

AGENDA ITEM 5

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Meeting	Cabinet Resources Committee
Date	28 March 2011
Subject	Development and Regulatory Services Project : Business Case
Report of	Cabinet Member for Housing, Planning and Regeneration Cabinet Member for Customer Access and Partnerships
Summary	This report asks CRC to approve the business case for the Development and Regulatory Services project.

Officer Contributors	Stewart Murray, Director, Planning Housing and Regeneration Craig Cooper, Director, Commercial Services Linda Spiers, Project Manager, Commercial Services
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A – Development & Regulatory Services Project: Business Case Appendix B – Employee Equality Impact Assessment (Development and Regulatory Services) Appendix C – Trade Union’s Interim Critique of the DRS Business Case Appendix D –Response to Trade Union’s Interim Critique of the DRS Business Case
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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1. RECOMMENDATIONS

- 1.1 That Cabinet Resources Committee approves the Development and Regulatory Services business case, in order that the Council can begin the competitive dialogue process, following the previously approved placing of the OJEU notice.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 6 May 2008 (Decision item 5) approved the establishment of the Future Shape of the Organisation¹.
- 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; and
 - 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.
- 2.5 Cabinet, 20 October 2010 (Decision item 9) – Noted the impact of the Emergency Budget, the consultation on formula grant, and the revised medium-term financial strategy; and that consultation responses in setting budget headlines would be reported to a special meeting on 13 December 2010, following the local government finance settlement.
- 2.6 Cabinet, 29 November 2010 (Decision item 7) – authorised the Commercial Director to commence the procurement process to identify a strategic partner for the delivery of the Development and Regulatory Services project.
- 2.7 Cabinet, 10 January 2011 (Decision item 8) – following the referral back by the Business Management Overview and Scrutiny Committee on 16 December 2010, Cabinet reaffirmed the decision to commence the procurement process (as stated in 2.6 above).

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

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The One Barnet Programme is the Council's change programme. Its overarching aim is "to create a citizen-centered council, to ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place"². It has three key principles:

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

3.2 The DRS project is part of the One Barnet Programme. As discussed in the Business Case, it is strongly aligned to One Barnet's overarching aim. It primarily focuses on safeguarding and developing Barnet as a successful place, where citizens can lead safe, healthy and successful lives.

3.3 The project reflects the original One Barnet driver of needing to "find new ways of tackling challenging problems" Unless a radically new way of delivering these key services is found it is likely that they will continue to face service reductions in terms of the functions they can offer to our community.

3.4 Together, the services in scope provide a place shaping and enhancing service. By including the Planning, Regeneration, Building Control and Highways functions, the project is committed to the successful development, enhancement and protection of the Borough's built environment including buildings, green spaces and roads as well as its successful economic development.

3.5 The public health, consumer and regulatory services in scope protect Barnet citizens from issues such as pollution, noise and nuisance, pest control and poor-quality private sector housing. Trading Standards and Licensing seek to protect citizens and the local economy from crimes committed by rogue traders and fraudsters and to regulate licensed premises to prevent nuisance, ensure public safety and protect children from harm. Together, these services support the project's aim to ensure the continued success of Barnet by making it a place where residents can be confident that their environment is healthy, law-abiding, safe and secure.

3.6 The three key principles of the programme will be used to guide the selection of a private sector partner, as follows:

3.7 A new relationship with citizens

The services will:

- Be delivered in an integrated way, around personal and community issues that matter to citizens.

² One Barnet Framework Document, presented to Cabinet 29 November 2010

- Be better placed to build on the Council's successful record of community consultation and engagement.
- Establish greater synergies with central Government's Big Society initiatives.
- Measure customer satisfaction and respond by improving services and the public's perception of them.
- Become more responsive to changing citizen needs within the Borough and be able to adjust service offerings accordingly.
- Be better equipped to drive improvements in the customer experience through the streamlining of processes.
- Develop new and innovative ways to engage and involve the community in the co-design, and in some instances, co-delivery of services.
- Secure expertise in terms of how aims and objectives could best be achieved in a climate of significant budget cuts from central Government.

3.8 A one public sector approach

The services will:

- Have enhanced capacity and capability to drive improvements in the maintenance and development of Barnet's built environment.
- Develop close and effective working links with other public sector bodies and community groups within Barnet..
- Be better equipped to meet the requirements of emerging national agendas, whilst ensuring that professional functions are delivered with a high degree of alignment to citizen and community requirements and within a framework of democratic control.
- Support holistic strategic management of "the place" by linking up services, partners and information.

3.9 A relentless drive for efficiency

The services will:

- Benefit from the experience of a private sector organisation in enhancing performance whilst realising operational efficiencies.
- Secure the necessary investment in technology, process and change management to deliver efficiencies and service improvements.

- Be afforded the commercial experience to maximise income streams, secure the revenue, and return it to further support the maintenance and development of the Borough.
- Be better placed to capture and maximise the financial, economic and social benefits of large / sub-regional developments and ensure that the proceeds are returned to the Council in order to further support the Borough.
- Be liberated in terms of their current operational constraints by playing a pivotal role in ensuring the provision of more efficient and customer-focused service channels.
- Improve their ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery.
- Be able to facilitate speedier decision-making through process and system improvements.

3.10 In addition to its place within Barnet's corporate priorities, the project also intends to leverage the following Central Government policy opportunities on behalf of the Borough:

- Coalition Government plans to incentivise Councils to manage and deliver growth, in particular the Localism Bill and David Cameron's recent statements on allowing a wide variety of organisations to bid to run council services
- Big Society initiatives
- Local Enterprise Partnerships
- Greater control over council budgets including the ending of grant ring-fencing (except schools) and providing a 'new homes bonus' for additional homes created in the borough.
- By April 2012, the Government plans to consider the most appropriate framework for local incentives for local authorities to support growth, including allowing local authorities to reinvest the benefits of growth into local communities.
- The proposal that local government retains a higher proportion of the business rates that it collects; ultimately, councils that invest in and support their local economies will be able to better to use the finances
- The local government resource review. Its objective is to give local councils more control of their resources and move to a position where they are less dependent on grants from central government.

3.11 Barnet is the largest regeneration borough in London outside of the Thames Gateway – a service made up of the Highways Transport and Regeneration,

Strategic Planning and Housing Strategy and Regeneration teams, all of which are in scope. Unlike other boroughs hosting major regeneration projects, we operate in an already successful local economy. We expect to deliver approximately 22,000 new homes over the next 10 years.

- 3.12 We currently collect £103m in business rates on approximately 8,000 properties. Our regeneration projects will substantially increase the number of properties and rates we collect, with the Brent Cross Cricklewood development alone providing 456,611m² of retail and office space. The project will seek to ensure that the Council and partners can maximise the benefit of the new arrangements for Barnet's business and resident communities.
- 3.14 Generally, by working with a public sector partner and leveraging their commercial expertise, the project seeks to ensure that the financial, economic and social benefits of major regeneration projects are maximised, captured and returned to the Council in order to support the growth and development of the Borough. It therefore fits well with the measures outlined in the Localism Bill, above.
- 3.15 In addition, the Big Society initiatives of "giving communities a greater say over their local planning system" and "giving mutuals, co-operatives, charities and social enterprises greater involvement in the running of public services" are particularly pertinent to the project. The Council will be able to draw upon its partner's ability to invest in and provide user-friendly and effective consultation and engagement for a wide range of stakeholders.

4. RISK MANAGEMENT ISSUES

- 4.1 **Risk:** A poorly designed or structured dialogue process leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate contracts or failure to keep pace with legislative changes.

Planned Mitigation: The dialogue process has clear award or evaluation criteria that will be effectively communicated to the market. The team will include qualified and competent procurement professionals as well as significant internal and external legal resource who will work to provide a robust and appropriate contract.

- 4.2 **Risk:** Changes imposed by central government, such as future government savings targets or funding reductions, or changes to legislation adversely affect the project's ability to deliver its benefits.

Planned Mitigation: The external and internal legal resource assigned to the project will monitor legislative changes on an ongoing basis. The Council's internal finance department will do the same for savings targets and funding reductions. Changes will be notified to the project and assessed for their impact. Significant impacts will be reported to the Project Board in the first instance. The Board will decide whether or not to recommend to CDG and CRC that the project be changed or stopped.

4.3 **Risk:** In this challenging climate, bidders are not aligned with the Council's aims, or do not respond as anticipated to the bundles of services under consideration.

Planned Mitigation: The One Barnet Programme Office will ensure clear communication of the project's strategic objectives with the market through the market brochure, bidders' day and other documentation and media. Potential partners will understand the Council's aims and respond to the services accordingly.

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

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

4.6 The DRS Project Board and the One Barnet Programme Board will continue to provide appropriate escalation routes.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 It is recognised that such a significant transformation of the services may have an impact upon staff. An initial staff equalities impact assessment (EIA) has been carried out and at this stage, found no significant effect on any group in scope.

5.2 Staff EIAs will be carried out at key project stages:

- against those bidder submissions that are successful in entering the second stage of the competitive dialogue process,
- against the accepted bidder solution at the end of the second stage
- after staff have completed any transition to the newly appointed partner.

5.3 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.

5.4 The project will follow an EIA format which focuses on a number of key questions developed corporately to identify where equalities risks are likely to occur. This approach has been used successfully in recent EIAs within the PHR service.

5.5 The initial task will be to collate available data on customers of the various services, identify any gaps and determine how these might be addressed using proxy data.

- 5.6 The next step will be to undertake an initial equalities screening risk assessment with the Registration and Nationality, E&O and PHR management teams. This will identify potential impacts and the main equalities risks along with an action plan showing how these will be further assessed and mitigated and/or addressed.
- 5.7 The Council's Equalities policy will be followed in the management of the tender process, including evaluation of tenderers' equalities and diversity policies concerning employment practice and service delivery. Any eventual contract will include explicit requirements fully covering the Council's duties under equalities legislation.

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

- 6.1 Barnet is facing a funding gap of £53m over the next three years, and the Cabinet on 14 February and Council on 1 March considered a package of measures to balance the Council's budget in 2011/12 and the medium term.
- 6.2 The services in scope are:

Strategic Services:

- Regeneration
- Strategic Planning and Housing Strategy
- Highways Transport and Regeneration
- Highways Strategy

Operational Services:

- Building Control and Structures
- Planning Development Management
- Land Charges
- Highways Network Management
- Highways Traffic and Development

Public Health, Consumer and Regulatory Services

- Environmental Health
- Trading Standards & Licensing
- Cemetery & Crematorium
- Registration and Nationality Service

- 6.3 The savings assumed for the services in scope within the budget report to Cabinet are reflected in the Business Case and constitute a revised baseline against which the procurement process will be measured. The business case indicates that a strategic partner could deliver potentially greater savings than those included in the budget report from 2012/13, but with later phasing.
- 6.4 Financial planning assumptions will be updated as necessary through the procurement process.
- 6.5 The business case calculates that the potential financial benefits over a 10 year period for the cluster are as follows:

	Total cost reduction	Total income increase	Total financial benefit
Planning (Development Management)	£3,522,335	£1,752,901	£5,275,236
Land Charges	£164,572	£1,253,799	£1,418,371
Building Control & Structures	£1,873,018	£2,036,227	£3,909,245
Planning Strategy	£1,377,048	£178,209	£1,555,257
Environmental Health	£2,835,492	£612,099	£3,447,591
Trading Standards & Licensing	£233,110	£124,667	£357,776
Cemeteries & Crematorium	£803,839	£1,493,575	£2,297,414
Registrations	£477,249	£878,766	£1,356,015
Highways Strategy	£666,236	£78,748	£744,983
Highways Network Management	£4,641,880	£1,142,053	£5,783,933
Highways Traffic Dev	£1,600,620	£504,282	£2,104,902
Highways Transport & Regeneration	£69,007	£88	£69,095
Regeneration	£1,438,700	£247,592	£1,686,292
Totals	£19,703,105	£10,303,005	£30,006,110

- 6.6 Of the total project costs, the cost of external resources for the competitive dialogue procurement process is currently estimated at:

Legal Advice	£692,500
Implementation Partner	£654,525
Other	£18,720
Total	£1,365,745

- 6.7 Total project costs are currently estimated at £1,634,680, giving a net financial benefit to the council of £28,371,430 over 10 years.
- 6.5 The project will be funded from the Council's Transformation Reserve.
- 6.6 The Council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon our staff. In the context of One Barnet Programme this means that all internal re-structures will be managed in compliance with the Councils 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.

6.7 Trade Unions have been provided with a copy of the business case. Their critique and officers' response are provided as a background paper to this report.

7. LEGAL ISSUES

7.1 Procurement processes will 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 will 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 The following legal issues will be investigated as part of the preparation for the procurement and during the procurement process by using specialist external legal firm:

<p>Delegation of functions of the Local Authority.</p> <p>A 'function' is a term of art in Local Government legislation. It essentially means a decision that involves an element of exercising discretion or acting in a quasi-judicial capacity – e.g. it involves making a judgement. Functions, or the power or right to take certain decisions, may be delegated from a local authority to its staff, a committee or to third parties, depending upon the relevant legislation.</p>	<p>Which functions of the Local Authority can be delegated to a third party under current legislation.</p> <p>Which functions cannot be delegated to a third party under current legislation.</p> <p>Exploring options for changing current legislation, in conjunction with the Secretary of State, including:</p> <ul style="list-style-type: none"> • Procedures under Section 16 of the Local Government Act 1999 in support of best value • Procedures under the Deregulation and Contracting Out Act 1994 • Lobbying in relation to the Localism Bill <p>Seeking primary legislation.</p>
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Delegation of functions of the Registrars	The majority of functions of the Registration Service reside with the individual Registrars rather than the Local Authority. The project will explore the possibility of delegating support functions to a third party, and of co-locating or seconding Registrars (see below).
Enforcement – sufficient evidence	What constitutes sufficient evidence for certain enforcement functions and who may lawfully provide it.
Secondment or co-location of staff, where necessary	Confidentiality agreements, changes to the Council’s constitution, changes to the Council’s scheme of delegation and the creation of protocols are likely to be required in order to satisfactorily rebut any allegations of bias, or perceived bias, within the outsourced services.

7.4 Within particular roles, e.g. that of a Trading Standards Officer, the functions (or delegated decision making tasks) will be distinguished from tasks that do not involve such a decision making power – e.g. deciding to prosecute for underage sales of alcohol as opposed to simply inspecting a premises. This will determine what can be legally outsourced.

7.5 Where it does not prove possible to delegate a function, the Council will retain this task by either creating an ‘enforcement function’ or co-locating the officers who hold this delegated authority with their colleagues within the new structure agreed as part of the competitive dialogue process.

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 Business Case

9.2 The business case discusses the benefits sought by the project, and how they align with the council’s One Barnet objectives. The eventual solution must also meet the council’s other strategic objectives – in particular the Local Development Framework - and the ‘three strands’ approach:

- Strand 1: Absolute protection of the Green Belt, Metropolitan Open Land and other valued open space from inappropriate development.
- Strand 2: Enhancement and protection of Barnet’s suburbs, town centres and historic areas.

- Strand 3: Consolidated growth in areas in need of renewal and investment.

9.3 The tables below show how the project expects to realise its main outcomes within the One Barnet programme:

Overarching Aim	Citizens get the services they need for successful lives Barnet is a successful place.
Benefits	Build on the Council's successful development, enhancement and protection of the built environment. Capture and maximise the financial, economic and social benefits of large developments and ensure that these are returned to the Council in order to further support the Borough whilst keeping Barnet a green and pleasant place.
Method	The development of a partnership with the capacity and capability to drive improvements in the development and maintenance of Barnet's built environment
Measure	Contract, KPIs, payment mechanisms, regeneration-focused business cases

Key priority	A new relationship with citizens.
Benefit	To provide truly citizen-centred services that are easy to access and simple to navigate, and as a result, improve customer satisfaction.
Method	Developing incentives for citizen focus within the partnership, and ensuring professional functions are delivered with a high degree of alignment to citizen and community requirements. Development of 'life event' approach to service and customer engagement (where appropriate)
Measure	Contract, payment mechanisms, customer/citizen KPIs (alignment with CSO)
Method	The adoption of more efficient and customer-focused service channels Development and implementation of a channel- shift strategy (CSO dependency)
Measure	Contract, payment mechanisms, customer/citizen KPIs

Method	Service performance in terms of output, speed and quality of response to be maintained or improved Partner service model
Measure	Contract, payment mechanisms

Key priority	A one public sector approach
Benefits	Close and effective working links with other public sector bodies. Develop new and innovative ways to engage and involve the community in co-delivering some services. Build and innovate on the Council's successful record of community consultation and engagement.
Method	A creative response to Big Society which ensures the development of stronger linkages and common working arrangements between services and key external agencies / partners, to enable enhanced service quality, efficiency and customer focus Partner organisational, process and staffing solutions Legal/regulatory implications will be taken into account
Measure	Contract, payment mechanisms
Method	Meeting the requirements of the Localism and Public Health agendas. Development of aligned incentives between client and service providers.
Measure	Contract, payment mechanisms, customer/citizen KPIs (alignment with CSO)

Key priority	A relentless drive for efficiency
Benefits	Maximise the revenue and minimise the cost of the services and, where appropriate, to make the services more commercially aware in order to further enhance the maintenance and development of the Borough. Access to appropriate levels of service investment. Secure a minimum of 10% reduction in service

	operating costs, and a minimum of 5% increase in income, whilst acknowledging the trade-off between the two.
Method	Investment in technology, process and change management to deliver efficiencies in the management of key service volumes. Partner and client investment, business case-led approach.
Measure	'Core' investment assumptions, Partner business cases
Method	The achievement of a minimum 10% saving in service expenditure, in order to support the requirements of the Council's financial planning Partner efficiency solutions
Measure	Financial baseline, contract, payment mechanisms
Method	The achievement of a minimum 5% net income growth, in order to support the requirements of the Council's financial planning. Partner commercial solutions. Development of a commercial services hub which is a traded entity.
Measure	Financial baseline, contract, payment mechanisms including gain-share arrangements.

9.4 In order to determine the financial case for the project, the current costs of the services were established by initially using the 2010/11 budget data for both income and expenditure.

9.5 The following calculations were then applied to the 2010/11 gross expenditure figures:

- A standard 8% assumption for secondary recharges was added to gross expenditure, giving a revised gross expenditure figure
- Cost and FTE associated with New Support Organisation (NSO) functions, Customer Services Organisation (CSO) functions were deducted from revised gross expenditure on a service by service basis
- Efficiencies / budget savings planned for 2011/12 were also deducted from revised gross expenditure on a service by service basis

- A rate of 7.5% of service costs was deducted from revised gross expenditure in order to factor in the possible cost of the retained client function (services that will remain in the Council post the appointment of a partner)

The resulting figures provide revised 2011/12 expenditure and income for each service and this has been used as a baseline against which further opportunities for cost reductions and income generation have been made.

- 9.6 Using a mixture of commercial judgement and benchmarking data where the latter was available and believed to be reliable, the following percentages for likely cost reduction and income generation were applied on a service by service basis:

Service	Cost Reduction	Income Generation
Planning (Development Management)	20%	15%
Land Charges	10%	15%
Building Control & Structures (including Street Naming & Numbering)	15%	15%
Strategic Planning & Housing Strategy	15%	10%
Environmental Health	15%	15%
Trading Standards & Licensing	10%	5%
Cemetery & Crematorium	15%	15%
Registration & Nationality	15%	20%
Highways Strategy	15%	20%
Highways Network Management	15%	10%
Highways Traffic & Development	15%	10%
Highways Transport & Regeneration	10%	5%
Regeneration	10%	5%

- 9.7 The resulting gross improvement figures were as follows:

	Total cost reduction	Total income increase	Total financial benefit
Planning (Development Management)	£3,522,335	£1,752,901	£5,275,236
Land Charges	£164,572	£1,253,799	£1,418,371
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9.8 These were then profiled over a 10 year period, with the majority of the benefits occurring in years 2 and 3 (2-4 for income generation) in order to meet the council's financial aspirations, as follows:

Profiling Cost Reduction Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	50%	36%	2%	2%	2%	2%	2%	2%	2%
	£1,240,750	£893,340	£49,630	£49,630	£49,630	£49,630	£49,630	£49,630	49,630

Profiling Income Generation Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	25%	30%	33%	2%	2%	2%	2%	2%	2%
	£349,018	£418,821	£460,703	£27,921	£27,921	£27,921	£27,921	£27,921	£27,921

9.9 The cumulative effect of these cost reductions and increases in income give the following overall effect (because savings and income increases made in year 2 are carried over into year 3 and built upon):

	Year -1 2010/11	Year 0 2011/12	Year 1 2012/13	Year 2 2013/14	Year 3 2014/15	Year 4 2015/16	
Cost reduction	£ -	£ -	£ -	£ 1,240,750	£ 2,134,089	£ 2,183,719	
Income increase	£ -	£ -	£ -	£ 349,018	£ 767,839	£ 1,228,543	
Total financial benefit			£ -	£ 1,589,767	£ 2,901,929	£ 3,412,262	
Revised expenditure			£ 16,603,876	£ 15,363,126	£ 14,469,786	£ 14,420,156	
	Year 5 2016/17	Year 6 2017/18	Year 7 2018/19	Year 8 2019/20	Year 9 2020/21	Year 10 2021/22	Total
Cost reduction	£ 2,233,349	£ 2,282,979	£ 2,332,609	£ 2,382,239	£ 2,431,869	£ 2,481,499	£ 19,703,105
Income increase	£ 1,256,464	£ 1,284,385	£ 1,312,307	£ 1,340,228	£ 1,368,150	£ 1,396,071	£ 10,303,005
Total financial benefit	£ 3,489,813	£ 3,567,365	£ 3,644,916	£ 3,722,468	£ 3,800,019	£ 3,877,571	£ 30,006,110
Revised expenditure	£ 14,370,526	£ 14,320,896	£ 14,271,266	£ 14,221,636	£ 14,172,006	£ 14,122,376	

9.10 Next Steps and the Democratic Process

9.11 Members are asked to approve the business case in order that the DRS project can proceed to full competitive dialogue in June, following the publication of the OJEU notice on 17 March 2011.

9.12 At the end of the first stage of the competitive dialogue process (dialogue 1) the dialogue team will submit a report to CRC on the results of their evaluation of the six submitted outline solutions.

- 9.13 The evaluation will be carried out against the award criteria for the first dialogue, which will be derived from the award criteria for the whole dialogue process. The table below shows the principles and themes of the whole dialogue reward criteria and reflects the financial and non financial benefits described in the business case:

Principles and Themes of the Whole Dialogue Award Criteria

People and Place

Quality of service delivery
Innovative service delivery
Improved and continuous service improvement
High and measured customer satisfaction
Services joined up with other orgs
Effective consultation and engagement
Capturing financial, economic and social benefits of major regeneration projects and return to Borough. Safeguard the environment.
Staff welfare and professional development

Flexibility and Risk

Flexibility in the contract
Max opportunities from central government
Align with council's strategic objectives, now and over time
Ability to transfer risk
Track record in related or directly applicable service delivery and partnership working with the public sector.

