make these savings whilst protecting customer services.

6.3 Baseline Costs

The project has established the current service cost, assessed the potential for the service to improve, and articulated the financial case. The cost of the service has been adjusted to reflect the areas of the service that are out of scope.

6.4 The areas out of scope include those DRS functions which will transfer to the new strategic partner. This includes the housing regeneration function and elements of the housing policy function and complaints.

6.5 The table below shows the 2011/12 budgeted costs for each of the General Fund and Housing Revenue Account services within scope.

Table 1: Summary of Costs

2011/12 General Fund housing budget (LBB service)	2011/12 Housing Revenue account housing budget (LBB service)	Total LBB retained housing budget
£3,168,000	£1,370,900	£4,538,900

The above services have been examined in detail to ascertain potential areas for savings.

6.6 The roles that will need to remain with the Council to provide an effective retained client function have also been considered. This will include resources to provide a clear strategic direction for the housing service, effectively direct the use of resources within the HRA business plan, and to drive performance improvement. At this stage it is not envisaged that this would add to the costs of the current client function, although it may require some adjustment in roles and responsibilities. Consideration will be given to an increase in client costs of around 2.5% to strengthen this function further if required on further analysis.

6.7 Potential Savings – Posts

The employee cost within the above services is £1.9m for the General Fund services and just over £1.2m for the HRA services. Many of the staff are engaged on both General Fund and HRA services and the split for accounting purposes is mostly 60:40. Because many of the posts are charged to both the General Fund and the HRA, savings to the General Fund will also have an impact on the HRA. These savings in posts are estimated to be £365k for the General Fund and £205k for the HRA. The potential for savings in staffing costs is summarised in the table below. Most of the posts identified are currently vacant, and it is expected that current vacancies at Barnet Homes will facilitate the full savings identified to be achieved.

Table 2: Savings in Posts.

General Fund	Staffing	Saving	%
Head of Service and Accommodation and Resources	703,600	243,000	35%
Advice and Assessment	1,205,300	122,000	10%
Total GF	1,908,900	365,000	19%
HRA	1,221,800	205,000	17%

6.8 The costs remaining in the Head of Service budget will cover the client management role. The LBB client management functions for Barnet Homes and TheBarnetGroup are still to be determined but it is expected the cost will equate to the current client management functions supplemented with the remaining head of service budget.

6.9 Potential Savings - Supplies and Services

The Supplies and Services budgets for the General Fund and the HRA have also been examined and it is considered that in 2012/13 a sum of £31k can be saved from the General Fund, and £2.2k can be saved from the HRA.

Table 3: Savings in Supplies and Services

	Supplies and Services	Saving	%
General Fund	1,914,560	31,000	1.6%
HRA	105,430	2,200	2.1%

6.10 Potential Savings - Reduction in Void Costs

There are 33 General Fund hostel units that are used by those needing temporary accommodation. The transfer of the Temporary Accommodation function to BH could result in these properties being re-let after 2 weeks, instead of the current 3, resulting in additional income of approximately £4k per annum. There will also be a quicker turnaround of HRA properties when void. The current turnaround time for these properties when void is 5 weeks, but it is considered this could be reduced to 4 weeks. This would result in additional income to the HRA of £59,400 per annum.

6.11 Conclusion – financial benefits

To conclude, it is anticipated that £400k of general fund savings can be delivered as a result of the measures identified above, with corresponding savings in the HRA of nearly £267k. These can be summarised as follows:

Table 4: Recommended Savings:

General Fund	2012/13
Staff Savings	365,000
Supplies and Services	31,000
Temporary Accom. Void Loss	4,000
Total	400,000
HRA	
Staff Savings	205,000
Supplies and Services	2,200
Void Loss	59,400
Total	266,600

As the table above shows, these savings will be made against a base year of 2012/13.

6.12 Future savings

The key savings from transferring services to Barnet Homes will materialise in the first year, 2012/13, enabling the savings target within the MTFs to be achieved. However it is envisaged that small additional savings will be achieved also from 2013/14 and work will be done with Barnet Homes to agree how these efficiencies are delivered in later years. These savings relate to the transferred services only. Barnet Homes will also be required to deliver efficiency savings from its existing management fee for landlord services which will be shown in the HRA business plan.

Table 5: Future Savings:

5 Year Savings					
General Fund	2012/13	2013/14	2014/15	2015/16	2016/17
Staff Savings	365,000	30,880	30,260	29,660	29,060
Supplies and Services	31,000	30,000	25,000	20,000	15,000
Temp. Accommodation Void Loss	4,000				
Total	400,000	60,880	55,260	49,660	44,060

6.13 Project Costs

There is a sum of £50k earmarked within the One-Barnet budget to cover the costs of carrying out this project. It is likely that the total project costs can be contained within this budget.

6.14 Staffing Issues

The process of outsourcing will involve the Transfer of Undertaking and Protection of Employment [TUPE] Regulations and the London Borough of Barnet and its partners will comply with all of their TUPE obligations, plus any other obligations which are extant at that time. The London Borough of Barnet has also committed to enhancing the TUPE terms as set out below.

- all employees in services moving to a new employer will be able to continue their membership of the Local Government Pension Scheme uninterrupted and unchanged
- local union recognition will be protected for staff moved to external suppliers
- terms and conditions of staff transferred will be protected for the first year after leaving the council’s employment
- any changes to terms and conditions after that first year will have to be negotiated with the appropriate trade union.

6.15 Barnet Homes’ significant experience and success in establishing the ALMO will provide a vital platform of knowledge about how to engage with staff to take the new structure forward and to provide a transparent and seamless transfer for service users. In preparation the Council has already undertaken staff engagement and this will continue throughout the transition period to ensure the best possible foundations to enable success.

6.16 The Council will continue to meet all its statutory and contractual obligations with regard to change and its impact upon the Council’s staff. In the context of the One Barnet Programme, this means that all internal restructures will be managed in compliance with the Council’s Managing Organisational Change Procedure and where the change results in a staff transfer, the Council will meet all of its statutory obligations under TUPE.

6.17 The whole of the retained Housing Service, which is divided into two areas, Advice and Assessment and Accommodation and Resources, is in scope to TUPE transfer:

A summary of the staff numbers in each area is set out below:

Service Area	Establishment
Advice and Assessment	47 posts (FTE)
Accommodation and Resources	37 posts (FTE)

6.18 The decision whether to TUPE transfer in scope staff will be taken by General Functions Committee on 16th January 2012.

7. LEGAL ISSUES

7.1 Legal advice has been given by the external Legal Advisors to the One Barnet Programme regarding the validity of the proposal for the housing (advice and assessment and accommodation and resources) services ('the Services') to be delivered by Barnet Homes Ltd, a subsidiary to the newly formed TheBarnetGroup LATC, without having to engage in a full EU Procurement exercise, on the basis of the Teckal exemption.

7.2 In order for the Teckal exemption to apply, the Council will need to demonstrate that it has satisfied the two-pronged test relating to 'control' and 'essential activity' established by the European Court. In essence, this means that the Council must exercise control, in the sense of exercising decisive influence over the company and secondly, the company must provide the majority of its services to the Council, with other activities being non material.

7.3 That advice noted that the Council could not rely on the Teckal exemption if it contracts directly with Barnet Homes, as it would fail the first Teckal test, as it would not directly control the contracting party. The Council can however, rely on the Teckal exemption if it contracts with the Barnet Group Limited to deliver the additional functions. The Barnet Group Limited will subsequently need to enter a sub-contract with Barnet Homes in order for the services to be delivered.

7.4 Legal advice has also been sought from the external Legal Advisors specifically in relation to whether it would be lawful for the proposed Services to be contracted out to TheBarnet Group LTD. Under section 70 of the Deregulation and Contracting Out Act 1994 (the 1994 Act), the Secretary of State may by order provide that a relevant function can be exercised by any person as the order specifies, for or on behalf of the local authority whose function it is.

7.5 The Secretary of State has made a number of orders under section 70 of the 1994 Act in relation to the contracting out of the exercise of some, but not all, local authority functions and powers. The Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996/3205 (the Order) makes provision to allow the Council to authorise TheBarnetGroup LTD to exercise a wide variety of functions including the allocation of housing accommodation, homelessness and other related activities. The Council are confident that they have the power to contract out the exercise of these functions to TheBarnetGroup LTD.

7.6 The service specification will be drafted to ensure that the maximum amount of functions will be contracted out to TheBarnetGroup LTD, whilst taking account of the restrictions as set out in the Order and as explained in the risk mitigation section of this report.

7.7 In order to put into effect the delivery of the Services by Barnet Homes, the Council will need to enter into an agreement with TheBarnetGroup Limited, this can be achieved either by; (i) reviewing and varying the Management Agreement for the management of the Council's Housing Stock by Barnet Homes to include the Services; or (ii) entering into a separate agreement with TheBarnetGroup Limited for the delivery of the Services. The appropriate agreement will also need to be put into place between TheBarnetGroup Limited and Barnet Homes, in order to sub-contract their obligations to Barnet Homes.

The Council's external Legal advisors have confirmed that the Services are within both Barnet Homes and TheBarnetGroup Limited's Articles of Association and therefore no further alterations will need to be made to either companies' Articles.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3 – Responsibility for Functions – Section 3 – Responsibilities of the Executive, sets out the functions delegated to CRC, including: "Approval of schemes not in performance management plans but not outside the Council's budget or policy framework."
- 8.2 As the decision as requested of the Committee affects all wards of the borough, this is classified as 'key' and would thus normally be liable to call-in to the Business Management Overview and Scrutiny Committee (OSC).
- 8.3 The Overview and Scrutiny Rules in the Council's Constitution (section 16) provide that where the delay involved in call-in would seriously prejudice the Council's or the public's interests the decision may be regarded as urgent and exempted from call-in.
- 8.4 Before a decision can be exempted in this way the chairman of the Business Management OSC must be consulted and must agree that the decision is reasonable in the circumstances and urgent and may therefore be exempted from call-in.
- 8.5 The decisions to approve the business case for the Future of the Housing Service is considered to be urgent as the delay involved in awaiting any call-in to the Business Management Overview and Scrutiny Committee whose next meeting is not due to take place until 5 March 2012, would mean that the project would fail to achieve its agreed timescales. The decision is therefore regarded as urgent and an exemption from the call-in process has been sought from the Chairman of the Business Management Overview & Scrutiny Committee. In accordance with paragraph 16.8 of the Overview and Scrutiny Procedure Rules, this decision will be reported to the next available meeting of the Council (24th January 2012).
- 8.6 The full report is due to be considered as pre-decision Scrutiny at the Business Management Overview & Scrutiny Committee meeting of 9th January 2012.

9. BACKGROUND INFORMATION

- 9.1 An options appraisal has been completed (attached as Annex 1) to consider the best way of delivering housing services currently provided by the council which include the following key functions:
 - Providing Housing Advice and Assistance
 - Homelessness Prevention
 - Assessment of Housing Needs
 - Allocation of social housing
 - Procurement of temporary accommodation
 - Management of council owned hostels
 - Rent collection for temporary accommodation
- 9.2 As the council has already decided to set up an local authority trading company (LATC) that will include the council's arms length management organisation (ALMO)Barnet Homes, the options appraisal did not consider whether the management and maintenance of council homes carried out by the ALMO should be brought back in house. The three options that

- Retain in house Provision - Service continues to be provided by the Council, with required reductions in budgets and service improvements led by existing management team.
- Outsource the Housing Service - New external service provider sought through a competitive tendering process, with services provided to the council's specified requirements.
- Transfer the Housing Service to the council's ALMO - Existing staff would be transferred to the Barnet Homes

- 9.3 In addition to delivering the wider One Barnet objective of providing a citizen centred approach to service delivery, the main purpose of the options appraisal was to identify the best way of maintaining and improving the housing service in the context of the need to reduce public expenditure.
- 9.4 The options appraisal concluded that the best option for improving the service whilst reducing costs is to transfer the housing service to Barnet Homes as this will provide the opportunity to take advantage of economies of scale whilst also delivering a more joined up housing service for customers provided by a single housing focused organisation.
- 9.5 A business case has been developed (attached as Annex 2) to identify the potential financial and non financial benefits of transferring the Housing Service to Barnet Homes. At a strategic level, a decision to extend the responsibilities of Barnet Homes fits with the council's Housing Strategy recognition of Barnet Homes as a key partner and will provide a stronger link between the demand for council homes and the supply and management of those homes. Other key non financial benefits identified include:
- Better access to homes for customers in housing needs
 - An improved customer journey from needing a home to being housed
 - Improved performance including the re-letting of empty properties
 - The resolution of issues through a single housing focussed organisation
 - Improved ability to share customer insight and other intelligence to improve services and inform strategic direction
 - A joined up housing service that will work more effectively with other public sector and third sector organisations
 - Potential to take advantage of the economies of scale and improved capacity to deliver service improvements
 - Anticipates the operation of the council's draft Tenancy Strategy by bringing together housing assessment and tenancy management staff in one organisation.
- 9.6 The business case identifies financial benefits which could be delivered by transferring the housing service to Barnet Homes, including the requirement to reduce the cost of the service by £400k in line with the council's General Fund budget proposals for 2012/13.
- 9.7 The recommendation from the business case is that the council proceeds with transferring the housing service to Barnet Homes. It is anticipated that this process can be completed by April 2012.
- 9.8 The trade unions have been given the opportunity to comment on the options appraisal and business case, a copy of their submission with council response added is attached at Annex 3

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal – CM (Trowers)

CFO – MC

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Annex 1

Options Appraisal – Future Delivery of the Housing Service

Future of the Housing Service – Options Appraisal

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Future of the Housing Service – Options Appraisal

Executive Summary

1.1. Introduction

This options appraisal is concerned with identifying the best future delivery option for the Council's Housing Service in order to realise the potential benefits of the One Barnet Programme.

This future delivery option must support the aim of the One Barnet Programme to deliver a Council that is focussed on the needs of its customers.

1.2. Objectives

Our overarching aim for the One Barnet programme is to deliver a citizen centred council - we believe that our residents deserve high levels of customer service from their council.

The aim of this options appraisal is to identify the best option for maintaining and improving the housing services provided by the council within the context of reducing public expenditure.

1.3. Methodology

The methodology used for the appraisal involved:

- Identification of aims and objectives to be delivered
- Analysis of cost and performance
- Consideration of the viability of potential delivery options
- Recommendation of preferred options for future delivery of the service

1.4. Performance of Services

The analysis of cost and performance data indicates there is scope to reduce costs whilst maintaining and improving service delivery, and that there is a need to improve IT systems used by the service.

1.5. Potential Benefits

The expected benefits from delivering the housing service differently all link to the One Barnet programme aim to create a customer centred council:

- Increased customer satisfaction
- Save residents' and partners' time when interacting with the Council
- Greater choice and control for residents and customers
- Increased quality of services
- Increased value for money

Future of the Housing Service – Options Appraisal

- Financial savings

1.6. Recommendations

The recommendation from this options appraisal is that a business case is produced for the transfer of the Council's Housing Service to Barnet Homes.

