

**MEETING**

**CABINET RESOURCES COMMITTEE**

**DATE AND TIME**

**WEDNESDAY 2 MARCH 2011**

**AT 7.00PM**

**VENUE**

**HENDON TOWN HALL, THE BURROUGHS, HENDON NW4 4BG**

**TO: MEMBERS OF THE COMMITTEE (Quorum 3)**

Chairman: Councillor Daniel Thomas

**Councillors:**

Brian Coleman  
Lynne Hillan

Richard Cornelius  
Robert Rams

Andrew Harper

**You are requested to attend the above meeting for which an agenda is attached.  
Aysen Giritli – Democratic Services Manager**

Democratic Services contact: Jonathan Regal, 020 8359 2012

Media Relations contact: Sue Cocker, 020 8359 7039

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**CORPORATE GOVERNANCE DIRECTORATE**

## ORDER OF BUSINESS

Item No.	Title of Report	Pages
1.	MINUTES	-
2.	ABSENCE OF MEMBERS	
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-
4.	PUBLIC QUESTION TIME (If any)	-
	<b>Report of the Deputy Leader of the Council and Cabinet Member for Education, Children and Families and the Cabinet Member for Resources and Performance</b>	
5.	Children's Service Fees and Charges	1 – 14
	<b>Report of the Cabinet Member for Adults and the Cabinet Member for Resources and Performance</b>	
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	<b>Reports of the Cabinet Member for Adults</b>	
7.	Transfer of social care allocations from NHS Barnet to Barnet Council	21 – 28
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	<b>Report of the Cabinet Member for Customer Access and Partnerships and the Cabinet Member for Resources and Performance</b>	
9.	Customer Services Organisation and New Support Organisation: Options Appraisal	38 – 46
	<b>Reports of the Cabinet Member for Housing, Planning and Regeneration</b>	
10.	Temporary Accommodation Fees and Charges 2011/12	47 – 52b
11.	General Debt, Housing Revenue and General Fund (Temporary Accommodation) Write Offs	53 – 57
	<b>Reports of the Cabinet Member for Resources and Performance</b>	
12.	Award of the One Barnet Legal Partner Contract	58 – 67
13.	Extension of Term Maintenance Contracts	68 – 73
14.	Treasury Management Activity for the part year ended 31 December 2010	74 – 84
15.	3 <sup>rd</sup> Quarter Monitoring 2010/11	85 – 137

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16.	Extension of Agency Staff Contract	138 – 142
17.	Extension of Building Cleaning Contract	143 – 146
	<b>Report of the Cabinet Member for Customer Access and Partnerships</b>	
18.	Registration and Nationality Fees and Charges	147 – 151
	<b>Report of the Cabinet Member for Resources and Performance, and of the Cabinet Member for Education, Children &amp; Families</b>	
19.	Wyevale Garden Centre, Daws Lane, Mill Hill NW7	To follow
20.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	
21.	MOTION TO EXCLUDE THE PRESS AND PUBLIC: That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act (as amended):	
	EXEMPT AGENDA	Exemption category
	<b>Report of the Cabinet Member for Adults and the Cabinet Member for Resources and Performance</b>	
X1	Exempt information relating to item 6 in public session – Care Home Contract – Final decision of Catalyst Housing Arbitration	3 X1 – X5
	<b>Reports of the Cabinet Member for Resources and Performance</b>	
X2	Exempt information relating to item 12 in public session – Award of the One Barnet Legal Partner Contract	3 X6 – X7
X3	Exempt information relating to item 19 in public session – Wyevale Garden Centre, Daws Lane, Mill Hill NW7	3 To follow
X4	ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	-

## **FACILITIES FOR PEOPLE WITH DISABILITIES**

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**AGENDA ITEM: 5**      Pages 1 – 14

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Children's Service Fees and Charges</b>
Report of	Deputy Leader of the Council and Cabinet Member for Education, Children and Families Cabinet Member for Resources and Performance
Summary	To approve proposals to update fees and charges for children's services from April 2011. To approve the allowances payable to foster carers and care leavers from 1 April 2011

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Officer Contributors	Val White, Assistant Director, Children's Service
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 Tables: <ul style="list-style-type: none"> <li>1. Child Care Fees in Children Centres</li> <li>2. Social Care Fees and Charges</li> <li>3. School Meals</li> <li>4. Youth Service Accommodation and Play Service</li> <li>5. Music Service</li> <li>6. Training</li> </ul> Appendix 2 <ul style="list-style-type: none"> <li>7a. Fostering Allowances</li> <li>7b. Leaving Care Allowances</li> </ul>
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Val White, Assistant Director, Policy, Performance and Planning, 020 8359 7036.

## **1. RECOMMENDATIONS**

- 1.1 That the fees and charges detailed in the appendices of this report be approved to take effect from 1 April 2011.**
- 1.2 That the proposed new fee structure for Children's Centres be approved with effect from the 19 April 2011.**
- 1.3 That the schedule of allowances payable to foster carers and care leavers be approved with effect from 1 April 2011.**
- 1.4 That the inclusion of Academies and Free Schools within the traded services for school be noted as outlined in paragraph 9.16.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee on 23 September 2004 (Decision item 6) – approved:
  - increases in fees and charges in line with the Financial Forward Plan be approved by Heads of Service in consultation with the Cabinet Member concerned, and that these increases be implemented from January each year, with only limited exceptions to those being increased from 1 April; and
  - increases in fees and charges above the rate assumed in the Financial Forward Plan be approved by Cabinet Resources Committee, and that these increases be implemented from 1 January each year, with only limited exceptions to those being increased from 1 April
- 2.2 Cabinet Resources Committee, Fees and Charges, 22 February 2010 (Decision item 12) – approved the revised fees and new fees and charges detailed in the Cabinet Members' report.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Regularly reviewing fees and charges enables the Council to ensure it is making the best use of its resources, supporting the corporate priority of 'better services with less money'. The resources generated by changes to fees and charges will help to support the priorities of the Corporate Plan.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 It is not considered that the issues involved are likely to raise significant levels of public concern or give rise to policy considerations.

### Child Care

- 4.2 Parents may find it difficult to pay higher charges for child care. However, the fees for the core day are in line with the Childcare Working Tax Credit limit and parents on lower income will be in receipt of up to 70% Tax Credit on the fees charged (up to a maximum of £175 per week).

### Music Service

- 4.3 There may be a reduction in take up of music lessons in the term following the increase in prices. If the reduction in take-up was greater or for a longer period staffing hours would need to be adjusted to compensate this.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Changes to fees and charges have the potential to significantly affect accessibility of services to the customer and accordingly individual cases should be considered as they arise. The resources generated by this decision contribute to supporting the priorities of the Corporate Plan which in turn focuses on providing services to all parts of the community.
- 5.2 The proposed changes to charges would take place across a range of areas including training, traded services and music services. Schools, children's centres, parents, pupils, and partner organisations are among those likely to be impacted. As regards children's centres, officers do not consider there will be a detrimental impact on attendance levels at the centres so long as sufficient notice is given. Increasing the maintenance element of the allowances payable to foster carers and increasing payments to young care leavers in line with Job Seekers Allowance should help to ensure that children in care and leaving care are not unduly disadvantaged by the increased costs of some living expenses. None of the other proposed changes are directly related to a service provided to a specific equalities strand.

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

- 6.1 The impact of the increased and revised fees and charges has been taken into account in the 2011-12 Medium Term Financial Strategy.

## **7. LEGAL ISSUES**

- 7.1 None in the context of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including approving income sources and charging policies.
- 8.2 Paragraph 3.8 of the Council's Financial Regulations requires that the Cabinet Resources Committee (CRC) approves changes to fees and charges that are significantly different from inflation.

## **9. BACKGROUND INFORMATION**

### Children's Centres

- 9.1 Two children's centres (Wingfield and Newstead) are standalone children centres and the fees are set by the Council. Seven children's centres offering childcare are attached to schools and the fees are the responsibility of the school governing body. Wingfield and Newstead are required to offer affordable childcare to working parents 48 weeks of the year.
- 9.2 Officers have reviewed fees against other providers of child care within the immediate locality of the two centres. Newstead is 53 pence below the average and Wingfield is 43 pence below the average. The approximate average increase from last year for providers reviewed was 11% and 8% respectively.

- 9.3 Officers recommend changing the charging method from sessions to hours. By charging by the hour the rate per hour increases, however it is still less than the rate charged for other sessions throughout the day. Therefore the overall cost balances out.
- 9.4 As well as charging by the hour it is also recommended to charge by a two tier system according to age groups due to the ratio of carer to child. This has been implemented at local Boroughs such as Harrow and Enfield. The hourly rate for 2-3 year olds is higher than the 3-5 year olds due to higher cost ratios:
- Ratio of adult carer to 2-3 year olds: 1:4; and
  - Ratio of adult carer to 3-5 year olds: 1:8.
- 9.5 Newstead's current rate is the second lowest rate in the local area. It is therefore recommended that the rate is increased. The proposed rate for 3-5yr olds is £5.75 per hour and 2-3yr olds is £6.00 per hour. This would result in an increased fee for 2 to 5 year olds accessing a Full Day Care session/Core day/After school club and a reduced fee for all other sessions throughout the day. This would give more flexibility to parents in choosing what sessions they send their children to.
- 9.6 Officers do not consider there will be a detrimental affect to the attendance levels at the centres so long as sufficient notice is given. It is therefore proposed that the charges are implemented on the first day of the summer term (26 April 2011).
- 9.7 The proposed charges for each of the centres are detailed in Appendix 1. Either of the charging levels (or charges in between the 2) will be recommended to the Governing Bodies managing Children's Centres under extended school powers (Section 27 of the Education Act 2002).
- 9.8 The additional income raised through this increase will help to offset cost pressures from the uneven demand of childcare throughout the year.

#### Social Care

- 9.9 The Family Resource Centre has some capacity to market contact services to neighbouring councils. Research done with other local authorities and the local competition and based on rates set by the independent sector suggest if fees were increased income targets would be unrealistic. The proposal is that charges are not increased from 1 April 2011, charges are shown in Appendix 1, Table 2a.
- 9.10 The decision to charge when children and young people come into care is at the discretion of the Director of Children's Service (DCS) and is dependent on circumstances. The DCS will have regard to the reasons for the child becoming looked after and the likely impact on them. Any charges levied will be subject to an assessment against income. The proposal is that charges are not increased from 1 April 2011, charges are shown in Appendix 1, Table 2b.
- 9.11 The allowances payable to foster carers and young care leavers have been reviewed and compared to the increases propose by neighbouring authorities. It is recommended that the maintenance element for foster carers is increased by 2% in recognition of the increased costs of some living expenses but the reward/fee element is not increased. The allowance for care leavers will be increased in line with Job Seekers Allowance. The increased cost is estimated at £15,000 for foster carers and £10,000 for care leavers. The cost of care leavers will be met from a review of all allowances payable to current care leavers. The increased cost of foster carer payments is to be met from the children in care budget (including external placements). The proposed allowances are outlined in Appendix 2.



### School Meals

- 9.12 All the funding for the School Meals service including free school meals is delegated to schools and schools are charged for the meals taken. Barnet charges £2.05 for a school meal this is higher than most comparable Boroughs. It is not proposed to increase the price of a school meal on 1 April however a review will be done in light of any increased costs for implementation in September 2011, charges as shown in Appendix 1, Table 3.

### Youth Service Accommodation and Play Service

- 9.13 There are no proposed increases in the charges for use of youth centres however, there are some changes to the charges for play service. The proposed charges for after school service have increased by 25% to a level which is closer to market rates. Parents are able to apply for Working Family Tax Credit and can receive up to 80% return on this amount depending on the family circumstances. The proposed charges are outlined in Appendix 1, Table 4.

### Music Service

- 9.14 The charges for music service are met by parents of children receiving lessons and schools. The charges are increasing to meet the full cost of the service. The proposals are outlined in Appendix 1, Table 5.

### Multi agency Training

- 9.15 The Council currently receives grant funding for a range of multi agency training to provide training for Council staff and staff from other partner organisations (health, police, voluntary sector, schools). The majority of this funding is ceasing. Where there is insufficient grant funding to cover the cost of multi agency training from April 2011 onwards and/or where partner organisations are not making a contribution towards the cost, the Council are introducing a fee structure per attendee (Appendix 1 Table 6). Where there is no grant funding available at all, courses will be offered to non-council staff at a price to cover cost. The price for each of these courses will vary depending on the cost of accommodation, trainer and other facilities.

### Academies and Free Schools

- 9.16 With the conversion of schools to Academy status, the local authority will no longer receive funding for some services that are currently funded through the centrally retained part of the schools budget. Academies and Free Schools are independent organisations. The Council are revising its traded services currently offered to local authority maintained schools, to take account of the requirement to charge Academies and Free Schools and allow Academies and Free Schools to purchase its services at full cost. The price of each service offered will be set each year by the appropriate manager to reflect the cost of the service and offered within the existing traded services portfolio for all schools.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal – MB

CFO – MC/JH

## APPENDIX 1

**Table 1a) Proposed Children's Centre Fees 2011/12 – Wingfield**

Hourly rate	Age 3 to 5				Age 2 to 3		
	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Variance</u>	<u>Difference</u>	<u>Proposed Fee</u>	<u>Variance</u>	<u>Difference</u>
		<b>£5.50</b>			<b>£5.75</b>		
8am to 6pm (inc. lunch at 2.05)	£47.00	<b>£48.00</b>	2.13%	£1.00	<b>£49.00</b>	4.26%	£2.00
8.45am to 11.45am	£16.60	<b>£16.50</b>	-0.60%	-£0.10	<b>£17.25</b>	3.92%	£0.65
12.45pm to 3.45pm	£16.60	<b>£16.50</b>	-0.60%	-£0.10	<b>£17.25</b>	3.92%	£0.65
8.45am to 3.45pm (inc. lunch at 2.05)	£40.75	<b>£40.55</b>	-0.49%	-£0.20	<b>£42.30</b>	3.80%	£1.55
8am to 8.45am	£5.00	<b>£4.13</b>	-17.40%	-£0.87	<b>£4.31</b>	-13.80%	-£0.69
3.45pm to 6pm	£10.00	<b>£12.38</b>	23.80%	£2.38	<b>£12.94</b>	29.40%	£2.94

**Table 1b) Proposed Children's Centre Fees 2011/12 – Newstead**

Hourly rate	Age 3 to 5				Age 2 to 3		
	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Variance</u>	<u>Difference</u>	<u>Proposed Fee</u>	<u>Variance</u>	<u>Difference</u>
		<b>£5.75</b>			<b>£6</b>		
8am to 6pm (inc. lunch at 2.05)	£48.00	<b>£49.00</b>	2.08%	£1.00	<b>£50.00</b>	4.17%	£2.00
8.45am to 11.45am	£18.00	<b>£17.25</b>	-4.17%	-£0.75	<b>£18.00</b>	0.00%	£0.00
12.45pm to 3.45pm	£18.00	<b>£17.25</b>	-4.17%	-£0.75	<b>£18.00</b>	0.00%	£0.00
8.45am to 3.45pm (inc. lunch at 2.05)	£41.50	<b>£42.30</b>	1.93%	£0.80	<b>£44.05</b>	6.14%	£2.55
8am to 8.45am	£6.00	<b>£4.31</b>	-28.16%	-£1.69	<b>£4.50</b>	-25.00%	-£1.50
3.45pm to 6pm	£12.00	<b>£12.94</b>	7.83%	£0.94	<b>£13.50</b>	12.50%	£1.50

**Table 2a) Social Care Charges – Contact**

	<b>Charges 2010/12</b>	<b>Proposed Charges 2011/12</b>
<b>Marketing contact sessions to neighbouring authorities</b>		
Room hire	£28.90 per hour ( weekdays) £43.50 per hour (weekends)	£28.90 per hour ( weekdays) £43.50 per hour (weekends)
Contact supervisor (min time period 3 hours)	£23.20 per hour (weekdays) £34.70 per hour (weekends)	£23.20 per hour (weekdays) £34.70 per hour (weekends)
Transport	47p per mile	47p per mile

**Table 2b) Social Care Charges – Means tested parental contributions towards the care costs of children in care (Section 20 only)**

	<b>Charges 2010/12</b>	<b>Proposed charges 2011/12</b>
Families in receipt of benefits	No charge	No charge
Weekly contribution	Weekly net income less £60 per person, per household, then 20% of remaining amount for 1 <sup>st</sup> child, then 10% for any other children thereafter.	Weekly net income less £60 per person, per household, then 20% of remaining amount for 1 <sup>st</sup> child, then 10% for any other children thereafter.

**Table 3 School Meal Charges**

<b>School Meal Charges</b>	<b>Charges 2010/11</b>	<b>Proposed charges 2011/12</b>
Kosher school meal	£2.15	£2.15
Free school meal (charge to school)	£2.05	£2.05
Free Kosher school meal (charge to school)	£2.15	£2.15

**Table 4 Youth Service Accommodation and Play Service**

	<b>Charges 2010/11</b>	<b>Proposed Charges 2011/12</b>
After School Club Greentop Centre	£4.00 per session	£5.00 per session
Holiday Play Scheme Greentop Centre First Child	£16.50 per day or £80.00 per week	£17.50 per day or £85.00 per week
Siblings	£13.00 per day or £60.00 per week	£14.00 per day or £65.00 per week
Child assessed 'in need'	Free provision made where this is specified as part of child's care package or a referral by a professional.	Free provision made where this is specified as part of child's care package or a referral by a professional
Hire of the Greentop Centre	£12.50 per hour for partners agencies or in-house departments	£13.50 per hour for partners agencies or in-house departments (In line with Youth & Connexion charges)
	£25.00 per hour for private use.	£27.00 per hour for private use (In line with Youth & Connexion charges)
Hire of Youth Centre Premises	£27.00 per hour for private, commercial and occasional use	£27.00 per hour for private, commercial and occasional use
	£20.30 per hour for partner agencies or youth work providers	£20.30 per hour for partner agencies or youth work providers
	£13.50 per hour for voluntary sector providers	£13.50 per hour for voluntary sector providers

**Table 5 Music Service Charges**

	<b>Charges 2010-11</b>	<b>Proposed Charges 2011/12</b>
Instrumental Lessons	£36.00 per hour (from April 2010)	£37.00 per hour (from April 2011)
Attendance at Music Centres	£95 per term (from Sept 2010)	£99 per term (from Sept 2011)
Hire of instrument	£80 per year (from Sept 2010)	£85 per year (from Sept 2011)

**Table 6 Multi agency training programmes**

	<b>Duration of course</b>	<b>Charge 2011/12</b>	<b>Group</b>
1	Half day courses	£20 per participant	Participants based in Barnet
2	Full day courses	£35 per participant	Participants based in Barnet
3	Half day courses	£35 per participant	Participants from other local authority areas
4	Full day courses	£50 per participant	Participants from other local authority areas
5	Cancellations for training made within less than 5 full working days of the training date will be chargeable at the full rate.		
6	Non-attendance at courses will be charged at £50 per participant.		

## APPENDIX 2

### 7a) SCALE OF FOSTER PLACEMENT ALLOWANCES AND OTHER PAYMENTS WITH EFFECT FROM 1st APRIL 2011

#### 1. STANDARD ALLOWANCE

**Foster Placements Allowances 2011/12:** The maintenance allowance payable as from 1<sup>st</sup> April 2011 have been increased by 2%, however, the fees have remained the same as 2010/11. In all cases payments will be calculated to include the day on which the child is placed as well as the day the child leaves the placement.

**Maintenance Element:** These figures represent the direct costs of looking after a child plus the additional costs of looking after a child who may have special needs, for example, additional laundry, food, travel, activities and household decoration.

**Fee Element:** The fee element of the foster care allowance reflects a clear model of competence based career progression for foster carers. There are 3 levels of carer:

- Level 1 – newly approved;
- Level 2– achieved by evidencing competencies in caring for children and young people; and
- Level 3 – replacing the current specialist scheme.

Rates will remain above the minimum level recommended by the fostering network in order that the Barnet Service remains competitive.

**NB** fostering allowances received must be declared for taxation purposes. Carers will be provided with a financial breakdown to assist with this.

	Age 0–11 Fee	Age 0 – 11 Maintenance	Total	Age 12+ Fee	Age 12+ Maintenance	Total
Kinship	-	185	<b>185</b>	-	244	<b>244</b>
Level 1 Carers	181	185	<b>366</b>	181	244	<b>425</b>
Level 2 Carers	211	185	<b>396</b>	211	244	<b>455</b>
Level 3 Carers	289	185	<b>474</b>	289	244	<b>525</b>
Specialist Scheme	355	185	<b>540</b>	355	244	<b>599</b>

#### Personal Allowances for Children & Young People

Age	Clothing		Pocket Money	
	2010/11	2011/12	2010/11	2011/12
0 to 7 years	16.60	16.60	2.22	2.22
8 years	17.70	17.70	2.42	2.42
9 years	17.70	17.70	3.23	3.23
10 years	17.70	17.70	3.85	3.85
11 years	19.70	19.70	4.45	4.45
12 years	19.70	19.70	4.95	4.95
13 years	19.70	19.70	6.00	6.00
14 years	19.70	19.70	7.10	7.10
15 years	19.70	19.70	8.80	8.80
16 years	23.23	23.23	12.10	12.10
17 years	23.23	23.23	15.50	15.50
18 years				

<b>Birthday &amp; Festival</b>		
<b>Age</b>	<b>2010/11</b>	<b>2011/12</b>
0 to 7 years	£121.70 (66.00 on gifts)	£121.70 (66.00 on gifts)
8 years	£121.70 (66.00 on gifts)	£121.70 (66.00 on gifts)
9 years	£121.70 (66.00 on gifts)	£121.70 (66.00 on gifts)
10 years	£121.7 (66.00 on gifts)	£121.7 (66.00 on gifts)
11 years	£121.70 (66.00 on gifts)	£121.70 (66.00 on gifts)
12 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
13 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
14 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
15 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
16 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
17 years	£176.75 (98.00 on gifts)	£176.75 (98.00 on gifts)
18 years	£211.00 (109.00 on gifts)	£211.00 (109.00 on gifts)

## **2. ADDITIONAL ALLOWANCES**

**Travel Costs:** It is expected that the usual travel costs of a child / young person will be met out of the standard allowance. However, if travel costs of more than £17.35 per week are incurred or mileage of more than 50 miles per week is done for school journeys, hospital/ clinic visits, contact etc. a claim can be made for additional travel costs at a rate of 31p per mile.

NB: Requests for such costs as contact, travel to a new placement for introductions etc should be made to the child's social worker, as s/he makes the arrangements and can verify the expenditure.

**Holiday:** A holiday allowance of 2 x the weekly maintenance rate is payable.

**School Journeys & Other Educational Visits:** (includes journeys and camps arranged by youth organisations) Such costs are included in the maintenance element of the fee, however, where such journeys are for more than one day, an additional allowance of up to £215 can be paid at the discretion of the Service Manager, Provider Services.

**Retaining Fee:** Where a carer is actively preparing for the placement of a child (attending planning meetings, having introductions etc) a retaining fee of half the fee element of the allowance may be paid with the agreement of the ADM.

**Disturbance Fee:** If a carer is contacted out of hours and agrees to take a placement whether or not the child is placed, the carer will receive a payment of £32.10.

**Child Temporarily Out of Placement:** Where a child is away from the placement on a temporary basis, for example for respite care, the carer will receive only the fee element of the payment, for a period not exceeding four weeks. The carer is entitled to 14 days holiday per year. During this period they will continue to receive both the maintenance and fee elements of the allowance. For a longer period, the fee element only will be paid.

**Respite Care:** If child care is required either to meet the needs of the child or the needs of the service (for example, carers attending training, a support group or a working group), the Fostering Service will pay the costs at a rate of £5.85 per hour for a period of up to 6 hours or will help arrange and fund respite with another carer. If child care is required for the needs of the carer then the carer will fund this from the allowance. Where carers are providing a week block or more respite, they will be paid at the standard weekly rate. For daily respite, they are paid at 1/7<sup>th</sup> of the normal rate per day or half of that amount for a period of less than 5 hours.

**Skin and Hair Care:** Carers looking after black African, Caribbean and Asian children will receive an additional payment of £6.95 per week.

**Initial Clothing Allowance:** To ensure that all children have a reasonable standard of clothing on admission to placement, an initial clothing allowance may be paid up to a limit of £339, at the discretion of the Service Manager.

**Clothing allowance:** School Clothes or Starting Work: On first starting school a payment of £108.00 will be made. Yearly payments of £88.85 are made thereafter other than the year the child starts secondary school, when a payment of up to £293 will be made. When the child leaves school, a payment of up to £237.00 may be made to assist with clothing for college, interviews, work etc.

**Training:** Completion of the NVQ Level 3 in Caring for Children & Young People has now been incorporated within the progression structure for foster carers. Carers will receive a one off payment of £200 for completing the NVQ. They will also receive a year end bonus payment of £100 if they complete the minimum training expected for their level over the year.

**Care Leavers:** Where a young person remains in placement beyond their 18<sup>th</sup> birthday, the carer no longer qualifies for a fostering allowance. In exceptional circumstances Supported Lodgings payments will be made by the Leaving Care team at a rate of £126.50 per week.

**Basic Equipment:** Equipment for short term placements will be purchased by Fostering Service and loaned to the carer. A settling in fee of up to £865 is payable when a child is placed in a long-term placement, this includes placement for adoption, permanence or in a long term kinship placement.

**Young People in Employment:** Where a young person in foster placement is earning a wage, they will be expected to make a contribution of up to 1/3<sup>rd</sup> of their net income towards their upkeep. They will also be expected to provide their own clothing and pocket money, and these amounts will be deducted from their fostering allowance.

Foster carers will continue to receive the full fee element of the allowance.

## **7b) SCALE OF CARE LEAVERS' ALLOWANCES AND OTHER PAYMENTS WITH EFFECT FROM 1st APRIL 2011**

Care leavers will be given a copy of this Appendix. All young people are expected to have a bank account. Regular payments will be paid into their account on a weekly basis other than where it is agreed otherwise.

### Young People Aged Under 18 Years (Eligible and Relevant Young People) in Semi Independent or Independent Accommodation

**Subsistence Payments:** Care Leavers under the age of 18 years are not eligible to claim benefits (unless they are lone parents or are entitled to Disability Living Allowance and/or Employment and Support Allowance). They will receive a weekly subsistence payment equivalent to Job Seekers Allowance of £53.45.

**Accommodation costs:** Care Leavers under the age of 18 years cannot claim housing benefit. The Leaving Care Team will therefore meet all accommodation costs other than where a contribution is required as part of a Preparation for Independence Plan.

**Education costs:** Young people are encouraged to remain in education. For young people attending a full-time course travel is free up to the age of 19 with a 16+ Oyster Card, within the Transport for London (TfL) area. Otherwise they will be paid the real cost of travel from their placement/home to their school or college. They will also receive £11.25 per week towards educational expenses such as photocopying, computer disks, books etc. Depending on their course of study a payment of up to £106.65 may be made towards starting up equipment costs, at the discretion of the Service Manager.

**Personal Allowances for Care Leavers:** Young people are entitled to birthday and festival payments up to age 18 years. For their 17th birthday £175 is available, at least £97.00 of which must be spent on gifts, usually bought alongside the young person; the remainder may be spent on a celebration. The same amount is available for Christmas or main annual religious festival. For their 18th birthday £209 is available, at least £108.00 of which must be spent on gifts, the remainder may be spent on a celebration. In every case, if there is no celebration the full amount will be spent on gifts.

Young people are also entitled to a clothing allowance of £168 twice a year, once in summer and once in winter. All spending in this category will be at the discretion of the allocated worker and agreed with the Service Manager.

**Setting Up Home Allowance** (may be paid before or after 18th birthday): When young people move into their own accommodation they are entitled to a setting up home allowance (SUHA) of £2,000. This will be paid through consultation with their allocated worker, usually in instalments.

**Childcare Costs:** Young parents who are in education can apply for child care and related travel costs of up to £175 per week through CareToLearn. They are eligible for these payments as long as they start their course before they are 20 years. In exceptional circumstances the Leaving Care Team may supplement this payment at the discretion of the Service Manager. The leaving care team may also pay occasional 'babysitting' costs at a rate of £5.85 per hour for a maximum period of 6 hours.

#### Young People Aged Over 18 Years (Former Relevant Young People)

**Benefits:** When a young person turns 18 years they become eligible for benefits and therefore all subsistence payments and payments for accommodation will cease other than in the circumstances described below. Leaving Care workers will assist young people in claiming JSA, Housing Benefit (HB) and Council Tax Benefit (CTB). A leeway period of up to 4 weeks may be given for the claim to be paid, depending on the circumstances causing delay, during which the Leaving Care Service will pay subsistence. Any payment by the LCS made after four weeks will be at the discretion of the Leaving Care Head of Service and will be paid in the form of an interest-free loan.

**SUHA and Childcare** See sections above.

**Young People in Further Education:** Young people aged 18 – 20 years in full time further education are entitled to claim income support (IS) rather than JSA as long as the initial claim for IS is made before they are 19 years old and they progress through qualification levels without any breaks. They will be entitled to Housing Benefit (HB) and also Council Tax Benefit (CTB) (with proof of attendance from their FE provider) if their course is for 21 hours of study per week; the Leaving Care Service will meet this cost if study hours are less. They will need an 18+ student Oyster card and will receive 70% of their travel costs if travelling in the TfL area; study outside this area will be paid at full cost of travel. They will continue to receive the education allowance of £11.25.



All young people in full time education who are in their own tenancy are exempt from paying council tax and will need evidence from their school/college.

**Young People in Higher Education (HE):** Young people who are in higher education will make an application for a student loan and a maintenance grant to cover all term-time expenses. Top-up payments will be arranged in the unlikely event that there is a shortfall between the amount that is received from Student Finance England and the amount that might otherwise be paid by the Leaving Care Team as calculated below:

(Weekly Rent + (JSA) + £32.30 (HE) Allowance) less:

Total weekly loan/grant figure (Tuition Fees+Maintenance Grant+Loan)

The £32.30 represents 'educational costs', for example, books, photocopying costs etc. The top up will be paid into their bank account at a frequency agreed with the young person. In addition the Team provides reasonable additional travel costs during term and vacation accommodation and subsistence costs up to £159 per week. Term dates will vary between HE institutions and will be confirmed with individual institutions. If a young person chooses to work during the time they are in education their earnings will not be deducted from the allowances detailed above.

**Bursary:** All students in HE are entitled to a one-off payment of a £2,000 bursary which will usually be paid in instalments. The first payment of £500 will be made by the end of the first term; all the money must be paid by the end of the financial year immediately preceding the end of the course.

**Exceptional Needs' Payments:** After the age of 18yrs, young people may apply for up to a total of £275 exceptional needs payments. This may be a request for one lump sum or a number of requests for smaller payments over the course of several years. Examples of payments that might be made include clothing for a specific event (job interview, funeral, etc) and driving lessons in order to get work.

**Unaccompanied Asylum Seeking Young People:** If a young person turns 18 and has an initial positive decision from the Home Office (indefinite leave to remain), they are entitled to benefits and must claim them, as with any other young person who turns 18.

If a young person has discretionary leave to remain they will be supported, as required, to make a claim to extend their leave to remain. This claim must be made before they turn 18 years. Their legal status will be extended for the period of the assessment of their claim and therefore they are eligible for benefits, as above.

A young person may be supported in making a fresh claim if their circumstances change, for example, if there are changes in their country of origin or if they develop a health condition.

If a young person is awaiting the first decision on their claim when they turn 18 years the local authority has a duty to support them. This represents a change from the previous arrangement whereby they used to make a claim to NASS for support (Ct of Appeal judgement – Barking and Dagenham).

If the young person has exhausted all applications and has been refused leave to remain then the Leaving Care Team will provide them with financial assistance until they receive their deportation letter or until the age of 21, whichever is the sooner. This will comprise subsistence and accommodation costs up to an amount of £159 per week. It may be appropriate for the young person's leaving care worker to support them to make a claim to NASS for 'Section 4' support post 21 years.

It is recognised that a number of claims will need to be considered on an individual basis, for example, if a young person has a claim for indefinite leave to remain running concurrently with a claim for asylum, and support may differ from that described above depending on legal advice.

**Young People in Need of Continuing Care:** Where a young person remains in their foster placement beyond their 18th birthday the carer no longer qualifies for a fostering allowance. In exceptional circumstances (for example, if they are part way through an A' Level Course) Supported Lodgings Payments will be paid to their carer by the Leaving Care Team at a rate of £126.50 per week

If a young person has been assessed as needing support from Adult Services, a transition plan will have been made which will include arrangements for accommodation. They will continue to be eligible for travel and education allowances and entitled to their Setting Up Home Allowance.

**AGENDA ITEM: 6**      Pages 15 – 20

Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Care Home Contract – Final decision of Catalyst Housing Arbitration</b>
Report of	Cabinet Member for Adults Cabinet Member for Resources and Performance
Summary	This report provides the results and consequences of the arbitration proceedings, the associated costs incurred and details around a renegotiation of the Care Home Contract.

Officer Contributors	Kate Kennally, Director of Adult Social Care and Health Andrew Travers, Deputy Chief Executive
Status (public or exempt)	Public (with separate exempt report)
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Colin Hudson, Project Manager, 07831 684330

## **1. RECOMMENDATIONS**

- 1.1 That the result of the arbitration be noted.**
- 1.2 That the increase in the amount required to cover the outcome of the arbitration be noted.**
- 1.3 That the basis for renegotiation of the Care Home Contract be noted.**
- 1.4 That the actions being taken in respect of outstanding issues not covered in the arbitration be noted.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Council, 23 October 2000 (Decision item 62) – approved the selection of Ealing Family Housing Association (now part of the Catalyst Group) to take a transfer of the majority of the Council’s elderly persons residential care homes and day centres on the basis that these would be replaced with modern purpose built facilities and achieve an ongoing revenue saving for the Council from the commencement of the contract.
- 2.2 Cabinet, 5 November 2002 (Decision item 10) – approved the swap of sites in Claremont Road, Brent Cross NW2 and East Road, Burnt Oak HA8 with Ealing Family Housing Association upon which to develop replacements for the Perryfields and Merrivale elderly persons care homes and day centre.
- 2.3 Cabinet Resources Committee, 8 August 2004 (Decision item 14) – subject to conditions, agreed:
  - i. the freehold interest in an appropriate area of land at Claremont Road, NW2 be transferred to Ealing Family Housing Association for the building of a replacement for the Perryfields elderly persons care home and day centre in exchange for the transfer back to the Council of the current Perryfields site at Tyrrel Way; and
  - ii. the freehold interest in an appropriate area of land at East Road, Burnt Oak HA8 be transferred to Ealing Family Housing Association for the building of a replacement for the Merrivale elderly persons care home and day centre in exchange for the transfer back to the Council of the current Merrivale site at East Road, Burnt Oak.
- 2.4 Cabinet Resources Committee, 3 September 2007 (Decision item 7) – noted the disagreement with Catalyst in respect of its Deficit Claim and also agreed that the dispute with Catalyst in respect of the Perryfields/Claremont Road and Merrivale/Child Guidance Centre sites swaps agreements, and the Project and Abortive Costs claims arising there from, be referred to arbitration and/or independent expert as appropriate.
- 2.5 Cabinet Resources Committee, 2 September 2008 (Decision item 16) – noted the action taken by Catalyst to initiate the arbitration procedure and instructed the appropriate Chief Officers to appoint Counsel and other appropriate consultants and that the costs relating to this would be met from reserves.
- 2.6 Cabinet Resources Committee, 23 April 2009 (Decision item 14) – noted the stage proceedings were at and the amount of money spent in relation to the arbitration.
- 2.7 Cabinet Resources Committee, 8 December 2009 (Decision item 18 and X2) – noted the stage proceedings were at; the amount of money spent in relation to the arbitration and formally agreed not to offer Catalyst a “drop hands” settlement.

- 2.8 Cabinet Resources Committee, 17 June 2010 (Decision item X7) – noted the stage proceedings were at; the amount of money spent in relation to the arbitration and the likely need to renegotiate the Care Home Contract, as well as the retention of Eversheds as legal advisors.
- 2.9 Cabinet Resources Committee, 19 October 2010 (Decision item 11 and X3) – noted the stage proceedings had reached; that a further hearing was to be held; the estimated cost of the preliminary arbitration award; that a renegotiation strategy was being developed.
- 2.10 Cabinet Member for Resources and Performance and the Cabinet Member for Adults approved under delegated powers (DPR 1264) on 18 February 2011 the Council's contribution to Catalyst's legal costs in respect of the Arbitration.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The 2010-2013 Corporate Plan priority of 'Better Services with Less Money' relates to the decisions made in relation to this arbitration and the issues which may result from it

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The risks associated with the renegotiation and its consequences have been formally logged in the Adult Social Care Risk Register.
- 4.2 Provision for the estimated total cost of the award to March 2010 was made in the 2009/10 accounts, funded from the risk reserve. The final value of the award is now known and an additional provision will be made in the 2010/11 accounts, funded from the risk reserve.
- 4.3 There are outstanding issues in respect of land swaps which were not covered by the Arbitration process on the basis both parties felt they could negotiate an agreeable outcome. There remains a risk that these negotiations will stall and need to be referred to Arbitration or the costs claimed by Catalyst are greater than the Council is currently estimating.
- 4.4 The Council is seeking to enter into a re-negotiation of the Care Home Contract led by the Deputy Chief Executive and Director of Adult Social Care and Health, to manage on-going financial and service delivery risks. This work has commenced and is aligned to the business and financial planning process for 2011/12.

### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The referral of the deficit claim to arbitration has not affected the residential and day care services being provided to older people. The service is inclusive and provided to all older people eligible for residential care or requiring day care. There are specialist units for people who have dementia, people who have learning disabilities and a unit for Asian people. However, any substantive changes to the care home contract for the provision of day care and / or residential care will be subject to a full equalities impact assessment.

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

- 6.1 The table below summarises the total amount spent on this matter to date.

<b>Description</b>	<b>Amount spent/(received)</b>
Eversheds	£947,765
Franklin & Andrews	£63,658
Counsel	£178,980
Arbitrator (half share)	£55,000
RSM Bentley Jennison/RSM Tenon	£580,273
Laing & Buisson	£93,830
Other	£25,016
<b>Total</b>	<b>£1,944,522</b>

6.2 Up to 31 March 2010, these costs have been met from a combination of the Adult's Directorate Budget and the Risk Reserve. Costs incurred since 1 April 2010 are being met from the Council's Risk Reserve.

6.3 In overall terms however, the cost of the claim and associated costs has been significant and can be summarised as follows:

Final Award to Catalyst (incl interest and costs)	£8.674m
Council's final estimated legal costs	£2.000m
Outstanding issues (land swaps)	£0.110m
Total cost	£10.784m
Legal costs paid in previous years	(£1.660m)
Provision for deficits since April 2007	£0.046m
Provision Required	£9.170m

The total cost has been offset slightly by net income from Catalyst of £532,000 in respect of overbillings and the Single Status agreement which was agreed early in the Arbitration process by both parties legal teams. Hence, the resultant cost to the Council has been £10.252m.

6.4 A provision of £7.012m to cover the deficit award was made in the 2009/10 Statement of accounts. A further amount will be due in 2010/11 of £2.158m to meet the final cost of the deficit award, a contribution to Catalyst's legal costs and for the resolution of outstanding issues in respect of the land swaps which were outlined in the report to Cabinet Resources Committee on 3 September 2007.

## **7. LEGAL ISSUES**

7.1 All relevant legal issues are addressed in the report.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council's constitution, Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including capital and revenue finance, forecasting, monitoring, borrowing and taxation.

## 9. BACKGROUND INFORMATION

### Overview of Arbitration Proceedings

- 9.1 Catalyst commenced arbitration proceedings against Barnet in July 2008, seeking an adjustment under Condition 11.2.1 of the Care Contract. Condition 11.2.1 provides that Catalyst may seek an appropriate adjustment if it has incurred, or forecasts that it is reasonably likely to incur, a Deficit (as defined in Condition 11.3.5). The dispute arose by virtue of a number of ambiguities in the Care Contract, including (i) whether the Deficit provision in Condition 11 only applied in respect of changes to legislation or guidance which affected the running costs of the care homes, and (ii) how any losses were to be shared between Catalyst and Barnet under Condition 11.
- 9.2 Catalyst's claim increased during the course of the arbitration proceedings such that it was claiming £12 -17 million in respect of the first 6 years of the Contract, plus interest on the amount of any claim. The losses resulted from Catalyst significantly underestimating both the operating costs of the care homes and the development costs of the new care homes.
- 9.3 The results of the initial hearing and the Arbitrator's Final Partial Award were reported to Cabinet Resources Committee on 19 October 2010. The report highlighted that a further hearing was to be held on 18 November 2010 to obtain clarification from the Arbitrator on a number of issues to enable the size of the award to be calculated. These included:
- Calculation of interest charges on the losses.
  - Calculation of interest on the claimable deficit.
  - The allocation of costs.
- 9.4 The supplementary hearing went ahead on 18 November 2010 and the Arbitrator issued his Supplemental Award on 8 December 2010 in which he determined:
- That Barnet should meet the cost of funding all losses incurred by Catalyst in Years 1 to 6 of the contract. Barnet had argued it should only be responsible for funding the deficit it was responsible for.
  - That interest on the claim should run from 1 April 2007 and be calculated on a compound basis. Barnet had argued that the interest should run from 2 October 2009 and be calculated on a simple basis.
  - The costs should be shared between the parties based on the time spent on each issue and which party won the issue. He helpfully provided his analysis of the issues and which party has been successful.
- 9.5 The Supplemental Award enabled the calculation of the deficit, as follows:
- |                                |         |
|--------------------------------|---------|
| Deficit Award to 31 March 2007 | £6.184m |
| Interest to 31 December 2010   | £1.390m |
| Total                          | £7.574m |

This sum will be recovered over the remaining life of the contract by an adjustment to the weekly bed price.

### Outstanding issues

- 9.6 The issues over land swaps have been reported previously (CRC 3 September 2007) and were excluded from the Arbitration Process as it was believed that a mutually acceptable agreement could be reached. Now the Arbitration process has been finalised the outstanding issues need to be resolved through negotiation with Catalyst and provision has been made in the risk reserve to cover the estimated outcome.

### **Commercial considerations going forward**

- 9.7 Adult Social Care is building up a range of options to minimise the losses likely to be incurred by Catalyst and thus the level of deficit funding which Barnet might need to meet in future. Preliminary work in respect of the potential options has been undertaken and initial discussions with Catalyst have indicated a willingness to take forward some of the options for a more detailed appraisal.
- 9.8 The core aim of the renegotiation is to develop a mutually acceptable option which:
- Facilitates the removal of the deficit clause to reduce the Council's exposure to funding future losses.
  - Is financially sustainable and meets the requirements of the Medium Term Financial Strategy.
  - Meets the Council's needs in terms of the availability of residential care beds in a more flexible way and avoids the need to pay for beds which are not required.
  - Continues the use of the new care homes beyond the existing contract term.
  - Links back to the developments in West Hendon/Brent Cross and thus supports the Council's regeneration objectives.
  - Ensures suitable range of day care is available to meet the needs of Older People in Borough with social care needs.
- 9.9 Officers are working to conclude the renegotiation of the Contract within the financial year 2010/11 in order to give some assurance regarding future potential liabilities as part of the financial and business planning process for 2011/12 onwards.

## **10. LIST OF BACKGROUND PAPERS**

10.1 None

Legal – PJ  
CFO – AT/MC



**AGENDA ITEM: 7**      Pages 21 – 28

Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Transfer of social care allocations from NHS Barnet to Barnet Council</b>
Report of	Cabinet Member for Adults
Summary	<p>This paper sets out for approval the plans developed by NHS Barnet and the Council's Adult Social Services Directorate for the deployment of the social care allocations for Barnet through the NHS. Section 256 of the NHS Act 2006 enables NHS Barnet to transfer to the Council the social care allocations in connection with its health functions. The social care allocations must be spent against a plan agreed across health and social care to develop a financially sustainable health and social care economy and develop a connected approach to commissioning and service delivery. This approach to managing financial allocations supports the One Barnet Strategy.</p>

Officer Contributors	Alison Kemp, Associate Director (Partnerships and Planning)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Proposed Areas for Investment of Allocations
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Alison Kemp, Associate Director (Partnerships and Planning), 020 8359 4242.

## **1. RECOMMENDATION**

- 1.1 That the transfer of social care allocations from NHS Barnet to the Council as set out in paragraph 9.4 for the period 1 January 2011 to 31 March 2012 pursuant to Section 256 of the NHS 2006 Act be approved.**
- 1.2 That the allocations be ring fenced for social care in line with national guidance to be managed by the Health and Well-Being Board (HWBB).**
- 1.3 That it be noted that there are allocations relating to the 2010/11 financial year (£967,000) and for 2011/12 (£3.9m) and 2012/13 (£3.7m – est.).**
- 1.4 That monies relating to the financial year 2010/11, identified specifically for the management of winter pressures, be carried forward within the Adult Social Services Directorate budget to mitigate risks relating to the Medium Term Financial Strategy that can not be delivered due to significant winter pressures experienced in 2010/11.**
- 1.5 That the criteria proposed to prioritise investment of the social care allocations and the areas that are likely to receive investment, as set out in the appendix to this report be approved with further detailed expenditure plans to be agreed through the shadow Health and Well-Being Board by May 2011.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 14 February 2011 – agreed partnership working for Health in Barnet that proposed to delegate responsibility for the social care allocation through the NHS to the shadow HWBB.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 These proposals are in line with the Barnet Sustainable Community Strategy priority objective of Healthy and Independent Living with its focus on ensuring access to health and social care services and maximising the independence of those most in need of support. The Health and Well-Being board will be the lead partnership body for this priority objective in order to ensure connected and integrated approaches across the public sector partners to commissioning and service delivery.
- 3.2 The proposals also support the corporate plan priority of 'Better Services with Less Money' as the resource will be deployed in a way which supports the achievement of the Medium Term Financial Strategy for Adult Social Services and ensures that there is targeted investment to support the achievement of the NHS Barnet Quality, Improvement, Productivity and Prevention Plan (QIPP). The QIPP focuses on improving quality and shifting healthcare from hospital to community through development of strengthened primary care and community services. The QIPP forms the strategic plan for the local NHS to achieve financial sustainability.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 These allocations represent a significant opportunity at a time when the public sector has experienced significant reductions or constraints on budgets. It is therefore imperative that these monies are transferred to local authorities but are invested in such a way that mitigate risks within the system and where possible generate opportunities to drive efficiencies across adult social care.

- 4.2 The level of social care allocations through the NHS are intended to recognise that reductions to Local Authority budgets are front loaded, impacting most significantly in 2011/12. The level of allocation in subsequent years reduces. It is therefore essential to invest in areas that will deliver additional long term savings within health and social care as opposed to investing in provision which would have to reduce year on year. It is noted that the level of investment in enablement (NHS funding over the same period) increases over the financial years.
- 4.3 If NHS Barnet fail to agree to the transfer of the social care allocations this would pose a significant risk to the Council. In order to mitigate this risk a paper has been presented to the NHS Barnet Board on 3 February 2011 setting out the requirements within the Operating Framework and the responsibilities of the NHS in relation to these allocations. A further control action was taken presenting a follow up report to the NHS Barnet Board on 28 February 2011 setting out the proposed investment plan as detailed in the appendix to this report.
- 4.4 There is a risk that the enablement allocation which can be used for health and social care priorities is deployed by NHS Barnet and North Central London sector to meet health priorities only. It is proposed that this risk is mitigated through the expenditure plans for this allocation being agreed through the HWBB.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The investments must comply with appropriate equalities and diversity issues. All business cases linked to the expenditure plan for sign off through the HWBB will need to clearly identify equality and diversity considerations and how they address local needs as identified through the Barnet Joint Strategic Needs Assessment.
- 5.2 Consideration will also need to be given to potential impact of any proposals on the protected groups pursuant to the Equality Act 2010. This general duty requires public authorities, in the exercise of their functions to have “due regard” to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act; (b) advance equality of opportunity between different groups; and (c) foster good relations between different groups. Equalities analysis will be completed within the context of the partnership with Health and be addressed through the HWBB.

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

- 6.1 The NHS Operating Framework sets out how this new funding should be managed: *‘PCTs will need to transfer this funding to local authorities to invest in social care services to benefit health, and to improve overall health gain. Transfers will need to be made via an agreement under Section 256 of the 2006 NHS Act.*

*PCTs will need to work together with local authorities to agree jointly on appropriate areas for social care investment, and the outcomes expected from this investment. This could include current services such as Telecare, community directed prevention (including falls prevention), community equipment and adaptations, and crisis response services. The Department would expect these decisions to take into account the Joint Strategic Needs Assessment for their local population, and the existing commissioning plans for both health and social care. PCTs should work with local authorities to achieve these outcomes in a transparent and efficient manner, with local authorities keeping PCTs informed of progress using appropriate local mechanisms’.*

- 6.2 For the avoidance of doubt a letter from Ruth Carnell, Chief Executive of NHS London, sent on the 21 January 2011, clearly states that these allocations should be passed through in full to Local Authorities under section 256 arrangements. These arrangements should be agreed with Local Authorities before the end of February 2011 and payments transferred at the earliest possible opportunity.
- 6.3 The investment must be agreed by finance and demonstrate appropriate value for money across social care and health. The allocation will support the delivery of the £8.9m saving plan across adult social care budgets in 2011/12. The NHS Barnet Board agreed in principle to the transfer based on an investment plan that demonstrates measurable outcomes for health and social care (both quality and finance).
- 6.4 It is recognised that the delivery of this programme of work may require additional commissioning and other resource. It is proposed that this capacity must be funded from within these allocations.
- 6.5 The commitments proposed in this report will be contained within the funds available as set out in paragraph 9.4.

## 7. LEGAL ISSUES

- 7.1 The NHS Act 2006 provides a legal framework enabling NHS bodies and local authorities to work together through delegation of functions, grant arrangements and flexibilities such as pooled budgets.
- 7.2 Section 256 of the NHS Act 2006 is the enabling power for a PCT to make payments to a local authority towards expenditure incurred or to be incurred by the authority on community services. This would enable NHS Barnet to transfer to the council the social care allocations in connection with its health functions.