Price

Price
Pace
Investment
Payment profile
Price performance mechanism
Gain share (profit share)
Maximise commerciality to help us generate more income

- 9.14 CRC will be asked to approve the proposed shortlist for the second stage of the process (dialogue 2). If the timeline below is adhered to, this report is likely to be sent to the October / November CRC.
- 9.15 A report on the costs of the project to date against budget will be sent to CRC at the same time.
- 9.16 At the end of dialogue 2, CRC will be asked to approve the appointment of the preferred partner in order that the contract can be awarded. A report will be submitted by the dialogue team to CRC on the results of their evaluation of the submitted solutions. If the following timeline is adhered to, this will be sent to CRC in the summer of 2012.

The evaluation will be carried out against the agreed award criteria for the second dialogue, which will also be derived from the award criteria for the whole dialogue process (shown above).

- 9.17 A report on the costs of the project to date against budget will be sent to CRC at the same time.
- 9.18 On the appointment of a preferred partner it is likely that a gateway review will be carried out.
- 9.19 As indicated in the Options Appraisal, for a procurement of this nature, the Council will need to follow normal European procurement rules – an OJEU process. In order to give the Council the best opportunity to shape the final scope of services during the procurement, a Competitive Dialogue route remains the most logical.
- 9.20 Assuming that the Council decides to move forward as outlined in this Business Case, the timeline for the project is likely to be as follows:

Jan-Mar 11	Apr-Jun 11	Jul-Sep 11	Oct-Dec 11	Jan-Mar 12	Apr-Jun 12	Jul-Sep 12	Oct-Dec 12
17 Mar Issue OJEU notice	27 May PQQ shortlist agreed		28 Oct Dialogue 1 ends		24 Apr Dialogue 2 ends	Jul 12 Preferred bidder approved by CRC	Dec 12 Mobilisatio n ends (if 5 months)
28 Mar Business case approved by CRC	6 June Issue ITPD/ISOS		CRC approves shortlist for Dialogue 2			Sept 12 Mobilisatio n ends (if 3 months)	

<p>Dialogue 1 – 105 working days June –Oct 2011</p> <p>Assumes 6 bidders - 6 x 1 day sessions per bidder - 6 x 1 day due diligence sessions per bidder - 1 x executive meeting per bidder</p> <p>10 days for bidder to produce submission</p> <p>Includes 40 days for evaluation / challenge / moderation and approval</p>	<p>Dialogue 2 - - 131 working days Oct 2011 –Apr 2012</p> <p>Assumes 3 bidders - 16 x 2 day sessions per bidder (consisting of Commercial, Finance, Due Diligence and Schedule sessions)</p> <p>Includes site visits and staff/union briefings</p>	<p>Post dialogue Apr - July 2012</p> <p>10 days for bidder to produce contract 20 days for evaluation 35 days for democratic process, preferred bidder and Alcatel period</p> <p>5 month mobilisation period to 16/10/12</p>
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Caveats re the detailed plan behind this high level timeline:

1. The LBB democratic process has not been overlaid
2. Resource smoothing has not been attempted
3. Resource availability (holidays etc) has not been taken into account
4. Not all programme / other project ie non-DRS dependencies have been identified.

Therefore the timeline and resource load contained in the plan is subject to change.

9.21 History of the Project

- 9.22 In 2009, the One Barnet Transact Group identified a cluster of services

deemed to fall outside the core competencies of the Council, and wanted to investigate whether or not they could be provided more effectively, and for a lower cost, than the current model of service provision. This became known as the Development and Public Health project.

- 9.23 The ongoing national financial situation and the Coalition Government's proposed and actual cuts to local government budgets has accelerated the pace at which the One Barnet programme of work will be implemented. Accordingly, an options appraisal was carried out for these services in order to determine whether or not particular delivery models would generate greater efficiencies for the Council at a lower cost.
- 9.24 The options appraisal report and addendum demonstrated the principle that significant savings and transformation opportunities can be made for the services in scope through the appointment of a private sector partner over 10 years.
- 9.25 A soft market testing exercise was carried out on the original cluster of services. A questionnaire was sent to ten leading organisations in fields related to the service cluster. Eight questionnaires were returned and six organisations were invited to participate in a soft market testing day, where they were asked a range of questions based upon the responses in their questionnaires, and during which they were given the opportunity to ask the Council questions about its intentions for the cluster. Market interest was high rather than extremely so.
- 9.26 Cabinet approved the start of the procurement process for the DRS project on 29 November 2010 and confirmed its decision on 10 January 2011.
- 9.27 On 29 November 2010, the Chief Executive wrote to all the chief executives of London boroughs, asking them if they were interested in joining the DRS procurement process. A briefing day was subsequently held on 12 January 2011 for 10 London councils, who indicated that they would like to find out more. These councils were asked to indicate their interest to us by 18 February 2011. Two councils have indicated that they are interested in joining the procurement.
- 9.28 In order to plan in any additional logistics and ensure the Council is ready to manage the competitive dialogue process effectively, the placing of the OJEU notice has been rescheduled to 17 March 2011. The timeline for the project has been revised to take account of this. More information can be found in the Business Case, under 'Procurement and Commercial Approach'.

10. LIST OF BACKGROUND PAPERS

- 10.1 Equalities Impact Assessment (Staff)
10.2 Trade Union critique of the DRS business case and officer response

Legal: PJ
CFO: MC/JH

London Borough of Barnet

Development & Regulatory Services Project: Business Case

February 2011

Document Control

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2.0	Amendments made by Cllr Richard Cornelius to the text of the business case	<ul style="list-style-type: none"> • Impower • Greg Pike • Linda Spiers • Cllr R Cornelius 	23/02/11	Final
2.1	Amendments made to the business case following feedback from the Trade Unions	<ul style="list-style-type: none"> • Impower • Greg Pike • Linda Spiers • Cllr R Cornelius • Trade Unions 	07/03/2011	Final
2.2	Final amendments by Project Board	<ul style="list-style-type: none"> • Impower • Greg Pike • Linda Spiers • Cllr R Cornelius • Trade Unions • Board 	10/03/2011	Final

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Executive Summary

The services in-scope

This grouping of Barnet's services covering regeneration, development and environmental regulation provides the borough with the opportunity to create a truly customer-centric service. It will provide potential partners with the opportunity to work with a high performing mature service in an emerging market.

The mix of services will give a broad and co-ordinated offer to Barnet residents and businesses, from environmental development and place making to innovative environment regulatory services.

The following services form the current scope of the DRS Project:

Strategic:

- Regeneration
- Strategic Planning and Housing Strategy
- Highways Transport and Regeneration
- Highways Strategy

Operational:

- Building Control and Structures
- Planning Development Management
- Land Charges
- Highways Network Management
- Highways Traffic and Development

Public Health, Consumer and Regulatory:

- Environmental Health
- Trading Standards & Licensing
- Cemetery & Crematorium
- Registration and Nationality Service

As a result of the high degree of regulation associated with some of the services, there may be some functions or officer roles that lawfully cannot be performed by a third party under current legislation and regulation. There are a number of potential solutions where these conditions apply upon which legal advice is being sought; but for the purposes of this business case we have assumed a larger client side is retained by the Council than would normally be the case (7.5% at present, but could possibly be higher). The precise nature and extent of the retained client function will

not be fully defined until later in the process of competitive dialogue. Equally, the cluster that is created at the end of the Competitive Dialogue process may not include all of the services currently specified.

The size and scale of the services in scope

Under existing arrangements, the thirteen services are delivered at a gross expenditure of £18.5m¹, and generate income of £10.3m (56% of expenditure). Staffing levels associated with the functions deemed in-scope for DRS, equate to 276 full-time equivalents.

This scale of environmental and regulatory functions equates to a sizeable business, and presents a significant opportunity for end-to-end service re-design and associated benefits realisation.

The implications of other local authorities coming into the scope of the project have not been considered as part of this initial business case.

Estimated financial benefits

Collectively, if a private sector partner is sought, financial benefits could be as much as 20-25% from the current gross baseline figure. Over a ten year period (a typical contract duration for such a service provision deal) financial benefits could equate to as much as £28.4m. This is significantly more than indicated in the One Barnet Framework, but is based on a more robust analysis of both current service costs, and potential future service transformation. These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand.

Approach to delivery

At this stage, the business case has found that a Strategic Partnership still represents the most beneficial option for the Council, particularly in terms of the pace and complexity of implementation. This option will provide the freedom to trade services and generate further income, secure the necessary expertise to deliver service transformation, provide the necessary investment and high levels of commercial capability.

However, the possibility of establishing a Joint Venture (JV) with a private sector partner should not be completely discounted if it proves to be the most advantageous to the Council during the procurement process. Whilst the costs and risks associated with a JV model are judged at this stage to be higher than for a Strategic Partnership, the potential for a compelling bidder proposal should be left open to explore.

In order to maximise the potential for benefits realisation, in line with the aspirations of the Council's Medium Term Financial Strategy, it is recommended that pre-dialogue activity commences immediately.

¹ Including secondary recharges this equates to £20.3m. It should also be noted that this refers to revenue expenditure only.

The Purpose of the Business Case

The Development & Regulatory Services (DRS) Project is part of the One Barnet Programme, and seeks to determine whether the services in scope can be improved, and achieve necessary cost reductions, via an alternate model of delivery.

This Business Case seeks to articulate a robust baseline and scale of financial case across the services and demonstrate how this can be best achieved in the current financial climate. It will also show how by doing so the services can be transformed to ensure strong alignment with the One Barnet programme's overarching aim of a citizen-centric council that helps its citizens lead successful lives in a successful place, as well as the programme's key principles:

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

This Business Case builds upon the findings and recommendations contained within the Options Appraisal that was undertaken in the autumn of 2010. By definition, this Business Case is a dynamic document, and as such will be updated at appropriate points in time over the next 12-14 months.

Strategic fit

One Barnet: The Overarching Aim

The overarching aim of the One Barnet programme, as set out in the *One Barnet Framework* document discussed at Cabinet on 29 November 2010 is to create a citizen-centric council. Citizens are "to get the services they need to lead successful lives, and to ensure that Barnet is a successful place."²

The project seeks to support this overarching aim in a very challenging financial environment. Barnet is facing a funding gap of £53m³ over the next three years. The project will find and work with a public sector partner in order to mitigate the impact of these cuts to its grants on the services within this scope, as outlined below. The partnership will involve significant investment by the partner into the services, an increase in their income generation and a decrease their in costs.

As an activity the project therefore fits with the original One Barnet driver of needing to "find new ways of tackling challenging problems" Unless a radically new way of delivering these key services is found it is likely that they will continue to face service reductions in terms of the functions they can offer to our community.

Together, the services in scope provide a place shaping and enhancing service.

² One Barnet Framework, Report to Cabinet 29 November 2010, pg 6

³ This figure will be included in the final budget report to Cabinet, scheduled for 14 February 2011

By including the Planning, Regeneration, Building Control and Highways functions, the project is committed to the successful development, enhancement and protection of the Borough's built environment including buildings, green spaces and roads as well as its successful economic development.

The Environmental Health service protects Barnet citizens from issues such as pollution, noise and nuisance, pest control and poor-quality private sector housing. Trading Standards and Licensing seek to protect citizens and the local economy from crimes committed by rogue traders and fraudsters and to regulate licensed premises to prevent nuisance, ensure public safety and protect children from harm. Together, these services support the project's aim to ensure the continued success of Barnet by making it a place where residents can be confident that their environment is healthy, law-abiding, safe and secure.

The Registration and Nationality Service and the Cemetery and Crematorium services were originally included in the cluster because of their heavily regulated nature. They have remained within the cluster of services partly due to this 'fit' and in order to preserve the coherence of the council's wider strategic vision of its future as a commissioning organisation.

The council will seek to build upon the work started within the existing directorates, and remodel the individual services into true place shaping and protecting entity. This will involve, amongst other things, redesigning how the services work together as a whole in order to enhance the customer experience for residents, visitors, local businesses and multinationals. Further information on the development of the cluster can be found in Non-Financial Benefits on page 35.

A New Direction for Local Authorities

The Coalition Government plans to incentivise Councils to manage and deliver growth, and on 13th December 2010 the Secretary of State for Communities and Local Government set out the Localism Bill in a statement to the House of Commons.

The Department for Communities and Local Government expects the Bill to be passed in November 2011.

The Bill introduced a new general power of competence which will allow councils to "do anything apart from that which is specifically prohibited". This will give councils the ability to innovate, drive down costs and deliver more effective services.

It also seeks to empower councils and businesses to come together to form Local Enterprise Partnerships as part of the Government's strategy of giving local areas the opportunity to take control of their future economic development.

Councils have also been given greater control over their budgets including the ending of grant ring-fencing (except schools) and providing a 'new homes bonus' for additional homes created in the borough.

By April 2012, the Government plans to consider the most appropriate framework for local incentives for local authorities to support growth, including allowing local authorities to reinvest the benefits of growth into local communities.

In addition, a review of business rates was set up with the intention that in future, local government will be able to keep more of what it collects. Ultimately, councils that invest in and support their local economies will be able to better to use the finances themselves.

It was also announced that the local government resource review would start early this year (i.e. 2011). Its objective is to give local councils more control of their resources and move to a position where they are less dependent on grants from central government.

Barnet is the largest regeneration borough in London outside of the Thames Gateway – a service made up of the Highways Transport and Regeneration, Strategic Planning and Housing Strategy and Regeneration teams, all of which are in scope. Unlike other boroughs hosting major regeneration projects, we operate in an already successful local economy. We expect to deliver approximately 22,000 new homes over the next 10 years.

We currently collect £103m in business rates on approximately 8,000 properties. Our regeneration projects will substantially increase the number of properties and rates we collect, with the Brent Cross Cricklewood development alone providing 456,611m² of retail and office space. The project will seek to ensure that the Council and partners can maximise the benefit of the new arrangements for Barnet's business and resident communities.

Generally, by working with a public sector partner and leveraging their commercial expertise, the project seeks to ensure that the financial, economic and social benefits of major regeneration projects are maximised, captured and returned to the Council in order to support the growth and development of the Borough. It therefore fits well with the measures outlined in the Localism Bill, above.

In addition, the Big Society initiatives of “giving communities a greater say over their local planning system” and “giving mutuals, co-operatives, charities and social enterprises greater involvement in the running of public services” are particularly pertinent to the project. The Council will be able to draw upon its partner's ability to invest in and provide user-friendly and effective consultation and engagement for a wide range of stakeholders.

Scope

The scope of the project is currently limited to the Council services listed below. It should be noted that, following Competitive Dialogue, the final scope may exclude some of these for practical, commercial or legal reasons.

The OJEU notice sets the limit of the cluster of services; particular services may be removed from the list but not added to it.

Strategic Services:

- Regeneration
- Strategic Planning and Housing Strategy
- Highways Transport and Regeneration
- Highways Strategy

Operational Services:

- Building Control and Structures
- Planning Development Management
- Land Charges
- Highways Network Management
- Highways Traffic and Development

Public Health, Consumer and Regulatory Services

- Environmental Health
- Trading Standards & Licensing
- Cemetery & Crematorium
- Registration and Nationality Service

Cemetery & Crematorium is an optional element of the scope. Whilst the service is earning high levels of income, a partnership brokered as part of the clusters' competitive dialogue process, could increase the net gain to the Council further if it were able to bring the significant investment that is required. This increased revenue potential would add considerably to market appetite for the bundle. It is possible that a prime bidder may partner with a specialist organisation for the provision of this service – if this were the case it would be necessary for the council to explore what synergy this brings and to ensure that it maximises benefit for Barnet residents, as it is an asset of rare quality.

A key consideration in terms of scope is potential for other Local Authorities joining the project, with a view to benefiting from the economies of scale associated with both the initial procurement activity, but also the development of a cross-boundary service delivery vehicle. To this effect, a letter has recently been sent from the Chief Executive of the Council, inviting London Boroughs to submit expressions of interest to participate in such a partnership approach. Any positive responses will need to be considered in terms of the impact on aspirational timings for the project and the associated benefits realisation.

All services within the scope of the project are currently delivered in house, and current expenditure and employee numbers are summarised below. Further detail can be found at Appendix A. Initial information captured for the Options Appraisal has been enhanced where necessary by further service input, and a more granular analysis of financial data.

Service	Employees	Gross 10/11 Expenditure	Total Income
Building Control & Structures (incl. Street Naming & Numbering)	22	£1,548,715	£1,839,410
Planning (Development Management)	56	£2,152,885	£1,583,470
Land Charges	4	£198,390	£1,132,610
Environmental Health	48.5	£2,418,555	£552,935
Cemeteries & Crematorium	10.5	£640,450	£1,294,210
Trading Standards & Licensing	5	£300,630	£337,850
Registration & Nationality	10.5	£470,530	£549,370
Highways Strategy	4	£513,482	£53,352
Highways Network Management	28	£5,097,433	£1,547,497
Highways Traffic & Development	48	£2,244,542	£683,309
Highways Transport & Regeneration	1	£93,941	£238
Strategic Planning & Housing Strategy	22.8	£1,115,456	£241,475
Regeneration	16	£1,733,180	£470,980
Totals	276.3	£18,528,189	£10,286,706

Table 1

A financial baseline is provided at Appendix E. This demonstrates how revised headline figures have been calculated, and shows a cluster-wide breakdown of expenditure, income, and applied recharges.

Benefits Case

Introduction

The benefits sought by the project align with the Council's strategic One Barnet objectives. In addition, they must also meet the strategic objectives contained within

the Local Development Framework core strategy documentation and align with its 'three strands' approach:

- Strand 1: Absolute protection of the Green Belt, Metropolitan Open Land and other valued open space from inappropriate development.
- Strand 2: Enhancement and protection of Barnet's suburbs, town centres and historic areas.
- Strand 3: Consolidated growth in areas in need of renewal and investment.

Key benefits of change

The tables below show how the project expects to realise its main benefits within the One Barnet programme:

Overarching Aim	Citizens get the services they need for successful lives Barnet is a successful place.
Benefits	Build on the Council's successful development, enhancement and protection of the built environment. Capture and maximise the financial, economic and social benefits of large developments and ensure that these are returned to the Council in order to further support the Borough whilst keeping Barnet a green and pleasant place.
Method	The development of a partnership with the capacity and capability to drive improvements in the development and maintenance of Barnet's built environment
Measure	Contract, KPIs, payment mechanisms, regeneration-focused business cases

Key priority	A new relationship with citizens.
Benefit	To provide truly citizen-centred services that are easy to access and simple to navigate, and as a result, improve customer satisfaction.
Method	Developing incentives for citizen focus within the partnership, and ensuring professional functions are delivered with a high degree of alignment to citizen and community requirements.

	Development of 'life event' approach to service and customer engagement (where appropriate)
Measure	Contract, payment mechanisms, customer/citizen KPIs (alignment with CSO)
Method	The adoption of more efficient and customer-focused service channels Development and implementation of a channel- shift strategy (CSO dependency)
Measure	Contract, payment mechanisms, customer/citizen KPIs
Method	Service performance in terms of output, speed and quality of response to be maintained or improved Partner service model
Measure	Contract, payment mechanisms

Key priority	A one public sector approach
Benefits	Close and effective working links with other public sector bodies. Develop new and innovative ways to engage and involve the community in co-delivering some services. Build and innovate on the Council's successful record of community consultation and engagement.
Method	A creative response to Big Society which ensures the development of stronger linkages and common working arrangements between services and key external agencies / partners, to enable enhanced service quality, efficiency and customer focus Partner organisational, process and staffing solutions Legal/regulatory implications will be taken into account
Measure	Contract, payment mechanisms

Method	Meeting the requirements of the Localism and Public Health agendas. Development of aligned incentives between client and service providers.
Measure	Contract, payment mechanisms, customer/citizen KPIs (alignment with CSO)

Key priority	A relentless drive for efficiency
Benefits	Maximise the revenue and minimise the cost of the services and, where appropriate, to make the services more commercially aware in order to further enhance the maintenance and development of the Borough. Access to appropriate levels of service investment. Secure a minimum of 10% reduction in service operating costs, and a minimum of 5% increase in income, whilst acknowledging the trade-off between the two.
Method	Investment in technology, process and change management to deliver efficiencies in the management of key service volumes. Partner and client investment, business case-led approach.
Measure	'Core' investment assumptions, Partner business cases
Method	The achievement of a minimum 10% saving in service expenditure, in order to support the requirements of the Council's financial planning Partner efficiency solutions
Measure	Financial baseline, contract, payment mechanisms
Method	The achievement of a minimum 5% net income growth, in order to support the requirements of the Council's financial planning. Partner commercial solutions. Development of a commercial services hub which is a traded

	entity.
Measure	Financial baseline, contract, payment mechanisms including gain-share arrangements.

Strategic benefits

By seeking a radically different way of delivering the services, the Council can expect the services to be freed up from existing barriers to improvement. The services will have a greater ability to be flexible and to trade and will be able to use the new ways of thinking and doing that inevitably come with a change of organisation to enhance their offering to the community.

In turn, the partner will bring extensive experience in business process re-engineering and will be able to help the services configure themselves into a highly effective and efficient customer focused entity whilst reducing costs and increasing income.

Lastly, the engendering of constructive, collaborative relationships with service-delivery partners provides flexibility for the future and innovation in approach, making the Council better able to absorb the impact of change.

Critical success factors

At a high level, the critical success factors for the DRS Project are as follows:

- To provide truly citizen-centred services that are easy to access and simple to navigate, and as a result, improve customer satisfaction
- To achieve the minimum service levels embedded in the Output Specifications within the timescale set out in their implementation plans
- To achieve agreed delivery cost reductions and income generation targets in line with the benefits case
- To meet the Council's legal requirements in terms of equalities and sustainability
- To contribute towards and remain sustainable within the Council's long-term financial plan
- To maintain democratic control of services.

At a more detailed level there are natural synergies between some of the services, and collectively the services have been considering the following:

- What "good" looks like
- What this means in terms of service delivery

- What would be truly transformational

Initial thinking is provided at Appendix D, and this will require further consideration and challenge as part of the Output Specification development process.

Non-Financial Benefits

All bidders will be required to provide transformative proposals which meet the Council's requirements in terms of non-financial benefits. The Council will expect to see means by which the services can be delivered on a more integrated basis, and given the regulation governing key functions, the greatest opportunities for such integration will focus on the customer and citizen experience, rather than consolidation of professional functions.

The services in scope maintain and transform Barnet's physical environment. It is therefore expected that bidders will provide business case led proposals for meeting environmental outcome goals as well as service transformation. The Council will expect to increase its capability in achieving environmental outcomes as part of the Strategic Partnership.

Finally, the Council should seek to create positive incentivisation between its partners and the community. As a largely regulatory cluster, the way in which citizens experience the services provided is crucial to the development of a vibrant community voice that shapes the local environment. Bidders will be expected to articulate how they can shape the services in such a way as to promote engagement and respond positively to citizens. This will require the alignment of incentives and operations between the Council's new Customer Services Organisation and the DRS service cluster. Democratic oversight and involvement must also be maintained.