Future of the Housing Service – Options Appraisal

1. Introduction

The One Barnet Programme is the Council's response to address several drivers for change that have been identified:

- The anticipated financial pressures resulting from the global recession will bring the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £47m over the next three years, and our public sector partners face challenges of a similar scale. There are other predicted pressures which would require us to make savings of £53m.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The aim of the One Barnet programme is to create a citizen-centred council which ensures that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The council believes that this is best delivered through the adoption of the three key principles of the programme.

A new relationship with citizens - Enabling residents to access information and support and to do more for themselves

A one public sector approach - Working together in a more joined up way with our public sector partners to deliver better services

A relentless drive for efficiency - Delivering more choice for better value

2.1 The Housing Service

Overview

In 2004, the Council set up an arms length management organisation, Barnet Homes, to manage and maintain the Council's housing stock and to implement the Decent Homes £189m investment programme. The Council continued to provide housing advice and homelessness services itself, along with the allocation of social housing in the borough, including

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homes managed by Barnet Homes, and the management of temporary accommodation.

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

Pressures

A saving of £400k in the general fund for 2012/2013 has been identified as the Housing Service's contribution to the council's wider drive to reduce its expenditure. As the service is partially funded through the Housing Revenue Account, efficiencies that can be found in general fund costs will also have a beneficial impact on the Housing Revenue Account, releasing additional resources for improved and additional affordable housing. The expectation is that further savings will be delivered beyond 2012/13 as part of the Council's ongoing and relentless drive for efficiency.

As well as the pressure of reducing public expenditure, the Housing Service also faces a significant increase in the demand for its services due to the impact of changes to the welfare benefits system. Reductions in Local Housing Allowances mean that 4700 households currently residing in the private rented sector and receiving housing benefit will face a reduction in the financial assistance they receive from January 2012 onwards; this is likely to result in some increases in the number of people approaching the council for assistance where landlords decide not to accept a lower rent payment.

In addition, the LHA changes combined with a very competitive London housing market have already seen a significant reduction in the number of properties available to homeless households in the private rented sector. We need to take proactive action to increase the numbers of properties that these households can access in the private and social housing sectors.

Future ambitions for the service

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the

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establishment of outsourced Development and Regulatory Services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer centric approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on helping those clients who need support, with the development of more facilities for self help for those that are more able, including the development of web based services
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

2.2 Methodology

In summary the options appraisal methodology has involved:

- identification of aims and objectives to be delivered
- analysis of cost and performance of services
- identification of potential alternative delivery options
- development of evaluation themes against which to score each potential delivery option
- consideration of the viability of these options
- recommendation of preferred options for future delivery of the services

The detailed methodology can be found in Appendix A.

3 Options Appraisal

This options appraisal is concerned with identifying the best future delivery option for the Housing Services provided by the Council to realise the potential benefits identified as part of the One Barnet programme.

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3.1 Aims and Objectives

In accordance with One Barnet principles, all services, regardless of the type of customer, should be aiming to deliver the best possible service focussed around their customers needs.

It is important to understand that in the context of the Housing Service our customers will include some of our most vulnerable residents as well as private sector landlords, internal council services and other public sector partners, for example housing associations.

The following table sets out how the aims and objectives of the options appraisal align with the One Barnet Principles:

Aims and Objectives	One Barnet Principle
<ul style="list-style-type: none"> • be designed and delivered around customers' needs • provide the best possible customer experience • Prevent homelessness by providing accurate and accessible information enabling customers to help themselves. • A fully embedded holistic approach to ensure that the customers find the service easy to use • An improved connection between the demand for homes and the supply of homes 	A new relationship with citizens
<ul style="list-style-type: none"> • be in a position to support the requirements of all public sector partners and drive better multi-agency working • be flexible and therefore able to rapidly respond to changing demands 	A one public sector approach
<ul style="list-style-type: none"> • operate as efficiently as possible to both minimise the cost of the service and minimise the cost to customers of accessing the service • be innovative and take advantage of evolving technology, thinking and practice • maximise the value the Council achieves from all its assets (capital and revenue) e.g. void turnaround time • safeguard the Council's position to maintain its reputation and comply with its legal responsibilities • Improved procurement of private sector homes to meet the demand for housing • Efficiencies achieved through further systems thinking work to drive out wasteful activity • Efficiencies achieved through reduced back office costs 	A relentless drive for efficiency

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3.2 Scope

The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels held in the general fund and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

The following table sets out in more detail the number of staff working in the Housing Service and the key activities that they undertake:

	Post	FTE	Key Activities
Advice & Assessment	Housing Managers	2	<ul style="list-style-type: none"> • Housing Advice • Holistic Assessments/Banding • Nomination to properties • Mediation • Domestic Violence • Medical Assessments
	Housing Needs Team Leaders	7	
	Housing Needs Officers	31	
	Discretionary Housing Payment Officer	1	
	Youth Mediation Officer	1	
	Sanctuary Officer	1	
	Medical Assessment Team Leader	1	
	Senior Medical Assessment Officers	2	
	Housing appeals manager	1	
	Total	47	
Accommodation and Resources	Housing Manager	1	<ul style="list-style-type: none"> • Supply Management • Allocation of properties • Procurement of temporary accommodation • Procurement of private rented accommodation • Management of temporary accommodation <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL • Rent Collection <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL ○ Annexes/B&B
	Team Leader (Supply)	2	
	Team Leader (Property Manager)	2	
	Housing Supply Officer	10	
	Property Management Officer	13	
	Surveyor	1	
	Out of Borough Officer	1	
	Landlord Liaison Officer	1	
	BLH Manager	1	
	BLH Caretaker	2	
	TA Occupancy officer	1	
	Housing Benefit Officer	2	
	Temporary Accommodation Reduction Co-ordinator	1	
	Project Officer	1	
	Members Liaison Officer	1	
Total	40		

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	Grand Total	87	

3.3 Options to be considered

The Council's Housing Strategy sets out that *"the council views Barnet Homes as a potential vehicle for providing additional services on its behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme"*.

The Council has already decided to proceed with setting up a Local Authority Trading Company (LATC), which will incorporate Barnet Homes, and has embarked on a wider programme of externalisation of services.

In view of this, the three options that will be considered for the future delivery of the Council's retained Housing Service will be:

- Retain in house Provision
- Outsource Housing Service
- Transfer Housing Services to Barnet Homes

These are described in more detail in appendix A.2.2.

3.4 Costs

It is important to understand the costs of the service in the context of the council's overall budgets. It is very difficult to compare costs reliably with other boroughs because there is no common format for reporting these in the public domain. We have therefore developed our understanding of potential benefits through an analysis of current budgets. The figures in the tables below show the baseline position for 2011/2012.

Summary	2011/12
----------------	----------------

General Fund	(budget)
Employees	1,908,900
Employee Related Costs	62,750
Premises	875,430
Transport	26,920
Supplies and Services	1,914,560
Third Party Payments	5,053,520
Recharges	-498,420
Gross Expenditure (excl Capital and Secondary recharges)	9,343,660
Income	-6,175,660
Net Expenditure	3,168,000

HRA	(budget)
Employees	1, 221,800
Employee Related Costs	11,200
Premises	
Transport	4,930
Supplies and Services	105,430
Third Party Payments	
Transfer Payments	27,540
Gross Expenditure (excl Capital and Secondary recharges)	1,370,900
Income	0
Net Expenditure	1,370,900

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3.5 Performance

Key performance data for the service that can readily be benchmarked is available for key activities, including homelessness, temporary accommodation, void relet times and rent collection.

Homelessness acceptances: Barnet has the largest population amongst London Boroughs so the performance of the service has been compared with the rest of the Capital by looking at the number of acceptances as a % of overall population. This shows that whilst homelessness acceptances have fallen in line with the rest of London up to 2010/11, since they have now started to increase again, linked to a reduction in our ability to procure private rented homes. When compared to the rest of London, Barnet's performance ranks just outside of top quartile performance at 9 out of 33 boroughs.

Caseload management: Although performance on Homelessness acceptances has been acceptable, there is an issue with an increasing backlog of cases pending a decision on their application. Analysis shows a steadily increasing number of cases where a homelessness decision is pending which has increased from 320 in May 2011 to 378 by November 2011.

Prevention on homelessness will continue to be a priority, with potential added pressure due to the economic situation, and the combined pressures of high market demand for private sector accommodation and changes to welfare benefits.

Households in temporary accommodation: Data shows that Barnet has a relatively high number of households in temporary accommodation. Taking population size into account, Barnet ranks 25 out of all London boroughs for both the use of temporary accommodation and the use of short term emergency accommodation. However, many of these are in longer term solutions, including 1044 on the Council's regeneration estates. The Council's view is that having such a high number of people in temporary accommodation is a necessary impact of our wider regeneration programme, and that many of these households are in longer term housing solutions which following the Localism Act would not be considered as temporary homes in the future. The key focus should be reducing the use of short term temporary accommodation including bed and breakfast and nightly purchased accommodation.

Our priority is the support that people get during their period in temporary accommodation, to enable them to move into a permanent home. A review of the implementation of the lean review of housing services has indicated that this is the point in the customer journey where more work needs to be done to transform the service and improve services to customers. For example, a number of cases have been identified where households have been staying in expensive nightly purchased

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accommodation since before the lean review, and subsequently have only recently been picked up by the service for an holistic assessment to secure a more permanent solution.

In addition, for many of those in temporary accommodation with an element of council management (excluding properties on the regeneration estates), aside from rent collection there is very little additional support of the kind that people living in permanent affordable homes benefit from.

Void Relet Times: Our figures show that performance on re-letting empty properties for permanent accommodation during the last five years has reduced significantly whilst in other London boroughs it has been improving. In 2009/10 void times increased from 29 days to 52 days, representing one of the worst performances in London. At present responsibility for void relet times is shared between Barnet Homes and the Council. Whilst some work has been done with the Council and with Barnet Homes to address this, including a reconfiguration of the Housing Needs service and a new allocations scheme, and a lean systems review led by Barnet Homes, the step change in performance hoped for has not materialised. Latest figures for September 2011 show that void times had reduced to 32 days.

With pressures on budgets and a constrained supply of private sector homes, it is important that the council makes maximum use of the potential of the homes it manages to provide homes and generate income.

Procurement of Private Rented Sector Homes: It is essential that if we are to meet housing demand in the borough that we are able to secure access to privately rented properties for our clients. From 2005 there was a steady increase in the number of clients placed directly in the private rented sector, so that in 2008/9 and 2009/10 more than 700 people were housed in this manner, more than in the combined social housing sectors in Barnet. However, as the market has become more competitive this number has fallen significantly, and since April 2011 supply has fallen further due to reductions in local housing allowances.

We need to design our service to ensure we can take a proactive approach to procurement, that we can effectively manage the Council's legal and financial risks in this area, and that we can remain competitive in our access to the private rented sector. From a strategic perspective, this issue will need to be addressed to take advantage of provisions in the Localism Act which will allow local authorities to discharge homelessness duty into the private rented sector.

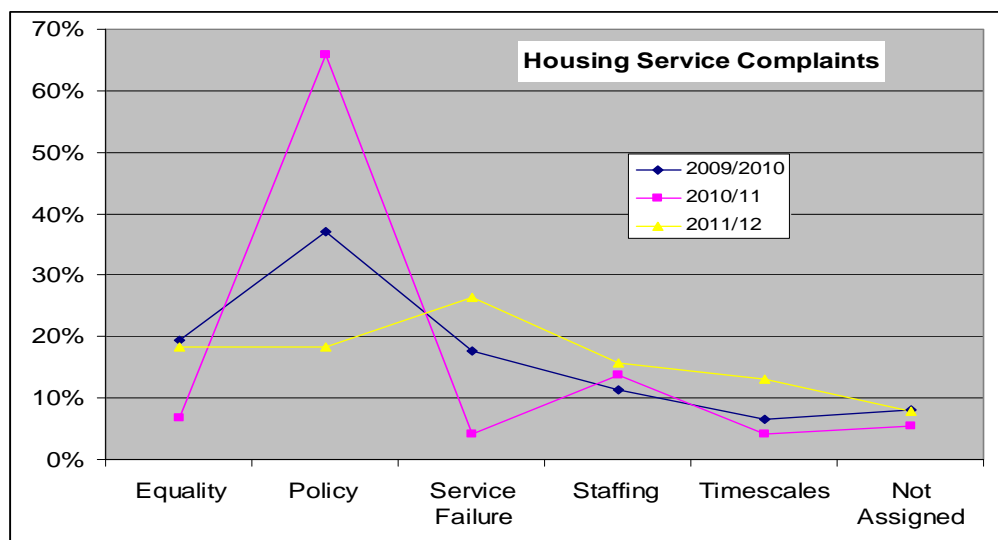
Income Collection: The Housing Service is responsible for collecting income for temporary accommodation managed by the Council and short term emergency accommodation. The amount due each year is in the

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region of £7.5m, out of a total council rent roll of £64m including all properties managed by the Council and Barnet Homes.

Collection rates on the annual debit raised have been consistently above 97% for temporary accommodation, although in 2010/11 this fell to 94.8% due to disruption associated with the introduction of a new housing benefit computer system. At the end of March 2011, current account temporary accommodation arrears stood at £428k and had fallen to £213k by September 2011.

Complaints: The Council's retained Housing Service typically receives about 6 complaints a month and responds to 70% of these within the council's stipulated time limit of 10 working days. This compares with Barnet Homes who deal with a much higher volume of complaints but typically respond to close to 100% of these within 10 working days. The following chart shows that there has been a dramatic fall in complaints about council policy since April 2011, although complaints about service failure have increased:



This may reflect the impact of the new allocations scheme, combined with initial teething problems with the way it operates

3.6 Information Technology

An audit of information systems used by the Housing Service has been undertaken, which has identified a number of issues:

- In common with Barnet Homes, the main database used by the Housing Service is Saffron. The version of Saffron used by the Housing Service is highly bespoke and changes to it are difficult to implement as a result. In addition, the system is now out of date and needs replacement with a modern system

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- The housing service relies heavily on document imaging rather than paper files, and there are a number of problems with the Wisdom system that is used for this
- Because of the limitation of Saffron, a number of local Access databases are used, and there are issues arising with this around data integrity and integration.
- A stand alone property portfolio database is used to allocate available properties, and this does not integrate with Saffron or Wisdom

The Housing Service has now adopted the use of tablet PCs and docking stations, although there has been no implementation of hot-desking as elsewhere in the Council. This provides some potential in the future for reducing office costs.

It is clear that a strategy is needed to provide modern and integrated IT systems that will help to deliver a more efficient and responsive service, and better quality data about performance and customers.

3.7 Customer Feedback

Recent complaints data (from April 2011) suggests that the main concerns of customers are service failures (26%), equalities (18%), policy (18%) and staffing (16%). The main work areas that complaints are received for are housing advice (32%), homelessness (29%) and allocation of properties (16%)

A major consultation exercise was carried out in the autumn of 2010 on the Council's proposals to introduce a new allocations scheme. This exercise provided useful general feedback about the Housing Service. Customers of the service told us that their preference was for a service that was open and honest about what the council is able to do to help them.