## 8. CONSTITUTIONAL POWERS

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including capital and revenue finance.

## 9. BACKGROUND INFORMATION

- 9.1 There is a clear direction of travel in the current vision and policy, set out nationally, to ensure that the NHS provides support for social care during a time of significant change within the public sector. This support is related to a series of financial allocations with an agreed purpose and objectives. The table below summarises the additional funding provided to all PCTs in England in 2010/11 – 2012/13 to support social care services and deliver a benefit to the health and social care system:

Purpose	2010/11 (£m)	2011/12 (£m)	2012/13 (£m)	How funding should be spent
Development of post-discharge and re-ablement services (Enablement)	70	150	300	Development of re-ablement capacity. Opportunity to consider transfer or pooling of resources. Local discretion regarding the proportional spends on the NHS and social care.

<b>Purpose</b>	<b>2010/11 (£m)</b>	<b>2011/12 (£m)</b>	<b>2012/13 (£m)</b>	<b>How funding should be spent</b>
Support to social care services	162	648	622	Funding must be transferred to local authorities, to spend on social care services which also benefit health based on an agreed plan.

9.2 An additional allocation was announced of £400m for carers' breaks over the period 2011-2015. This allocation is specifically to provide breaks for carers and should be pooled alongside similar local authority resources. The Barnet level of allocation, the business case for investment and any agreement to transfer this resource are not considered in this paper. However, a joint approach to the management of this allocation is being developed for consideration by the Health and Well-Being Board.

9.3 The allocations set out are intended to increase the connection between health and social care, improve outcomes and deliver efficiencies against shared agendas.

9.4 The level of financial allocation for Barnet is set out below. The NHS Barnet allocation will be transferred to the London Borough of Barnet by way of a section 256 agreement.

<b>NHS funding for social care allocation</b>			
	2010/11	2011/12	2012/13
	£m	£m	£m
<b>National Allocation</b>	<b>162.000</b>	<b>648.000</b>	<b>622.000</b>
<b>London Allocation</b>	<b>24.611</b>	<b>98.363</b>	Not yet set
<b>NHS Barnet Allocation</b>	<b>0.967</b>	<b>3.888</b>	<b>3.726 (est.)</b>

9.5 The financial allocation for re-ablement services across health and social care for the Council is set out below.

<b>Enablement Allocation</b>			
	2010/11	2011/12	2012/13
	£m	£m	£m
<b>National Allocation</b>	<b>70.000</b>	<b>150.000</b>	<b>300.000</b>
<b>London Allocation</b>	<b>10.686</b>	<b>92.043</b>	Not yet set
<b>NHS Barnet Allocation</b>	<b>0.421</b>	<b>0.980 (est)</b>	<b>1.961 (est)</b>

9.6 There is an opportunity to consider the two types of allocation together in terms of ensuring that the investment offers the greatest opportunity to impact on the lives of residents in line with the Council's corporate priority to deliver better services with less money. This is also in line with the One Barnet. However, the Cabinet Resources Committee must be clear that NHS funding for social care can only be spent on social care services, whilst the enablement allocation can be spent on services that can legally be purchased/provided by health or social care. NHS Barnet and the Council are currently considering whether to formally transfer the enablement money via a section 75 arrangement or to retain the enablement money within the NHS.

9.7 A set of criteria for supporting decision making in relation to the investment of the allocations is set out below and has been applied to both enablement and social care allocations. It is proposed that any investment must satisfy the following:

- Off set current cost pressures within adult social care experienced due to changes in the local health offer;

- Mitigate the impact of agreed reductions in adult social care budgets;
- Provide an opportunity to deliver overall efficiencies within the health and social care sectors and drive up quality;
- Provide an opportunity to specifically manage hospital readmissions and the associated costs that often transfer to social care post discharge; and
- Provide an opportunity to support people living within their own homes or identified home environment to the benefit of the community.

9.8 These criteria clearly support the London Borough of Barnet Medium Term Financial Strategy (MTFS) and the Quality Innovation Prevention and Productivity plan (QIPP) being developed by NHS Barnet and the NHS North Central London sector team to deliver savings within health. Specific MTFS and QIPP priorities include:

- Income through the fairer access policy (MTFS);
- Improved efficiencies (MTFS/QIPP);
- Reduced provider spend (MTFS/QIPP);
- Improved targeting of services (MTFS/QIPP); and
- Delivering care closer to home (QIPP).

9.9 The proposed areas for investment are set out in the appendix to this report. This table includes but separates the two allocations (social care and enablement) across 2010/11 and 2011/12. Planning for 2012/13 will commence in the next financial year.

9.10 The Operating Framework also refers to the development of Health and Wellbeing Boards as “the key vehicle for councils to carry out their statutory responsibilities to lead on integrated working and commissioning across the NHS, public health and social care in collaboration with local agencies” (paragraphs 2.20-2.22). Consequently it is being proposed that the expenditure plan and associated business cases through the delegations agreed by Cabinet and the NHS Barnet Board in February of this year are signed off by the HWBB by May 2011.

9.11 It is proposed that the delivery of outcomes against the investments will be monitored through the HWBB. This ensures the clear local ownership of the resources and full engagement from key representatives including Councillors and officers, general practitioners and their current management support arrangements, Public Health and LINKS (in future Health Watch).

## **10. LIST OF BACKGROUND PAPERS**

10.1 None.

Legal – HP  
CFO – JH

## Appendix – Proposed Areas for Investment of Allocations

Service Area	Description	Expected Investment Level			
		2010/11 Social Care	2010/11 Enablement	2011/12 Social Care	2011/12 Enablement
Managing increasing activity impacted by the changing health offer	Changes to the management of continuing healthcare in line with national guidelines has led to an increase in clients returned from health funded placement to social care responsibility.	400		800	
Managing winter pressures and the impact on delivery of future year savings plans	Managing the increased pressures experienced over winter, particularly the impact of increased usage of care home beds.	400 (to be carried into 2011/12)	213 (NHS)		
Enablement	Establishing the principle of NHS responsibility for preventing readmissions within 30 days. Extending the enablement offer for Barnet residents. Understanding the impact of PACE.	30	208 (LA)	300	260
Intermediate Care (step up/step down)	Map the provision of enablement and intermediate care services for Barnet residents (registered patients). Pilot delivery of improved rapid response and admission avoidance including virtual wards. Strengthen the social work capacity on hospital sites in and out of hours. Supporting the carers role (excluding carers breaks).			900	340
Telecare/ Telehealth	To provide aids to assist home living for those people who rely on medication to manage their health conditions and for people managing with dementia.	13		200	

Service Area	Description	Expected Investment Level			
		2010/11 Social Care	2010/11 Enablement	2011/12 Social Care	2011/12 Enablement
Mental Health	Optimal Care pathway development for dementia to build business case for changed investment profile. Delivery of enablement for mental health service users.	120		500	
Older People	Deliver the Falls business case to pilot support for older adults. Improve the early supported discharge element of the stroke care pathway and implement post discharge reviews.	3		200	100
Community Equipment	Recognising the current focus of health and social care planning in supporting residents in their own home, plan for the increased spend on community equipment.			300	100
Care Homes	Develop the offer for supporting Barnet residents in care homes including continence management, medicine reviews and assessments.			250	150
Building Commissioning Capacity	Invest in the commissioning/project management capacity to deliver the projects set out above.			250	
<b>TOTAL</b>		<b>966</b>	<b>421</b>	<b>3800</b>	<b>950</b>
<b>ALLOCATIONS</b>		<b>967</b>	<b>421</b>	<b>3900</b>	<b>980</b>
<b>Available Resource</b>		<b>1</b>	<b>0</b>	<b>100</b>	<b>30</b>



**AGENDA ITEM: 8**      Pages 29 – 37

Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Integrated Community Equipment contract extension</b>
Report of	Cabinet Member for Adults
Summary	This report seeks authorisation for the extension of the Community Equipment Services contract with Mediquip Assistive Technology Ltd for a period of up to two years. It seeks authorisation for the annual extension of the Section 75 Agreement and pooled fund arrangement with Barnet NHS to act as joint Commissioners of this service.

Officer Contributors	Eryl Davies – Head of Strategic Commissioning (Adult Social Services) Alison Kemp – Associate Director (Partnerships and Planning)
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix 1 – Options Appraisal – Complex aids Appendix 2 – Savings
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Eryl Davies, Head of Strategic Commissioning (Adult Social Services), 020 8359 4559.

## **1. RECOMMENDATION**

- 1.1 That a two year extension to the integrated Community Equipment Service contract with Mediquip Assistive Technology Ltd be approved from 1 April 2011.**
- 1.2 That the annual extension of the Section 75 Agreement and pooled fund arrangements led by the Council with NHS Barnet in order to continue joint commissioning of the Barnet Integrated Community Equipment Service (ICES) be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 On 31 December 2007, the Cabinet Member for Community Services approved by delegated powers (DPR 448) for the following:
  - Award of the contract for the provision of Barnet's Integrated Community Equipment Services to Mediquip Assistive Technology Limited
  - Barnet Council re-entering into a partnership arrangement of up to 5 years duration for provision of Barnet's Integrated Community Equipment Service with Barnet Primary Care Trust under Section 75 of the National Health Service Act 2006 and for Barnet Council to act as the lead agency.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The contract extension supports the corporate priority of 'Better services with less money' in two main aspects; firstly through underpinning the continued investment into the delivery of complex equipment to people in independent living settings, whose assessed level of need would otherwise direct them to more costly residential/nursing care. The contract extension allows for the development of the retail model for simple equipment via the Department of Health London wide Transforming Community Equipment Services (TCES) programme which has resulted in significant cost savings across other London authorities.
- 3.2 The contract plan to extend the contract to allow for the phased introduction of a retail approach for equipment supports the corporate priority of 'Sharing opportunities and sharing responsibilities' as equipment users, supported by the state receive a prescription enabling them to obtain products free of charge then have the option to 'top up' should they prefer a product that better suits their lifestyle, within the same functional range, and pay the difference. In addition, by increasing the visibility of products in a wider marketplace, people who are not state supported are able to self help and self fund.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 NHS Barnet approved the Council's extension of its contract with Mediquip and the annual extension of the Section 75 agreement at their Board on 13 December 2010.
- 4.2 The service contract is currently between the Council and Mediquip and NHS Barnet is not a party to this contract. Under the contract, Mediquip is required to indemnify the Council against any liability, loss, claim or proceedings (as defined in the contract) that the Council may suffer during the performance of the contract. Under the partnership arrangements (Section 75 Agreement) NHS Barnet requested the same indemnity from the Council, as opposed to an agreement by the Council to enforce the indemnity in the service contract.

The consequence of NHS Barnet's request is that the Council may find itself in a position whereby it is not successful in a claim against Mediquip in the circumstances anticipated in the service contract between the Council and Mediquip, but may be found to be liable to NHS Barnet by the terms of the requested indemnity. As a result, the Section 75 Agreement, has not been signed, although, NHS Barnet is fulfilling its funding obligation in accordance with the terms of the unsigned Section 75 Agreement.

- 4.3 With respect to the proposed extension of the service contract, it is anticipated that NHS Barnet are now in agreement to be joint parties to the contract extension, so that NHS Barnet, have the same rights against Mediquip as the Council. If NHS Barnet is not party to the contract, the alternative to be agreed with NHS Barnet, is for any claim in respect of the indemnity in the service contract in favour of NHS Barnet, to be limited to an amount not more than that recovered or paid to the Council by Mediquip, less the recovery costs and any claim against the Council.
- 4.4 Equipment and minor adaptations support people with their activities of daily living so that they may live as independently as possible. Efficient delivery of equipment is critical to promoting the safety and independence of people with substantial and critical disabilities residing in their own homes and facilitating timely discharge from hospital. Measures are in place which addresses the ongoing value for money and quality aspects of the current contract including detailed monthly performance monitoring and ongoing relationship management. This regular monitoring and management of the contract has resulted in measurable improvement in the value and performance of the service over the life of the contract against a backdrop of increased demand as more complex needs are met in the community. Negotiations are being concluded on reduced product costs through effective supply chain management by the contractor which is expected to take effect within the first quarter of the extension term and reduce contract costs further.
- 4.5 Local authorities and their health partners face the challenge of providing current levels of service to increasing numbers of people with disability within a decreasing cash envelope. The projected increase in Barnet indicates a 42% rise in the number of people over the age of 65 by 2029. An extra 19,000 people could require equipment support and this would present a significant cost under the current model. The retail model will increase the quality, choice, and innovation of products in Barnet, giving people the desired equipment to be less dependent on the state and more empowered to self help and offer improved value for money.
- 4.6 The Department of Health has been working with several boroughs implementing the retail model and this is identified as low risk. A detailed project plan has been developed for Barnet identifying and mitigating any local risks. A dedicated business change manager drawn from the Barnet Occupational Therapy Service is working within a project framework in the design phase towards the final phase of implementation commencing May 2011. Until further work has been completed on the way forward for complex equipment, the risks are mainly associated with the procurement of the appropriate service. The extension of the current contract mitigates those risks by working with a known provider within a well established contract and performance framework.
- 4.7 According to advice from the Department of Health, it could take at least 15 months to fully implement the retail model and a new Complex Aids solution simultaneously. The extension of the current contract allows the Council and NHS Barnet to take the opportunity to move away from institutionalised equipment provision and into the retail market in a phased approach.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The contract states that the provider must comply with equalities legislation, and the Council's Equalities Policy. The Provider's own equalities policy was evaluated as part of the tender process under the Council's Procurement Equalities Policy.
- 5.2 The service contributes to the Council's responsibilities under equalities legislation in particular with regard to promoting equality of opportunity between disabled persons and other persons, promoting positive attitudes towards disabled people, and encouraging participation by disabled people in public life.
- 5.3 Service take up is monitored through the operational management aspects of the contract including the breakdown of demand by age, gender, ethnicity and post code.

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

- 6.1 The proposed extension is for two years from 1 April 2011 to 31 March 2013 and the proposed extension schedule to the contract is consistent with the phased implementation of TCES and alternative sources of Complex aids in the Borough as set out below:
- A period of 'ramp down' for the provision of Simple aids from May 2011 to January 2012 with no further requisitions at the end of this period to take account of the phased implementation of the retail model; and
  - Mediquip has agreed a notice provision of six months after a minimum one year, period, to terminate the contract, which would allow an alternative solution for Complex aids to be brought into play before the end of the term if required.
- 6.2 The global value of these contracts in term of annual spend has risen in each year of the contract attributable directly to an increase in demand. The trend indicates around 14% increase in each year. The projection of contract spends for the extension years assume that demand will continue to increase by around 10% in each year. The total projected value of the extension therefore is just over £4 million with the split between London Borough of Barnet and NHS spend set out below.
- 6.3 The simple aids purchasing has formed over 70% of the provision most of which is through the social care element of the contract and therefore the savings generated in the next two years will be proportionately higher for adult social care.
- 6.4 The table below shows the projected annual value of the contract with TCES savings included. The projected savings are set out in appendix 2.

Contract year	Total	Council	NHS Barnet
2008/09 year 1	£1,724,313	£1,059,339	£664,974
2009/10 year 2	£1,940,934	£1,207,697	£733,237
2010/11 year 3 (projection to yr end)	£2,135,027	£1,328,466	£806,560
Extension year 1 (Projection)	<b>£2,062,607</b>	£1,282,842	£779,765
Extension year 2 (Projection)	<b>£1,942,392</b>	£1,205,446	£736,945

- 6.5 The medium term financial plan for adult social care has total savings of 300k against equipment through the implementation of the retail model generating part year savings in years 1 and full year savings in year 2. This remainder of savings for year one will be generated through continuing application of controls and through controls on contract costs and demand.

- 6.6 For Complex Equipment: it is estimated that the benefits generated from a change in service delivery will not be realized until 2013. Although the retail model targets simple aids, it was agreed that an options appraisal would also review how the cost of complex items could also be handled more effectively. An appraisal was undertaken supported by the Department of Health to look at how best to manage both simple and complex equipment as part of the implementation of the retail model. This identified six alternatives which have been since reduced to three recommendations for further analysis and due diligence to be completed by October 2011 and then taken to project phase as set out in appendix 1.
- 6.7 The Council is not obligated by the contract, or any extension of the contract, to purchase any products or services from Mediquip. The contract and any extension allows the Council therefore to fulfil its legal obligation under Right to Control to allocate a cash element to an individual service user with eligible need for equipment as part of a personal budget simultaneously.
- 6.8 It is anticipated that the Barnet integrated Community Equipment Service (ICES) will use alternative suppliers, even before the end of the extension, certainly for the provision of Simple Aids and possibly for the provision of Complex Aids too.
- 6.9 The terms of the extension are sufficient to allow both Mediquip and the council to plan their business in a way to ensure the maintenance of value for money service delivery throughout the period of change and have been the subject of discussion and agreement with Mediquip.
- 6.10 The total Integrated Community Equipment costs will be contained within existing Budgets in the Adults Directorate budget.
- 6.11 There are no issues relating to Staffing, IT and Property directly relating to this contract extension.

## **7. LEGAL ISSUES**

- 7.1 The Council has the power to enter into a contract for the provision of community equipment pursuant to, amongst other provisions, Section 2 of the Chronically Sick and Disabled Person's Act 1970; Section 45 of the National Assistance Act 1948; Section 17 Children's Act 1989; Section 47 NHS and Community Care Act 1990; Section 2 Carers and Disabled Children Act 2000; and Section 57 of the Education Act 1996, all in conjunction with Section 111 of the Local Government Act 1972.
- 7.2 Sections 26-31 of the Health Act 1999 require Local Authorities and NHS Trust bodies to work together to improve health and social care and to provide for flexible funding and working arrangements to be established by agreement to facilitate this. This would include, but is not limited to, a pooled budget arrangement.
- 7.3 The Barnet integrated Community Equipment Service (ICES) is jointly commissioned by the Council and Barnet NHS through a Section 75 Agreement and pooled fund arrangement. This Agreement gives an option for the commissioning partners to extend the Agreement annually for one year up to a maximum of 2 further years.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including agreeing exceptions to standing orders.

- 8.2 The Council's Contract Procedure Rules in Paragraph 5.6.1 states the acceptance parameters for Contract Extensions. It provides that: in the case of an extension to a contract:
- The initial contract was based on a competitive tender or quotations;
  - The initial contract has not been extended before; and
  - The value of the extension is less than half the cost of the existing contract without the extension and has a budget allocation.
- 8.3 The Council's Contract Procedure Rules in Table 5-2 states the Acceptance thresholds for contract extensions and variations. It states that for contract extensions greater than £156,442 authority must be sought from Cabinet Committee.

## **9. BACKGROUND INFORMATION**

- 9.1 Community equipment is the collective term used by health and social care staff for products that help disabled, vulnerable and older people live as independently as possible in their own homes. They are classified as 'Simple Aids to Daily Living' (typically £0 – £100 in value) or 'Complex Aids to Daily Living' (£100+). The Council and NHS Barnet currently loan community equipment to disabled and older people through an outsourced contract with Mediquip led by Adult Social Services via a section 75 agreement. One of the main costs of the contract besides the equipment itself is a substantial cost on the delivery and collection of low cost high volume items.
- 9.2 In August 2010 the Council signed an initial Partnership Agreement with the NHS Barnet and the Department of Health to join the Transforming Community Equipment Services (TCES) project following approval by the senior management team of an outline business case for the introduction of a new model for service delivery.
- 9.3 The aim of TCES is to implement the retail solution for simple aids to daily living (SADLs) across London within 2 years. Each of the 33 Boroughs of London has been placed in one of 5 waves of delivery. Barnet is in wave 3 being delivered alongside Enfield, Haringey, Hammersmith & Fulham and Waltham Forest London Boroughs.
- 9.4 TCES is an important element within health and social care policy as set out in the Putting People First agenda and subsequently in the Vision for Social Care (2010), which puts people at the heart of the decision making process and enables them to identify their needs and to make choices about their support. This vision includes early intervention and prevention whilst creating a growing accessible market place where individuals have the power to shape the services they need.
- 9.5 A TCES project manager worked on site in the Borough to support full project initiation and a local governance structure for the planning, design and implementation of the new model.
- 9.6 The new model means 'Simple Aids to Daily Living' will be provided through the retail marketplace reducing the delivery costs of items and returns. Users receive a prescription from an assessment enabling them to obtain products free of charge (or purchase) from an accredited retailer in the Borough. Users have the option to add to this prescription and 'top up' should they prefer a product that better suits their lifestyle, within the same functional range, and pay the difference. Mediquip will no longer be supplying simple aids to daily living with savings accruing from reductions in logistics costs associated with delivery and collection of simple aids.

It is planned that around 15-20 pharmacies, charities, mobility stores and 3rd sector voluntary organisations will become accredited to offer TCES products in store in the Borough. Local retailers have been approached with a very positive response and are now moving towards becoming accredited TCES outlets through the TCES local project.

- 9.7 The Council and Barnet NHS are in the design stages of TCES planning and the first prescription issued under the new retail model is planned for May 2011 which is several months after the expiry date of the current service contract with Mediquip. Given that the current contract with Mediquip Assistive Technology expires in March 2011, a contract extension for a period of two years with a 6 month break clause after one year, will suit the transition objectives for simple aids.
- 9.8 The TCES model offers no solution for the provision of Complex Aids, which are also supplied by Mediquip. The Department of Health advised Barnet Adult Social Services on several options for the provision of Complex Aids. These options include joining a London Consortium who are contracting with Mediquip or commissioning the service jointly with LB Enfield who manage and maintain Council run equipment store. It is anticipated that implementing a solution for the provision of Complex Aids across health and social care will take at least 15 months. The contract extension proposed will therefore allow for a longer period for due diligence in respect of the recommended options for Complex aids set out in the appendix 1 and is made in the context of advice from the Department of Health concerning TCES.
- 9.9 Developing the retail model for community equipment and procurement of a contract for complex items is being led by Adult Social Services and overseen by a Partnership Project Board which includes input from health and adult social care and children's services staff from an existing operational group and is a key partnership objective for joint commissioning for 2011/12.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal –  
CFO –

## Appendix 1 – Options Appraisal – Complex aids

### Option 1 – Do Nothing:

- Extend/renew current contract for both simple and complex aids for daily living with Mediquip.

### Option 2 – Retail Model for Simple Aids & Retain the Current Contract for Complex Equipment:

- Move to TCES retail model for simple aids and extend/renew Mediquip contract for complex aids.

### Option 3 – Retail Model for Simple Aids & Tender for Complex Equipment:

- Move to TCES retail model for simple aids and go out to tender with other suppliers for complex aids.

### Option 4 – Retail Model for Simple Aids & transfer to London Consortium for Complex Equipment:

- Move to TCES retail model for simple aids and join London Consortium for complex aids.

### Option 5 – Retail Model for Simple Aids & transfer to London Consortium for Complex Equipment:

- Move to TCES retail model for simple aids and form consortium with other surrounding boroughs for complex aids.

### Option 6 – Retail Model for Simple Aids & obtain Complex Equipment from a Neighboring Service:

- Move to TCES retail model for simple aids and create agreement with the surrounding boroughs with an in-house store for the supply of complex aids.

Table 1 outlines the cost benefits ranking of the options (Simple Aids to Daily Living (SADLS), Complex Aids to Daily Living (CADLS)).

**Table 1 - Options Appraisal - Cost Benefits: Ranking of Options**

Rank	Option	Saving		
		SADLS	CADLS	Total
1	Option 6 - Retail Model & Neighbouring Authority	-£409,015	-£241,899	-£650,914
2	Option 3 - Retail Model & Tender CADLS	-£409,015	-£223,013	-£632,028
3	Option 2 – Retail Model & Current Contract for CADLS	-£409,015	-£74,770	-£483,785
4	Option 4 - Retail Model & London Consortium	-£409,015	-£53,860	-£462,875
5	Option 5 -Retail Model and Alternative Consortium	£0	£0	£0
6	Option 1 - Do Nothing	£0	£0	£0

The following options have been short listed for further analysis and due diligence in order to take forward to the project phase:

- Option 3 – Retail Model and Tender;
- Option 4 – Retail Model and London Consortium; and
- Option 6 – Retail Model and Neighbouring Authority (Enfield).



## Appendix 2 – Savings

- Background – Integrated Community Equipment service
- High level of transactions with 27,800 items delivered and 12,700 items collected each year.
- Services provided include delivery, collection, storage, cleaning, refurbishment and repair, retail, specials procurement, recycled specials storage, system provision and training, PAT and LOLER testing, telecare installation, and out of hours service.
- During extension further savings projected related to:
  - Product and contract savings of £163,000 per annum
  - Continued savings from increase in collections annual £90,000
  - Retail model – projected savings £326,000 over 2 years

Total projected savings over 2 year term will depend on level of implementation of the mix of retail and contract savings.

**AGENDA ITEM: 9**      Pages 38 – 46

Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Customer Services Organisation and New Support Organisation: Options Appraisal</b>
Report of	Cabinet Member for Customer Access and Partnerships Cabinet Member for Resources and Performance
Summary	This report outlines the Options Appraisal completed for the Customer Services Organisation (CSO) and New Support Organisation (NSO) Projects and seeks authority to develop business cases for the future delivery of the in scope services.

Officer Contributors	Craig Cooper, Director of Commercial Services Andrew Cox, Project Manager, Commercial Services
Status (public or exempt)	Public
Wards affected	All
Enclosures (separately circulated)	Appendix 1 – Customer Services Organisation and New Support Organisation Options Appraisal Appendix 2 – Joint Trade Union COS-NSO interim critique Appendix 3 – Customer Services Organisation and New Support Organisation Options Appraisal – commentary on interim critique
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Andrew Cox, Project Manager, 020 8359 4889.

## **1. RECOMMENDATIONS**

- 1.1 That the Director of Commercial Services be authorised to produce a business case for the following:**
- a. the procurement of a private sector partner(s) to deliver the following services – Customer Services, Estates, Finance, Human Resources, Information Systems, Procurement, Revenues and Benefits.**
  - b. the interim transformation (prior to transfer to a private sector partner) of the following services – Customer Services, Information Systems**
  - c. change and service improvement of the following services – Estates, Procurement**
  - d. the options and recommendations for the in-house transformation of Legal Services.**
- 1.2 That the details of business case 1.1a be referred to and considered by a future meeting of Cabinet Resources Committee.**
- 1.3 That the Director of Commercial Services be authorised to initiate the procurement of a private sector partner(s) to deliver the following services:**
- Customer Services, Estates, Finance, Human Resources, Information Systems, Procurement, Revenues and Benefits.**
- 1.4 That this procurement process will only proceed into the dialogue phase once the business case identified in 1.1a above be approved by Cabinet Resources Committee.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 6 May 2008 (Decision item 5) – approved the establishment of the Future Shape of the Organisation<sup>1</sup>.**
- 2.2 Cabinet, 3 December 2008 (Decision item 5) – approved the programme structure for the next phase of the Future Shape programme and that a detailed assessment of the overall model for public service commissioning, design and delivery should be undertaken.**
- 2.3 Cabinet, 6 July 2009 (Decision item 5) – approved that three principles would be adopted as the strategic basis for making future decisions:**
- a new relationship with citizens**
  - a one public sector approach**
  - a relentless drive for efficiency.**

It also approved a phased approach to delivering the Future Shape Programme and immediate consolidation of activity in the areas of property, support and transact.

- 2.4 Cabinet, 21 October 2009 (Decision item 8) – approved plans to implement the Future Shape programme.**

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<sup>1</sup> The Future Shape programme has been renamed One Barnet Programme. The relevant previous decisions shown refer to meetings held before this change.

- 2.5 Cabinet, 21 June 2010 considered the medium-term strategic context for the Council and likely very substantial financial challenges. Cabinet endorsed the Future Shape programme as the response to the challenges set out. The report also noted that the full implementation costs of Future Shape were not budgeted at that time and would need to be factored into future financial planning and in reviewing earmarked reserves.
- 2.6 The financial statements for 2009/10, agreed by the Audit Committee on 21 September 2010, established a Transformation Reserve to meet the costs of the Future Shape programme.
- 2.7 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The three priority outcomes set out in the 2010/13 Corporate Plan are:
- better services with less money;
  - sharing opportunities, sharing responsibilities; and
  - a successful London suburb.

The One Barnet Programme has three overarching principles:

- a new relationship with citizens;
- a one public sector approach; and
- a relentless drive for efficiency.

- 3.2 The proposals outlined in the Customer Services Organisation and New Support Organisation options appraisal fit within the One Barnet principles. In line with the One Barnet principles all services should:

#### **A new relationship with citizens**

- be designed and delivered around customers' needs;
- provide the best possible customer experience; and
- enable customers to help themselves by providing accurate and accessible information and enabling self-service wherever possible.

#### **A one public sector approach**

- be in a position to support the requirements of all public sector partners and drive better multi-agency working; and
- be flexible and therefore able to rapidly respond to changing demands.

#### **A relentless drive for efficiency**

- 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); and
- safeguard the Council's position to maintain its reputation and comply with legal responsibilities.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 Risks associated with the delivery of the projects are managed and reported in accordance with corporate risk and project management processes and will also be reported through existing democratic processes.

- 4.2 A comprehensive risk assessment associated with the future delivery of these services will be completed through the production of business cases in order to inform decision making prior to the initiation of any significant change in delivery models.
- 4.3 The key risks of not implementing the recommendations of this options appraisal are that:
- the Council fails to foster opportunities for investment by the private sector.
  - the Council fails to keep pace with changes in society, for example with regard to use of technology.
  - the Council fails to halt the decline in customer satisfaction.
  - the Council fails to ensure existing commercial arrangements with third parties are delivering value for money.
  - the Council does not undertake the effective strategic planning needed to deliver services in a way which continues to meet growing residents' need in a challenging financial climate. Instead, the Council continues a programme of year on year cuts, leading to a decline in the quality of service delivery and customer satisfaction.
- 4.4 The key risks associated with delivering the recommendations of the options appraisal are:
- funding is not available to deliver, leading to failure to complete key activities or diminishing the quality of outcomes – initial mitigating action has been taken on this risk as the funding strategy for the programme has been approved. More detailed financial costs of delivery will be outlined in business cases as they are developed.
  - uncertainty that the market will respond as anticipated to the services under consideration for a private sector partnership – soft market testing in September 2010 showed that the market is interested and ready to deliver these services, however, further work will be done with the market to ensure the position remains the same.
  - contract arrangements are not robust and do not achieve intended outcomes or protect the Council from risk – the Council has procured support to ensure that the competitive dialogue process is robust and that the contract arrangements are beneficial to the Council.
  - loss of internal and external engagement due to poor communication – communication and engagement plans will be put in place for the next phase of this project and any other projects initiated as a result of this paper.
  - Reputational damage to the Council as a result of not delivering the expected benefits – benefits will be set out and validated in business cases. These will be managed and tracked.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 It is recognised that such a significant transformation of 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.
- 5.2 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 2010-13 Corporate Plan and work will be undertaken towards this end. This impact will be monitored through the completion and update of a Customer Equalities Impact Assessment.
- 5.3 Equalities Impact Assessments will be completed as part of the Business Case production and will be presented to Cabinet Resources Committee for consideration with the Business Case.

5.4 The Equalities Impact Assessments will be updated periodically throughout the projects lifecycle to assess the impact of service transformation and the projects on residents and staff.

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

6.1 The Spending Review has announced reductions in government support to local authorities of 26% over the next four years. The Council has now received its grant settlement and budget reductions of £53.4m were approved at Cabinet on 14 February 2011 in the Budget, Council Tax and Medium-term Financial Strategy 2011/12 – 2013/14 report.

6.2 For current One Barnet projects (Wave 1), estimates of savings have been made which are reflected in the Council’s financial plans. These were included within the Budget, Council Tax and Medium-term Financial Strategy 2011/12 – 2013/14 report approved at Cabinet on 14 February 2011. It has been necessary to make some assumptions regarding savings, but these have been assessed as reasonable and prudent and will be validated through the production of business cases.

6.3 The services that are in the scope of the CSO and NSO projects need to deliver savings to enable the Council to realise its medium term financial strategy, in light of the government’s spending reductions as noted above. These are underpinned by an assumption of between 10% and 15% savings on the costs of services in scope, as reflected in the One Barnet Framework. This was based on market research and industry benchmarks.

6.4 In calculating the potential savings, the total cost of the services in scope have been reduced to be prudent to reflect the fact that elements of these services will remain on the client side, and that the scope of the project may change over time.

	NSO		CSO	
	Gross Savings *	Budgetary Change **	Gross Savings *	Budgetary Change **
	£	£	£	£
2011/12	(196,000)	(196,000)	(145,000)	(145,000)
2012/13	(1,916,000)	(1,720,000)	(335,000)	(190,000)
2013/14	(2,036,000)	(120,000)	(335,000)	0
2014/15	(1,960,920)	75,080	(715,000)	(380,000)
2015/16	(1,960,920)	0	(715,000)	0
2016/17	(2,451,150)	(490,230)	(715,000)	0
2017/18	(2,074,050)	377,100	(695,000)	20,000
2018/19	(2,074,050)	0	(695,000)	0
<b>Total</b>	<b>(14,669,090)</b>		<b>(4,350,000)</b>	

\* Gross Savings refers to the total cumulative savings over the life of the contract

\*\* Budgetary Change refers to the annual adjustment amounts that the base budget would receive

6.5 These estimates are based on taking savings from the current published budget showing cumulative savings to the end of 2013/14 of £4.1m for NSO and £0.8m for CSO. Assuming that a future contract would be for seven years starting in 2012/13, the total savings over the next eight years would be £14.7m for NSO and £4.4m for CSO as set out in the table above. These estimates will be refined and amended through the production of the business cases for the procurement and internal transformation projects and the updated figures will be included within the Council’s financial planning.

- 6.6 The cost to the Council of external resources for the delivery of the chosen options will be identified through the creation of the Business Case and Delivery Plans and will be presented to a future meeting of the Cabinet Resources Committee for approval. The estimated costs for delivery of the projects is £1.967m as set out in the One Barnet framework.
- 6.7 The project will be funded from the Council's Transformation Reserve.
- 6.8 The Council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon the Council's staff. In the context of One Barnet Programme this means that all internal re-structures will be managed in compliance with the Council's Managing Organisational Change Procedure. Where the change results in a TUPE transfer the Council will meet all of its statutory obligations but it will not provide any enhancement over and above that provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006, Code of Practice and Best Value Authorities Staff Transfers (Pensions) Direction.
- 6.9 An embargoed version of a draft of the options appraisal was shared with Trade Unions. Their critique of the options appraisal and a commentary addressing the points raised in the critique are included as appendices of this report.

## **7. LEGAL ISSUES**

- 7.1 Procurement processes must comply with the European procurement rules and the Treaty obligations of transparency, equality of treatment and non discrimination.
- 7.2 In the event that services are to be externalised, the Council must comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") with respect to the transfer of staff. Where they apply, the Regulations impose information and consultation obligations upon the Council and the incoming contractor and operate to transfer the contracts of employment, of staff employed immediately before a transfer, to the new contractor at the point of transfer of the services.
- 7.3 Data Protection Act 1998 considerations in relation to Information sharing. This will be relevant during the formulation of the business case phase, as well as during any actual procurement phase.
- 7.4 A legal assessment of the delivery of services (and the extent to which services can be delivered differently) via the chosen delivery models will be completed through the production of business cases.
- 7.5 With respect to the recommendation at paragraph 1.3 and 1.4, if the business case is not approved the procurement will not proceed. If the procurement does not proceed, there is a risk of challenge from the bidders, and the further the procurement process has progressed the greater the risk of a successful challenge. However, given the recommendation at paragraph 1.4 that the procurement will not enter the dialogue phase until the approval of the business case this risk is assessed to be of low probability.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including "approval of schemes not in performance management plans but not outside the Council's budget or policy framework".

## 9. BACKGROUND INFORMATION

9.1 The Customer Service Organisation (CSO) Project was initiated in June 2010 with a mandate from the findings of the Access Group of Phase 2 of the Future Shape Programme which reported to Cabinet in July 2009. The project aims to create a Customer Services Organisation that is at the heart of a customer-centric Council and public sector in Barnet. The CSO will need to:

- Lead the transformation to a customer-centric Council;
- Deliver significant improvements to customer services;
- Support better commissioning, service improvement and innovation through understanding and promoting the customer perspective;
- Support the transformation to delivering customer access primarily through e-channels;
- Support the development of the new relationship with citizens through developing tools that put responsibility and control in the hands of residents; and
- Support the development of tools and approaches to innovation.

9.2 The New Support Organisation (NSO) Project was initiated in June 2010 with a mandate from the findings the Support Group of Phase 2 of the Future Shape Programme, which reported to Cabinet in July 2009. The following services are in scope for the project:

- Estates;
- Finance;
- Human Resources;
- Information Systems;
- Legal Services;
- Procurement; and
- Revenues and Benefits.

The project's aim is to enable the Council's support services to be delivered differently to:

- provide improved services for their (internal) customers;
- make savings to benefit the taxpayer; and
- enable them to adapt to a changing and evolving customer base in the light of any One Barnet developments and are therefore sustainable.

9.3 It is recognised that there are considerable synergies between the future delivery options for the services within the scope of the two projects and opportunities may be lost if the options were not appraised jointly.

9.4 The Options Appraisal process has involved:

- identifying aims and objectives to be delivered through the future delivery of these services;
- analysing the cost and performance of the in scope services;
- identifying potential alternative delivery options for these services;
- developing evaluation themes against which to score each potential delivery option;
- consideration of the viability of these options for each of the in scope services; and
- recommending the preferred options for future delivery of these services.

9.5 Analysis of data about the cost and performance of the in scope services indicates that the services can be split into four groups:

1. two services (Customer Services and Information Systems) require major transformation;
2. two services (Estates and Procurement) require significant change and improvement;



3. one service (Human Resources) is currently going through a transformation programme which started in 2009/10; and
4. three services (Finance, Legal, Revenues and Benefits) perform well, but there is anticipated to be the potential to improve performance and reduce costs.

9.6 Evaluation of potential future delivery options and the cost and performance of services produces the following conclusions:

1. The Strategic Partnership delivery option scores highest for the following seven services:
  - Customer Services
  - Estates
  - Finance
  - Human Resources
  - Information Systems
  - Procurement
  - Revenues and Benefits.

More detailed analysis identifies that the factors behind the high scores for the Strategic Partnership delivery option are the price, investment and performance themes. The scores attributed to these themes are predicated on there being a potential to improve performance and reduce cost through this delivery option.

The potential to improve performance and reduce cost will be further detailed through the production of a business case. The real test of the performance improvement and cost reduction potential will be the procurement process.

This procurement process should be for a private sector partner to deliver these services. The process should allow the option to form a Strategic Partnership, an Incremental Partnership or a Joint-venture, as each of these delivery options scored similarly – the process will identify the most suitable option for Barnet.

2. Major Transformation is required for two services:
  - Customer Services; and
  - Information Systems.

Significant change and improvement is required for two services:

- Estates; and
- Procurement.

Given the conclusion that the recommended delivery option is through a partnership with the private sector, it must be recognised that any benefits delivered through such a delivery vehicle will not be realised until the new partner(s) has been procured and more likely to be a minimum of six months after the contract has been mobilised. This recognition leads to the conclusion that for these services some form of internal transformation and change must be delivered in the interim. This was supported by the pace and service transformation theme scores which when looked at in isolation recommended a consultant led internal transformation.

The potential for interim transformation and change will be further detailed through the production of business cases.

3. For Legal Services the in-house transformation delivery option scored highest: A business case for future delivery of the Legal service, exploring the potential for in-house transformation should be produced. This should particularly assess how the service's customers should be provided with more flexible legal services.

- 9.7 The options appraisal recommends the following:
1. The procurement of a private sector partner(s) to deliver the following services - Customer Services, Estates, Finance, Human Resources, Information Systems, Procurement, Revenues and Benefits.

Next steps should involve:

- production a business case; and
- initiation of the procurement through the publication of an OJEU notice.

It is recommended that no dialogue should commence until this business case is approved.

2. The production of business cases for the interim transformation (prior to transfer to a private sector partner) of:
  - Customer Services; and
  - Information Systems.
3. The production of business cases for change and improvement (prior to transfer to a private sector partner) of:
  - Estates; and
  - Procurement.
4. Production of a business case exploring the option for in-house transformation of the Legal service.

## **10. LIST OF BACKGROUND PAPERS**

10.1 One Barnet Framework.

10.2 Anyone wishing to inspect the background papers should telephone 020 8359 4889.

Legal – PJ  
CFO – JH/MC

**Options Appraisal for  
Customer Service Organisation  
and  
New Support Organisation**

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## 1. Executive Summary

### 1.1. Introduction

This options appraisal is concerned with identifying the best future delivery option for the services in scope for the CSO and NSO projects 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.

This options appraisal involves a total of eight services:

- Customer Services
- Estates
- Finance
- Human Resources
- Information Systems
- Legal Services
- Procurement
- Revenues & Benefits

### 1.2. Objectives

#### Customer Services Organisation

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 creation of a Customer Services Organisation is a key project to substantially improve customers' and residents' experience of dealing with the council through both improving direct customer services and developing a better understanding of their needs which will drive service improvements.

#### New Support Organisation

The project's aim is to enable the council's support services to be delivered differently to:

- provide improved services for their (internal) customers
- make savings to benefit the taxpayer
- enable them to adapt to a changing and evolving customer base in the light of any One Barnet developments and are therefore sustainable

### 1.3. Methodology

The methodology used for the appraisal of each individual service and the group of services 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 services



## 1.4. Performance of Services

The analysis of cost and performance data indicates that the services split into four groups:

1. Two services (Customer Services; Information Systems) require major transformation
2. Two services (Estates; Procurement) require significant change and improvement
3. One service (Human Resources) is currently going through a transformation programme which started in 2009/10
4. Three services (Finance, Legal, Revenues & Benefits) perform well, but there is anticipated to be the potential to improve performance and reduce costs.

## 1.5. Potential Benefits

The expected benefits from delivering these services 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
- Financial savings

## 1.6. Recommendations

The options appraisal recommends the following:

1. The procurement of a private sector partner(s) to deliver the following services:- Customer Services, Estates, Finance, Human Resources, Information Systems, Procurement, Revenues and Benefits.

Next steps should involve:

- production of a business case
- initiation of the procurement through the publication of an OJEU notice

It is recommended that no dialogue should commence until this business case is approved.

2. The production of business cases for the interim transformation (prior to transfer to a private sector partner) of:
  - Customer Services
  - Information Systems

3. The production of business cases for change and improvement (prior to transfer to a private sector partner) of:
  - Estates
  - Procurement
4. Production of a business case exploring the option for in-house transformation of the Legal service

## 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

### 2.1. Customer Services Organisation (CSO)

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. Good customer service means a number of things - it means when a resident contacts us to request something, or complain we will deal with it quickly and efficiently and tell the customer what we have done. It means customers can access the information they need quickly and easily, and it means improving our self-service offer so that our citizens can do the things they need to when they want to, not just when we are open.

It also means much more than this - it means understanding customers' needs and reshaping services around them and their lives, rather than simply doing the things we already do a bit better or a bit faster. Council services are inevitably delivered through silos to some extent. It should not be the customers' job to join them up - we should do it for them.

The creation of a Customer Services Organisation is a key part of a wider set of projects to substantially improve customers' and residents' experience of dealing with the council. The key defining principles for these projects are:

- customers' experience should be personalised where possible
- customers should be able to make choices about their services
- but self-help should be encouraged, and choice availability and consequence should take account of the resource implications
- the service and information offered should aim to build capability
- Customer Services should act as advocates for individual customers and customers in general
- service provision should be based around people's lives, not service structures, and as such customer service should be joined up across all areas
- insight and data from customer interactions should be continually built in to delivery of services and the customer service offer
- customers should be able to access services and complete transactions online wherever possible and appropriate

The Customer Services Organisation is at the centre of this vision to create a customer-centric council. It will need to bring together customer facing staff from across the council in order to:

- create a relentless focus on excellent customer service where managers and staff have this as their sole focus, and are trained and equipped to do this effectively
- deal with customers as people with needs that cut across service boundaries through understanding the different interactions they have with the council and developing ways to meet them more efficiently

It will provide a key set of information for organisational decision-making:

- providing those commissioning services information about and understanding of their customers and their requirements
- challenging the organisation to change and deliver services that are best for customers
- advocating for the customer at all stages of their interaction with the council

Providing high quality, efficient and effective customer services is key to enabling the council to engage in a broader conversation with residents about

shared opportunities and responsibilities. It is at the heart of driving service improvements to deliver better services for less money.

## 2.2. New Support Organisation (NSO)

The mandate<sup>1</sup> for the New Support Organisation project is:

1. Support services need to change in order to respond to the challenges and opportunities of the future
2. In-house improvement alone is not a sustainable option given the scale of the budget pressures and the opportunity to work more closely with partners

The project's aim is to enable the council's support services to be delivered differently to:

- provide improved services for their (internal) customers
- make savings to benefit the taxpayer
- enable them to adapt to a changing and evolving customer base in the light of any One Barnet developments and are therefore sustainable

The following services have been identified as in-scope for the project:

- Estates
- Finance
- Human Resources
- Information Systems
- Legal Services
- Procurement
- Revenues & Benefits

## 2.3. 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.

---

<sup>1</sup> Cabinet, 6 July 2009; Cabinet, 21 October 2009

### 3. Options Appraisal

This options appraisal is concerned with identifying the best future delivery option for the eight services in scope for the CSO and NSO projects in order to realise the potential benefits identified as part of the One Barnet programme.

This section of the document presents a combined options appraisal for all of the services, identifying where appropriate the synergies and differences between them.<sup>2</sup>

#### 3.1. Aims and objectives

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 CSO and NSO projects the customers of these services may include residents, local businesses, internal council services and other public sector partners.

In line with the One Barnet principles all services should:

Aims and objectives	One Barnet principle
<ul style="list-style-type: none"> <li>• be designed and delivered around customers' needs</li> <li>• provide the best possible customer experience</li> <li>• enable customers to help themselves by providing accurate and accessible information and enabling self-service wherever possible</li> </ul>	A new relationship with citizens
<ul style="list-style-type: none"> <li>• be in a position to support the requirements of all public sector partners and drive better multi-agency working</li> <li>• be flexible and therefore able to rapidly respond to changing demands</li> </ul>	A one public sector approach
<ul style="list-style-type: none"> <li>• operate as efficiently as possible to both minimise the cost of the service and minimise the cost to customers of accessing the service</li> <li>• be innovative and take advantage of evolving technology, thinking and practice</li> <li>• maximise the value the council achieves from all its assets (capital and revenue)</li> <li>• safeguard the council's position to maintain its reputation and comply with legal responsibilities</li> </ul>	A relentless drive for efficiency

Table 1: Aims and Objectives

<sup>2</sup> Detailed options appraisals for the eight services individually are available in Appendix F.

### 3.2. Scope

The eight services in scope have been defined and are currently understood as follows.

Service	Scope	FTE
Customer Services	Transactional customer services <ul style="list-style-type: none"> <li>- current Customer Services Team (5 functions)</li> <li>- Business Support Team in Planning, Housing and Regeneration (6 functions)</li> <li>- 35 further functions devolved within services</li> <li>- functions operate across all contact channels (telephone, face-to-face, email, post or web)</li> </ul> Customer Insight and transforming the customer experience <ul style="list-style-type: none"> <li>- production of intelligence on customers, their needs and their service use</li> <li>- customer advocacy</li> <li>- service re-design</li> </ul>	Approx 220
Estates	Facilities Print and Document Management Capital and Asset Management Property Services Does not include Greenspaces and maintenance of housing stock	81.28

Service	Scope	FTE
Finance	Includes any function that appears to be finance i.e. deals with money, except those in Revenues & Benefits as they are elsewhere in the project's scope. There are some finance activities which are devolved within services, but the vast majority is consolidated within the Finance service.  Does not include Internal Audit as this needs to be independent for governance reasons and to avoid conflicts of interest	120.86
HR	All Human Resources activity, including traded service to schools	82.12
Information Systems	Includes all IT activity e.g. software & hardware support, report writing, IT training  Delivers via a mixed model - some functions within the centralised service, some devolved in services and some outsourced to third party providers	61.8
Legal	The majority of functions are delivered in-house through the centralised Legal Team  Large scale projects such as PSCIP, BSF, One Barnet, regeneration projects engage legal services from the market to bring in the required capacity and expertise	32.8
Procurement	Contract management Transactional procurement Central purchasing Complex procurement	5.6 <sup>3</sup>

<sup>3</sup> Corporate Procurement team is 5.6 FTE, but as Procurement is largely devolved within services that total number of FTEs in scope is unknown.



Service	Scope	FTE
Revenues & Benefits	Local taxation – billing, collection of council tax and NNDR Benefits – administration and management of housing and council tax benefits Revenues Control – oversight and management of IT systems and data	165
Total		771.71

Table 2: Scope of Services

### 3.3. Costs

It is important to understand the costs of services, particularly to understand how the cost of the service (and its relative performance) compares to other local authorities. This understanding will enable potential benefits to be assessed qualitatively through the options appraisal and quantitatively through the subsequent business case development process.

This options appraisal has tried to identify the true cost of end-to-end delivery of these services – this includes centralised functions and activity devolved within directorates. For this reason figures below will not tally to published accounts and budget figures.

The figures in the tables below give an indication of the expenditure and income of the services in scope.

More accurate costs for these services will be developed through the production of the business case.

	2007/08 Actual/£	2008/09 Actual/£	2009/10 Actual/£	2010/11 Budget/£
Customer Services <sup>4</sup>	~3,300,000	~3,300,000	~3,300,000	3,312,000
Estates	13,503,387	14,051,191	15,118,833	12,941,410
Finance	4,794,721	4,795,628	5,579,433	5,152,117
Human Resources	3,494,323	3,367,134	4,423,030	4,237,310
Information Systems	9,583,470	9,679,591	9,437,102	9,438,440
Legal	2,300,004	2,178,573	2,268,801	2,436,760
Procurement	918,215	2,302,491	1,894,068	1,718,232
Revenues & Benefits	6,421,151	6,601,333	6,901,038	7,417,020
Totals <sup>5</sup>	44,315,271	46,275,941	48,922,305	46,653,289

Table 3: Service Expenditure

<sup>4</sup> Figures for staff costs identified as engaged in “Front-office” customer service activity for 2010/11. For more detail of costs for CSO please see Appendix F, section F.1.4. Figures have been estimated (with no change for 2007/08, 2008/09, 2009/10) to enable comparison of the trend of total cost of the eight services across this period.