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

A new relationship with citizens

The services will:

- Be delivered in an integrated way, around personal and community issues that matter to citizens.
- Be better placed to build on the Council's successful record of community consultation and engagement.
- Establish greater synergies with central Government's Big Society initiatives.
- Measure customer satisfaction and respond by improving services and the public's perception of them.
- Become more responsive to changing citizen needs within the Borough and be able to adjust service offerings accordingly.

- Be better equipped to drive improvements in the customer experience through the streamlining of processes.
- Develop new and innovative ways to engage and involve the community in the co-design, and in some instances, co-delivery of services.
- Secure expertise in terms of how aims and objectives could best be achieved in a climate of significant budget cuts from central Government.

A one public sector approach

The services will:

- Have enhanced capacity and capability to drive improvements in the maintenance and development of Barnet's built environment.
- Develop close and effective working links with other public sector bodies and community groups within Barnet..
- Be better equipped to meet the requirements of emerging national agendas, whilst ensuring that professional functions are delivered with a high degree of alignment to citizen and community requirements and within a framework of democratic control.
- Support holistic strategic management of "the place" by linking up services, partners and information.

A relentless drive for efficiency

The services will:

- Benefit from the experience of a private sector organisation in enhancing performance whilst realising operational efficiencies.
- Secure the necessary investment in technology, process and change management to deliver efficiencies and service improvements.
- Be afforded the commercial experience to maximise income streams, secure the revenue, and return it to further support the maintenance and development of the Borough.
- Be better placed to capture and maximise the financial, economic and social benefits of large / sub-regional developments and ensure that the proceeds are returned to the Council in order to further support the Borough.
- Be liberated in terms of their current operational constraints by playing a pivotal role in ensuring the provision of more efficient and customer-focused service channels.
- Improve their ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery.

- Be able to facilitate speedier decision-making through process and system improvements.

Benefits for Staff

Although this cannot be guaranteed, the scale of operations of the organisations likely to seek a partnership with us may also significantly enhance opportunities for staff in terms of their personal and professional development, for example staff will have the opportunity to share in and gain from the expertise and insight from new colleagues. In addition, a large organisation will provide wider opportunities for staff promotion into management and senior management roles and will run extensive training courses in order to help staff develop personally and professionally.

Financial Case

The approach taken to calculate current delivery costs and the financial benefits associated with DRS is outlined in this section.

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

Establishing the service cost⁴

The understanding of current service costs is key to determining and gauging potential levels of improvement. The business case has used 2010/11 budget data for both income and expenditure as a baseline.

In order to facilitate the calculation of the costs of the services the following assumptions have been made:

- A standard 8% assumption⁵ for secondary recharges was added to the gross expenditure figures
- Cost and FTE associated with New Support Organisation (NSO) functions, Customer Services Organisation (CSO) functions were deducted from the revised gross expenditure figure above.
- Efficiencies / budget savings planned for 2011/12 were also deducted from the revised gross expenditure figure above.
- 7.5%⁶ of service costs was also deducted from the indicative revised gross expenditure figure in order to factor in the retained client function (or services that will remain in the Council post the appointment of a partner).

These calculations provide revised 2011/12 expenditure and income for each service, and this has then been used as a baseline against which further opportunities for cost reductions and improved income generation have been made. This is shown in the table overleaf.

⁴ A full assessment of costs, risks and financial liabilities for each project (e.g. potential redundancy costs, issues with contracts that can't be novated to new suppliers, and so on) will be carried out prior to the start of the competitive dialogue and is not included in the financial analysis in this business case.

⁵ Determined by Corporate Finance

⁶ This is an increase on the 2-3% recommended by the Audit Commission, and reflects the complexity of the regulatory nature of the services and the potential need to retain some roles and functions within the council

	Gross Exp	8% secondary recharges	Assumed implications (NSO, CSO, Efficiencies)	7.5% retained client	Revised Exp	Gross Income	Assumed Implications (Income increases)	Revised Income
Building Control	1,548,715	147,054	(28,656)	(94,470)	1,572,643	1,839,410	0	1,839,410
Planning	2,152,885	260,440	(42,807)	(152,423)	2,218,095	1,583,470	0	1,583,470
Land Charges	198,390	22,517	0	(13,638)	207,269	1,132,610	0	1,132,610
Environmental Health	2,418,555	261,442	(139,666)	(159,565)	2,380,766	552,935	0	552,935
Cemeteries & Crematorium	640,450	62,944	0	(28,466)	674,928	1,294,210	55,000	1,349,210
Trading Standards & Licensing	300,630	40,699	(27,280)	(20,460)	293,589	337,850	0	337,850
Registration & Nationality	470,530	45,131	(84,016)	(30,933)	400,712	549,370	46,000	595,370
Highways Strategy	513,482	60,590	0	(14,680)	559,392	53,352	0	53,352
Highways Network Management	5,097,433	447,513	(1,512,825)	(134,657)	3,897,464	1,547,497	0	1,547,497
Highways Traffic & Development	2,244,542	203,885	(998,643)	(105,855)	1,343,929	683,309	0	683,309
Highways Transport & Regeneration	93,941	138	0	(7,168)	86,911	238	0	238
Strategic Planning & Housing Strategy	1,115,456	113,251	0	(72,495)	1,156,212	241,475	0	241,475
Regeneration	1,733,180	150,960	0	(72,175)	1,811,965	470,980	200,000	670,980
	18,528,189	1,816,564	(2,833,893)	(906,985)	16,603,875	10,286,706	301,000	10,587,706

Table 2

Assessing the potential to improve

There is limited benchmarking data available upon which service performance can be judged and the potential for improvement identified, although some has been found in CIPFA and in National Indicators. Therefore, the project has used a mixture of benchmarking data (where available), feedback from the services and commercial judgement to identify their potential for improvement, as shown in the table below.⁷

Service	Improvement rationale	Cost Reduction	Income Generation
Planning (Development Management)	The service has identified scope for significant efficiency savings & further income generation opportunities Whilst acknowledging the potential impact of the Localism Bill, income stream reflects the income from planned & assumed development & growth in the borough	20%	15%
Land Charges	The service has identified potential for operational efficiencies through a wider service review The benchmarking data suggests a potential for higher levels of income	10%	15%
Building Control & Structures (including Street Naming & Numbering)	The service has identified potential to lower costs & generate more income through business expansion Based on the benchmarking data & ideas from the service, a medium target for operational efficiency, and a high target for income generation have been selected – acknowledging the potentially conflicting relationship between the two	15%	15%
Strategic Planning & Housing Strategy	Income from major developments is reflected in the income for Planning (Development Management) & therefore, a lower target has been set for increased income for this service Process and structural improvements identified by the service suggest potential for significant operational efficiencies e.g. by closer working and improved integration with Planning, Regeneration and Highways teams	15%	10%
Environmental Health	Increased freedom to trade would benefit elements of the service that are run as commercial operations, but a medium target has been selected for income, to take account of planned efficiencies & reductions in running costs	15%	15%
Trading Standards & Licensing	The service has been subject to multiple savings initiatives & consequently is very small compared to other local authorities – minimal targets have therefore been applied for both cost & income	10%	5%

⁷ Individual service models can be viewed at Appendix B.

Service	Improvement rationale	Cost Reduction	Income Generation
Cemetery & Crematorium	<p>The low to medium cost reduction target reflects the need for considerable investment in the service & its infrastructure</p> <p>The high target for income generation reflects the potential opportunities identified by the service & their track record in delivering income whilst remaining competitive with other Crematoria.</p> <p>It should be noted that the cemetery is unusual in having such extensive unused capacity.</p>	15%	15%
Registration & Nationality	<p>The low to medium cost reduction target reflects the need for investment in the service & its infrastructure</p> <p>The high target for income generation reflects the differential in performance between Barnet and its comparators, and the potential identified by the service to widen the chargeable service offer</p>	15%	20%
Highways Strategy	<p>Due to the small size of the team, a low to medium cost reduction target has been applied</p> <p>The income target is more ambitious, and this reflects the current reactive nature of service provision</p>	15%	20%
Highways Network Management	<p>The low to medium target for increased income reflects opportunities identified by the service, acknowledging that the benchmarking data suggests high performance for income generation</p> <p>The service has identified considerable scope for operational efficiencies / improvements – in view of these and the scale of the budget & team, a medium target has been selected for cost reduction</p>	15%	10%
Highways Traffic & Development	<p>The service has identified considerable scope for operational efficiencies / improvements. In view of these and the scale of the budget & team, a medium target has been selected for cost reduction</p> <p>Based on the current scale of income against expenditure, & an assumption that opportunities for securing funding & generating income remain in place, a medium level target for increasing income has been selected</p>	15%	10%
Highways Transport & Regeneration	<p>The service currently generates minimal / no income due to the nature of its functions</p> <p>Due to the scale of the service any operational efficiencies will be limited, therefore the minimal cost reduction target has been applied</p>	10%	5%
Regeneration	<p>The income generation potential reflects recharged project management costs, so a minimal increase has been assumed</p> <p>Operational efficiencies have been assumed in order to</p>	10%	5%

Service	Improvement rationale	Cost Reduction	Income Generation
	achieve the low target for cost reduction		

Table 3

Profiling the potential to improve

Using the service improvement bands outlined above, improvement potential has been profiled over a 10-year period. Cost reductions have been profiled for all services with the majority of benefits occurring in years 2 and 3 in order to reflect the savings ambitions in the Financial and Business Planning 2011/12-2013/14 report to Cabinet on 13 December 2010.

The current profiles provide an early yet realistic level of benefit realisation to support the Council's immediate financial challenges, and supplements this with year-on-year targets for improvement thereafter.

The 0% figure in year 1 reflects its status as a period of transition, opportunity assessment, and provider investment. It should be noted that whilst it may be possible to actually secure efficiencies in year 1, this is likely to increase costs further into the duration of the contract. It is not possible or desirable to estimate levels of investment needed prior to engagement with bidders, as this will be highly solution specific. In any case, the business case should address benefit to the Council in net terms wherever possible.

Profiling Cost Reduction Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	50%	36%	2%	2%	2%	2%	2%	2%	2%

Table 4

Income generation has been profiled for all services as follows, with the majority of benefits occurring in years 2, 3 and 4:

Profiling Income Generation Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	25%	30%	33%	2%	2%	2%	2%	2%	2%

Table 5

The profiling for income generation and cost reduction are key variables⁸ within the financial model and will be revisited once the Council is in possession of detailed bids as part of the competitive dialogue process.

⁸ Existing profiles are as a result of early agreement with the DRS Project Board

Application to the services in scope

Individual service profiling detail is provided in Appendix B. A worked example is shown below, using the current Highways Traffic and Development Team in order to illustrate the method described above.

Highways Traffic and Development Team - Example

The 2010/11 budgeted gross expenditure for this team is £2,244,542. Adding in the 8% secondary recharge increases this figure to £2,448,427.

This new gross expenditure figure of £2,448,427 is then reduced by the figures used for CSO, NSO, the proposed 11/12 efficiencies and the 7.5% retained for possible client costs, as follows:

New gross expenditure	£2,448,427
Less	
CSO ⁹	£17,643
NSO	0
Efficiencies	£981,000
Retained client	£105,855
Revised gross expenditure	£1,343,929

In the absence of any robust benchmarking data, feedback from the services and commercial judgement were used to project potential income generation and cost reduction (see table on improvement rationale, above). In this case, we are assuming cost reductions of 15% and income generation potential of 10%.

15% of revised gross expenditure is £201,589 and 10% of current income is £68,331. This gives a potential total financial benefit for this team of £269,920.

These cost reduction and increased income figures are then spread across 10 years, as that is the usual life of this type of contract. They are distributed according to the weightings shown in tables 4 and 5 above, giving the following result:

⁹ The service estimated that 0.6 of a person's work would be included in the CSO. The average cost of 1 x FTE in this service is £29,404 including oncost. $0.6 \times £29,404 = £17,643$

Expenditure

	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage reduction	0	50	36	2	2
Reduction in year		£100,795	£72,572	£4,032	£4,032
Cumulative reduction		£100,795	£173,367	£177,399	£181,430

	Year 6	Year 7	Year 8	Year 9	Year 10
Percentage reduction	2	2	2	2	2
Reduction in year	£4,032	£4,032	£4,032	£4,032	£4,032
Cumulative reduction	£185,462	£189,494	£193,526	£197,558	£201,589

Table 6

Income

	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage increase	0	25	30	33	2
Increased income in year		£17,083	£20,499	£22,549	£1,367
Cumulative increased income		£17,083	£37,582	£60,131	£61,498

	Year 6	Year 7	Year 8	Year 9	Year 10
Percentage increase	2	2	2	2	2
Increased income in year	£1,366	£1,366	£1,366	£1,366	£1,366
Cumulative increased income	£62,864	£64,231	£65,598	£66,964	£68,331

Table 7

Applying the analysis to the cluster

The process described above for Highways Traffic and Development was repeated for all of the teams in scope and the numbers combined to give the overall picture for the cluster. The table overleaf shows the revised gross expenditure for each of the services in scope along with their cost reduction and income increases – giving the potential for the cluster as a whole.

Development & Regulatory Services - overview of improvement potential and financial benefits

Overview of improvement potential and financial benefits - service by service

	Revised gross expenditure (baseline)	Cost reduction potential	Revised Income (baseline)	Income generation potential	Per annum (average)			Over Ten Years		
					Cost reduction	Income increase	Total financial benefit	Total cost reduction	Total income increase	Total financial benefit
Planning (Development Management)	£ 2,218,095	20%	£ 1,583,470	15%	£ 352,233	£ 175,290	£ 527,524	£ 3,522,335	£ 1,752,901	£ 5,275,236
Land Charges	£ 207,269	10%	£ 1,132,610	15%	£ 16,457	£ 125,380	£ 141,837	£ 164,572	£ 1,253,799	£ 1,418,371
Building Control & Structures	£ 1,572,643	15%	£ 1,839,410	15%	£ 187,302	£ 203,623	£ 390,924	£ 1,873,018	£ 2,036,227	£ 3,909,245
Planning Strategy	£ 1,156,212	15%	£ 241,475	10%	£ 137,705	£ 17,821	£ 155,526	£ 1,377,048	£ 178,209	£ 1,555,257
Environmental Health	£ 2,380,766	15%	£ 552,935	15%	£ 283,549	£ 61,210	£ 344,759	£ 2,835,492	£ 612,099	£ 3,447,591
Trading Standards & Licensing	£ 293,589	10%	£ 337,850	5%	£ 23,311	£ 12,467	£ 35,778	£ 233,110	£ 124,667	£ 357,776
Cemeteries & Crematoria	£ 674,928	15%	£ 1,349,210	15%	£ 80,384	£ 149,358	£ 229,741	£ 803,839	£ 1,493,575	£ 2,297,414
Registrations	£ 400,712	15%	£ 595,370	20%	£ 47,725	£ 87,877	£ 135,601	£ 477,249	£ 878,766	£ 1,356,015
Highways Strategy	£ 559,392	15%	£ 53,352	20%	£ 66,624	£ 7,875	£ 74,498	£ 666,236	£ 78,748	£ 744,983
Highways Network Management	£ 3,897,464	15%	£ 1,547,497	10%	£ 464,188	£ 114,205	£ 578,393	£ 4,641,880	£ 1,142,053	£ 5,783,933
Highways Traffic Dev	£ 1,343,929	15%	£ 683,309	10%	£ 160,062	£ 50,428	£ 210,490	£ 1,600,620	£ 504,282	£ 2,104,902
Highways Transport & Regeneration	£ 86,911	10%	£ 238	5%	£ 6,901	£ 9	£ 6,910	£ 69,007	£ 88	£ 69,095
Regeneration	£ 1,811,965	10%	£ 670,980	5%	£ 143,870	£ 24,759	£ 168,629	£ 1,438,700	£ 247,592	£ 1,686,292
Total	£ 16,603,876		£ 10,587,706		£ 1,970,310		£ 3,000,611	£ 19,703,105		£ 30,006,110

Table 8

These figures were then profiled over the 10 years:

Cluster Cost Reduction Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	50%	36%	2%	2%	2%	2%	2%	2%	2%
	£1,240,750	£893,340	£49,630	£49,630	£49,630	£49,630	£49,630	£49,630	49,630

Table 9

Cluster Income Generation Potential									
Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
0%	25%	30%	33%	2%	2%	2%	2%	2%	2%
	£349,018	£418,821	£460,703	£27,921	£27,921	£27,921	£27,921	£27,921	£27,921

Table 10

Table 11 overleaf shows the cumulative effect of these cost reductions and increases in income which give the following overall effect - because savings and income increases made in year 2 are carried over into year 3 and built upon. As can be seen, this table gives a time-based rather than service-based view of the saving (the service-based view is shown in Table 8 on page 45).

Development & Regulatory Services - business case overview																										
Current cost of all services in cluster																										
2010/11				2011/12																						
Gross expenditure	£	18,528,189		Revised gross expenditure prior to transfer	£	16,603,876																				
Adjusted secondary recharges	£	1,816,564																								
Income	£	10,286,706																								
Income as % expenditure		56%		Revised net expenditure prior to transfer	£	6,317,170																				
Net expenditure	£	10,058,047																								
Ten year overview of financial benefits																										
	Year -1	Year 0	Contract starts										Total													
	2010/11	2011/12	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	(cumulative)													
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22														
Cost reduction	£	-	£	-	£	1,240,750	£	2,134,089	£	2,183,719	£	2,233,349	£	2,282,979	£	2,332,609	£	2,382,239	£	2,431,869	£	2,481,499	£	19,703,105		
Income increase	£	-	£	-	£	349,018	£	767,839	£	1,228,543	£	1,256,464	£	1,284,385	£	1,312,307	£	1,340,228	£	1,368,150	£	1,396,071	£	10,303,005		
Total financial benefit			£	-	£	1,589,767	£	2,901,929	£	3,412,262	£	3,489,813	£	3,567,365	£	3,644,916	£	3,722,468	£	3,800,019	£	3,877,571	£	30,006,110		
Revised expenditure			£	16,603,876	£	15,363,126	£	14,469,786	£	14,420,156	£	14,370,526	£	14,320,896	£	14,271,266	£	14,221,636	£	14,172,006	£	14,122,376				
Cost of change	£	380,647	£	1,249,800	£	4,233																		£	1,634,680	
Net financial benefit																									£	28,371,430
Summary statements																										
The revised gross expenditure at point of transfer is calculated as					£	16,603,876				<i>This excludes an estimated cost of the retained client function</i>		£	906,985													
If the DRS cluster reaches the target potential for improvement within 10 years, the service will operate at the cost of:					£	14,122,376				The net financial benefit will be		£	28,371,430													
If the DRS cluster reaches the target potential for improvement +10% within 10 years, the service will operate at the cost of:					£	12,710,139				The net financial benefit will be		£	31,208,573													
If the DRS cluster reaches the target potential for improvement - 10% within 10 years, the service will operate at the cost of:					£	15,534,614				The net financial benefit will be		£	25,534,287													

Table 11

A summary of the analysis

There are good opportunities for both cost reduction and income growth across the current service cluster.

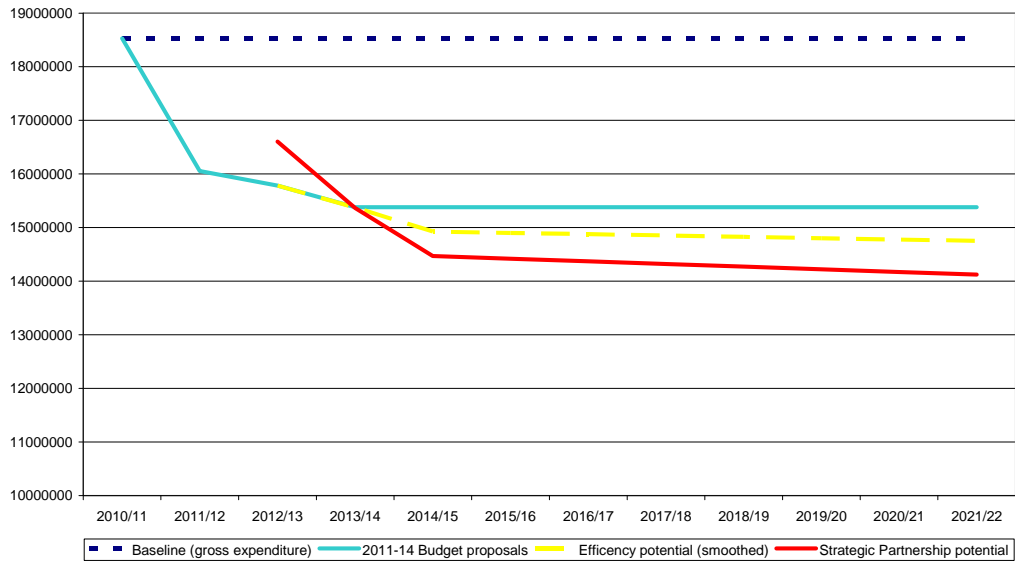
Whilst a number of the in-scope services are performing well, others are performing at around the average compared to peers, and all are limited in their ability and / or capacity to achieve the levels of transformation required (both in terms of cost reduction and income generation) without further investment. Many of the services would benefit from the introduction of private sector expertise, procedural efficiencies, enhanced IT, and general commercial capability.

Collectively, financial benefits could be as much as 20-25% from the current gross baseline figure. Over a ten year period (a typical contract duration for such a service provision deal) financial benefits could equate to as much as £28.4m, net of the costs of change and those associated with the retained client function(s). This is significantly more than indicated in the One Barnet Framework, but is based on a more robust analysis of both current service costs, and potential future service transformation. These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand.