Further customer feedback will be sought to inform the implementation of any solution.

3.8 Findings

A great deal of work has been undertaken already to reshape the Housing Service to focus it on the needs of the customer. This includes reconfiguring the service so that housing applicants receive a more holistic service and the adoption of a new allocations scheme.

This approach has been largely successful, but still requires some bedding in to ensure that service failures are minimised and caseloads effectively managed.

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More work is required to ensure that customer focus is maintained; the response times on complaints and issues with caseload management provide an indication that this is not always achieved.

Performance on void turnaround times remains problematic, and there is still more to be done to ensure that demand for homes is effectively and efficiently matched with the supply of accommodation, and these are key areas where we would expect to see an improvement in any future service delivery option.

On the accommodation and resources side of the service, performance is very good on income collection, with the main areas for improvement being the procurement of new supply in the private rented sector in an increasingly challenging environment.

There is scope to reduce the costs of the service through better matching of the demand for accommodation with the supply of homes, which would help to improve caseload management and wasteful activity associated with not resolving cases quickly.

3.9 What does this mean?

A great deal of service improvement has been delivered through the systems thinking work that was undertaken in 2010, and any option for future service delivery will need to build on this.

The ethos of developing a holistic and integrated service for the customer is well established, and there is scope for carrying this forwards into the way that clients and available properties are matched. A more integrated approach to this should improve void turnaround times for the Council and its housing association partners. There is scope for improving the services provided to customers to reduce service failures and improve response times to complaints and times for assessment of cases.

It is essential that the procurement of properties is maximised if homelessness is to be minimised in an increasingly challenging environment, with a combination of welfare reform and a highly competitive market making it more difficult for the council to find landlords who will take low income tenants who depend on benefits.

3.10 Change Required

Analysis of data about the housing service enables the potential for improvement to be assessed. This analysis has identified that there are six key areas in which improvement is possible or required.

Improvement area Assessment criteria	
Customer focus	Is the service designed and delivering around the requirements of its customers?

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Cost	How much does the service cost against comparators? Can we reduce costs to available budgets while maintaining service quality?
Performance	How well does the service perform against comparators and customer requirements?
Systems maturity	How well do IT systems support the effective delivery of the service?
Service maturity	How established is the service and how mature is its operating model?
Staff capability	To what extent staff across the service have all the required skills and knowledge to deliver a high quality service?

Each of these were identified as a key evaluation theme and a weighting agreed by the project team (see 3.12 below), including service leads. The scoring, took account of the evidence that shows that the Housing Service has developed an approach which puts the customer at the centre of service delivery, but that there is still work to be done to fully embed changes that have been implemented following a systems thinking review last year to ensure that a high level of service delivery is achieved.

On this basis, a solution is sought that will reduce costs whilst maintaining and improving service delivery, and that has capacity to address the need for improving IT systems.

3.11 Evaluation

The options appraisal has used a five stage approach to evaluate potential options for future delivery:

1. Identify key evaluation themes to assess the services against (for detail see section A.2.1)
2. Identify the potential delivery options for these services (for detail see section A.2.2)
3. Identify how well the delivery option can be expected to deliver against that theme for that service on a scale of 1 to 5
4. Based on the requirements of the service apply a percentage weighting to each theme indicating the level of importance – a higher percentage weighting indicates higher importance
5. Calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

3.12 Evaluation Theme Weightings

The weighting for each theme has been developed from an understanding of the areas for improvement for the Housing Service. The rationale behind these weightings is in the table below:

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Improvement Area	Linked Themes	Explanation
Customer focus	- Service Transformation - Pace - Flexibility	Where services are not designed around the needs of their customer the service transformation, pace and flexibility themes will be given higher importance.
Cost	- Price - Income generation	A higher weighting will be applied where cost reduction or increased income generation is important.
Performance	- Performance	A higher weighting will be applied where improved performance is important.
Systems maturity	- Investment - Service Transformation	Where systems are immature a greater level of importance will be placed on the investment and service transformation themes.
Service maturity	- Service Transformation - Pace	Where the service is immature a greater level of importance will be placed on the service transformation and pace themes.
Staff capability	- Investment - Service Transformation	Where there are identified gaps in staff capability investment is required to train staff, with service transformation essential to realise the benefits of this improved staff capability through working in different ways.

The weightings against each evaluation theme are identified in the table below:

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Objective	Theme	Considerations	Weighting %
A relentless drive for efficiency	Price	<ul style="list-style-type: none"> The medium to long-term delivery cost of the service The delivery cost of the service in the short-term 	21%
	Investment	<ul style="list-style-type: none"> The ability of the option to provide investment into the service The cost to Barnet Council of investment in the service 	3%
	Income generation	<ul style="list-style-type: none"> The ability to generate increased income 	13%
	Pace	<ul style="list-style-type: none"> How quickly will benefits be realised and aims and objectives for the delivery of the service be met How long will it take to implement How long will it take to deliver transformational change 	18%
A One Barnet approach	Flexibility	<ul style="list-style-type: none"> The potential to adapt and change the service in line with changes in requirements of the service due to One Barnet future requirements, changing legislation etc The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale 	18%
A new relationship with citizens	Performance	<ul style="list-style-type: none"> The potential to increase performance against current benchmarks of performance The potential to improve the citizen experience and satisfaction levels 	11%
	Service transformation	<ul style="list-style-type: none"> The ability to transform the service to put the customer at the heart of service delivery The ability to bring and maintain creativity and innovation to service delivery 	16%

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3.13 Evaluation Scores

Theme	Weighting	In House		Outsource		Transfer to Barnet Homes	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Price	21%	2	0.42	3	0.63	4	0.84
Investment	3%	2	0.06	4	0.12	3	0.09
Income generation	13%	2	0.26	2	0.26	3	0.39
Pace	18%	2	0.36	2	0.36	4	0.72
Flexibility	18%	2	0.36	2	0.36	3	0.54
Performance	11%	2	0.22	3	0.33	4	0.44
Service transformation	16%	2.5	0.4	3	0.48	3	0.48
Total Score	100%		2.08		2.54		3.5

3.14 Benefits

This options appraisal has identified that in order to address the areas for improvement (identified in section 3.4) the Housing Service needs to be delivered differently. The potential benefits to the council's customers of delivering these services differently are identified in the table below:

Benefit	Outcomes
Increased customer satisfaction	<ul style="list-style-type: none"> Services delivered differently, designed around the requirements of the customer
Save customers' and partners' time when interacting with the council	<ul style="list-style-type: none"> Better customer service processes, including effective use of technology Improved customer focus Customer's needs met more promptly with effective advice and prevention of homelessness and increased access to suitable accommodation
Greater choice and control for residents and customers	<ul style="list-style-type: none"> Effective use of technology to deliver services Increased availability of suitable accommodation in the social and private sectors
Increased quality of services	<ul style="list-style-type: none"> Higher-performing service that delivers what customers require Effective use of technology to support efficient service delivery and management decision-making Developing the skills and knowledge of staff
Increased value for money	<ul style="list-style-type: none"> Higher-performing service that ensures every pound is spent effectively

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	<ul style="list-style-type: none">• Effective use of technology to support efficient service delivery and management decision-making• Higher performing service that maximises the collection of income due
Financial savings	<ul style="list-style-type: none">• Reduced cost of delivering housing services

3.15 Conclusions

The scoring identified a transfer to Barnet Homes as the highest scoring option. The rationale for the scoring results is set out in appendix B1.

4. Recommendations

The recommendation from this options appraisal is that a business case is produced for the transfer of the council's housing service to Barnet Homes.

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Appendix A. Options Appraisal Methodology

A.1. Process

The options appraisal has:

1. Identified its aims and objectives
2. Analysed the relative costs and performance:
 - captured data and base-lined performance, cost and quality
 - analysed data and compared to available benchmarking information
 - identified what is required to deliver the service's aims and objectives
 - assessed potential benefits that can be achieved by the service meeting its aims and objectives
3. Evaluated potential options for future delivery of the service against a set of themes (section A.2 explains the approach to evaluation in more detail). It is important to understand that this options appraisal presents high-level indicative figures based on the information available at the time of writing and that any anticipated benefits have been expressed in qualitative terms. The purpose of the business case is to develop, subsequent to the options appraisal:
 - A detailed baseline of the cost of delivering the services currently
 - Models for the cost of delivering the preferred option
 - Quantified potential financial and non-financial benefits to be realised by delivering the preferred option

A.2. Approach to evaluation

The options appraisal has used a five stage approach to evaluate potential options for future delivery:

1. Identify key evaluation themes to assess the service against (for detail see section A.2.1)
2. Identify the potential delivery options for the service (for detail see section A.2.2)
3. Identify how well the delivery option can be expected to deliver against that theme for the service on a scale of 1 to 5
4. Based on the requirements of the service apply a percentage weighting to each theme indicating the level of importance – a higher percentage weighting indicates higher importance
5. By service calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

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A.2.1 Evaluation Themes

One Barnet Theme	Theme	Evaluation Considerations	A high score indicates
A Relentless drive for efficiency	Price	<ul style="list-style-type: none"> The medium to long-term delivery cost of the service including all set-up and termination costs (including the ability to deliver savings) The delivery cost of the service in the short-term (including the ability to deliver savings) 	<ul style="list-style-type: none"> Reduction in medium to long-term delivery costs Reduction in short-term delivery costs
	Investment	<ul style="list-style-type: none"> The ability of the option to provide investment into the service The cost to Barnet Council of investment in the service 	<ul style="list-style-type: none"> The option is readily able to provide investment The up-front cost of investment to Barnet Council would be low i.e. spread over the life of a contract
	Income Generation	<ul style="list-style-type: none"> The ability to generate increased income 	<ul style="list-style-type: none"> An option that is readily able to increase income
A One Barnet Approach	Pace	<ul style="list-style-type: none"> How quickly will benefits be realised and aims and objectives for the delivery of the service be met How long will it take to implement How long will it take to deliver transformational change 	<ul style="list-style-type: none"> An option that will quickly start to realise benefits and meet the aims and objectives for the service An option that can be quickly implemented An option that minimises the disruption to service
	Flexibility	<ul style="list-style-type: none"> The potential to adapt and change the service in line with changes in 	<ul style="list-style-type: none"> An option that is readily able to adapt and change in line with changing requirements

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One Barnet Theme	Theme	Evaluation Considerations	A high score indicates
		<ul style="list-style-type: none"> • requirements of the service due to One Barnet future requirements changing legislation etc • The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand • The ability to provide services for local partner organisations to promote joint-working and economies of scale 	<ul style="list-style-type: none"> • and with limited cost to the council • An option that is readily able to adapt and change the capacity of the service in response to major incidents and fluctuating demand • An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale
A New Relationship with Citizens	Performance	<ul style="list-style-type: none"> • The potential to increase performance against current benchmarks of performance • The potential to improve the citizen experience and satisfaction levels 	<ul style="list-style-type: none"> • An option that is “readily” able to deliver a consistently higher performing service against standard benchmarks • An option that improves the citizen experience and satisfaction levels
	Service Transformation	<ul style="list-style-type: none"> • The ability to transform the service to put the customer at the heart of service delivery • The ability to bring and maintain creativity and innovation to service delivery 	<ul style="list-style-type: none"> • An option that is readily able to transform the customer experience • An option that brings and maintains a high-level of creativity, innovation and insight in to the delivery of the service

Future of the Housing Service – Options Appraisal

A.2.2 Potential Delivery Options

The following table describes the three delivery options that have been considered during the evaluation exercise in this options appraisal. A further table in Appendix C then outlines the strengths, weaknesses and impact on staff of each potential delivery option.

Delivery Option	Description
Retain in house Provision	Service continues to be provided by the Council, with required reductions in budgets and service improvements led by existing management team.
Outsource Housing Service	New external service provider sought through a competitive tendering process, with services provided to the council's specified requirements. This could involve the transfer of the service to a Housing Association or a private contractor.
Transfer Housing Services to Barnet Homes	Barnet Homes are an arms length management company established in 2004 to deliver investment in the Council's housing stock through the Decent Homes programme. Barnet Homes is wholly owned by the Council and are co-located with the Housing Service at Barnet House in Whetstone. The Council is in the process of establishing a Local Authority Trading Company (LATC), which will be wholly owned by the Council and will include Barnet Homes.

Future of the Housing Service – Options Appraisal

A.3. Governance

The table below outlines who has been involved in the development of the options appraisal:

		Role
Project Sponsors:	Kate Kennally - Director of Adult Social Care and Health	Lead project sponsor
	Pam Wharfe- Acting Director for Environment, Planning and Regeneration	Directorate project sponsor
Project Team	Paul Shipway - Head of Strategy and Performance	Project Manager
	Cathy Osborn – Interim Head of Housing	Senior service user
	Roger Robbin-Coker – Housing Manager	Service Transformation Manager
	David Walton - Interim Finance Manager	Finance lead
	Anne Gonzalez - Strategy & Business Improvement Manager	Project Support
	Manjit Lall - HR Business Partner	HR Business partner
	James Henderson - One Barnet Communications Officer	Communications and engagement

The options appraisal will be presented to Cabinet Resources Committee for final approval.

The process for development of this options appraisal has been discussed with Trade Unions on a number of occasions through its development. An embargoed version of an earlier draft of this document was given to the Trade Unions and a critique received from one of them. This critique and a commentary on it, responding to the points raised will be submitted along with this report to CRC.

Staff were briefed on the proposed recommendations of the options appraisal via briefings in October, November and December 2011.

Future of the Housing Service – Options Appraisal

Appendix B. Evaluation matrix

B.1. Scores

The scores in the table below have been used to score how well each of the evaluation themes will be delivered by each Potential Service Delivery Option. Scores are on a scale of 1 to 5 - a high score indicating the option will deliver well against the theme.