<sup>5</sup> Figures for 2007/08, 2008/09, 2009/10 include estimated costs for Customer Services.

	2007/08 Actual/£	2008/09 Actual/£	2009/10 Actual/£	2010/11 Budget/£
Estates	5,876,502	6,214,923	7,014,214	5,100,060
Finance	1,349,775	1,293,362	1,384,759	1,435,102
Human Resources	1,922,607	2,039,298	1,310,672	1,473,190
Information Systems	1,875,528	1,940,101	2,245,982	2,371,180
Legal	676,951	771,143	836,360	586,740
Procurement	60,951	462,088	286,800	32,200
Revenues & Benefits	4,186,753	4,311,789	4,364,943	4,160,910
Totals	15,949,067	17,032,704	17,443,730	15,159,382

Table 4: Service Income

### 3.4. Change Required

Analysis of data about the individual services 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 for these services.

Improvement area	Assessment criteria
Customer focus	Is the service designed and delivering around the requirements of its customers?
Cost	How much does the service cost against comparators?
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?

Table 5: Improvement Areas

Each of the improvement areas were scored with the service leads. The table below shows how the scores for each of the improvement areas are represented.

Improvement area	Scoring
Customer focus	✓ = yes ✗ = no
Cost	£ = low comparative cost ££ = medium comparative cost £££ = high comparative cost ? = not possible to compare costs
Performance	✓✓ = best-in-class ✓ = well performing ✗ = adequately performing ✗✗ = low performing ✗✗✗ = very low performing
Systems maturity	✓ = systems fully supporting delivery of service ✗ = systems require minor development ✗✗ = systems require some development ✗✗✗ = systems require major development
Service maturity	✓ = service mature and established ✗ = service requiring some change ✗✗ = service requiring transformation
Staff capability	✓ = staff are appropriately skilled and knowledgeable ✗ = staff group have some skill and knowledge gaps ✗✗ = staff group have significant skill and knowledge gaps

Table 6: Scoring of improvement areas

The table shows the individual service assessments for each of the improvement areas, as identified through analysis of data with service leads.

Service	Customer focus	Cost	Performance	Systems maturity	Service maturity	Staff Capability
Customer Services	x	£££	xxx	xxx	xx	xx
Estates	x	?	xx	xx	xx	x
Finance	✓	££	✓	x	✓	✓
Human resources	✓	£	x	x	x	xx
Information Systems	x	£	xx	✓ <sup>6</sup>	xx	x
Legal	✓	£	✓	✓	✓	✓
Procurement	x	?	xx	x	xx	x
Revenues & Benefits	✓	£	✓	✓	✓	✓

Table 7: Consolidated Service Analysis

Analysis indicates that the services can be split into four groups:

1. Two services (Customer Services; Information Systems) require major transformation
2. Two services (Estates; Procurement) require significant change and improvement
3. One service (Human Resources) is currently going through a transformation programme which started in 2009/10
4. Three services (Finance, Legal, Revenues & Benefits) perform well, but there is anticipated to be the potential to improve performance and reduce costs

### 3.5. 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)

<sup>6</sup> This is referring to the systems used to support the effective running of the IS service i.e. the Helpdesk tool, which is the IS case management system.

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. By service calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

### 3.5.1. Evaluation Theme Weightings

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

Area for Improvement	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.
System 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 apace 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.

Table 8: Link between Areas for Improvement and Evaluation Themes

The weightings against each evaluation theme developed with service leads are identified in the table below.

Service	Price	Investment	Income Generation	Pace	Flexibility	Performance	Service Transformation
Customer Services	2	2	0	3	1	3	3
Estates	3	2	0	1	2	2	3
Finance	4	1	1	0	2	3	3
Human resources	3	2	1	2	1	2	2
Information Systems	3	2	0	2	1	3	3
Legal	4	0	0	0	4	4	0
Procurement	4	0	0	2	1	3	3
Revenues & Benefits	4	0	0	1	3	4	0

Table 9: Evaluation weightings for each Service

0 0 – 5% importance, 1 6 – 10% importance, 2 11 – 15% importance, 3 16 – 20% importance, 4 greater than 21% importance

### 3.5.2. Evaluation Scores

The weighted themes produce a score for each delivery option for each service (see Appendix A for details). This table shows the scores and highlights the highest scoring delivery option for each service.

Service	In-house		Public sector partnership	Private sector partnership		
	In-house transformation	Consulting-led transformation	Shared Service	Strategic Partnership	Incremental Partnership	Private Sector Joint Venture
Customer Services	2.4	2.95	2.1	3.65	3.35	3.5
Estates	2.45	2.75	2.2	3.8	3.45	3.6
Finance	2.55	2.65	2.3	3.9	3.55	3.65
Human Resources	2.3	2.7	2.1	3.7	3.35	3.5
Information Systems	2.45	2.85	2.15	3.8	3.45	3.6
Legal Services <sup>7</sup>	3.16	2.72	2.55			
Procurement	2.55	2.95	2.15	3.8	3.5	3.55
Revenues & Benefits	2.85	2.7	2.35	3.9	3.55	3.6

Table 10: Scores for each Delivery Option for each Service

<sup>7</sup> The Legal Service has not been scored for any of the options that involve a private sector partnership, as a Soft-Market Testing exercise indicated that there was no viable market for the provision of Legal Services through this sort of arrangement.



### 3.6. Benefits

This options appraisal has identified that in order to address the areas for improvement (identified in section 3.4) these services need 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	Services delivering differently, designed around the requirements of their customer
Save customers' and partners' time when interacting with the council	Better customer service processes, including effective use of technology Improved customer focus of services Greater use of self-service
Greater choice and control for residents and customers	Effective use of technology to deliver customer services
Increased quality of services	Higher-performing services that deliver what their customers' require Effective use of technology to support efficient service delivery and management decision-making More skilled and knowledgeable staff
Increased value for money	Higher-performing services that ensure every pound is spent effectively Effective use of technology to support efficient service delivery and management decision-making
Financial savings	Reduced cost of delivering in scope services Reduced time by staff outside of the in scope services working on functions within the responsibility of these services

Table 11: Potential Benefits

### 3.7. Conclusions

#### 3.7.1. CSO/NSO Procurement

The Strategic Partnership delivery option scores highest for the following seven services:

- Customer Services
- Estates
- Finance
- Human Resources
- Information Systems
- Procurement
- Revenues and Benefits

More detailed analysis identifies that the factors behind the high scores for the Strategic Partnership delivery option are the price, investment and performance themes. The scores attributed to these themes are predicated on there being a potential to improve performance and reduce cost through this delivery option.

The potential to improve performance and reduce cost will be further detailed through the production of a business case. The real test of the performance improvement and cost reduction potential will be the procurement process. The business case should also address the following points:

- Should all of the services be delivered by one partner?
- What element of the services should be retained by the council?
- How should the private sector partner(s) be incentivised to continually meet the needs of Barnet's customers?

This procurement process should be for a private sector partner to deliver these services. The process should allow the option to form a Strategic Partnership, an Incremental Partnership or a Joint-venture, as each of these delivery options scored similarly – the process will identify the most suitable option for Barnet.

#### 3.7.2. CSO/NSO Transformation

Section 3.4 identifies that major transformation is required for two services:

- Customer Services
- Information Systems

And significant change and improvement is required for two services:

- Estates
- Procurement

Given the conclusion in 3.7.1 that the recommended delivery option is through a partnership with the private sector, it must be recognised that any benefits delivered through such a delivery vehicle will not be realised until the new partner(s) has been procured and more likely to be a minimum of six months after the contract has been mobilised.

This recognition leads to the conclusion that for these services some form of internal transformation and change must be delivered in the interim. This was

supported by the pace and service transformation theme scores which when looked at in isolation recommended a consultant led internal transformation.

The potential for interim transformation and change will be further detailed through the production of business cases.

### **3.7.3. Legal Services**

For Legal Services the in-house transformation delivery option scores highest.

A business case for future delivery of the Legal service, exploring the potential for in-house transformation should be produced. This should particularly assess how the service's customers should be provided with more flexible legal services.

## 4. Recommendations

The options appraisal recommends the following:

1. The procurement of a private sector partner(s) to deliver the following services:- Customer Services, Estates, Finance, Human Resources, Information Systems, Procurement, Revenues and Benefits.

Next steps should involve:

- production a business case
- initiation of the procurement through the publication of an OJEU notice

It is recommended that no dialogue should commence until this business case is approved.

2. The production of business cases for the interim transformation (prior to transfer to a private sector partner) of:
  - Customer Services
  - Information Systems
3. The production of business cases for change and improvement (prior to transfer to a private sector partner) of:
  - Estates
  - Procurement
4. Production of a business case exploring the option for in-house transformation of the Legal service

## Appendix A. Options Appraisal Methodology

### A.1. Process

For each service, in conjunction with service leads, the options appraisal has:

1. Identified its aims and objectives
2. Analysed the relative costs and performance:
  - captured data and baselined 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:

1. A detailed baseline of the cost of delivering the services currently
2. Models for the cost of delivering the preferred option
3. 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 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. By service calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

### A.2.1 Evaluation Themes

The table below describes each of the evaluation themes developed for this options appraisal.

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

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

Table 12: Evaluation Themes

### A.2.2 Potential Service Delivery Options

The following table describes the seven delivery options that have been considered during the evaluation exercise in this options appraisal.<sup>8</sup> Further tables then outline the strengths, weaknesses and impact on staff of each potential delivery option.

Delivery Option	Description
In-house with internal transformation	<p>In-house transformation involves retention of the service in-house within the council and an internally led and driven transformation programme. This would require the necessary vision, leadership, skills, knowledge, financial resources and capacity to deliver a major change programme internally.</p> <p>Typically, organisations identify specific funding sources to service investment, and use secondment arrangements or similar to allow key staff to be dedicated to the change programme.</p>
In-house with consultant led transformation	<p>The service will remain in-house and the organisation will engage a “consulting partner” to support the design, development and delivery of the transformation programme.</p> <p>Typically the consultant will undertake a programme management role and provide specialist resources to fill capacity and skills gaps. A key part of the engagement will be growing the internal capacity of the organisation by skills and knowledge transfer. Implementation is usually undertaken by the organisation, although they may be supported by the consultant in project management, procurement of solutions, and change management.</p> <p>The consulting partner shares some risk up to the point of business case sign off, but implementation risk in this model rests with the organisation.</p>

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<sup>8</sup> The following options have not been considered:

1. Local Authority Trading Company – this is not a viable option for these services
2. Management buy-out – this is not a viable option for these services as there is no appetite within the management teams to explore this.



Delivery Option	Description
Shared Service	<p>Shared Service refers to the provision of a service by one organisation or group of organisations where that service had previously been delivered in more than one organisation. The purpose of Shared Services is to combine and streamline functions and assets to ensure that they deliver the services required of them as effectively and efficiently as possible to the participating organisations.</p> <p>This option involves two or more public sector organisations collaborating to develop a shared solution, sometimes with external funding (this could be described as a public-sector Joint Venture). The relationship between the local authorities is regulated by a contract either for services or co-operation. This relationship may involve one local authority as the lead authority (involving some staff transfer and/or redeployment).</p>
Strategic Partnership	<p>This option involves a procurement process to identify a strategic partner to whom responsibility and risk for service delivery will be transferred. This is a relationship, not purely a contractual provision of service and the relationship with the partner needs to be equally focussed at delivering wider aspirational targets, e.g. transformation of the customer experience, as delivering day-to-day service.</p> <p>This model can make a much wider strategic contribution to the organisation by delivering additional external benefits, as well as delivering improvements and efficiencies in core services.</p>
Incremental Partnership	<p>The organisation identifies a wide scope of services in need of improvement/efficiency gain, but recognises that it cannot deliver transformation itself. The organisation contracts initially for a strategic partner to transform and deliver a small scope of services, with the option to increase the scope over time as the provider meets all performance and partnership measures within the arrangement and the council becomes ready to transfer additional services.</p> <p>The Council continues to deliver small scale improvement in non-transferred services pending a decision to increase the scope of the partnership. Service delivery and commercial risk is passed to the partner for all transferred services.</p>

Delivery Option	Description
Private Sector Joint Venture	<p>The term joint venture (JV) can describe a range of different commercial arrangements between two or more separate entities. Each party contributes resources to the venture and a new business is created in which the parties collaborate together and share the risks and benefits associated with the venture. For the public sector the success of the partnering vehicle can generate significant value for money, community benefit and potentially income. For the private sector it can be profile-enhancing and help to generate income via additional third-party contracts.</p> <p>The joint venture parties have a 'shared vision' about the objectives for the venture to be delivered through the partnership. Each party generally has an expertise or need which is central to the development and success of the new business which they decide to create together.</p> <p>A joint venture involves risk sharing; it is suitable where a jointly owned and managed organisation offers the best structure for the management and mitigation of risk and realisation of benefits.</p> <p>Joint ventures are often used to deliver ICT, HR, public access, revenues and benefits, learning and development and web services.</p>

Table 13: Description of Potential Delivery Options

### A.3. Governance

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

Section	Development	Comment	Approval
Aims & Objectives	<ul style="list-style-type: none"> <li>- Service Leads</li> <li>- Project Team</li> </ul>	<ul style="list-style-type: none"> <li>- Project Sponsors</li> </ul>	<ul style="list-style-type: none"> <li>- Project Board</li> </ul>
Analysis of costs & performance	<ul style="list-style-type: none"> <li>- Service Leads</li> <li>- Service Representatives</li> <li>- Project Team</li> <li>- Implementation Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation Partner</li> <li>- Project Board</li> </ul>	<ul style="list-style-type: none"> <li>- Service Leads</li> </ul>
Evaluation themes	<ul style="list-style-type: none"> <li>- Project Team</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Service Leads</li> <li>- Project Board</li> </ul>
Evaluation weightings	<ul style="list-style-type: none"> <li>- Service Leads</li> <li>- Project Team</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation Partner</li> <li>- Project Sponsors</li> </ul>	<ul style="list-style-type: none"> <li>- Project Board</li> </ul>
Evaluation matrix scores	<ul style="list-style-type: none"> <li>- Project Team</li> </ul>	<ul style="list-style-type: none"> <li>- Assistant Director – Commercial</li> <li>- Assistant Director – Strategic Finance</li> <li>- Implementation Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Project Board</li> </ul>
Complete report	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Service Leads</li> </ul>	<ul style="list-style-type: none"> <li>- Service Leads</li> <li>- Senior Users</li> <li>- Directors</li> <li>- Lead members</li> <li>- Implementation Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Project Board</li> <li>- Corporate Directors Group</li> <li>- Lead members</li> </ul>

Table 14: Governance arrangements

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 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 February 2011.

**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	In-house		Public sector partnership	Private sector partnership		
	In-house transformation	Consulting-led transformation	Shared Service	Strategic Partnership	Incremental Partnership	Private Sector Joint Venture
	Score	Score	Score	Score	Score	Score
Price	3	2	2	5	4	4
Investment	1	1	2	4	3	4
Income generation	1	2	2	3	3	3
Pace	2	4	1	2	2	2
Flexibility	4	3	3	3	3	3
Performance	3	3	3	4	4	4
Service transformation	2	4	2	4	4	4
Total	16	19	15	25	23	24

Table 15: Evaluation Matrix

## B.2. Rationale behind scores

Theme	Rationale
Price	A partnership with the private sector will provide the lowest cost delivery option due to the potential for use of proprietary software and significant economies of scale. It would also contractually guarantee savings and therefore benefits, which would not be guaranteed through an in-house option. Experience of other local authorities shows that Joint Ventures with the private sector do not always provide as good a price as strategic partnerships. A consulting-led transformation will cost more than an in-house transformation.
Investment	A partnership with the private sector will be the option best able to provide investment into the service, which would not be possible through an in-house option due to the state of the council's finances.
Income generation	A partnership with the private sector will be more commercially focussed and therefore better able to generate income due to the capacity available and incentivisation possible within the private sector.
Pace	Any in-house option will deliver faster than a partnership with the private sector because there will be no requirement for a lengthy procurement process. An in-house, consulting-led transformation will deliver faster than in-house transformation alone due to the presence of the consulting partners.
Flexibility	In-house options are inherently the most flexible as all control is retained in-house and therefore is directly within the council's control. Private sector partnerships provide high-levels of flexibility to respond to fluctuating demand due to the scale of their operation. Any flexibility with a private sector partner will need to be negotiated into the contract and developed through the dialogue phase of procurement.
Performance	A partnership with the private sector would be expected to deliver the greatest level of performance due to the expertise and best-of-breed capability it would bring. The client-side of any partnership will be critical in monitoring the level of performance.

Theme	Rationale
Service transformation	An in-house consulting led transformation and a partnership with the private sector scores highest as this will enable the transformation to most be focussed on Barnet's priorities, with the partner bringing expertise and innovation to the organisation, which would not be available through an in-house option alone. The in-house option scores low due to the track-record of not being able to deliver substantial transformation in-house.

Table 16: Rationale behind scores in Evaluation matrix

### Appendix C. Assessment of strengths of potential delivery options

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

Delivery Option	Strengths
In-house with internal transformation	<ul style="list-style-type: none"> <li>• The organisation retains full control of any transformation programme and therefore is able to change and adapt that programme to directly meet its changing organisational needs and objectives</li> <li>• The organisation benefits from all efficiency</li> <li>• Staff within the organisation working on the transformation grow their skills and knowledge</li> </ul>
In-house with Consultant Led transformation	<ul style="list-style-type: none"> <li>• The organisation retains full control of any transformation programme and therefore is able to change and adapt that programme to directly meet its changing organisational needs and objectives</li> <li>• The organisation benefits from all efficiency</li> <li>• Staff within the organisation working on the transformation grow their skills and knowledge</li> <li>• Specialist knowledge, expertise and experience are bought into the transformation by the consulting partner</li> <li>• The pace of transformation will be fast as the consultancy will have a financial imperative to drive this quickly</li> </ul>
Shared Service	<ul style="list-style-type: none"> <li>• This option brings benefits associated with the sharing of knowledge and practice from the constituent organisations. This may involve sharing best practice in business processes, leveraging expertise, pooling knowledge about what works across different parts of the organisation and different geographical regions, and sharing knowledge about customers.</li> <li>• Benefits are realised from reduced overheads, economies of scale and elimination of duplication of effort to streamline and simplify services to reduce costs.</li> </ul>



Delivery Option	Strengths
Strategic Partnership	<ul style="list-style-type: none"> <li>• Responsibility and risk for delivering service can be transferred to the strategic partner, although this is at a cost to the council</li> <li>• Savings for services transferred can be guaranteed by the partner and due to the scope of the services transferred the size of potential efficiencies is likely to be larger than other options</li> <li>• A competitive procurement process would be expected to provide low-priced service delivery with a contractually underwritten level of savings from the start of the contract</li> <li>• Under performance can be financially penalised through a contract</li> <li>• The partner will bring expertise, knowledge, creativity and innovation about how to deliver and transform the services</li> <li>• The pace of transformation will be fast as the partner will have a financial imperative to drive this quickly</li> <li>• The contractual relationship enables the partner to inject investment into the service up-front, but this to be paid back by the council over the life of the contract</li> <li>• The partner can be incentivised to deliver transformation and bring innovation to the working of the council</li> </ul>

Delivery Option	Strengths
Incremental Partnership	<ul style="list-style-type: none"> <li>• Responsibility and risk for delivering service is transferred to the strategic partner</li> <li>• The council retains power in the relationship through the power to transfer additional services only when it is convinced that the partner is performing sufficiently well to take on additional responsibilities. The performance of services is contractually underwritten once services are transferred.</li> <li>• Savings for services transferred are guaranteed by the partner; however, due to the incremental nature of the partnership the size of potential efficiencies will not be as large as for a strategic partnership</li> <li>• A competitive procurement process would be expected to provide low-priced service delivery with a contractually underwritten level of savings from the start of the contract</li> <li>• Under performance can be financially penalised through a contract</li> <li>• The partner will bring expertise, knowledge, creativity and innovation about how to deliver and transform the services</li> <li>• The pace of transformation will be fast for transferred services as the partner will have a financial imperative to drive this quickly, although this is not anticipated to be as fast as a full strategic partnership</li> <li>• The contractual relationship enables the partner to inject investment into the service up-front, but this to be paid back by the council over the life of the contract</li> <li>• The partner can be incentivised to deliver transformation and bring innovation to the working of the council</li> </ul>

Delivery Option	Strengths
Private Sector Joint Venture	<ul style="list-style-type: none"> <li>• The structure encourages a combined focus on achievement of a jointly agreed business plan, achieving goals and direct accountability for the performance of a joint venture's business.</li> <li>• Both partners can gain significant benefits, including sharing experience, skills, people, equipment and customer bases.</li> <li>• Commercial risk (and reward) are shared between the venture partners.</li> <li>• A joint venture enables a level of diversification and organic growth using an increased pool of resources, not available in an in-house service.</li> <li>• The option has the potential to reduce any conflict of interest that could possibly arise with one strategic partner alone. Joint ventures can be flexible. For example, a joint venture can have a limited life span, thus limiting both council commitment and the business' exposure.</li> </ul>

Table 17: Assessment of strengths of potential delivery options

### Appendix D. Assessment of weaknesses of potential delivery options

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

Delivery Option	Weaknesses
In-house with internal transformation	<ul style="list-style-type: none"> <li>• The organisation retains all transformational risk, and based on experience (there is no past example of successful major in-house transformation in Barnet) is unlikely to deliver the full expected benefit in a timely manner</li> <li>• The organisation does not possess all the skills or experience necessary to deliver major transformation</li> <li>• The organisation has to bear all the financial cost of transformation up-front</li> </ul>
In-house with Consultant Led transformation	<ul style="list-style-type: none"> <li>• The organisation retains the vast majority of transformational risk</li> <li>• The organisation has to bear all the financial cost of transformation up-front</li> </ul>
Shared Service	<ul style="list-style-type: none"> <li>• Local authorities have talked about shared services for a number of years and there is often willingness to talk; however there is little evidence of them being developed and made a reality and really delivering benefits. One of the biggest challenges in establishing shared services is the political and governance implications of pooling resources with other local authorities, and the perceived 'letting go' of direct control</li> <li>• Shared services arrangements often fail when the partners are at different stages on the road to accepting the need for change, as well as having a different ability and capacity to deliver change</li> <li>• There are significant set-up costs in establishing shared service arrangements, even in relation to relatively straightforward back-office functions</li> </ul>

Delivery Option	Weaknesses
Strategic Partnership	<ul style="list-style-type: none"> <li>• The organisation loses control over how the service is delivered (but has a contract to underwrite what is delivered)</li> <li>• The longer term incentive for continuous improvement is diminished where the partner has exhausted the opportunity to grow their contract</li> <li>• The procurement and contract development process can be lengthy and expensive</li> <li>• The council will need to establish a different operating model with a not insignificant client-side, with staff of very different skill sets to those currently in the organisation</li> </ul>
Incremental Partnership	<ul style="list-style-type: none"> <li>• The organisation loses control over how the service is delivered (but has a contract to underwrite what is delivered)</li> <li>• The longer term incentive for continuous improvement is diminished where the partner has exhausted the opportunity to grow their contract (i.e. once all in-scope services have transferred)</li> <li>• The procurement and contract development process will be lengthy and expensive</li> <li>• The council will need to establish a different operating model with a not insignificant client-side, with staff of very different skill sets to those currently in the organisation</li> <li>• Transformation and therefore benefits will only be delivered once services have transferred, therefore the pace of benefits realisation will not be as fast as for a strategic partnership</li> </ul>

Delivery Option	Weaknesses
Private Sector Joint Venture	<ul style="list-style-type: none"><li>• Costs for setting up a joint venture will be very high as this requires an extremely complicated contractual relationship</li><li>• A joint venture can be less effective if the parties involved have differing or conflicting philosophies governing expectations and objectives. Even though different institutions can sign up to a common vision and set of objectives, institutional priorities can still interfere.</li><li>• Problems can occur if there is an imbalance in levels of expertise, investment or assets brought into the venture by the different partners. The result could be that one partner may dominate the other.</li><li>• A local authority may not wish to be associated with a very profitable joint venture, or with a financially unsuccessful one potentially failing to deliver high-profile services</li></ul>

Table 18: Assessment of strengths of potential delivery options

### Appendix E. 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 undoubtedly be the requirement for staff reductions due to the economic climate.

Delivery Option	Impact on Staff
In-house with internal transformation	<ul style="list-style-type: none"> <li>• Staff would remain as local authority employees on their existing terms and conditions</li> <li>• Staff would go through a major transformation programme including cultural step-change, performance management and business improvement</li> <li>• Potential reduction in staffing requirement through the transformation process</li> <li>• Individuals with key skills may be seconded between directorates to implement the proposed changes</li> <li>• Limited investment opportunity for upskilling, employee development, asset and systems update</li> </ul>
In-house with Consultant Led transformation	<ul style="list-style-type: none"> <li>• Staff would remain as local authority employees on their existing terms and conditions</li> <li>• Staff would go through a major transformation programme including cultural step-change, performance management and business improvement</li> <li>• Staff may be upskilled due to external influence from activity specific consultants with a wider view of their industry</li> <li>• Limited investment opportunity for employee development, asset and systems update</li> <li>• Potential reduction in staffing requirement through the transformation process</li> </ul>

Delivery Option	Impact on Staff
Shared Service	<ul style="list-style-type: none"> <li>• Staff may remain as employees on existing terms and conditions</li> <li>• Staff may be subject to a TUPE transfer to a partnering public sector organisation</li> <li>• Staff would go through a major transformation programme</li> <li>• Opportunity to share/gain expertise and external insight from colleagues in a third-party organisation</li> <li>• Limited potential for investment opportunity for upskilling, employee development, asset and systems update</li> <li>• Potential for accommodation transfer to a partners premises</li> <li>• Potential reduction in staffing requirement due to economies of scale and transformation</li> </ul>
Strategic Partnership	<ul style="list-style-type: none"> <li>• Staff would be transferred to a private sector partner, employees would transfer on their existing terms and conditions under the TUPE</li> <li>• Opportunity for investment in upskilling, employee development, asset and systems update</li> <li>• Ability to share knowledge and best practise</li> <li>• Any potential partner may decide to deliver services from another location potentially meaning staff may be given the option to relocate</li> <li>• Additional development opportunities may be available due to working for a large service provider</li> <li>• Staff should gain access to a wider pool of expertise and external insight in their specific field due to working for a company that specialises in there chosen profession as it's core business</li> <li>• Potential reduction in staffing requirement due to economies of scale and transformation</li> </ul>



Delivery Option	Impact on Staff
Incremental Partnership	<ul style="list-style-type: none"><li>• Staff would be transferred to a private sector partner, employees would transfer on their existing terms and conditions under the TUPE</li><li>• Opportunity for investment in upskilling, employee development, asset and systems update</li><li>• Ability to share knowledge and best practise</li><li>• Any potential partner may decide to deliver services from another location potentially meaning staff may be given the option to relocate</li><li>• Additional development opportunities may be available due to working for a large service provider</li><li>• Staff should gain access to a wider pool of expertise and external insight in their specific field, due to working for a company that specialises in there chosen profession as it's core business</li><li>• Potential reduction in staffing requirement due to economies of scale and transformation</li></ul>

Delivery Option	Impact on Staff
Private Sector Joint Venture	<ul style="list-style-type: none"> <li>• Staff may be transferred to a private sector partner under TUPE, or seconded to the new organisation. Their contractual terms and conditions would be protected</li> <li>• Potential for investment opportunity for upskilling, employee development, asset and systems update</li> <li>• Any potential partner may decide to deliver services from another location potentially meaning staff may be given the option to relocate</li> <li>• Additional development opportunities may be available due to working for a large service provider</li> <li>• On-going disruption for staff due to long-term ambiguity and phased transfers</li> <li>• Long-term risk to staff morale and service delivery</li> <li>• Staff confidence dip due to finite venture</li> <li>• Potential for conflicting cultures and operational styles of the joint venture partners</li> <li>• Potential for conflicting senior management and management teams</li> <li>• Potential reduction in staffing requirement through the transformation process</li> </ul>

Table 19: Assessment of impact on staff of each potential delivery option

## Appendix F. Individual Service Appraisals

### F.1. Customer Service Organisation

#### F.1.1 Aims and Objectives

The overarching objective of the Customer Services Organisation (CSO) project is to put the customer at the heart of the council by improving customer access and making effective use of customer insight across the organisation to inform service design and decision-making. The effective use of customer insight must be the key driver of change across the organisation and a significant change in organisational culture is required in order to deliver this. Any option for the future delivery of the CSO must be able to drive this culture change.

This will be manifested through:

- improved customer experience of accessing the council
- improved customer experience of services as a whole
- financial savings in the “back/mid-office” through improvements and deepening of “front-office” customer service i.e. efficient customer services at the first point of contact will remove work from the more expensive back-office

Improved customer access provision will be based on the following design principles:

- holistic joined-up customer access across all council services
- potential to offer holistic, joined-up customer access all public services
- provision of joined-up customer access across all channels (phone, face-to-face, email, post & web)
- actively pursue and exploit opportunities for customer self-service
- multi-service and multi-skilled staff able to deal with end-to-end customer contact
- higher resolution offered at first point of contact, thereby minimizing hand-offs and preventing avoidable contact
- coherent brand, identity and ethos across all services and channels that is meaningful to customers
- resilient to service impairment from fluctuating demand
- efficient for the council to operate, and convenient for the customer.

The use of customer insight is based around the following principles:

- capture and use of insight to drive the re-design of services around the needs of the customers

- providing leadership methods, tools and support across the council to create a pro-active culture of capturing and analysing customer insight in a consistent manner in order to inform service improvements

### F.1.2 Scope of Customer Services Organisation

The customer services scope identified here represents the current staff dealing with customer contact (in the front and back offices across the council) including staff dealing with face-to-face customer access. Overall an estimated 220 FTEs deal with customer services across the council. This number can be broken down as follows:

- Customer Services Team includes five functions and involves 35 FTEs (including 14 FTEs that are part of the team at the two face-to-face centres and reception at NLBP).
- The Business Support Team in the Planning, Housing and Regeneration directorate delivers customer services across 6 functions and involves 6 FTEs.
- The customer service for the remaining 35 functions is devolved within services. These functions operate across all contact channels (telephone, face-to-face, email, post or web) and involve approximately 179 FTEs.

In more detail the functions in scope are:

Directorate	Function	Description – Main enquiries
Corporate Services – CSO	Planning	Planning enforcement, noise nuisance, and miscellaneous environmental health
	Street scene	Requests for recycling box and green waste bin. Reporting fly-tipping and pavements damage.
	Switchboard	Redirection, mainly to street-based services, council tax, benefits, social services and environmental health
	Parking	Renewing permit, appealing penalty charge notices and related payments.
	Customer services reception	Two face-to-face access points, reception at NLBP, planning fees enquiry, request to see duty officer, eligibility for planning permission, and request for files

Directorate	Function	Description – Main enquiries
Adult Social Services	Assisted travel	Blue-badge application and related enquiries
	Social Care Direct	Care package advice and requests for care services
Planning Housing and Regeneration	Building Control and street numbering	Applications, information, request to speak to a surveyor and chasing progress
	Housing Advice	Homeless enquiries and re-housing queries
	Enforcement	Alleged breaches of planning control
	Private trees	Notification of works to trees in conservation areas and status checks on ongoing work
	Planning registration/vetting	Planning fees enquiries, application requests and support for filling an application
	Land charges	Address checks, search requests and fee enquiries
	Business Support provides first customer contact for:	Pest control requests and enquiries. Enquiries and advice relating to food safety issues. Enquiries and advice for health and safety at work accidents. Disrepair and grant enquiries for housing. Planning consultations, complex noise complaints, air quality and chemical activity enquiries. Enquiries for domestic noise, rubbish and pests.

Directorate	Function	Description – Main enquiries
Corporate Governance	Electoral Registration	Eligibility to vote, registration and related enquiries
Children's Service	Children's Social Care Duty	Contact relating to concerns about children
	Connexions Service	Careers advice, housing support enquiries, substance misuse enquiries and assessment appointments
	Educational Welfare	Complaints from parents, licensing issues, bullying issues and penalty notices
	Adoption	Enquiries related to adoption
	Fostering	Enquiries related to fostering
	FYI	Enquiries related to childminders, pre-schools, tax credit, family support and holiday schemes
	Schools Admissions	School admission application and related enquiries
Corporate Services	Registration – births marriages, deaths and nationality	Appointments for registration, marriage notices and citizenship-related enquiries
	Benefit	Housing benefits information, application, change of circumstance and follow up enquiries
	Council Tax	Council tax information, application, change of circumstance and follow up enquiries
	National non-domestic rates	NNDR business rates information, application, change of circumstance and follow up enquiries
	Libraries	Enquiries about library services and other council services such as council tax and benefits

Directorate	Function	Description – Main enquiries
Environment and Operations	Out of hours service	Social services, highways and homeless enquiries
	Trading Standards and Licensing	Premises licensing application, general information and follow-up enquiries
	Crossovers	Crossover (dropped kerb) application, general information and follow-up enquiries
	Design & Development	Requests for disabled bays, yellow lines, and general enquiries
	Development Control	Pre-advice and applications related to highways, parking standards and travel plans
	Drug and Alcohol Team	Requests for related provision in Barnet and usage details
	Greenspaces	General enquiries, casual bookings and allotments
	Highways management	Skip license and gritting enquiries. General and school travel plan traffic calming enquiries
	Passenger Transport	New transport requests, enquiries relating to ongoing arrangements, enquiries from schools
	Priority Intervention Team	Enquiries and information about graffiti, fly tipping, abandoned vehicles and anti-social behaviour
	Road Safety	Requests and information for cycle training, school crossing, safety and parking enforcement
	Safer Communities Team	Enquiries relating to anti-social behaviour
	School Travel Plan	Requests for school travel plan funding, parking enforcement, training and sustainable transport
	Waste & Sustainability	Enquiries for blue/black boxes, green bins, flat recycling service, missed boxes and sustainability

Table 20: CSO Functions in scope



### F.1.3 Performance

- Customer services are provided across 46 different functions, with only five of these functions integrated in the corporate CSO and six integrated in PHR. The remaining 35 functions have their own provision of customer services devolved within services.
- There are over 165<sup>9</sup> published phone numbers, over 70 published email addresses, two one-stop-shops face-to-face access points, reception at NLBP and a number of other face-to-face access points in libraries, children's centres and other corporate buildings.
- There are estimated to be over 220 staff, roughly equally split between those deemed to be "front-office" staff<sup>10</sup> and "back-office" staff,<sup>11</sup> involved in customer services across the organisation.
- A total of 2.6 million external calls are received annually by the Council. A total of 3.55 million customer contact episodes take place annually across all access channels.
- 54% (1.4 million) of all external calls are received on the 11 published contact centre numbers, 34% (900,000) calls are received on service-based phone numbers linked to hunt-groups, and 12% (300,000) calls are received on direct extension numbers.
- 73% of all contact is made through the telephony channel, with only 4% of contact through the web channel.
- There is an average call abandoned rate of 16% and a line busy rate of 10% across all services, implying that 26% of customer calls (one in four) remain unanswered. The abandoned rate compares to an average of 3-5% in the best performing local authorities.
- Benchmarking of specific functions<sup>12</sup> (i.e. Environment and Operations<sup>13</sup>, and Council Tax) with other local authorities, found that for environmental services Barnet Council's abandoned call rate of 22% and line busy rate of 5% compares unfavourably to an abandoned rate of 15% for Kingston-upon-Thames and 18% for North Somerset that have a 0% line busy rate.

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<sup>9</sup> A sum of telephone numbers published on the website, direct extensions that receive external customer calls, and pilot numbers for service hunt-groups.

<sup>10</sup> Staff who are involved in initial contact with the customer, across all access channels - telephone, face-to-face, emails, web and post. Activities include contact, wrap-up, and system updates relating to the contact.

<sup>11</sup> Staff who are involved in ongoing case-based contact with the customer, across all access channels - telephone, face-to-face, emails, web and post. Activities include contact, wrap-up, and system updates relating to the contact.

<sup>12</sup> These service functions contribute to 30% of total telephony contact in Barnet. Comparable and reliable performance data from other local authorities, available for these services, has been used for benchmarking assessment of telephony performance at this stage.

<sup>13</sup> Includes functions such as streetscene, waste management, parking, building control, greenspaces, highways, road safety, design and development control, sustainability.

For Council Tax Barnet Council's call abandoned rate of 19% and line busy rate of 4% compares unfavourably to Kingston-upon-Thames' abandoned rate of 2% and line busy rate of 0%.

- An estimated 29% of the 2.6 million telephone calls can be classified as 'avoidable'.<sup>14</sup> This is based on the analysis of 'reasons for customer telephone calls' across all functions.

#### **F.1.4 Cost of Service**

The delivery model of customer services within Barnet Council is disparate and devolved; therefore it is difficult to accurately identify the full cost of activity. Data analysis for this options appraisal provides an estimated headcount of staff involved in delivering customer services at 220; this is around a 50:50 split for front-office and back-office staff.

Further analysis has enabled the calculation of an estimated cost for this front-office customer service activity (92 FTE) of £3.3m. This has been compiled using data from a number of sources and combining; actual budgetary data for the two centralised cost centre codes; apportionment of employee related costs for other cost centre codes which provide customer services activity; information contained within delegated powers report 1073; and other relevant estimated overheads.

Another method for estimating costs is to use SOCITM average figures for the cost per transaction. This method gives a total cost for customer service activity of £13.6m.<sup>15</sup>

What is clear is that there is a large and unknown (accurately) spend on customer services across the organisation. Accurate figures will need to be produced in order to compile any business case.

#### **F.1.5 Findings**

- The current customer services provision is fragmented and inconsistent, as illustrated by the vast number of published access points.
- Customers receive inconsistent service and performance across these functions, even though they contact a single organisation.
- Customers have to navigate through a complex access provision in order to get through to the function they need and often have to be re-directed when they contact the wrong team.

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<sup>14</sup> Avoidable contact is based on the definition of NI14 provided by Cabinet office and published on Audit-commission website (<http://www.audit-commission.gov.uk/localgov/audit/nis/Pages/NI014ReducingavoidablecontactMinimisingtheportionofcustomercontactthatistoflowornovaluetothecustomer.aspx>). This analysis and 29% figure does not include the potential contact that can be avoided through channel shift to the web.

<sup>15</sup> Telephone 2,574,070 @ £4.00; Email 282,985 @ £1.90; Post 353,462 @ £5.20; Web 147,048 @ £0.17; Face-to-face 120,798 @ £7.81.

- Any redesign will need to consider end-to-end customer processes and related hand-offs as current provision merges front and back office activity.
- There is a bias towards expensive access channels (face-to-face and telephone), and a very low usage of the most cost-effective web channel.
- The performance of customer services provision is relatively poor based on the standard performance measures as well as benchmarking and there is considerable scope to improve.
- Avoidable contact is high and this has a negative impact on customer service performance and cost in a number of ways.
- The additional contact volume affects the performance (such as abandoned rate) of the service:
  - it is a symptom of low first-point resolution and poor accessibility of information through the web with the additional contact volume making it even more difficult for the staff to resolve enquiries at first point
  - it results in an inferior level of customer service
- Insight on customers' needs, behaviours and experiences is neither routinely collected nor widely used to improve services across the council. Customers' experience of service and cost of deliver can be improved via better and wider use of customer insight.
- The organisation does not have a track record of driving major, customer focussed transformation – any change historically has involved resource intensive, one-off projects.
- The overall cost of customer services can be reduced, and performance levels can be improved through:
  - channel-shift (migration to low cost channels such as web) higher rate of first point resolution
  - reduction of avoidable contact, through improved provision of general information across multiple media, for example better and more easily navigable web information, use of automated telephony
  - integration of functions and provision through a multi-service, multi-skilled customer services team

#### **F.1.6 What does this mean?**

- The transformation to deliver a fully functioning CSO is the fundamental deliverable within the One Barnet Programme – the pace of transformation is therefore crucial.
- The customer service target operating model should be defined, containing detailed design principles and key building blocks to inform the IT roadmap, channel strategy and any transformation activity.

- Any transformation must look to deliver improved performance through analysis and re-engineering of end-to-end processes.
- There is considerable potential for channel-shift, but this cannot be delivered without significant investment in technology.

### F.1.7 Expected outcomes

- Consolidation of access points would provide customers with a simple and streamlined way to engage with the council.
- The re-design of services, driven by customer insight, will offer the right services through the right channels.
- Better systems and technology, which are integrated and shared, will improve the speed and quality of dealing with customer requests (through shared customer data). This will also make the collection and provision of customer insight more effective.
- Possibility of multi-service delivery will provide more convenience for the customer by eliminating multiple episodes of contact.
- Access to better customer insight information will support informed, customer-centric decision making.
- Better customer insight and the implementation of a channel migration strategy will reduce the cost of delivery of customer services.
- Cost-effective customer access provision.
- Speed and flexibility to adapt to service changes and challenges, on the basis of improved customer insight.
- Larger pool of staff will provide greater flexibility to cope with peaks in demand in individual functions.

### F.1.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Customer Service Organisation against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	1. The medium to long-term delivery cost of the service 2. The delivery cost of the service in the short-term	15
	Investment	1. The ability of the option to provide investment into the service 2. The cost to Barnet Council of investment in the service	15

Objective	Theme	Considerations	Weighting / %
	Income generation	1. The ability to generate increased income	0
	Pace	1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met 2. How long will it take to implement 3. How long will it take to deliver transformational change	20
A One Barnet approach	Flexibility	1. 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 2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand 3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale	10
A new relationship with citizens	Performance	1. The potential to increase performance against current benchmarks of performance 2. The potential to improve the citizen experience and satisfaction levels	20
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	20

Table 21: CSO Evaluation Theme weightings

Application of these results to the Evaluation Matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.15	3	0.45	2	0.3	2	0.3	5	0.75	4	0.6
Investment	0.15	1	0.15	1	0.15	2	0.3	4	0.6	3	0.45	4	0.6
Income generation	0	1	0	2	0	2	0	3	0	3	0	3	0
Pace	0.2	2	0.4	4	0.8	1	0.2	2	0.4	2	0.4	2	0.4
Flexibility	0.1	4	0.4	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3
Performance	0.2	3	0.6	3	0.6	3	0.6	4	0.8	4	0.8	4	0.8
Service transformation	0.2	2	0.4	4	0.8	2	0.4	4	0.8	4	0.8	4	0.8
Total Score		2.4		2.95		2.1		3.65		3.35		3.5	

Table 22: CSO Evaluation Scoring

## **F.2. Estates**

### **F.2.1 Aims and Objectives**

Through the NSO Project the Estates service aims to become one that:

- delivers a sustainable estates strategy
- is cost-effective, value for money and professional
- flexibly supports and enables best use of the council's estate now and in the future, sharing with partners where applicable to maximise benefits.
- maximises the return from the commercial portfolio
- is responsive to its customers requirements
- has all the required data available and makes best use of this data to deliver the service and achieve value for money.
- establishes consistent best practice property and assets management standards across the council

### **F.2.2 Scope of the Estates Service**

The Estates Service was formed in May 2010 by amalgamating a number of teams which had operated independently of each other within different services in the council. The combined Service is still in its infancy and considerable work is still needed to establish the joined up service. An Estates Strategy will be presented to Cabinet Resource Committee in March 2011 establishing a framework for corporate asset management.

The impact of the One Barnet Programme on the Service will be great as asset and property requirements going forward will change. The existing estate includes contracts and leases for accommodation which need to be revisited to provide flexibility to be able to adapt to this change.

### **F.2.3 Performance**

There is very little robust data about the cost and performance of the Estates Service as historically there has been little measurement. As a result, although a return was made for the CIPFA Value for Money Benchmarking exercise for Estates it was not robust, as accurate data was not available and therefore the results cannot be used to indicate the relative cost or performance of the service.

The summary below is the subjective view of the service from the perspective of the service's senior management. This view is backed up to some extent by the CIPFA exercise, in as much as it was not possible to compile an accurate and robust return.

The management view of the current state of the service is outlined below:

- There is a lack of robust data analysis and information to help inform the asset management planning process across the whole estate. Historically the service has been reactive in terms of planning and has tended to

concentrate on the schools estate. There are asset management plans in place for some areas of the estate, but there is not a comprehensive plan covering the whole estate. As a result of this there is no reliable, complete, long-term capital investment programme in the estate, an understood whole life cost base, or complete assessment of suitability – this is however an improving situation.

- It has been recognised that there are insufficient measurable targets and performance indicators for the service, a situation which is under review.
- The cost to provide the Estates service is comparatively low compared to other public sector organisations, with low staffing levels.
- Evidence suggests that historically spend on the fabric of the estate to keep the buildings in good state of repair and compliance has been insufficient. This is compounded by the absence of data to inform an understanding of the condition across the whole estate meaning it is not possible to proactively manage repairs and maintenance.
- A reorganisation of the service is planned to ensure that the culture, structures, reporting lines and skill-sets of staff and managers are aligned to deliver the service in the most effective way possible.
- There is a lack of understanding about the service's customers - the level of service required, what their expectations are and what is required to improve.
- Across the service different functions management information and data is stored in different locations and within different systems and formats. The lack of a modern, properly functioning asset data system accessible to all staff within the service and wider council obstructs the service in managing the assets effectively.
- This assessment is backed up by the CIPFA benchmarking data which evidenced that only six out of ten management practice indicators are in place against an average of nine and a median of ten.<sup>16</sup>

#### F.2.4 Costs

The costs associated with the estates service are outlined in the table below.

		2007/08	2008/09	2009/10	2010/11
		Actuals/£	Actuals/£	Actuals/£	Budget/£
Estates	Gross exp	13,503,387	14,051,191	15,118,833	12,941,410
	Income	5,876,502	6,214,923	7,014,214	5,100,060

Table 23: Costs of Estates service

<sup>16</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Estates - 2009/10 – EMP7



- The fluctuation in the expenditure figures is partly due to changes in recording practice, but also due to reorganisation of staff and responsibilities, making it very difficult to determine accurate historical figures.
- Income levels are showing wide variances over the period. The positive variance for 2009/10 has largely been driven by higher than anticipated rental returns received on the commercial portfolio. Voids have reduced significantly too and now remain an important KPI as part of Barnet Council's monitoring process.

### **F.2.5 Findings**

- The Estates service was until recently managed across disparate services, with major inconsistencies and flaws identified regarding how historically the council managed these functions. It is only operating effectively in part and there is significant scope for improvement.
- The requirements on the Estates service regarding the level of maintenance and investment across the council's built estate is unclear and needs to be defined to enable the service to effectively manage the council's estate.
- Fit-for-purpose information systems are not in place and therefore it is not possible to determine complete quantitative information about the cost, performance or quality of the service.
- Some significant issues exist within the service that must be tackled to deliver sustainable transformation, such as the lack of use of customer insight to inform service design and delivery.

### **F.2.6 What does this mean?**

- Investment is needed in information systems for the service.
- Investment is needed to enable the staff-group to work and drive real value within a modern Estates service, bridging specific skill gaps.
- The service needs to continue the change to become a proactive estate management service based on priorities for spend and customer requirements.
- The Estates service consolidation needs to continue to embed a unified, customer focused service culture.

### **F.2.7 Expected outcomes**

A fully functioning, established Estates service will:

- enable the council to make best use of its estate
- provide a full understanding of the required investment and cost of management of the council's estate to inform proper decision-making
- ensure that the council's estate is sustainable and fits the corporate requirement

- cost-effectively manage any investment in the council's estate and ensure that it delivers value for money against the council's objectives

### F.2.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Estates service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	1. The medium to long-term delivery cost of the service 2. The delivery cost of the service in the short-term	20
	Investment	1. The ability of the option to provide investment into the service 2. The cost to LBB of investment in the service	15
	Income generation	1. The ability to generate increased income	5
	Pace	1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met 2. How long will it take to implement 3. How long will it take to deliver transformational change	10
A One Barnet approach	Flexibility	1. 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 2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand 3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale	15
A new relationship with citizens	Performance	1. The potential to increase performance against current benchmarks of performance 2. The potential to improve the citizen experience and satisfaction levels	15
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	20

Table 24: Estates Evaluation Theme Weightings

Application of these results to the Evaluation matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.2	3	0.6	2	0.4	2	0.4	5	1	4	0.8
Investment	0.15	1	0.15	1	0.15	2	0.3	4	0.6	3	0.45	4	0.6
Income generation	0.05	1	0.05	2	0.1	2	0.1	3	0.15	3	0.15	3	0.15
Pace	0.1	2	0.2	4	0.4	1	0.1	2	0.2	2	0.2	2	0.2
Flexibility	0.15	4	0.6	3	0.45	3	0.45	3	0.45	3	0.45	3	0.45
Performance	0.15	3	0.45	3	0.45	3	0.45	4	0.6	4	0.6	4	0.6
Service transformation	0.2	2	0.4	4	0.8	2	0.4	4	0.8	4	0.8	4	0.8
<b>Total Score</b>		2.45		2.75		2.2		3.8		3.45		3.6	

Table 25: Estates Evaluation Scoring

### F.3. Finance

#### F.3.1 Aims and Objectives

Through the NSO Project the Finance service aims to become a service that is:

- cost-effective, professional and flexible that can adapt to the changing shape and modus operandi of the council as it evolves into a commissioning organisation
- modern and IT enabled with automated processes that enables customers to self-serve (as far as possible)

#### F.3.2 Scope of the Finance Service

The Finance service as it now exists was formed during 2009/10 when roles devolved within services were consolidated into the centralised service. In parallel with this the service went through a restructure. There are still small pockets of finance function being delivered devolved within services, but not to a great extent.