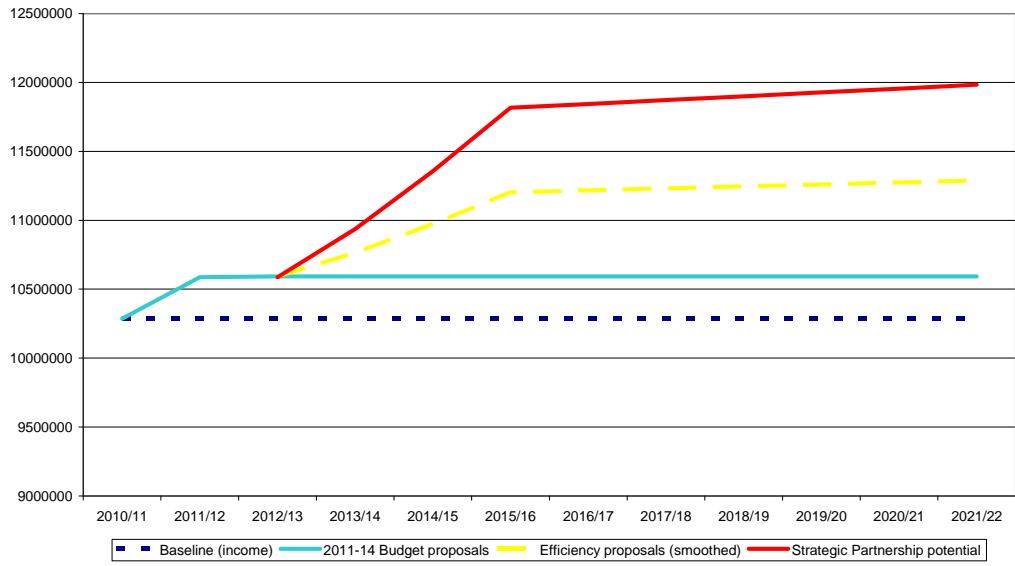
The charts overleaf demonstrate how gross expenditure, income and net expenditure could reduce over the course of the contract. They show:

- The 2010/11 budget baseline
- 2011/12 budget proposals for the in-scope service (labelled 2011/14 on the graphs)
- Potential savings via a strategic partnership

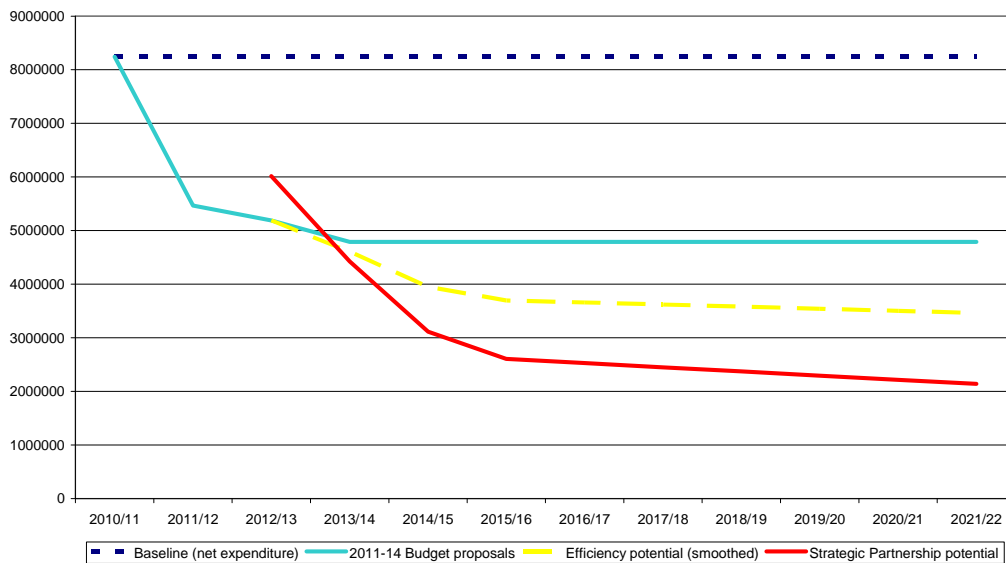
Gross Expenditure Analysis



Income Analysis



Net Expenditure Analysis



Note 1: It is possible the budget proposal trajectory is overstated due to the attribution of Environment and Operations-wide savings / budget cuts to specific DRS services. Work is ongoing to establish a truer estimate of the impact of budget savings from E&O for 2011/12.

Note 2: Savings attributed to the next three years' budgets are shown for illustrative purposes. A robust business case should not rely upon **projected** savings for its baseline. However, the progress of cost reduction over the next 12 months will need to be carefully monitored to ensure the savings actually achieved are factored in to the changing baseline and the savings ambition expected of any contract and attendant payment mechanism represent significant added value.

The Financial Model

The approach to financial modelling has been outlined in Appendix B.

A summary of net financial benefits over the course of the contract is shown overleaf.

This summary covers the whole DRS cluster and reflects the outputs of the detailed modelling work shown in Appendix B. Specifically, it provides the current cost of the services within scope, and their assumed cost at the point of transfer and a 12-year financial overview of the project, covering:

- Cost reduction savings over the course of a 10-year contract
- Income generation over the course of a 10-year contract
- A reducing service expenditure profile
- The costs of change

- Gross and net levels of financial benefit
- A set of summary statements outlining benefits potential and tolerance implications

Constraints, Dependencies and Risks

Constraints

The main constraints at this stage of the project are outlined below. It should be noted that, in most instances, there are actions which can mitigate any risk of these factors having a negative impact on the success of the project.

Cost: The council is working under increasing pressure to reduce its budget. The project will therefore have to work within a constrained budget.

Time: The Medium Term Financial Strategy sets out the financial benefits which the council is seeking to make. This project contributes to those savings and will therefore need to work within the timescales required to deliver these financial benefits

Authority to proceed at any given stage rests with senior management and, as appropriate, Cabinet Members. The project will have to work within the officer decision making process, as well as the democratic process. This may constrain the ability to progress at the desired speed

Quality: The quality of the documentation produced, the competitive dialogue and, ultimately the success of the procurement process is limited to the quality of data available, as required

Scope: The project scope will be constrained to the services listed in the OJEU advert. There are limitations, as set in legislation, on what can be included in the scope of what is given to the market to provide.

Dependencies

An indicative breakdown of key internal dependencies is provided below:

Customer Services Organisation (CSO) Project: The CSO project seeks to provide a revised delivery model for customer service transactions that genuinely transforms the citizen experience, and puts them at the heart of service delivery. The staff and associated costs attached to this function need to be understood across the DRS cluster, and deducted from baseline costings. Whilst initial estimates have been incorporated in this Business Case, the data set will need to be updated as more detail emerges from the CSO Project.

New Support Organisation (NSO) Project: The NSO activity seeks to deliver a revised delivery model for a range of corporate support services, so that they are better aligned with customers' needs, can be delivered more efficiently, and are more

flexible in terms of being able to meet the changing requirements of the Council going forward. Whilst initial estimates have been incorporated in this Business Case, the data set will need to be updated as more detail emerges from the NSO Project.

Intelligent client function: Whilst initial estimates of the cost and size of the intelligent client function for DRS purposes has been estimated in this Business Case, the data set will need to be updated as corporate thinking progresses on this function across the council.

Cost & liability assessment: A full assessment of costs, risks and liabilities will need to be undertaken in order to determine any additional HR or residual contract issues.

This list of dependencies will be revisited as part of future Business Case updates.

Key Risks

Risk: A poorly designed or structured dialogue process leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate contracts or failure to keep pace with legislative changes.

Mitigation: The dialogue process has clear award or evaluation criteria that will be effectively communicated to the market. The team will include qualified and competent procurement professionals as well as significant internal and external legal resource who will work to provide a robust and appropriate contract.

Risk: Changes imposed by central government, such as future government savings targets or funding reductions, or changes to legislation adversely affect the project's ability to deliver its benefits.

Mitigation: The external and internal legal resource assigned to the project will monitor legislative changes on an ongoing basis. The Council's internal finance department will do the same for savings targets and funding reductions. Changes will be notified to the project and assessed for their impact. Significant impacts will be reported to the Project Board in the first instance. The Board will decide whether or not to recommend to CDG and CRC that the project be changed or stopped.

Risk: In this challenging climate, bidders are not aligned with the Council's aims, or do not respond as anticipated to the bundles of services under consideration.

Mitigation: The One Barnet Programme Office will ensure clear communication of the project's strategic objectives with the market through the market brochure, bidders' day and other documentation and media. Potential partners will understand the Council's aims and respond to the services accordingly.

Risk: Central government funding decreases significantly during the life of the contract

Mitigation: Any partner appointed via the competitive dialogue will be required to show how they will align to the council's strategic objectives now and over time. We are also seeking flexibility in the contract. Essentially, as the financial situation changes, our provider will be obliged to meet our requirements within the budget available. This means that the council will retain the right to specify the direction of travel, but it will not have the right or ability to insist that a partner deliver services that are unaffordable. We will want to build flexibility into any contractual arrangements. In practice this will work whereby if our funding levels change, there is an agreed mechanism in the contract for the contractor to respond to the authority with options for reviewing service levels, for example, to fit in with whatever budgetary envelope we have.

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

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

The DRS Project Board and the One Barnet Programme Board will continue to provide appropriate escalation routes.

Procurement and Commercial Approach

This section will be updated throughout 2011, once the short-listed bidders are known. It will summarise the results of the commercial negotiations, for example the agreed payment model, gain / profit- share mechanisms, and risk transfer arrangements.

Procurement Strategy

A stand-alone procurement strategy is to be devised for the DRS Project, in tandem with a broader programme document that will set out key requirements, strategic considerations, and the likely sequencing of concurrent One Barnet procurement activities. Key procurement roles (including the make-up of the Competitive Dialogue Team) and governance arrangements are to be outlined on a project-by-project basis.

It is important to note that there are risks associated with procuring and delivering services through an outsourced model and the council will need to initiate any procurement activity with due regard for these risks. In order to mitigate them the Council will use the knowledge and experience of its implementation partner to develop specifications that minimise these risks. It is also important that the contractual relationship between any potential provider(s) has review opportunities embedded within it, to ensure that with the passage of time, the relationship is still one that is effective for all parties. Whilst the Council will clearly be entering into any

long-term contractual relationship on the basis that it will run to the full term of the contract, it will need to ensure that an exit strategy is included within the contract documentation.

For indicative timescales associated with the DRS procurement activity, please see the section below.

Project Plan Summary

As indicated in the Options Appraisal, for a procurement of this nature, the Council will need to follow normal European procurement rules – an OJEU process. In order to give the Council the best opportunity to shape the final scope of services during the procurement, a Competitive Dialogue route remains the most logical.

Assuming that the Council decides to move forward as outlined in this Business Case, the following programme offers a realistic timetable to pursue:

DRS Procurement Timeline

Jan 11	Apr 11	Jul 11	Oct 11	Jan 12	Apr 12	Jul 12	Oct 12
17 Mar Issue OJEU notice	27 May PQQ shortlist agreed		28 Oct Dialogue 1 ends		24 Apr Dialogue 2 ends	Jul 12 Preferred bidder approved	Dec 12 Mobilisation ends (5 months)
28 Mar Business case approved by CRC	6 June Issue ITPD/ISOS					Sept 12 Mobilisation ends (3 months)	

<p>Dialogue 1 – 105 working days June –Oct 2011</p> <p>Assumes 6 bidders</p> <ul style="list-style-type: none"> - 6 x 1 day sessions per bidder - 6 x 1 day due diligence sessions per bidder - 1 x executive meeting per bidder <p>10 days for bidder to produce submission</p> <p>Includes 40 days for evaluation / challenge / moderation and approval</p>	<p>Dialogue 2 - - 131 working days Oct 2011 –Apr 2012</p> <p>Assumes 3 bidders</p> <ul style="list-style-type: none"> - 16 x 2 day sessions per bidder (consisting of Commercial, Finance, Due Diligence and Schedule sessions) <p>Includes site visits and staff/union briefings</p>	<p>Post dialogue Apr - July 2012</p> <p>10 days for bidder to produce contract</p> <p>20 days for evaluation</p> <p>35 days for democratic process, preferred bidder and Alcatel period</p> <p>5 month mobilisation period to 16/10/12</p>
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Caveats re the detailed plan behind this high level timeline:

1. The LBB democratic process has not been overlaid
2. Resource smoothing has not been attempted
3. Resource availability (holidays etc) has not been taken into account
4. Not all programme / other project ie non-DRS dependencies have been identified.

Therefore the timeline and resource load contained in the plan is subject to change.

Output Based Specifications

These detailed documents will summarise the individual service requirements in terms of outcomes and outputs. They are scheduled to be completed in Q4, and will ultimately be provided to short-listed bidders at the point of inviting them to participate in dialogue. Typical content includes:

- Service introduction
- Definitions / service terminology
- Scope (function list)
- Detailed service requirements (including service levels and KPIs)
- A list of office sites / service provision hubs

Early involvement with the services has informed the “Service potential” content of this Business Case (see Appendix D), and this should be used as the basis for the ultimate content.

Payment Mechanisms

Whilst the development of these will form a key part of the Competitive Dialogue activity, the following elements should be considered in order to maximise the potential of the partnership:

- Fixed and variable price elements
- Clear links to the achievement of agreed performance indicators
- Gain-share for income growth

Risk Allocation and Transfer

The ultimate aim is to secure significant risk transfer to the provider, and where this is not possible, have a clear understanding of ownership and management arrangements (subject to achieving value-for-money).

This section of the Business Case will need to be updated at appropriate points in time, but particularly throughout the procurement phase, as it will need to reflect proposed provider arrangements.

Contract Length

Based on feedback from the providers during the soft market testing activity, and general knowledge from within the sector, it is recommended that the contract is let for a period of 7-10 years, and if possible, that it incorporates a time-limited extension (subject to the satisfaction of both parties).

The specifics of this section will be subject to discussion and agreement during the Competitive Dialogue activity. However, taking into account the nature of the services, and the intention to aim for transformed services that deliver tangible cost reductions and increases in income, key considerations include the following:

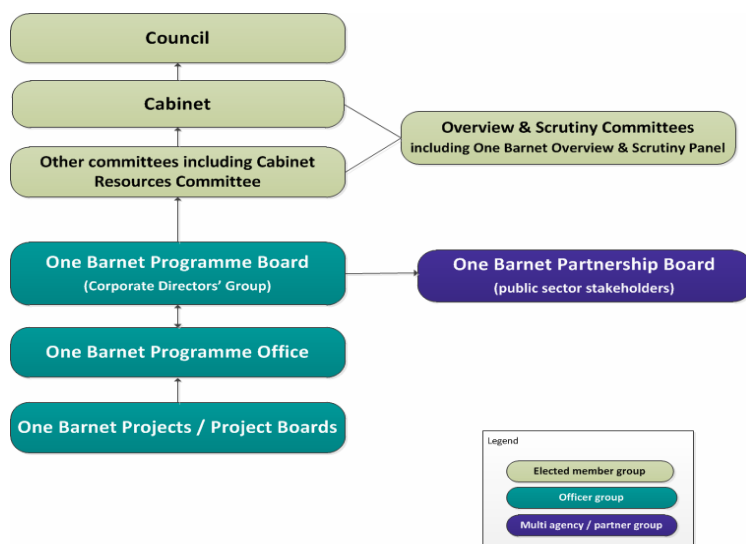
- Ensure that the contract incorporates a risk / reward mechanism that aligns the partner's strategic interests with those of the Council
- Ensure that the benefits are advantageous to each party and shared appropriately
- Establish strong partnership governance structure, with sufficiently senior management involvement
- Co-locate client and supplier management teams as soon as possible following contract award, and task this joint management team with transition planning

Project Roles

As outlined in the DRS Project Initiation Document (PID) key personnel and their roles on the project are shown below:

Role	Resource
Project Sponsor (Project Board member)	Andrew Travers
Service Lead (Project Board member)	Martin Cowie
Senior Supplier (Project Board member)	Claire Johnston
Project Manager	Linda Spiers
Finance Subject Matter Expert	Gregory Pike
HR Business Partner	Jennifer Burt
Procurement Subject Matter Expert	Susan Lowe
Commercial Lead (Project Board member)	Chris Malyon
Communications & Engagement	Andrew McLauchlan
Director of PHR (Project Board Member)	Stewart Murray
Acting Director of E&O (Project Board Member)	Pam Wharfe

The agreed programme governance arrangements for One Barnet are reflected below. This provides a streamlined structure for decision-making and issue escalation.



Contract Management

The arrangements for contract management will not be exclusive to the DRS Project, and as such, need to be considered as part of wider One Barnet Programme activity. The Council's intention to move to a Strategic Commissioning model dictates that strong performance management and governance of service deliverers and commissioners take place at different levels, but most importantly for DRS at the interface between the "decider" and "provider" roles. Performance management will need to focus on success in delivering outcomes, and move away from current approaches where many performance indicators measure outputs as proxies for outcomes.

Further consideration will need to be given to how continuity will be ensured between those involved in developing the contract and those who will subsequently be responsible for its management. Further details will be provided in a later iteration of this Business Case.

Risk Management Strategy

As outlined in the DRS PID, project risks will be managed in line with the Council's Corporate Risk Management Strategy and Project Management Toolkit. However, during the Competitive Dialogue process for DRS, any procurement-specific risks will be managed as per the guidelines in development for the One Barnet Programme.

Personnel Issues

It is clear that, regardless of the agreed final scope, a number of Council employees will transfer to an external strategic partner under these proposals. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply to what are known as "relevant transfers" which may occur in a wide range of situations. The

two broad categories are business transfers and service provisions changes, and the DRS Project falls into the latter category.

Indicative tasks and activities associated with TUPE arrangements have been provided by the One Barnet HR Business Partner as shown below. These will need to be revisited at appropriate points in time, in line with wider One Barnet requirements.

Component	Activities
HR Business Partner	<ul style="list-style-type: none"> • Management support • Consultation with TU & employees • Staff briefings • Project planning • Project meetings • Reporting & subsequent analysis of data • Pensions road-shows • Provider liaison
HR Administration	<ul style="list-style-type: none"> • Administrative support • Report extraction & queries • Letter to employees -supplier award and pre-transfer • Confirmation of pensions & payroll transfer • Interaction with payroll • Follow full leavers process • Data cleanse
Payroll	<ul style="list-style-type: none"> • Administration support • Report extraction • P45 initiation & exchange with supplier • Provision of tax codes • Interaction with new supplier & exchange of data
Communication	<ul style="list-style-type: none"> • Meeting with & supporting line & project managers • Drafting, copying, printing, & distributing materials • Intranet changes • Advising on presentation content
Management time	<ul style="list-style-type: none"> • Consulting with employees, TU, groups & 1:1, • Preparing for transfers (structures, timesheets & role analysis) • Presentation writing for consultations, • Consultations with groups & 1:1, • Supporting meetings with HR / PM's, (employee & TU)
Employee time	<ul style="list-style-type: none"> • Consultations (group & 1:1) • TU meetings
Project Manager	<ul style="list-style-type: none"> • Report, presentation and authorisation writing
Legal	<ul style="list-style-type: none"> • Advice on contract wording • Ad-hoc queries on specific issues
Pension notification	<ul style="list-style-type: none"> • Actuaries to quote & complete estimations for all transferring employees on pensions including transfer information for new provider
Internal Pensions support	<ul style="list-style-type: none"> • Conversing with actuaries and external provider • Contributing to letters to employees

	<ul style="list-style-type: none"> • Partaking in pension road-shows during consultation period
Authorisation & committee costs	<ul style="list-style-type: none"> • Facilitation of DPR , GFC, CDG, Cabinet & Scrutiny processes
Employee support	<ul style="list-style-type: none"> • Hosting of "Managing Stress" workshops

TUPE is a complex area so it is recommended that appropriate legal advice is specifically sought for the DRS Project. Where a business, or part of one, is being transferred, both parties (that is the transferor and the transferee) should seek such advice at the earliest possible stage. It is **not** possible to prevent TUPE applying, as the law prevents employers and employees from "contracting out of" the effects of TUPE. However, it is common practice for old and new employers to negotiate on how to divide any liabilities which arise by including indemnities in the agreement. The key to successful TUPE transfers lies in good planning, and this will include identifying key risks at an early stage and holding a genuine dialogue with employees.

Trade Union discussions have been, and will be, conducted in line with wider One Barnet programme activity.

Equalities

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

It is recognised that such a significant transformation of the services within the scope of DRS is likely to have an impact upon staff and other stakeholders. It will be necessary to assess the equalities impact of the project on the different groups of people within the Borough, as outlined in the 2010-13 Corporate Plan, and work will be undertaken towards this end.

As part of the Council's commitment to promoting equalities, the DRS Project will be subject to an Equalities Impact Assessment which will gather information about any differential impacts, potential or perceived impacts on different groups, including all of those groups covered by the Equality Act 2010. Members will be able to use this information to support them in having due regard to their duties under the Act. These considerations will provide fact-specific information as well as assessing the impact of those facts on different groups of people including disabled people in Barnet.

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

The Council's Equalities policy will also be followed in the management of the procurement process, including evaluation of tenderers' equalities and diversity policies concerning employment practice and service delivery. Any eventual contract will include explicit requirements fully covering the Council's duties under equalities legislation.

Appendix A: Existing Delivery Arrangements

Building Control & Structures (including Street Naming & Numbering)

As outlined in the Options Appraisal, Building Control performs an important statutory surveying, enforcement and control function. Whilst the Council competes with the private sector for some business, it fulfils the role of the default body, which is required to take on any and all work. The Council's Building Control fees are relatively high, but the service concentrates on good service rather than being reliant on lowest cost.

Until very recently, Building Control has had to "break-even" over 3 years (by law). This has now changed, and every project must be charged at cost, therefore regardless of how efficient they become they cannot make a surplus, although citizens could benefit though from higher service levels and reduced costs.

Many local authorities struggle to operate building control without some subsidy but the demand and capability at Barnet is such that the reverse is true – it is increasingly difficult to prevent surpluses from being made.

Updated key facts:

Service Area	Building Control & Structures (incl. Street Naming & Numbering)
2010-11 Employees ¹⁰	22
2010-11 Expenditure – Gross	£1,548,715
2010-11 Income	£1,839,410
2010-11 Expenditure – Net (Gross Exp – Income)	(£290,695)

Primary functions for the service are as follows:

- Administering the Building Regulations (Building Control)
- Dangerous Structure inspections (including an out-of hours-service)
- Serving of Demolition notices and associated site inspections
- Street Naming and Numbering (including Fire Brigade and Royal Mail liaison)
- Structural design and advice for the Council

Approximate annual volumetrics for the service are as follows:

- 2,300 Building Regulations applications
- 500 Street Naming and Numbering applications
- 100 Dangerous Structures inspections

¹⁰ This reflects the number of FTE in-scope for the purposes of the DRS Project

- 50 Demolition inspections

Further information regarding the service can be found in the Options Appraisal. Other issues of note include:

- Internal costs of providing the service make it uncompetitive in comparison with external providers.
- No statutory national indicators are in existence for this service.
- The full set of functions undertaken by the service are considered in-scope for the purposes of this project.

Additional benchmarking data¹¹ has been identified for the service as shown below. This further indicates that Building Control & Structures is a well performing service.

	Applications ⁷			Applications per Staff 2009-2010	Income £k ⁸			Income per staff 2009-2010	Site visits		
	2007-08	2008-09	2009-2010		2007-08	2008-09	2009-2010		2007-08	2008-09	2009-2010
Haringey	1913	2019	1712	136	684	629	623	49	11157	10320	9445
Barnet	3600	3379	3388	188	1445	1482	1548	86			12000
Enfield	2120	1602	1795	97	987	802	649	35	11445	9777	7900
Waltham Forest	1561	1374	1744	145	778	725	656	55	8100	8877	8032
Islington	1678	1390	1329	67	944	1236	872	44	15800	15100	12000
Camden	2303	1722	1660	87	1521	1516	883	47	9630	9582	5640
Hackney	792	632	586	29	544	452		23(08/9)	3815	3682	3025

Planning (Development Management)

Planning and Development covers statutory planning processes, enforcements, and major projects (Land Charges is treated as a stand-alone service for the purposes of this project). Planning & Development as a whole generates significant income although this does not cover all of its costs. Volumes and therefore income have decreased in recent years due to less building activity, currently at around 4,500 p.a. down from a peak of 5,500. Planning fees are set nationally but LBB are able to charge what they wish (subject to market pressures from private sector competitors) for planning advice.