Theme	Rationale
Price	The high weighting of 21% awarded to Price is high because of the need to make savings in the General Fund. These will have a beneficial result on the HRA (which with reforms to the HRA, would provide funds to invest in housing). The in-house option received the lowest score as it was considered that it could not provide the savings required without a major impact on the customers.
Investment	The service is not looking for upfront investment and so weighting is low at 3%. Although IT systems need upgrading there is some money available which could be released to upgrade Saffron. It was considered that this could be done with a more co-ordinated approach under the Barnet Homes option, given that the council already shares the Saffron system with them. The outsourcing option scored more highly because it would possibly provide more investment but this is not a driver.
Income Generation	Income generation, with a weighting of 13%, is about tackling void loss and improving income in both permanent and TA properties. The high demand for private rented properties means we need a proactive approach that minimises costs to the public purse. Unlocking the voids process is a task that requires collaboration between the Housing Service and Barnet Homes. Currently, there is a disconnect in the process between property and customer and it is anticipated that moving the Housing Service to Barnet Homes would facilitate the task of unlocking the voids process.
Pace	Pace has a high weighting of 18% as it important to implement the preferred option quickly. The in house option provides no additional impetus to generate further performance improvement or to manage cost reductions. Outsourcing would involve a lengthy OJEU procurement. The Barnet Homes option could be implemented quickly given the procurement requirements for a company that is wholly owned by the Council and as a mature, housing focused organisation it should be able to get up to produce change more quickly.
Flexibility	Flexibility also has a high weighting of 18% as there are changes in the external market, such as the welfare benefit regime, that must be addressed. It is thought that by transferring the Housing Service to one housing focussed organisation, with strong links to the Council this will put the service in a stronger position to face external change. It is also considered that an outsourced option would not have the required flexibility because of a rigid contractual arrangement.
Performance	Apart from rent collection, high external demand means that pressures are increasing that impact on performance within the Housing Service, increasing case loads and length of time for decision making. Income performance on TA rent collection by the Housing Service is good but we need to increase the supply of private rented properties. Barnet Homes has a good track record

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	<p>on performance and has been subject to two inspections by the Audit Commission and was awarded two stars (good). Complaint response times within target are close to 100% in Barnet Homes and the organisation has a good record of analysing complaints to drive through improvements. With the outsource option improved performance could be delivered through contract management arrangements. Under the Barnet Homes option, the close links to the Council under the management agreement, could be used to drive performance improvement in line with council objectives.</p>
Service Transformation	<p>Service Transformation has a weighting of 16%. Embedding and building on the lean systems review is essential. The view is that the customer experience would be better if there was one single housing focussed organisation delivering the service. The in-house option scored lower than either outsourcing or Barnet Homes because the service transformation following the lean systems review is not yet fully embedded. The evidence suggests that there is not much of a market for outsourcing services such as housing needs and therefore it was difficult to project service transformation in this area with confidence.</p>
Total Scores	<p>In-house: 14.5 Outsourcing: 19 Transfer to Barnet Homes: 24</p>
Total Weighted Scores	<p>In-house: 2.08 Outsourcing: 2.54 Transfer to Barnet Homes: 3.5</p>

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Appendix C. Assessment of strengths of potential delivery options

The table below outlines the perceived strengths of each potential delivery option.

Delivery Option	Strengths	Weaknesses
Retain in house Provision	<ul style="list-style-type: none"> • No procurement required 	<ul style="list-style-type: none"> • More difficult to achieve efficiencies though economies of scale and reduced back office costs • Handoffs remain in place
Outsource	<ul style="list-style-type: none"> • Reduced back office costs • Introduction of more commercial approach to business 	<ul style="list-style-type: none"> • Lengthy and expensive procurement process required • Risks associated with loss of direct control • Potential loss of democratic accountability • Lack of established market for provision of homelessness and housing advice services
Transfer Housing Services to Barnet Homes	<ul style="list-style-type: none"> • Economies of scale including reduced back office costs • Fewer hand offs • No procurement required • Can be implemented quickly • Track record of Barnet Homes in delivering services and customer focus • Better focus of core business and customers • Council retains some control as sole shareholder • Democratic Accountability • Strong partnership working • Any financial benefits stay with the Council 	<ul style="list-style-type: none"> • Risk that the Council will not manage the relationship with Barnet Homes Board effectively to ensure the council's priorities are delivered • Risk that Barnet Homes may not have capacity to extend its role

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Appendix D. Assessment of Impact on Staff of potential delivery options

The table below outlines the perceived impact on staff of each potential delivery option. Under any of the following delivery models there will be the potential for staff reductions due to the economic climate.

Delivery Option	Impact on Staff
Retain in house Provision	<ul style="list-style-type: none"> • Staff would remain as local authority employees on their existing terms and conditions • Opportunities for further service transformation would be limited • Potential reduction in staffing requirement and service reductions resulting in tougher working environment • Limited investment opportunity for employee training and development, asset and systems update
Outsource	<ul style="list-style-type: none"> • Staff would be transferred to a private sector partner, employees would transfer on their existing terms and conditions under TUPE • Potential reduction in staffing requirements more likely to be delivered whilst maintaining service levels • More opportunity for investment in employee training and development, asset and systems update • Ability to share knowledge and best practise • Some elements of the service may be delivered from another location potentially meaning staff may be given the option to relocate • Development opportunities may be available due to working for a large service provider • Staff should gain access to a wider pool of expertise and external insight • Potential reduction in staffing requirement due to economies of scale and transformation
Transfer Housing Services to Barnet Homes	<ul style="list-style-type: none"> • Staff would transfer to Barnet homes on their existing terms and conditions under TUPE • Staff will be working for an organisation wholly owned by the Council • Potential reduction in staffing requirements more likely to be delivered whilst maintaining service levels • More opportunity for investment in employee training and development, asset and systems update due to greater economies of scale • Staff to gain access to a wider pool of expertise working for a larger organisation that specialises in housing • Ability to share knowledge and best practise • Development opportunities may be available due to working for a large service provider

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Annex 2

Future delivery of the Housing Service – Outline Business Case

Future delivery of the Housing Service – Outline Business Case

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1. Executive Summary

1.1 Introduction

This business case has three key aims

- To identify the non financial benefits the Council would hope to achieve
- To demonstrate the financial savings and how these are profiled over five years
- To test the deliverability of the recommendation from the options appraisal of the housing service to transfer the Council's housing service to Barnet Homes

1.2 Strategic fit

Following the establishment of Barnet Homes in 2004, to deliver the Council's landlord services and decent homes programme, the Council continued to provide housing advice and assessment services in house, as well as the provision and management of temporary accommodation. The retained housing service faces significant pressures, both from public sector expenditure reductions, and from an external market that is increasing the pressure on homelessness and the shortage of accommodation.

The Council's wider ambitions for its housing service need to be seen in the context of the One Barnet approach, which includes the establishment of a Local Authority Trading Company, incorporating Barnet Homes.

The options appraisal has identified the potential to improve services for the customer in a single housing focussed organisation (Barnet Homes) that would strengthen links between property and customer, reducing void times and improving the support offered to customers throughout their housing journey.

1.3 Scope

The scope of services includes advice and assessment which deals with the demand for housing assistance, and property and resources, which deals with the supply of accommodation.

1.4 Benefits case

Strategic and non financial benefits identified include:

- Alignment with the Council's housing strategy that recognises Barnet Homes as a key partner in the delivery of housing services

- A stronger link between customer and property focussed services
- Building on the service improvements introduced by the housing service and embedding these improvements in a single housing focussed organisation.
- Using the specialist skills of the advice and assessment service to support existing tenants and new housing applicants
- A combined housing management service providing consistent quality to temporary and permanent housing tenants

Benefits for staff include enhanced opportunities for career development in a single housing focussed organisation

Financial benefits include

- The ability to deliver the required general fund savings of £400K while minimising the impact on the customer through synergies with services delivered by Barnet Homes
- A corresponding saving in the HRA as a result of jointly funded posts, that will deliver additional resources for affordable housing and regeneration
- A reduction in void turnaround times through a more efficient process in a single organisation, increasing income to both the general fund and the HRA.

1.5 Client management

It is not envisaged that the transfer of services to Barnet Homes will increase the resources required for an effective client function. However, the organisation and location of these services (some of which are currently in service for the DRS project) will require review to address the need for strong performance management. Part of this review will also need to consider the resources the Council will need to address changes in housing revenue account finance, with the need to manage a self-financed business plan from April 2012. The Council will need to provide strong leadership to ensure it is in a strong position to take advantage of opportunities from the new housing revenue account self financing system and to manage associated risks. The council will also need to consider how the housing client function can be integrated with proposals for the client function for the One Barnet Group generally.

1.6 Conclusion

It is anticipated that more than £400K of general fund savings can be delivered by the transfer of housing services to Barnet Homes. Corresponding savings will also be generated in the HRA and opportunities are identified to make further savings over time from reductions in support costs. Non financial benefits, from the

establishment of a single housing focused organisation are also anticipated that will improve services to customers.

1.7 Constraints, dependencies and risk

These have been identified as part of the business case, and mitigating actions established. This will be monitored and developed through the implementation period.

1.8 Procurement and project plan

The procurement strategy enables the Council to rely on the Teckal exemption without the requirement for a full OJEU procurement exercise. This will increase the ability of the Council to implement the option by April 2012.

2. Introduction

The One Barnet Programme is the council's response to address several drivers for change that have been identified:

- The anticipated financial pressures resulting from the global recession will bring the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £47m over the next three years, and our public sector partners face challenges of a similar scale. There are other predicted pressures which would require us to make savings of £53m.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The aim of the One Barnet programme is to create a citizen-centred council which ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The council believes that this is best delivered through the adoption of the three key principles of the programme.

- **A new relationship with citizens** - Enabling residents to access information and support and to do more for themselves
- **A one public sector approach** - Working together in a more joined up way with our public sector partners to deliver better services
- **A relentless drive for efficiency** - Delivering more choice for better value

3. The purpose of the business case

The business case has three key aims:

- To identify the non-financial benefits the council expects to achieve through the proposed new delivery method for these services to the council, staff and customers
- To articulate a robust baseline and the scale of the financial case across the service to demonstrate the financial savings against the individual service area involved and how the

- This business case builds upon the findings and recommendations contained within the options appraisal that accompanies this document. The appraisal has reviewed the current service levels and potential future delivery options of the retained council housing service which includes advice and assessment and accommodation and resources. It has recommended a transfer of the council retained service to Barnet Homes to deliver the services going forward. This initial outline business case is intended to test the deliverability of the proposal recommended in the options appraisal. It will be developed further subject to the decision taken to proceed. By definition, this business case is a dynamic document, and as such will be updated at appropriate points in time over the next 3 months.

4. Strategic Fit

In 2004, the council set up an arms length management organisation, Barnet Homes, to manage and maintain the council's housing stock and to implement the Decent Homes £189m investment programme. The council continued to provide housing advice and homelessness services itself, along with the allocation of social housing in the borough, including homes managed by Barnet Homes, and the management of some temporary accommodation.

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

Pressures

A saving of £400k in the general fund for 2012/2013 has been identified as the Housing Service's contribution to the council's wider drive to reduce its expenditure. As the service is partially funded through the Housing Revenue Account, efficiencies that can be found in general fund costs will also have a beneficial impact on the Housing Revenue Account, releasing additional resources for improved and additional affordable housing. The business case explores how these savings can

be identified, and how further savings will be delivered beyond 2012/13 as part of the Council's ongoing and relentless drive for efficiency.

As well as the pressure of reducing public expenditure, the Housing Service also faces a significant increase in the demand for its services due to the impact of changes to the welfare benefits system. Reductions in Local Housing Allowances mean that 4700 households currently residing in the private rented sector and receiving housing benefit will face a reduction in the help they receive from January 2012 onwards, and we anticipate an increase in the number of people approaching the council for housing advice as a result of this.

In addition, the LHA changes combined with a very competitive London housing market have already seen a significant reduction in the number of properties available to homeless households in the private rented sector. We need to take proactive action to increase the numbers of properties that these households can access in the private and social housing sectors.

Future ambitions for the service

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the establishment of outsourced development and regulatory services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer driven approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on enabling those clients who need support, to find solutions to their housing needs.
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

5. Scope

The scope of services is set out in section 2 of Appendix 1 of the options appraisal. In summary The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

All services within scope are currently delivered in-house and current budgets and employee numbers are summarised below. Fuller detail on the services is set out in the options appraisal.

It should be noted that within the service that there are a number of contracts and leases with external third parties including

Contract	Description	Contractor
Removals & Storage	Removals & Storage service	JA Steel & Sons Ltd
Housing Advice	Independent Housing Advice	Threshold Ltd
Foundation	Single Person Private Sector Tenancy Scheme	Threshold Ltd
Money Advice Service	Mortgage Rescue Scheme	Citizens Advice Bureau
MAPPA	Multi-Agency Public Protection Arrangements	London Probation Service
Private Sector Leasing	Leases with private landlords to provide temporary accommodation	A number of individual suppliers

These arrangements would need to be novated to the new supplier (Barnet Homes).

It should be noted that through the development of the detailed business case, the final scope may exclude some aspects of the service for practical, commercial or legal reasons.

6. Benefits case

The benefits sought by the project align with the council's strategic One Barnet objectives. The key benefits for change are set out below.

6.1 Strategic benefits

The Council's current Housing Strategy was agreed by Cabinet on 12 April 2010, and identified the following core objectives:

- Increasing housing supply
- Improving the condition and sustainability of the existing housing stock
- Promoting mixed communities
- Maximising the options for home ownership
- Housing related support options that maximise the independence of residents
- Excellent value services that exceed residents expectations

The strategy recognised Barnet Homes as a key partner in the delivery of the Council's housing objectives.

It is thought that the transfer of the council's remaining retained housing functions to Barnet Homes will deliver strategic benefits through providing a stronger link between customer and property focussed services. A great deal of service improvement has been delivered in the retained service, improving the customer journey from the point at which they approach the Council for assistance, to the point at which they find permanent accommodation. It is thought that by combining the service of advice and assessment with the service that manages the majority of social housing accommodation in the borough customers will receive better support for a longer period in their journey.

The specialist skills of the advice and assessment team to support customers at a critical point in their lives will be a valuable resource to Barnet Homes as it develops its services to support tenants in an increasingly challenging world of benefit reform and shortages of affordable accommodation in both the social and private housing sectors and prepares for the implementation of the council's tenancy strategy.

Customers in temporary accommodation deserve the highest standards of management and maintenance. Barnet Homes has already demonstrated its ability to deliver excellent housing services and the combination of management expertise from them, and from the accommodation and resources section of the service currently retained by the council should create synergies that can drive efficiencies in this area, while improving standards for customers.

There has already been considerable improvement in the housing advice and assessment service through a lean systems thinking review. The implementation of this review through the accommodation and resources service is less mature and there is scope for improved service transformation using the lean principles. Barnet Homes are committed to lean systems thinking and have already started a review of the voids and lettings process. As this process involves the customer journey through the period of time when they currently receive services from the retained council service, it is thought that the merging of the services will improve the link between customers and available properties and increase a shared responsibility for reducing void times and increasing the speed at which homes are made available to people in need.

6.2 Non financial benefits

Barnet Homes will be required to provide the service in a way which meets the council's requirements in terms of non-financial benefits by being transformational. The council will expect to see means by which the services can be delivered with benefits that focus on the customer and citizen experience.

The council recognises that the way in which services are delivered is changing both internally and externally. Barnet Homes will be expected to engage with a wide range of partnership agencies in order to meet the needs of the customer, building on the approach currently taken by the in house service. It is believed that this will strengthen the links between Barnet Homes and partner agencies to the benefit of existing and new Barnet Homes customers. They will also be expected to develop a partnership approach with council staff in responding to customer needs.

A summary of the potential non-financial benefits of the project, and how they align with the One Barnet key principles is provided below.