#### F.3.3 Performance

- The cost of the Finance service as a percentage of the organisational running cost is around about the median, but below the average of the CIPFA group. The proportional cost of the Finance service is higher than the other participating unitary local authorities, however it should be noted that these comparators are predominantly northern metropolitan local authorities, who would be expected to be comparatively lower cost.<sup>17</sup>
- Transactional function costs are low, business decision support costs are average, but reporting and management function costs are below the average and median.<sup>18</sup>
- Centralised transactional processes (accounts payable, invoicing) are high performing and low cost, but credit notes raised is high.<sup>19</sup> This is as a result of the devolved nature of this activity.
- The percentage of payments made by electronic means is very high, particularly compared to other unitary local authorities.<sup>20</sup>

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<sup>17</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP1

<sup>18</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP1a – c N.B. amended data has been submitted, which is not reflected in this draft report

<sup>19</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP3 - 6

<sup>20</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FS7

- Financial management across the organisation is good, evidenced by a very small variance (smallest of any unitaries in the benchmark group) between month 6 and actual outturn.<sup>21</sup>
- The Finance service is in the upper quartile with more than half of the staff being qualified.<sup>22</sup>
- The performance of this service is also reflected in the number of working days to submission of the annual accounts to the auditors being both below the average and the median.<sup>23</sup>
- Eight out of ten expected management practice indicators are in place.<sup>24</sup>

### F.3.4 Cost of Service

The costs of the centralised Finance service are outlined below:

		2007/08 Actuals/£	2008/09 Actuals/£	2009/10 Actuals/£	2010/11 Budget/£
Finance	Gross exp	4,794,721	4,795,628	5,579,433	5,152,117
	Income	1,349,775	1,293,362	1,384,759	1,435,102

Table 26: Costs of Finance service

- Increases between 2008/09 and 2009/10 are due to required consultant and agency spend through the service restructure.
- These figures do not include any currently devolved finance functions, but there is not a significant amount of activity still devolved, therefore this will not make a material difference to the conclusions drawn.
- There are currently 120.86 FTE in the centralised Finance service.

### F.3.5 Findings

- The Finance service is medium cost.
- The Finance service performs relatively well.
- The service's IT system, SAP is not delivering the value it could – it supports transactional processes very well, as is evidenced by the data,

<sup>21</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP3

<sup>22</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP3

<sup>23</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP3

<sup>24</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Finance 2009/10 – FP7 N.B. amended data has been submitted, which is not reflected in this draft report

but does not support the end-to-end financial management process well and therefore a lot of additional data processing (in spreadsheets) is required leading to increased costs in these areas.

### F.3.6 What does this mean?

- Investment is needed in IT to enable the system to support the end-to-end financial management process.
- The organisation needs to change its approach to financial management and managers in services need to become able to manage their own budgets without day-to-day detailed support from Finance.

### F.3.7 Expected outcomes

- Fit-for-purpose IT systems that support the financial management process end-to-end will enable a reduction in costs, particularly around financial reporting and management.
- Better IT systems will enable better practice and better information will be available and therefore better support will be provided to the organisation in managing its finances.

### F.3.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Finance service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	<ol style="list-style-type: none"> <li>1. The medium to long-term delivery cost of the service</li> <li>2. The delivery cost of the service in the short-term</li> </ol>	25
	Investment	<ol style="list-style-type: none"> <li>1. The ability of the option to provide investment into the service</li> <li>2. The cost to LBB of investment in the service</li> </ol>	10
	Income generation	<ol style="list-style-type: none"> <li>1. The ability to generate increased income</li> </ol>	10
	Pace	<ol style="list-style-type: none"> <li>1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met</li> <li>2. How long will it take to implement</li> <li>3. How long will it take to deliver transformational change</li> </ol>	5

Objective	Theme	Considerations	Weighting / %
A One Barnet approach	Flexibility	<p>1. 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</p> <p>2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand</p> <p>3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale</p>	15
A new relationship with citizens	Performance	<p>1. The potential to increase performance against current benchmarks of performance</p> <p>2. The potential to improve the citizen experience and satisfaction levels</p>	20
	Service transformation	<p>1. The ability to transform the service to put the customer at the heart of service delivery</p> <p>2. The ability to bring and maintain creativity and innovation to service delivery</p>	15

Table 27: Finance Evaluation Theme Weightings

Application of these results to the Evaluation Matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.25	3	0.75	2	0.5	2	0.5	5	1.25	4	1
Investment	0.1	1	0.1	1	0.1	2	0.2	4	0.4	3	0.3	4	0.4
Income generation	0.1	1	0.1	2	0.2	2	0.2	3	0.3	3	0.3	3	0.3
Pace	0.05	2	0.1	4	0.2	1	0.05	2	0.1	2	0.1	2	0.1
Flexibility	0.15	4	0.6	3	0.45	3	0.45	3	0.45	3	0.45	3	0.45
Performance	0.2	3	0.6	3	0.6	3	0.6	4	0.8	4	0.8	4	0.8
Service transformation	0.15	2	0.3	4	0.6	2	0.3	4	0.6	4	0.6	4	0.6
Total Score		2.55		2.65		2.3		3.9		3.55		3.65	

Table 28: Finance Evaluation Scoring



## **F.4. Human Resources**

### **F.4.1 Aims and Objectives**

Through the NSO project the Human Resources service aims to become a service that:

- is cost effective, professional and flexible that can adapt to the changing shape and modus operandi of the council as it evolves into a commissioning organisation
- leads the workforce strategy to ensure the workforce has the skills and competencies required for the future role of the council
- is IT enabled with automated processes (where possible) that enables and expects managers and employees to self-serve (where possible)
- focuses on organisational priorities, mitigating risks and manages by exception

### **F.4.2 Scope of the HR Service**

The HR service was restructured in early 2010 to a radically different operating model based on a service centre approach aiming to deal with 75% of enquiries at the first-level and directing the more complex and specialist enquiries to specialist teams. This new structure followed a number of years operating in a devolved model with HR professionals and administrative teams embedded within services, with a centralised strategic core team. This new operating model is still in its infancy and a number of issues have been discovered as the embedding process takes place:

- process re-engineering is ongoing to fully utilise system capabilities and make processes more efficient and support self-service
- policies and procedures are being reviewed to ensure they support the organisations' priorities and are brought into line with at least the ACAS minimum
- improved strategic focus and contribution to corporate priorities is required
- the under investment over a number of years in a professional HR department with the appropriate structures, capabilities and processes, means that remedial work now required is extremely complex and time consuming

### **F.4.3 Performance**

- The cost of HR is comparatively low as a percentage of organisational running cost.<sup>25</sup>

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<sup>25</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRP1

- Ratio of HR staff per employee is in the upper quartile.<sup>26</sup>
- There is no corporate learning and development capability, however there are learning and development teams in some directorates that are responsible for building technical capability.<sup>27</sup>
- Investment in learning and development is very low (lower quartile).<sup>28</sup>
- Recruitment costs are high compared to other unitaries and it is not possible to answer questions about process time for recruitment activities.<sup>29</sup>
- Only four out of ten management practice indicators are in place compared to an average score of seven.<sup>30</sup>
- Management reporting is very difficult due to systems not being implemented properly and lack of suitably trained staff. This results in significant stress for HR staff on a monthly basis, as it is very difficult and time consuming for them to produce the required set of management reports, complicates management decision-making and leads to overly long and complicated processing requirements.

#### F.4.4 Cost of Service

The costs of the HR service are outlined below:

		2007/08 Actuals/£	2008/09 Actuals/£	2009/10 Actuals/£	2010/11 Budget/£
Human Resources	Gross exp	3,494,323	3,367,134	4,423,030	4,237,310
	Income	1,922,607	2,039,298	2,245,982	2,371,180

Table 29: Costs of HR service

- The increase in expenditure in 2009-10 is associated with a significant investment to restructure HR.

<sup>26</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRP2 N.B. amended data has been submitted, which is not reflected in this draft report

<sup>27</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRP2

<sup>28</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRS1

<sup>29</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRS4 & 5

<sup>30</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Human Resources 2009/10 – HRP7

- The increase in income is due to an increasing number of schools buying into HR services. Currently HR services are provided to 106 of the 119 schools in Barnet.
- Current FTE is 82.12.

#### **F.4.5 Findings**

- Organisationally there is a modern vision for the HR service, but the organisational culture, systems infrastructure and policy need to enable the service to work in this way towards the vision.
- The lack of learning and development capability means that in general managers have lost ground in their development thus creating the knock-on effect of over reliance on HR.
- Recruitment does not operate as efficiently as it could – the eRecruitment project, currently underway within the One Barnet programme will address this issue.
- The lack of investment in learning and development is very evident within the staff group in HR where there is a skills deficit and a requirement to challenge and change the organisational culture and working practices as over recent years this has not been developed or prioritised.
- Poor skills within the HR staff group have created the potential for organisational risks being created. This is being addressed, but it is a slow process to build knowledge and develop operational experience for example to enable queries to be dealt with first time by the Customer Contact desk and not handed off to other staff.

#### **F.4.6 What does this mean?**

- Investment in systems is required to automate and streamline processes, reduce duplication, provide information to managers and HR staff, enable organisational decision-making.
- Organisational culture and expectations of the HR service needs to change.
- Investment in the HR staff group is needed to enable them to have the skills needed to work in a modern HR service.
- HR policies need to be updated to be fit-for-purpose.

#### **F.4.7 Expected outcomes**

- Reduction in cost of function due to more efficient processes and systems therefore requiring less staff to operate the HR service.
- A better service will be delivered to customers with fit-for-purpose systems and policies and more able and higher skilled staff.
- Fit-for-purpose HR policies and processes will better support the running of a modern organisation.

- Managers' time will be used more effectively due to spending less time chasing and questioning and more time managing, as systems and their skills will support this.
- Better organisational HR data will support better decision-making.

#### F.4.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the HR service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	<ol style="list-style-type: none"> <li>1. The medium to long-term delivery cost of the service</li> <li>2. The delivery cost of the service in the short-term</li> </ol>	20
	Investment	<ol style="list-style-type: none"> <li>1. The ability of the option to provide investment into the service</li> <li>2. The cost to LBB of investment in the service</li> </ol>	15
	Income generation	<ol style="list-style-type: none"> <li>1. The ability to generate increased income (not borne of enhanced performance / transformational activity)</li> </ol>	10
	Pace	<ol style="list-style-type: none"> <li>1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met</li> <li>2. How long will it take to implement</li> <li>3. How long will it take to deliver transformational change</li> </ol>	15
A One Barnet approach	Flexibility	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand</li> <li>3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale</li> </ol>	10

Objective	Theme	Considerations	Weighting / %
A new relationship with citizens	Performance	1. The potential to increase performance against current benchmarks of performance 2. The potential to improve the citizen experience and satisfaction levels	15
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	15

Table 30: HR Evaluation Theme Weightings

Application of these results to the Evaluation Matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.2	3	0.6	2	0.4	2	0.4	5	1	4	0.8
Investment	0.15	1	0.15	1	0.15	2	0.3	4	0.6	3	0.45	4	0.6
Income generation	0.1	1	0.1	2	0.2	2	0.2	3	0.3	3	0.3	3	0.3
Pace	0.15	2	0.3	4	0.6	1	0.15	2	0.3	2	0.3	2	0.3
Flexibility	0.1	4	0.4	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3
Performance	0.15	3	0.45	3	0.45	3	0.45	4	0.6	4	0.6	4	0.6
Service transformation	0.15	2	0.3	4	0.6	2	0.3	4	0.6	4	0.6	4	0.6
<b>Total Score</b>		2.3		2.7		2.1		3.7		3.35		3.5	

Table 31: HR Evaluation Scoring

## F.5. Information Systems

### F.5.1 Aims and Objectives

Through the NSO project the Information Systems service aims to become a service that:

- supports the organisation in developing and delivering its strategic aims and objectives by making best use of data management and technology solutions
- supports and drives its customers to make best use of innovation available through technology to drive service transformation
- supports, enables and is responsive to customers' IT requirements
- ensures the organisation has a resilient and secure operating environment
- supports and enables multi-agency working by the efficient and safe sharing of information across public sector partners
- delivers transactional activities with the optimum cost profile, with a reduction of overall operating costs

### F.5.2 Scope of Information Systems

The Information Systems service as scoped within the NSO currently delivers via a mixed model. Some of the functions are delivered within the centralised service, some devolved in services and some outsourced to third party providers. The outsourced functions are infrastructure support and maintenance, SAP managed service and 2<sup>nd</sup> and 3<sup>rd</sup> line support for a number of systems. The funding of the service and the way it has evolved historically means that it is set-up as a reactive service.

### F.5.3 Performance

- The IS service is relatively low cost, but not exceptionally low, particularly when compared to other unitary local authorities.<sup>31</sup>
- The investment in infrastructure and systems is very low, historically there has been investment around large capital projects rather than consistent investment in upgrades and maintenance.<sup>32</sup>
- The incident resolution rate is very low compared to all other comparators, and in fact is the lowest in London by a significant margin.<sup>33</sup>
- The number of incidents per user is very high.<sup>34</sup>

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<sup>31</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP1

<sup>32</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP1

<sup>33</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP3a, SOCITM – Benchmarking the IT Service in London – 2010 – Final results – KPI2

- There is good availability of IT across the network and core systems, although in London the performance is just below the (very high) median.<sup>35</sup>
- The availability of technology to use mobile-working is high, but the use of it is not necessarily embedded within working practice.<sup>36</sup>
- Six out of ten management practice indicators are in place, which is on the lower quartile, although there is not a great range of scores. The missing indicators are themed around engagement and involvement of customers in the management and improvement of the service.<sup>37</sup>

#### F.5.4 Cost of Service

The costs of the Information Systems service (centralised IS function, School's ICT Support Service – other devolved functions are not included in these figures) are outlined below:

		2007/08	2008/09	2009/10	2010/11
		Actuals/£	Actuals/£	Actuals/£	Budget/£
Information Systems	Gross exp	9,583,470	9,679,591	9,437,102	9,438,440
	Income	1,875,528	1,940,101	2,268,567	2,309,330

Table 32: Costs of Information Systems

- These figures do not include capital spend.
- The large increase in income from 2008/09 to 2009/10 is due to increased take-up of services by schools.
- There are 61.8 in the centralised IS Service and the School's ICT Support Service.

#### F.5.5 Findings

- The overall combined performance of the service in resolving issues is poor. This poor performance is particularly due to desktop issue resolution, as performance regarding priority one and two incident resolution is good. The poor performance on desktop issue resolution is explained by a number of factors including old-fashioned practice supporting over 70 locations via on-site support which is resource hungry and the impact of some major incidents during the reporting period. Management within the

<sup>34</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP3b, SOCITM – Benchmarking the IT Service in London – 2010 – Final results – Q2.9

<sup>35</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP4, SOCITM – Benchmarking the IT Service in London – 2010 – Final results – KPI15

<sup>36</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITS4

<sup>37</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – ICT 2009/10 – ITP7



service indicate that the resource is sufficient to support business as usual, but there is insufficient resource to maintain the level of service when significant incidents occur.

- The number of incidents is high. This is due to a number of factors - systems which although technically implemented properly are not working as they should due to data and setup issues; staff capability within services is low, as no IT training is available and there (generally) is no measurement, or real importance placed on IT capability at interview or induction across the organisation; there were surges of incidents during the reporting period due to a number of significant incidents.
- The availability of network and core systems is high, evidencing that the systems are well maintained, although there is a small amount of potential for improvement compared to other local authorities performance.
- The rate of resolution of priority 1 and 2 incidents evidences the importance placed on the resolution of these problems which has been developed from an understanding of customer requirements.
- There is a gap in the service with no capacity for proper client relationship and account management.
- Customer satisfaction with the service is not good as a result of the set-up of the service, as customers feel their issues (priority 3 calls) are not dealt with in a timely enough fashion.

#### **F.5.6 What does this mean?**

- A different model of provision of software and hardware is required to provide better stability and quality, which will deliver improved performance and cost, for example taking advantage of opportunities offered by cloud computing.
- IT systems need to be joined up to enable cross-system flow of data and information to provide real insight.
- Processes for support need to be re-engineered to be effective and efficient, particularly in supporting modern, mobile working practices.

#### **F.5.7 Expected outcomes**

- Reduced cost of delivering the service through improvements in a number of areas.
- Increased availability of properly working IT for customers due to better staff training and capability and improved performance of the service both in resolving incidents and system availability.
- A change in operating practice of the service would enable IT to better meet customers needs with more capacity to focus on customer engagement and account management.
- Fit-for-purpose insight driven systems will support a customer-centric organisation and transformational change – a key One Barnet programme priority.

- Investment in the service to deliver a required technical refresh.

### F.5.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the IS service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	<ol style="list-style-type: none"> <li>1. The medium to long-term delivery cost of the service</li> <li>2. The delivery cost of the service in the short-term</li> </ol>	20
	Investment	<ol style="list-style-type: none"> <li>1. The ability of the option to provide investment into the service</li> <li>2. The cost to LBB of investment in the service</li> </ol>	15
	Income generation	<ol style="list-style-type: none"> <li>1. The ability to generate increased income</li> </ol>	0
	Pace	<ol style="list-style-type: none"> <li>1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met</li> <li>2. How long will it take to implement</li> <li>3. How long will it take to deliver transformational change</li> </ol>	15
A One Barnet approach	Flexibility	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand</li> <li>3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale</li> </ol>	10
A new relationship with citizens	Performance	<ol style="list-style-type: none"> <li>1. The potential to increase performance against current benchmarks of performance</li> <li>2. The potential to improve the citizen experience and satisfaction levels</li> </ol>	20

Objective	Theme	Considerations	Weighting / %
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	20

Table 33: IS Evaluation Theme Weightings

Application of these results to the Evaluation matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.2	3	0.6	2	0.4	2	0.4	5	1	4	0.8
Investment	0.15	1	0.15	1	0.15	2	0.3	4	0.6	3	0.45	4	0.6
Income generation	0	1	0	2	0	2	0	3	0	3	0	3	0
Pace	0.15	2	0.3	4	0.6	1	0.15	2	0.3	2	0.3	2	0.3
Flexibility	0.1	4	0.4	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3
Performance	0.2	3	0.6	3	0.6	3	0.6	4	0.8	4	0.8	4	0.8
Service transformation	0.2	2	0.4	4	0.8	2	0.4	4	0.8	4	0.8	4	0.8
Total Score		2.45		2.85		2.15		3.8		3.45		3.6	

Table 34: IS Evaluation Theme Scoring

## F.6. Legal

### F.6.1 Aims and Objectives

Through the NSO Project the Legal service aims to be a service that:

- provides a council run service for areas of high legal, financial and reputational risk to the council
- is flexible and able to adapt to deliver to a council that is radically changing
- provides its customers with more flexibility and choice
- is value for money and affordable
- is of the required quality

### F.6.2 Scope of Legal Service

The Legal service is currently a traditional, in-house council Legal service as this has always been viewed as the most cost-effective means of provision. Recently, the needs of the council for legal support have become more complex, specialist and have increased in volume, but with decreasing resource available within the Legal service due to year-on-year budget cuts.

Large scale projects such as PSCIP, BSF, One Barnet, regeneration projects have engaged legal services from the market due to an overall lack of capacity and specialist expertise within the in-house legal team to deliver the requirements of such projects.

### F.6.3 Performance

For Legal services all CIPFA data is compared to a comparator group of local authorities including London unitary authorities, large metropolitan city and local large county councils.

- The net cost of the Legal service is low, with a comparatively small Legal service, although this is as expected with the demographic make-up of the borough expected to require a comparatively lower level of Legal service than for example inner London boroughs.<sup>38</sup>
- The cost of support staff is low.<sup>39</sup>
- The cost of support facilities is low, partly, but not entirely, due to previous modernisation projects to make use of electronic case management and research materials.<sup>40</sup>
- A relatively high value proportion of service is bought-in from the market, but this is predominantly linked to large scale projects. Although spend on

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<sup>38</sup> CIPFA – Legal Services Benchmarking Club 2010, Comparator Report – Section 2

<sup>39</sup> CIPFA – Legal Services Benchmarking Club 2010, Comparator Report – Section 2

<sup>40</sup> CIPFA – Legal Services Benchmarking Club 2010, Comparator Report – Section 2

such projects is high the authority has an excellent record of recovery (top-performing authority in the comparator group).<sup>41</sup>

- The quality of work is generally regarded by clients as good, but there are perceived issues with delays and timeliness of completion of instructions.<sup>42</sup> This reflects the overall lack of capacity within the service to deal with sustained increases in instructions and growing complexity of these instructions.

#### F.6.4 Cost of Service

The Legal service's costs are outlined below:

		2007/08 Actuals/£	2008/09 Actuals/£	2009/10 Actuals/£	2010/11 Budget/£
Legal	Gross exp	2,300,004	2,178,573	2,268,801	2,436,760
	Income	676,951	771,143	836,360	586,740

Table 35: Costs of the Legal service

- This excludes the amount spent on legal services which has then been recovered from other services.
- Most of this income is linked to planning applications and property transactions and therefore can be variable from year to year and is particularly dependent on market factors.
- There are 32.8 FTEs in the Legal service.

#### F.6.5 Findings

- The Legal service is small and low cost, but is in line with what could be expected for an authority of the size and demographic make-up of Barnet.
- The quality of Legal services is generally good, but there are perceived problems with delays due to the lack of capacity within the service.

#### F.6.6 What does this mean?

- The Legal service needs to change to be able to respond to the challenges presented by changing corporate objectives, particularly from the One Barnet programme and the move to be a commissioning council.
- The Legal service needs to provide more flexibility to its' customers, particularly in relation to capacity, to avoid delays and be able to respond at the same pace to peaks in demand.
- Any future provision of Legal service needs to be affordable.

#### F.6.7 Expected outcomes

<sup>41</sup> CIPFA – Legal Services Benchmarking Club 2010, Comparator Report – Section 2

<sup>42</sup> Internal Legal Services Client Questionnaires

- A different method of provision could provide customers with greater flexibility over their Legal provision.
- The implementation of the One Barnet programme is likely to result in a vastly reduced range of Legal services being required by the core council. A new method of delivery of Legal services could mitigate the risk that this reduction in service requirements will introduce.

### F.6.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Legal service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	<ol style="list-style-type: none"> <li>1. The medium to long-term delivery cost of the service</li> <li>2. The delivery cost of the service in the short-term</li> </ol>	30
	Investment	<ol style="list-style-type: none"> <li>1. The ability of the option to provide investment into the service</li> <li>2. The cost to LBB of investment in the service</li> </ol>	0
	Income generation	<ol style="list-style-type: none"> <li>1. The ability to generate increased income</li> </ol>	4
	Pace	<ol style="list-style-type: none"> <li>1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met</li> <li>2. How long will it take to implement</li> <li>3. How long will it take to deliver transformational change</li> </ol>	5
A One Barnet approach	Flexibility	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand</li> <li>3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale</li> </ol>	30

Objective	Theme	Considerations	Weighting / %
A new relationship with citizens	Performance	1. The potential to increase performance against current benchmarks of performance 2. The potential to improve the citizen experience and satisfaction levels	30
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	4

Table 36: Legal Evaluation Theme Weightings

Application of these results to the Evaluation Matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service	
		Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.3	3	0.9	2	0.6
Investment	0	1	0	1	0	2	0
Income generation	0.04	1	0.04	2	0.08	2	0.08
Pace	0.05	2	0.1	4	0.2	1	0.05
Flexibility	0.3	4	1.2	3	0.9	3	0.9
Performance	0.3	3	0.9	3	0.9	3	0.9
Service transformation	0.01	2	0.02	4	0.04	2	0.02
<b>Total Score</b>			<b>3.16</b>		<b>2.72</b>		<b>2.55</b>

Table 37: Legal Evaluation Scoring



## **F.7. Procurement**

### **F.7.1 Aims and Objectives**

Through the NSO project the Procurement service aims to become a service that:

- provides the council with an intelligent commercial and procurement capability that achieves the very best value for money from all of the council's influenceable spend
- provides a co-ordinated, structured contract management capability
- ensures compliance with contract procedure rules and national and European law
- flexibly supports the requirement for complex procurement
- enables systematic performance analysis of procurement and commissioning on an ongoing basis to ensure all contracts deliver value for money throughout their lifecycle
- ensures relationships with vendors and partner organisations are efficient and effective
- provides the organisation with a category management capability

### **F.7.2 Scope of the Procurement Service**

The Procurement service as defined and scoped within the NSO project does not currently exist within Barnet Council. Procurement in Barnet is largely devolved, delivered by a small centralised team within the Commercial directorate, with pockets of expertise within other services (for example the Supply Management Team in Adult Social Services).

Elements of procurement activity, including the vast majority of contract management, are delivered by a large number of staff within services who are not procurement professionals, for whom the procurement role is only a small part of their overall responsibilities. It is unclear what proportion of this activity would be defined as procurement and what is simple requisitioning.

### **F.7.3 Performance**

- Small team – 0.01% above the lower quartile for cost of the procurement function as percentage of organisational running costs, but this doesn't include cost of all devolved staff for whom procurement is an add-on to their jobs (costs do include the Supply Management team in Adult's Social Services).<sup>43</sup>

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<sup>43</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Procurement 2009/10 – PP1

- Spend through pre-established contracts is low although the council does not perform badly compared to other unitary local authorities.<sup>44</sup>
- The council's average invoice value is above average, but still considerably below the best performing. This figure (£3,761 vs. £2,837 average) has been influenced by contractual arrangements with some suppliers and some very large developments which are associated with very large invoices.<sup>45</sup>
- The council was not able to answer questions applicable to the Public Sector Procurement Expenditure Survey as IT systems are not set-up to enable the required data to be gathered or output – this is indicative of the fact that systems are not yet in place to support proper end-to-end e-procurement.<sup>46</sup>
- Only four of the expected ten management practice indicators are in place, compared to an average of 7.5 evidencing the under-established nature of the Procurement service in Barnet Council.<sup>47</sup>
- 45% of influenceable spend is not directly allocated to a cost centre on SAP – there is a need to improve system governance.<sup>48</sup>
- There are a total of 9720 vendors on SAP:<sup>49</sup>
  - 5257 (54%) are active
  - 2165 (41% of active vendors) have spend less than £1000
  - 180 vendors equate to 80% of spend
  - 20 vendors equate to 46% of spend, but only 6% of invoice volume (which is good)
  - 20 vendors equate to 30% of invoice volume, but only 8% of spend (which is bad)
- The accuracy of data on contracts is poor, as it has not been collated and interrogated to any degree of reliability and therefore there was no

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<sup>44</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Procurement 2009/10 – PS2

<sup>45</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Procurement 2009/10 – PS2

<sup>46</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Procurement 2009/10 – PS5 & PS6

<sup>47</sup> CIPFA – Draft Report – Public Sector Corporate Services VfM Indicators – Procurement 2009/10 – PP7

<sup>48</sup> TRIBAL - Vendor Review & Savings Opportunity Assessment – Version 2.0 – 10 June 2010

<sup>49</sup> TRIBAL - Vendor Review & Savings Opportunity Assessment – Version 2.0 – 10 June 2010

confidence to use it or draw conclusions (there are 409 contracts in repository linked to 8% of vendors on SAP).<sup>50</sup>

- High level vendor review by Tribal identified significant potential saving opportunities.<sup>51</sup>

#### F.7.4 Cost of Service

The costs below represent the combined costs of the Corporate Procurement Team and the Supply Management Team in Adult Social Services.

		2007/08 Actuals/£	2008/09 Actuals/£	2009/10 Actuals/£	2010/11 Budget/£
Procurement	Gross exp	918,215	2,302,491	1,894,068	1,718,232
	Income	60,951	462,088	286,800	32,200

Table 38: Costs of Procurement Service

- The jump in cost 07/08 to 08/09 was due to the reorganisation and expansion of the Strategic Procurement Team and Supply Management Team in Adult Social Services.
- It has not been possible to identify the total cost of procurement across the organisation at this stage due to the fragmentation of roles and responsibilities.
- Income in 08/09 and 09/10 includes one off income from contracts.
- The influenceable spend across the council in 2009/10 was £250m.
- Due to the devolved and fragmented nature of procurement it is not possible to determine an accurate figure of the number of FTE involved in procurement activity.

#### F.7.5 Findings

- A cohesive, centralised Procurement service does not exist and therefore due to this devolved and fragmented practice procurement does not deliver the value it could to the organisation.
- IT systems are not set-up to support and enable effective, modern procurement practice.
- The organisation needs to change the way in which it procures with a consolidation of activity (transformation to form a Procurement service) and a change in procurement culture to a more centralised and process

<sup>50</sup> TRIBAL - Vendor Review & Savings Opportunity Assessment – Version 2.0 – 10 June 2010

<sup>51</sup> TRIBAL - Vendor Review & Savings Opportunity Assessment – Version 2.0 – 10 June 2010

driven process for procurement and clarity on the retained requisitioning function devolved within services.

#### F.7.6 What does this mean?

In order to move from where it is now to where it wants to be the following have been identified as essential deliverables for Procurement:

- fit-for-purpose IT systems that support modern procurement practice
- consolidation of procurement activity into a central Procurement service
- investment in procurement officers to ensure the centralised procurement service is appropriately skilled
- organisational change in the way goods and services are procured in terms of culture, practice and governance

#### F.7.7 Expected outcomes

- Reduction in direct overhead costs of procurement activity.
- Less non-procurement officer time spent on procurement – freeing staff up for their day-job.
- Significant savings in what is being procured through best-practice procurement.
- Savings in processing functions – e.g. less invoices, purchase orders etc due to better procurement practice.
- Better management of suppliers therefore ensuring performance is meeting requirements and acting when this is not the case.

#### F.7.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Procurement service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	1. The medium to long-term delivery cost of the service 2. The delivery cost of the service in the short-term	25
	Investment	1. The ability of the option to provide investment into the service 2. The cost to LBB of investment in the service	5
	Income generation	1. The ability to generate increased income	5

Objective	Theme	Considerations	Weighting / %
	Pace	1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met 2. How long will it take to implement 3. How long will it take to deliver transformational change	15
A One Barnet approach	Flexibility	1. 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 2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand 3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale	10
A new relationship with citizens	Performance	1. The potential to increase performance against current benchmarks of performance 2. The potential to improve the citizen experience and satisfaction levels	20
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	20

Table 39: Procurement Evaluation Theme Weightings

Application of these results to the Evaluation matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.25	3	0.75	2	0.5	2	0.5	5	1.25	4	1
Investment	0.05	1	0.05	1	0.05	2	0.1	4	0.2	3	0.15	4	0.2
Income generation	0.05	1	0.05	2	0.1	2	0.1	3	0.15	3	0.15	3	0.15
Pace	0.15	2	0.3	4	0.6	1	0.15	2	0.3	2	0.3	2	0.3
Flexibility	0.1	4	0.4	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3
Performance	0.2	3	0.6	3	0.6	3	0.6	4	0.8	4	0.8	4	0.8
Service transformation	0.2	2	0.4	4	0.8	2	0.4	4	0.8	4	0.8	4	0.8
Total Score		2.55		2.95		2.15		3.8		3.5		3.55	

Table 40: Procurement Evaluation Scoring

## **F.8. Revenues and Benefits**

### **F.8.1 Aims and Objectives**

Through the NSO project the Revenues and Benefits service aims to become a service that:

- maximises the number of contacts it resolves at first point of contact
- drives more traffic to the web
- maintains performance levels within the Benefits function
- improves performance levels in the Revenues function
- is able to react and adapt to considerable changing requirements of the service resulting from government policy, socio-economic drivers and other external factors
- delivers the service as cost-effectively as possible

### **F.8.2 Scope of Revenues and Benefits**

The Revenues and Benefits service is responsible for all Barnet properties and residents to:

- collect council tax
- collect National Non-Domestic Rates (NNDR)
- administer housing benefit
- administer council tax benefit

There are currently 165 FTEs working in the service administering £230m of Benefit each year, collecting £170m council tax and £95m NNDR.

### **F.8.3 Performance**

- The average processing time for new Benefits claimants is very low (5<sup>th</sup> lowest in London), which is a very good performance and this is improving year on year.<sup>52</sup>
- The cost of the Benefits function is comparatively low with the 2<sup>nd</sup> lowest staff cost per £1,000 benefits paid in the year out of the nineteen local authorities who participated in the London Efficiency Challenge (L.E.C.).<sup>53</sup>
- Performance regarding timely payment of Rent Allowance is lower than comparators, however this is a conscious level of performance that is viewed as acceptable.<sup>54</sup>

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<sup>52</sup> CIPFA – Benefits Administration Benchmarking Club 2010 – NI181, PM1

<sup>53</sup> London Efficiency Challenge Report 2010 - 74

<sup>54</sup> CIPFA – Benefits Administration Benchmarking Club 2010 – PM4

- The management and processing of overpayments is an issue as the IT system and organisational process do not support their effective management.<sup>55</sup>
- The management of write-offs is inefficient as constitutionally only very small sums can be written off by officers and therefore a lot of time is wasted either pursuing small sums (which cost more to collect than they are worth) or in lengthy bureaucratic processes.<sup>56</sup>
- Handling of appeals is recognised as an area of weakness for the service – the systems and service structure need to provide flexibility to divert resources to address the problems in this area.<sup>57</sup>
- Revenues (Council Tax) is a medium performer in London. The collection rate is 12<sup>th</sup> out of 33 boroughs in London.<sup>58</sup>
- The budgeted yield (ultimate collection target) is 98.5% which is the 4<sup>th</sup> highest target in London. This target has been achieved in previous years and current collection performance is running 0.28% ahead of last year's benchmark. The ultimate yield of 98.5% is on target to be achieved in 2011.<sup>59</sup>
- Current L.E.C. metrics for the cost of the Council Tax function per bill issued show Barnet to be the 2<sup>nd</sup> lowest cost of the twenty participants.<sup>60</sup>
- NNDR collection is low performing with collection rate 29<sup>th</sup> in London,<sup>61</sup> however this is in the context of a 40% cut in staffing budget over the last 7 years. In 2003 before this cut the service was high performing and achieved a collection rate approaching 99%.

#### **F.8.4 Findings**

- Benefits is high performing and low cost.
- Council tax is medium performing and low cost.
- NNDR is low performing and low cost, but has not been an organisational priority.

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<sup>55</sup> CIPFA – Benefits Administration Benchmarking Club 2010 – PM7 - 9

<sup>56</sup> CIPFA – Benefits Administration Benchmarking Club 2010 – PM7 - 9

<sup>57</sup> CIPFA – Benefits Administration Benchmarking Club 2010 – PM18 & 19

<sup>58</sup> <http://www.communities.gov.uk/publications/corporate/statistics/1620336> - Table 5

<sup>59</sup> Survey results from Ealing Council

<sup>60</sup> London Efficiency Challenge Report 2010 - 78

<sup>61</sup> <http://www.communities.gov.uk/publications/corporate/statistics/1620336> - Table 5



### F.8.5 Cost of Service

The costs of the Revenues and Benefits service are outlined below:

		2007/08 Actuals/£	2008/09 Actuals/£	2009/10 Actuals/£	2010/11 Budget/£
Revenues & Benefits	Gross exp	6,421,151	6,601,333	6,901,038	7,417,020
	Income	4,186,753	4,311,789	4,364,943	4,160,910

Table 41: Costs of Revenues and Benefits service

These costs include the costs of administering the service to collect council tax and NNDR and pay Benefits – they do not include the amount paid in benefits and collected in Council Tax and NNDR.

### F.8.6 What does this mean?

- Effective implementation and utilisation of the IT system is key to realising benefits and delivering improved service.
- Changes in organisational process around write-off will mean this activity is managed more effectively and will cost less.
- It is imperative that flexibility is built in to any future service delivery model as the service must be able to react to legislative changes, the impact of the recession on Benefit claimant numbers and the increasing council tax base due to regeneration and building schemes within the borough.

### F.8.7 Expected outcomes

- Improvement in performance of council tax collection will increase the council's income and enable reduction in council tax to residents.
- Using IT systems more effectively will enable the back-office to perform more effectively if this is linked with better use of management information.
- Changes in the write-off process will make managing and administering overpayments and write-offs cheaper and more effective.
- Opportunities will be presented to improve customer experience of the service through technologies and processes developed through the Customer Services Organisation e.g. through the use of interactive web forms.

### F.8.8 Evaluation of Options

The table below outlines the weightings for the evaluation of the Revenues and Benefits service against each of the themes.

Objective	Theme	Considerations	Weighting / %
A relentless drive for efficiency	Price	<ol style="list-style-type: none"> <li>1. The medium to long-term delivery cost of the service</li> <li>2. The delivery cost of the service in the short-term</li> </ol>	30
	Investment	<ol style="list-style-type: none"> <li>1. The ability of the option to provide investment into the service</li> <li>2. The cost to LBB of investment in the service</li> </ol>	5
	Income generation	<ol style="list-style-type: none"> <li>1. The ability to generate increased income</li> </ol>	5
	Pace	<ol style="list-style-type: none"> <li>1. How quickly will benefits be realised and aims and objectives for the delivery of the service be met</li> <li>2. How long will it take to implement</li> <li>3. How long will it take to deliver transformational change</li> </ol>	10
A One Barnet approach	Flexibility	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand</li> <li>3. An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale</li> </ol>	15
A new relationship with citizens	Performance	<ol style="list-style-type: none"> <li>1. The potential to increase performance against current benchmarks of performance</li> <li>2. The potential to improve the citizen experience and satisfaction levels</li> </ol>	30

Objective	Theme	Considerations	Weighting / %
	Service transformation	1. The ability to transform the service to put the customer at the heart of service delivery 2. The ability to bring and maintain creativity and innovation to service delivery	5

Table 42: Revenues and Benefits Evaluation Theme Weightings

Application of these results to the Evaluation Matrix gives the following results:

Theme	Weightings	In-house Transformation		Consulting-led Transformation		Shared Service		Strategic Partnership		Incremental Partnership		Private Sector Joint Venture	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
		Price	0.3	3	0.9	2	0.6	2	0.6	5	1.5	4	1.2
Investment	0.05	1	0.05	1	0.05	2	0.1	4	0.2	3	0.15	4	0.2
Income generation	0.05	1	0.05	2	0.1	2	0.1	3	0.15	3	0.15	3	0.15
Pace	0.1	2	0.2	4	0.4	1	0.1	2	0.2	2	0.2	2	0.2
Flexibility	0.15	4	0.6	3	0.45	3	0.45	3	0.45	3	0.45	3	0.45
Performance	0.3	3	0.9	3	0.9	3	0.9	4	1.2	4	1.2	4	1.2
Service transformation	0.05	2	0.1	4	0.2	2	0.1	4	0.2	4	0.2	4	0.2
Total Score		2.8		2.7		2.35		3.9		3.55		3.6	

Table 43: Revenues &amp; Benefits Evaluation Scoring



# Interim Critique CSO/NSO Options Appraisal

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**UNISON Barnet**

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February 2011

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# Interim Comments on the CSO/NSO Options Appraisal

## Key points

1. No analysis of current trends and developments and a vision for the two organisations and how this fits into the future shape and functioning of the Council and public services in Barnet. It is therefore not clear as to how it has been possible to assess the full effects of each option.
2. No assessment of costs and benefits for each service delivery model and thus no value for money.
3. No forecast of affordability and no financial projections re effect of spending cuts.
4. The absence of a risk register and analysis of risk in relation to the impacts of the different service deliveries is in itself high risk (The Council's external Auditors have previously commented on the lack of risk assessment).
5. No in-depth analysis of the options other than subjective strengths and weaknesses.
6. Equalities are of key importance for service users and staff in both CSO and NSO yet completely absent.
7. Poor understanding of outsourcing models and no recognition within the scoring to reflect those risks.
8. There is no recognition of interdependencies between services and hence the options appraisal is incomplete.
9. Concern that the Council appears to be relying on the private sector and the Competitive Dialogue procurement process to develop the CSO concept whilst undertaking transformation to consolidate CSO services within the Council.
10. There is a strong case for the exclusion of Revenue and Benefits and Finance.
11. Staff and trade union consultation only after completion of an options appraisal does not constitute genuine engagement.
12. No evidence that service users have been consulted about the design of the Customer Services Organisation despite claims to want to put 'customers at the heart of the service'.
13. No recognition or concern for democratic accountability and transparency when assessing each service delivery model. This is key issue that is not addressed in the scoring.
14. An OJEU Notice should not be considered until a Business Case has been approved by the Council and a Gateway Review has been completed as part of standard procurement practice.

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## Principles

The document sets out the principles for improving service users' access to the Council, the performance of staff assisting them and increasing opportunities for online transactions. However, this appears in a void because **there is no reference to the vision of the Council in the future**, no reference to the planned outsourcing of other services and the implications this could have for a CSO. The description of the NSO is half a page of little substance.

## Lack of organisational and operational design

The Council appears to be relying on the private sector and the Competitive Dialogue procurement process to develop the CSO concept. It is not acceptable for the Council to adopt a position that it 'does not know what it wants' and to rely on the Competitive Dialogue process to deliver a solution. The CD procurement process was not designed for this high level of dependency.

*"One of the private sector's main complaints about Competitive Dialogue is the tendency for the public sector to use the Dialogue phase as an opportunity to take advantage of „free consultancy“ from the market – allowing suppliers to come forward with suggestions during Dialogue and then using this information to tailor, and often redefine, their requirements and outcomes. Doing this at the Dialogue stage is too late"* (HM Treasury Review of Competitive Dialogue, November 2010).

At the same time the Council is planning to undertake transformation to consolidate CSO services within the Council. It is vital that the Council has a much clearer idea of the CSO model because:

- The private sector is likely to produce models that fit within their experience and interests, which may not align with those of the Council and Barnet residents.
- The lack of clarity could cause delays in the Competitive Dialogue process and result in higher procurement costs.
- The costs and benefits of each option cannot be clearly identified or fairly compared without a model to assess them with.
- Introduces additional risks into the transformation and procurement processes.

## Financial information and impact of spending cuts

There is virtually no financial information other than historic budget totals dating back to 2007/08 plus a breakdown of gross expenditure and income for each service. There is no analysis of how the budget for each service is likely to be affected by planned spending cuts for 2011/12 and subsequent years.

There appears to be some confusion between 'income' and 'income generation'. Firstly, no information is provided on the sources of income for each service and the extent to which it is internal/external and from which sources. Secondly, income generation is normally referred to as the extent to which a service can generate additional income from undertaking work from other public bodies in Barnet and/or other local authorities or from user charges. However, the low score of the shared services option appears at odds with this approach.

## Value for money

The absence of financial projections, scoping analysis and economic appraisal indicates that a value for money assessment has not been undertaken. This indicates that the options appraisal is a 'work in progress' and significant additional work is required before a business case can be completed, let alone consider procurement.

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## **Risk analysis**

The Appraisal is devoid of recognition and identification of the risks associated with each option except in a general sense in Appendices D and E. Weaknesses are not the same as risks.

The section on Strategic Partnership states "...and risk for service delivery will be transferred" (page 33). The Incremental Partnership again states, "service delivery and commercial risk is passed to the partner for all transferred services" (p33). Some risks will be transferred but not all, and new risks arise which are specific to each option. This is naïve.

## **Changing scope of the contract**

The planned outsourcing of other Council services will ultimately result in a declining scope of contract for the NSO as these contractors deliver their own HR, financial and other support services. No profiling of this scenario has been provided yet this could have a very significant impact on the viability of the NSO and the level of private sector interest in the contract. If the Council is making assumptions that the scope of NSO will not decline then it is vital that these are part of the options appraisal and are transparent before a procurement process is commenced.

## **Equalities**

It is of concern that an options appraisal for a new Customer Service Organisation for Barnet citizens and proposals affecting over 900 staff are so bereft of equalities matters.

## **Shared services**

The political and governance implications of pooling resources with other local authorities and the perceived 'letting go' of direct control attributed to shared services is almost identical for public bodies in Barnet (p43). The NHS, FE, Police and so on face the same issues.

## **Is this the reason why there is no analysis of the potential scale of a One Barnet project and the current focus on a one Council approach?**

The set-up costs for shared services, given that they are shared, are unlikely to be as high as the costs of procurement, which will be at least £1m for this contract alone.

## **Employment**

Employment data should be produced in actual numbers of jobs and not simply Full Time Equivalents (FTE). There is a more accurate indicator of the employment impact of different options and is more respectful of staff. 771.7 FTE is equivalent to about 941 full and part-time jobs.

Strategic Partnership and JVC are so close in scores as to be the same given the crudeness of the exercise – no evidence is provided as why secondment has been rejected. There is no evidence that a secondment option has been fully considered.

Several statements in Appendix E regarding the impact of the options on staff are inaccurate, for example, the "limited investment opportunity for upskilling" in both the in-house and shared services options; the "staff would go through a major transformation programme" in shared services (surely this is applicable to all the options); no recognition in the outsourcing options that new staff will be on the same terms and conditions and that a two tier workforce will be created; the statement that "staff should gain access to a wider pool of expertise" is in practice only potentially applicable to a very small number of staff and would also apply to the in-house



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consultant led and JVC options; several statements in the JVC section are very negative describing situation that could arise in all the options; and to claim that “staff confidence dip due to finite venture” is applicable to all the outsourcing options but has been omitted.

### **Strategic partnerships**

“A partnership with the private sector will be the option best able to provide investment into the service, which would not be possible through an in-house option due to the state of the council’s finances” (page 37).

This statement is incorrect. **Price and investment** in a SSP are the same thing i.e. they are both financed by the Council. The private sector may frontload some investment but this will be repaid by the Council at private sector interest rates plus financing arrangement charges. This is the same principle as PFI. Page 43 corrects the above statement but raises questions about the level of understanding that formed the basis of the appraisal.

The above statement implies that the private sector is going to ‘give’ Barnet some investment which is additional to the contract price for the service. This statement, coupled with the ‘strengths of the strategic partnership model on page 40, indicate a rosy and non-analytical appraisal of the evidence of the performance of strategic partnerships to date.

Furthermore, a Strategic Partnership is described as *“a relationship, not purely a contractual provision of service and the relationship with the partner needs to be equally focused at delivering wider aspirational targets, e.g. transformation of the customer experience”*. It goes on the claim that this model *“can make a much wider strategic contribution to the organisation by delivering additional external benefits”* (p33).

The contract will have to identify what the private sector will be expected to deliver. Extras cost money. It will be a contractual relationship, not some loose partnership. Transformation of the customer experience will be a core part of the contract and the council will have to closely monitor that it gets the transformation it has set out in the objectives and the contract. There is no reason why the unspecified ‘additional external benefits’ would not be obtained from the other five options.

We are also concerned that these assumptions about the contract could lead to underestimating the responsibilities, contract management, staffing and cost of the client function. The Audit Commission and ESSU have reported how local authorities with SSPs have frequently under-estimated client side costs, which ultimately affects the level of claimed savings. The Council’s own procurement track record includes this issue must be fully addressed as a matter of urgency.

### **Exclusion of services**

There is any equally valid case for excluding Revenue and Benefits and Finance given the scoring for legal services. Their inclusion gives the impression that have been included to create a desirable contract package rather than the needs of Barnet residents.

Revenue & Benefits and Finance should be excluded from this project. Both are high performing services. Revenue & Benefits is currently implementing a new ICT system. This service does not fit well within the CSO model it is high performing low cost any break up of this service would be a high risk to performance. The poor track record of the outsourcing of this service in London e.g. Hackney, Ealing and Southwark and in nationally where this service has been returned to in-house operation. Where strategic

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partnerships have taken over Revenue and Benefits these have generally been high performing service *before* they were outsourced. In addition, government review of the benefits system could lead to this service being nationalized. This is another reason why it should be excluded from the project.

### **Procurement**

The presentation 'Changing our Support Services' include a slide (No 32) that an OJEU would be produced in April 2011 followed by the business going to CRC for approval in May 2011. This is totally unacceptable procurement practice and exposes the Council to additional risks.

### **Gateway reviews**

No reference to Gateway Reviews and how they will be included in the procurement process as part of a validating and learning process. This is further evidence of an unseemly rush to commence the procurement process with a project that is ill-defined, no consultation with services users despite the project being central to the 'new relationship with citizens', minimal scrutiny and no peer review to draw on best practice.

### **Consultation with trade unions**

The trade unions welcome the more open approach which has provided an opportunity to comment on the options appraisal before it goes to CDG and CRC. However, having an embargoed copy for the branch secretary **does not allow the trade unions to consult with the members who are affected by the appraisal**. The timetable does not give the trade unions sufficient time to adequately assess the proposals. We urge again that staff and trade unions should be involved in the options appraisal process, not simply having the opportunity to comment on the conclusions of the appraisal.

### **Benchmarking**

Page 29 Appendix A states that they analysed Baseline performance, cost and quality. There is no explanation of what this baseline was based on. Further down the page it states that a business case will provide a more detailed baseline for the preferred option. However, **this means that the options ruled out have been ruled out with partial evidence**.

### **Evaluation matrix and methodology**

**Price:** No analysis of a projected total cost of each option, nor evidence of the transaction costs for the different options.

**Investment:** Upfront investment would be low i.e. spread over the life of the contract. This would also be true if the service was kept in-house.

**Income Generation:** The ability to generate additional income is roughly an equal responsibility shared between Barnet and other local authorities and public bodies. Therefore, the **award of one point for the in-house transformation is unwarranted** and should be at least the same as a consultant-led transformation. The current marking may reflect an assumption that the private sector is more successful in generating income, **yet there is no evidence to support this**. Although a private partner may increase income generation opportunities at least half the benefits would have to be shared the contractor. Furthermore, strategic partnerships have a poor record in obtaining additional work from other public bodies and in job creation.

**Pace:** Throughout the **appraisal the scoring for in-house is the same in all services** on pace as the other options (except consultant led in-house). However on

p37 it says; “Any in-house option will deliver faster than a partnership with a private sector because there will be no requirement for a lengthy procurement process.”

**Flexibility:** This theme includes ability to work with other local partner organisations – **but there does not appear to be any interest in this.** It is given a low weighting throughout the scoring, yet flexibility is key to all other criteria.

**Performance:** Future performance is subjective based on analysis of current and past performance and evidence gathered from other local authorities. This must be based on research and intelligence, not simply benchmarking data. One criterion is a service “readily” available to deliver high performance service. What does “readily” mean? Staff morale will affect performance!

**Service transformation:** The in-house options scores low on Service Transformation (p38) because the Council has a poor track record. Barnet Council has a poor and costly track record on outsourcing and privatisation which seems to have been ignored.