A number of improvement initiatives are currently underway or planned for 2011, including:

- Tree Preservation Order data capture
- Replacement of both Corporate and Planning online software
- Systems thinking review (LEAN)
- Internal organisational restructure

Updated key facts:

Service Area	Planning (Development Management)
2010-11 Employees ¹²	56

¹¹ Source: North London Strategic Alliance

¹² This reflects the number of FTE in-scope for the purposes of the DRS Project

2010-11 Expenditure – Gross	£2,152,885
2010-11 Income	£1,583,470
2010-11 Expenditure – Net (Gross Exp – Income)	£569,415

Primary functions for the service are as follows:

- Processing planning and other applications & associated appeals, including works to trees
- Dealing with alleged breaches of planning control, including the service of notices, enforcement appeals and prosecutions
- Customer complaints
- Performance monitoring for local/national indicators
- Input into plan policy making and guidance notes,
- Reviewing processes and legislation,
- Dealing with data capture
- Systems development
- Publishing on-line information
- Village Green applications

Approximate annual volumetrics for the service are as follows:

- 4,055 planning applications received, broken down as follows: 11 Large Scale Major Developments, 59 Small Scale Major Developments, 1,040 Minor Developments, 2,945 Other Developments
- 1,676 enforcement complaints received
- 3,688 planning applications decided
- 68 Major planning applications decided (85% determined in 13 weeks)
- 934 Minor planning applications decided (90% determined in 8 weeks)
- 2,686 Other planning applications received (93% determined in 8 weeks)
- 7,052 visitors to Planning reception
- 196 planning appeals received
- 272 planning appeals decided
- 40 enforcement appeals received
- 48 enforcement appeals decided
- 718 tree applications received
- 775 tree applications decided

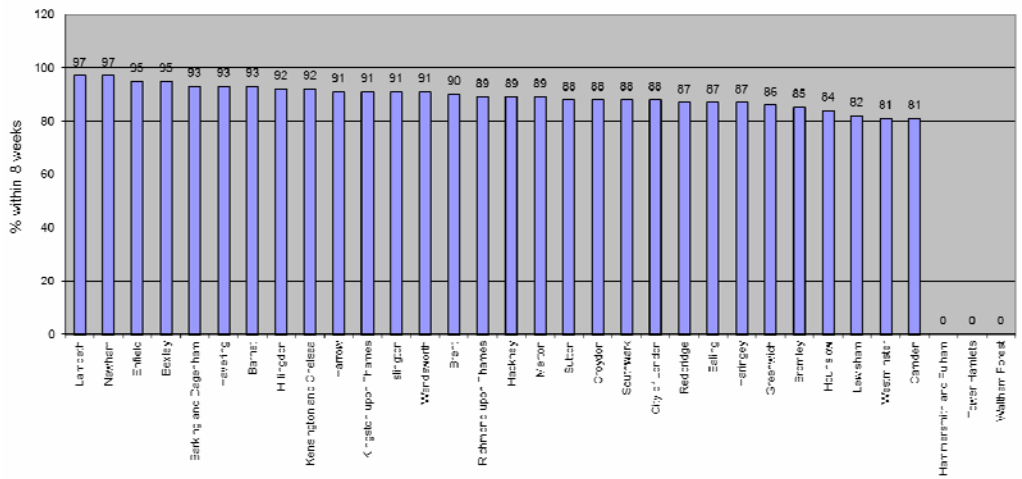
Further information regarding the service can be found in the Options Appraisal.

Other issues of note include:

- The full set of functions undertaken by the service are considered in-scope for the purposes of this project.

Additional benchmarking data¹³ has been identified for the service as shown below. This further indicates that Planning (Development Management) is a well performing service. This is further supported in benchmarking data from the neighbouring boroughs, and analysis undertaken by Value Adding earlier this year.

NI 157c % Other developments determined within 8 weeks 2009/10



Land Charges

This function currently forms part of the Planning (Development Management) service outlined above. The Land Charges team receives search requests either by post or electronically via NLIS (at a slightly discounted rate). The team undertake full (legal, land and property) searches or lighter personal searches which became far more prominent with the introduction of Home Information Packs (HIPs) together with commercial firms offering HIPs searches.

Since the recession and the abandonment of HIPs the number of searches has dropped significantly for the team. Additionally, EU regulations are getting tighter on the cost of searches and income may reduce as a result. There is also pressure from the private sector to be able to access land data free of charge.

Performance is monitored through 'turnaround time', from receipt of a search request to completion of the request.

Updated key facts:

Service Area	Land Charges
2010-11 Employees ¹⁴	4
2010-11 Expenditure – Gross	£198,390

¹³ Source: Department for Communities & Local Government

¹⁴ This reflects the number of FTE in-scope for the purposes of the DRS Project

2010-11 Income	£1,132,610
2010-11 Expenditure – Net (Gross Exp – Income)	(£934,220)

Primary functions for the service are as follows:

- Searches of the local land charges register

Approximate volumetrics for the service are as follows:

- 8226 searches were submitted between 01/04/2009 and 31/03/2010

Further information regarding the service can be found in the Options Appraisal. Other issues of note include most requests for a search of the Local Land Charges Register are accompanied by a contractual document called the '**CON29: Enquiries of the Local Authority**'. The official 'Certificate of Search' must be signed on behalf of the registering authority.

The full set of functions undertaken by the service are considered in-scope for the purposes of this project.

Environmental Health

Environmental Health is a complex and highly regulated service, and fulfils a number of statutory requirements for the Council. The Environmental Health Service is split into two distinct sectors; Commercial and Residential, and a number of inspections are required per year for both.

The Residential side of Environmental Health encompasses the functions of Private Sector Housing (including surveys, inspections and license provision), Public Health & Nuisance (including noise, drainage, smoke and odours, pest control) and Care & Repair (including DFG applications and enabling vulnerable older people to live independently).

The Commercial side of Environmental Health covers the functions of Food Safety, Health & Safety, and Scientific Services. Food Safety includes routine inspections of premises, infectious diseases prevention and classification of food premises. Health & Safety covers both food and non-food premises, provides a reactive service investigating incidents, and fulfils a licensing function for specialist outlets (e.g. nail bars). Scientific Services includes general nuisance complaints, air quality monitoring, and more specialist service provision and advice (e.g. radiation and exhumation).

Updated key facts:

Service Area	Environmental Health
2010-11 Employees ¹⁵	48.5

¹⁵ This reflects the number of FTE in-scope for the purposes of the DRS Project

2010-11 Expenditure – Gross	£2,418,555
2010-11 Income	£552,935
2010-11 Expenditure – Net (Gross Exp – Income)	£1,865,620

Primary functions for the service are as follows:

Commercial Services (Food Safety)

- Food Standards Agency (FSA) accountability
- Food Hygiene and Food Standards inspections
- Facilitation of the Food Hygiene Information System (“Scores On The Doors”)
- Imported Food Control assessments
- Complaint Investigations
- General advice & information provision
- Infectious Disease Control
- Food Alerts / Food Safety Incidents
- Maintenance of information on food businesses
- Hygiene Approvals
- Food Sampling
- Provision of accredited training
- Consumer Advice, Education & Health Promotion
- Home Authority Principle for issues of national concern
- Health Certificates and Condemnation Certificates
- Monitoring of Local Drinking Water quality
- Controlling safety and standards of animal feeds
- Food premises consultations
- Social Service and Education advice
- Liaison arrangements with regional and national bodies
- Major investigations into illegal food activities

Commercial Services (Health & Safety)

- Inspections in food and non-food premises
- Health & Safety Executive (HSE) project work
- Topic-based inspection in non-food premises
- Complaint investigations
- Accident / Injury / Death / Ill-health investigations

- General advice and information provision
- Workplace Promotions
- Lead Authority Principle for issues of national concern
- Asbestos (removal) Approvals
- Statutory notifications
- Maintenance of statutory registers
- Animal Health & Welfare activities
- Licensing
- Liaison arrangements with regional and national bodies

Commercial Services (Scientific Services)

- Complex statutory nuisance complaints
- Air quality monitoring and assessments
- Contaminated Land identification and assessment
- Control of Emissions from Industrial Processes
- Consultation on Planning Applications
- Provision of Electromagnetic Radiation advice
- Co-ordination of exhumations

Residential Services (Private Sector Housing)

- Complaint investigation
- Investigations into the occupation of illegal structures
- General advice and information for tenants, landlords and housing associations
- Administration of the House in Multiple Occupation (HMO) Licensing Scheme
- Provision of Caravan Site Licenses
- Investigating the causes of fires in HMO's
- Reducing the proportion of non-Decent Homes occupied by vulnerable households
- Undertaking surveys and providing general advice on empty properties

- Inspection of Temporary Accommodation for homeless and vulnerable persons
- Administration and monitoring of the “House-proud Scheme”
- Administration of mandatory and discretionary Disabled Facilities Grants
- Proactive inspections of private accommodation used for the temporary housing of homeless people and asylum seekers
- Reactive inspections of Supporting People accommodation
- Ensuring the safety of squats and their surrounding areas
- Facilitation of Landlords Forum (jointly with Housing Strategy)
- Immigration inspections
- Health Prevention Training
- Active membership of the London Landlord Accreditation Scheme
- Investigations and advice provision on Legionnaires Disease
- Provision of advice and observations to HMO consultations
- Liaison arrangements with regional bodies such as the North London Housing Sub-Region

Residential Services (Public Health & Nuisance)

- Pest Control service provision
- Advice and action to ensure removal of Refuse Accumulations on private land that are of public health or statutory nuisance significance
- Drainage investigations

- Smoke and Odours abatement (including provision of a weekend ‘out of hours’ service)
- Noise abatement (including provision of a weekend ‘out of hours’ service)
- Responsible Authority for Licensing Act 2003
- Health Promotion and Training Initiatives

Residential Services (Care & Repair)

- Offering the services of a government backed Home Improvement Agency for vulnerable older people and people with disabilities in the private sector
- Offering initial assessments and a full surveyor service for repairs and adaptations
- Assisting clients to apply for Disabled Facilities Grants, loans or equity release to fund essential adaptations and repairs
- Ensuring income maximisation for vulnerable older persons
- Facilitating vulnerable older people to live independently in their own homes in safety
- Protecting vulnerable older and disabled people from domestic burglary and distraction burglary
- Acting as Agent for the “House-proud” scheme from the Housing Improvement Trust and monitoring uptake of loans and equity release products by vulnerable people
- Introductions to vetted contractors
- Administering the Handy Person Scheme provided in conjunction with *Age Concern Barnet*

Approximate volumetrics for the service are as follows (for the period 01/09/2009 – 30/09/2010):

- 1,267 Food Hygiene inspections
- 210 Food Standard inspections
- 241 Food Premises complaints
- 226 Food Safety Service requests
- 123 Food Item complaints
- 60 Food Safety samples
- 100 Health & Safety inspections
- 218 Health & Safety complaints
- 114 Health & Safety service requests
- 242 Food Safety License applications
- 849 Infectious Disease notifications
- 359 Accident reports
- 57 Accident investigations
- 328 Health & Safety License applications
- 33 Smoke-free complaints/service requests
- 22 Animal Health & Welfare complaints/Service requests
- 22 Animal License applications
- 5,682 Public Health & Nuisance complaints
- 48 Public Health & Nuisance Service requests
- 1980 Pest Control treatments
- 76 Public Health notifications

- 1050 Scientific Services service request
- 117 Authorised processes
- 152 Scientific Services complaints
- 32 Scientific Services samples
- 3 Contaminated Land referrals
- 8 Contaminated Land risk assessments
- 1,824 Housing complaints
- 565 Housing inspections
- 85 Decent Homes Grants
- 306 Disabled Facilities Grants
- 31 Empty Property Grants
- 83 Care & Repair cases
- 26 HMO License applications
- 32 Housing License requests
- 40 Housing Service requests
- 10 Service Delivery complaints

It should be noted that these volumetrics alone do not necessarily reflect true service demand. Each case, inspection, notice etc. can be different and can involve huge variances in time taken.

Further information regarding the service can be found in the Options Appraisal. Other issues of note include:

- The service currently finds it difficult to meet statutory requirements for food hygiene and standards inspections due to inadequate resources. As a result, available capacity is focussed on high-risk cases only. Prosecutions and major investigations can be very time consuming, potentially expensive, and place considerable pressures on a small team.
- The service is currently unable to meet statutory Section 18 Health & Safety guidance due to inadequate resources. As a result, available capacity is focussed on high-risk cases only. Prosecutions and major investigations can be very time consuming, potentially expensive, and place considerable pressures on a small team.
- Health & Safety fee income for special treatments and animals is dependent on economic factors and national legislation and guidance, on fees and charging. A review is currently underway in accordance with LG Regulation guidance, and this may lead to reduction in fees i.e. only the actual cost of licenses provision may be charged.
- Funding cuts have resulted in the out-of-hours service for Public Health & Nuisance have resulted in provision being limited to weekends only. Seasonal peaks present workload and turnaround issues.
- Pest Control services are currently limited, as a result of only 2 FTE being funded to undertake these fee earning functions. Income is vulnerable to seasonal demands i.e. quantity of wasp jobs depends heavily on weather conditions.
- The reactive workload (planning consultations) within Scientific Services dictates the team's ability to undertake proactive work e.g. contaminated land. Income associated with these services is also susceptible to changes in statutory fee structure.
- Planned fee income for Care & Repair services is unachievable as a result of losing £36k in Social Services funding.
- Private Sector Housing faces a number of current challenges:

- Insufficient resources are currently allocated to Private Sector Housing Enforcement activities, and as a result, no “Category 2” cases are actioned. No proactive programmes are currently undertaken, and Works-in-Default are kept to a minimum due to their associated expense and difficulties experienced in recovering costs.
- HMO Licensing is not presently self-funding, as there are cyclical problems with locating licensable properties. Non-compliant landlord prosecutions can also be very expensive.
- Disabled Facilities Grants are administered by staff in capitalised posts, and these may be affected if DFG funding is reduced significantly.

The full set of functions undertaken by the service are considered in-scope for the purposes of this project, however, this is currently subject to legal advice. The outcome of this legal review is expected to result in certain functions having to remain within the Council.

Cemetery & Crematorium

Hendon Cemetery and Crematorium (HCC) is the only Council-owned facility of its type within the Borough. It was first opened in 1899 as a cemetery, and the crematorium facility was added in 1922. The grounds comprise some 40 acres of well-tended gardens, and current capacity indicates an income potential for another 46 years. The Cemetery is multi-denominational, and part of the site is leased to the Greek Orthodox Church for burials.

The service provides a significant net contribution to the Council’s revenue position, helped recently by the additional provision of weekend services and services for the Hindu community, giving a direct positive correlation between business and equality objectives.

The Council has identified that if it continues to manage and run the service in-house, it will need to make a large investment in HCC site assets (costs of which are estimated to be in the region of £1.5m to £2m) in order to bring them up to market standards and meet legislative mercury abatement requirements. The Council has therefore independently considered the future of HCC, with a view to retaining a significant financial return for the Council whilst reducing the risks on income and cost.

An options appraisal was commissioned in 2008 which proposed that the Council enter into a partnership or contract for external investment in (and operation of) the crematorium and cemetery. The consultants who carried out the options appraisal for the Council have spoken with three private contractors to discuss their interest in the Hendon Cemetery and Crematorium. Under this option, the Council would let a contract for the operation of the cemetery and crematorium.

Despite Cabinet approval being secured earlier this year, this has not progressed, and a recent soft-market testing exercise has resulted in a number of potential options emerging. This “twin-track” approach should continue until the most

beneficial solution emerges for the Council, however, it is acknowledged that the likely outcome is heavily dependent upon appropriate market interest for such a high value asset.

Updated key facts:

Service Area	Cemetery & Crematorium
2010-11 Employees ¹⁶	10.5
2010-11 Expenditure – Gross	£640,450
2010-11 Income	£1,294,210
2010-11 Expenditure – Net (Gross Exp – Income)	(£653,760)

Primary functions for the service are as follows:

- Management and operation of Hendon Cemetery and Crematorium services
- Burial Services
- Cremation Services
- Purchase and resale of funeral related items
- Cemetery grounds maintenance

Approximate volumetrics for the service are as follows:

- 1,400 funerals are held per annum, of which 1,000 are cremations

Further information regarding the service can be found in the Options Appraisal. Other issues of note include the two existing cremators require replacement, and any new equipment must be fitted with mercury abatement components to meet statutory requirements by the end of 2012. Renovations and extensions will also be required to accommodate the new equipment. Renovations are also required to the dilapidated gatehouse and modernising of office and reception facilities. Total costs have been estimated at approximately £1.5M to £2M. Due to lead-in times associated with the installation of the new cremators, investment and work will need to commence prior to any procurement taking place in 2012. If this does not occur, income generation will stop.

The full set of functions undertaken by the service are considered in-scope for the purposes of this project, but, as a result of the Competitive Dialogue, may not be included in the final scope of the services included in any agreement.

Trading Standards & Licensing

This comparatively small service consists of a Trading Standards and Enforcement Manager and two Trading Standards Enforcement Officers. Due to these resourcing constraints, Trading Standards have to prioritise cases that arise and actively

¹⁶ This reflects the number of FTE in-scope for the purposes of the DRS Project

signpost cases to other regional bodies, and utilise Safer Communities Team resources where appropriate. Barnet's Trading Standards team currently only address what are judged to be criminal rather than civil prosecution cases. Inspections are limited and tend to focus on cases judged to be high risk, and as a result, preventative activity is almost non-existent.

Licensing consists of one Trading Standards and Licensing Officer and one Licensing Officer, but they are supported by the Environment team and others (e.g. anti-social behaviour officers). Income is obtained through the issuing of licences, and these fall under the following categories: Licensing Act 2003 (premises), Gambling Act 2005 (machines & lotteries), Street Trading (temporary or permanent) and Trading Standards Licenses (poisons, fireworks and limited others). The team also provides the licensing service for provision of alcohol, public entertainment, late night refreshment, sport, sex establishments and in the near future, gambling.

Updated key facts:

Service Area	Trading Standards & Licensing
2010-11 Employees ¹⁷	5
2010-11 Expenditure – Gross	£300,630
2010-11 Income	£337,850
2010-11 Expenditure – Net (Gross Exp – Income)	(£37,220)

Primary functions for the service are as follows:

¹⁷ This reflects the number of FTE in-scope for the purposes of the DRS Project

Trading Standards

- Age-related Sales inspections and complaints
- Consumer Credit inspections and complaints
- Leading on, and co-ordinating of, Consumer Support Network
- Counterfeit and Pornographic Sales inspections and complaints
- Home Authority and Business Support
- Licensing and registrations
- Maintenance of Metrology Standards
- Pricing inspections and complaints
- Product Safety inspections and complaints
- Trade Descriptions inspections and complaints
- Trading Standards inspection and enforcement

Licensing

- Processing premises and personal licence applications
- Processing temporary event notices
- Processing representations and requests for review of premises licences
- Checking and enforcing compliance with licence conditions
- Processing gambling premises licenses and permits
- Co-ordination of responsible authorities
- Investigating complaints about licensed premises and activities
- Dealing with businesses operating without a required licence
- Taking the lead in drafting licensing policy
- Co-ordinating safety at sports grounds

Approximate volumetrics for the service are as follows:

- 16,000 phone calls and 4,000 e-mails per annum (the majority of which relate to existing work within the team)
- 346 Consumer Direct referrals / service requests per quarter (approximately 43% of work is risked high enough to involve further intervention)
- 2.5 Under-age sales operations per quarter
- 31 Trading Standards high-risk visits per quarter
- 80 Trading Standards other visits per quarter
- 121 Temporary event notices per quarter
- 71 new personal licence applications per quarter
- 23 Applications to change details on personal licence / request duplicate licence per quarter
- 13 new premises / club licence applications per quarter
- 8 variation of premises / club licence applications per quarter
- 1.5 minor variation applications per quarter
- 1 application to review premises / club licence per quarter
- 5 licensing hearings per quarter
- 38 applications to vary the Designated Premises Supervisor per quarter
- 18 transfer of premises licence applications per quarter
- 3 notifications of interest per quarter
- 6 requests for copies of premises / club licence per quarter
- 2 street trading permanent pitch applications per quarter
- 40 street trading temporary applications per quarter
- 0.5 gambling premises licence applications per quarter
- 1 variation of gambling licence applications
- 40 lottery licence renewals per quarter
- 3 club machine permits per quarter
- 6 licensed premises machine permits per quarter
- 13 firework storage licence/registrations per quarter
- 2 licenses to sell fireworks per annum
- 9 poison licence applications per quarter
- 50 licensing and gambling inspections per quarter
- 5 prosecutions per quarter
- 1 Safety Advisory Group per quarter
- 2 match-day inspections per annum
- 15 co-ordination meetings per quarter
- 17 gambling renewals per quarter
- 256 licence renewals per quarter

Further information regarding the service can be found in the Options Appraisal. Other issues of note include:

- It should be noted that if this were to become a stand-alone / external service, the current fluid resourcing benefits in place with wider Community and Environment teams may be at risk.
- The service feel that the current “income collection” target is too high, and is unlikely to be achieved for FY10/11.
- Licensing arrangements and associated fees are currently determined by central Government. An imminent review is due, with a view to establishing local fee-setting powers, and the removal of existing ring-fences around generated income.

The full set of functions undertaken by the service are considered in-scope for the purposes of this project, however, this is currently subject to legal advice. The outcome of this legal review is expected to result in certain functions having to remain within the Council.

Registration & Nationality

The Barnet Registration District has recently undergone a staffing restructure which has resulted in significant changes at all levels. At an operational level, the service is led by a Head of Service - this is a joint post with Brent, with a view to efficiency and modernising service delivery.

Barnet Registration District has been rated by the GRO Delivery Partnership Unit as having a “B” rating in statutory and technical standards, and a “B” rating in customer and business focus leading to an overall assessment of “Good” in 2010. Within this though, the district falls short of the national standards for timelines of birth and death registrations, and there is a need to improve the timeliness of certification and submission of marriage returns.