A new relationship with citizens

The service will:

- Empower those staff delivering frontline services by ensuring they have the necessary support and tools to carry out their work. It is expected that Barnet Homes will provide in its business plan for the continued development of staff skill sets to ensure all housing service functions can run as smoothly and efficiently as possible. This will allow the front line services to focus on their core duties in supporting those most in need and in turn improving customer satisfaction
- be expected to increase its capability to help customers to prevent homelessness through effective advice and interventions
- increase the access available for housing applicants to the social and private housing sectors

- deliver a consistent, high quality experience regardless of whether tenants are in temporary or permanent accommodation provided or procured via the Council
- ensure insight and information from the customer experience is provided to the council to be used in policy reviews relating to housing, including the housing strategy and allocations framework
- enable resolution of issues through a single housing focussed organisation responsible for all Council housing services
- build customers' capability to help themselves and other household members
- provide a coherent brand, identity and ethos for housing services that builds a new relationship with the citizens of Barnet
- increase the speed and effectiveness with which customer's needs are assessed and met, reducing the need for appeals and complaints about the service.
- improve the ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery.
- Allow for a greater level of co-location between different elements of the housing service, providing a more streamlined customer journey.
- Anticipates the implementation of the Council's draft tenancy strategy bringing together assessment and tenancy management staff in one organisation.

A one public sector approach

The service will:

- be developed and joined up so that public and third sector partners would be able to access provision of support and housing services for their customers through Barnet Homes due to improved clarity of responsibility and single housing focussed organisation
- become more responsive to changing citizen needs within the borough and be able to adjust service offerings accordingly
- be linked to customers' support needs met through other services provided by the Local Authority Trading Company.
- support council and local public services in joining up the customer service around the needs and life events of customers to provide a more personalised service, linked to the development of the customer service organisation

A relentless drive for efficiency

The services will:

- benefit from the experience of a large and effective housing organisation in enhancing performance whilst realising operational efficiencies

- have enhanced capacity and capability to drive improvements in the maintenance and development of council assets used to provide temporary and permanent accommodation
- be able to be delivered through a reduced FTE given the potential for economies of scale provided by an organisation carrying out similar and related functions
- be able to facilitate improved void turnaround times through process and system improvements
- provide a coherent route to direct resources for capital investment in improved IT infrastructure, funded from the existing capital programme. This will enable the merged function to facilitate early service improvement and operational development
- benefit from investment in technology, process and change management to deliver efficiencies in process management
- deliver mutual benefits from service experience, specialist skill sets and capability to access expertise, innovation and creativity in order to deliver faster service transformation
- be able to provide flexible deployment arrangements of staff that will allow customer and landlord/property issues to be resolved during an expedient time period
- benefit from new performance management systems to ensure consistency across service areas and ensure high efficiency levels of work

6.3 Benefits for staff

Given the volume of staff involved, both in the Council retained service, and at Barnet Homes it is equally important to ensure benefits that can be identified for staff in both organisations are delivered through the mobilisation period and beyond.

Although this cannot be guaranteed, the scale of housing focussed operations of Barnet Homes that will be created through this merger is likely to significantly enhance opportunities for all staff in terms of their personal and professional development.

For example, staff will potentially have:

- the opportunity to share in and enhance expertise and insight from new colleagues and best practice methodologies from a wider pool of peers in a new housing focussed organisation
- greater ability to share experience of industry standards and how they inform business practice across the complete range of housing services
- wider opportunities for personal development that could lead to promotion into a broader range of management and senior management roles in housing
- greater opportunities to attend training courses to help them develop personally and professionally, which could be furthered by the opportunity to work on varied contracts

- the opportunity to develop new professional skills that will broaden their personal skill base
- access to more developed talent management and succession planning programmes.

6.4 Financial benefits to LBB

6.4.1 Introduction

The Audit Commission said in 2008 that ‘Barnet Homes is generally delivering customer focused services, and is using partnership working to further improve services and capacity. There is a strong focus on value for money resulting in £6.7 million savings since April 2006’.

The Audit Commission went on to say “In this inspection, we found this to be an area with more strengths than weaknesses. There is a value for money culture embedded across the organisation, and there is a proactive approach to challenging the value for money of services, particularly those delivered through an SLA. The use of modern procurement methods in the decent homes and maintenance programme is embedded and using procurement consortia where appropriate. Residents are involved in procurement exercises”.

The approach taken to calculate current delivery costs and the financial benefits associated with the merging of the service with Barnet Homes is outlined in this section. It should be stressed that the financial analysis is necessarily high level at this stage and will be developed further during the mobilisation period.

The approach taken is to start with a baseline of the requirement to make savings of £400K in 2012/13 in the Council’s general fund housing services based on agreed Council budgets. The outline business case has considered the extent to which the merged organisation could make these savings whilst protecting customer services. It then goes on to explore the extent to which the generation of these savings within a merged function will deliver corresponding savings on the HRA which can be used to fund further service improvements or new affordable housing.

The project has established the current service cost, assessed the potential for the service to improve, and articulated the financial case.

The cost of the service has been adjusted to reflect the areas of the service that are out of scope.

The areas out of scope include

- Costs and FTE associated with those DRS functions which will transfer to the new strategic partner. This includes the housing regeneration function and elements of the housing policy function and complaints.

- Costs and FTE associated with the housing element of the new customer service organisation

6.4.2 Analysis of Costs

The table below shows the 2011/12 budgeted costs for each of the General Fund and Housing Revenue Account services within scope. It can be seen that the net cost to LBB's General Fund is estimated to be £3.168m, and the costs to the Housing Revenue Account (HRA) is £1.371m.

Table 1: Summary costs

2011/12 general fund housing budget (LBB service)	2011/12 housing revenue account housing budget (LBB service)	Total LBB retained housing budget
£3,168,000	£1,370,900	£4,538,900

These costs are shown in more detail below:

Table 2: Service costs

General Fund	£
Housing Management	283,890
Housing Grant Payments	173,820
Temporary Accommodation	230,650
Homeless Person	0
Housing Resources	47,120
Homelessness Grant	598,540
Community Centre	3,390
Rent Deposit Scheme	158,900
Private Sector Leasing	(45,880)
BLH	351,310
Accom & Lettings	282,840
Housing Needs	1,083,420
Total	3,168,000
HRA	
Housing Resources	207,720
Housing Management	84,780
Housing Needs	689,910
Temp Accom	197,310
Accom & Lettings	191,180
Total	1,370,900

The above services have been examined in detail to ascertain potential areas for savings. The employee costs, and costs relating to supplies and services have been reviewed, and the potential savings identified.

The results of this review are illustrated in the projected savings identified.

Expenditure relating to capital is excluded, as is the cost of secondary recharges which are costs recharged to cost centres that are not in the direct control of the budget holder, such as accommodation costs. These secondary recharges are excluded because their allocation can be based on specific policies rather than actual use and also many of their costs are being reviewed by other One-Barnet projects such as the NSO/CSO initiative. The value of these secondary recharges will be highlighted below.

It can be seen below that the employee costs within the above services is just under £2m for the General Fund services and £1.2m for the HRA services. This is analysed further below. Many of the staff are engaged on both General Fund and HRA services and the split for accounting purposes is 60:40.

Table 3: Expenditure Breakdown

Summary	2011/12 (budget)
General Fund	
Employees	1,908,900
Employee Related costs	62,750
Premises	875,430
Transport	26,920
Supplies and Services	1,914,560
Third Party Payments	5,053,520
Recharges (82's)	-498,420
Gross Expenditure	9,343,660
Income	-6,175,660
Net Expenditure	3,168,000

HRA	
Employees	1,221,800
Employee Related costs	11,200
Transport	4,930
Supplies and Services	105,430
Transfer Payments	27,540
Gross Expenditure	1,370,900
Income	0
Net Expenditure	1,370,900

6.4.3 Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) for the General Fund's 2012/13 budget contains a sum of £400k as the required saving from the

operational costs of the services within scope. There are currently no additional savings specified for 2013/14 and beyond, although as will be seen later further savings will be achieved by this project. Whilst the savings identified below relating to the HRA will not directly benefit the General Fund, and therefore the Council Tax payer, they will have the benefit of allowing more investment in the infrastructure. The costs relating to employees and supplies and services have been reviewed to search for potential efficiencies, looking at synergies between Barnet Homes and the Council housing service in order to minimise the impact on the quality of services delivered.

This review identifies those efficiencies that will be achieved by the transfer of these services to Barnet Homes (BH). It is considered that there are significant synergies with BH to achieve these savings, that wouldn't be available to a private sector provider.

6.4.4 Potential for improvement

The potential for savings in establishment costs in each function area is shown in the table below.

It is estimated from initial analysis that £365k can be saved from the employee budget within the General Fund, and £205k can be saved from the HRA (due to the fact that many of these posts are jointly funded between the HRA and the General Fund).

Table 4: Savings in Posts

General fund	Staffing	Saving	%
Head of Service and Accommodation and Resources	703, 600	243,000	35%
Advice and Assessment	1,205,300	122,000	10%
Total GF	1,908,900	365,000	19%
HRA	1,221,800	205,000	17%

Detailed discussions would take place with Barnet Homes during the implementation period to develop new staffing structures to deliver these savings. Reductions in FTE budgets will be targeted at vacant posts in the housing service currently retained by the council, and in the existing structures within Barnet Homes. There will also be a focus on savings at supervisory and management level. These two factors will reduce the impact on customers.

The Supplies and Services budgets for the General Fund and the HRA have also been examined. By reviewing the budgeted expenditure on subscriptions, consultancy, advertising and furniture and fittings costs, it is proposed that £31k can be saved from the General Fund, and £2.2k can be saved from the HRA.

Table 5: Savings in Supplies and Services

	Supplies and Services	Saving	%
General Fund	1,914,560	31,000	1.6%
HRA	105,430	2,200	2.1%

Reduction in Void Costs

There are 33 General Fund units that are used by those needing temporary accommodation. The weekly charge is £380 per week for these units. Each year there are approximately 10 voids and it takes 3 weeks to re-let these properties. There is therefore 30 weeks of lost rental income to LBB, equating to £11,400 lost rent per year. It is considered that the transfer of the Temporary Accommodation function to BH would result in these properties being re-let after 2 weeks which would result in additional income of approximately £4k per annum

There will also be a quicker turnaround of HRA properties when void. There are approximately 11,000 HRA units, with a 6% turnover, each costing tenants an average of £90 per week. The current turnaround time for these properties when void is 5 weeks, but it is considered this could be reduced to 4 weeks. This would result in additional income to the HRA of £59,400 per annum.

Client management

We have also considered the roles that will need to remain with the Council to provide an effective retained client function. This will include resources to provide a clear strategic direction for the housing service, effectively direct the use of resources within the HRA business plan, to drive performance improvement. At this stage it is not envisaged that this would add to the costs of the current client function, although it may require some adjustment in roles and responsibilities. The location of that function (currently in scope for DRS) may also need to be reviewed to ensure the Council retains control of the strategic direction of housing and has sufficient resources to deliver those functions that cannot be delegated (see legal section below). A proportion of the costs of the substantive post of the Interim Director of Environment, Planning and Regeneration has been retained in order to provide this leadership role.

Depending on the legal requirements, consideration will be given to retaining the housing appeals manager post within the single consolidated housing service in Barnet Homes. The council will also need to consider how the housing client function can be integrated with proposals for the client function for the One Barnet Group generally.

Consideration will be given to an increase in client costs of around 2.5% to strengthen the function further if required on further analysis.

6.4.5 Summary of Savings

The business case has identified where potential opportunities for service improvement could be delivered by Barnet Homes. The business case uses a mixture of benchmarking data (where available), feedback from the service and professional judgement to identify potential for improvement.

Table 6; Summary

Improvement rationale	Potential improvement	Total GF saving
Savings are expected to come from a reduction in supplies and services budgets by reducing costs of subscriptions, consultancy, advertising and furniture and fittings costs as a result of economies of scale with Barnet Homes	1.6% of GF supplies and services budget	£31,000
The service has identified target savings in the cost of the current head of service post, and in housing management functions (e.g. property repairs, income collection, tenancy management) due to the fact that Barnet Homes already carries out these functions.	35% of GF employee related costs to this function	£243,000
The service has identified savings in rent lost from voids as void turnaround times are improved.	0.6% increase in GF rent income	£4,000
Savings will also come from the consolidation of housing support and advice functions across the housing advice and assessment and landlord function – these savings are more modest reflecting the fact that Barnet Homes does not currently carry out many aspects of this function and therefore there is less opportunity for synergies.	10% of GF employee related costs to this function	£122,000
Total anticipated savings – General Fund		£400,000

Key assumptions:

- the savings analysis is based on savings that can be accrued during a five year period. The baseline for the model is based on the as-is staffing and performance level in these service areas
- the savings are based on benchmarking key performance indicators with other social housing organisations and assuming that Barnet

Homes will be able to improve the performance level and achieve median/upper quartile performance.

- the profile provides an early yet realistic level of benefit realisation to support the council's immediate financial challenges, and supplements this with year-on-year targets for improvement thereafter.
- the business case does not include the effects of inflation. the drivers for realising savings have been specified in the table below – detailed financial projections are set out below

6.4.6 Conclusion – financial benefits

To conclude, it is anticipated that the required £400k of general fund savings can be delivered through a combination of measures including:

- Rationalisation of temporary and permanent housing management functions and supervisory and management roles
- Reduction in rent lost from voids
- Streamlining of housing advice and support functions
- Rationalisation of procurement, HR, Finance and other central support costs over time
- Improvements in IT leading to more effective service delivery

Posts involved in the delivery of functions that will be impacted by these measures include

- Posts within the retained council housing service which are funded partly from the HRA and partly from the general fund (typically 60% general fund 40% HRA)
- Posts within the retained LBB housing service which are 100% general fund
- Posts within Barnet Homes which are 100% HRA.

Estimates of corresponding reductions in HRA functions as a result of these changes will depend to some extent on the outcome of restructuring consultation. At this stage it is estimated that savings in the general fund would generate corresponding savings of £205k in the HRA.

6.4.7 Reducing the support costs of the housing function

The support functions and costs currently recharged by the Council to the housing service are set out below. As referred to above, the services within the General Fund and the HRA that are within scope attract significant recharges that are outside the scope of front line service budget holders, and therefore can not be influenced by them. As seen in the table below the costs of these secondary recharges to the General Fund are ££694k. These recharges cover the costs of IT, Finance, Human Resources, and Accommodation etc. The mechanism for recharging follows CIPFA guidelines but it is generally accepted that there is a certain amount of subjectivity in how recharges are made, and

therefore in order to be consistent across all the One-Barnet projects a figure of 6% of gross expenditure has been used to guide total recharge costs. Using this 6% as a guide it is expected that the council could save £133k. This will not be achieved until decisions are made on cost reductions within these support services however.