**Weightings:** The weightings applied to service evaluations change from one service to the next without providing any rationale for the figures selected. E.g. the price weighting for the CSO is 15%, for Estates it’s 20%, for Finance the figure is 25% etc and yet the explanation for weighting under “consideration” for each service is the same.

### Revised Evaluation Matrix

Please find below our scoring **based on the limited information provided in the Option Appraisal process and limited to the selected evaluation criteria.** Additional criteria, such as governance and equalities, should be included in the matrix. The figure in the report are shown in brackets.

**We have not been able to consult our members who are likely to have further comments on the evaluation matrix and the appraisal as a whole.**

Theme	In-house		Public Sector Partnership	Private Sector Partnership		
	In-house Transformation	Consultant-led transformation	Shared Service	Strategic Partnership	Incremental Partnership	Private Sector Joint Venture
	Score	Score	Score	Score	Score	Score
Price	3 (3)	2 (2)	3 (2)	4 (5)	4 (4)	4 (4)
Investment	3 (1)	3 (1)	3 (2)	4 (4)	3 (3)	4 (4)
Income generation	2 (1)	2 (2)	2 (2)	2 (3)	2 (3)	2 (3)
Pace	3 (2)	4 (4)	2 (1)	2 (2)	2 (2)	2 (2)
Flexibility	4 (4)	3 (3)	3 (3)	3 (3)	3 (3)	3 (3)
Performance	3 (3)	3 (3)	3 (3)	3 (4)	3 (4)	3 (4)
Service transform.	3 (2)	4 (4)	3 (2)	3 (4)	3 (4)	3 (4)
Governance						
Equalities						
<b>Total</b>	<b>21 (16)</b>	<b>21 (19)</b>	<b>19 (15)</b>	<b>21 (25)</b>	<b>20 (23)</b>	<b>21 (24)</b>

### Reference

London Borough of Barnet (2011) Options Appraisal for Customer Service Organisation and New Support Organisation, Version 6.00, February, London.

**Options Appraisal for  
Customer Service Organisation  
and  
New Support Organisation**

**Commentary on Interim Critique from  
Unions**

## Introduction

A copy of the CSO/NSO Options Appraisal<sup>1</sup> was shared with Trade Unions (UNISON, GMB, NUT, NASUWT) on an embargoed basis on 24 January 2011. During the week beginning 31 January 2011 representatives from UNISON and the GMB attended staff briefings on the options appraisal in the eight services in scope.

The Unions have considered this document and provided an Interim Critique dated 7 February 2011.

This report outlines the main points in the Union report and a proposed response to the 14 key points raised.

- 1. No analysis of current trends and developments and a vision for the two organisations and how this fits into the future shape and functioning of the Council and public services in Barnet. It is therefore not clear as to how it has been possible to assess the full effects of each option.**

The introduction to the options appraisal sets out how the projects fit within the One Barnet programme and the council's overall vision for future service delivery. However, this is an options appraisal, and therefore the purpose is not to develop a vision for the NSO and CSO and how these fit into the future shape and functioning of the council, as this has been done through previous reports, particularly the One Barnet Framework.

The document addresses the aims and objectives to be achieved through the projects for each service and analyses the current performance and needs for development of each service (Appendix F).

Current market trends were examined through soft market testing.

Further work will be done through the development of the business case to answer the question of viability in the current market place.

- 2. No assessment of costs and benefits for each service delivery model and thus no value for money.**

The options appraisal presents a broad, qualitative view on the costs and benefits of each service delivery option. A detailed financial analysis of costs and benefits will be completed through the development of the business cases.

- 3. No forecast of affordability and no financial projections re effect of spending cuts.**

The council's Medium-term Financial Strategy (MTFS) sets out the council's strategy for dealing with spending cuts, of which the benefits to be realised through the One Barnet programme are a key part. This is explained in the One Barnet framework.

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<sup>1</sup> Version 6.00

A detailed assessment of affordability for this project will be completed through the development of the business cases, taking into account the effect of the council's MTFS.

- 4. The absence of a risk register and analysis of risk in relation to the impacts of the different service deliveries is in itself high risk (The Council's external Auditors have previously commented on the lack of risk assessment).**

Management of project risks has been in place throughout the development of the options appraisal.

A detailed analysis of risk was not completed as part of the options appraisal, but will be completed through the development of the business cases. Equalities impact assessments will also be carried out to assess the impact of change on services.

- 5. No in-depth analysis of the options other than subjective strengths and weaknesses.**

The approach to analysis of the options at this stage has been consistent with other One Barnet projects. The analysis of options has to be subjective to a certain extent at this time, but has taken into account a number of factors: our implementation partner's in-depth understanding of the different delivery options, site visits and discussions with other local authorities who have undertaken a number of different routes to change and a detailed analysis of the requirements of each of the in-scope services through analysis of recognised benchmarking data on the cost and performance of the services. All of this has allowed us to examine the options, taking into consideration the pace of change we are looking for, as well as the level of savings and existing capacity.

- 6. Equalities are of key importance for service users and staff in both CSO and NSO yet completely absent.**

Equalities Impact Assessments will be completed through the development of the business cases.

- 7. Poor understanding of outsourcing models and no recognition within the scoring to reflect those risks.**

The scoring was developed based on an in-depth understanding of the strengths and weaknesses of each of the potential delivery options.

An understanding of the risks inherent within any procurement process and learning from experiences of outsourcing (including those from other local authorities) will be built into the plans for the procurement process and future delivery models in order to mitigate these risks and ensure the best outcome for the council.

- 8. There is no recognition of interdependencies between services and hence the options appraisal is incomplete.**

The completion of an options appraisal incorporating all eight services and joining up the individual service options appraisal recognises that there are

interdependencies between the in-scope services, hence their future delivery being appraised jointly. A detailed understanding of the interdependencies between the services in scope, other council services and the interdependencies between the retained client and provider side functions in each service will be developed through the production of the business cases and specifications.

**9. Concern that the Council appears to be relying on the private sector and the Competitive Dialogue procurement process to develop the CSO concept whilst undertaking transformation to consolidate CSO services within the Council.**

It is acknowledged that there is a risk to transforming customer services in parallel with procuring a strategic partner through a competitive dialogue process. This risk is mitigated by the governance arrangements within the One Barnet programme with close working between the project managers for the two projects and the overarching programme management arrangements.

The council is not relying on competitive dialogue to develop the concept of the CSO. If the recommendations are approved, we will develop a business case for the internal transformation of customer services to deliver a more customer centric organisation prior to any agreement with the private sector.

Competitive Dialogue is designed to give the providers the opportunity to bring forward different ways of working, and is the ideal method for procuring in this complex and changing environment. In addition, the Soft-Market Testing exercise completed in September 2010 discussed the potential for a changing shape of the service during the dialogue, which those companies involved were comfortable with as long as the council was transparent about what was happening.

**10. There is a strong case for the exclusion of Revenue and Benefits and Finance.**

Whilst these are high performing services, there is potential to reduce costs and improve performance which the options appraisal identifies can best be delivered through the procurement of a strategic partner to deliver these services.

For Revenues and Benefits there are also benefits that can be realised by delivering this service closely with Customer Services.

**11. Staff and trade union consultation only after completion of an options appraisal does not constitute genuine engagement.**

The approach to engagement on this project has been consistent with the agreed approach for all One Barnet projects.

Managers within the services have been involved all the way through the completion of the options appraisal.

Trade Unions were initially engaged with the options appraisal process on 2 November 2010, when they were presented with the methodology that was to be followed to complete the process. At this point they were asked to provide feedback and concerns they had with the process. A further meeting with Trade Unions was held on 29 November 2010.

**12. No evidence that service users have been consulted about the design of the Customer Services Organisation despite claims to want to put 'customers at the heart of the service'.**

The design of the Customer Services Organisation is being developed from the insight we have on customers and their preferences for how they engage and interact with the council. Through the transformation of Customer Services it will be necessary to engage with customers directly for specific elements of the project.

**13. No recognition or concern for democratic accountability and transparency when assessing each service delivery model. This is key issue that is not addressed in the scoring.**

Any future service delivery model would need to ensure that the required democratic accountability is maintained. The democratic accountability that is required will be explicit through any procurement process.

**14. An OJEU Notice should not be considered until a Business Case has been approved by the Council and a Gateway Review has been completed as part of standard procurement practice.**

Whilst it is not standard practice to issue the OJEU notice in advance of the approval of the Business Case, there are other factors affecting this recommendation, such as the pace of change and our commitments to deliver to the MTFS. We have put actions in place to manage associated risks.

The business case must be approved by CRC before the start of any dialogue with the market, and therefore before any significant resource is spent on the procurement process.

A proposal on the Gateway Review process for One Barnet projects is being put together for consideration by the Programme Board.



**AGENDA ITEM: 10**      Pages 47 – 52b

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Temporary Accommodation Fees and Charges 2011/12</b>
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	The report outlines proposed fees and charges for Temporary Accommodation to take effect from 4 April 2011.

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Officer Contributors	Nick Lowther, Homelessness Reduction Co-ordinator
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Fees and charges review – 2011/2012 (Housing Needs & Resources)
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Nick Lowther, Housing Needs & Resources, 020 8359 6002, [nick.lowther@barnet.gov.uk](mailto:nick.lowther@barnet.gov.uk).

## **1. RECOMMENDATIONS**

- 1.1 That the fees and charges proposed for temporary accommodation from 4 April 2011 be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 2 September 2009 (Decision item 11) – noted actions proposed to mitigate the reduction in income from Temporary Accommodation (TA) due to changes in Housing Benefit subsidy arrangements.
- 2.2 Cabinet Resources Committee, 23 September 2004 (Decision item 6) – That increases in fees and charges are in line with the Financial Forward Plan be approved by Heads of Service in consultation with the Cabinet Member for Resources, and that increases be implemented from 1 January each year, with only limited exceptions to those being increased from 1 April.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's Corporate Plan 2010-2013 under the corporate priority 'Better services with less money' has a top performance target, under the customer services basket, to "reduce Homeless Acceptances to 230 or fewer".
- 3.2 The Council's Corporate Plan 2010-2013 under the corporate priority 'Sharing opportunities and sharing responsibilities' has a top performance target to "reduce number of households living in TA to 1,944".
- 3.3 The charges in the appendix to this report are consistent with the Council's key objective of supporting people to be independent and lead active lives as set out in the Corporate Plan 2010-2013.
- 3.4 The charges detailed in the appendix to this report are in line with the Financial Forward Plan.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Temporary Accommodation charges need to take account of any increases in costs of services to minimise the risk of financial losses to the Council in both the Housing Revenue Account and General Fund.
- 4.2 There is a risk to the Council's budgets in the form of either reduced rental income or housing benefit subsidy losses. The charges proposed in appendix 1 seek to minimise this risk by aligning rents more closely with housing benefit subsidy levels.
- 4.3 Reforms of Local Housing Allowance from April 2011 will have a potentially significant impact on homelessness and temporary accommodation in the borough. Whilst the effects of these changes will only become fully apparent over the coming year, it is important that the charges for temporary accommodation are set at a level that minimises the financial risks to the Council.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Analysis shows that almost 70% of households in TA are from non-white households, compared to 20% of the Borough's population as a whole. This suggests that the black

and ethnic minority households are at greater risk of the potential negative effects of living in TA.

- 5.2 The proposed charges will not impact on the Council's statutory equalities duties. It is likely that a decision to reduce hostel service charges and set charges based upon 2010/11 actual costs will improve customer satisfaction for residents in TA. It is also likely that a decision to place responsibility of payment of utility bills for tenants in Hotel Owned Annexes (HOAs) will create a more transparent method of charging and thus improve customer satisfaction.
- 5.3 The proposal to reduce some rental charges for TA will be of benefit to some clients, particularly those who do not receive housing benefit.

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

- 6.1 The Council reclaims the Housing Benefit it pays to residents living in TA from the Government in the form of Housing Benefit subsidy (HBS). However, at present, the Council is unable to reclaim approx £1.7m HBS in respect of TA because some rents charged by the Council exceed subsidy limits.
- 6.2 Changes in HBS regulations from April 2010 saw tighter restrictions on the level of HBS payable on rents for leased and licensed TA. It is therefore proposed to reduce rents on leased and licensed TA properties to reflect LHA rent that can be reclaimed through HBS. These rent reductions will not financially impact on the Council's overall budget position as this money would not otherwise attract HBS.
- 6.3 The Housing Needs budget will experience a reduction in rental income of approximately £1.2m whilst there will be a corresponding reduction in HBS losses. This will have no overall impact on the Council's budget position.
- 6.4 If proposed rents are agreed, it is expected that the estimated subsidy loss of £1.7m will reduce to £500k.

## **7. LEGAL ISSUES**

- 7.1 None

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution, in Part 3, Responsibility for Functions, Paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including looking at income sources and charging policies.

## **9. BACKGROUND INFORMATION**

- 9.1 As reported to the Cabinet Resources Committee in September 2009, changes in Housing Benefit regulations from April 2010 in respect of HBS payable for TA meant that the Council faced a potential reduction in income of £2 million.
- 9.2 The former subsidy system involved the setting of a cap for maximum rents (£303.80 per week regardless of property size) that TA achieved 100% subsidy for. Any rents charged over this cap received 0% subsidy. The new system introduced for April 2010 indexes the rent to the Local Housing Allowance. Maximum rent is determined as 90% of the

Local Housing Allowance rate for the property in its location plus a £40 management fee per week. Again, any rents charged over this cap will receive 0% subsidy from the DWP.

- 9.3 **Private Sector Leasing (PSL)** – Where the Council leases properties from private landlords and manages them on their behalf, it is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.4 **Barbara Langstone House (BLH)** – Barbara Langstone House is a self contained purpose built block used as temporary housing in North Finchley providing 80 bedsits. The block has 24 hour security and caretaking facilities. It is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.5 **Hotel Owned Annexes (HOAs)** – Hotel Owned Annexes are privately rented accommodation managed by private landlords and charged for as emergency accommodation at a nightly rate. To achieve better value for money in relation to HOAs the Council is seeking to negotiate a reduction in services offered by annexe providers for a reduction in costs to the Council. Preliminary discussions have shown a willingness on the part of the providers to place the onus of paying utility bills on tenants rather than accommodation providers in exchange for a reduced nightly rate. This would also help prepare tenants for moving on to more settled accommodation where they are expected to account for their personal utility bills in the normal way and aid independence. It is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.6 **LA Owned Accommodation** – These are buildings owned by the Council, not covered by the Housing Revenue Account (HRA) and are mostly either subdivided houses let on a temporary basis to households in need of emergency accommodation or self-contained units acquired from leaseholders under the Council's hardship scheme. It is proposed that rents are increased to £368.04 per week (similar to 2009/10 levels) from 4 April 2011 to maximise revenue from this form of accommodation. Rents charged on these units will attract 100% housing benefit subsidy and therefore the Council will not bear any subsidy loss.
- 9.7 A review of utility expenditure was carried out in 2010/11 to determine what the Council pays for utilities in General Fund hostels, with the objective of setting a fair service charge in 2011/12. The outcome of this review indicated that the council was under-charging residents for utilities by up to £7.00 per week. It is proposed however that existing charges remain at £12.00 per week to ensure charges are affordable

## 10. LIST OF BACKGROUND PAPERS

10.1

Legal – PD  
CFO – JH/MC

## Appendix – Fees and charges review – 2011/2012 (Housing Needs & Resources)

### 1. Private Sector Leased Accommodation

#### Charges Agreed 2010/11

<b>Private Sector Leased (PSL) Properties – Weekly service charges (48 week basis)</b>				
Property Size	Accommodation Charge	*Heating & Hot Water	**Water	Total
All	<b>£368.04</b>	<b>Min £0.00 Max £16.90</b>	<b>£8.46</b>	<b>Min £368.04 Max £393.40</b>

\*Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary

\*\* Charge only applies to certain units on Stonegrove estate

#### Charges Proposed 2011/12

##### Broad Rental Market Area 150\*

<b>Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water <sup>1</sup>	Water <sup>2</sup>	Total
Studio	<b>£217.71</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£217.71</b>
1-bedrooms	<b>£217.71</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£217.71</b>
2-bedrooms	<b>£268.56</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£268.56</b>
3-bedrooms	<b>£335.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£335.83</b>
4-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>
5-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>

\*charge determined by property size and location

##### Broad Rental Market Area 147

<b>Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£212.09</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£212.09</b>
1-bedrooms	<b>£212.09</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£212.09</b>
2-bedrooms	<b>£257.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£257.08</b>
3-bedrooms	<b>£324.58</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£324.58</b>
4-bedrooms	<b>£392.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£392.08</b>
5-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>

##### Broad Rental Market Area 161

<b>Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>

<sup>1</sup> In Broad Rental Market Area 150/147/161 – rents are indexed to the Local Housing Allowance for this accommodation (1<sup>st</sup> -31<sup>st</sup> January 2011 rates) and will vary according to property size and location.

<sup>2</sup> In Broad Rental Market Area 150/147/161 – Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

1-bedrooms	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>
2-bedrooms	<b>£374.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£374.83</b>
3-bedrooms	<b>£482.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£482.08</b>
4-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>
5-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>

## 2. LA Owned (Re-gen Buybacks)

<b>LA Owned (Re-gen Buybacks) – Weekly charges (48 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water <sup>3</sup>	Water <sup>4</sup>	Total
All	<b>£368.04</b>	<b>Min £0.00 Max £16.90</b>	<b>Min £0.00 Max £8.46</b>	<b>Min £368.04 Max £393.40</b>

## 3. General Fund Hostels

### Charges agreed 2010/11

<b>Barbara Langstone House (BLH), The Croft and Kelvedon – Weekly service charges (48 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£197.50</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£209.50</b>
1-bedroom	<b>£197.50</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£209.50</b>
2-bedrooms	<b>£247.00</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£259.00</b>
3-bedrooms	<b>£299.61</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£311.61</b>
4-bedrooms	<b>£377.50</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£389.50</b>
5-bedrooms	<b>£496.62</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£508.62</b>

\*in Broad Rental Market Area 150. Rents are indexed to the Local Housing Allowance for this accommodation (1<sup>st</sup> January 2010 rates) and will vary according to property size and location

### Charges Proposed 2011/12

<b>Barbara Langstone House (BLH), Weekly charges (48 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£217.71</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£229.71</b>

### Broad Rental Market Area 147

<b>The Croft and Kelvedon – Weekly charges (48 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
All	<b>£368.04</b>	<b>£11.76</b>	<b>£0.24</b>	<b>£380.04</b>

<sup>3</sup> Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

<sup>4</sup> Charge only applies to certain units on Stonegrove estate.

#### 4. Emergency Nightly Purchased Accommodation

##### Charges Agreed 2010/11

<b>Emergency Accommodation (Nightly Purchased) – Weekly service charges (48 week basis)*</b>					
Property Size	Heating/hot water/ lighting/cooking	Water rates	Laundry/Cleaning inc. washing machine supplied /(*not supplied)	Total Service Charges	Gross Accommodation Charge (no washing machine)
Studio	<b>£7.30</b>	<b>£0.29</b>	<b>£1.39 (£0.60)</b>	<b>£8.98 (£8.19)</b>	<b>£377.02 (£376.23)</b>
1-bedroom	<b>£9.82</b>	<b>£0.57</b>	<b>£2.75 (£1.17)</b>	<b>£13.14 (£11.56)</b>	<b>£381.18 (£379.60)</b>
2-bedrooms	<b>£12.26</b>	<b>£0.86</b>	<b>£4.14 (£1.76)</b>	<b>£17.26 (£14.88)</b>	<b>£385.30 (£382.92)</b>
3-bedrooms	<b>£14.71</b>	<b>£1.15</b>	<b>£5.50 (£2.34)</b>	<b>£21.36 (£18.20)</b>	<b>£389.40 (£385.80)</b>
4-bedrooms	<b>£17.17</b>	<b>£1.45</b>	<b>£6.89 (£2.93)</b>	<b>£25.51 (£21.55)</b>	<b>£393.55 (£389.59)</b>
5-bedrooms	<b>£19.62</b>	<b>£1.73</b>	<b>£8.26 (£3.51)</b>	<b>£29.61 (£24.86)</b>	<b>£397.65 (£392.90)</b>

##### Charges Proposed 2011/12

Broad Rental Market Area 150 and all others not included in charge breakdown

<b>Emergency Accommodation – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£217.71</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£217.71</b>
1-bedroom	<b>£217.71</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£217.71</b>
2-bedrooms	<b>£268.56</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£268.56</b>
3-bedrooms	<b>£335.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£335.83</b>
4-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>
5-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>

Broad Rental Market Area 147

<b>Emergency Accommodation – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£212.09</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£212.09</b>
1-bedroom	<b>£212.09</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£212.09</b>
2-bedrooms	<b>£257.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£257.08</b>
3-bedrooms	<b>£324.58</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£324.58</b>
4-bedrooms	<b>£392.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£392.08</b>
5-bedrooms	<b>£406.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£406.25</b>

Broad Rental Market Area 161

<b>Emergency Accommodation – Weekly charges (48 week basis)</b>				
<b>Property Size</b>	<b>Accommodation Charge</b>	<b>Heating &amp; Hot Water</b>	<b>Water</b>	<b>Total</b>
Studio	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>
1-bedroom	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>
2-bedrooms	<b>£374.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£374.83</b>
3-bedrooms	<b>£482.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£482.08</b>
4-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>
5-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>



**AGENDA ITEM: 11**      Pages 53 – 57

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>General Debt, Housing Revenue and General Fund (Temporary Accommodation) Write Offs</b>
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	This report proposes the write off of individual debts in excess of £5,000 arising from Temporary Accommodation rental charges during the financial years 1999 to 2004.

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Officer Contributors	Rashmikant Mandalia, Income Maximisation Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Schedule listing the amount to be written off
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Rashmikant Mandalia, Income Maximisation Manager, (Planning, Housing and Regeneration), 020 8359 4805.

## **1. RECOMMENDATIONS**

- 1.1 That the Temporary Accommodation charges totalling £575,452.89 and detailed in the appendix to this report be written off.

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The write off of these debts is in line with good accounting practice, which requires that debit balances accurately reflect realisable income that helps to deliver the Council's value for money objective of a "more efficient and strategic use of public sector systems and resources".

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 None.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The recommendation to write off these debts recognises that there is no longer a realistic possibility of these sums being recovered. All appropriate avenues have been exhausted in attempting to recover these sums.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 It is not considered that this matter is likely to raise any concerns under the Council's Equalities Policy or compromise the commitment outlined in the Council's Equality Scheme 2007/08-2010/11.

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

- 6.1 The debts proposed to be written off relate to the financial years 1999-2004. It is important to note that the amounts to be written off are within the existing bad debt provision of £3,865,591 covering nightly purchase and hostels.
- 6.2 There are no other resource implications.

## **7. LEGAL ISSUES**

- 7.1 None other than as mentioned in the body of the report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states that the functions of the Cabinet Resources Committee including "to write off debt".

## **9. BACKGROUND INFORMATION**

- 9.1 The debts which are proposed to be written off relate to charges arising from individuals or families placed in bed and breakfast accommodation and hostels as emergency accommodation during the financial years 1999 to 2004.
- 9.2 The persons placed in temporary accommodation were individuals or families with low incomes who presented themselves as homeless to the Council for assistance. They were placed in emergency accommodation whilst their applications were assessed. Most individuals' income was dependant upon state benefits and delays in the set up and processing of these caused knock on delays in claims for housing benefits and a consequent build up of rent arrears.

Clients subsequently moved out of their accommodation without leaving a forwarding address and it has therefore proved difficult to find households from whom to recover the debts.

- 9.3 The Council has a fiduciary duty to its council taxpayers to recover monies owing to it. The Council also has a duty to act reasonably.
- 9.4 Attempts to trace individuals in order to collect debts have included searches of the Council's internal housing management, Housing Benefit and Council Tax databases, enquiries made with agents, visits and letters sent out. Having regards to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debt, with a greater number of checks being carried out in respect to larger debts. Due to the Council's updating of various Information Technology systems, it has also been very difficult to trace the movement of people where there is no access to pre-existing systems.
- 9.5 In the cases dealt with within this report and for the reasons given, it has not been possible to collect these debts. Further, as the debts are over 6 years old the Council is, in all but one case where court action was taken, statute barred from bringing action. The Limitations Act 1980 provides that when the following conditions are met then the debt cannot be pursued through the courts. The conditions are:
- that the creditor has not taken court action;
  - that no payments have been made on the debt over the last 6 years; and
  - that the debtor has not written to the creditor acknowledging that it owes them money.
- 9.6 The breakdown of the debt is as follows:

<b>Year debt was accrued</b>	<b>Amount £</b>
1999	7,348.60
2000	125,479.32
2001	134,830.68
2002	92,049.79
2003	68,310.20
2004	147,434.30
<b>Total</b>	<b>£575,452.89</b>

- 9.7 The Amount of debt profile (Number of Cases)

	<b>Nightly Purchase</b>
2000	16
2001	19
2002	12
2003	8
2004	11
<b>Total</b>	<b>66</b>

	<b>Hostels</b>
1999	1
2003	3
2004	10
<b>Total</b>	<b>14</b>

## 10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – SWS  
CFO – MC

## APPENDIX – SCHEDULE LISTING THE AMOUNT TO BE WRITTEN OFF

### NIGHTLY PURCHASE

<u>Rent Account</u>	<u>Balance (£)</u>	<u>Account Type</u>	<u>B&amp;B End Date</u>
142138019	11,708.67	B&B	09-Apr-00
141634015	6,479.43	B&B	07-May-00
141714010	12,308.02	B&B	21-May-00
141760010	9,728.51	B&B	11-Jun-00
142674014	6,972.11	B&B	18-Jun-00
144128018	5,118.10	B&B	16-Jul-00
142957016	6,188.26	B&B	30-Jul-00
143105016	11,031.90	B&B	20-Aug-00
142340010	5,299.30	B&B	27-Aug-00
143758015	7,847.41	B&B	10-Sep-00
143726010	6,482.08	B&B	24-Sep-00
144189015	5,776.57	B&B	01-Oct-00
143797012	10,961.02	B&B	22-Oct-00
143856012	6,777.83	B&B	05-Nov-00
144658016	6,397.19	B&B	19-Nov-00
143949017	6,402.92	B&B	17-Dec-00
144725012	7,081.93	B&B	07-Jan-01
143973016	7,321.90	B&B	28-Jan-01
145057010	6,856.32	B&B	04-Feb-01
142365014	8,019.04	B&B	04-Feb-01
143950011	7,336.92	B&B	25-Feb-01
143376011	9,458.77	B&B	25-Feb-01
144060017	6,148.50	B&B	04-Mar-01
141521010	8,663.94	B&B	29-Apr-01
145158011	6,938.70	B&B	15-Jul-01
141329013	8,685.30	B&B	15-Jul-01
146494011	5,657.26	B&B	22-Jul-01
143928011	9,111.77	B&B	22-Jul-01
145676015	6,006.26	B&B	26-Aug-01
145439014	5,332.76	B&B	30-Sep-01
146025012	6,776.65	B&B	04-Nov-01
145966019	6,123.60	B&B	11-Nov-01
146733013	8,265.39	B&B	11-Nov-01
146154010	5,430.69	B&B	09-Dec-01
144768018	5,614.98	B&B	09-Dec-01
146214015	7,095.27	B&B	20-Jan-02
147764011	5,308.77	B&B	03-Feb-02
149271016	20,138.01	B&B	03-Feb-02
147857016	5,545.87	B&B	24-Feb-02
144622012	9,602.58	B&B	24-Feb-02
146697018	6,341.59	B&B	26-May-02
148518017	6,694.61	B&B	07-Jul-02
146685013	9,345.62	B&B	21-Jul-02
145782019	5,041.85	B&B	29-Sep-02
150624010	5,184.68	B&B	08-Dec-02
147762012	5,651.04	B&B	08-Dec-02
148336016	6,099.90	B&B	22-Dec-02
147547011	5,320.07	B&B	09-Mar-03
147855017	6,279.49	B&B	06-Apr-03

150703011	6,065.86	B&B	13-Jul-03
150548013	6,894.92	B&B	28-Sep-03
144093017	6,409.75	B&B	05-Oct-03
150767012	5,365.78	B&B	12-Oct-03
149493019	6,009.63	B&B	28-Dec-03
148658015	6,031.95	B&B	28-Dec-03
151692017	5,102.48	B&B	14-Mar-04
152969019	6,058.32	B&B	28-Mar-04
150179019	6,081.13	B&B	28-Mar-04
150874010	5,579.84	B&B	04-Apr-04
152572017	5,173.63	B&B	18-Apr-04
153591010	5,348.18	B&B	04-Jul-04
153566017	5,936.66	B&B	11-Jul-04
154441014	9,232.94	B&B	18-Jul-04
154257014	5,985.31	B&B	24-Oct-04
154416010	5,566.48	B&B	07-Nov-04
154563023	6,325.29	B&B	14-Dec-04

**467,127.50**

#### HOSTELS

<u>Rent Account</u>	<u>Balance (£)</u>	<u>Account Type</u>	<u>Tenancy End Date</u>
137618018	7,348.60	Hostel	30-May-99
151356014	6,240.34	Hostel	19-Oct-03
151451018	6,814.51	Hostel	19-Oct-03
151425010	6,877.90	Hostel	19-Oct-03
151423010	8,401.97	Hostel	04-Jan-04
147428019	5,404.83	Hostel	22-Feb-04
149979017	9,642.06	Hostel	22-Feb-04
151368019	7,006.72	Hostel	14-Mar-04
153270016	5,378.38	Hostel	11-Jul-04
153316017	12,982.40	Hostel	15-Aug-04
151436010	5,212.76	Hostel	10-Oct-04
153322014	7,082.14	Hostel	17-Oct-04
151514016	13,932.78	Hostel	24-Nov-04
154594011	6,000.00	Hostel	25-Nov-04

**108,325.39**

**AGENDA ITEM: 12**      Pages 58 – 67

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Award of the One Barnet Legal Partner Contract</b>
Report of	Cabinet Member for Resources and Performance
Summary	This report seeks approval to award, to Trowers and Hamlins Solicitors, the contract for the provision of legal services to the One Barnet Programme for a three year period.

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Officer Contributors	Margaret Martinus, Assistant Director – Legal
Status (public or exempt)	Public (with separate exempt report)
Wards affected	All
Enclosures	Appendix – Protocol – Appointment and Liaison with External Legal Advisers
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Margaret Martinus, Assistant Director – Legal, 020 8359 2545.

## **1. RECOMMENDATIONS**

- 1.1 That the contract for the provision of legal services to the One Barnet Programme be awarded to Trowers and Hamlins for a period of three years, with effect from the date of authorisation.**
- 1.2 That the Committee note and provide any comments on the draft protocol for the appointment of and liaison with external lawyers.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 6 May 2008 (Decision item 5) – approved the Future Shape of the Council programme and allocation of a budget for the initial phases of the work.
- 2.2 Cabinet, 3 December 2008 (Decision item 5) – approved the overall model, design and delivery of the Future Shape of Council.
- 2.3 Cabinet Resources Committee, 15 June 2009 (Decision item 5) authorised the Head of Legal to enter into Framework Agreements with firms of solicitors on the Outer London Panel Solicitors Framework.
- 2.4 Cabinet, 6 July 2009 (Decision item 5) – approved the aims and approach for the Future Shape of Council.
- 2.5 Cabinet, 21 October 2009 (Decision item 8) – approved the plans for implementing the Future Shape of the Council.
- 2.6 Cabinet, 21 June 2010 (Decision item 5) – considered the medium-term strategic context for the Council and likely very substantial financial challenges. Cabinet endorsed the Future Shape programme as the response to the challenges set out. The report also noted that the full implementation costs of Future Shape were not budgeted at that time and would need to be factored into future financial planning and in reviewing earmarked reserves.
- 2.7 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and funding strategy for the One Barnet implementation costs, including estimated costs of external legal advisers.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The three priority outcomes set out in the 2010/13 Corporate Plan are:
- Better services with less money;
  - Sharing opportunities, sharing responsibilities; and
  - A successful London suburb.

The One Barnet Programme has an overarching aim:

- To become a citizen centred organisation.

To be delivered through the adoption of three key principles:

- A new relationship with citizens;
- A one public sector approach; and
- A relentless drive for efficiency.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The Council is in the process of implementing an innovative programme, likely to present risks at a number of levels. The Council requires legal advisers from suitably experienced lawyers to be able to advise on these risks, where appropriate. Specialist legal advice will also be required to support a transformation of this magnitude. Legal advice will be required in the areas of procurement (domestic and European), taxation, company law and special purpose vehicles/corporate structures, in the context of potentially new and untested areas. It is essential to seek this advice in order to inform decision making and to ensure that the Council does not fail to meet any of its statutory obligations or to ensure that robust contracts are in place.
- 4.2 The Council's in-house legal team is not resourced at a level to enable it to provide the timely (and sometimes extremely urgent) and comprehensive legal advice and assistance required for a Council-wide project as extensive and involved as the One Barnet Programme. Advice and assistance is required in the different areas of law described above in Paragraph 4.1. Without such timely and comprehensive legal advice and assistance there are very real risks that, in moving forward with the Programme, the Council will contravene legislation; fail to fulfil its statutory duties; and fail to secure the most efficient and the best value arrangement and/or vehicle structure for the performance of its functions and services.
- 4.2 The appointment of external legal advisers, who will work closely with the Council's in-house legal team, will ensure that, at every stage of the One Barnet Programme, timely and comprehensive legal advice and assistance is provided to the Programme.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Invitation to Tender issued to the panel solicitors, requires them to carry out their contracted services in accordance with the statutory requirements of the equalities legislation under which the Council has a legal duty to comply.
- 5.2 The successful tenderer, Trowers and Hamblins, have equal opportunities and diversity policies that ensure no individual or group of individuals is discriminated against in the delivery of the service.

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

- 6.1 Procurement – The Council is a member of a consortium of local authorities which set up the, Bromley-led, Outer London External Lawyers Framework Panel. This Framework consists of 26 Panel members, a mixture of private firms and in-house local authority legal departments, which were successful in an earlier EU compliant tender that was undertaken between 2008 and 2009. The procurement of the Legal Advisers involved a 'mini competitive tendering exercise' within The Outer London Boroughs Panel Solicitors Framework. By using the Framework, the Council benefits from the reduced tender timescales and associated costs compared to the alternative of undertaking a full EU compliant tender. The Council can be assured that it is appointing from an approved list of tenders.
- 6.2 Finance – The Legal Adviser contract will be established for a three-year period. The pricing schedules submitted in the mini-tender exercise were used for the cost evaluation and will facilitate forecasting of costs for all advice required under this contract.



Individual packages of work and the associated costs will be agreed before they are initiated in order to control budgets and maintain value for money.

- 6.3 Performance & Value for Money – The contract with the Legal partner will be monitored throughout its life, with appropriate action taken if it is identified that the level of performance is below that which is expected or if the council is not receiving a value for money service.
- 6.4 The One Barnet Programme Legal Partner will provide legal advice to the One Barnet Programme through all phases of the Programme and constituent projects, as necessary. The standard stages of the projects include:
- Concept;
  - Options appraisal and business case; and
  - Delivery.

In certain projects, the delivery may include procurement activity. The Council may therefore seek advice and support from its Legal Partner in the following areas:

- Preparation of OJEU notice and other pre procurement preparation;
  - Competitive Dialogue or other procurement route, as agreed;
  - Contract award and mobilisation; and
  - Contract Monitoring and management.
- 6.5 The contract will be a call off-contract to provide ‘as and when’ specialist legal advice to the One Barnet Programme. This will include advice on new, untested areas and areas such as taxation and company law. As such, it is not possible to scope a whole-life cost of the contract, as the exact volumes of work required from the legal partner is not certain.
- 6.6 In order to ensure value for money, high performance and controllable spend under the contract, no work will be initiated under the contract without the creation of defined work packages requiring the approval of those with budgetary responsibility within the One Barnet Programme Team. Work packages will not be signed-off as complete, and invoices will not be paid until the One Barnet Programme team are assured of the quality and value for money of the advice having been delivered. The Tenderers tendered on the basis of hourly rates and, whilst it is assessed that the costs are likely to be a minimum of £500,000, the spend will be closely monitored and, where appropriate, fixed costs agreed for ‘packages’ of legal work in order to control the maximum spend over the three years.
- 6.7 In order to provide transparency and visibility of the performance and cost of this contract, reports will be presented to the Business and Performance Overview and Scrutiny Committee on a six monthly basis to outline the costs incurred against the contract, predicted costs for the next period and performance against a set of performance indicators.
- 6.8 There will also be regular liaison meetings with the external legal partner to discuss and agree any action in respect of issues that may arise concerning quality or value for money issues.

## **7. LEGAL ISSUES**

- 7.1 The appointment of the external legal partner will be on the basis of the terms and conditions set out in the Framework Agreement for the Outer London External Lawyers Panel.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including finance responsibilities, acceptance of tenders which are not the lowest and agreeing externalisation contracts.
- 8.2 The Contract Procedure Rules require authorisation of contracts above £500,000 to be by a Cabinet Committee and acceptance by Cabinet Member where the tender is lowest or where it represents value for money and is the best available option for the Council.
- 8.3 Whilst it is considered that this proposed contract represents value for money and is the best available option for the Council, it is not possible to scope the whole-life cost of the contract for the reasons stated in paragraph 6.5 above. It is therefore considered prudent for the contract to be authorised by this Committee.

## **9. BACKGROUND INFORMATION**

- 9.1 Following the decision by Cabinet on 21 October 2009 to approve the plans for implementing the One Barnet Programme, it was identified that external legal advice would be required to support some aspects of the delivery phase of the One Barnet Programme. Cabinet approved the funding strategy for the One Barnet implementation costs on 29 November 2010, which included estimated costs for external legal advisers.
- 9.2 Legal support to the programme has been met to date through a mixture of provision by the in-house legal team and 'as and when required' appointments, through the Outer London Boroughs Panel Solicitors Framework. In September 2010, it was considered that a number of the projects were now at the point where they would require intensive legal support in the project phases identified in paragraph 6.4 above.
- 9.3 There is a requirement for the One Barnet Programme to have available high-quality, specialist, flexible support from a Legal partner who can provide advice as required on any legal aspects of the One Barnet Programme for a three-year period and can work in partnership with the in-house legal team to deliver the project for the Council.
- 9.4 The Outer London Panel Solicitors Framework was chosen as it was the most appropriate and cost-effective route for the Council to procure the services of a Legal Partner for the One Barnet Programme via a 'mini tender competition'.
- 9.5 Out of a total of 26 law firms that comprise the Outer London Panel Solicitors Framework 15 firms were selected due to the particular expertise relevant to the One Barnet Programme. Following a period of clarification, 11 of the 15 firms submitted tenders, in September 2010.
- 9.6 Evaluation
- 9.6.1 A team of four Council Officers comprising senior staff from Commercial Services, Legal Services and Chief Executive's Service evaluated the tender responses.
- 9.6.2 The submissions received have been evaluated in accordance with the criteria within the Invitation to Tender documents as highlighted below:
- Quality (50% total):
    - ❖ Quality and Experience of Staff (30%);
    - ❖ Procedures and Methods for Carrying out the Service (15%); and
    - ❖ Capacity (5%).
  - Price (50% total)

- 9.6.3 Price evaluation was based on the total of the hourly rates tendered for the four different levels of Solicitors, who are likely to work on the contract, namely the following:
- Partner;
  - Senior Solicitor;
  - Solicitor; or
  - Associate.
- 9.6.4 It was noted that tender submissions contained price structure submissions that were not in accordance with quotation templates. Clarification was requested from bidders to ensure that there was transparency and comparability across bid submissions.
- 9.6.5 The evaluation panel reviewed and scored the tender submissions allocating a maximum 50% score for quality and a maximum 50% score for price. The top five bidders scoring highest in these areas were invited to interviews with the evaluation team.
- 9.6.6 Following the interviews the evaluation panel completed its scoring on the quality scores. Their evaluation results are detailed below:

Tender Name	Weighted Price Score	Weighted Quality Score	Overall
Company A	23.77	28.25	52.02
Company B	28.86	33.50	62.36
Company C	20.35	43.00	63.35
Company D	22.56	36.00	58.56
Company E	23.37	32.50	55.87
Company F	23.36	40	63.36
Company G	33.05	26.25	59.30
Company H	24.58	23.75	48.33
Company I	35.64	22.75	58.39
Trowers and Hamblins	19.90	44.50	64.40
Company J	20.55	34.00	54.55

- 9.6.7 The recommendation of the first evaluation panel following the interviews was to award the contract to the highest scoring tenderer, Trowers and Hamblins.
- 9.6.8 However, due to the closeness of the overall scores following the first interview, (for the tenderers which had scored the highest) officers took the view that the evaluation process would be strengthened by a second interview of the shortlisted firms being carried out by a different panel of officers. This was to verify the qualitative assessments of the first evaluation panel at interview.
- 9.6.9 All five firms were invited to a second interview before a different panel of officers. As far as possible, the original interview process remained unchanged. At the conclusion of the second round of interviews, the second panel unanimously agreed that the result which had been arrived at, previously, was the correct result. The second evaluation panel agreed with the recommendation put forward by the first evaluation panel, that the contract be awarded to Trowers and Hamblins.

9.6.10 The second evaluation panel comprised of a team of 3 senior officers from Legal Services, Commercial Services and Finance.

9.7 Alternative Options

9.7.1 The alternative option of recruiting individuals to provide the specialist services was considered. However, this was assessed as not being a realistic option given the temporary and wide nature of the required legal services and the time which it would take to carry out a full recruitment and selection process for such skills.

9.8 Protocol for the appointment and liaison with external lawyers.

9.8.1 As the Council enters into a greater number of arrangements with external lawyers, it is considered in the interests of good governance to have a protocol in place, on how the Council instruct and liaise with its external legal advisers.

9.8.2 A draft document is attached in the appendix to this report for consideration and comment by this Committee. The draft was considered by the Council's Directors' Group on 21 December 2010, with the request that it should also be referred to this Committee for comment.

**10. LIST OF BACKGROUND PAPERS**

10.1 Mini Invitation to Tender for the Provision of Legal Services to the London Borough of Barnet (ref 50318).

10.2 Anyone wishing to inspect this background paper should contact Martyn Carter on 020 8359 7267.

Legal – MAM

CFO – JH

Protocol – Appointment and Liaison with External Legal Advisers

Introduction

The Council obtains legal advice through the mixed provision of legal services, internally and externally.

The bulk of day to day legal work is currently undertaken internally but, due to the changing nature of volume and type of instructions, external legal advice is being increasingly commissioned.

External legal advice includes the use of both Counsel (Barristers) and external law firms.

Counsel is mainly instructed in child protection, employment or other matters where there are no higher rights of Court audience for solicitors.

External law firms are currently commissioned to provide advice on the large regeneration schemes and large scale litigation. External lawyers will also be commissioned to advise on the One Barnet Programme where capacity and expertise in certain areas are not available in-house.

More recently, due to capacity issues arising from growth of instructions in various areas such as contract and employment work, legal advice/casework has had to be commissioned from external law firms.

The Council has approved entering into a framework agreement, through the Outer London Boroughs consortium, with a panel of external law firms, to provide a range of external legal services to the Council.

For Counsel, although no similar framework exists, a list of counsel with preferred fee rates is maintained by the Assistant Director – Legal.

Constitutional Provisions

Presently, under the Council's Constitution at Article 14, the Assistant Director – Legal is the Authorised Officer for the conduct of all legal proceedings on behalf of the Council or to take any other action that is necessary to protect the Council's interests.

The Assistant Director – Legal is also the Authorised Officer for executing all legal documentation on behalf of the Council. The post also includes the Deputy Monitoring Officer role.

In the interests of good governance, transparency and probity, all legal commissioning should be conducted only through or with the involvement of the Assistant Director – Legal.

Commissioning of Legal Advice

Should a Service need or wish to commission external legal advice, they should contact the Assistant Director-Legal in the first instance.

Depending upon the requirements, an appropriate selection process will be agreed. All meetings and interviews will be organised and led by the Assistant Director – Legal or an officer she has duly authorised.

### Appointment of External Legal Adviser

A legal adviser's appointment requires formal authorisation in the normal way. Depending upon the likely value of the contract, authorisation will either be by the Assistant Director – Legal, Cabinet Member or Cabinet Resources Committee.

Any letters of appointment or contracts shall be signed by the Assistant Director – Legal. Original documentation will be held by the Assistant Director – Legal but copies shall be retained by the instructing Service for easy reference. The details of the contract will be placed upon the legal case management system maintained by Legal Services, in order that a report providing details of all externally instructed legal advisers can be produced at any point in time.

Approvals and details of costs incurred will be maintained on an ongoing basis by the instructing Service.

### Liaison with the External Legal Adviser

Once external legal advisers are in place, it would not be in the interests of speed and efficient working for all substantive instructions and advice to have to be passed through the Assistant Director – Legal.

It is therefore acceptable for Services to directly instruct and liaise with the external advisers on day to day instructions/requests for advice once the appointment is formally in place.

However, this protocol must be brought to the attention of all staff involved with the day the day instruction of and requests for advice from external legal advisers.

Officers must ensure that they commission the use of external legal advice in the most cost efficient manner. Officers need to be aware of the estimated budgets allocated for the costs of the external legal advisers and commission accordingly.

External legal advisers usually charge at a substantial hourly rate. It is therefore recommended that all requests for advice are channelled through one officer, usually the project manager. This is to ensure that the request for advice is absolutely necessary, has not been requested before by another officer and is within the remit of the project or instruction.

Meetings must be organised with clear objectives and expected outcomes and this must be communicated to the external legal advisers. Consideration must be given to the frequency and length of any meetings. Records must be kept of the time spent in meetings and through other contact with external legal advisers.

The project manager will then be better able to reconcile the level and nature of legal advice commissioned and time incurred when bills are received.

Agreement has to be made with the Assistant Director-Legal at the start of the commission concerning the frequency of quality reviews to be held between herself, the instructing Service and the external legal advisers. This will be the forum where any quality or value for money issues can be discussed with the client care partner of the firm. The client care partner should be separate from the partner leading on the substantive advice, where possible.

Any issues or concerns that the instructing Service has relating to quality or cost should be brought to the immediate attention of the Assistant Director – Legal.

## Communication and Sharing of Legal Advice

Legal advice provided to the Council, whether internal or external, is subject to legal professional privilege. This means that the advice must be treated as strictly confidential and not to be further disclosed within or beyond the Council, unless strictly necessary.

If the advice or a substantive part of the advice is disclosed to a person outside the Council or published in Council reports or other documents, the Council is likely to no longer have the ability to resist disclosure on grounds of legal professional privilege in the event of a request for disclosure by another party in legal proceedings. This may have serious ramifications for the project or matter upon which the external legal advisers are advising.

Legal advice that is transmitted electronically may have a greater risk of inadvertently being passed on. For this reason, careful consideration should be given as to how the legal advice is communicated or shared. Sometimes a short summary or paper copy may be the best option in order to mitigate any risks of unintended or unauthorised disclosure. The advice of the Assistant Director – Legal should be sought in the event of any doubt.

Counsel's advice is given to the instructing solicitor and therefore delivery of the substance of that advice should only come through the solicitor. It should never be further transmitted or disclosed in its entirety without first consulting the instructing solicitor and/or the Assistant Director – Legal. It is often the case that the content of counsel's opinion, having been written by one lawyer for another lawyer, comprises a good deal of legal terminology, referencing and case law that will not make it suitable for wider circulation.

Accordingly, for the reasons above and other considerations, Counsel's opinion or advice should not generally be disclosed to Members and other Council Officers in its entirety. Where a 'need to know' basis is established, the appropriate course is for a briefing to be given based upon a summary of counsel's opinion or advice as prepared by the instructing solicitor and/or the Assistant Director – Legal.

Officers must treat legal advice confidentially and only for the appropriate purposes.

Legal advice must be stored securely at all times whether in hard or soft copy.

2 March 2011

**AGENDA ITEM: 13**      Pages 68 – 73

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Extension of Term Maintenance Contracts</b>
Report of	Cabinet Member for Resources and Performance
Summary	To extend the existing Term Maintenance Contracts for building, mechanical, electrical, lifts and water hygiene beyond the contracted dates for a period of twelve months.

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Officer Contributors	Keith Rowley, Head of Asset Management & Capital Programmes (Commercial Services) Bruno de Souza, Senior Asset Manager (Commercial Services) Martin Wilkinson, Asset Manager (Commercial Services) Martyn Carter, Procurement Manager (Commercial Services)
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Keith Rowley, Head of Asset Management & Capital Programmes (Commercial Services), 020 8359 7632, keith.rowley@barnet.gov.uk or Bruno de Souza, Senior Asset Manager (Commercial Services), 020 8359 4569, bruno.desouza@barnet.gov.uk or Martin Wilkinson, Asset Manager (Commercial Services), 020 8359 4563, martin.wilkinson@barnet.gov.uk.