Updated key facts:

Service Area	Registration & Nationality
2010-11 Employees ¹⁸	13.5 (3 of which are agency staff)
2010-11 Expenditure – Gross	£470,530
2010-11 Income	£549,370
2010-11 Expenditure – Net (Gross Exp – Income)	(£78,840)

Primary functions for the service are as follows:

- The registration of Births, Still Births, Deaths and Marriages

¹⁸ This reflects the number of FTE in-scope for the purposes of the DRS Project

- Taking of Notice of Intention to Marry
- Conducting civil weddings both in the Registration Office and other Approved Premises within Barnet
- Issuing of certified copies of historic registrations of birth, deaths and marriages from 1837
- Administering applications and Issuing licenses for Approved Premises to hold civil weddings
- Administering applications for the registration of buildings for religious worship and conducting weddings
- Dealing with applications for corrections to the legal records of births, deaths and marriages
- Administration of documentation received from Home Office for Citizenship
- Conducting Citizenship Ceremonies
- Performing a Nationality Checking Service for citizenship applicants (NCS)
- Performing a Settlement Checking Service for applicants for Indefinite Leave to Remain (SCS)

Approximate annual volumetrics for the service are as follows:

- 3,680 Birth Registrations
- 2,257 Death Registrations
- 14 Still Birth Registrations
- 3,173 Notices of Marriage
- 43 Civil Partnerships
- 688 Marriage Ceremonies
- 22 Civil Partnership Ceremonies
- 3,904 Certified Copies Issued
- 2,724 Citizenship Applicants
- 2,000 NCS Applications
- 10 Considerations of Approved Premises
- 8 applications for places of religious worship
- 500 applications for correction / re-registration
- No data is available for Settlement Checking – this was only introduced in October 2010

Further information regarding the service can be found in the Options Appraisal. Other issues of note include there is a proposal to move the Registration and Nationality function from Burnt Oak to Hendon Town Hall/Library. This will involve significant capital expenditure in creating accommodation that would be suitable for the service, however, the Council will realise a capital receipt from the sale of the Burnt Oak property which would realise an attractive capital receipt. This move would undoubtedly make the Barnet marriage offer more attractive and increase the number of weddings taking place. The assumption is that this move would take place during FY11/12, so increased wedding revenue has been built in to savings projections for the service.

The full set of functions undertaken by the service are considered in-scope for the purposes of this project, however, this is currently subject to legal advice. The outcome of this legal review is expected to result in certain functions having to remain within the Council.

Highways Strategy

The Highways Strategy Team is a small service led by a Highways & Traffic Development Manager, who in turn is supported by a Senior Engineer, a Senior Technician, and a Public Transport Officer. The key function of the team is to develop highways and transport strategy, and in particular, the borough's Local Implementation Plan (LIP) for transport and associated funding submissions. It provides advice on a range of transport policy issues and is the main point of contact for liaison with Transport for London (TfL) across a range of activities. It leads on public transport issues affecting the borough, the promotion of highway improvements for the benefit of bus passengers, and initiates and arranges funding of transport schemes which are then moved over to the planning team.

Updated key facts:

Service Area	Highways Strategy
2010-11 Employees ¹⁹	4
2010-11 Expenditure – Gross	£513,482
2010-11 Income	£53,352
2010-11 Expenditure – Net (Gross Exp – Income)	£460,130

Primary functions for the service are as follows:

- Transportation policy / transport planning
- Responding to enquires on the service such as related to walking and cycling rights of way, questions from the Council itself and residents forums
- Local Implementation Plan (LIP) development for the next 3 years
- LIP funding applications
- Road Safety monitoring (via the Injury accidents database)
- Main point of contact for TfL related to traffic management and works proposals, funding activities and regional planning
- Performance monitoring of, and advising on, local and national PI's
- Transportation advice on cycling, walking, road safety and electric vehicles
- Public transport advice on policy issues, provider liaison and briefings
- Requests for private and / or temporary direction signs to premises and community events (generates revenue)
- Working with JC Decaux on street furniture and bus shelter advertising (generates revenue)

Statutory elements are accident reporting and taking the required action to meet road safety duty, and providing information on public rights of way. Approximate volumetrics for the service are difficult to quantify due to their nature, however, sign requests are estimated at 50-100 per annum.

¹⁹ This reflects the number of FTE in-scope for the purposes of the DRS Project

Further information regarding the service can be found in the Options Appraisal. Other issues of note include:

- The full set of functions undertaken by the service are considered in-scope for the purposes of this project.
- The service is scheduled to be merged with Highways Traffic & Development (also in-scope) in the near future.

Highways Network Management

Led by a Highways Network Manager, the service is currently comprised of the following two teams: Network Management and the Implementation Team.

The Network Management team is responsible for the management of the highway network in relation to works carried out by the Council and utility companies. These functions are managed via the New Roads & Street Works Act (NRSWA) legislation which sets out the requirements for advance notification of works, monitoring and inspection, and allows for co-ordination so as to minimise the impact of the works on the road network and hence minimise as far as possible disruption for road users.

The team also manage the issuing of Licenses to allow various operations to take place on the highway network including the placing of skips, scaffolding, hoardings, builders' materials etc.

Network management also includes the cyclic inspection of the highway network in order to identify the general condition, and in particular, identify and deal with any safety hazards on the highway network thereby maintaining the network in a safe condition for highway users, whilst at the same time reducing insurance liabilities.

Network management also manages the Drainage Service which includes ensuring that the highway drainage network is operating efficiently. In order to achieve this, a cyclic gully cleaning programme is implemented annually, where defects and identified improvements in relation to the drainage network are instigated in accordance with available budgets. All actions serve to minimise the risk of flooding of the highway network and the potential dangers this may cause to neighbouring properties.

The Implementation Team manages the various term contracts which are in place to allow new and maintenance works to be implemented throughout the borough. The works include maintenance of the carriageway and footway network. This ensures that the highway assets are maintained such that the condition and operation of the network is at maximum efficiency, thereby ensuring the safety of road network users.

The implementation team are also responsible for implementing highway network improvement schemes which ensures that the network is fit for purpose and serves the local community in an appropriate fashion.

Updated key facts:

Service Area	Highways Network Management
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2010-11 Employees ²⁰	28
2010-11 Expenditure – Gross	£5,097,433
2010-11 Income	£1,547,497
2010-11 Expenditure – Net (Gross Exp – Income)	£3,549,936

Primary functions for the in-scope elements of the service are as follows:

- Implementation of carriageway resurfacing Schemes
- Implementation of Footway Relay schemes
- Implementation of highway improvements schemes
- Bridge Maintenance
- Signs, Lines and Width Restriction Maintenance
- Weed Spray operations management
- Implementation of Vehicle Crossovers
- Highway Safety Inspections
- Insurance claim investigation
- NRSWA Management including operation of the London Permitting scheme
- Network Management
- Drainage Improvements and Maintenance
- Monitoring of the Street Lighting PFI contract
- Issuing of Highway Licences

Approximate annual volumetrics for the service are as follows:

- 600 Vehicle Crossover applications per month
- 600 Licence Applications per month
- 4,800 street work Permits issued per month
- 3,600 correspondence responded to per month

Further information regarding the service can be found in the Options Appraisal. Other issues of note include:

The specific functions undertaken by the service that are considered in-scope, are as outlined above. Other functions currently undertaken by the wider team (and are therefore out-of-scope) are:

- Highways Maintenance Direct Labour Organisation (DLO)
- Sign Shop DLO
- Winter Gritting DLO
- Highways Maintenance Standby / Emergency DLO

²⁰ This reflects the number of FTE in-scope for the purposes of the DRS Project

Highways Traffic and Development

The structure of the Traffic & Development service reflects the need to address a range of statutory functions, the delivery of national and strategic performance indicators, as well as meeting identified council priorities.

The service is currently comprised of the following three teams: Design Team, Development Team and the Planning & Safety Team.

The Design Team discharges the Borough's statutory duties and its stated priorities, progressing all changes to existing (and introduction of new) parking bays and parking restrictions, in particular relating to the consideration of measures ensuring movement and safety on the borough's network including measures associated with the Council's off-street car parks. The team is responsible for all relevant statutory requirements relating to Traffic Management Orders including temporary traffic orders to facilitate special events, road closures and development works, and liaises with Transport for London (TfL) regarding draft Traffic Management Orders (TMOs) on the Transport for London Road Network (TLRN). The team investigates and progresses schemes to reduce congestion and improve safety by consideration of such measures as road widening, junction redesign, signal modification, bus stop location, rationalisation of existing road layouts including the removal of excessive signage, the introduction of Vehicle Activated Signs and improved pedestrian facilities such as controlled crossings and footway improvements, and facilitates "Streetscene" improvements. It is also the main area responsible for commissioning and organizing traffic data surveys and analysis to facilitate effective traffic management. The team also provides advice to various elements of the Directorate, the wider Council, and externally, regarding issues such as parking legislation and accident data.

The Development Team discharges the statutory duties of the Highway Authority in respect of new development proposals, and is responsible for securing funding of offsite highway infrastructure improvements, as well as adoption of new roads within the Borough. The team also processes stopping up orders, Highway Projection Licences, and development enquires relating to highway matters. In addition, the team is also responsible for analysing highway condition data; prioritising and preparing Highway Planned Maintenance Programmes for carriageways and footways in the borough including Town Centre Schemes and also currently facilitates London Cycle Network schemes.

The Planning & Safety Team provides Highway recommendations on planning applications by providing an assessment of the traffic impact of proposed developments, and secures funding of offsite highway infrastructure improvements through S106 agreements linked to planning permissions. It is responsible for the monitoring of Travel Plans (also secured by the S106 process), the development of the Council's own Travel Plan, and monitors the removal of traffic calming measures following highway carriageway resurfacing. The team supports schools with the development, implementation and monitoring of School Travel Plans, assessing the travel and transport needs of children and young people. The team also manages the School Crossing Patrol Service, and delivers Road Safety education, training and publicity aimed at reducing casualty figures, and delivers cycle training to primary, secondary and special schools, as well as adults across the community.

Updated key facts:

Service Area	Highways Traffic & Development
2010-11 Employees ²¹	48
2010-11 Expenditure – Gross	£2,244,542
2010-11 Income	£683,309
2010-11 Expenditure – Net (Gross Exp – Income)	£1,561,233

Primary functions for the service are as follows:

- Parking amendments
- Traffic Schemes
- Planning of Highways Maintenance programmes
- Road Safety
- Development Control

Volumetrics for the service are difficult to quantify as work and associated funding varies greatly, depending upon the nature of schemes, but it is quite normal for them to span multiple financial years. However, approximately 950 Planning Applications are dealt with per annum.

Further information regarding the service can be found in the Options Appraisal. Other issues of note include: The service is scheduled to be merged with Highways Traffic & Development (also in-scope) in the near future.

Highways Transport & Regeneration

This small service oversees input to Barnet's Local Development Framework (LDF), regeneration projects, major planning applications and town centre strategies, including leading directly on the transport elements of the Brent Cross Cricklewood and Dollis Valley regeneration schemes. The planning and implementation management of the regeneration schemes includes the following activities:

- Planning design and review
- Planning approvals and highways approvals
- Traffic modelling
- Contributing to the highways plan
- Liaison with other boroughs, TfL and development consultants

Updated key facts:

²¹ This reflects the number of FTE in-scope for the purposes of the DRS Project

Service Area	Highways Transport & Regeneration
2010-11 Employees ²²	1
2010-11 Expenditure – Gross	£93,941
2010-11 Income	£138
2010-11 Expenditure – Net (Gross Exp – Income)	£93,803

Primary functions for the service are as follows:

- Transportation development control input into regeneration schemes (principally Brent Cross Cricklewood and Dollis Valley)
- Working with colleagues in Traffic & Development on major planning applications and the other regeneration schemes (e.g. Colindale, West Hendon, Mill Hill East)
- Attendance at Planning & Environment Committee in relation to the aforementioned developments
- Providing highways & transport policy input to the LDF process and documentation

Due to the nature of the service and the work it undertakes, volumetric data is somewhat irrelevant.

Further information regarding the service can be found in the Options Appraisal. The full set of functions undertaken by the service are considered in-scope for the purposes of this project.

Strategic Planning & Housing Strategy

The service works very closely with Planning (Development Management) and is currently comprised of the following five teams: Major Development, Design & Heritage, Planning Policy Team, Housing Strategy, Infrastructure & Section 106.

The Major Development Team is a group of experienced planners that lead on major strategic projects such as regeneration and town centre strategies. The team is responsible for the submission and processing of strategic applications, and development of the Area Action Plan.

The Design & Heritage Team is responsible for planning applications on listed buildings, and those within conservation areas (there are currently eighteen of these within the Borough). Performing both strategic and delivery functions, the team provides a statutory function as an advisory to other organisations, is responsible for processing Conservation Area applications, undertakes character appraisals and creates advice notes, and offers a wider advice function for urban design elements of larger schemes.

²² This reflects the number of FTE in-scope for the purposes of the DRS Project

The Planning Policy Team leads on defining and interpreting statutory requirements, providing views on land use, and monitoring changes in building usage. In addition to liaising with the Greater London Authority (GLA) for the adoption of new guidelines, the team are currently developing the Local Development Framework (LDF) and working on the core strategy that is due to be in place by Autumn 2011.

The Housing Strategy Team is responsible for service development and policy - housing strategy and policy is reviewed every year with a full update every 3 to 5 years. This involves engagement with the private landlord sector, older people's housing, and responding to national and regional initiatives. The team also acts as the management information and performance reporting function for the directorate, and in carrying out their work they have to perform consultations, conduct surveys and make use of focus groups. Externally the team liaises with the North London Housing sub-region, local housing associations, other housing agencies, homelessness organisations and citizens' advice bureau, whilst internally they have strong links to the Regeneration service.

The Infrastructure & Section 106 Team leads on the development and delivery of the Borough's Infrastructure Delivery Plan, and co-ordinates Section 106 funded initiatives.

Updated key facts:

Service Area	Strategic Planning
2010-11 Employees ²³	22.8
2010-11 Expenditure – Gross	£1,115,456
2010-11 Income	£241,475
2010-11 Expenditure – Net (Gross Exp – Income)	£873,981

Primary functions for the service are as follows:

²³ This reflects the number of FTE in-scope for the purposes of the DRS Project

Major Developments

- Preparation of Area Action Plans for Mill Hill East and Colindale and lead on associated planning applications
- Lead on Brent Cross Cricklewood application
- Lead on applications related to estate Regeneration schemes i.e. West Hendon, Stonegrove, Grahame Park, Dollis Valley
- Planning briefs for key sites e.g. North London Business Park
- Negotiation and management of strategic public sector applications e.g. PSCIP, BSF Schools, NHS Barnet primary care centres, Middlesex University
- Town Centre Strategies and major applications in priority town centres i.e. Edgware, Finchley Town Centres, New Barnet, Whetstone, Chipping Barnet

Design & Heritage

- Conservation and design advice on planning applications, conservation area applications and Listed Building applications including appeals and enforcement cases
- Hosting of weekly design surgeries
- Partnership working with English Heritage on Listed Buildings at risk and other initiatives
- Programme of conservation area appraisals and management plans for the borough's 18 conservation areas
- Promotion of high quality design through officer and member training including use of external design panels
- Design Advice notes on shop-fronts, hard-standings etc.
- Support to Barnet's Design Champion
- Barnet Design Awards

Planning Policy

- Management of the UDP and production of the Local Development Framework as the replacement statutory planning framework for the borough

- Preparation of a comprehensive evidence base to inform policy making including commissioning of consultants to produce various bits of evidence
- General planning advice and input into corporate policies and strategies
- Monitoring of planning decisions and production of the Annual Monitoring Report
- Input into regional and sub-regional planning - in particular the London Plan
- Interpreting national planning guidance

Housing Strategy and Performance

- Providing Housing input into corporate policies
- The Council's Housing Strategy and related policies and ensuring their compliance with the Mayor of London's Housing Strategy
- Performance management and reporting
- Business Planning
- Service Development and Improvement
- Managing Private Landlord and Homelessness Forums
- Organising Annual Housing Conference
- Business Support – in particular Lean Systems
- Allocations review
- Lead on Equalities for PHR

Infrastructure & S106

- Preparation of Barnet's Infrastructure Delivery Plan
- S106 monitoring and policy development
- Preparation of Community Infrastructure Levy (CIL) charging schedule
- Liaison with North London Boroughs through North London Strategic Alliance on growth and infrastructure issues

Key volumetrics for the service are embedded within those for Planning (Development Management).

Further information regarding the service can be found in the Options Appraisal. The specific functions undertaken by the service that are considered in-scope, are as

outlined above. Other functions currently undertaken by the Housing Strategy wider team (but considered out-of-scope) are managing the Council's relationship with Barnet Homes. A 25% reduction has been made to team costs to reflect this.

Regeneration

The service aims to work in partnership with developers to deliver the economic and social benefits of protection, enhancement and growth in the Borough. The Regeneration Service Plan is built around the Corporate Plan 2010/11 – 2013/14 and its guiding principles. The service is responsible for:

- The delivery and project management of regeneration priority estates (client-side management, not delivery); Brent Cross Cricklewood redevelopment and affordable housing
- The enterprise and skills initiative (addressing poverty, unemployment etc.) including the use of Section 106 contributions from developers
- Developing partnerships with private developers for the development of new homes and Registered Social Landlords for the delivery and management of affordable housing schemes

Updated key facts:

Service Area	Regeneration
2010-11 Employees ²⁴	16
2010-11 Expenditure – Gross	£1,733,180
2010-11 Income	£470,980
2010-11 Expenditure – Net (Gross Exp – Income)	£1,262,200

Primary functions for the service are as follows:

- The delivery and project management of regeneration priority estates
- Developing partnerships with private developers for the development of new homes and management of affordable housing
- Major Projects delivery on: Brent Cross Cricklewood, Grahame Park, West Hendon, Stonegrove Spur Road, Dollis Valley, Granville Road, Mill Hill East, Skills and Enterprise
- Developing innovative approaches to regeneration and Council funding
- Working closely with the GLA in delivering affordable housing to delivering affordable housing in accordance with the Borough Investment Plan and requirements of the London Plan
- To development partnerships with Housing Associations (Registered Social Landlords) that own and manage properties in Barnet

²⁴ This reflects the number of FTE in-scope for the purposes of the DRS Project

- Assess the performance of Registered Social Landlords in the development and management of affordable homes and work with RSL to improve where performance is lacking
- Establishment and management of Town Centre business forums in relation to the economic growth agenda, and acting as a contact point / gateway for business and enterprise

Due to the nature of its tasks, approximate volumetrics for the service are difficult to quantify.

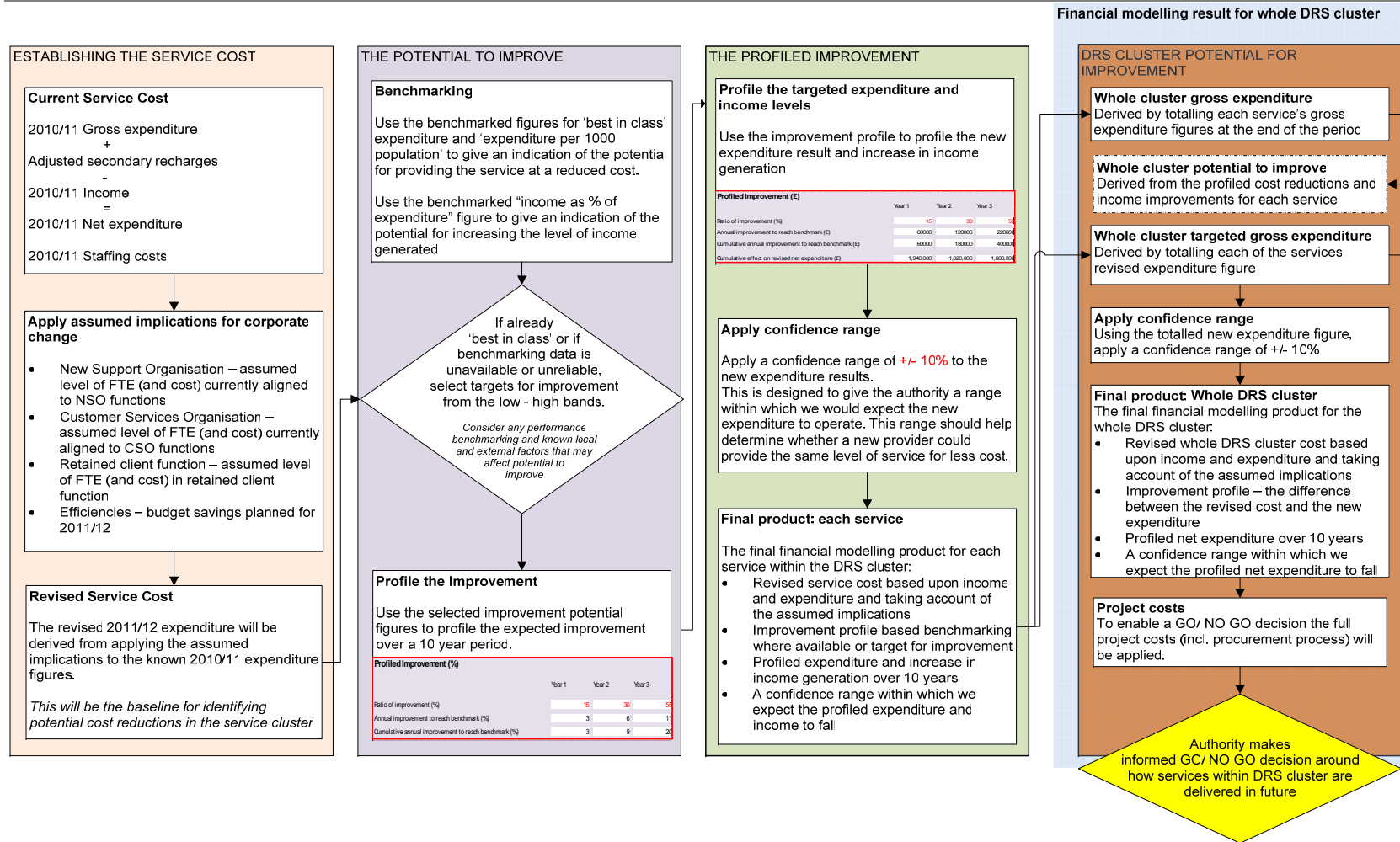
Further information regarding the service can be found in the Options Appraisal.