Table 7: Support costs

Recharges	£		Saving (£)
General Fund	694,000		£133,000

At present Barnet Homes provides these functions to its own service in a variety of ways:

- Direct provision by BH internal teams (e.g. HR, finance)
- SLA back to the Council (e.g. IT)

In order to manage the corporate impact of the service merger on the Council's support functions, and to manage the transition in the Council of the new support organisation it is proposed that Barnet Homes is required to enter into service level agreements with the Council in the first 6 months that broadly reflect existing support functions delivered to the retained housing service. After 6 months Barnet Homes would then have the ability under the management agreement to procure these services competitively, or to decide to deliver services its self where this can be shown to be more cost effective. It is anticipated that this would deliver additional savings to the function in later years as shown in the financial projections in the table above.

Barnet Homes would be expected to explore the potential to rationalise the use of accommodation in line with the Council's approach at NLBP, with a view to realising savings in the context of the corporate review of the use of Barnet House. These savings would be quantified in the context of the review of the use of Barnet House and therefore are not included in the business case at this stage.

6.4.8 Future Savings

The key savings from transferring services to Barnet Homes will materialise in the first year, 2012/13, enabling the savings target within the MTFs to be achieved. However it is envisaged that small additional savings will be achieved also from 2013/14. A modest reduction in staffing costs of 2% of the remaining staffing costs has been included as an efficiency target. This is well within the scope of the level of efficiencies Barnet Homes has been able to deliver in the past and work will be done with Barnet Homes to agree how these efficiencies are delivered in later years. In addition the total supplies and services spend offers scope for additional savings and again a modest target has been incorporated, reflecting an efficiency target for Barnet Homes. Recent benchmarking exercises suggest that the management of voids offers

plenty of scope for improvement, and accordingly a target has been included for future years. These savings relate to the transferred services only. Barnet Homes will also be required to deliver efficiency savings from its existing management fee for landlord services which will be shown in the HRA business plan.

Table 8: 5 year savings

General Fund	2012/13	2013/14	2014/15	2015/16	2016/17
Staff Savings	365,000	30,880	30,260	29,660	29,060
Supplies and Services	31,000	30,000	25,000	20,000	15,000
Temporary Accom. Void Loss	4,000				
Total	400,000	60,880	55,260	49,660	44,060
Housing Revenue Account					
Staff Savings	205,000	20,340	19,930	19,530	19,140
Supplies and Services	2,200				
Council Dwellings - Void Loss	59,400	20,000	20,000	20,000	
Total	266,600	40,340	39,930	39,530	19,140

6.4.9 A summary of the analysis

There are good opportunities for both cost efficiencies to be made and improvements in process (e.g. voids) resulting in reductions in income loss.

Whilst a number of the in-scope services are performing well, others are performing at around the average compared to peers, and all are limited in their ability and / or capacity to achieve the levels of transformation required without further rationalisation.

Parts of the service would benefit from the introduction of professional housing expertise, procedural efficiencies, enhanced IT, and general improvements from the strengthened link between people and property that would come from an integrated housing service. In turn parts of the service contain high levels of professional expertise which would benefit Barnet Homes in developing its services, for example support related activity linked to delivering the Council's new tenancy strategy

Over a five year period financial benefits could equate to as much as £600k, net of the costs of change and those associated with the retained client function(s).

A detailed business case will be developed in line with the benefits indicated at this outline stage. This will be informed by and the

development of the potential future service transformation in discussion with staff and managers in the retained service and Barnet Homes.

These figures do not reflect potential service level reductions; in fact they represent an ability to sustain the service despite reductions in public funding and increases in demand due to the external economic climate. It should be noted that this will always be an option for with regards to non-statutory functions and evidence-based service demand that would need to be agreed with the Council in line with the terms of the management agreement.

6.4.10 Assets to be transferred

The assets associated with the staff transferring will be valued and included in the Balance Sheet of Barnet Homes. These will consist of IT equipment, peripherals, and furniture and associated fittings.

6.4.11 Taxation

The taxation position of Barnet Homes is currently under review as a consequence of the setting up of the LATC. Should Barnet Homes be subject to corporation tax, any additional profits earned as a result of the transfer of these functions could result in an additional cost.

6.5 Critical success factors

The critical success factors for the future delivery of the housing service are as follows:

- to provide a truly citizen-centred customer service that is easy to access and simple to navigate, and as a result, improve customer satisfaction
- to contribute towards and remain sustainable within the council's MTFS
- to achieve the minimum service levels embedded in the delivery plan associated with a revised management agreement, within the timescale set out in the implementation plans
- to achieve agreed delivery cost reductions in line with the benefits case
- to create successful relationships with other departments and providers supporting continuous improvement within the council and other landlords
- to meet the council's legal requirements in terms of equalities and health and safety.

7. Constraints, dependencies and risk

7.1 Constraints

Constraint	Mitigating action
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Quality	The overall success of the merged service will be based on the quality of output specifications established in the revised delivery plan.	Support and training is being delivered to those involved in writing and approving the output specifications. External review and challenge will also be provided as part of the approval process.
Scope	The scope of services is constrained by legal advice on those functions that can be delegated	Legal advice has been sought to confirm the scope
Time	Timescales are driven by the urgent need to identify savings for 2012/13 and to ensure the service can face the external challenges in the housing market from the impact of welfare reform.	The decision making process and mobilisation stage must fit with the council's democratic decision making process and statutory consultation timescales for staff and careful planning will be required to ensure timelines are not compromised
Budget	The council has limited funds to deliver this change	Careful resource planning and budget monitoring by the project team will reduce the risk of any increase in costs
Contract length	The current management agreement with Barnet Homes expires in 2014. A review of the case for an extension of the management agreement will need to be undertaken at an early stage, linking timescales for all housing services, and other functions to be delivered by the LATC	Legal advice will be sought on mechanisms for reviewing the current management agreement with Barnet Homes and associated consultation requirements.

7.2 Dependencies

Dependencies	Mitigating actions
The final scope of affected staff is dependent on the final scope of the DRS project	The housing services project includes members of the One Barnet Team to ensure dependencies are identified and addressed.
The establishment of the Local Authority Trading Company will involve changes in Barnet Homes, and in its management agreement with the Council. These changes need to be taken into account in considering the final shape of the management agreement for the housing	The housing services project is reported regularly to the LATC project board to ensure all dependencies are identified and addressed. Legal advice has been sought on procurement route.

Dependencies	Mitigating actions
services and the procurement route used (see below)	
The final scope of affected staff is dependent on the housing element of the CSO project	Regular updates are received from the CSO project to ensure decisions taken as part of that project are reflected in any change proposals developed for housing services and Barnet Homes.
The housing service has been restructured in April 2011 using the principles of lean thinking. A review of the implementation of this restructure is underway and may identify further scope for service efficiencies that would need to be built into the business plan for the service in Barnet Homes	This will be investigated as part of the review of the lean restructure and further improvements identified through that process incorporated as part of the mobilisation period.

7.3 Key Risks

Risks	Mitigating actions
A poorly designed or structured business case leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate management agreement or failure to keep pace with legislative changes.	A detailed business case will be developed in consultation with staff at Barnet Homes and the Council to ensure savings projections are intelligently implemented, the impact on customers is minimised, and the potential for service improvement is maximised
Inadequately designed output specifications within a revised management agreement could lead to Barnet Homes not delivering the expected service. This would leave the council open to increased costs as a result of increased requirements for temporary accommodation. It would also lead to a damaged reputation and a likely reduction in satisfaction levels and increase in appeals and complaints	The implementation team includes people with experience of client management or arm's length organisations as well as external legal resource who will work to provide a robust and appropriate management agreement and client management arrangements.
Possible dip in performance of collection rates of rent and procurement rates of private sector accommodation over the period of staff transfer due to uncertainty caused by change. This would impact the income generated from this service and increase costs from increased requirements for temporary accommodation and a reduction in service to the customer.	The Council has accepted that this risk can not be reduced entirely but through the mobilisation and transition plans the level of impact will be mitigated.
Changes imposed by central	The allocated legal resource will monitor

Risks	Mitigating actions
government, such as future government savings targets or funding reductions, or changes to legislation (e.g. the Localism Act and welfare reform) adversely affect the project's ability to deliver its benefits.	legislative changes on an ongoing basis. The council's internal housing strategy section will do the same and liaise with finance to consider the impact on savings targets and funding reductions. Significant impacts will be reported to the LATC project board in the first instance and escalated to CDG where necessary. Should statutory changes occur during the mobilisation period these will form part of the discussions with Barnet Homes on implementation proposals.
Central government funding decreases significantly during the life of the contract or there are significant changes to homelessness or housing legislation and/or Temporary Accommodation subsidy rules.	Barnet Homes will be required to support the council in the delivery of the Medium Term Financial Strategy and HRA business plan. Flexibility will be built into the management agreement to ensure BH can meet the council requirements within the available budget. In practice this will work whereby if our funding levels change, there is an agreed mechanism in the management agreement for BH to respond to the authority with options for reviewing service levels, for example, to fit in with whatever budgetary envelope we have. This mechanism is already in place for landlord services.

These risks will be assessed and managed in accordance with the Council's risk management methodology.

The governance arrangements and management of risks specifically relating to procurement activity will be determined during the pre-dialogue preparatory work.

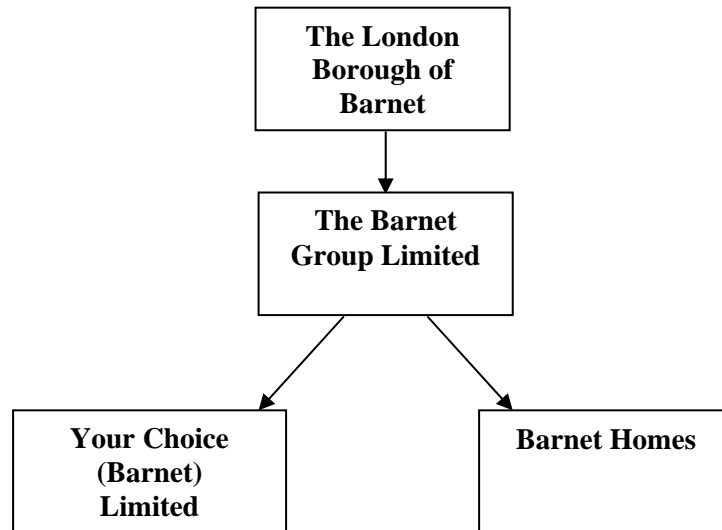
The LATC project board and the One Barnet programme board will continue to provide appropriate escalation routes.

8. Procurement and commercial approach

This section will be updated throughout the mobilisation period, as the detailed business case is developed. It will summarise the results of the commercial negotiations, for example the agreed payment model, gain / profit- share mechanisms, and risk transfer arrangements.

8.1 Procurement strategy

The procurement route for this project is determined by the Council's proposals to set up a Local Authority Trading Company and operational subsidiaries as set out below:



Legal advice has been sought on the suitable procurement route. Based on this advice it is proposed that the Council procures the housing service through the Barnet Group Limited. This would allow the Council to rely on the Teckal exemption relating to Barnet Group Limited/Barnet Homes performing the housing needs and general housing management services without a requirement for a full OJEU compliant process that would delay the realisation of savings and run counter to arrangements for the procurement of landlord related services. It will be necessary to ensure that the obligations which Barnet Group Limited takes on are fully passed down to Barnet Homes as the operating company. Otherwise, risk will sit in Barnet Group Limited, and as a holding company, it will have little room or capital to enable it to manage and defray such risk.

A procurement strategy is currently being developed for the procurement of the housing service. This document will set out key requirements, strategic considerations, and the likely sequencing of concurrent One Barnet procurement activities.

Core procurement roles and governance arrangements including a code of practice will also form part of this document.

It is important to note that there are risks associated with procuring and delivering services through an arm's length organisation and the council will need to initiate any procurement activity with due regard for these risks. In order to mitigate them the council will use the knowledge and experience of its current housing client team to assist in the development of output specifications that minimise these risks.

It is also important that the management agreement has review opportunities embedded within it, to ensure that with the passage of time, the relationship is still one that is effective for all parties. Whilst the council will clearly be entering into any long-term contractual relationship on the basis that it will run to the full term of the contract, it will need to ensure that an exit strategy is included within the management agreement.

8.2 Project plan summary

Subject to the Council's decision on the options appraisal and assuming that the Council proceeds in line with the proposals in this outline business case an indicative high level time line is set out below:

	January			February				March				April
W/C	16	23	30	6	13	20	27	5	12	19	26	2
Due Diligence	■											
TUPE Consultation				■								
Development of Business Plan	■			■								
Amend Management Agreement	■			■								

8.3 Output based specifications/delivery plan

This detailed document will summarise the housing service requirements in terms of outcomes and outputs and form part of a revised delivery plan agreed with Barnet Homes. They are scheduled to be completed in March 2012 and will be incorporated within a revised management agreement with the LATC.

Typical content includes:

- service introduction
- definitions / service terminology
- scope (function list)
- detailed service requirements (including service levels and KPIs)

8.4 Payment mechanism

The existing payment mechanism with Barnet Homes consists of a fixed management fee agreed annually with the Council.

Whilst the development of a payment mechanism for the remaining housing services will form a key part of the mobilisation stage, the following elements should be considered in order to maximise the potential of the partnership:

- fixed and variable price elements
- clear links to the achievement of agreed performance indicators

- gain-share for increased level of savings
- income-share where the services are delivered to other public and third sector partners.

8.5 Risk allocation and transfer

The ultimate aim of securing significant risk transfer to the provider is more complex in a relationship with an organisation that is wholly owned by the Council. Under these circumstances it is essential to have a clear understanding of risk ownership and management arrangements (subject to achieving value-for-money).

This will be developed as part of the negotiation of a revised management agreement and delivery plan during the mobilisation period.

8.6 Management agreement and contract length

The current management agreement with Barnet Homes for landlord services expires in 2014. This agreement will be novated to the Barnet Group as part of the establishment of the local authority trading company.

This will involve discussions about the term of agreement, in the context of an agreement between the LATC and the Council to provide the services to be delivered by Your Choice Barnet Limited.

At this stage it is proposed that the agreement length for the provision of housing services, reflects the current length for landlord services (e.g. 2014) subject to a review within 12 months of operation in order to determine:

- The effectiveness of the provision of new housing services transferred in 2012
- The effectiveness of the provision of existing landlord services over the life of the existing management agreement
- Customer consultation

Taking into account the nature of the housing service and the intention to aim for transformed services that deliver tangible cost reductions and increases in income, key considerations include the following:

- ensure that the management agreement incorporates a risk / reward mechanism that aligns the Barnet Group's strategic interests with those of the council
- ensure that the benefits are advantageous to each party and shared appropriately
- establish strong partnership governance structure, with sufficiently senior management involvement

- co-locate client and supplier management teams as soon as possible following contract award, and task this joint management team with transition planning.

Project roles

Key personnel and their roles in the project are set out below:

Role	Resource
Project sponsors	Kate Kennally Pam Wharfe
Senior service user	Cathy Osborn
Project manager	Paul Shipway
Finance lead (project team member)	David Walton
HR Business partner	Manjit Lall
Housing service transformation manager (project team member)	Roger Robbin-Coker
Legal advisor	Patricia Davila
Communications and engagement (project team member)	James Henderson

The programme governance arrangements are set out in the options appraisal and reflect the agreed arrangements for One Barnet projects. This provides a streamlined structure for decision-making and issue escalation.