## **1. RECOMMENDATIONS**

- 1.1 That the Council's Contract Procedure Rule 5.6.1.2 be waived as the initial contract had been extended before.**
- 1.2 That, subject to 1.1 above being agreed, the Commercial Services Director be authorised to extend the existing Term Maintenance Contracts with Kirkman and Jourdain Ltd., D Long Construction Ltd., Procure Building Services Ltd., Oakray Ltd., RGE Services Ltd., T&D Barrs Ltd., Clearwater Technology Ltd., and Industrial Lifts Services Ltd., to undertake both cyclical and responsive maintenance works throughout the Council's non-housing operational buildings for a period of twelve months from 1 April 2011 until 31 March 2012.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 On 2 November 2007, the Director of Environment and Transport approved a delegated powers report (DPR 395) which approved the establishment of a Planned Building Maintenance Contract for Cyclical and Responsive Works.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Due to the "One Barnet" programme and the present uncertainty, the exact scope and structure of future maintenance contracts is unknown and therefore it would be beneficial to continue with existing arrangements. It is also felt that tendering for a period of less than three years may not return the most economic solution.
- 3.2 The Corporate Plan 2010-2013 has as one of its priorities 'Better services with less money' with some of its key strategic objectives to 'explore new ways of bundling and commissioning services to generate better outcomes for less money' and to 'ensure that 100 percent of the 50 largest contracts, by spend, are under formal contract.'
- 3.3 Through the One Barnet programme the Council has pledged:
  - More efficient and strategic use of property;
  - More effective use of property; and
  - More efficient and strategic use of public sector systems

This means having only those assets that the Council need to deliver the core functions agreed upon through the One Barnet programme and to maximise opportunities with partners to get the best effect from the public sector assets across the Borough. It also demands that the Council significantly improve the processes and systems through which the Council manage our estate, optimising resources in terms of service delivery and community benefit.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 A risk assessment has been carried out and the main issues have been summarised in the following table:

Risk	Early Warning Mechanisms/ Hazards	Residual Risk		Consequences / Mitigating Actions
		Likelihood	Impact	
Failure to have a new Contract in place	Existing Contracts expire on 31 March 2011	High	High	Loss of essential servicing of mechanical & electrical plant necessary to meet legislative requirements, enable preventative maintenance and support service delivery/ it is proposed to extend the existing Contracts
Discovery of asbestos in concealed areas	Asbestos Surveys undertaken for all corporate buildings and reports kept at each site	Low	Medium	Delay and additional cost of removal if found / Asbestos survey reports have been passed to all Premises Managers.
Contractor liquidation/insolvency	Lack of performance. Essential maintenance work not undertaken	Low	High	Delay and additional costs/ Financial check prior to Contract award/ Regular monitoring of contracts and performance indicators.
Health & Safety – working in an operational building	Regular site inspection/construction sites	Low	Medium/ High	Injury/Experienced contractors, segregation of working areas
Contractors working with vulnerable people	All Contractors to be CRB checked	Low	Medium/ High	Delays whilst checks are being undertaken / All operatives should already be CRB checked as existing contracts are in place.

4.2 The various issues have been considered and it is essential that the cyclical maintenance on mechanical and electrical plant is undertaken in order to meet the Council's statutory obligations as failure to do so will give rise to significant levels of public concern.

## 5. EQUALITIES AND DIVERSITY ISSUES

5.1 The proposed works will enhance the Borough's reputation as a good place to live and work and will assist in ensuring that all Council buildings are legal and safe, meet current statutory obligations and are suitable for service delivery.

- 5.2 The successful Contractors have indicated in their Pre Qualification Questionnaires (PQQ's) submitted prior to entering into Contract to undertake cyclical maintenance works on behalf of the borough that they would support the Council in meeting its public obligations to promote race, equality and disability equality whilst undertaking work on behalf of the Council.
- 5.3 The Planned Building Maintenance Contract had been procured using the Council's procurement process which sets out to the contractors their responsibility in supporting the Council's service delivery.
- 5.4 As part of the tendering process, advertisements were placed in the Barnet local press inviting interest from local contractors. In general, the existing contractors have some form of training schemes running within their organisations.

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

- 6.1 The total planned and responsive maintenance works costs for 2009/10 was £2,048,064. This was made up of a number of disciplines and include building, mechanical, electrical, water treatment works and lift maintenance.

The annual expenditure for the five disciplines based on the last financial year was as follows:

Discipline	Total Annual Expenditure	No of Contracts
Building	£1,350,259	3
Mechanical	£275,833	2
Electrical	£223,007	2
Water Treatment	£177,873	1
Lifts	£21,092	1

The ongoing expenditure will be monitored via the Council's ordering system (SAP) and this forms the basis of one of the Council's key performance indicators.

- 6.2 The Council has carried out negotiations with all its existing Term Contractors with a view to retaining them for a further twelve month period. They were initially asked to consider extending present contractual arrangements without applying any annual uplifts in line with national indices (BCIS). They all agreed to this and confirmed the same in writing. Although the national indices have not been published, Contractors have agreed to provide future services to the Council at current prices which would effectively result in savings in the region of 6.6% (£135,172) based on the average of last years indices applied across all disciplines.
- 6.3 A further request was made to each of the Term Contractors who were asked to consider reducing their prices by a further 6.5% and in so doing would effectively result in a real term reduction of 10% i.e. 6.5% net of inflation. This has been accepted by all but one of the three Building Contractors (Procure Ltd) and they have confirmed the same in writing. Procure were only willing to accept a 2.5% discount. This would mean that the Council would receive future services from our Term Contractors at a lower price to that being paid for at present, effectively realising a further saving of £133,124 based on last years spend. The total savings that would be realised by the Council would be in the region of £268,296 and this demonstrates good value for money.

**Table showing anticipated benefits to be achieved by the Council**

The anticipated savings shown in the table below are based on the total planned and responsive maintenance works costs for 2009/10 which was £2,048,064.

	Anticipated savings based on 2009/10 spend
Use of existing Contracts without applying annual BCIS uplifts	£135,172
Further negotiated discount (6.5% reduction on existing prices)	£133,124
Total	£268,296

- 6.4 The extension of the term contracts will result in the establishment of a robust and transparent method of selecting contracting services advocated in the Council's Procurement Strategy. The contracts will provide a call off facility for use by premises managers and will facilitate maintenance and repair in all Council non-housing operational buildings.
- 6.5 The Council will ensure that appropriate and timely building maintenance is implemented thereby ensuring that all buildings are operated safely, efficiently and more sustainably, reducing avoidable energy and water consumption and associated carbon emissions.
- 6.6 The total planned and responsive maintenance works costs will be contained within exiting Budgets in the Commercial Directorate budgets.
- 6.7 There are no staffing or IT implications.

**7. LEGAL ISSUES**

- 7.1 The value of the contract extension will be less than half the cost of the existing contract without the extension in accordance with Contract Procedure Rules 5.6.1.3.
- 7.2 The criteria for waiver is justified because there are other circumstances which are genuinely exceptional in accordance with the Contract Procedure Rules 5.8.4 as detailed in 3.1 of this report.

**8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including agreeing exceptions to standing orders.
- 8.2 The Council's Contract Procedure Rules in Paragraph 5.6.2 states the acceptance parameters for Contract Extensions.
- 8.3 The Council's Contract Procedure Rules in Paragraph 5.8 states that a waiver of the Contract Procedure Rules maybe agreed by the appropriate decision making body if they are satisfied after considering a written report by the appropriate officer that the waiver is justified.

## 9. BACKGROUND INFORMATION

- 9.1 The existing contracts were tendered in 2006 with contracts starting in April 2007. The contract was initially for a three year period with the option to extend for a further two years in twelve month increments at the Authority's sole discretion. The initial option to extend the contract for twelve months has been taken up and consequently the present contract expires on 31 March 2011. It is now proposed to extend the contract for a further and final twelve month period which will be a permitted extension in accordance with the original terms of the contract.
- 9.2 The contract covers a number of services operating within all of the Councils Corporate building stock and within those schools that sign up to the Councils Building Maintenance Service. The contract covers both cyclical and responsive maintenance works.
- 9.3 The contract awards were as follows:

Building works Borough wide	Kirkman & Jourdain Ltd. D Long Construction Ltd. Procure Building Services Ltd
Mechanical and Electrical services North of the Borough	Oakray Ltd.
Mechanical services South of the Borough	T&D Barrs Ltd.
Electrical services South of the Borough	RGE Services Ltd.
Water Hygiene Borough wide	Clearwater Technology Ltd.
Lifts Borough wide	Industrial Lift Services Ltd.

- 9.4 An existing competitive schedule of rates exists for all of the above works which will provide a saving on procurement costs together with any management and overhead costs associated with retendering, thereby providing the Council with good value for money.
- 9.5 In accordance with Contract Procedure Rules as noted in paragraph 9.1 above, there has already been a contract extension and therefore this matter must be referred to the relevant Cabinet Committee for authorisation as stated in paragraph 8.1 above.

## 10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal –PD  
CFO – MC

**AGENDA ITEM: 14**      Pages 74 – 84

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Treasury Management Activity for the part year ended 31 December 2010</b>
Report of	Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity in the part year to 31 December 2010.

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Officer Contributors	John Hooton - Assistant Director of Strategic Finance Karen Bannister – Interim Treasury Manager
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Money Market Data and PWLB Rates Appendix B – Deposits as at 31 December 2010 with Credit Ratings Appendix C – Compliance with Prudential Indicators
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Karen Bannister, Interim Treasury Manager, 020 8359 7119.

## **1. RECOMMENDATIONS**

**1.1 That the Treasury Management activity for the part year to 31 December 2010 be noted.**

**1.2 That the Committee consider any areas on which it would like to receive further information.**

## **2. RELEVANT PREVIOUS DECISIONS**

2.1 Cabinet Resources Committee, 25 March 2008 (Decision item 18) – Treasury Management Business Strategy.

2.2 Cabinet, 23 October 2008 (Decision item 12) – Council Deposits in Icelandic Banks.

2.3 The Leader of the Council and Cabinet Member for Resources approved under delegated powers (DPR 712) on 5 December 2008 the Treasury Management Strategy 2008/09 – Deposit Counterparty Limits.

2.4 Cabinet Resources Committee, 19 January 2009 (Decision item 16) – Treasury Management Strategy.

2.5 Cabinet Resources Committee, 30 March 2009 (Decision item 13) – Treasury Management Strategy.

2.6 Cabinet Resources Committee, 15 June 2009 (Decision item 7) – Outturn 2008/09.

2.7 Cabinet Resources Committee, 2 September 2009 (Decision item 15) – Treasury Management Activity in the Quarter to 30 June 2009.

2.8 Cabinet Resources Committee, 2 November 2009 (Decision item 14) – Treasury Management Activity to 31 August 2009.

2.9 Cabinet Resources Committee, 19 January 2010 (Decision item 9) – Treasury Management Activity to 18 December 2009.

2.10 Cabinet Resources Committee, 23 February 2010 (Decision item 10) – Treasury Management Activity to 31 December 2009.

2.11 Cabinet Resources Committee, 16 March 2010 (Decision item 9) – Treasury Management Strategy 2010/11.

2.12 Special Committee (Constitution Review), 25 March 2010 (Decision item 8) – Amending the Council's Financial Regulations.

2.13 Cabinet Resources Committee, 22 April 2010 (Decision item 7) – Treasury Management Activity to 25 March 2010.

2.14 Cabinet Resources Committee, 17 June 2010 (Decision item 17) – Treasury Management Outturn for the year ended 31 March 2010.

2.15 Cabinet Resources Committee, 19 July 2010 (Decision item 10) – Treasury Management Activity to 31 May 2010.

- 2.16 Cabinet Resources Committee, 2 September 2010 (Decision item 9) – Treasury Management Outturn for the Quarter ended 30 June 2010.
- 2.17 Cabinet Resources Committee, 30 November 2010 (Decision item 5) – Treasury Management Activity for the Half Year Ended 30 September 2010 and (Decision item 6) Amending the Treasury Management Strategy 2010/11.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council's corporate priority for 2010-2013, 'Better services with less money', through the strategic objective "make sure we get best value from resources across the public sector, including our people and assets". The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 Borrowing and deposit rates are determined by the market and can be volatile at times. Officers mitigate this volatility by monitoring the interest rate market in conjunction with treasury advisors and brokers, and by actively managing the debt and deposit portfolios.

### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The management of the Council's cash flow ensures the availability of adequate monies to pay for the delivery of the authority's public duties.

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

- 6.1 During the nine months to 31 December 2010, the Council achieved £1.156m of net interest benefit (£1.65m in 2009/2010 financial year).
- 6.2 The wider financial implications for the Council are dealt with in section 9 of this report.

### **7. LEGAL ISSUES**

- 7.1 None other than those mentioned in the body of this report.

### **8. CONSTITUTIONAL POWERS**

- 8.1 Financial Regulations (Part 1, Section 7) within the Council Constitution state:
- (1) This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that code.
  - (2) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.
  - (3) The Chief Finance Officer will create and maintain suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.



- (4) The content of the policy statement and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the authority materially deviating from the Code's key recommendations.
- (5) Cabinet Resources Committee will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the TMPs. These reports will incorporate the prudential borrowing limits and performance indicators.

## **9. BACKGROUND INFORMATION**

### **9.1 Treasury Management Strategy 2010/11**

- 9.1.1 The Council's amended Treasury Management Strategy 2010/11 was approved at Cabinet Resources Committee on 30 November 2010. The TMS 2010/11 reflects the Council Budget 2010-2011 Forward Plan and Capital Programme. They set out the timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing.
- 9.1.2 The key changes introduced by the amended Treasury Management Strategy 2010/2011 were:
  - (i) The extension of the maximum permissible duration of investments from 92 days to 364 days to bring the strategy in line with that of other local authorities and to enable a higher rate of return on investments.
  - (ii) The adoption of Arlingclose's (the Council's treasury advisors) counterparty list which includes the Debt Management Account Deposit Facility, T-Bills, UK local authorities, UK and non-UK banks and AAA-rated Money Market Funds.
- 9.1.3 The TMS is under constant review to reflect market conditions and the financing requirements of the Council.

### **9.2 Icelandic Bank Deposits**

- 9.2.1 The outcome of Icelandic Bank litigation remains the single most important financial risk facing the Council. The Council's current balance sheet assumes that the Council retains priority status as a creditor of the two banks through the wind-up process. Priority status, and other matters, will be considered by the Icelandic Courts in February and March 2011. Any decision is likely to be appealed, so there is likely to be a continued period of uncertainty. The most significant risk for the Council is that ultimately priority status will not be maintained leading to a much lower level of eventual recovery of funds. To mitigate the potential disruption to the Council's financial plans, the Council needs to set aside funds in the risk reserve accordingly. The additional potential cost is estimated at £14.1m, and this could crystallise in 2010/11 when the accounts are closed, or subsequently in accordance with events in the judicial process. The Council applied for a capitalisation direction in 2010/11 to provide additional flexibility in dealing with the potential additional cost, but this was declined by Government. A key aim of financial strategy is therefore to set aside sufficient revenue funding in the risk reserve. Should this risk crystallise prior to sufficient funds being identified in the risk reserve, other reserves would need to be utilised and then replenished as a priority within the financial strategy.

9.2.2 The trial of the Landsbanki tests case will be held on 14 to 17 February and Glitnir test case will be heard on the 11 of March. Judgement has to be delivered within 4 weeks of the trial, although the judges have the discretion to extend their period of deliberation by 4 weeks.

9.2.3 Each party will have 2 weeks from the date the judgment is delivered to appeal the decision. The Council's solicitor, Bevan Brittan are of the view whichever party loses is likely to appeal the decision to be determined by the Supreme Court. If an appeal is made to the Supreme Court, judgment is unlikely to be delivered before autumn 2011.

### **9.3 Economic background for the Part Year to 31 December 2010**

9.3.1 The Comprehensive Spending Review (CSR) announced on 20 October 2010 set out how the Coalition Government will carry out the UK's deficit reduction plan over the next 4 years with the aim of eliminating the structural deficit by 2015. Departmental budgets (other than health and overseas aid) are to be cut by an average of 19%, with around £81 billion cut from public spending overall, over 4 years resulting in a loss of around 490,000 public sector jobs. The Office of Budget Responsibility's (OBR), the new fiscal watchdog, verdict on the CSR was that there was a better than ever chance of hitting the fiscal mandates and that the rebalancing of the economy could be relatively pain-free.

9.3.2 The Bank of England's November Quarterly Inflation Report showed inflation remaining above the 2% target throughout 2011. In the Bank's view the recovery in economic activity was likely to continue, with GDP growth more likely to be above the historical average than below it for much of the 2-year forecast period.

9.3.3 The UK economy grew in the third calendar quarter of 2010 by 0.8%, twice as much as economists forecast, as services and construction helped sustain the recovery's momentum. The annual growth rate increased to 2.8%. The Monetary Policy Committee (MPC) maintained the Bank Rate at 0.5%, and although the MPC maintained Quantitative Easing at £200bn, minute of the Committee's meeting showed the MPC was clearly ready to resume assets purchases if the economy slowed faster than expected.

9.3.4 The US Federal Reserve (the Fed) kept rates on hold at 0.25% following signs of a slowdown in American growth and low core inflation. The Fed revised down its growth forecast for 2011 to 3.3% year on year from 3.8% year on year, while the jobless rate was revised up to 9.0% from 8.5% for Q4 2011.

9.3.5 The European Central Bank maintained rates at 1.00% but, at its meeting in December, extended the liquidity provision regime for a further three months. The markets questioned the sustainability of the Euro peripheral countries' debt and the deficit reduction programmes – with Ireland and Portugal the main casualties – and also the core countries' commitment to the European project. The Republic of Ireland received an EUR85 billion aid package from the EU and IMF.

9.3.6 The TMS will be kept under review specifically in terms of market conditions, benchmarks and yield.

### **9.4 Borrowing Performance**

9.4.1 A borrowing requirement of £31.69m (£10.4m is Housing Revenue Account) is currently forecast for 2010/11. The capital programme is kept under constant review and any changes that impact on the external borrowing will be reported to this Committee.

9.4.2 The total value of long term loans dropped from £214.5m at 31 March 2010 to £207.5 at 31 December 2010. However the average cost of borrowing remained steady at 4.09%.

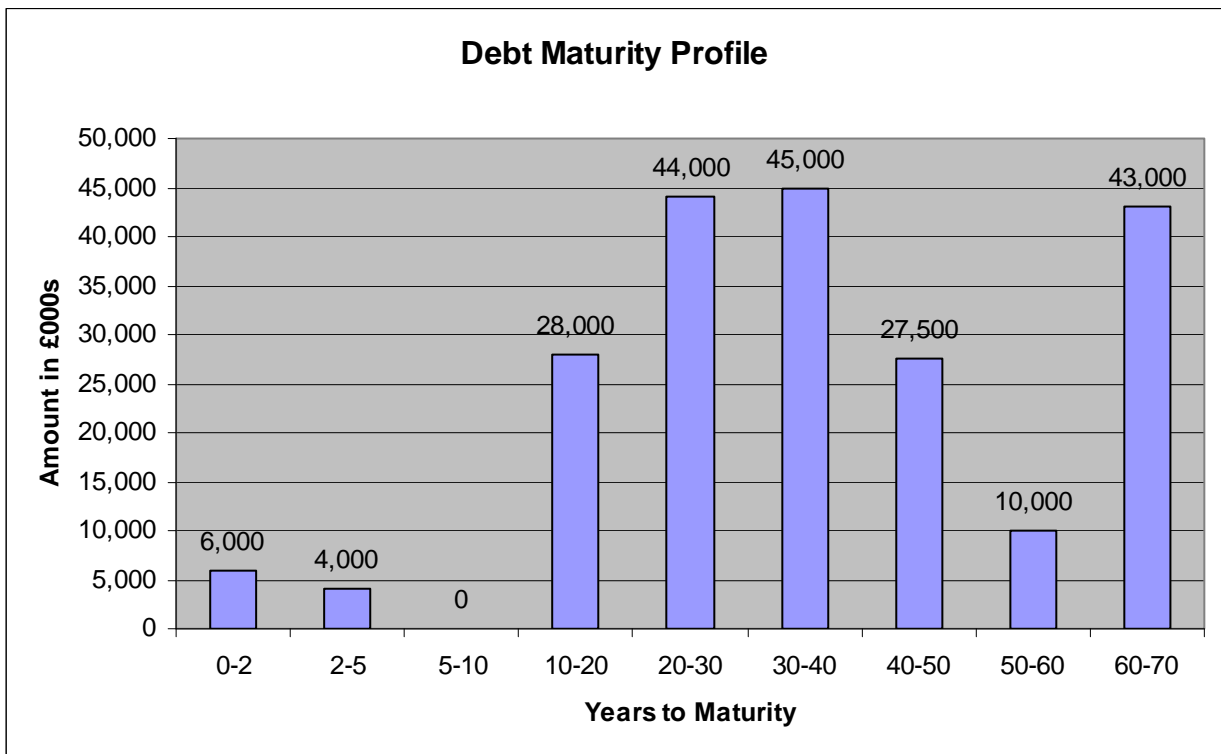
**9.5 Current Portfolio**

9.5.1 The Council’s long term debt position at the beginning and end of the part year was as follows:

	31 December 2010		31 March 2010	
	Principal	Average Rate	Principal	Average Rate
PWLB	£140.00m	4.19%	£147.00m	4.21%
Market	£62.50m	3.82%	£62.50m	3.82%
Temporary	£5.00m	4.50%	£5.00m	4.50%
	£207.50m	4.09%	£214.50m	4.09%

9.5.2 The Council’s long-term debt portfolio is a mixture of PWLB and market loans in the form of LOBOs (Lender’s Option Borrower’s Option), loans that are at a fixed interest rate for an initial period, following which the lender can change the interest rate but the borrower has the option to repay the loan if the rate is changed and not considered value for money.

The Council’s current debt maturity profile is outlined in the graph below.



9.5.3 In order to comply with accounting standards for financial instruments, some of the market loans in the debt portfolio have been recalculated on an effective interest rate basis as opposed to being calculated on an amortised cost basis. The total value of loans in question before re-measurement was £9.5m; and additional charge of 0.36m has now been added to the carrying value of these loans.

9.5.4 Money Market data and PWLB rates are attached at Appendix A.

**9.6 Investment Performance**

9.6.1 Deposits are managed internally. At 31 December 2010, deposits outstanding amounted to £186.3m (£10.6m of which is Pension Fund Cash), achieving an average rate of return of 0.658% (adjusted for Icelandic deposits) against a benchmark of 0.40%.

9.6.2 The benchmark is the average 7-day LIBID rate (un-compounded), sourced from the Financial Times. The LIBID rate or London Interbank Bid Rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

9.6.3 The Council outperformed the benchmark return in the quarter by 0.258%, which based on the average balance invested for the part year produced some £360,490 additional interest.

## **9.7 Prudential Indicators**

9.7.1 The Local Government Act 2003 requires the Council to set and Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached. The Council's Authorised Limit (also known as the Affordable Borrowing Limit) was set at £334,148m for 2010/11.

9.7.2 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included with the Authorised Limit. The Council's Operational Boundary for 2010/11 was set at £319,148m.

9.7.3 During the part year to 31 December 2010 there were no breaches of the Authorised Limit and the Operational Boundary.

9.7.4 Further details of compliance with prudential indicators are contained in Appendix C.

## **9.8 Compliance**

9.8.1 The current 2010/2011 TMS was approved by this Committee on 17 March 2010 and subsequently amended on 30 November 2010. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.

9.8.2 As at 31 December 2010, the Council had deposits outstanding with a total value of £186.3m (£10.6m of which is Pension Fund cash) of which four Icelandic deposits totalling £27.4m fell outside the TMS as approved on 30 November 2010. A list of deposits outstanding and counterparty credit ratings at 31 December 2010 is attached as appendix B.

9.8.3 All Deposits placed during the part year ended 31 December 2010 were compliant with the TMS as approved on 30 November 2010.

9.8.4 Treasury management procedures are monitored and reviewed in light of CIFPA guidance and current market conditions.

## **10. LIST OF BACKGROUND PAPERS**

10.1 None.

Legal – SWS  
CFO – AT/JH

## Appendix A – Money Market Data and PWLB Rates

### Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2010	0.50	0.35	0.35	0.42	0.51	0.81	1.26	1.54	2.07	2.82
30/04/2010	0.50	0.30	0.30	0.43	0.53	0.83	1.29	1.70	2.23	2.95
31/05/2010	0.50	0.45	0.50	0.61	0.60	0.85	1.35	1.46	1.89	2.58
30/06/2010	0.50	0.35	0.35	0.45	0.61	0.94	1.38	1.40	1.79	2.42
31/07/2010	0.50	0.40	0.40	0.50	0.71	1.01	1.46	1.36	1.75	2.39
31/08/2010	0.50	0.40	0.55	0.50	0.71	1.00	1.45	1.20	1.47	2.02
30/09/2010	0.50	0.30	0.25	0.51	0.72	1.01	1.46	1.24	1.51	2.05
31/10/2010	0.50	0.48	0.40	0.51	0.72	1.01	1.46	1.26	1.53	2.08
30/11/2010	0.50	0.40	0.51	0.51	0.72	0.88	1.46	1.32	1.66	2.30
31/12/2010	0.50	0.40	0.40	0.51	0.72	1.01	1.47	1.49	1.94	2.61
Minimum	0.50	0.30	0.25	0.42	0.51	0.75	1.00	1.13	1.37	1.92
Average	0.50	0.39	0.41	0.49	0.66	0.96	1.40	1.40	1.78	2.42
Maximum	0.50	0.55	0.55	0.80	0.75	1.01	1.47	1.75	2.31	3.04
Spread		0.25	0.30	0.38	0.24	0.26	0.47	0.62	0.94	1.11

Following an announcement in the Comprehensive Spending Review on 20<sup>th</sup> October 2010, following instruction from HM Treasury, the PWLB has increased the interest rate on all new loans by an average of 1% above UK Government Gilts. PWLB rates were suspended at 12.30pm on 20 October, and the rate changes were reflected in borrowing rates from 1.35pm on the same day.

The new borrowing rate for fixed rate loans whether borrowed on an EIP, Annuity or Maturity loans have increased by around 0.87% across all maturities.

The premature repayment rates do not benefit from the corresponding increase and the PWLB's methodology remains unchanged.

Variable rate loans:

if entered into *after* 12.30pm on 20 October 2010, will be 0.90% higher than previously, so a premium of 0.90% should be added to the variable rates published on the PWLB's website.

### PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.81	2.84	4.14	4.21	4.60	4.61	4.63
30/04/2010 12:15	089/10	0.85	2.86	4.13	4.20	4.61	4.61	4.60
28/05/2010 12:15	127/10	0.73	2.46	3.76	3.83	4.36	4.38	4.38
30/06/2010 12:16	171/10	0.67	2.27	3.54	3.62	4.22	4.28	4.27
30/07/2010 12:16	217/10	0.70	2.29	3.55	3.62	4.32	4.41	4.40
31/08/2010 12:15	259/10	0.63	1.84	3.05	3.13	3.82	3.93	3.93
30/09/2010 12:15	303/10	0.64	1.88	3.14	3.86	4.00	4.03	4.02
29/10/2010 12:16	346/10	1.58	2.90	4.23	5.06	5.20	5.22	5.20
30/11/2010 12:15	390/10	1.56	3.05	4.40	5.18	5.26	5.25	5.23
31/12/2010 09:19	430/10	1.65	3.33	4.58	5.18	5.23	5.20	5.16

Minimum		0.60	1.81	3.05	3.82	3.93	3.93	3.92
Average		0.96	2.50	3.79	4.50	4.57	4.57	4.56
Maximum		1.77	3.45	4.75	5.41	5.47	5.46	5.43

### PWLB Repayment Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.56	2.38	3.82	4.35	4.36	4.26	4.19
30/04/2010 12:15	089/10	0.62	2.43	3.83	4.37	4.38	4.33	4.30
28/05/2010 12:15	127/10	0.50	2.04	3.44	4.12	4.15	4.11	4.10
30/06/2010 12:16	171/10	0.44	1.86	3.23	3.98	4.05	4.00	3.97
30/07/2010 12:16	217/10	0.47	1.88	3.23	4.08	4.18	4.13	4.10
31/08/2010 12:15	259/10	0.40	1.45	2.73	3.57	3.70	3.66	3.62
30/09/2010 12:15	303/10	0.41	1.48	2.82	3.62	3.77	3.76	3.73
29/10/2010 12:16	346/10	0.47	1.61	3.03	3.93	4.09	4.07	4.03
30/11/2010 12:15	390/10	0.45	1.75	3.20	4.06	4.15	4.10	4.06
31/12/2010 09:19	430/10	0.54	2.04	3.39	4.07	4.12	4.05	3.99
Minimum		0.37	1.40	2.73	3.51	3.70	3.66	3.62
Average		0.49	1.85	3.23	4.01	4.10	4.06	4.02
Maximum		0.68	2.53	3.94	4.47	4.46	4.38	4.35

### PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate			
01-Apr-2010	0.6500	0.6500	0.7000			
30-Apr-2010	0.6500	0.6500	0.7000			
28-May-2010	0.6500	0.6500	0.7000			
30-Jun-2010	0.6500	0.7000	0.7000			
30-Jul-2010	0.6500	0.7000	0.7000			
31-Aug-2010	0.6500	0.6500	0.7000			
30-Sep-2010	0.6500	0.7000	0.7000			
Borrowing undertaken pre-CSR				Borrowing undertaken post-CSR		
	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
29-Oct-2010	0.6600	0.6700	0.6900	1.5600	1.5700	1.5900
30-Nov-2010	0.6700	0.6700	0.6900	1.5700	1.5700	1.5900
31-Dec-2010	0.7000	0.7000	0.7500	1.6000	1.6000	1.6500
Minimum	0.6500	0.6500	0.6800	1.5600	1.5600	1.5800
Average	0.6607	0.6715	0.7022	1.5767	1.5824	1.6080
Maximum	0.7000	0.7500	0.7500	1.6000	1.6500	1.6500

Appendix B – Deposits as at 31 December 2010 with Credit Ratings

DEPOSITS OUTSTANDING AS AT 31 DECEMBER 2010

Deal Number	Counter Party	Deposit Date	Maturity Date	Rate of Interest	Amount Outstanding	Max Limit	Actual Limit	Fitch Rating			Moody's Rating			S&P Ratings		
								L Term	S Term	Indiv	Support	L Term	S Term	Fin Slgth	L Term	S Term
<b>Debt Management Agency Deposits Facility</b>																
2000011019	DEBT MANAGEMENT OFFICE	04-Jan-11	10-Jan-11	0.25	19,000,000	No Limit	16%									
2000011020	DEBT MANAGEMENT OFFICE	04-Jan-11	05-Jan-11	0.25	10,000,000	No Limit										
<b>Local Authorities</b>																
2000010961	LANCASHIRE COUNTY COUNCIL	01-Dec-10	01-Mar-11	0.65	7,000,000	No Limit										
2000010963	LANCASHIRE COUNTY COUNCIL	29-Nov-10	28-Feb-11	0.65	4,000,000	No Limit										
2000010949	MIDLOTHIAN COUNCIL	04-Nov-10	04-Feb-11	0.65	8,000,000	No Limit										
2000011014	RIOF KINGS TON UPON THAMES	23-Dec-10	07-Jan-11	0.5	3,000,000	No Limit										
2000010967	REDDITCH BOROUGH COUNCIL	30-Nov-10	28-Feb-11	0.65	1,000,000	No Limit										
2000011011	SALFORD CITY COUNCIL	23-Dec-10	31-Jan-11	0.5	4,200,000	No Limit										
2000011018	THURROCK BOROUGH COUNCIL	04-Jan-11	04-Apr-11	0.65	5,000,000	No Limit										
2000010965	WEST YORKSHIRE F & R AUTH	06-Dec-10	05-Jan-11	0.5	1,300,000	No Limit										
2000011015	WEST YORKSHIRE POLICE AUTH	23-Dec-10	31-Jan-11	0.5	7,000,000	No Limit										
<b>UK Banks</b>																
2000010341	BANK OF SCOTLAND CORPORA	108-Sep-09	-	0.75	25,000,000		15%									
2000010988	BARCLAYS BANK PLC	29-Nov-10	28-Feb-11	0.65	9,300,000		15%									
2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	-	0.4	14,300,000		15%									
2000011001	SANTANDER CORP BANKING	08-Dec-10	Call Account	0.8	24,000,000		15%									
2000011000	ROYAL BANK OF SCOTLAND	08-Dec-10	07-Dec-11	1.43	4,000,000		15%									
2000011006	ROYAL BANK OF SCOTLAND	19-Dec-10	19-Sep-11	1.22	10,000,000		15%									
<b>Investments outside TMS</b>																
<b>Icelandic Banks</b>																
2000005163	GLITNER BANK (ICELAND)	07-Nov-06	frozen		7,000,000		0									
2000005218	GLITNER BANK (ICELAND)	24-Jan-07	frozen		3,000,000		0									
2000005226	GLITNER BANK (ICELAND)	07-Feb-07	frozen		2,400,000		0									
2000005511	LANDSBANKI ISLANDS H.F.	28-Sep-07	frozen		15,000,000		0									
<b>TOTAL VALUE OF INVESTMENTS</b>																
182,300,000																
<b>LESS ICELANDICS</b>																
154,900,000																

Comments on Redemption (if known)

## Appendix C – Compliance with Prudential Indicators

### Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2010/11 %
<b>Upper Limit for Fixed Rate Exposure</b>	100
Compliance with Limits:	Yes
<b>Upper Limit for Variable Rate Exposure</b>	40
Compliance with Limits:	Yes

### Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/12/10	% Fixed Rate Borrowing as at 31/12/10	Compliance with Set Limits?
Under 12 months	0	50	5,000,000	2.4%	Yes
12 months and within 24 months	0	50	0	0	Yes
24 months and within 5 years	0	75	4,000,000	1.9%	Yes
5 years and within 10 years	0	75	0	0%	Yes
10 years and above	0	100	198,500,000	95.6%	Yes



**AGENDA ITEM: 15** Pages 85 – 137

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>3<sup>rd</sup> Quarter Monitoring 2010/11</b>
Report of	Cabinet Member for Resources and Performance
Summary	To consider the Monitoring 2010/11 report and instruct officers to take appropriate action.
Officer Contributors	Maria G. Christofi – Assistant Director, Financial Services Catherine Peters – Head of Finance, SAP Systems, Closing & Monitoring Anisa Darr – Finance Manager, Closing & Monitoring Luke Ward – Corporate Performance Manager
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Performance Report Appendix B – Revenue Monitoring Directorate Appendix C – Capital Programme Adjustments Appendix D – Capital Monitoring Analysis
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information:	Anisa Darr, Finance Manager, Closing & Monitoring, 020 8359 7106

## **1. RECOMMENDATIONS**

- 1.1 That Directors take appropriate action to ensure costs are kept within budget and income targets are met. (Paragraph 9.1.2)**
- 1.2 That Directors take appropriate action to improve performance against those corporate performance, Human Resources (HR), project and risk measures where Quarter 3 performance has either deteriorated or remains a challenge. (Paragraphs 9.2, 9.3, 9.9 and Appendix A)**
- 1.3 That the following virements in excess of £1m be approved:**
  - The reduction of the Dedicated Schools Grant (DSG) by the Department of Education (DfE) in respect of three schools, the reduction in DSG is £5,647,450 with a compensating reduction in Individual Schools Budget (ISB) of £5,627,560 and in centrally retained budget of £19,890. (Paragraph 9.5.2)**
  - The Young People’s Learning Agency (YPLA) pay the grant for sixth forms directly to academies rather than via the local authority. This will cause a reduction in the YPLA grant of £1,803,240 with a reduction in the ISB of an equivalent amount. (Paragraph 9.5.3)**
- 1.4 That the cost of agency staff procured through the Hays tempdesk be noted. (Paragraph 9.6.1)**
- 1.5 That the following drawdown’s from contingency be approved:**
  - £494k for Planning, Housing and Regeneration (PHR) Services income shortfall in planning, building control and land charge fees caused by adverse housing market conditions and also, in the case of land charges, legislation revoking fees for personal searches. (Paragraph 9.7.2)**
  - £800k is requested from contingency for the impact of changes in Housing Benefits regulations on the level of subsidy that can be reclaimed in respect of temporary accommodation rents. (Paragraph 9.7.3)**
- 1.6 That the write off of debt for Temporary Accommodation £1.366m and the Private Sector Tenancy Scheme £0.762m approved under the Chief Finance Officer’s authority be noted. (Paragraph 9.8.1)**
- 1.7 That Directors ensure that those capital projects in their services are managed closely to ensure they are delivered within budget and in accordance with the agreed timeframe. (Paragraph 9.10.1)**
- 1.8 That the proposed Capital additions/deletions of £5.863m, slippage of £24.752m as set out in Appendix D and the related funding implications summarised in table 3 be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Council, 2 March 2010 (Decision item 145) – approved the Council Budget and Council Tax 2010/11.**
- 2.2 Cabinet Resources Committee, 17 June 2010 (Decision item 18) – approved the Outturn 2009/10.**
- 2.3 Cabinet Resources Committee, 19 July 2010 (Decision item 11) – approved Monitoring 2010/11.**

- 2.4 Cabinet Resources Committee, 2 September 2010 (Decision item 10) – approved Monitoring 2010/11.
- 2.5 Cabinet, 6 September 2010 (Decision item 12) – approved the Investment Strategy to meet Primary School Places.
- 2.6 Cabinet Resources Committee, 30 November 2010 (Decision item 8) – approved Monitoring 2010/11.
- 2.7 Cabinet, 10 January 2010 (Decision item 7) – approved virements over £1m.
- 2.8 Council, 25 January 2010 (Decision item 5.1) – approved virements over £1m.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.
- 3.2 'Maximise improvements and savings in 'back office' functions' and 'Make sure we get best value from resources across the public sector, including our people and assets' represent two of the eight key objectives underlying the corporate priority 'Better services with less money' and the strategic objectives.
- 3.3 Relevant Council strategies and policies include the following:
  - Corporate Plan 2010/11;
  - Medium Term Financial Strategy;
  - Treasury Management Strategy;
  - Debt Management Strategy;
  - Insurance Strategy;
  - Risk Management Strategy; and
  - Capital, Assets and Property Strategy.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The revised forecast level of balances needs to be considered in light of the risks identified in 4.2 below.
- 4.2 Various projects within the Council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other Council priorities will be required.
- 4.3 The integrated corporate risk register is included within Appendix A, section 1.4.

### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Financial monitoring is important in ensuring resources are used to deliver equitable services to all members of the community.

## 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance and Value for Money, Staffing, ICT, Property, Sustainability)

- 6.1 Robust budget and performance monitoring plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.
- 6.2 Use of Resources implications are covered within Section 9 of the body of the report and in the attached appendices.

## 7. LEGAL ISSUES

- 7.1 None arise over and above those referred to within the body of the report.

## 8. CONSTITUTIONAL POWERS

- 8.1 The Council's Constitution, in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions of the Cabinet Resources Committee including:
- (a) Monitor the trading position of appropriate Council services, carry out debt analysis and look at income sources and charging policies;
  - (b) To write off debt;
  - (c) To determine external or cross-boundary trading limit; and
  - (d) Approval of schemes not in performance management plans but not outside the Council's budget or policy framework.
- 8.2 Financial Regulations section 4.17 states the Chief Finance Officer will report in detail to Cabinet Resources Committee at least four times a year on the revenue and capital budgets and wider financial standing in addition to two summary reports at the beginning and end of the financial year.

## 9. BACKGROUND INFORMATION

### 9.1 2010/11 Revenue Monitoring

- 9.1.1 Table 1 gives a summary of the 2010/11 outturn analysis compared to the revised budget position (excluding schools). There is a net overspend of £1.005m being forecast at the end of quarter 3. A breakdown of revenue monitoring by each service directorate is set out in Appendix B.

**Table 1: 2010/11 Revenue Outturn Analysis – Summary**

Description	Original Budget £000	Revised Budget as at 31/12/10 £000	Forecast Outturn as at 31/12/10 £000	Forecast Outturn Variation as at 31/12/10 £000	Performance			
					Green	Green Amber	Red Amber	Red
Adults	96,232	95,953	96,151	198	1			2
Central Expenses	53,659	51,361	48,823	(2,538)	n/a	n/a	n/a	n/a
Chief Executive	11,962	11,693	11,559	(134)	5			1
Childrens Services	48,945	47,583	49,039	1,456	4			1
Commercial Services	15,632	17,441	17,755	314	3		1	
Corporate Governance	5,951	5,898	5,861	(37)	3			1
Deputy Chief Executive	11,595	11,998	11,998	-	2			
Environment & Operations	23,351	23,423	25,169	1,746				2
Planning, Housing & Regeneration	2,028	1,977	1,977	-	1	2		3
<b>Total 2010/11 General Fund Forecast</b>	<b>269,355</b>	<b>267,327</b>	<b>268,332</b>	<b>1,005</b>	19	2	1	10
Allocations agreed from GF Balances	-	-	-	-				
General Fund Balances as at 01/04/10	-	-	-	(15,780)				
<b>Projected General Fund Balances (excluding schools balances) at 31/03/11</b>	-	-	-	<b>(14,775)</b>				

Description	Original Budget £000	Revised Budget as at 31/12/10 £000	Forecast Outturn as at 31/12/10 £000	Forecast Outturn Variation as at 31/12/10 £000
Dedicated Schools Grant	(124)	(142)	21	163
Housing Revenue Account	-	-	(301)	(301)

9.1.2 Directors are reminded that they are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within the total budget available.

## **9.2 Performance against the Corporate Plan targets**

9.2.1 The number of Corporate Plan performance targets reporting data remained the same in quarter 3 as in quarter 2 at 32 out of a total of 41. The balance of met and missed targets also remains similar at 59% met (19 targets) and 41% missed (13 targets) in Q2. There are nine indicators where no data has yet been reported, including on road maintenance and those that depended on the Place Survey for data.

9.2.2 Good performance has been maintained for the number of adult social care clients receiving self directed support. The number of children in care is also well within the target, and GCSE results for children in care last year met the target.

9.2.3 Targets that were red last quarter but which are now green are two in Commercial Services relating to reviewing and renegotiating major contracts (although meeting the year end targets on this will be challenging) and answering the phone to customers in 5 rings by the Council's call centres.

9.2.4 In quarter 3, the number of households accepted as homeless has increased from 60 to 77 between quarter 2 and quarter 3. Deterioration has also taken place on volunteering referrals for Adult social care clients. Performance on waste has continued to deteriorate compared to the same point last year, with the amount of residual waste generated per household (in kgs) increasing by 3%, whilst the recycling rate is the same as it was at quarter 3 last year. Performance for responding to customers' emails within 10 days has dropped below the 85% target in quarter 3, with performance deteriorating from 89% to 82.3%.

9.2.5 Indicators improving but still below target are the number of households re-housed in the private sector via housing services, the net number of additional homes added, and the proportion of children in care who are a Barnet Council foster placement.

9.2.6 A summary of performance against corporate priorities can be found in Appendix A. Detailed performance reports for each Council Directorate are published on the Council's website here: <http://www.barnet.gov.uk/cp-annual-performance-monitors.htm>.

## **9.3 Performance on HR/People measures**

9.3.1 The average amount of absence per employee has reduced across the organisation from 8.2 days per year in quarter two to 7.8 days in quarter 3. The London Council average is 8.8 days. The percentage of managers submitting a monthly absence returns has deteriorated significantly in quarter three from over 87% to 55.6%. The Directorates in which quarterly absence figures have increased the most are Planning, Housing & Regeneration (+1 day from 1.4 to 2.4 days) and Chief Executive's Service (+0.9 days from 1.7 to 2.6 days).

There have been decreases in quarterly absence days in both Adult Social Services and the Children's Service. These figures should be set in the context of the employee implications of the proposed budget. Managing this is a key issue for the Council.

#### **9.4 Commentary about Revenue Outturn**

- 9.4.1 The Council's overall position has improved from the projected over spend of £3.391m quarter 2. This has been reduced to £1.005m at quarter 3. The Council's target level of balances is to remain above £15m, however, the effect of the over spend is to reduce the general fund balances to below the Council's target. More recovery work will need to be done quite quickly by service directorates, supported by Finance, in order to manage this over spend to come into balance by final outturn.
- 9.4.2 Specific areas for concern which are mainly driving the over spend are external family assessments, external placements for children in care and agency costs in social care division of Children's Services. There has also been an increase in pupils placed in the private and independent sector, which is the result of legal orders by Special Educational Needs (SEN) Tribunal. Management and performance costs in Environment and Operations have increased as a result of re-profiling work across the directorate. A severe winter has pushed up the highways maintenance costs and a shortfall in income on the Special Parking Account has compounded the issue in the service. The purchase of additional licences in Information Systems has resulted in Commercial over spending.
- 9.4.3 These are high risk areas and while spend needs to be monitored and managed this year, it is important to ensure the situation is managed so it isn't a continuing budget pressure into next years budget.
- 9.4.4 The Council's commentary for Revenue and key performance indicators are set out in Appendix A.

#### **9.5 Virements**

- 9.5.1 The virement below is in excess of £1m and requires member approval.
- 9.5.2 During 2010/11 three schools converted to academy status (QE Boys, Ashmole and The Compton). The Department for Education (DfE) has reduced the Dedicated Schools Grant (DSG) for the budget share that would have been paid to the three schools and an element of the centrally retained budget had they remained maintained. The reduction in DSG is £5,647,450 with a compensating reduction in Individual Schools Budget (ISB) of £5,627,560 and in centrally retained budget of £19,890.
- 9.5.3 In addition the Young People's Learning Agency (YPLA) pay the grant for sixth forms directly to academies rather than via the local authority. This will cause a reduction in the YPLA grant of £1,803,240 with a reduction in the ISB of an equivalent amount.

#### **9.6 Agency Costs**

- 9.6.1 The table below details agency costs of temporary staff procured through Hays tempdesk. Expenditure has decreased in December, though this was always likely to occur due to the Christmas break with many services closed between Christmas & New Year. When compared to expenditure in December 2009, it has reduced by 30%.

If current spend is projected, the estimated outturn for the year ending 2010/11 would be approximately £9.3m, this is £2.39m less than in 2009/10.

**Table 2: Agency Costs to 31 December 2010**

Service	Qtr 1	Qtr 2	Qtr 3
	Agency Spend	Agency Spend	Agency Spend
	£	£	£
Adult Social Services	471,086	432,085	438,876
Chief Executive's Service	85,347	84,218	55,040
Children's Service	620,824	588,781	616,518
Commercial	348,093	314,808	193,322
Corporate Governance	55,134	52,007	38,175
Deputy Chief Executive	289,695	269,194	261,282
Environment & Operations	408,392	417,781	435,982
Planning, Housing and Regeneration	181,796	160,123	131,198
<b>Grand Total</b>	<b>2,460,367</b>	<b>2,318,997</b>	<b>2,170,393</b>

**9.7 Drawdown from Contingency**

9.7.1 The drawdown from Contingency requested below has been assumed in the Revenue Monitoring in Table 1 and Appendix B.

9.7.2 £494k for the PHR Services income shortfall in planning, building control and land charge fees caused by adverse housing market conditions and also, in the case of land charges, legislation revoking fees for personal searches. This is likely to be an ongoing budget requirement.

9.7.3 A drawn down of £800k is requested from contingency for the impact of changes in Housing Benefits regulations on the level of subsidy that can be reclaimed in respect of temporary accommodation rents. The subsidy loss related to these changes is estimated to be approximately £1.7m, part of which is being contained.

**9.8 Write off of debt under Chief Finance Officer's Authority**

9.8.1 The constitution gives the Chief Finance Officer the authority, as an Executive function, to write-off individual debts up to £5,000, subject to discussion with the Assistant Director – Legal and reporting this action retrospectively to Cabinet Resources Committee.

The amounts written off for Temporary Accommodation and the Private Sector Tenancy Scheme are £1.366m and £0.762m respectively.

A separate report has been submitted to Cabinet Resources Committee (02/03/2011) seeking approval to write off individual Temporary Accommodation debts of £5,000 and over totalling £0.575m.

**9.9 Performance on key projects, including those in the OneBarnet Programme**

9.9.1 There are 54 major projects in total including the 12 within the One Barnet Programme. Of the 54, three have a red rating for their current status and one has a red rating for both the current and future status:

- Pericles Replacement (Current);
- Mayor of London, Help a London Park project (Current); and
- Recruitment & Advertising (Both).

**9.10 2010/11 Capital Programme Monitoring**

9.10.1 Directors are reminded they need to continue to ensure that capital projects are closely managed during 2010/11 to ensure that they are delivered within budget and in accordance with the agreed timeframe.

## 9.11 Capital Monitoring Analysis

9.11.1 The Capital Monitoring summary and details by service directorate is set out in Appendix D.

## 9.12 Proposed changes to the Capital Programme

9.12.1 Appendix C gives details of the proposed changes to the Capital Programme. These include proposed additions and deletions as well as budget movements.

**Table 3: Capital Funding Changes**

	Grants £000	S106 / Other £000	Capital Receipts £000	Revenue £000	Borrowing £000	Total £000
Adult Social Services	(740)					(740)
Central Expenses						-
Chief Executive			(465)			(465)
Children's Service	(500)	(2,408)	(1,620)		(7,512)	(12,040)
Corporate Governance			(30)			(30)
Commercial Services			(818)		(269)	(1,087)
Deputy Chief Executive			(341)			(341)
Environment & Operations	(409)	(67)	(184)		(770)	(1,430)
Planning, Housing and Regeneration	3,850		(245)		(249)	3,356
<b>General Fund Programme</b>	<b>2,201</b>	<b>(2,475)</b>	<b>(3,703)</b>	<b>-</b>	<b>(8,800)</b>	<b>(12,777)</b>
HRA Capital	(3,874)	-	(102)	(5,411)	3,275	(6,112)
<b>Total Capital Programme</b>	<b>(1,673)</b>	<b>(2,475)</b>	<b>(3,805)</b>	<b>(5,411)</b>	<b>(5,525)</b>	<b>(18,889)</b>

## 10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – MM

CFO – MC/JH



## **Appendix A – Performance Report**

### Contents

1. Corporate performance overview
2. Whole Council summary tables
3. Methodology for traffic light ratings

## 1. CORPORATE PERFORMANCE OVERVIEW

### 1.1 Overall health rating overview

The methodology for calculating these health ratings is contained in section three of this Appendix.

Directorate	Revenue budget actual variance £'000	Capital actual variance £'000	Corporate Plan performance	HR/People	Key project rating
Adult Social Services	198	(740)	-1	-3	4
Children's Service	1,456	(12,040)	3	1.5	11.5
Environment & Operations	1,746	(1,430)	-2	-3	1
Planning, Housing & Regeneration	GF - HRA (301)	GF 3,356 HRA (6,112)	-1	-2.5	1.5
Commercial	314	(1087)	2.5	-2.5	2
Deputy Chief Executive's Service	-	(341)	2	-4	1
Chief Executive's Service (incl. Customer Services & Libraries)	(134)	(465)	4	-5	3
Corporate Governance	(37)	(30)	2	-4.5	No key projects
Central Expenses	(2538)	-	n/a	n/a	n/a
<b>Totals<sup>1</sup></b>	<b>1,005</b>	<b>(18,889)</b>	<b>Green</b>	<b>Red</b>	<b>Green</b>

### 1.2 Top corporate achievements, issues and actions

<sup>1</sup> Organisational totals are based on a simple sum of overall RAG ratings for each service, where each colour is given a number e.g. green equals 1, red equals -1 as set out in section three (page 20) of this appendix.