Other issues of note include:

- Although the service has secured considerable sources of funding in recent years, and developed some commercial expertise, the high-volume of work is currently an issue

The full set of functions undertaken by the service are considered in-scope for the purposes of this project

Appendix B: Financial Model



Building Control & Structures (including Street Naming & Numbering)

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	1,548,715
Adjusted secondary recharges	147,054
2010/11 Income	1,839,410
2010/11 Income as % of gross expenditure	108.5%
2010/11 Expenditure - Net	-143,641
Gross expenditure per 1000 population	£ 4,672
Net expenditure per 1000 population	-£ 433

Population - ONS estimate 2008 331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	22	1,259,600
Average FTE cost			57,254.55
Customer Services Organisation	2.28	0.5	28,656
New Support Organisation	0	0	0
Balance		21.5	1,230,944

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	1.65	94,470

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	0

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	1,695,769
2010/11 Expenditure - Net	-143,641
CSO	28,656
NSO	0
Efficiencies	0
Revised gross expenditure	1,572,643.1
Revised net expenditure	-266,767

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

94,470

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	593,000	487%		
Difference between the best in class and LBB is This equates to a difference of x%	1,102,769 65%	- 349%	low	10% 15% 20%
Best in class expenditure per 1000 population	-£ 256		high	5% 10% 15% 20%
Difference between the best in class and LBB is This equates to a difference of x%	-£ 177 41%			
Greater of the two % for expenditure difference	65%			

applied to total income, not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 235,896	
% applied to current income	Additional income	15%	£ 275,912	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 511,808	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum 100
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 117,948	£ 84,923	£ 4,718	£ 4,718	
Cumulative annual improvement	£ -	£ 117,948	£ 202,871	£ 207,589	£ 212,307	
Revised gross expenditure (£)	£ 1,572,643	£ 1,454,695	£ 1,369,772	£ 1,365,054	£ 1,360,336	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 4,718	£ 4,718	£ 4,718	£ 4,718	£ 4,718	
Cumulative annual improvement	£ 217,025	£ 221,743	£ 226,461	£ 231,179	£ 235,896	£ 1,873,018
Revised expenditure (£)	£ 1,355,618	£ 1,350,900	£ 1,346,182	£ 1,341,465	£ 1,336,747	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	129,743	223,158	228,348	233,538	
Effect on revised gross expenditure (£) +10%	1,572,643	1,442,900	1,349,485	1,344,295	1,339,106	
Cumulative annual improvement to reach benchmark (£) -10%	0	106,153	182,584	186,830	191,076	
Effect on revised gross expenditure (£) -10%	1,572,643	1,466,490	1,390,059	1,385,813	1,381,567	
Confidence range						
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	238,727	243,917	249,107	254,296	259,486	
Effect on revised gross expenditure (£) +10%	1,333,916	1,328,726	1,323,536	1,318,347	1,313,157	2,060,320
Cumulative annual improvement to reach benchmark (£) -10%	195,322	199,568	203,815	208,061	212,307	1,685,716
Effect on revised gross expenditure (£) -10%	1,377,321	1,373,075	1,368,829	1,364,582	1,360,336	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum 100
Ratio of improvement (%)	0	25	30	33	2	
Annual improvement to reach benchmark / target (%)	0.00	0.038	0.045	0.050	0.003	
Annual improvement to reach benchmark / target (£)	0.00	£ 68,978	£ 82,773	£ 91,051	£ 5,518	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	3.8%	8.3%	13.2%	13.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 68,978	£ 151,751	£ 242,802	£ 248,320	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.003	0.003	0.003	0.003	0.003	
Annual improvement to reach benchmark/ target (£)	£ 5,518.2	£ 5,518.2	£ 5,518.2	£ 5,518.2	£ 5,518.2	
Cumulative annual improvement to reach benchmark / target (%)	13.8%	14.1%	14.4%	14.7%	15.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 253,839	£ 259,357	£ 264,875	£ 270,393	£ 275,912	£ 2,036,227

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 1,695,769
Revised gross service cost (prior to transfer)	£ 1,572,643
Cost improvement potential	15%
Improvement potential pa	£ 235,896

Income

2010/11 Income as % gross expenditure	108%
Income improvement potential (pa)	15%
Income improvement potential (pa)	£ 275,912

FINANCIAL BENEFIT OVERVIEW -

10 years

	Cost reduction	Additional income	TOTAL
Average per annum	£ 187,302	£ 203,623	£ 390,924
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 117,948	£ 68,978	£ 186,926
3) 2014/15	£ 84,923	£ 82,773	£ 167,696
Ten Year Total	£ 1,873,018	£ 2,036,227	£ 3,909,245
Overall balance	48%	52%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 117,948	£ 84,923	£ 4,718	£ 4,718	
Effect on revised net exp	£ 1,572,643	£ 1,454,695	£ 1,369,772	£ 1,365,054	£ 1,360,336	
Cumulative reduction in expenditure	£ -	£ 117,948	£ 202,871	£ 207,589	£ 212,307	
Income						
Income increase in year	£ -	£ 68,978	£ 82,773	£ 91,051	£ 5,518	
Cumulative income increase	£ -	£ 68,978	£ 151,751	£ 242,802	£ 248,320	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 4,718	£ 4,718	£ 4,718	£ 4,718	£ 4,718	
Effect on revised net exp	£ 1,355,618	£ 1,350,900	£ 1,346,182	£ 1,341,465	£ 1,336,747	
Cumulative reduction in expenditure	£ 217,025	£ 221,743	£ 226,461	£ 231,179	£ 235,896	£ 1,873,018
Income						
Income increase in year	£ 5,518	£ 5,518	£ 5,518	£ 5,518	£ 5,518	
Cumulative income increase pa	£ 253,839	£ 259,357	£ 264,875	£ 270,393	£ 275,912	£ 2,036,227
						<u>£ 3,909,245</u>

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£ 1,572,643
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£ 1,336,747
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£ 1,313,157
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£ 1,360,336

Income

The baseline for annual income is	£ 1,839,410
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£ 2,036,227
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£ 2,239,850
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£ 1,832,604

Planning (Development Management)

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	2,152,885
Adjusted secondary recharges	260,440
2010/11 Income	1,583,470
2010/11 Income as % of gross expenditure + recharges	65.6%
2010/11 Expenditure - Net	829,855
Gross expenditure per 1000 population	£ 6,494
Net expenditure per 1000 population	£ 2,503
Population - ONS estimate 2008	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	56	2,032,300
Average FTE cost			36,291.07
Customer Services Organisation	2.5	1.4	50,808
New Support Organisation	0	0	0
Balance		54.6	1,981,493

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	4.2	152,423

Anticipated efficiencies

Percentage (%)	Saving (£)
0.00	-8,000

(based upon 2010/11 Expenditure - Gross)

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	£ 2,413,325
2010/11 Expenditure - Net	829,855
CSO	50,808
NSO	0
Efficiencies	-8,000
Revised gross expenditure	2,218,095.0
Revised net expenditure	634,625

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

152,423

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-			
Difference between the best in class and LBB is This equates to a difference of x%	2,413,325 100%	65.6% -100%	low	10% 15% 20% 25%
Best in class expenditure per 1000 population	£ -		high	5% 10% 15% 20%
Difference between the best in class and LBB is This equates to a difference of x%	£ 2,503,17 100%			
Greater of the two % for expenditure difference	100%			

applied to total income; not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	20%	£ 443,619	
% applied to current income	Additional income	15%	£ 237,521	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 681,140	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	10.00	7.20	0.40	0.40	
Cumulative annual improvement (%)	0.00	10.00	17.20	17.60	18.00	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2.5	2.5	2	
Annual improvement to reach benchmark (%)	0.40	0.40	0.40	0.40	0.40	
Cumulative annual improvement (%)	18.40	18.80	19.20	19.60	20.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 221,810	£ 159,703	£ 8,872	£ 8,872	
Cumulative annual improvement	£ -	£ 221,810	£ 381,512	£ 390,385	£ 399,257	
Revised gross expenditure (£)	£ 2,218,095	£ 1,996,286	£ 1,836,583	£ 1,827,710	£ 1,818,838	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 8,872	£ 8,872	£ 8,872	£ 8,872	£ 8,872	
Cumulative annual improvement	£ 408,129	£ 417,002	£ 425,874	£ 434,747	£ 443,619	£ 3,522,335
Revised expenditure (£)	£ 1,809,966	£ 1,801,093	£ 1,792,221	£ 1,783,348	£ 1,774,476	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	243,990	419,664	429,423	439,183	
Effect on revised gross expenditure (£) +10%	2,218,095	1,974,105	1,798,431	1,788,672	1,778,912	
Cumulative annual improvement to reach benchmark (£) -10%	0	199,629	343,361	351,346	359,331	
Effect on revised gross expenditure (£) -10%	2,218,095	2,018,466	1,874,734	1,866,749	1,858,764	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	448,942	458,702	468,462	478,221	487,981	
Effect on revised gross expenditure (£) +10%	1,769,153	1,759,393	1,749,633	1,739,874	1,730,114	3,874,568
Cumulative annual improvement to reach benchmark (£) -10%	367,317	375,302	383,287	391,272	399,257	3,170,101
Effect on revised gross expenditure (£) -10%	1,850,778	1,842,793	1,834,808	1,826,823	1,818,838	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.038	0.045	0.050	0.003	
Annual improvement to reach benchmark / target (£)	0.00	£ 59,380	£ 71,256	£ 78,382	£ 4,750	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	3.8%	8.3%	13.2%	13.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 59,380	£ 130,636	£ 209,018	£ 213,768	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.003	0.003	0.003	0.003	0.003	
Annual improvement to reach benchmark/ target (£)	£ 4,750.4	£ 4,750.4	£ 4,750.4	£ 4,750.4	£ 4,750.4	
Cumulative annual improvement to reach benchmark / target (%)	13.8%	14.1%	14.4%	14.7%	15.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 218,519	£ 223,269	£ 228,020	£ 232,770	£ 237,521	£ 1,752,901

THE BUSINESS CASE

Summary		FINANCIAL BENEFIT OVERVIEW - 10 years		
Expenditure		Cost reduction	Additional income	TOTAL
2010/11 gross expenditure	£ 2,413,325			
Revised gross service cost	£ 2,218,095			
Cost improvement potential	20%			
Improvement potential pa	£ 443,619			
Income				
2010/11 Income as % gross expenditure	66%			
Income improvement potential (pa)	15%			
Income improvement potential (pa)	£ 237,521			
Average per annum		£ 352,233	£ 175,290	£ 527,524
First 3 years in year **				
1) 2012/13	£ -	£ -	£ -	£ -
2) 2013/14	£ 221,810	£ 59,380	£ 281,190	
3) 2014/15	£ 159,703	£ 71,256	£ 230,959	
Ten Year Total		£ 3,522,335	£ 1,752,901	£ 5,275,236
Overall balance		67%	33%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 221,810	£ 159,703	£ 8,872	£ 8,872	
Effect on revised exp	£ 2,218,095	£ 1,996,286	£ 1,836,583	£ 1,827,710	£ 1,818,838	
Cumulative reduction in expenditure	£ -	£ 221,810	£ 381,512	£ 390,385	£ 399,257	
Income						
Income increase in year	£ -	£ 59,380	£ 71,256	£ 78,382	£ 4,750	
Cumulative income increase	£ -	£ 59,380	£ 130,636	£ 209,018	£ 213,768	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure reduction in year	£ 8,872	£ 8,872	£ 8,872	£ 8,872	£ 8,872	
Effect on revised exp	£ 1,809,966	£ 1,801,093	£ 1,792,221	£ 1,783,348	£ 1,774,476	
Cumulative reduction in expenditure	£ 408,129	£ 417,002	£ 425,874	£ 434,747	£ 443,619	£ 3,522,335
Income						
Income increase in year	£ 4,750	£ 4,750	£ 4,750	£ 4,750	£ 4,750	
Cumulative income increase pa	£ 218,519	£ 223,269	£ 228,020	£ 232,770	£ 237,521	£ 1,752,901
						£ 5,275,236

Concluding statements		
Expenditure		
The revised gross expenditure taking into account the assumed implications is:		£ 2,218,095
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of		£ 1,774,476
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of		£ 1,730,114
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of		£ 1,818,838
Income		
The baseline for annual income is		£ 1,583,470
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling		£ 1,752,901
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling		£ 1,928,191
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling		£ 1,577,611

Land Charges

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	198,390
Adjusted secondary recharges	22,517
2010/11 Income	1,132,610
2010/11 Income as % of gross expenditure	512.7%
2010/11 Expenditure - Net	-911,703
Gross expenditure per 1000 population	£ 598
Net expenditure per 1000 population	-£ 2,750
<i>Population - ONS estimate 2008</i>	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	4	181,840
Average FTE cost			45,460.00
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Balance		4	181,840

Retained client function	Percentage (%)	Number FTEs	Cost (£)
	7.50	0.3	13,638

Anticipated efficiencies	Percentage (%)	Saving (£)
(based upon 2010/11 Expenditure - Gross)	0.00	0

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	220,907
2010/11 Expenditure - Net	-911,703
CSO	0
NSO	0
Efficiencies	0
Revised gross expenditure	207,269.0
Revised net expenditure	-925,341
NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:	13,638

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-	487%		
Difference between the best in class and LBB is This equates to a difference of x%	220,907 100%	-	low	10% 15% 20% 25%
Best in class expenditure per 1000 population	£ -		high	5% 10% 15% 20%
Difference between the best in class and LBB is This equates to a difference of x%	-£ 2,750 100%	-5%		
Greater of the two % for expenditure difference	100%			

applied to total income, not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential			comments
% applied to new gross exp	Cost benefit	10%	£ 20,727
% applied to current income	Additional income	15%	£ 169,892
			<i>autocalculates but can be typed over</i>
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 190,618 per annum

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	5.00	3.60	0.20	0.20	
Cumulative annual improvement (%)	0.00	5.00	8.60	8.80	9.00	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.20	0.20	0.20	0.20	0.20	
Cumulative annual improvement (%)	9.20	9.40	9.60	9.80	10.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 10,363	£ 7,462	£ 415	£ 415	
Cumulative annual improvement	£ -	£ 10,363	£ 17,825	£ 18,240	£ 18,654	
Revised gross expenditure (£)	£ 207,269	£ 196,906	£ 189,444	£ 189,029	£ 188,615	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 415	£ 415	£ 415	£ 415	£ 415	
Cumulative annual improvement	£ 19,069	£ 19,483	£ 19,898	£ 20,312	£ 20,727	£ 164,572
Revised expenditure (£)	£ 188,200	£ 187,786	£ 187,371	£ 186,957	£ 186,542	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	11,400	19,608	20,064	20,520	
Effect on revised gross expenditure (£) +10%	207,269	195,869	187,661	187,205	186,749	
Cumulative annual improvement to reach benchmark (£) -10%	0	9,327	16,043	16,416	16,789	
Effect on revised gross expenditure (£) -10%	207,269	197,942	191,226	190,853	190,480	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	20,976	21,432	21,888	22,344	22,800	
Effect on revised gross expenditure (£) +10%	186,293	185,837	185,381	184,925	184,469	181,029
Cumulative annual improvement to reach benchmark (£) -10%	17,162	17,535	17,908	18,281	18,654	148,114
Effect on revised gross expenditure (£) -10%	190,107	189,734	189,361	188,988	188,615	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.038	0.045	0.050	0.003	
Annual improvement to reach benchmark / target (£)	0.00	£ 42,473	£ 50,967	£ 56,064	£ 3,398	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	3.8%	8.3%	13.2%	13.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 42,473	£ 93,440	£ 149,505	£ 152,902	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.003	0.003	0.003	0.003	0.003	
Annual improvement to reach benchmark/ target (£)	£ 3,397.8	£ 3,397.8	£ 3,397.8	£ 3,397.8	£ 3,397.8	
Cumulative annual improvement to reach benchmark / target (%)	13.8%	14.1%	14.4%	14.7%	15.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 156,300	£ 159,698	£ 163,096	£ 166,494	£ 169,892	£ 1,253,799

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 220,907
Revised gross service cost (prior to transfer)	£ 207,269
Cost improvement potential 10%	
Improvement potential pa	£ 20,727

Income

2010/11 Income as % gross expenditure	513%
Income improvement potential (pa)	15%
Income improvement potential (pa)	£ 169,892

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional Income	TOTAL
Average per annum	£ 16,457	£ 125,380	£ 141,837
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 10,363	£ 42,473	£ 52,836
3) 2014/15	£ 7,462	£ 50,967	£ 58,429
Ten Year Total	£ 164,572	£ 1,253,799	£ 1,418,371
Overall balance	12%	88%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 10,363	£ 7,462	£ 415	£ 415	
Effect on revised net exp	£ 207,269	£ 196,906	£ 189,444	£ 189,029	£ 188,615	
Cumulative reduction in expenditure	£ -	£ 10,363	£ 17,825	£ 18,240	£ 18,654	
Income						
Income increase in year	£ -	£ 42,473	£ 50,967	£ 56,064	£ 3,398	
Cumulative income increase	£ -	£ 42,473	£ 93,440	£ 149,505	£ 152,902	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 415	£ 415	£ 415	£ 415	£ 415	
Effect on revised net exp	£ 188,200	£ 187,786	£ 187,371	£ 186,957	£ 186,542	
Cumulative reduction in expenditure	£ 19,069	£ 19,483	£ 19,898	£ 20,312	£ 20,727	£ 164,572
Income						
Income increase in year	£ 3,398	£ 3,398	£ 3,398	£ 3,398	£ 3,398	
Cumulative income increase pa	£ 156,300	£ 159,698	£ 163,096	£ 166,494	£ 169,892	£ 1,253,799
						£ 1,418,371

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£ 207,269
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£ 186,542
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£ 184,469
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£ 188,615

Income

The baseline for annual income is	£ 1,132,610
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£ 1,253,799
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£ 1,379,179
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£ 1,128,419

Environmental Health

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	2,418,555
Adjusted secondary recharges	261,442
2010/11 Income	552,935
2010/11 Income as % of gross expenditure	20.6%
2010/11 Expenditure - Net	2,127,062
Gross expenditure per 1000 population	£ 7,295
Net expenditure per 1000 population	£ 6,416
Population - ONS estimate 2008	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	48.5	2,127,530
Average FTE cost			43,867
Customer Services Organisation	0	2.5	109,666
New Support Organisation	0	0	0
Balance		46	2,017,864

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	3.6	159,565

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross) £ saving autocalculates but can be typed over

Percentage (%)	Saving (£)
	30,000

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	2,679,997
2010/11 Expenditure - Net	2,127,062
CSO	109,666
NSO	0
Efficiencies	30,000
Revised gross expenditure	2,380,765.8
Revised net expenditure	1,827,831

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

159,565

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-	16%		
Difference between the best in class and LBB is This equates to a difference of x%	2,679,997 100%	- -22%	low	10% 15% 20% 25%
Best in class expenditure per 1000 population Difference between the best in class and LBB is This equates to a difference of x%	£ - £ 6,416 100%		high	5% 10% 15% 20%
Greater of the two % for expenditure difference	100%			applied to total income, not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 357,115	unreliable benchmarking
% applied to current income	Additional income	15%	£ 82,940	above avg but not best in class
			autocalculates but can be typed over	
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 440,055	per annum

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 178,557	£ 128,561	£ 7,142	£ 7,142	
Cumulative annual improvement	£ -	£ 178,557	£ 307,119	£ 314,261	£ 321,403	
Revised gross expenditure (£)	£ 2,380,766	£ 2,202,208	£ 2,073,647	£ 2,066,505	£ 2,059,362	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 7,142	£ 7,142	£ 7,142	£ 7,142	£ 7,142	
Cumulative annual improvement	£ 328,546	£ 335,688	£ 342,830	£ 349,973	£ 357,115	£ 2,835,492
Revised expenditure (£)	£ 2,052,220	£ 2,045,078	£ 2,037,935	£ 2,030,793	£ 2,023,651	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	196,413	337,831	345,687	353,544	
Effect on revised gross expenditure (£) +10%	2,380,766	2,184,353	2,042,935	2,035,079	2,027,222	
Cumulative annual improvement to reach benchmark (£) -10%	0	160,702	276,407	282,835	289,263	
Effect on revised gross expenditure (£) -10%	2,380,766	2,220,064	2,104,359	2,097,931	2,091,503	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	361,400	369,257	377,113	384,970	392,826	
Effect on revised gross expenditure (£) +10%	2,019,366	2,011,509	2,003,652	1,995,796	1,987,939	3,119,041
Cumulative annual improvement to reach benchmark (£) -10%	295,691	302,119	308,547	314,975	321,403	2,551,943
Effect on revised gross expenditure (£) -10%	2,065,075	2,078,647	2,072,219	2,065,790	2,059,362	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.038	0.045	0.050	0.003	
Annual improvement to reach benchmark / target (£)	0.00	£ 20,735	£ 24,882	£ 27,370	£ 1,659	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	3.8%	8.3%	13.2%	13.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 20,735	£ 45,617	£ 72,987	£ 74,646	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.003	0.003	0.003	0.003	0.003	
Annual improvement to reach benchmark / target (£)	£ 1,658.8	£ 1,658.8	£ 1,658.8	£ 1,658.8	£ 1,658.8	
Cumulative annual improvement to reach benchmark / target (%)	13.8%	14.1%	14.4%	14.7%	15.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 76,305	£ 77,964	£ 79,623	£ 81,281	£ 82,940	£ 612,099

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 2,679,997
Revised gross service cost (prior to transfer)	£ 2,380,766
Cost improvement potential	15%
Improvement potential pa	£ 357,115

Income

2010/11 Income as % gross expenditure	21%
Income improvement potential (pa)	15%
Income improvement potential (pa)	£ 82,940

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 283,549	£ 61,210	£ 344,759
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 178,557	£ 20,735	£ 199,292
3) 2014/15	£ 128,561	£ 24,882	£ 153,443
Ten Year Total	£ 2,835,492	£ 612,099	£ 3,447,591
Overall balance	82%	18%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 178,557	£ 128,561	£ 7,142	£ 7,142	
Effect on revised net exp	£ 2,380,766	£ 2,202,208	£ 2,073,647	£ 2,066,505	£ 2,059,362	
Cumulative reduction in expenditure	£ -	£ 178,557	£ 307,119	£ 314,261	£ 321,403	
Income						
Income increase in year	£ -	£ 20,735	£ 24,882	£ 27,370	£ 1,659	
Cumulative income increase	£ -	£ 20,735	£ 45,617	£ 72,987	£ 74,646	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 7,142	£ 7,142	£ 7,142	£ 7,142	£ 7,142	
Effect on revised net exp	£ 2,052,220	£ 2,045,078	£ 2,037,935	£ 2,030,793	£ 2,023,651	
Cumulative reduction in expenditure	£ 328,546	£ 335,688	£ 342,830	£ 349,973	£ 357,115	£ 2,835,492
Income						
Income increase in year	£ 1,659	£ 1,659	£ 1,659	£ 1,659	£ 1,659	
Cumulative income increase pa	£ 76,305	£ 77,964	£ 79,623	£ 81,281	£ 82,940	£ 612,099
						£ 3,447,591

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is: £ 2,380,766

If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of £ 2,023,651

If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of £ 1,987,939

If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of £ 2,059,362

Income

The baseline for annual income is £ 552,935

If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling £ 612,099

If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling £ 673,309

If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling £ 550,889

Cemetery & Crematorium

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	640,450
Adjusted secondary recharges	62,944
2010/11 Income	1,294,210
2010/11 Income as % of gross expenditure	184.0%
2010/11 Expenditure - Net	-590,816
Gross expenditure per 1000 population	£ 1,932
Net expenditure per 1000 population	-£ 1,782
Population - ONS estimate 2008	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	10.5	379,550
Average FTE cost			36,147.62
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Total	100.00	10.5	379,550

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	0.79	28,466

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	55,000

£ saving autocalculates but can be typed over

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	703,394	
2010/11 Expenditure - Net	-590,816	
CSO	0	
NSO	0	
Efficiencies (expenditure)	0	Efficiencies (Income) 55,000
Revised gross expenditure	674,927.8	Revised income 1,349,210.0
Revised net expenditure	-619,282	
NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:	28,466	