8.7 Client management

The arrangements for contract management will not be exclusive to the Housing Services Project, and as such, need to be considered as part of wider One Barnet Programme activity. The council's intention to move to a strategic commissioning model dictates that strong performance management and governance of service deliverers and commissioners take place at different levels.

Most important for Housing Services is the relationships at the interface between the "customer" and "provider" roles. Performance management will need to focus on success in delivering outcomes, and move away

from more traditional contract management approaches where many performance indicators measure outputs as proxies for outcomes.

The client management of housing services also needs to consider the changes in Housing Revenue Account (HRA) reform due to take place from April 2012. This transfers responsibility for housing finance from central to local government and provides opportunities for the Council to create and retain value in its housing business plan through long term asset management in a way that has not been possible under the existing housing subsidy system.

The development of a new HRA business plan is underway as a separate, but linked project. In developing a new housing client, the ability of the Council to direct the HRA business planning process to address its housing objectives, through a variety of mechanisms will be critical to take advantage of the freedoms and flexibilities of HRA reform.

8.8 Risk management strategy

As outlined in section 7, project and procurement risks will be managed in line with the council's Corporate Risk Management Strategy and Project Management Toolkit.

8.9 Human Resources Issues

TUPE transfer

The proposed transfer of Housing Services as described in this business case will place circa 90 members of staff in scope to TUPE transfer to Barnet Homes (BH). This transfer will be a TUPE transfer as described in the TUPE Regulations 2006. In addition to the employment protections provided by the TUPE Regulations the Council's TUPE plus agreement will apply to this transfer and will form part of the contract between LBB and BH. The main protections are:

- Terms and Conditions may not be changed in the first year after transfer
- In scope employees to remain within LGPS
- Continuation of current Trade Union Representation
- A central Trade Union facility pot

Information and Consultation

A range of information and consultation mechanisms will be put in place and they will include:

- Provision of information to Trade Unions will be in line with the Council's TU Engagement Process for One Barnet Projects
- Staff Groups
- TUPE briefings for in scope employees and managers
- Consultation with Trade Unions on any proposed measures
- 1-1 consultation

Employee Equality Impact Analysis - Approach and Activities

A phased milestone approach will be taken to reviewing any equality impacts of the proposed transfer. The in scope staff have been compared against the profile of the Council at the outset of this project. This analysis shows that Housing Service has a higher proportion of female than male employees. As equality issues are either identified or raised these will be addressed on an on going basis.

Pension Issues

Transferring employees are expected to be admitted into BH LGPS. If there are any Pension Fund deficit issues these will need to be factored in.

Governance Process

The TUPE transfer of employees will be considered by the council's General Functions Committee and any relevant pension matters will be considered by the Pension Fund Committee.

8.10 Equalities

The Council has a strong commitment to making equalities and diversity integral to everything it does. It has adopted a model that recognises that people are often disabled by their environment and other people's attitudes.

It is recognised that such a significant transformation of the services within scope is likely to have an impact upon staff and other stakeholders. It will be necessary to assess the equalities impact of the project on the different groups of people within the borough, as outlined in the 2011/12 Corporate Plan and work has already started towards this end.

As part of the Council's commitment to promoting equalities, the Housing Services project has carried out equalities impact assessments on both staff and customers which have gathered information about any differential impacts, potential or perceived impacts on different groups, including all of those groups covered by the Equality Act 2010. Members will be able to use this information to support them in having due regard to their duties under the Act. These considerations provide fact-specific information as well as assessing the impact of those facts on different groups of people including disabled people in Barnet.

The programme has been explicit in how it will support the council in meeting its statutory obligations under the Equality Act 2010 by using equality assessments to demonstrate that 'due regard' has been taken to support members in making informed decision.

The Council's equalities policy will also be followed in the management of the Mobilisation period. Barnet Homes' own equalities and diversity policies concerning employment practice and service delivery are regular

monitored by the Council in its existing client management role. The revised management agreement will include explicit requirements fully covering the council's duties under equalities legislation.

8.11 Health and Safety

Health and safety is an integral part of the Council's responsibility to its citizens, employees and service users. Through the procurement of services the Council will endeavour to ensure that workers and the public are properly protected. The council retains responsibility for third parties to carry out their responsibilities on their behalf. It is not possible to discharge these responsibilities in regards to section 3 of the Health & Safety at Work etc Act 1974.

The Council already does this through a framework with Barnet Homes to ensure compliance with all legislative requirements and standards as part of the existing management agreement. This arrangement will continue in the revised agreement with a common set of standards and expected activity. Prior to this as part of existing client management arrangements the council monitors Barnet Homes to ensure they hold the required knowledge, competencies and skills to maintain and develop the councils Health & Safety strategy in relation to the management agreement.

The Council as a commissioning body will monitor the management agreement, audit Barnet Homes, and work together with them to assess risk and review processes and procedures. Barnet Homes is already, and will continue to be assessed regularly against key performance indicators in health and safety this is to ensure that they meets the appropriate standards and regulatory requirements.

Appendix A: Existing delivery arrangements

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

A move to service delivery through Barnet Homes will provide an opportunity to deliver a single housing service to housing applicants and tenants. The expected outcomes include

- Improved void turnaround times
- Reduced costs from more efficient service
- Improved procurement of a supply of homes in the private rented sector
- Improved customer journey from initial contact with the service through to moving into their new home
- Improved standards of customer care

Key facts

Staff Numbers

	Post	FTE	Key Activities
Advice & Assessment	Housing Managers	2	<ul style="list-style-type: none"> • Housing Advice • Holistic Assessments/Banding • Nomination to properties • Mediation • Domestic Violence • Medical Assessments
	Housing Needs Team Leaders	7	
	Housing Needs Officers	31	
	Discretionary Housing Payment Officer	1	
	Youth Mediation Officer	1	
	Sanctuary Officer	1	
	Medical Assessment Team Leader	1	
	Senior Medical Assessment Officers	2	
	Housing appeals manager	1	
	Total	47	
Accommodation and Resources	Housing Manager	1	<ul style="list-style-type: none"> • Supply Management • Allocation of properties • Procurement of
	Team Leader (Supply)	2	
	Team Leader (Property Manager)	2	
	Housing Supply Officer	10	
	Property Management Officer	13	

	Surveyor	1	<ul style="list-style-type: none"> temporary accommodation • Procurement of private rented accommodation • Management of temporary accommodation <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL • Rent Collection <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL ○ Annexes/B&B
	Out of Borough Officer	1	
	Landlord Liaison Officer	1	
	BLH Manager	1	
	BLH Caretaker	2	
	TA Occupancy officer	1	
	Housing Benefit Officer	2	
	Temporary Accommodation Reduction Co-ordinator	1	
	Project Officer	1	
	Members Liaison Officer	1	
	Total	40	
	Grand Total	87	

Primary functions for the service include:

- Providing Housing Advice and Assistance
- Homelessness Prevention
- Assessment of Housing Needs
- Allocation of social housing
- Procurement of temporary accommodation
- Management of council owned hostels
- Rent collection for temporary accommodation

Approximate volumetrics for the service include:

Volumetric	2009 - 2010	2010 - 2011	2011 (April - September)
Homeless Presentations	640	855	484
Homeless Acceptances	232	251	130
Total Numbers in TA	2215	2139	2155
Total Numbers in Short-term TA	150	198	219
TA Rent Roll	£7,847, 794	£7,570,282	£3,830,221
TA Rent Collected as a percentage of Rent Roll	97.2%	94.8%	98.02%

Customer Contacts

Measure	2010 (April – September)	2011 (April – September)
Footfall at reception	6366 visits	5674 visits
Average wait time to be served	19.8 minutes	13.2 minutes

at Barnet House 2 nd floor reception		
Time spent with Housing Needs Officer (HNO)	14.7 minutes	23.1 minutes
Number of phone calls received	17,196	12,596
Average time to answer calls	90 seconds	43 seconds
Number of calls abandoned	19%	7%
Percentage of calls answered within 20 seconds	44.5%	71%
Average talk time	4 minutes 20 seconds	4 minutes 50 seconds

Appendix B: Information sources

Saffron Housing Management System
P1e Housing Returns to Department of Communities and Local Government (CLG)
Housing Strategy Statistical Appendix returns to CLG
CIPFA benchmarking data
Reception ticketing system at Barnet House
Barnet Council telephony system
Survey's of other local authorities and housing providers

Appendix C: One Barnet employee EIA – Housing Services

One Barnet Programme Name: Future of Housing Service

[This document remains live with information being added at each critical milestone]

Project Sponsor:	Kate Kennally/ Pam Wharfe
EIA Owner:	Cathy Osborn
Date process started:	September 2011
Date process ended:	April 2012

This EIA is being undertaken because it is:	<input checked="" type="checkbox"/> outlined within the equality scheme relevance assessment table <input checked="" type="checkbox"/> part of a project proposal submission to the program management board <input type="checkbox"/> a result of organisation change <input type="checkbox"/> other – please specify:
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EIA Contents

- 1 Introduction
- 2 Any Anticipated Equalities Issues at each milestone and identified mitigation
- 3 Monitoring Summary
- 4 Project Milestone Outcomes, Analysis and Actions

1. Introduction

1.1 Aims and objectives of the OB programme

The Future of Housing Services project forms part of the One Barnet programme.

The One Barnet programme is the London Borough of Barnet's strategic change programme. At its heart is one clear aim – to become a truly citizen-centric council ensuring that our residents can lead successful and independent lives. It is also the council's response to address several drivers for change that have been identified:

- The financial pressures resulting from the global recession has brought the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £53m over the next three years, and our public sector partners face challenges of a similar scale.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The council believes that the One Barnet programme is best delivered through the adoption of the three key principles:

- **A new relationship with citizens**
 - Enabling residents to access information and support and to do more for themselves
 - be designed and delivered around customers' needs
 - provide the best possible customer experience
 - enable customers to help themselves by providing accurate and accessible
- **A one public sector approach**
 - Working together in a more joined up way with our public sector partners to deliver better services

- be in a position to support the requirements of all public sector partners and drive
 - better multi-agency working
 - be flexible and therefore able to rapidly respond to changing demands.
- **A relentless drive for efficiency**
 - Delivering more choice for better value
 - operate as efficiently as possible to both minimise the cost of the service and minimise
 - the cost to customers of accessing the service
 - be innovative and take advantage of evolving technology, thinking and practice
 - maximise the value the council achieves from all its assets (capital and revenue) safeguard the council's position to maintain its reputation and comply with legal responsibilities

1.2 Future of Housing

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the establishment of outsourced development and regulatory services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer centric approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on helping those clients who need support, with the development of more facilities for self help for those that are more able, including the development of web based services
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

1.3 Scope of the project

The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels held in the general fund and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

These proposals will impact upon employees and the purpose of this Equality Impact assessment is to assess proposals as they evolve to understand whether particular groups are more impacted than others and whether any mitigation can reasonably put in place.

1.4 Description of the critical milestones

- Initial EIA on staff likely to be in scope carried out – the business case and the financial model identifies those in scope and out of scope
- Final CRC report will outline the preferred option and the services in scope
- Where applicable any post-transfer review

1.3 Key Stakeholders

- In scope staff – represented by the staff group and service lead group
- Council customers – represented by the members of the advisory group, these are the service areas that use the services in scope
- Politicians – decisions regarding the progress of the project will be taken by Cabinet
- Cabinet Resources Committee
- Senior council officers – the project is sponsored by the Director of Adults Social Services and Health and Interim Director for Environment, Planning and Regeneration. The project team is lead by the Interim Head of Housing and the board comprises of senior council officers
- Trade Unions – represented by trade union staff who attend monthly meetings with the project manager, HR and project sponsor

2. Any Anticipated Equalities Issues at each milestone and identified mitigation

2.1 Milestone 1 - Outset

This is not expected to have any impact on staff as it is purely a paper exercise to establish the size of all the services in scope.

2.2 Milestone 2 - Final CRC Report

To be determined

2.3 Milestone 3 – Post-Transfer Review

To be determined

3. Monitoring Summary

3.1 Table 1- Employee EIA Profile of the One Barnet Project (this profile is in accordance with the requirements of the Equality Act 2010 and the Council will collect this information so far as we hold it)

Critical Milestones

** data withheld to prevent identification as less than 10 employees

		Outset data LBB data (April 2011)		Outset data Housing data (Nov 2011)		Final CRC Report (Jan 2011)		Post-Transfer Review (April 2012)	
		No.	%	No.	% of LBB outset data	No.	% of LBB outset data	No.	% of LBB outset data
Number of employees		3,745		82					
Gender	Female	2,347	63%	47	57%				
	Male	1,398	37%	35	43%				
Date of Birth (age)	1996-1985	179	5%	**	**				
	1984-1975	750	20%	20	24%				
	1974-1965	957	26%	37	45%				
	1964-1951	1,555	42%	21	26%				
	1950-1941	277	7%	**	**				
	1940 and earlier	27	1%	**	**				
Ethnic Group	White								
	British	1,872	50%	22	27%				
	Irish	120	3%	**	**				
	Other White	249	7%	**	**				
	Mixed								
	White and Black Caribbean	0	0%	**	**				
	White and Black African	0	%	**	**				
	White and Asian	21	1%	**	**				
	White – Turkish Cypriot	21	1%	**	**				
	White – Greek Cypriot	38	1%	**	**				
	Other Mixed	65	2%	**	**				
Asian and Asian British									
Indian	230	6%	**	**					
Pakistani	36	1%	**	**					

	Bangladeshi	28	1%	**	**				
	Other Asian	60	2%	**	**				
	Black or Black British								
	Caribbean	218	6%	**	**				
	African	333	9%	19	23%				
	Other Black	37	1%	**	**				
	Chinese or Other Ethnic Group								
	Chinese	19	1%	**	**				
	Other Ethnic Group	64	2%	**	**				
	Blank	334	9%	11	13%				
Disability									
	Hearing (such as: deaf, partially deaf or hard of hearing)	6	<1%	**	**				
	Learning difficulties (such as dyslexia)	13	<1%	**	**				
	Mental illness (substantial and lasting more than a year)	6	<1%	**	**				
	Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)	3	<1%	**	**				
	Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or diabetes)	8	<1%	**	**				
	Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)	8	<1%	**	**				
	Other disability	9	<1%	**	**				
	Blank	3,692	99%	82	100%				
Religion or Belief									
	Christian	1,755	47%	40	49%				
	Buddhist	17	0%	**	**				
	Agnostic	44	1%	**	**				
	Atheist	58	2%	**	**				
	Humanist	5	0%	**	**				
	Hindu	192	5%	**	**				
Jewish	120	3%	**	**					
Muslim	144	4%	**	**					
Jain	16	0%	**	**					
Sikh	17	0%	**	**					
Baha'i	0	0%	**	**					
Other religions	124	3%	**	**					
No religion	613	16%	**	**					
Not stated	275	7%	11	13%					

	No response on faith	323	9%	**	**				
	No form returned	41	1%	**	**				
Sexual Orientation	Heterosexual	2,461	66%	45	55%				
	Bisexual	14	0%	**	**				
	Lesbian / Gay	45	1%	**	**				
	Prefer not to say	797	21%	10	12%				
	Blank	428	11%	27	33%				
Marriage and civil partnership	Married	1,181	32%	21	26%				
	Single	964	26%	23	28%				
	Widowed	20	1%	**	**				
	Divorced	105	3%	**	**				
	In civil partnership	6	0%	**	**				
	Co-habiting	41	1%	**	**				
	Separated	13	0%	**	**				
	Not stated	1,415	38%	35	43%				
Relevant and related grievances	Formal	0	0%	**	**				
	Upheld	0	0%	**	**				
	Dismissed	0	0%	**	**				

3.2 Evidence

3.2.1 List below available data and research that will be used to determine impact on different equality groups

SAP provides the primary data, plus the 'local knowledge' of heads of service. They will consider the impact of the project on the following, amongst other potential factors:

- Flexible working arrangements and their impacts on parents and carers
- Working from home (as above)
- The impact of moving staff to different work locations
- The impact of potential changes to holidays / term-time working
- The impact on staff of changes to their working culture

We have a small number of employees who have notified us in their equalities returns that they have a disability. It is not clear from the data currently available what specific disabilities they have. Any changes to working conditions proposed by the project will be subject to consultation. At that point the employees in question will be able to disclose any issues they may encounter as a result of the changes.