## Affecting the customer experience

Achievements
<p>“Excellent” rating for Adult Social Services by Care Quality Commissioning as part of its Annual Performance Assessment for 2009/10.</p> <p>Ofsted annual rating of children’s services has improved to the highest possible rating of 4 ‘performs excellently’ – previous rating was 3.</p> <p>Successful launch of the national trailblazer <i>Right to Control</i> in partnership with the JobCentre Plus and Barnet Centre for Independent Living on 13 December 2010.</p> <p>During the recent snowfall there was no disruption to the refuse and street cleansing services. Town Centres were hand gritted by street cleansing operatives who also supported the refuse service by hand gritting. Green Spaces also provided staff to help hand grit.</p> <p>Ofsted ratings of ‘good’ or ‘outstanding’ of our schools remains among the best in London</p> <p>Q3 performance for customer contacts show 71.20% of calls answered within target – a very substantial improvement on previous performance.</p>

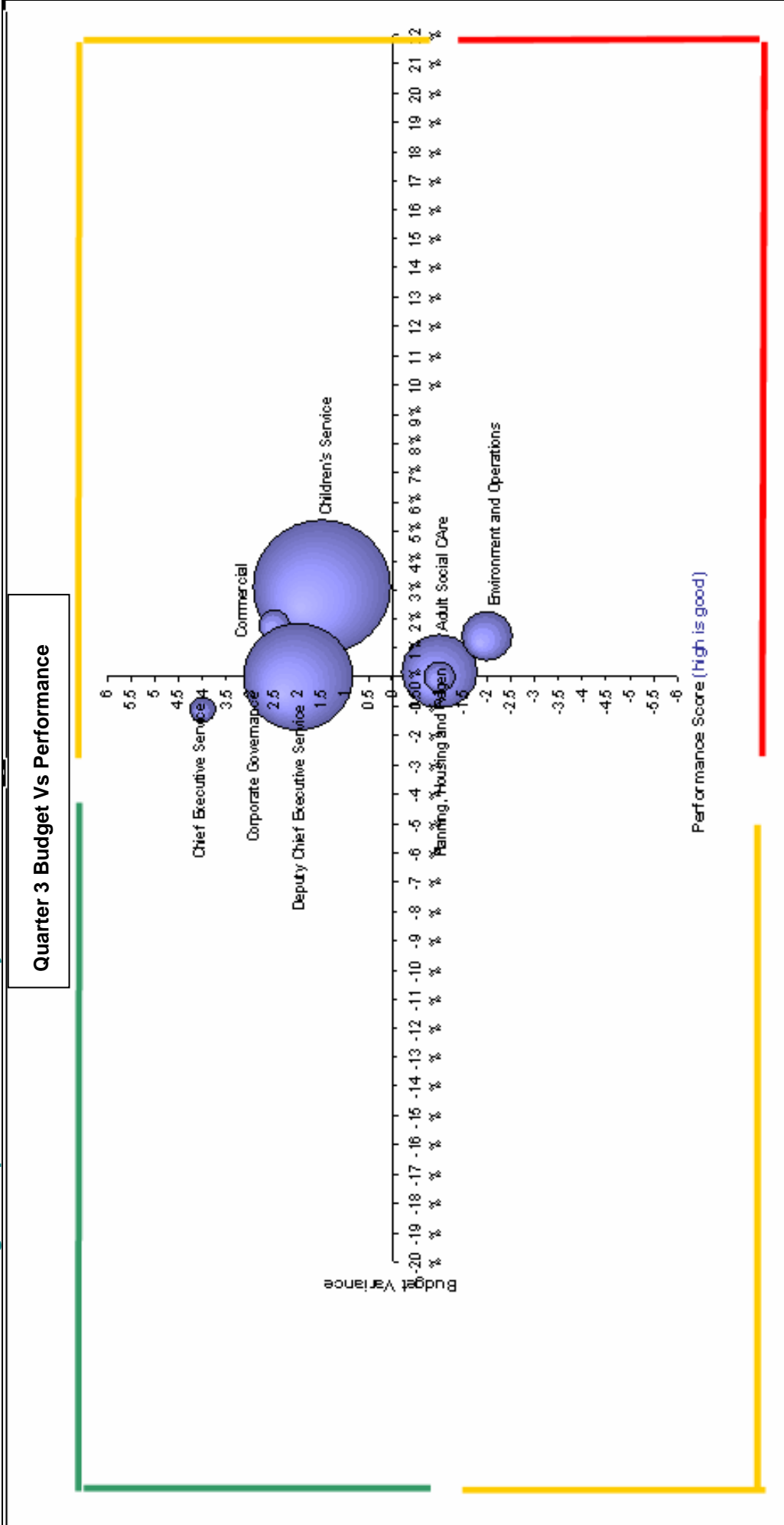
Issues	Actions needed
<p>In-year demand for primary places and secondary places in year 11, in addition to known demand for reception aged pupils</p> <p>Significant increase in court activity associated with child protection cases</p> <p>Sustained increased number of referrals to children’s social care. This is impacting on the timeliness of assessments on cases referred into the service</p>	<p>Work with schools to provide places at short notice and in areas of exceptional demand, make use of protocol to place additional pupils over and above admission number. Project commenced to expand Broadfields School.</p> <p>Work with the courts and legal services to respond effectively to this increased activity - seek to recruit and retain experienced social workers able to deal with complex cases</p> <p>Developing new family support service for 2011/12 alongside service targeting children and families experiencing domestic violence. Establishing a joint public protection desk service with the police to filter referrals and continuing to seek to reduce referrals through improving the co-ordination of our early intervention and prevention.</p>
<p>Ensuring there is effective and sustainable integrated care arrangements to support long term care management (e.g. Continuing Care, Stroke) across health and social care.</p>	<p>Targeting investment for enablement, winter pressures and social care from NHS Barnet to areas of highest priority identified through a refreshed Joint Strategic Needs Assessment (JSNA).</p>

## Affecting council efficiency and value for money

Achievements
<p>Increase in the number of applicants to join our social care workforce following a strategy to match remuneration packages with other local authorities</p> <p>Continued high performance in Revenues and Benefits</p> <p>One Barnet Business Case Framework approved and in place</p>

Issues	Actions needed
<p>Community Budget project needs sufficient development to go live in March.</p>	<p>Needs effective joint working with Children's Service and Chief Executive's Service, and project management in place to deliver.</p>
<p>Future structure, strategic and operational direction of Community Safety Partnership needs clarification/agreement in light of following threats/opportunities:</p> <ul style="list-style-type: none"> <li>• Budget pressures /loss of funding across partnership</li> <li>• Public Health Reform</li> <li>• Community Based Budgets</li> <li>• Police and Chartered Society of Physiotherapy (CSP) Reform</li> <li>• One Barnet Programme</li> <li>• Creation of new Environment and Planning Directorate</li> </ul>	<p>Strategic Partnership review (across and including all partners) of Community Safety approach.</p> <p>Safer Communities Board met on the 24<sup>th</sup> January 2011 to look at strategies.</p>
<p>Traded Services – launch of New Service Organisation (NSO) having negative impact of traded services; schools concerned about potential impacts of outsourcing and actively looking at alternative service providers</p>	<p>Traded Services – Human Resources (HR) and Payroll service provision to schools currently under review; new service to be launched from April 2011. Separate comms issued to Schools Heads to confirm HR &amp; Payroll services to continue to be delivered</p>
<p>Pressure on procurement personnel and risk that key pieces of work will be delayed as vacant posts still exist following a delay in recruitment due to organisational recruitment freeze.</p>	<p>Need to appoint full time equivalent (FTE) procurement managers to take forward transformation of procurement / centralisation plans, procurement activity within One Barnet Programme and business as usual.</p>

### 1.3. Barnet Council budget vs. performance analysis



Four directorates are projecting overspends, with the Children's Service having the highest value at £1.4m.

- The Chief Executive's Service (which includes Customer Services and Libraries) has maintained its performance and budget position from quarter 2. Adult Social Services has a lower performance score than quarter 2 and is now in the lower half. Performance for the Children's Service has improved but the forecast overspend remains significant.
- Commercial has met most of its performance targets but is projecting a 2% overspend.

- Planning, Housing and Regeneration has no revenue overspend but remains in the low performing half. Deputy Chief Executive's has no revenue overspend and has improved its performance.
- Environment and Operations is the worst performing service overall in terms of budget management and performance.

#### 1.4 Current Corporate Risks

This list represents the current corporate risk register. Since the last quarter there has been no reduction from the initial assessment of risk to the current assessment this is a result of combination of control actions not being implemented or those control actions not being effective to reduce the level of risk. Some risks are of course dependent on outcomes external to the organisation.

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	prob	rating			Impact	Prob	rating
<p><b>ORG0001 - Reputational</b> Transformation – The Council's strategic agenda is defined by the One Barnet programme which is designed to transform public services to Barnet citizens, working with our partners and the community, in the context of severe resource constraint.</p> <p>Risk – failure to deliver One Barnet effectively, with declining service performance and citizen satisfaction. Sub-optimal commercial arrangements with third parties.</p>	High 3	Medium 2	High 6	Ensure effective governance arrangements with both Cabinet Members and senior management engaged. <i>In Progress (0% complete)</i>	31/03/2011 (Normal)	High 3	Medium 2	High 6
				Communication and Engagement strategy to ensure project level communications and engagement plans are in place <i>Implemented (100% complete)</i>				
				Transition Strategy to ensure business as usual is maintained during the delivery of the programme <i>In Progress (40% complete)</i>				
				Benefits Realisation Framework <i>In Progress (20% complete)</i>				
				Programme plan produced and signed off <i>In Progress (65% complete)</i>				
				Project communications plans for live projects produced and signed off <i>In Progress (90% complete)</i>				
				Risk management framework included risk and issue standards <i>Implemented (70% complete)</i>				
				Risk management framework communicated to all live and pending projects and stakeholders <i>In Progress (40% complete)</i>				
				Implementation partnership has been				
				31/3/2011				

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	prob	rating			Impact	Prob	rating
				put in place to fill the knowledge and experience gap with regard to commercial assurance. <i>Implemented</i> (100% complete)	(Normal)			
<b>ORG0002 - Financial</b> Central government support has been cut and our response to this has gone to Cabinet and the budget will be finalised in February.  Risk – given the scale of the savings there will be key concerns in delivering those savings over the next 4 years and managing to deliver services in times of such uncertainty.	High 3	High 3	High 9	Financial and Business Planning Process <i>Complete</i> (100% complete)  Risk assessment of savings plans <i>In Progress</i> (0% complete)	28/02/2011 (Normal)  31/3/2011 (Normal)	High 3	Medium 2	High 6
<b>ORG0003 – Compliance - original</b> Information management – The Council's overall arrangements to manage information, including systems, data sharing, data protection, freedom of information, transparency etc need further development.  Risk – breach of information management requirements, sub-optimal service delivery with partners, failure to address transparency agenda effectively. Mitigating action: improvement programme to be specified and delivered.	High 3	Medium 2	High 6	Information Governance Action Plan devised from recommendations in various internal and external reviews - <i>Complete</i>  Set up Information Governance Council (IGC) to oversee actions from the IM Review. - <i>Implemented Complete</i>  IGC to commission further work to enhance information management: - revised ICT Policy - IM Strategy - Information framework, including data retention and data sharing - review of information sharing protocols and standards, . <i>In Progress</i> (0% complete)		High 3	Medium 2	High 6
<b>ORG0004 - Reputational</b> Governance – The Council faces a period of major change with potential organisational trauma impacting on core governance systems and processes.  Risk – breakdown in core governance systems leading to financial loss or reputational damage.	High 3	Low 1	Medium 3	Comprehensive performance management reporting process including key risks at Directorate and Corporate level. - <i>Implemented</i>  Governance reporting to Statutory Officers Group. Report produced. <i>In progress</i> (75% complete)		High 3	Low 1	Medium 3

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	prob	rating			Impact	Prob	rating
<p><b>ORG0005 - Reputational</b> Asset management – Asset management planning is inconsistent and not well integrated into the business planning process. Capital programme delivery is not timely.</p> <p>Risk – failure to deliver cost-effective capital assets necessary to support service delivery.</p>	High 3	Medium 2	High 6	Develop Estate Strategy <i>In Progress</i> (90% complete) Establish a Corporate Asset Management information system <i>In Progress</i> (30% complete)	31/3/2011 (Normal) 31/03/2011 (Normal)	High 3	Medium 2	High 6
			High 9					Medium 4
<p><b>ORG0006 - Reputational</b> Procurement – The Council's procurement arrangements are fragmented, with spend outside contracts, insufficient aggregation, and inadequate support to procurement processes.</p> <p>Risk – failure to deliver value for money, uncommercial contracts with suppliers.</p>	High 3	High 3	High 9	Consolidate procurement activity within the Commercial Directorate <i>In Progress</i> (50% complete) Develop and Implement an up to date Procurement Strategy <i>In progress</i> (30% complete)	31/03/2011 (Normal) 30/04/2011 (normal)	Medium 2	Medium 2	Medium 4
<p><b>ORG0007 – Financial</b> Iceland deposits – The Council is currently assuming recovery of Icelandic bank deposits based on priority status for UK local authorities. The Icelandic courts may determine that UK local authorities will not have priority status, leading to lower recovery in the sum of c£14m.</p> <p>Risk – insufficient provision in the risk reserve and use of general fund balances which would need to be re-established at the minimum level.</p>	High 3	Medium 2	High 6	Work with the LGA and other affected authorities to maximise recovery through the Icelandic courts. lawyers for affected authorities are preparing case <i>In Progress</i> (50% complete)	31/03/2011 (Normal)	High 3	Medium 2	High 6
			High 6					Medium 2
<p>ORG0008 was closed in Quarter 2 and transferred to the Directorate Risk Register for resolution.</p>								
<p><b>ORG0009 – Political</b> Narrowing the gap – The Council plans to narrow the educational attainment gap between children with the greatest disadvantage and average attainment. This is part of a wider strategy to support vulnerable families and minimise the cost of public services. A number of Barnet schools are likely to seek Academy status.</p> <p>Risk – reduction in Council controlled support to schools and consequent reduced ability to influence the contribution of school to this agenda.</p>	Medium 2	Medium 2	Medium 4	Develop strategy for new LA role <i>In Progress</i> (75% complete) School Improvement Partners complete attainment review for all schools <i>Proposed</i> (100% complete)	31/3/2011 (High) 31/03/2011 (Normal)	Medium 2	Medium 2	Medium 4
			Medium 4					Medium 4



Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	prob	rating			Impact	Prob	rating
<p><b>ORG0010 – Reputational</b> Development and infrastructure – Development within the Borough through the medium-term is planned to deliver 8,800 new homes and an increase in population of 20,000 by 2015.</p> <p>Risk – public service infrastructure within the borough is not able to expand to accommodate the increased requirements.</p> <p><b>ORG0011 – Compliance</b> Waste management and sustainability – The cost of waste disposal will increase significantly in the medium-term due to landfill tax increases and the procurement of new waste disposal facilities by the NLWA. The loss of £258.4m PFI credits presents further risk to the affordability and progress of the procurement. Waste minimisation, collection and recycling arrangements will significantly impact on cost and the amount of waste sent for disposal. In addition, the carbon reduction scheme will impose financial penalties in respect of wider sustainability issues. Government likely to further increase penalties/incentives.</p> <p>Risk – increased waste sent for disposal at significantly increased cost. Lack of progress on wider sustainability agenda attracting additional carbon commitment penalties.</p>	High 3	High 3	High 9	Planning Policy to negotiate S106 agreements <i>In progress (0% complete)</i>	31/07/2011	High 3	High 3	High 9
				Explore other innovative forms of funding <i>In progress (20% complete)</i>				
	High 3	High 3	High 6	Regular Barnet Waste Project Board meetings to enable informed officer input to the process, and prepare briefings for members – <i>In Progress (0% complete)</i>	30/04/2011	High 3	High 3	High 6
				NLWA Procurement risk register maintained and updated – <i>In Progress (0% complete)</i>				
	High 3	High 3	High 6	Progress at NLWA meetings, critical review of NLWA papers, with additional support from specialist consultant <i>In Progress (0% complete)</i>	30/4/2011	High 3	High 3	High 6
				Develop & implement Waste Action Plan – <i>In Progress (30% complete)</i>				
	High 3	High 3	High 6	Annual communications plan to include more targeted communications based on the intelligence available <i>In Progress (30% complete)</i>	30/4/2011	High 3	High 3	High 6
				Establish & Embed Carbon Reduction Commitment Steering Group to strengthen management focus on Carbon Reduction commitment <i>In Progress (50% complete)</i>				
	High 3	High 3	High 6	Options for the procurement going forward and their affordability is being considered with the NLWA. <i>In Progress (0% complete)</i>	30/4/2011	High 3	High 3	High 6

Risk	Initial Assessment			Control Actions	Target Date (Priority)	Current Assessment		
	Impact	prob	rating			Impact	Prob	rating
<b>ORG0012 - Financial</b> Primary school places – Demand for primary school places will increase through the medium-term and investment requirements totalling c£40m are currently unfunded. Risk – insufficient primary school places are available to meet statutory requirements.	High 3	High 3	High 9	Cabinet report Sept 6th 2010 setting out strategy and likely investment needs. Report approved by Cabinet – <i>Implemented (100% complete)</i>		High 3	High 3	High 9
				Commence consultation on the expansion of Broadfields <i>Implemented (100% complete)</i> Gain Cabinet approval for expansion of Broadfields Complete (100%)				
<b>ORG0013 - Financial</b> Demographic Funding Pressures. Risk of needing an additional funding requirement of £6.3m by 2015 caused by increasing demand and contractual pressures on Adult Social Services from an increasing ageing population (13.8% growth in population aged over 65 by 2015 – ONC population projections) and increased numbers of young people with complex disabilities surviving into adulthood.	High 3	High 3	High 9	Inflationary uplifts being managed at 0% <i>In Progress (0% complete)</i>  New fairer contributions policy to be consulted on <i>In progress (0% complete)</i>  DDofASS and ADoC to develop and agree a joint transition strategy for Barnet Proposed (0% complete)  Ensure Council's approach to dealing with indexation and contracts is in line with Adults medium term financial plan In progress (0% complete)	31/03/2011 (Normal)	High 3	High 3	High 9
				Investigating the support of the current product beyond its proposed termination date as a contingency plan as a result of delay Complete (100% complete)  Constant monitoring and reporting of risks, issues and progress through the various departments and companies involved. In Progress (80% complete)  Legal advice to be sought. In Progress (80% complete)	14/2/2011 (High)	High 3	High 3	High 9
<b>ORG0014 - Financial</b> Risk: new revenues and benefits systems will not be in place with effect April 2011 to collect taxes and administer benefits.  Cause: Current supplier of Revs & Bens IT taken over by third party. Third party are desupporting the existing system with effect from January 2011 forcing all current users to source new systems.  Consequence: Go-live has been delayed on 2 occasions due to IT hosting and the required quality criteria for data conversions. Current go-live mid February 2011. Level of debt and benefit	High 3	High 3	High 9		14/2/2011 (High)	High 3	High 3	High 9

Risk	Initial Assessment		Control Actions	Target Date (Priority)	Current Assessment	
	Impact	prob rating			Impact	Prob rating
administered within the affected databases totals c£600m per annum.			Existing system shut down whilst the data converts to the new system. In progress (100% complete)  Go Live of new system once reconciled In progress (0% complete)	14/2/2011 (High)  14/2/2011 (High)		

## 2. WHOLE COUNCIL SUMMARY TABLES

### 2.1 – Key finance indicators

Indicator		2010/11 (Position at 31/12/10)	2010/11 (Position at 30/09/10)	Achieved /Trend
<b>1</b>	<b>Revenue Expenditure</b>			
	(a) Balances and Reserves:	£'m		
	(i) General Fund Balance	14.78	12.39	
	(ii) HRA Balances	4.44	4.63	
	(iii) School Balances*	11.90	11.90	
	(b) Performance against Budget: Variations:			
	(i) Overspends	9.96	5.33	
	(ii) Underspends	8.95	1.94	
<b>2</b>	<b>Capital Expenditure</b>			
	(i) Cumulative Slippage	24.75	8.54	
<b>3</b>	<b>Debt Management</b>			
	(i) Total Debt Outstanding over 30 days	5.47	7.80	
	(i) Total Debt Outstanding over 12 months	2.78	3.39	
	(iii) Council Tax - % paid **	84.14	83.85	
<b>4</b>	<b>Creditor Payment Performance</b>			
	(i) % of Creditors paid within 30 days	98.17	97.98	

\* School Balances shown at 31st March 2010 position

\*\* Council Tax collection at 31 December 2010 compared to equivalent date in 2009

## 2.2 - Revenue budget – corporate overview

Description	Original Budget £000	Revised Budget as at 31/12/10 £000	Forecast Outturn as at 31/12/10 £000	Forecast Outturn Variation as at 31/12/10 £000
Adults	96,232	95,953	96,151	198
Central Expenses	53,659	51,361	48,823	(2,538)
Chief Executive	11,962	11,693	11,559	(134)
Childrens Services	48,945	47,583	49,039	1,456
Commercial Services	15,632	17,441	17,755	314
Corporate Governance	5,951	5,898	5,861	(37)
Deputy Chief Executive	11,595	11,998	11,998	-
Environment & Operations	23,351	23,423	25,169	1,746
Planning, Housing & Regeneration	2,028	1,977	1,977	-
<b>Total 2010/11 General Fund Forecast</b>	<b>269,355</b>	<b>267,327</b>	<b>268,332</b>	<b>1,005</b>

Description	Original Budget £000	Revised Budget as at 31/12/10 £000	Forecast Outturn as at 31/12/10 £000	Forecast Outturn Variation as at 31/12/10 £000
Dedicated Schools Grant	(124)	(142)	21	163
Housing Revenue Account	-	-	(301)	(301)

### 2.3 - Capital budget – corporate overview

	2010/11 Latest Approved Budget	Additions/ Deletions recommended to March CRC	Slippage / Accelerated Spend recommended to March CRC	2010/11 Budget (including March CRC)	Spend to date (as per SAP)	Forecast to year-end	Variance from Revised Budget	% slippage of 2010/11 Approved Budget
	£000	£000	£000	£000	£000	£000	£000	%
Adult Social Services	1,367	104	(844)	627	296	627	(740)	-62%
Central Expenses	4,500	-	-	4,500	-	4,500	-	0%
Children's Service	54,551	449	(12,489)	42,511	30,082	42,511	(12,040)	-23%
Corporate Governance	31	-	(30)	1	-	1	(30)	-96%
Chief Executive Services	733	-	(465)	268	62	268	(465)	-63%
Deputy Chief Executive Services	826	-	(341)	485	224	485	(341)	-41%
Commercial Services	4,902	(104)	(983)	3,815	1,636	3,815	(1,087)	-20%
Environment & Operations	17,229	(286)	(1,144)	15,800	6,149	15,800	(1,430)	-7%
Planning, Housing and Regeneration	5,001	5,700	(2,344)	8,357	2,389	8,357	3,356	-47%
<b>General Fund Programme</b>	<b>89,141</b>	<b>5,863</b>	<b>(18,640)</b>	<b>76,364</b>	<b>40,838</b>	<b>76,364</b>	<b>(12,777)</b>	<b>-21%</b>
HRA Capital	24,373	-	(6,112)	18,261	9,866	18,261	(6,112)	-25%
<b>Total Capital Programme</b>	<b>113,514</b>	<b>5,863</b>	<b>(24,752)</b>	<b>94,625</b>	<b>50,704</b>	<b>94,625</b>	<b>(18,889)</b>	<b>-22%</b>

### 2.4 - Corporate Plan performance - corporate overview

Directorate	Total no. of Corporate Plan targets*	Total no. of Corporate Plan indicators	No. of indicators achieved	No. of indicators missed	Negative DoT	No. of indicators reporting data in Q3
Adult Social Service	3	3	1	2	2	3
Children's Service	6	9	4	1	0	5
Environment & Operations	4	6	0	2	1	4**
Planning, Housing & Regeneration	6	6	1	5	2	6
Commercial Service	3	4	3	1	1	4
Deputy Chief Executive	1	2	2	0	0	2
Chief Executive 's Service	1	6	5	1	3	6
Corporate Governance	4	5	3	1	1	4
<b>Total</b>	<b>28</b>	<b>41</b>	<b>19</b>	<b>13</b>	<b>10</b>	<b>34**</b>

3.1 \* Some indicators are grouped into baskets and treated as a single target, which is why columns 1 and 2 are different.

3.2 \*\*This includes 2 proxy indicators with no targets.

## 2.5 - Human Resource/People performance - corporate overview

Performance Indicator	Period covered	Target	Amber criteria	Q2 outturn (No.)	Q2 outturn %	Q3 (numerator/denominator)	Q3 outturn%	Q3 outturn (No.) <sup>2</sup>	Target Variance	DoT	Benchmarking
Number of posts established (FTE)	As at 31st Dec 2010	No target	N/A	3626.6	100.0%	3463.41/3,463.41	100.0%	3463.4	No Target	N/A	N/A
% managers submitting a monthly absence return	Oct 10 - Dec 10	100%	>94%	Not reported	87.3%	281/506	55.5%	281	48.4%	▲	N/A : measure applicable to LBB only
Average number of absence days per employee (Rolling year)	Jan 09 - Dec 10	6	6- 6.5	8.2	N/A	N/A	N/A	7.8	30%	▲	8.8 (Capital Ambition, 2009)
Quarterly average number of absence days per employee	Oct 10 - Dec 10	1.5	1.5-1.65	2.0	N/A	6773.1/2986.9	N/A	2.3	51.3%	▲	2.2 (Capital Ambition, 2009)
Overall employee relations case risk	As at 31st Dec 2010	0	-1	-98	N/A	N/A	N/A	-137	-13700.0%	▲	N/A : measure applicable to LBB only
% appraisals undertaken for staff meant to have an appraisal	Apr 09 - Mar 10	100%	>94%	N/A	94.9%	2930/3042	96.3%	2930	3.7%	▲	84% across all public sector organisations (CIPFA, 2010)

Performance Indicator	Period covered	Target	Amber criteria	Q2 outturn (No.)	Q2 outturn %	Q3 (numerator/denominator)	Q3 outturn%	Q3 outturn (No.) <sup>2</sup>	Target Variance	DoT	Benchmarking
Actual cost of days lost to sickness as % of total salary budget	Oct 10 - Dec 10	No target	N/A	£672,177.00	Not reported	502633/28325791	1.8%	£502,633	No Target	▲	No relevant information available
Cost of agency staff as % of total salary budget <sup>1</sup>	Oct 10 - Dec 10	No target	N/A	N/A	6.7%	2170393/28325791	7.7%	£2,170,393	No Target	▼	No relevant information available
Cost of non-contractual overtime as % of total salary budget	Oct 10 - Dec 10	No target	N/A	N/A	0.9%	74458/28325791	0.3%	£74,458	No Target	▲	No relevant information available
Number of people in permanent posts as % of total establishment (FTE)	As at 31st Dec 2010	No target	N/A	N/A	75.0%	2698.11/3,463.41	77.9%	2698.1	2.6%	-	86.4% (Capital Ambition, 2009)
Number of consultants, agency staff or secondees as % of total establishment <sup>1</sup>	As at 31st Dec 2010	No target	N/A	N/A	8.5%	290/3,463.41	8.4%	290.0	58.1%	-	13.6% (Capital Ambition, 2009)
Number of new employee relations cases opened in the quarter <sup>3</sup>	Oct 10 - Dec 10	No target	N/A	111	N/A	N/A	N/A	100	No Target	N/A	No relevant information available

1. Counts only those employed through the Hays contract

2. Each employee relations case is scored and the scores are then added up to produce an overall score which is traffic lighted. A methodology can be found in Section 3.4 of this appendix.



	Adult Services		Social		Chief Executive's Service		Children's Service		Commercial (inc IT)		Corporate Governance		Environment & Operations		Finance, HR, Revs & Bens		PHR		TOTALS	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Number of Posts Established	551	486.01	317	250.86	1239	1034	180	176.28	111	97.01	817	760.28	401	369.51	314	289.46	3930	3463.41		
Occupied Posts	501	440.24	285	230.45	1053	856.37	156	150.55	96	85.09	718	661.28	360	328.83	271	248.96	3440	3001.77		
Permanent Posts ("Perm Contract")	509	458.11	272	209.42	1081	904.54	150	146.28	94	84.68	762	710.79	379	352.71	294	272.07	3541	3138.6		
Temporary or Fixed Term Posts	29	27.9	45	41.44	158	129.46	30	29	17	12.33	55	49.49	19	16.8	20	17.39	373	323.81		
Permanent People (counted once)	454	412.34	244	189.59	875	728.91	132	124.55	84	78.26	672	621.37	335	309.02	250	234.07	3046	2698.11		
Unoccupied Posts	50	45.78	32	20.41	186	177.63	24	23.73	15	11.92	99	99	41	40.68	43	40.5	490	459.65		
As and When's / Casual	135		7		325		2		3		169		3		19		663	N/A		

**Temporary Staff Costs (HAYS)**

<b>Cost of Hays Staff (Q3)</b>	£438,876	£55,041	£616,518	£193,322	£38,175	£435,982	£261,281	£131,198	<b>£2,170,393</b>
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**Notes**

Derived from the number of recorded posts on SAP at the end of December 2010.

Total number of posts on SAP with a person recorded against that post.

Permanent Posts have been derived from Contract type as "Permanent Contract". FTC, Temporary and Casual are EXCLUDED.

Temporary posts have been derived from contract type as "Fixed Term" or "Temporary Contract."

Permanent People determined by using filter condition as for permanent posts (3) but counting each person only once to avoid duplicates e.g. job share and multiple post occupation.

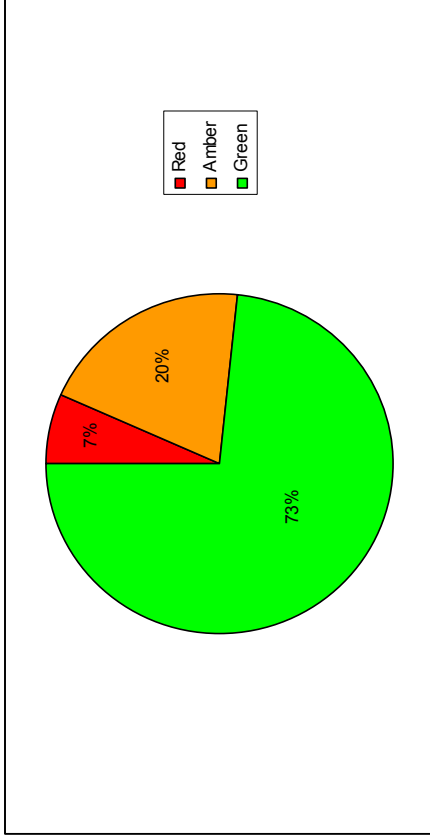
Total number of posts on SAP shown as live but with no person recorded against that post

Total number of identified As and When or Casual staff

From monthly expenditure reports provided by Hays. Derived from submitted, authorised and paid timesheets for October, November and December 2010.

## 2.6 – Key projects – corporate overview

Service Area	Red Status	Amber Status	Green Status
Adult Social Services		2	5
Chief Executive's Office			3
Children's Services		5	14
Commercial Services		1	4
Deputy Chief Executive	2		3
Environment & Operations	1		2
Planning, Housing & Regen		1	2
<b>Total</b>	<b>3</b>	<b>9</b>	<b>33</b>



### 3. METHODOLOGY FOR TRAFFIC LIGHT RATINGS

#### 3.1 Thresholds for awarding health rating traffic lights

	Green	Green Amber	Red Amber	Red
Revenue & capital budget mgt - variance % (above and below)	0%	< 0.5%	0.5 - 1%	More than 1%
Corporate Plan & HR performance scores	More than 2	1 to 2	-1 to 0	Less than -1
	Good performance	Good, with some concerns	Some concerns	Serious concerns

#### 3.2 Method for producing the Corporate Plan, projects and HR/People health ratings

Each individual performance indicator is now traffic lighted according to the same four point traffic light scale: Green, Green Amber, Red Amber and Red. Points for each are awarded, as shown in the table below, and then added together to produce the overall health rating score.

	Points for each indicator
Green	1
Green Amber	0.5
Red Amber	-0.5
Red	-1

For example, if there were four indicators and each achieved one of the four traffic lights, the net result would be a score of 0 and this would produce a Red Amber overall health rating, based on the table above in paragraph 1.2.

For key projects service-level health ratings, with its 3-colour rag rating system, a green will be awarded 1 point, and amber -0.5 and a red -1.

#### 3.3 Method for producing individual performance indicator traffic light ratings

Traffic Light	% of targeted improvement achieved	Description
Green	100% or more	Meeting or exceeding target
Green Amber	>80% <100%	Near target with some concerns
Red Amber	>65% <80%	Problematic
Red	<65%	Serious concerns

Any target that is met achieves a Green traffic light. Targets that have not been met, but where 80% or more of the targeted improvement has been achieved, will be given a Green Amber traffic light. If the targeted improvement is below 80% but above 65% the indicator will get a Red Amber rating. For example, if the baseline is 80 people and the target is 100 people, the targeted improvement is 20. 80% of 20 is 16, so the outturn would need to be at least 96 people to achieve Green Amber and at least 93 people to achieve a Red Amber.

Whilst initial traffic lights will be based on this objective criteria, they may subsequently be changed through discussion between Directorates and the Performance team, based on the individual circumstances and prospects for each target. Where this has occurred it will be clearly stated in the report with the reasons given.

The criteria for red and amber traffic lights for HR/People measures differs for each indicator; the amber criteria for each is shown alongside the indicator in the individual data tables.

### 3.4 Employee Relations case ratings

Each Case is allocated a status and scored as follows.

RAG	Description	Score per case
<b>Red</b>	<ul style="list-style-type: none"> <li>• High risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>• The case is an HR priority</li> <li>• Service Directors and/or their deputies will be aware of these cases</li> <li>• This category will include all cases of discrimination regardless of stage</li> </ul> <p>E.g. ETs, cases where appeal/ET likely, where Directors or ADs are involved as alleged perpetrators, where major financial loss/fraud is being investigated.</p>	-2
<b>Amber</b>	<ul style="list-style-type: none"> <li>• Medium risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>• Action is probably at the Formal stages of procedures</li> <li>• The Local Management team are aware of the case</li> </ul> <p>e.g. cases are at formal stages of procedure/formal consultation etc</p>	-1
<b>Green</b>	<ul style="list-style-type: none"> <li>• Low risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>• Local action being taken</li> <li>• HR is kept aware and is advising</li> <li>• Local line managers are managing the case (HR won't always know about these)</li> </ul> <p>Eg. Informal capability/illhealth/pre restructure (no issues)</p>	- 0.5

## Appendix B – Revenue Monitoring Directorate

### Adults

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Care Services - Learning Disabilities	25,639	36,223	36,318	95	Significant purchasing budget pressures offset by Section 256 resources. Work programme undertaken with providers to reduce costs.
Care Services - Mental Health	7,742	7,290	7,508	218	Pressures from Continuing Care and Forensic Services transfers some offset by holding vacant posts. Work being undertaken with Health on improved commissioning and move on from Residential Care to Supported Living
Care Services - Older Adults - Physical Disabilities	48,389	47,387	48,401	1,014	Greater demand in line with demography, and in particular cost shunts from the PCT around Continuing Care have caused pressures within the budget some offset by Homecare contract savings
Performance & Supply Management	5,465	4,223	4,056	(167)	Reduced spend on training events to create savings 20k, vacancy held reducing spend in preparation for restructure and reduced agency use reducing costs.
Strategic Commissioning & Transformation	11,107	13,136	12,175	(961)	Preparation for implementation of 2011/12 savings plan achieved in year and Voluntary Sector spend reduced.
Government Grant Income	(2,110)	(12,307)	(12,307)	-	
<b>Total</b>	<b>96,232</b>	<b>95,953</b>	<b>96,151</b>	<b>198</b>	<b>NB £130k approved additional expenditure to facilitate more integrated working with Health</b>

### Central Expenses

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Corporate Subscriptions	314	314	334	20	
Levies	24,443	24,443	24,494	51	
Central Contingency	5,528	3,231	656	(2,575)	Unallocated general contingency to be utilised to support in year service pressures that cannot be contained
Rate Relief	433	433	433	-	
Capital Financing	15,719	15,719	12,656	(3,063)	Underspend in the main attributed to realignment of the borrowing required in the capital programme and reduction in external borrowing
Early Retirement costs	7,004	7,004	10,040	3,036	Additional redundancy /early retirement costs associated to 2011-12 budget savings

FRS17 Adjustment	-	-	-	-	
Car Leasing	2	2	(5)	(7)	
Corporate Fees & Charges	599	599	599	-	
Miscellaneous Finance	(383)	(384)	(384)	-	
CRC Corporate Management	-	-	-	-	
<b>Total</b>	<b>53,659</b>	<b>51,361</b>	<b>48,823</b>	<b>(2,538)</b>	

#### Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Executive Office	744	894	814	(81)	Underspend on salaries
Chief Executive's Service	1,887	1,895	1,855	(40)	Increase in grant income
Grants	1,319	1,182	1,128	(54)	shortage of eligible applications
Library Services	6,017	5,976	6,076	100	Increased costs owing to covering project management for library review; and significant costs in repairing damaged roofs and stolen lead from roofs - increasing building spend by £40k.
Customer Services, Registration & Organisation Development	1,994	1,747	1,687	(60)	Underspend on salaries and good income performance
<b>Total</b>	<b>11,962</b>	<b>11,693</b>	<b>11,559</b>	<b>(134)</b>	

#### Childrens' Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
<b>CHILDREN'S SERVICE - GENERAL FUND</b>					
Management Team	1,260	1,021	1,037	16	The demand for children's social care remains at unprecedented levels. The most significant areas of financial pressure continue to be external family assessments, external placements for children in care and agency costs. A recovery plan is in place and contact has been made with the courts to find ways to reduce the financial impact on the local authority of decisions relating to family contact etc. To increase social work capacity, we are using external funding to undertake the more routine information and data inputting tasks, releasing social work time to increase face to face contact with families. Other areas of financial pressure include adoption, special guardianship and leaving care services.
Social Care Division	25,760	25,475	27,293	1,818	

Asylum Seekers	-	-	78	78	New Government daily rates and client numbers quantified and confirmed. Projected overspend reduced from Quarter 1 but remains the same from Quarter 2.
BRSI	1,536	776	395	(381)	Vacancies continue to be held to offset overspends elsewhere in the Children's Service
Safeguarding	982	1,030	1,133	103	Increased volume of Safeguarding Board activity
SEN Transport	5,538	5,521	5,451	(70)	Vacancies continue to be held to offset overspends elsewhere in the Children's Service
Youth and Connexions	4,340	4,321	4,139	(182)	
Other Children's Service Budgets	9,529	9,439	9,513	74	Vacancies continue to be held to contain pressures between month 6 and month 9
<b>Total</b>	<b>48,945</b>	<b>47,583</b>	<b>49,039</b>	<b>1,456</b>	

### Commercial Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Corporate Programmes & Consultancy	92	616	599	(17)	Part Year Vacancy
Property Services & Asset Management	7,951	7,996	8,088	93	Lower than expected rental income from property rentals is offset by savings elsewhere in the Directorate
Corporate Procurement	495	413	337	(76)	Forecasts include one-off income from contracts
Information Systems	7,094	6,916	7,230	314	£227k for purchase of additional SAP licences plus £290k for MS licences offset by £203k reserve
One Barnet Programme	-	1,500	1,500	-	Forecast Spend to be matched by budget virement from transformation contingency provision
<b>Total</b>	<b>15,632</b>	<b>17,441</b>	<b>17,755</b>	<b>314</b>	

### Corporate Governance

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Legal Services	1,848	1,831	2,043	211	Influx in care proceedings and increased no. of employment cases resulting in higher than budgetted counsel fees as well as court fees in both Advocacy and Community divisions
Democratic Services	831	824	820	(4)	Underspend from vacant post offset by overspend in general running costs
Members	1,697	1,696	1,594	(102)	Savings achieved from revised scheme to Members Allowances
Corporate Anti Fraud Team	189	181	181	-	
Elections	535	520	500	(20)	Underspend due to vacant posts within Elections Project team offset by overspend in Canvassing and postage costs in electoral Registration

Civil Protection	204	197	133	(64)	Underspend due to vacant post and reduced forecasts for any possible emergencies arising.
Performance and Organisation Development	255	311	321	10	Overspend on salaries
Corporate Governance Directors	317	314	251	(63)	Underspend on salaries
Leaders Office	10	10	10	-	
Insurance	66	14	10	(5)	Savings from vacant post
<b>Total</b>	<b>5,951</b>	<b>5,898</b>	<b>5,861</b>	<b>(37)</b>	

#### Deputy Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Finance	3,746	4,425	4,427	2	New service structure is being embedded and should come within budget
Human Resources	2,174	2,276	2,270	(6)	Work ongoing to bring down forecast overspend therefore year end projection is now more in line with budget
Revenues and Benefits	5,674	5,297	5,301	4	Ongoing income pressures in Local Taxation are being contained
<b>Total</b>	<b>11,595</b>	<b>11,998</b>	<b>11,998</b>	<b>-</b>	

#### Environment & Operations

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Management and performance	993	1,056	1,393	337	Overspend relates to re-profiling work across the directorate of budgets and establishment. Part of overspend relates to cost of Director restructure.
Highways Inspection/Maintenance	4,377	4,261	4,501	239	Planned Maintenance shortfall due to revenue capitalisation in previous financial year not returned to the revenue budget this year and Winter Maintenance budget assuming a medium winter whereas this winter has been severe (as last year). Projected outturn similar to last year. Forecast includes a £100k drawdown from contingency to reflect severe weather.
Highways income budgets incl. NRSWA	(368)	(375)	(529)	(154)	Increased income due to Permit charges
Greenspaces	4,804	4,731	4,835	104	Pressure relating to cleaning and repair costs for King George Playing Field and unbudgeted utility costs at Copthall estate
Cleansing	4,778	4,659	4,707	48	Overspend relates to increase in agency though partially offset by savings on transport costs
Refuse (domestic and trade waste)	3,012	3,847	3,757	(90)	Overspend relates to agency staff to cover sickness and increased Trade Waste income forecast.



Parking	(659)	(873)	(732)	141	Parking income under pressure. High proportion of machines out of order. Move to cashless parking.
Transport	84	10	(158)	(168)	Net surplus derived from fleet costs being fully recharged to fleet users. Surplus allocated for new fleet and costs arising from GPL contract award.
Recycling	4,679	3,787	3,695	(93)	High material income and NLWA payment. Reduction in previous forecast due to increased contract price resulting from addition flats and inflation.
Street Lighting	3,116	3,113	3,106	(7)	Surplus resulting from programme behind schedule and performance adjustments which are offsetting higher energy costs
Community Safety	477	401	397	(4)	In year vacancies following budget reductions 10/11
Community Protection	1,363	1,330	1,367	37	CCTV salary costs and Trading Standards and Licensing unachievable income target
Leisure WOM	1,787	1,786	1,786	-	
	-	-	-	-	
<b>E&amp;O General Fund</b>	<b>28,443</b>	<b>27,734</b>	<b>28,123</b>	<b>390</b>	
<b>Special Parking Account</b>	<b>(5,092)</b>	<b>(4,310)</b>	<b>(2,954)</b>	1,356	Pressure on income. Forecast includes additional £150k uplift for higher fees and charges in March
<b>E&amp;O Total (inc SPA)</b>	<b>23,351</b>	<b>23,423</b>	<b>25,169</b>	<b>1,746</b>	

#### Planning, Housing & Regeneration

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
	£000	£000	£000	£000	
Land Charges	(932)	(934)	(954)	(20)	Income Shortfall charging for Personal Searches, as well as property market decline and tightening mortgage availability. Forecast includes a drawdown from contingency to reflect income pressure.
Environmental Health/ Cem & Crem	1,373	1,333	1,319	(14)	Vacancy and running cost savings in EH Management offsetting pressures on Care and Repair budget, external building repairs and upgrade of IT equipment at Hendon Cemetery and repair works to Mortuary.
Planning	192	566	946	380	Shortfall on mainstream planning fees due to flat property market and running costs particularly, additional legal costs in respect of Edgwarbury Lane Cemetery lost appeal. Vacancy rates and salary costs under review alongside Lean Systems programme. Forecast includes a drawdown from contingency to reflect income pressure.

Strategy (Planning & Housing)	669	592	664	72	Budget reduced through in year savings by £69k on basis of alternative income streams to cover overspend, however unlikely to be achieved. Forecast includes £20k of contingency for costs of LDF.
Building Control	(243)	(292)	(376)	(84)	Income shortfall due to flat property market decline in summer and ongoing economic conditions - to be closely monitored. Review of commercially attractive projects to offset income shortfall. Forecast includes a drawdown from contingency to reflect income pressure.
Housing	713	658	432	(226)	Outperformance in Private Sector Leasing and TA income offsetting previously flagged losses at Barbara Langstone House, the cost of running the Hone Choice Scheme and budget pressures arising from the terms of the Supporting People contract.
Regeneration Service	257	54	(54)	(108)	Rental income maximisation from PSL buyback properties awaiting regeneration and re-alignment of salaries between GF & HRA. Reduction since Q2 due to a degree of non-recoverable consultants costs.
<b>Total</b>	<b>2,028</b>	<b>1,977</b>	<b>1,977</b>	<b>-</b>	

#### Dedicated Schools' Grant

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
<b>CHILDREN'S SERVICE - DSG</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
SEN Placements, Recoupment & Therapies	9,685	9,273	9,747	474	Increase in the number of pupils placed in the private and independent sector - this is the result of legal orders against the authority by the SEN Tribunal and the highly specialist nature of some pupils medical needs.
Pupil Referral Unit	1,514	1,514	1,533	19	Based on two terms of data for claims for free educational entitlement for 3 and 4 year olds and assumes no late influx of applications in third term.
Other Centrally Retained Schools Budgets	10,860	12,931	12,601	(330)	
ISB	213,809	213,458	213,458	-	
DSG & LSC Grant	(235,992)	(237,318)	(237,318)	-	
<b>Total</b>	<b>(124)</b>	<b>(142)</b>	<b>21</b>	<b>163</b>	

#### Housing Revenue Account

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2010/11	Variation	
<b>Housing Revenue Account</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
LBB Retained	1,532	1,532	1,530	(2)	Anticipated recovery of consultants costs offsetting unbudgeted council tax, additional staffing (internal transfer).
HRA Regeneration	1,091	1,091	1,040	(51)	
HRA Other Income and Expenditure (net)	(3,555)	(3,555)	(3,809)	(254)	Improved dwelling rent forecast and subsidy position offsetting additional void refurbishments and higher debt management costs.
Support Service recharges	576	576	582	6	
Interest on Balances	(80)	(80)	(80)	-	
HRA Surplus/Deficit for the year	436	436	436	-	Contribution to balance
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(301)</b>	<b>(301)</b>	

## Appendix C – Capital Programme Adjustments

Directorate	Year	Capital Programme	Funding Type	Additions/ Deletions Amount (£'000)	Slippage/ Accelerated Spend Amount (£'000)	Explanation for request
Adult Social Services	2010/11	Broadfields	Grant		(740)	
Adult Social Services	2011/12	Broadfields	Grant		740	Approval is sought to reprofile this to the following year
Adult Social Services	2010/11	IT04 - ESCR Claudette to confirm funding type	Capital receipts	104		Approval is sought to reprofile this to the following year
Adult Social Services	2010/11	IT04 - ESCR Claudette to confirm funding type	Capital receipts		(104)	ESAP budget moved to Adults for SWIFT upgrade taking place throughout 11/12 & 12/13 - KT agreed
Adult Social Services	2011/12	IT04 - ESCR Claudette to confirm funding type	Capital receipts		104	ESAP budget moved to Adults for SWIFT upgrade taking place throughout 11/12 & 12/13 - KT agreed
Chief Executive Services	2010/11	GIS	Capital receipts		(42)	ESAP budget moved to Adults for SWIFT upgrade taking place throughout 11/12 & 12/13 - KT agreed
Chief Executive Services	2011/12	GIS	Capital receipts		42	The project is in its final stages and the products (as such) are very likely to be accepted in the 4th quarter. However, the payment schedule (including retentions and contingencies) may need to extended further.
Chief Executive Services	2010/11	Customer Relationship Management (CRM)	Capital receipts		(423)	The project is in its final stages and the products (as such) are very likely to be accepted in the 4th quarter. However, the payment schedule (including retentions and contingencies) may need to extended further.