Data used for employee equalities is taken from the information held in SAP at the time.

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

- Milestone 1 - Outset
- Milestone 2 - Final CRC Report
- Milestone 3 – Post-Transfer Review

4.1.1 Milestone 1 - Outset

The EIA data was reviewed in conjunction with the Options appraisal and business case to ensure that the proposed solution identified any equalities implications on staff

4.1.2 Milestone 2 – Final CRC Report

At the end of Business Case and options appraisal, one proposal will be accepted. The EIA will be reviewed in the light of the chosen solution in order to assess the potential impacts on staff in scope.

4.1.2 Milestone 3 – Post-Transfer Review

The EIA will be reviewed following the close of the project in order to determine the actual impact on staff in scope.

4.2 Actions Proposed

4.2.1 Milestone 1 - Outset

Were there any unexpected equalities impacts that you did not identify at the first stage?

How will the learning be brought forward to the next milestone?

When you compare the ratio of female:male staff between (a) LBB and (b) the Housing staff in scope identified during the outset data, there is a significant difference. LBB is split 63%:37% but Housing is 57%:43%.

The relatively high number of females within Housing is explained by historic patterns of womens' involvement in housing.

4.2.2 Milestone 2 – Final CRC Report

Were there any unexpected equalities impacts that you did not identify at the first stage?

How will the learning be brought forward to the next milestone?

TBC following CRC

4.2.2 Milestone 3 – Post-Transfer Review

Were there any unexpected equalities impacts that you did not identify at the previous stages?

How will the learning be captured?

TBC

Business Scrutiny:

This table summarises the briefing activities. This EIA forms the primary briefing tool and has been shared as detailed below.

Table 1

Dates dependent upon Governance Services schedule for 2011/12 and 2012/13.

Milestone Description	Programme Office	Trade Unions – appropriate TU for Project	CDG	DPR - Delegated Powers Report	GFC – General Functions Committee
Milestone 1 - Outset	N/A	05 Aug 2011	19 Jul 2011	N/A	N/A
Milestone 2 – Final CRC Report	N/A	22 Nov 2011	06 Dec 2011	N/A	16 January 2012
Milestone 3 – Post-Transfer Review	TBC	TBC	TBC	TBC	TBC

Appendix D: Housing Services EIA customers

The council is considering three options for future management of the housing needs and resources functions of the housing service. The options currently being considered are:

1. Retain the service within the council
2. Transfer the service to Barnet Homes
3. Outsource the service

An equalities risk assessment has been carried out with staff representatives to identify whether any of the options present risks for customers with the protected characteristics.¹ The Council's approach is to try to determine the levels of risks to communities and to the Council, where policies will have a positive impact on some groups and where there is a risk of a potentially detrimental effect on others. A scoring system is used to help identify the level of risk and our threshold to indicate when a full equalities assessment should be carried out is 20. An example of the risk assessment undertaken is attached.

A snapshot of customer data was considered and staff involved in the assessment were also familiar with service specific data for example customers who have been victims of domestic violence. It was recognised that information from the housing management system is not complete following introduction of the new housing allocations policy, particularly in relation to customers' disabilities.

One of the considerations was that the in house option did not mean 'no change', and keeping the service in house whilst reducing costs could have a greater impact on service delivery than other options.

Two of the options – retaining in house and transferring the service to Barnet Homes were found to have low to medium equalities risks (see attached). The main risks identified with these options were:

1. Retain In house service

The group was equally divided on this option presenting a low or medium risk. It was recognised that there were high impacts but medium to low risks in most categories. The main risk identified was:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none">• A reduced service could lead to a decline in satisfaction and also in community relations	<p>The 'retain in house' option does not mean 'no change' and services may have to reduce.</p> <p>Scope for mitigation would be limited if</p>

¹ Identified in the Equality Act 2010.

	the service remained as a stand alone in house operation, due to lack of potential to take advantage of economies of scale.
--	---

2. Transfer to Barnet Homes

The majority thought that overall this was a medium risk. The main risks and mitigations identified were:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> BH providing assistance for existing (council) tenants e.g. trade down cases (it was recognised that this may be an effect of the new allocations scheme). 	Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Void turnaround is a priority for Barnet Homes and may mean that more vulnerable clients are disadvantaged by emphasis on letting turnaround. 	Priorities for BH are set by the council. Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented 	Would be addressed through management or other legal agreement requiring service standards for hostels/TA residents and general performance management of BH
<ul style="list-style-type: none"> Relationship with ASCH and other partners could deteriorate 	Potential synergies/links and possibility of better working with ASCH through LATC

3. Outsource

Outsourcing the service was found to be a high/medium risk and. The main risks and impacts identified were:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> Quality of temporary accommodation and repairs which may be seen as an area of cost reduction depending on operating models. 	Risks would transfer to the contractor and would be addressed through the service specification and contract.
<ul style="list-style-type: none"> Risk of companies closing would impact both on service delivery and the council's reputation. 	
<ul style="list-style-type: none"> Economies of scale could mean a less local focus for the service, services relying on web based information and access could exclude older people, some people with disabilities and those in temporary accommodation where BME households are over-represented. 	
<ul style="list-style-type: none"> More vulnerable people would be 	

<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented. 	
<ul style="list-style-type: none"> Negative impact on voids and therefore on customers. 	

4. Conclusion

Outsourcing was found to have higher equalities risks than the other options and should this option be selected a full equality assessment and action plan would be required.

Whilst some risks were identified with the other options for the service (retain in house or transfer to Barnet Homes) these were not significant and should be addressed through an equalities improvement plan.

5. Example of Risk assessment template used

1. Project/Policy: Housing Options – Transfer to Barnet Homes	Date: November 2011
Summary: The housing needs service transfers to Barnet Homes.	
Evidence, information and data considered: <ul style="list-style-type: none"> Housing needs and resources customers are more diverse than the overall population of Barnet, customer data over last 12 months considered (see attached). NLSR research in to the need and aspirations of BME groups (2010) 	
2. How is this EIA being completed and roles:	
Lead officer(s)	Paul Shipway (PS) Cathy Osborn (CO)
Internal stakeholders	Staff consultation group. Project team.
Completed by:	Sue Tomlin

Key to scores (multiply):

High	Medium	Low
3	2	1

3. Risk assessment	Likelihood			Impact			Score
	H	M	L	H	M	L	
3.1 Could different communities receive different service outcomes?		X			X		4
3.2 Could this part of the new service decrease satisfaction ratings amongst different groups of residents?		X				X	2
3.3 Could this part of the new service damage Barnet's reputation as a good place to work and			X			X	1

live?							
3.4 Could this part of the new service mean that members of Barnet's diverse communities feel less confident about the council and the manner in which it conducts its business?			X			X	1
3.5 Will this new part of the service affect the council's ability to promote good relations between different communities?		X				X	2
Total							10

4. What are the main potential equalities risks?

The main potential risks are that outcomes could differ for customers and that satisfaction and relations between different communities would be affected. See further details in the table below:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> BH providing assistance for existing (council) tenants e.g. trade down cases (it was recognised that this may be an effect of the new allocations scheme). 	Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Void turnaround is a priority for Barnet Homes and may mean that more vulnerable clients are disadvantaged by emphasis on letting turnaround. 	Priorities for BH are set by the council. Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented 	Would be addressed through management or other legal agreement requiring service standards for hostels/TA residents and general performance management of BH. BH have a developed and mature approach to embedding equalities issues throughout their organisation. They have a good track record on consultation and tenant involvement.
<ul style="list-style-type: none"> Relationship with ASCH and other partners could deteriorate 	Potential synergies/links and possibility of better working with ASCH through LATC

5. How have customers been consulted on the anticipated impacts?

Consultation will be carried out as part of budget savings consultations.

6. How have comments influenced the final proposal?

Not applicable – but may as budget consultation takes place.

7. How will outcomes and any unintended adverse impacts be monitored?

These will be monitored through the established performance management arrangements. An equalities improvement plan will be delivered by Barnet Homes and reviewed by the council within 12 months from the transfer. Barnet Homes have their own system for equalities monitoring and the shared IT system will enable data and performance monitoring.

Proceed to full assessment: No



GMB Response to Options Appraisal – Future Delivery of the Housing Service



Recommendations;

1. That the Options Appraisal is revisited with the option of expert led in house transformation included.
2. Confirmation that at a minimum the council's current 'TUPE PLUS' option is included in the report.
3. That if any transfer occurs the full TUPE PLUS option as recommend by the joint trade unions is implemented.

After looking at the Options Appraisal the GMB have the following concerns over the methodology used and the consequent outcome;

1. Although we are glad to see that in-house was included in the options appraisal we are disappointed to see that in-house with expert led transformation is not included. This misses out a vital option for improving cost and quality of the service. Also missing is the option to bring Barnet Homes in-house.

Response : *In house expert led transformation has already taken place with a systems thinking lean review of the housing service carried out in 2010. The options appraisal highlights the fact that whilst this has led to a level of service transformation, these improvements are not yet fully embedded and more work is required to build on this.*

2. The methodology of weighting is questionable for amongst other things the following reasons. From table 3.13 it is difficult to understand the scoring for the options. For example;
 - Price - it is difficult to understand why the in-house option has scored so much lower on this option especially in relation to the option to move to Barnet Homes. As this is a company solely owned by the Council how will it be a better price than an internal transformation?
 - Investment - it is also difficult to see how it would be easier to make investment through a subsidiary company. The cost will still fall to the council in the same way as if it was kept in-house.
 - Income Generation – internal transformation could unlock the voids process. Bringing Barnet Homes back in-house could resolve the current disconnect experienced.
 - Pace – again it is difficult to understand how Barnet Homes could transform the service so much faster. An internal transformation with the use of specialist led advice could be just as fast if not quicker. The fact that Barnet Homes is also going through a change process to become part of the LATC has several possible affects on its ability to make savings quickly. As

LATC's are a new entity there is no concrete evidence that the move to this will be a success or bring the benefits the report outlines.

- Flexibility – although the GMB agree that moving to Barnet Homes would be more flexible than being outsourced to an external partner we do not believe it would make it more flexible than it currently is or could be through suitable transformation.
- Performance – this is again an unknown factor for the newly formed LATC. Expert led transformation could dramatically increase productivity.
- Service transformation – although only a very small difference it is difficult to understand the reasoning for scoring the in-house option lower than the others here.

Response: *Price – the Barnet Homes option scored higher as it was felt that the savings could be achieved within a larger housing focussed organisation (compared with the in house housing service) with a lower impact on customer services.*

Investment – the score here relates to the investment in upgraded IT systems. It was felt that under the Barnet Homes option there was a greater likelihood of achieving a successful co-ordinated and integrated housing IT system.

Pace – The in house option provides no additional impetus to increase the pace of change. The Barnet Homes option can be implemented quickly and as a mature housing focussed organisation, they have an established track record of delivering performance improvement quickly.

Flexibility – The scoring here is based on the ability of a single housing focussed organisation to adapt to future changes in the external housing market. It is also related to the arm's length nature of the relationship which provides a level of operational freedom to allow Barnet Homes flexibility.

Performance – Barnet Homes has a proven track record of performance improvement.

Service transformation – The scoring relates to the fact that the lean systems service transformation is not yet fully embedded. The view is that a single housing focussed organisation would be better placed to continue the process of improving the customer experience.

3. In Appendix C the report talks about the strengths and weaknesses of the different options. Although the GMB welcomes the honesty in regard to the weaknesses of outsourcing not seen in other One Barnet reports we have concern over the failure to list the strengths of maintaining an in-house service including those listed in the other options. For example; increased Democratic accountability, no procurement required, any financial benefits stay with the council, Economies of scale (the council is, currently, far larger than Barnet Homes).

Response :*The comments about outsourcing are made in the context of the external market for housing services and do not refer to outsourcing in general. Democratic accountability is achieved through the Council's ownership of the LATC. No procurement process is required as the Teckal exemption applies. Financial benefits would remain with the Council through a reduced management fee. Economies of scale can be found from the larger housing focus that Barnet Homes has compared with the Council as a whole.*

4. In Appendix 4 the report talks of impact on staff. The same issue of failing to list some common benefits to all options for staff. There is also no mention of TUPE Plus. Many of the benefits listed for Barnet Homes would be available in an in-house model. Fails to mention increased stress of TUPE transfer and possible stress for increased workload through efficiencies/ redundancies.

Response :*The Council's view is that the staff would benefit from working within a larger housing focused organisation in a way that would not be possible by keeping the service in house, for example sharing of expertise and associated learning, and better capacity for development and training. The Council recognises that all three options will require change, which some staff may find stressful, and is providing support through TUPE and Change and Me workshops, as well as a comprehensive communications plan.*

The process of outsourcing will involve the Transfer of Undertaking and Protection of Employment [TUPE] Regulations and the London Borough of Barnet and its partners will comply with all of their TUPE obligations, plus any other obligations which are extant at that time. The London Borough of Barnet has also committed to enhancing the TUPE terms as set out below.

- *all employees in services moving to a new employer will be able to continue their membership of the Local Government Pension Scheme uninterrupted and unchanged*
 - *local union recognition will be protected for staff moved to external suppliers*
 - *terms and conditions of staff transferred will be protected for at least one year after leaving the council's employment*
 - *any changes to terms and conditions after that first year will have to be negotiated with the appropriate trade union.*
5. As well as a loss of democratic accountability there will be a loss of transparency if the 'preferred option' is pursued.

Response :*Transparency and democratic accountability will continue through Council ownership of the LATC and Council representation on the LATC board.*

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