Chief Executive Services	2011/12	Customer Relationship Management (CRM)	Capital receipts		423	The CRM slippage of £18k is due to interdependencies with the consolidation project which is awaiting final sign-off from services. CRC agreed to the capital virement of £465k for building enhancement within the Accommodation Project in Commercial to Customer Services for the development of the web project which is yet to be completed.
Children Services	2010/11	Northside-Refurb WC and Accessible WC 09/10	Borrowing	10		The CRM slippage of £18k is due to interdependencies with the consolidation project which is awaiting final sign-off from services. CRC agreed to the capital virement of £465k for building enhancement within the Accommodation Project in Commercial to Customer Services for the development of the web project which is yet to be completed.
Children Services	2010/11	Northside Primary - Provision of Accessible WC 10/11	Borrowing	(10)		Approval is sought to realign monies to Northside Primary 09/10 Access Programme
Children Services	2010/11	Permanent Expansions TBA (Primary Places)	Grant		(500)	Approval is sought to realign monies to Northside Primary 09/10 Access Programme
Children Services	2010/11	Permanent Expansions TBA (Primary Places)	S106/Other		(200)	Approval is sought to redirect the funds into 2011/12
Children Services	2010/11	Permanent Expansions TBA (Primary Places)	Capital receipts		(1,020)	Approval is sought to redirect the funds into 2011/12
Children Services	2011/12	Permanent Expansions TBA (Primary Places)	Grant		500	Approval is sought to redirect the funds into 2011/12
Children Services	2011/12	Permanent Expansions TBA (Primary Places)	S106/Other		200	Approval is sought to redirect the funds into 2011/12
Children Services	2011/12	Permanent Expansions TBA (Primary Places)	Capital receipts		1,020	Approval is sought to redirect the funds into 2011/12
Children Services	2010/11	Phase 3 - Sweets Way Community Centre/ QE Girls School	Grant	10		Approval is sought to redirect the funds into 2011/12

Children Services	2010/11	Phase 3 - Church End Library	Grant	(5)		Approval is sought to realign monies in the Sure Start programme
Children Services	2010/11	Phase 3 - Chipping Barnet/Meadway	Grant	(5)		Approval is sought to realign monies in the Sure Start programme
Children Services	2010/11	Friern Barnet - Hair & Beauty Diploma (SEN 14-19)	Capital receipts		(150)	Approval is sought to realign monies in the Sure Start programme
Children Services	2011/12	Friern Barnet - Hair & Beauty Diploma (SEN 14-19)	Capital receipts		150	Approval is sought to reprofile monies into the following year
Children Services	2010/11	London Academy - Hospitality Diploma (SEN 14-19)	Capital receipts		(250)	Approval is sought to reprofile monies into the following year
Children Services	2011/12	London Academy - Hospitality Diploma (SEN 14-19)	Capital receipts		250	Approval is sought to reprofile monies into the following year
Children Services	2010/11	Targeted capital 14 - 19 & SEN	Grant	(400)		Approval is sought to reprofile monies into the following year
Children Services	2010/11	TCFGarden Suburbs rplmnt kitchen & dinin	Grant	200		Approval is sought to redirect SEN monies into works at Garden Suburb and also Broadfields Permanent Expansion.
Children Services	2010/11	Primary Places - Broadfields (Perm)	Grant	200		Approval is sought to redirect funds from Targeted SEN funds
Children Services	2010/11	Primary Places - Broadfields (Perm)	Capital receipts		(600)	Approval is sought to redirect funds from Targeted SEN funds to provide additional resource provision places
Children Services	2011/12	Primary Places - Broadfields (Perm)	Capital receipts		600	Approval is sought to reprofile monies into the following year
Children Services	2010/11	East Barnet Rebuild Constr & Works	Capital receipts		400	Approval is sought to reprofile monies into the following year
Children Services	2011/12	East Barnet Rebuild Constr & Works	Capital receipts		(400)	Approval is sought to reprofile 11/12 budget to cover 10/11 overspend and outstanding invoices.
Children Services	2010/11	08-09 Canada Villa Youth Centre	Grant	(5)		Approval is sought to reprofile 11/12 budget to cover 10/11 overspend and outstanding invoices.

Children Services	2010/11	Christ Church Barnet	Grant	5		Approval is sought to realign monies to Christ Church in the Youth Capital Funding Programme
Children Services	2010/11	Urgent Responsive Works - Modernisation 10/11	Borrowing	(60)		Approval is sought to realign monies to Christ Church in the Youth Capital Funding Programme
Children Services	2010/11	Martin Junior School - amalgamation	Borrowing	60		Approval is sought to realign modernisation monies to Martin Junior
Children Services	2010/11	PSCIP - Wave 1 - Whitting hills	Borrowing		(279)	Approval is sought to realign modernisation monies to Martin Junior
Children Services	2010/11	PSCIP - Wave 1 - Whitting hills	Borrowing		(1,397)	Approval is sought to reprofile monies into following year
Children Services	2010/11	PSCIP - Wave 1 - Broadfields	Borrowing		(1,672)	Approval is sought to reprofile monies into following year
Children Services	2010/11	PSCIP - Wave 1 - Northway/Fairway	Borrowing		(3,600)	Approval is sought to reprofile monies into following year
Children Services	2011/12	PSCIP - Wave 1 - Whitting hills	Borrowing		279	Approval is sought to reprofile monies into following year
Children Services	2011/12	PSCIP - Wave 1 - Whitting hills	Borrowing		1,397	Approval is sought to reprofile monies into following year
Children Services	2011/12	PSCIP - Wave 1 - Broadfields	Borrowing		1,672	Approval is sought to reprofile monies into following year
Children Services	2011/12	PSCIP - Wave 1 - Northway/Fairway	Borrowing		3,600	Approval is sought to reprofile monies into following year
Children Services	2011/12	Deansbrook School - Expansion	Grant		120	Approval is sought to reprofile monies into following year
Children Services	2011/12	Danegrove School - Expansion	Grant		200	Approval is sought to realign monies into the Expansions Scheme
Children Services	2011/12	Moss Hall - Expansion	Grant		200	Approval is sought to realign monies into the Expansions Scheme
Children Services	2011/12	Manorside - Expansion	Grant		80	Approval is sought to realign monies into the Expansions Scheme
Children Services	2011/12	Brunswick Park - Expansion	Grant		200	Approval is sought to realign monies into the Expansions Scheme

Children Services	2011/12	PCP - Temp Exp	Grant			(120)	Approval is sought to realign monies into the Expansions Scheme
Children Services	2011/12	PCP - Temp Exp	Grant			(680)	Approval is sought to realign monies into the Expansions Scheme
Children Services	2010/11	Underhill Children's Centre	Borrowing		50		Approval is sought to realign monies into the Expansions Scheme
Children Services	2010/11	The Hyde Stage 1 - Childrens Centre	Borrowing		(200)		Approval is sought to realign monies to other Children Centre projects
Children Services	2010/11	Parkfield School Stage 1 - Childrens Centre.	Borrowing		150		Approval is sought to realign monies to other Children Centre projects
Children Services	2010/11	TCFGarden Suburbs rpimnt kitchen & dinin	S106/Other - Schools Contribution		75		Approval is sought to realign monies to other Children Centre projects
Children Services	2010/11	The Hyde Stage 1 - Childrens Centre	Borrowing			(50)	Approval sought to increase the programme as school will contribute monies (Addition to programme)
Children Services	2011/12	The Hyde Stage 1 - Childrens Centre	Borrowing			50	Approval is sought to reprofile monies into the following year
Children Services	2010/11	Underhill Children's Centre	Borrowing			(2)	Approval is sought to reprofile monies into the following year
Children Services	2011/12	Underhill Children's Centre	Borrowing			2	Approval is sought to reprofile monies into the following year
Children Services	2010/11	PCP - Colindale	Borrowing			(372)	Approval is sought to reprofile monies into the following year
Children Services	2011/12	PCP - Colindale	Borrowing			372	Approval is sought to reprofile monies into the following year
Children Services	2010/11	PCP - Colindale	S106			(2,283)	Approval is sought to reprofile monies into the following year
Children Services	2011/12	PCP - Colindale	S106			2,283	Approval is sought to reprofile monies into the following year
Children Services	2010/11	PCP - Edgware	Grant		7		Approval is sought to reprofile monies into the following year
Children Services	2010/11	PCP - Foulds School Replacement Nursery	Grant		(7)		Approval is sought to realign monies into the Edgware PCP scheme



Children Services	2010/11	PCP - Childs Hill	Borrowing		(60)	Approval is sought to realign monies into the Edgware PCP scheme
Children Services	2010/11	PCP - Childs Hill	Borrowing		(80)	Approval is sought to reprofile monies into the following year
Children Services	2011/12	PCP - Childs Hill	Borrowing		60	Approval is sought to reprofile monies into the following year
Children Services	2011/12	PCP - Childs Hill	Grant		80	Approval is sought to reprofile monies into the following year
Children Services	2010/11	ED69 - Fairplay Playbuilders scheme	Grant	374		Approval is sought to reprofile monies into the following year
Children Services	2010/11	ED69 - Fairplay Playbuilders scheme	Grant		(374)	Approval is sought to move £375,000 of playbuilders capital scheme in Env & Operations into Children's Service
Children Services	2011/12	ED69 - Fairplay Playbuilders scheme	Grant		374	Approval is sought to reprofile monies into the following year
Commercial Services	2010/11	IT04 - ESCR Claudette to confirm funding type	Capital receipts	(104)		Approval is sought to reprofile monies into the following year
Commercial Services	2010/11	Arts Depot Lift	Capital receipts		(80)	ESAP budget moved to Adults for SWIFT upgrade taking place throughout 11/12 & 12/13 - KT agreed
Commercial Services	2011/12	Arts Depot Lift	Capital receipts		80	Still under negotiations - work will take place 2011/2012
Commercial Services	2010/11	Electronic Social Care Record (ESCR)	Capital receipts		(283)	Still under negotiations - work will take place 2011/2012
Commercial Services	2011/12	Electronic Social Care Record (ESCR)	Capital receipts		283	Phase 2 approval given in August 2010 and budget reprofiled in October. 50k slippage expected as a result of reprioritising project activities to accommodate One Barnet storage requirements. This has delayed procurement activities.
Commercial Services	2010/11	Electronic Documents and Records Management System (EDRM)	Capital receipts		(58)	Phase 2 approval given in August 2010 and budget reprofiled in October. 50k slippage expected as a result of reprioritising project activities to accommodate One Barnet storage requirements. This has delayed procurement activities.

Commercial Services	2011/12	Electronic Documents and Records Management System (EDRM)	Capital receipts		58	Phase 2 approval given in August 2010 and budget reprofiled in October. 50k slippage expected as a result of reprioritising project activities to accommodate One Barnet storage requirements. This has delayed procurement activities.
Commercial Services	2010/11	Business System Disaster Recovery	Capital receipts		(136)	Phase 2 approval given in August 2010 and budget reprofiled in October. 50k slippage expected as a result of reprioritising project activities to accommodate One Barnet storage requirements. This has delayed procurement activities.
Commercial Services	2011/12	Business System Disaster Recovery	Capital receipts		136	A review of the underpinning infrastructure has delayed the Procurement of DR for key business Systems.
Commercial Services	2010/11	Shared Service Centre	Capital receipts		(35)	A review of the underpinning infrastructure has delayed the Procurement of DR for key business Systems.
Commercial Services	2011/12	Shared Service Centre	Capital receipts		35	This slippage is due to a delay in identifying a self-service password reset tool that works with the Council encryption software.
Commercial Services	2010/11	Education Management Information System	Capital receipts		(44)	This slippage is due to a delay in identifying a self-service password reset tool that works with the Council encryption software.
Commercial Services	2011/12	Education Management Information System	Capital receipts		44	A supplier issue have delayed the procurement of this Managed Service and has therefore caused slippage
Commercial Services	2010/11	HTH Committee room refurbishment	Capital receipts	151		A supplier issue have delayed the procurement of this Managed Service and has therefore caused slippage
Commercial Services	2010/11	Office consolidation	Capital receipts	(151)		Expenditure to be funded from accommodation project
Commercial Services	2010/11	SWIFT Upgrade	Borrowing		(38)	to fund expenditure from Hendon Town Hall Committee Project
Commercial Services	2011/12	SWIFT Upgrade	Borrowing		38	

Commercial Services	2010/11	Office consolidation	Capital receipts	(148)					
Commercial Services	2011/12	Office consolidation	Capital receipts	148					This is due to delays to work on the second floor and some activities being rescheduled to commence in 1/12.
Commercial Services	2010/11	Modernising the Way We Work	Borrowing	(231)					This is due to delays to work on the second floor and some activities being rescheduled to commence in 1/12.
Commercial Services	2011/12	Modernising the Way We Work	Borrowing	231					This is due to delays to work on the second floor and some activities being rescheduled to commence in 1/12.
Commercial Services	2010/11	Air Conditioning: Resources Centre - Bldg 4	Capital receipts	(130)					This is due to delays to work on the second floor and some activities being rescheduled to commence in 1/12.
Commercial Services	2011/12	Air Conditioning: Resources Centre - Bldg 4	Capital receipts	130					Quotes received, estimated costs still to be confirmed.
Commercial Services	2010/11	Depot Relocation	Capital receipts	200					Quotes received, estimated costs still to be confirmed.
Commercial Services	2011/12	Depot Relocation	Capital receipts	(200)					Spend to be funded from Capital receipts
Corporate Governance	2010/11	Emergency Response Command Centre	Usable Capital Receipts	(30)					Spend to be funded from Capital receipts
Corporate Governance	2011/12	Emergency Response Command Centre	Usable Capital Receipts	30					Spend predicted to slip
Deputy Chief Executive Services	2010/11	Pericles	Capital receipts	(341)					Spend predicted to slip
Deputy Chief Executive Services	2011/12	Pericles	Capital receipts	341					The project has overrun significantly from it's original go live date c2.9.10. It is currently in conversion and is likely to be live mid Feb 2011.
Environment & Operations	2010/11	Structural Maintenance of Bridges - 2009/10 allocation	Grant		5				The project has overrun significantly from it's original go live date c2.9.10. It is currently in conversion and is likely to be live mid Feb 2011.
Environment & Operations	2010/11	Structural Maintenance of Bridges - 2010/11 allocation	Grant		(5)				Offset 2009 spend

Environment & Operations	2010/11	Local Safety Schemes 2009/10 Programme	Grant	(25)		Offset 2009 spend
Environment & Operations	2010/11	Local Safety Schemes 2009/10 Programme	Grant	1		TfL adjusted allocation
Environment & Operations	2010/11	Carriageway Reconstruction - Principal Roads 2009/10 allocation	Grant	(11)		TfL adjusted allocation
Environment & Operations	2010/11	Road Traffic Act - Controlled Parking Zones 2009/10 Programme	Capital receipts	(30)		TfL adjusted allocation
Environment & Operations	2010/11	Footway Reconstruction 2009/10 allocation	s106	(65)		Transfer from HD07 to PEPs ii programme
Environment & Operations	2010/11	London Bus Priority Network 2009/10 LBPN Programme	Grant	(13)		Transfer to PEPs ii programme from HD10
Environment & Operations	2010/11	London Bus Priority Network 2009/10 LBPN Programme	Grant	(1)		TfL adjusted allocation
Environment & Operations	2010/11	London Bus Priority Network 2009/10 LBPN Programme	Grant	(1)		TfL adjusted allocation
Environment & Operations	2010/11	Bus Stop Accessibility 2009/10 BSA Allocation	Grant	6		TfL adjusted allocation
Environment & Operations	2010/11	Bus Stop Accessibility 2009/10 BSA Allocation	Grant	(20)		TfL adjusted allocation
Environment & Operations	2010/11	Minor TfL allocations Walking	Grant	2		TfL adjusted allocation
Environment & Operations	2010/11	Minor TfL allocations Walking	Grant	(3)		TfL adjusted allocation
Environment & Operations	2010/11	2009/10 HIP Programme	s106	33		TfL adjusted allocation
Environment & Operations	2010/11	2010/11 HIP Programme	s106	17		Funding required to implement pedestrian improvements
Environment & Operations	2010/11	2010/11 HIP Programme	s106	22		New additions to the programme relating to the Middlesex University development
Environment & Operations	2010/11	2010/11 HIP Programme	s106	19		New additions to the programme relating to the Middlesex University development
Environment & Operations	2010/11	2010/11 HIP Programme	s106	28		New additions to the programme relating to the Middlesex University development
Environment & Operations	2010/11	2010/11 HIP Programme	s106	4		New additions to the programme relating to the Middlesex University development
Environment & Operations	2010/11	School Travel Plans (STPs) 2009/10 Allocation	Grant	6		New additions to the programme relating to Arbitrator House
Environment & Operations	2010/11	School Travel Plans (STPs) 2009/10 Allocation	Grant	(8)		TfL adjusted allocation

Environment & Operations	2010/11	School Travel Plans (STPs) 2009/10 Allocation	Grant		(2)	TfL adjusted allocation
Environment & Operations	2010/11	Congestion Reduction Methods	Grant		(49)	TfL adjusted allocation
Environment & Operations	2010/11	Pothole Elimination Programme - Phase ii	s106		65	TfL adjusted allocation
Environment & Operations	2010/11	Pothole Elimination Programme - Phase ii	Capital receipts		30	Transfer from HD10 to PEPs ii programme
Environment & Operations	2010/11	new Dollis Valley Greenwalk	Grant		54	Transfer to PEPs ii programme from HD07
Environment & Operations	2010/11	new Dollis Valley Greenwalk	Grant		30	The Mayor's priority parks programme-Dollis Valley Greenwalk
Environment & Operations	2010/11	Road Traffic Act - Controlled Parking Zones 2009/10 Programme	Capital receipts		(25)	The Mayor's priority parks programme-Dollis Valley Greenwalk
Environment & Operations	2010/11	Road Traffic Act - Controlled Parking Zones 2009/10 Programme	Capital receipts		(158)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	HD10 - Footway Reconstruction2009/10 allocation	s106		(3)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	HD10 - Footway Reconstruction2009/10 allocation	s106		(20)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	Traffic Management	s106		(135)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	Cartwright Memorial, St Mary's Church	Borrowing		(30)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	HD33 - Reconstruction of Railway Bridges	Borrowing		(740)	Spend delayed further to negotiations taking place. Spend now expected to occur in 2011
Environment & Operations	2010/11	HD35 - Highways Investment 2009/10 HIP Programme	s106		(10)	Outstanding actions delaying final payments
Environment & Operations	2010/11	HD35 - Highways Investment 2009/10 HIP Programme	s106		(17)	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	Highways Investment - 2010/11 HIP Programme	s106		(5)	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	Road Traffic Act - Controlled Parking Zones 2009/10 Programme	RCCO		25	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	Road Traffic Act - Controlled Parking Zones 2009/10 Programme	RCCO		158	Programmed s106 works slipped forward to next year

Environment & Operations	2011/12	HD10 - Footway Reconstruction 2009/10 allocation	s106			3	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	HD10 - Footway Reconstruction 2009/10 allocation	s106			20	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	Traffic Management	s106			135	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	Cartwright Memorial, St Mary's Church	Borrowing			30	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	HD33 - Reconstruction of Railway Bridges	Borrowing			740	Spend delayed further to negotiations taking place. Spend now expected to occur in 2011
Environment & Operations	2011/12	HD35 - Highways Investment 2009/10 HIP Programme	s106			10	Outstanding actions delaying final payments
Environment & Operations	2011/12		s106			17	Programmed s106 works slipped forward to next year
Environment & Operations	2011/12	Highways Investment - 2010/11 HIP Programme	s106			5	Programmed s106 works slipped forward to next year
Environment & Operations	2010/11	ED69 - Fairplay Playbuilders scheme	Grant	(374)			Programmed s106 works slipped forward to next year
PHR	2010/11	General Fund Regeneration	Borrowing			(249)	Approval is sought to move £375,000 of playbuilders capital scheme in Env & Operations into Children's Service
PHR	2011/12	General Fund Regeneration	Borrowing			249	Slip to 2011-12 due to delays in find a developer
PHR	2010/11	General Fund Regeneration	Usable Capital Receipts			(199)	Slip to 2011-12 due to delays in find a developer
PHR	2011/12	General Fund Regeneration	Usable Capital Receipts			199	Slip to 2011-12 due to delays in find a developer
PHR	2010/11	Hostel Refurbishment Programme	Usable Capital Receipts			(196)	Slip to 2011-12 due to delays in find a developer
PHR	2011/12	Hostel Refurbishment Programme	Usable Capital Receipts			196	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Mill Hill East Regeneration - Development & Infrastructure	Borrowing		1,153		Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Mill Hill East Regeneration - Project Management Costs	Capital receipts		697		New Capital Program - Agreed at 29th Nov 2010 CRC
PHR	2010/11	Mill Hill East Regeneration - Development & Infrastructure	Borrowing			(703)	New Capital Program - Agreed at 29th Nov 2010 CRC

PHR	2011/12	Mill Hill East Regeneration - Development & Infrastructure	Borrowing		703	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Mill Hill East Regeneration - Development & Infrastructure	Capital receipts		(147)	Slip to 2011-12 due proposed spend in 2011-12
PHR	2011/12	Mill Hill East Regeneration - Development & Infrastructure	Capital receipts		147	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Mill Hill East Regeneration - Projectment Management Costs	Borrowing		(450)	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Disabled Facilities Grant - Manadatory	Usable Capital Receipts		(250)	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/11	Disabled Facilities Grant - Discretionary	Usable Capital Receipts		(150)	Slip to 2011-12 due proposed spend in 2011-12
PHR	2010/12	West Hendon Regeneration	Grant	3,850		Slip to 2011-12 due proposed spend in 2011-12
PHR	2011/12	Disabled Facilities Grant - Manadatory	Usable Capital Receipts		250	New Capital Programme
PHR	2011/12	Disabled Facilities Grant - Discretionary	Usable Capital Receipts		150	Slip to 2011-12 due proposed spend in 2011-12
PHR	2011/12	Mill Hill East Regeneration - Projectment Management Costs	Borrowing		450	Slip to 2011-12 due proposed spend in 2011-12
PHR - HRA	2010/11	Partnering Package - Barnet	Revenue Contributions	2,294		Slip to 2011-12 due proposed spend in 2011-12
PHR - HRA	2010/11	Partnering Package - Finchley	Revenue Contributions	664		Reversals of year end substitutions - Budget Movements & Funding Realignment
PHR - HRA	2010/11	Partnering Package - Hendon/Edgware	Revenue Contributions	(2,294)		Reversals of year end substitutions - Budget Movements & Funding Realignment
PHR - HRA	2010/11	Partnering Package - Sheltered/Hostels	Revenue Contributions	(664)		Reversals of year end substitutions - Budget Movements & Funding Realignment
PHR - HRA	2010/11	Renovations/Modernisation - future years	Borrowing	813		Reversals of year end substitutions - Budget Movements & Funding Realignment
PHR - HRA	2010/11	Miscellaneous Works	Borrowing	(813)		Reversals of year end substitutions - Budget Movements & Funding Realignment
PHR - HRA	2010/11	Cash Incentive	Borrowing		102	Reversals of year end substitutions - Budget Movements & Funding Realignment

PHR - HRA	2011/12	Cash Incentive	Borrowing	(102)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Cash Incentive	Usable Capital Receipts	(102)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2011/12	Cash Incentive	Usable Capital Receipts	102	Replace the Borrowing funding for Cash Incentive with Capital Receipts
PHR - HRA	2010/11	Adaptions	Borrowing	500	Replace the Borrowing funding for Cash Incentive with Capital Receipts
PHR - HRA	2011/12	Adaptions	Borrowing	(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Adaptions	Revenue Contributions	(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2011/12	Adaptions	Revenue Contributions	500	Replace the Borrowing funding for Adaptation with MIRA
PHR - HRA	2010/11	Adaptions	Borrowing	500	Replace the Borrowing funding for Adaptation with MIRA
PHR - HRA	2012/13	Adaptions	Borrowing	(500)	Borrowing Funding b/fwd to 2010-11 from 2012-13, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Adaptions	Revenue Contributions	(500)	Borrowing Funding b/fwd to 2010-11 from 2012-13, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2012/13	Adaptions	Revenue Contributions	500	Replace the Borrowing funding for Adaptation with MIRA
PHR - HRA	2010/11	Regeneration Estates	Borrowing	500	Replace the Borrowing funding for Adaptation with MIRA
PHR - HRA	2011/12	Regeneration Estates	Borrowing	(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11



PHR - HRA	2010/11	Regeneration Estates	Revenue Contributions		(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2011/12	Regeneration Estates	Revenue Contributions		500	Replace the Borrowing funding for Adaptation with MRA
PHR - HRA	2010/11	Regeneration Estates	Borrowing		500	Replace the Borrowing funding for Adaptation with MRA
PHR - HRA	2012/13	Regeneration Estates	Borrowing		(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Regeneration Estates	Revenue Contributions		(500)	Borrowing Funding b/fwd to 2010-11 from 2012-13, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2012/13	Regeneration Estates	Revenue Contributions		500	Replace the Borrowing funding for Adaptation with MRA
PHR - HRA	2010/11	Miscellaneous Works	Borrowing		646	Replace the Borrowing funding for Adaptation with MRA
PHR - HRA	2011/12	Miscellaneous Works	Borrowing		(646)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Miscellaneous Works	Grant		(646)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2011/12	Miscellaneous Works	Grant		646	Replace the Borrowing funding for Adaptation with Grant
PHR - HRA	2010/11	Miscellaneous Works	Borrowing		500	Replace the Borrowing funding for Adaptation with Grant
PHR - HRA	2012/13	Miscellaneous Works	Borrowing		(500)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Miscellaneous Works	Grant		(500)	Borrowing Funding b/fwd to 2010-11 from 2012-13, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2012/13	Miscellaneous Works	Grant		500	Replace the Borrowing funding for Adaptation with Grant

PHR - HRA	2011/12	Cash Incentive	Borrowing			(27)	Replace the Borrowing funding for Adaptation with Grant
PHR - HRA	2010/11	Cash Incentive	Borrowing			27	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2010/11	Partnering Package - Barnet	Revenue Contributions			(1,351)	Borrowing Funding b/fwd to 2010-11 from 2011-12, due to all HRA borrowing needed to be used in 2010-11
PHR - HRA	2011/12	Partnering Package - Barnet	Revenue Contributions			1,351	Slipage to 2011-12
PHR - HRA	2010/11	Partnering Package - Finchley	Revenue Contributions			(327)	Slipage to 2011-12
PHR - HRA	2011/12	Partnering Package - Finchley	Revenue Contributions			327	Slipage to 2011-12
PHR - HRA	2010/11	Partnering Package - Hendon/Edgware	Revenue Contributions			(1,421)	Slipage to 2011-12
PHR - HRA	2011/12	Partnering Package - Hendon/Edgware	Revenue Contributions			1,421	Slipage to 2011-12
PHR - HRA	2010/11	Partnering Package - Sheltered/Hostels	Revenue Contributions			(489)	Slipage to 2011-12
PHR - HRA	2011/12	Partnering Package - Sheltered/Hostels	Revenue Contributions			489	Slipage to 2011-12
PHR - HRA	2010/11	Renovations/Modernisation - future years	Revenue Contributions			1,397	Slipage to 2011-12
PHR - HRA	2011/12	Renovations/Modernisation - future years	Revenue Contributions			(1,397)	Accelerated Spend from 2011-12
PHR - HRA	2010/11	Granville Road, Tower Blocks	Grant			(2,376)	Accelerated Spend from 2011-12
PHR - HRA	2011/12	Granville Road, Tower Blocks	Grant			2,376	Slipage to 2011-12
PHR - HRA	2010/11	Adaptions	Revenue Contributions			(635)	Slipage to 2011-12
PHR - HRA	2011/12	Adaptions	Revenue Contributions			635	Slipage to 2011-12
PHR - HRA	2010/11	Regeneration Estates	Revenue Contributions			(289)	Slipage to 2011-12
PHR - HRA	2011/12	Regeneration Estates	Revenue Contributions			289	Slipage to 2011-12
PHR - HRA	2010/11	Extensions and Deconversions	Revenue Contributions			(1)	Slipage to 2011-12
PHR - HRA	2011/12	Extensions and Deconversions	Revenue Contributions			1	Slipage to 2011-12



## Appendix D – Capital Monitoring Analysis

	2010/11 Latest Approved Budget	Additions / Deletions recommended to March CRC	Slippage / Accelerated Spend recommended to March CRC	2010/11 Budget (including March CRC)	Spend to date (as per SAP)	Forecast to year-end	Variance from Approved Budget	% slippage of 2010/11 Approved Budget
Mental Health and Adults Personal Social Services Allocations	1,367	104	(844)	627	296	627	(740)	-62%
<b>Adult Social Services</b>	<b>1,367</b>	<b>104</b>	<b>(844)</b>	<b>627</b>	<b>296</b>	<b>627</b>	<b>(740)</b>	<b>-62%</b>
Capitalised Redundancies	4,500	-	-	4,500	-	4,500	-	0%
<b>Central Expenses</b>	<b>4,500</b>	-	-	<b>4,500</b>	-	<b>4,500</b>	-	<b>0%</b>
Schools Access Initiatives	489	-	-	489	138	489	-	0%
Schools Modernisation & Access Improvement Programmes	3,939	-	-	3,939	1,359	3,939	-	0%
Urgent Primary Places	3,163	200	(2,320)	1,043	710	1,043	(2,120)	-73%
Surestart Programme	1,547	-	-	1,547	987	1,547	-	0%
Major School Rebuild Total	455	-	(52)	403	146	403	(52)	-11%
Primary Schools Capital Investment Programme	16,610	-	(6,948)	9,662	8,225	9,662	(6,948)	-42%
East Barnet Schools Rebuild	5,478	-	400	5,878	5,721	5,878	400	7%
Other Schemes	22,869	249	(3,569)	19,549	12,796	19,549	(3,320)	-16%
<b>Children's Service</b>	<b>54,551</b>	<b>449</b>	<b>(12,489)</b>	<b>42,511</b>	<b>30,082</b>	<b>42,511</b>	<b>(12,040)</b>	<b>-23%</b>
Capital Schemes Managed by Schools	5,546	-	-	5,546	-	5,546	-	0%
<b>Capital Schemes Managed by Schools</b>	<b>5,546</b>	-	-	<b>5,546</b>	-	<b>5,546</b>	-	<b>0%</b>
Corporate Governance Projects	31	-	(30)	1	-	1	(30)	-96%
<b>Corporate Governance</b>	<b>31</b>	-	<b>(30)</b>	<b>1</b>	-	<b>1</b>	<b>(30)</b>	<b>-96%</b>
Chief Executive Services	733	-	(465)	268	62	268	(465)	-63%
<b>Chief Executive Services</b>	<b>733</b>	-	<b>(465)</b>	<b>268</b>	<b>62</b>	<b>268</b>	<b>(465)</b>	<b>-63%</b>
Deputy Chief Executive Services	826	-	(341)	485	224	485	(341)	-41%
<b>Deputy Chief Executive Services</b>	<b>826</b>	-	<b>(341)</b>	<b>485</b>	<b>224</b>	<b>485</b>	<b>(341)</b>	<b>-41%</b>
Commercial Services	4,902	(104)	(983)	3,815	1,636	3,815	(1,087)	-20%
<b>Commercial Services</b>	<b>4,902</b>	<b>(104)</b>	<b>(983)</b>	<b>3,815</b>	<b>1,636</b>	<b>3,815</b>	<b>(1,087)</b>	<b>-20%</b>
Recycling Schemes	156	-	-	156	87	156	-	0%
Closed Circuit Television in Town Centres	84	-	-	84	-	84	-	0%
Other Environment & Transport Schemes	854	(374)	-	480	14	480	(374)	0%
Highways Schemes	16,136	88	(1,144)	15,080	6,048	15,080	(1,056)	-7%
<b>Environment &amp; Operations</b>	<b>17,229</b>	<b>(286)</b>	<b>(1,144)</b>	<b>15,800</b>	<b>6,149</b>	<b>15,800</b>	<b>(1,430)</b>	<b>-7%</b>
Housing Association Programme	691	-	-	691	691	691	-	0%
General Fund Regeneration	1,458	5,700	(1,748)	5,410	709	5,410	3,952	-120%
Disabled Facilities Projects	1,823	-	(400)	1,423	837	1,423	(400)	-22%
Housing Management System	20	-	-	20	-	20	-	0%
Other Projects	1,009	-	(196)	813	152	813	(196)	-19%

<b>Planning, Housing and Regeneration</b>	<b>5,001</b>	<b>5,700</b>	<b>(2,344)</b>	<b>8,357</b>	<b>2,389</b>	<b>8,357</b>	<b>3,356</b>	<b>-47%</b>
<b>General Fund Programme</b>	<b>89,141</b>	<b>5,863</b>	<b>(18,640)</b>	<b>76,364</b>	<b>40,838</b>	<b>76,364</b>	<b>(12,777)</b>	<b>-21%</b>
HRA Capital	24,373	-	(6,112)	18,261	9,866	18,261	(6,112)	-25%
<b>Total Capital Programme*</b>	<b>113,514</b>	<b>5,863</b>	<b>(24,752)</b>	<b>94,625</b>	<b>50,704</b>	<b>94,625</b>	<b>(18,889)</b>	<b>-22%</b>
*Excludes Capital Schemes Managed by Schools								

**AGENDA ITEM: 16**      Pages 138 – 142

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Extension of Agency Staff Contract</b>
Report of	Cabinet Member for Resources and Performance
Summary	To extend the existing Agency Staff Contract for a period of one year beyond 2 April 2011.

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Officer Contributors	Martyn Carter, Procurement Manager (Commercial Services) Julia Gallaway, Contracts Manager (Commercial Services)
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Martyn Carter, Procurement Manager, 020 8359 7267 and Julia Gallaway, Contracts Manager, 020 8359 7017.

## **1. RECOMMENDATIONS**

- 1.1 That the Commercial Services Director be authorised to extend the current Contract for the supply of Temporary Agency Staff held by Hays Resource Management for a period of twelve months from 2 April 2011 to 31 March 2012.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 25 February 2008 (Decision item 5) – approved the award of contract to Hays Specialist Recruitment Limited for the supply of Neutral Vendor Services for the provision of a managed agency temporary desk and the supply of temporary workers for the period 25 February 2008 to 2 April 2011 with an option to extend for a period of up to two years.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The current contract for the Council's Agency Staff requirements forms part of the London Contracts Supplies Group's (LCSG) Framework Agreement with Hays Resource Management. The LCSG is the London Boroughs Buying Consortium made up of the 33 London Boroughs. There are advantages to joining LCSG Frameworks given the resulting economies of scale and avoidance of duplication and cost in terms of procurement.
- 3.2 Being part of a Consortium allows the Council to obtain more competitive rates and share savings based on the Suppliers aggregate turnover which generally increases under such Framework arrangements. Continued membership of the Consortium would allow the Council to benefit from volume discounts.
- 3.3 The Corporate Plan 2010-2013 includes the priority of 'Better services with less money' with some of its key strategic objectives to 'explore new ways of bundling and commissioning services to generate better outcomes for less money'. The Plan's objectives can be achieved by creating the circumstances detailed at 3.1 and 3.2 above.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The continuation of the Framework arrangement would involve the ongoing use of a centralised agency temp desk, allowing the Council to monitor and control its use of temporary workers. This also enables better control of temporary staff costs and visibility to reduce expenditure and improve performance from suppliers.
- 4.2 Additionally, continuation of the contract allows the Council to transfer certain contractual risks associated with the alternative of managing a number of different Agencies.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The current suppliers for Agency Staff have systems in place to ensure the continuous monitoring of equalities and diversity issues. For example, all employment agencies under this arrangement include a specific question on every application form requesting details of each applicant's ethnic origin. This information is held for monitoring purposes.

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

- 6.1 The Council's expenditure is reported monthly by Hays, enabling the Council to track spend by Service Area and by Cost Centre. Agency Staff spend for the 2009 -10 financial year was £11,679,000.30. Expenditure for the 2010 – 11 year to date is £7,556,796.34 with the reduction due to a reduction on temporary staff recruitment following budget pressures.
- 6.2 The invoicing and charging mechanism is set up in order to create savings. Supplier mark-ups are pegged to a maximum of 20%, whereas pre-contract agencies prior to April 2008 could charge up to 35% in some cases. The most recent report from Hays detailed savings of £14,796.64 for January 2011 based on a temporary worker population of 337. The total spend on Agency Staff for January 2011 was £607,042.84.
- 6.3 Efficiencies are also achieved by the Hays provision of a 'One Stop Shop' This involves Council employees making one telephone call to the Hays team or inputting details logged on to the Workflow system. Hays also arrange interviews and associated administration. These time consuming tasks were previously undertaken by Barnet Council recruiting managers. Ongoing savings were also achieved in October 2010 by deleting the Temp Agency Administration post that was based in the Corporate Procurement Team. These duties were transferred to Hays, saving the Council £32,000 per year.
- 6.4 Hays also add value by providing the following:
- ❖ ensuring that candidates have Criminal Records Bureau checks where required;
  - ❖ validation of references;
  - ❖ free advice on employment law;
  - ❖ benchmarking pay rates i.e. compares Barnet rates pay rates with other boroughs;
  - ❖ six monthly auditing of all supplying agencies;
  - ❖ management information showing more detailed information on the Agency activities such as , population trend, population data and timelag data; and
  - ❖ provision of monthly savings reports.



6.5 Given the Council’s budgetary pressures, discussions were recently held between Corporate Procurement and Hays senior management in order to seek further savings in the event of contract extension. In response, Hays have provisionally agreed to percentage reductions on their mark-ups for the various types of temporary workers. This will be subject to approval by the Hays Board shortly. Once agreed, financial modelling will be applied in order to estimate cash savings for the next financial year. These estimates will be reported during the Cabinet Resources Committee meeting on 2<sup>nd</sup> March. The table below details the percentage reduction proposals.

<b>Specialism</b>	<b>Current % Mark Ups</b>	<b>New proposed rates</b>
<b>Care</b>		
Non Qual	20.00%	15.00%
Qual	20.00%	17%
<b>General</b>		
Admin	12.00%	No change
Non Office	16.00%	14%
Non Office - Refuse	16.00%	14%
Non Office - Transport	16.00%	14%
Management	17.00%	14%
<b>Prof Tech</b>		
Engineer	17.00%	14%
Finance	17.00%	14%
Housing	17.00%	14%
HR	17.00%	14%
IT	17.00%	14%
Legal	17.00%	14%
Procurement	17.00%	14%

## **7. LEGAL ISSUES**

7.1 None except any referred to within the main body of this Report.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council’s constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including agreeing exceptions to standing orders.

8.2 The Council's Contract Procedure Rules in Paragraph 5.6.2 states the acceptance parameters for Contract Extensions.

- 8.3 The Council's Contract Procedure Rules in Table 5-2 states the Acceptance thresholds for contract extensions and variations. It states that for contract extensions greater than £156,442 authority must be sought from Cabinet Committee.

## **9. BACKGROUND INFORMATION**

- 9.1 In April 2006 the LCSG Framework contract was awarded to Hays Resource Management (HRM) for the neutral supply of temporary and permanent staff. The contract was awarded for a period of 5 years with an option to extend for 2 further periods of 1 year. The original five year period will be completed in March 2011. The Council joined the contract in April 2008 by signing an access agreement with the LCSG.
- 9.2 **The Model** – The neutral vendor model means that access to Council vacancies is not dominated by one large supplier. There are currently 104 suppliers signed up under the Hays contract – 71% of these are small to medium enterprises. There is a tiering system in place which means that on a quarterly basis, the performance of each agency is reviewed against an objective scorecard resulting in the agency being promoted / demoted between the tiers. Thus opportunities for agencies to potentially fill Council vacancies are based on performance and ability to supply quality staff and service.
- 9.3 Haringey Council lead the LCSG Framework for Agency Staff. Officers from the Council's Corporate Procurement Team attended a meeting convened by Haringey on 19 January 2011 along with a number of other London Boroughs. The issues regarding contract extension were discussed and it was agreed that each participating Borough to the Framework would seek committee approval for extension of contract.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal – JMck  
CFO – JH/MC

**AGENDA ITEM: 17**      Pages 143 – 146

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Meeting                      Cabinet Resources Committee

Date                            2 March 2011

**Subject**                      **Extension of Building Cleaning Contracts**

Report of                      Cabinet Member for Resources and  
Performance

Summary                      To extend the existing Contracts for cleaning at Corporate  
Buildings and Schools for a period of one year beyond 1<sup>st</sup> April  
2011.

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Officer Contributors              Martyn Carter, Procurement Manager (Commercial Services)  
Julia Gallaway, Contracts Manager (Commercial Services)

Status (public or exempt)              Public

Wards affected                      All

Enclosures                          None

For decision by                      Cabinet Resources Committee

Function of                            Executive

Reason for urgency /  
exemption from call-in (if  
appropriate)                      Not applicable

Contact for further information: Martyn Carter, Procurement Manager, 020 8359 7267 and Julia Gallaway, Contracts Manager, 020 8359 7017.

## **1. RECOMMENDATIONS**

- 1.1 That the Commercial Services Director be authorised to extend the existing Contracts for Building Cleaning for a period of twelve months from 1 April 2011 to 31 March 2012.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 25 February 2008 (Decision item 4) – approved four corporate building cleaning contracts be awarded to the contractors for a three year period with an option to extend up to a further two years.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The existing contracts for the cleaning of the Council's corporate buildings and a number of schools numbered: A50132, B50133, C50134, D50135 commenced on 7 April 2008. The contract terms are for three years and there is provision for annual contract extensions to a maximum of 2 years. The combined value of the contracts over the 3 year period is £5,880,000.
- 3.2 The Corporate Plan 2010-2013 includes the priority of 'Better services with less money' with some of its key strategic objectives to 'explore new ways of bundling and commissioning services to generate better outcomes for less money'.
- 3.3 The main Contractor has offered cost reductions to the Council that can be applied in the event of contract extension. The reductions are based on altering existing contractual arrangements and creating more efficient ways of working. Such cost reductions would meet certain objectives of the Corporate Plan.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The contracts expire on 31 March 2011 and ending these contracts without alternative provision would leave the Council's corporate buildings and school's in an untidy and un-hygienic state. This would result in negative publicity about the Council.
- 4.2 The Council will continue to ensure that the Cleaning Contractors are compliant with all the service requirements detailed within the contracts.
- 4.3 There is a proposal to withdraw the requirement for performance bond from the main building Cleaning Contractor in order to reduce costs. While it is recognised that this was originally intended as form of guarantee, there are ongoing contractual remedies available to the Council in the event of contract default.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The current Contractors demonstrated that they can support the Council's Equal Opportunities policies when they submitted their tenders. There have not been any negative equalities issues arising during the course of the current contracts.
- 5.2 There is ongoing contract monitoring to ensure that the cleaning contractors undertake English as a Secondary Language training for its employees. In addition there is ongoing evidence of the contractor undertaking training in relation to Safeguarding.

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

- 6.1 There are four corporate building cleaning contracts – Children’s Service and Care Settings A 50132, Children’s Service and Care Settings B 50133, Children’s Service and Care Settings C 50134; and, Facilities Settings D 50135). Contracts A, B and C are paid from individual site budgets and total annual expenditure for these three contracts is £1,360,000. The annual cost for Contract D is £618,731. This covers Buildings 2 and 4 of North London Business Park, Libraries, Hendon Town Hall, Hendon Crematorium and some sheltered housing.
- 6.2 The Council has held discussions with the main buildings cleaning contractor – Turners with a view to creating savings based on a one year extension. The projected savings are based on two separate proposals in relation to Contract D. Firstly, the withdrawal of the requirement to hold a contract performance bond which results in considerable expense to the contractor. Secondly, the Council’s recent consolidation of office buildings has resulted in office layouts being more open plan as opposed to the previous modular type of office arrangements. The new open plan layout, coupled with the reduction of bins under each desk to centralised areas, has resulted the need for less cleaners at North London Business Park. Following a walk-through with Turners and Facilities Management, further efficiencies have been agreed which will mainly consist of a reduction in hoovering of general office areas from 5 days per week to 3, and the dusting of desks to 3 days per week, however there will be no reduction in cleaning of toilets, kitchen areas, Chief Executive and Leader’s offices.
- 6.3 Discussions are ongoing regarding the removal of the contract performance bond. This would create an annual saving of £8,000 and will be subject to agreement with Legal Services. A risk assessment would be undertaken in the event of withdrawal of the performance bond in order to comply with section 10.3.7 of the Contract Procedure Rules. It is anticipated that this saving can be realised during April 2011. Operational savings identified for contract D are £54,400. Therefore total annual savings identified for Contract D would be £62,400 in the event that the Council decides not to seek a performance bond in respect of this contract extension.

## **7. LEGAL ISSUES**

- 7.1 None except any referred to within the main body of this Report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council’s constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including agreeing exceptions to standing orders.
- 8.2 The Council’s Contract Procedure Rules in Paragraph 5.6.2 states the acceptance parameters for Contract Extensions.
- 8.3 The Council’s Contract Procedure Rules in Table 5-2 states the Acceptance thresholds for contract extensions and variations. It states that for contract extensions greater than £156,442 authority must be sought from Cabinet Committee.

## **9. BACKGROUND INFORMATION**

- 9.1 The existing contracts were tendered during late 2007 and early 2008 with contracts

starting in April 2008. The contracts were initially for a three year period with the option to extend for a further two years in twelve month increments.

- 9.2 The corporate cleaning contracts cover the Council's corporate buildings and 40 Schools and other Educational Settings within Barnet. The remainder of the schools have their own arrangements for building cleaning.
- 9.3 There is a pricing schedule for the cleaning of every building to enable the monitoring of costs and reconciliation of invoices. Regular client side management and monitoring of the building cleaning contracts has been occurring since April 2008 and performance has been satisfactory.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal – JMCK  
CFO – MC/JH

**AGENDA ITEM: 18**      Pages 147 – 151

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Meeting	Cabinet Resources Committee
Date	2 March 2011
<b>Subject</b>	<b>Registration and Nationality fees and charges</b>
Report of	Cabinet Member for Customer Access and Partnerships
Summary	To approve proposals to update fees and charges for the registration and nationality service from April 2011.

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Officer Contributors	Richard Grice, Assistant Director, Customer Services Mark Rimmer, Head of Registration and Nationality
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 Table: Registration and nationality fees and charges
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Richard Grice, Assistant Director, Customer Services, 020 8359 2002.

## **1. RECOMMENDATIONS**

- 1.1 That the fees and charges detailed in the appendices of this report be approved to take effect from 1 April 2011.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet resources Committee, 5 March 2009, Registration fees and charges.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Regularly reviewing fees and charges enables the Council to ensure it is making the best use of its resources, supporting the corporate priority of 'better services with less money'. The resources generated by changes to fees and charges will help to support the priorities of the Corporate Plan.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 It is not considered that the issues involved are likely to raise significant levels of public concern or give rise to policy considerations.
- 4.2 Wedding fees on Monday to Friday show the largest proportionate increase. These fees have not changed for several years and are considerably below the market rate. The proposed new fees are based on those of the neighbouring London Borough of Brent, with whom we share management of the registration and nationality service. Where fees are already in line with market rates they have not been increased.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Changes to fees and charges have the potential to affect those people who would choose to marry on a weekday due to cost. However, evidence from other boroughs who charge closer to the market rate is that there is no reduction in demand nor any adverse impact on specific groups.

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

- 6.1 The impact of the increased and revised fees and charges has been taken into account in the 2011-12 Medium Term Financial Strategy.

## **7. LEGAL ISSUES**

- 7.1 None other than those to which reference is made in the body of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including approving income sources and charging policies.
- 8.2 Paragraph 3.8 of the Council's Financial Regulations requires that the Cabinet Resources Committee (CRC) approves changes to fees and charges that are significantly different from inflation.



## 9. BACKGROUND INFORMATION

9.1 The Council has shared a Head of Registration and Nationality Service with the London Borough of Brent since September 2009. This arrangement has enabled the Council to learn from Brent's high performing service and implement new ways of working that have significantly enhanced performance for Barnet's residents. As a result, the Council's registration and nationality activities have utilised good practices from across the industry and, increasingly, the service is leading innovation in areas such as nationality and citizenship. This improvement was recognised when the service received a score of 'good' in the 2010 General Registrars Office (GRO) inspection.

9.2 This report proposes updating fees and charges for the various services provided by registration and nationality to bring them into line with industry standard. Fees and charges for these services have not increased since 2008/9.

### Wedding fees

9.3 The current fees to marry at Burnt Oak registry office on a Monday to Friday do not cover the costs of providing the service, nor do they match the fees charged by neighbouring authorities. It is proposed that fees for these days increase to cover costs and bring them into line with those charged by London Borough of Brent.

9.4 Saturday is a popular day for weddings at Burnt Oak and the fee charged currently is significantly below the market rate. It is proposed that this fee is increased to reflect the popularity of the day and to bring it closer to the fee charged by Brent.

9.5 The fee charged for marrying in the registry office on Sunday and for all weddings at approved premises are already at a rate commensurate with other London Boroughs and, therefore, no change is proposed.

### Nationality checking

9.6 The Council provides an optional service to customers whereby their applications for citizenship can be checked for completeness by the registration service. This ensures that all necessary documents are included in the application and that the relevant forms have been completed correctly before submission to the UK Border Agency (UKBA). It is not a check on citizenship status, neither does it make any recommendations on status. This service reduces the risk of applications having to be completed several times by customers as a result of common mistakes. This is a popular service with customers and demand for the service in Barnet has grown significantly in the last year. A small increase of £5 is proposed for this service to ensure it stays in line with neighbouring boroughs.

### Settlement checking

9.7 The Council and the London Borough of Brent are working with UKBA to pilot a settlement (application for leave to remain in the UK) checking service. This service, which is optional for the customer, operates on the same lines as the Nationality Checking Service outlined above. The service was new in 2010/11 and is growing steadily. A small increase of £10 is proposed for this service to ensure it stays in line with neighbouring boroughs.

### Priority Certificate Service

9.8 It is proposed that a new option service be introduced whereby customers can obtain a certified copy of a birth, death or marriage certificate from the historic archive, dating back to 1837, within 2 hours of making their application. A fee of £6 on top of the statutory fee of £9 is proposed for this service. In comparison with other local authorities this is in line with the existing market rate and there is no evidence to suggest that customers will be disadvantaged by payment of this fee.

## **10. LIST OF BACKGROUND PAPERS**

10.1 None.

Legal – MB  
CFO – MC/JH

## APPENDIX 1

<b>PROPOSED FEES FOR BARNET REGISTRATION AND NATIONALITY SERVICE</b>		
<b>Valid from 1 April 2011</b>		
<b>Service</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
Wedding Fee in Oak Room Burnt Oak (Monday and Tuesday)	£40	Abolished See Below
Wedding Fee in Oak Room (Wednesday, Thursday or Friday)	£90	Abolished See Below
Wedding Fee in Oak Room (Monday to Thursday)		£100
Wedding Fee in Oak Room (Friday)	£90	£125
Wedding Fee in Oak Room (Saturday)	£150	£180
Wedding Fee in Oak Room (Sunday)	£275	£275
Wedding Fee in external Approved Premises (Monday to Friday)	£275	£275
Wedding Fee in external Approved Premises (Saturday)	£325	£325
Wedding Fee in external Approved Premises (Sunday)	£375	£375
Nationality Checking (NCS) Adult	£40	£45
NCS (Child)	£20	£25
Settlement Checking Service (SCS)	£70	£80
Admin Fee for Priority Certificate Service (Same Day)	None	£6 in addition to the Statutory Fee