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	499,000	10%		
Difference between the best in class and LBB is This equates to a difference of x%	204,394 29%	-	low	10% 15% 20%
Best in class expenditure per 1000 population Difference between the best in class and LBB is This equates to a difference of x%	£ 1,421.00 -£ 3,203 180%	-95%	high	5% 10% 15% 20%
Greater of the two % for expenditure difference	180%			

applied to total income; not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 101,239	
% applied to current income	Additional income	15%	£ 202,382	
POTENTIAL TOTAL FINANCIAL BENEFIT				£ 303,621 per annum

autocalculates but can be typed over

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 50,620	£ 36,446	£ 2,025	£ 2,025	
Cumulative annual improvement	£ -	£ 50,620	£ 87,066	£ 89,090	£ 91,115	
Revised gross expenditure (£)	£ 674,928	£ 624,308	£ 587,862	£ 585,837	£ 583,813	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 2,025	£ 2,025	£ 2,025	£ 2,025	£ 2,025	
Cumulative annual improvement	£ 93,140	£ 95,165	£ 97,190	£ 99,214	£ 101,239	£ 803,839
Revised expenditure (£)	£ 581,788	£ 579,763	£ 577,738	£ 575,713	£ 573,689	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	55,682	95,772	98,000	100,227	
Effect on revised gross expenditure (£) +10%	674,928	619,246	579,156	576,928	574,701	
Cumulative annual improvement to reach benchmark (£) -10%	0	45,558	78,359	80,181	82,004	
Effect on revised gross expenditure (£) -10%	674,928	629,370	586,569	584,746	582,924	
Confidence range						
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	102,454	104,681	106,909	109,136	111,363	
Effect on revised gross expenditure (£) +10%	572,474	570,246	568,019	565,792	563,565	884,223
Cumulative annual improvement to reach benchmark (£) -10%	83,826	85,648	87,471	89,293	91,115	723,455
Effect on revised gross expenditure (£) -10%	591,102	589,279	587,457	585,635	583,813	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.038	0.045	0.050	0.003	
Annual improvement to reach benchmark / target (£)	0.00	£ 50,595	£ 60,714	£ 66,786	£ 4,048	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	3.8%	8.3%	13.2%	13.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 50,595	£ 111,310	£ 178,096	£ 182,143	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.003	0.003	0.003	0.003	0.003	
Annual improvement to reach benchmark/ target (£)	£ 4,047.6	£ 4,047.6	£ 4,047.6	£ 4,047.6	£ 4,047.6	
Cumulative annual improvement to reach benchmark / target (%)	13.8%	14.1%	14.4%	14.7%	15.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 186,191	£ 190,239	£ 194,286	£ 198,334	£ 202,382	£ 1,493,575

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 703,394
Revised gross service cost (prior to transfer)	£ 674,928
Cost improvement potential	15%
Improvement potential pa	£ 101,239

Income

2010/11 Income as % gross expenditure	184%
Income improvement potential (pa)	15%
Income improvement potential (pa)	£ 202,382

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 80,384	£ 149,358	£ 229,741
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 50,620	£ 50,595	£ 101,215
3) 2014/15	£ 36,446	£ 60,714	£ 97,161
Ten Year Total	£ 803,839	£ 1,493,575	£ 2,297,414
Overall balance	35%	65%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 50,620	£ 36,446	£ 2,025	£ 2,025	
Effect on revised net exp	£ 674,928	£ 624,308	£ 587,862	£ 585,837	£ 583,813	
Cumulative reduction in expenditure	£ -	£ 50,620	£ 87,066	£ 89,090	£ 91,115	
Income						
Income increase in year	£ -	£ 50,595	£ 60,714	£ 66,786	£ 4,048	
Cumulative income increase	£ -	£ 50,595	£ 111,310	£ 178,096	£ 182,143	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 2,025	£ 2,025	£ 2,025	£ 2,025	£ 2,025	
Effect on revised net exp	£ 581,788	£ 579,763	£ 577,738	£ 575,713	£ 573,689	
Cumulative reduction in expenditure	£ 93,140	£ 95,165	£ 97,190	£ 99,214	£ 101,239	£ 803,839
Income						
Income increase in year	£ 4,048	£ 4,048	£ 4,048	£ 4,048	£ 4,048	
Cumulative income increase pa	£ 186,191	£ 190,239	£ 194,286	£ 198,334	£ 202,382	£ 1,493,575
						£ 2,297,414

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is: £ 674,928

If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of £ 573,689

If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of £ 563,565

If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of £ 583,813

Income

The baseline for annual income is £ 1,294,210

If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling £ 1,493,575

If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling £ 1,642,933

If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling £ 1,344,218

Trading Standards & Licensing

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	300,630
Adjusted secondary recharges	40,699
2010/11 Income	337,850
2010/11 Income as % of gross expenditure	99.0%
2010/11 Expenditure - Net	3,479
Gross expenditure per 1000 population	£ 907
Net expenditure per 1000 population	£ 10
<i>Population - ONS estimate 2008</i>	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	5	272,800
Average FTE cost			54,560.00
Customer Services Organisation	0	0.5	27,280
New Support Organisation	0	0	0
Total	100.00	4.5	245,520

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	0.375	20,460

Anticipated efficiencies

Percentage (%)	Saving (£)
0.00	0

(based upon 2010/11 Expenditure - Gross)

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	341,329
2010/11 Expenditure - Net	3,479
CSO	27,280
NSO	0
Efficiencies	0
Revised gross expenditure	293,589.0
Revised net expenditure	-44,261

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

20,460

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	499,000	10%		
Difference between the best in class and LBB is This equates to a difference of x%	-157,671 -46%	-	low	5%
Best in class expenditure per 1000 population Difference between the best in class and LBB is This equates to a difference of x%	£ 1,421.00 -£ 1,411 -13441%		high	20%
Greater of the two % for expenditure difference	-46%			

applied to total income; not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	10%	£ 29,359	
% applied to current income	Additional income	5%	£ 16,893	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 46,251	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	5.00	3.60	0.20	0.20	
Cumulative annual improvement (%)	0.00	5.00	8.60	8.80	9.00	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.20	0.20	0.20	0.20	0.20	
Cumulative annual improvement (%)	9.20	9.40	9.60	9.80	10.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 14,679	£ 10,569	£ 587	£ 587	
Cumulative annual improvement	£ -	£ 14,679	£ 25,249	£ 25,836	£ 26,423	
Revised gross expenditure (£)	£ 293,589	£ 278,910	£ 268,340	£ 267,753	£ 267,166	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 587	£ 587	£ 587	£ 587	£ 587	
Cumulative annual improvement	£ 27,010	£ 27,597	£ 28,185	£ 28,772	£ 29,359	£ 233,110
Revised expenditure (£)	£ 266,579	£ 265,992	£ 265,404	£ 264,817	£ 264,230	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	16,147	27,774	28,419	29,065	
Effect on revised gross expenditure (£) +10%	293,589	277,442	265,815	265,170	264,524	
Cumulative annual improvement to reach benchmark (£) -10%	0	13,212	22,724	23,252	23,781	
Effect on revised gross expenditure (£) -10%	293,589	280,377	270,865	270,337	269,808	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	29,711	30,357	31,003	31,649	32,295	
Effect on revised gross expenditure (£) +10%	263,878	263,232	262,586	261,940	261,294	256,421
Cumulative annual improvement to reach benchmark (£) -10%	24,309	24,838	25,366	25,895	26,423	209,799
Effect on revised gross expenditure (£) -10%	269,280	268,751	268,223	267,694	267,166	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.013	0.015	0.017	0.001	
Annual improvement to reach benchmark / target (£)	0.00	£ 4,223	£ 5,068	£ 5,575	£ 338	
Cumulative annual improvement to reach benchmark / target (%)	0.0%	1.3%	2.8%	4.4%	4.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 4,223	£ 9,291	£ 14,865	£ 15,203	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.001	0.001	0.001	0.001	0.001	
Annual improvement to reach benchmark / target (£)	£ 337.9	£ 337.9	£ 337.9	£ 337.9	£ 337.9	
Cumulative annual improvement to reach benchmark / target (%)	4.6%	4.7%	4.8%	4.9%	5.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 15,541	£ 15,879	£ 16,217	£ 16,555	£ 16,893	£ 124,667

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 341,329
Revised gross service cost (prior to transfer)	£ 293,589
Cost improvement potential	10%
Improvement potential pa	£ 29,359

Income

2010/11 Income as % gross expenditure	99%
Income improvement potential (pa)	5%
Income improvement potential (pa)	£ 16,893

FINANCIAL BENEFIT OVERVIEW -

10 years

	Cost reduction	Additional income	TOTAL
Average per annum	£ 23,311	£ 12,467	£ 35,778
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 14,679	£ 4,223	£ 18,903
3) 2014/15	£ 10,569	£ 5,068	£ 15,637
Ten Year Total	£ 233,110	£ 124,667	£ 357,776
Overall balance	65%	35%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 14,679	£ 10,569	£ 587	£ 587	
Effect on revised net exp	£ 293,589	£ 278,910	£ 268,340	£ 267,753	£ 267,166	
Cumulative reduction in expenditure	£ -	£ 14,679	£ 25,249	£ 25,836	£ 26,423	
Income						
Income increase in year	£ -	£ 4,223	£ 5,068	£ 5,575	£ 338	
Cumulative income increase	£ -	£ 4,223	£ 9,291	£ 14,865	£ 15,203	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 587	£ 587	£ 587	£ 587	£ 587	
Effect on revised net exp	£ 266,579	£ 265,992	£ 265,404	£ 264,817	£ 264,230	
Cumulative reduction in expenditure	£ 27,010	£ 27,597	£ 28,185	£ 28,772	£ 29,359	£ 233,110
Income						
Income increase in year	£ 338	£ 338	£ 338	£ 338	£ 338	
Cumulative income increase pa	£ 15,541	£ 15,879	£ 16,217	£ 16,555	£ 16,893	£ 124,667
						£ 357,776

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£ 293,589
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£ 264,230
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£ 261,294
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£ 267,166

Income

The baseline for annual income is	£ 337,850
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£ 124,667
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£ 137,133
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£ 112,200

Registration & Nationality

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	470,530
Adjusted secondary recharges	45,131
2010/11 Income	549,370
2010/11 Income as % of gross expenditure	106.5%
2010/11 Expenditure - Net	-33,709
Gross expenditure per 1000 population	£ 1,419
Net expenditure per 1000 population	-£ 102
<i>Population - ONS estimate 2008</i>	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	13.5	412,440
Average FTE cost			30,551.11
Customer Services Organisation	0	2.75	84,016
New Support Organisation	0	0	0
Total	100.00	10.75	328,424

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	1.01	30,933

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
	46,000

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	515,661		
2010/11 Expenditure - Net	-33,709		
CSO	84,016		
NSO	0		
Efficiencies (expenditure)	0	Efficiencies (Income)	46,000
Revised gross expenditure	400,712	Revised income	595,370
Revised net expenditure	-148,658		

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

30,933

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-	487%		
Difference between the best in class and LBB is This equates to a difference of x%	515,661 100%	- 357%	low	10% 15% 20%
Best in class expenditure per 1000 population	£ -		high	5% 10% 15% 20%
Difference between the best in class and LBB is This equates to a difference of x%	-£ 102 100%			
Greater of the two % for expenditure difference	100%			

applied to total income; not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 60,107	
% applied to current income	Additional income	20%	£ 119,074	
POTENTIAL TOTAL FINANCIAL BENEFIT				£ 179,181 per annum

autocalculates but can be typed over

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 30,053	£ 21,638	£ 1,202	£ 1,202	
Cumulative annual improvement	£ -	£ 30,053	£ 51,692	£ 52,894	£ 54,096	
Revised gross expenditure (£)	£ 400,712	£ 370,659	£ 349,021	£ 347,818	£ 346,616	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 1,202	£ 1,202	£ 1,202	£ 1,202	£ 1,202	
Cumulative annual improvement	£ 55,298	£ 56,500	£ 57,703	£ 58,905	£ 60,107	£ 477,249
Revised expenditure (£)	£ 345,414	£ 344,212	£ 343,010	£ 341,808	£ 340,606	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	33,059	56,861	58,183	59,506	
Effect on revised gross expenditure (£) +10%	400,712	367,654	343,851	342,529	341,207	
Cumulative annual improvement to reach benchmark (£) -10%	0	27,048	46,523	47,605	48,687	
Effect on revised gross expenditure (£) -10%	400,712	373,664	354,190	353,108	352,026	
Confidence range						
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	60,828	62,151	63,473	64,795	66,118	
Effect on revised gross expenditure (£) +10%	339,884	338,562	337,240	335,917	334,595	524,973
Cumulative annual improvement to reach benchmark (£) -10%	49,768	50,850	51,932	53,014	54,096	429,524
Effect on revised gross expenditure (£) -10%	350,944	349,862	348,780	347,698	346,616	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.050	0.060	0.066	0.004	
Annual improvement to reach benchmark / target (£)	0.00	£ 29,769	£ 35,722	£ 39,294	£ 2,381	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	5.0%	11.0%	17.6%	18.0%	
Cumulative annual improvement to reach benchmark / target (£)		£ 29,769	£ 65,491	£ 104,785	£ 107,167	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.004	0.004	0.004	0.004	0.004	
Annual improvement to reach benchmark/ target (£)	£ 2,381.5	£ 2,381.5	£ 2,381.5	£ 2,381.5	£ 2,381.5	
Cumulative annual improvement to reach benchmark / target (%)	18.4%	18.8%	19.2%	19.6%	20.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 109,548	£ 111,930	£ 114,311	£ 116,693	£ 119,074	£ 878,766

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 515,661
Revised gross service cost (prior to transfer)	£ 400,712
Cost improvement potential 15%	
Improvement potential pa	£ 60,107

Income

2010/11 Income as % gross expenditure	107%
Income improvement potential (pa)	20%
Income improvement potential (pa)	£ 119,074

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 47,725	£ 87,877	£ 135,601
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 30,053	£ 29,769	£ 59,822
3) 2014/15	£ 21,638	£ 35,722	£ 57,361
Ten Year Total	£ 477,249	£ 878,766	£ 1,356,015
Overall balance	35%	65%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 30,053	£ 21,638	£ 1,202	£ 1,202	
Effect on revised net exp	£ 400,712	£ 370,659	£ 349,021	£ 347,818	£ 346,616	
Cumulative reduction in expenditure	£ -	£ 30,053	£ 51,692	£ 52,894	£ 54,096	
Income						
Income increase in year	£ -	£ 29,769	£ 35,722	£ 39,294	£ 2,381	
Cumulative income increase	£ -	£ 29,769	£ 65,491	£ 104,785	£ 107,167	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 1,202	£ 1,202	£ 1,202	£ 1,202	£ 1,202	
Effect on revised net exp	£ 345,414	£ 344,212	£ 343,010	£ 341,808	£ 340,606	
Cumulative reduction in expenditure	£ 55,298	£ 56,500	£ 57,703	£ 58,905	£ 60,107	£ 477,249
Income						
Income increase in year	£ 2,381	£ 2,381	£ 2,381	£ 2,381	£ 2,381	
Cumulative income increase pa	£ 109,548	£ 111,930	£ 114,311	£ 116,693	£ 119,074	£ 878,766
						£ 1,356,015

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is: £ 400,712

If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of £ 340,606

If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of £ 334,595

If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of £ 346,616

Income

The baseline for annual income is £ 549,370

If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling £ 878,766

If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling £ 966,643

If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling £ 790,890

Highways Strategy

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	513,482
Adjusted secondary recharges	60,590
2010/11 Income	53,352
2010/11 Income as % of gross expenditure	9.3%
2010/11 Expenditure - Net	520,720
Gross expenditure per 1000 population	£ 1,549
Net expenditure per 1000 population	£ 1,571

Population - ONS estimate 2008 331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	4	195,735
Average FTE cost			48,933.75
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Total	100.00	4	195,735

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	0.3	14,680

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	0

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	574,072
2010/11 Expenditure - Net	520,720
CSO	0
NSO	0
Efficiencies	0
Revised gross expenditure	559,391.9
Revised net expenditure	506,040

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

14,680

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	200,000			
Difference between the best in class and LBB is	374,072	-	low	10%
This equates to a difference of x%	65%	-100%		5%
				15%
			high	20%
				25%
Best in class expenditure per 1000 population	£ -			
Difference between the best in class and LBB is	£ 1,571			
This equates to a difference of x%	100%			
Greater of the two % for expenditure difference	100%			

NB: If % difference is 0 or less, select targets for cost improvement & income generation

* Data not considered comparable

Selected improvement potential			comments
% applied to new gross exp	Cost benefit	15%	£ 83,909
% applied to current income	Additional income	20%	£ 10,670
autocalculates but can be typed over			
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 94,579 per annum

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 41,954	£ 30,207	£ 1,678	£ 1,678	
Cumulative annual improvement	£ -	£ 41,954	£ 72,162	£ 73,840	£ 75,518	
Revised gross expenditure (£)	£ 559,392	£ 517,437	£ 487,230	£ 485,552	£ 483,874	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 1,678	£ 1,678	£ 1,678	£ 1,678	£ 1,678	
Cumulative annual improvement	£ 77,196	£ 78,874	£ 80,552	£ 82,231	£ 83,909	£ 666,236
Revised expenditure (£)	£ 482,196	£ 480,518	£ 478,839	£ 477,161	£ 475,483	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	46,150	79,378	81,224	83,070	
Effect on revised gross expenditure (£) +10%	559,392	513,242	480,014	478,168	476,322	
Cumulative annual improvement to reach benchmark (£) -10%	0	37,759	64,945	66,456	67,966	
Effect on revised gross expenditure (£) -10%	559,392	521,633	494,446	492,936	491,426	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	84,916	86,762	88,608	90,454	92,300	
Effect on revised gross expenditure (£) +10%	474,476	472,630	470,784	468,938	467,092	732,859
Cumulative annual improvement to reach benchmark (£) -10%	69,476	70,987	72,497	74,008	75,518	599,612
Effect on revised gross expenditure (£) -10%	489,915	488,405	486,895	485,384	483,874	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.050	0.060	0.066	0.004	
Annual improvement to reach benchmark / target (£)	0.00	£ 2,668	£ 3,201	£ 3,521	£ 213	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	5.0%	11.0%	17.6%	18.0%	
Cumulative annual improvement to reach benchmark / target (£)		£ 2,668	£ 5,869	£ 9,390	£ 9,603	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.004	0.004	0.004	0.004	0.004	
Annual improvement to reach benchmark / target (£)	£ 213.4	£ 213.4	£ 213.4	£ 213.4	£ 213.4	
Cumulative annual improvement to reach benchmark / target (%)	18.4%	18.8%	19.2%	19.6%	20.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 9,817	£ 10,030	£ 10,244	£ 10,457	£ 10,670	£ 78,748

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 574,072
Revised gross service cost (prior to transfer)	£ 559,392
Cost improvement potential	15%
Improvement potential pa	£ 83,909

Income

2010/11 Income as % gross expenditure	9%
Income improvement potential (pa)	20%
Income improvement potential (pa)	£ 10,670

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 66,624	£ 7,875	£ 74,498
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 41,954	£ 2,668	£ 44,622
3) 2014/15	£ 30,207	£ 3,201	£ 33,408
Ten Year Total	£ 666,236	£ 78,748	£ 744,983
Overall balance	89%	11%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 41,954	£ 30,207	£ 1,678	£ 1,678	
Effect on revised net exp	£ 559,392	£ 517,437	£ 487,230	£ 485,552	£ 483,874	
Cumulative reduction in expenditure	£ -	£ 41,954	£ 72,162	£ 73,840	£ 75,518	
Income						
Income increase in year	£ -	£ 2,668	£ 3,201	£ 3,521	£ 213	
Cumulative income increase	£ -	£ 2,668	£ 5,869	£ 9,390	£ 9,603	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 1,678	£ 1,678	£ 1,678	£ 1,678	£ 1,678	
Effect on revised net exp	£ 482,196	£ 480,518	£ 478,839	£ 477,161	£ 475,483	
Cumulative reduction in expenditure	£ 77,196	£ 78,874	£ 80,552	£ 82,231	£ 83,909	£ 666,236
Income						
Income increase in year	£ 213	£ 213	£ 213	£ 213	£ 213	
Cumulative income increase pa	£ 9,817	£ 10,030	£ 10,244	£ 10,457	£ 10,670	£ 78,748
						£ 744,983

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£ 559,392
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£ 475,483
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£ 467,092
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£ 483,874
Income	
The baseline for annual income is	£ 53,352
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£ 78,748
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£ 86,622
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£ 70,873

Highways Network Management

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	5,097,433
Adjusted secondary recharges	447,513
2010/11 Income	1,547,497
2010/11 Income as % of gross expenditure	27.9%
2010/11 Expenditure - Net	3,997,449
Gross expenditure per 1000 population	£ 15,376
Net expenditure per 1000 population	£ 12,058
Population - ONS estimate 2008	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	28	1,795,431
Average FTE cost			64,122.54
Customer Services Organisation	0	0.2	12,825
New Support Organisation	0	0	0
Total	100.00	27.8	1,782,606

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	2.1	134,657

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	1,500,000

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	5,544,946
2010/11 Expenditure - Net	3,997,449
CSO	12,825
NSO	0
Efficiencies	1,500,000
Revised gross expenditure	3,897,464.2
Revised net expenditure	2,349,967

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

134,657

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-	29%		
Difference between the best in class and LBB is	5,544,946	-	low	10%
This equates to a difference of x%	100%	3.9%		5%
				15%
Best in class expenditure per 1000 population	£ 13,000		high	20%
Difference between the best in class and LBB is	-£ 942			15%
This equates to a difference of x%	-8%			20%
Greater of the two % for expenditure difference	100%			

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 584,620	
% applied to current income	Additional income	10%	£ 154,750	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 739,369	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 292,310	£ 210,463	£ 11,692	£ 11,692	
Cumulative annual improvement	£ -	£ 292,310	£ 502,773	£ 514,465	£ 526,158	
Revised gross expenditure (£)	£ 3,897,464	£ 3,605,154	£ 3,394,691	£ 3,382,999	£ 3,371,307	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 11,692	£ 11,692	£ 11,692	£ 11,692	£ 11,692	
Cumulative annual improvement	£ 537,850	£ 549,542	£ 561,235	£ 572,927	£ 584,620	£ 4,641,880
Revised expenditure (£)	£ 3,359,614	£ 3,347,922	£ 3,336,229	£ 3,324,537	£ 3,312,845	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	321,541	553,050	565,912	578,773	
Effect on revised gross expenditure (£) +10%	3,897,464	3,575,923	3,344,414	3,331,552	3,318,691	
Cumulative annual improvement to reach benchmark (£) -10%	0	263,079	452,496	463,019	473,542	
Effect on revised gross expenditure (£) -10%	3,897,464	3,634,385	3,444,969	3,434,445	3,423,922	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	591,635	604,497	617,358	630,220	643,082	
Effect on revised gross expenditure (£) +10%	3,305,829	3,292,967	3,280,106	3,267,244	3,254,383	5,106,068
Cumulative annual improvement to reach benchmark (£) -10%	484,065	494,588	505,111	515,635	526,158	4,177,692
Effect on revised gross expenditure (£) -10%	3,413,399	3,402,876	3,392,353	3,381,830	3,371,307	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.025	0.030	0.033	0.002	
Annual improvement to reach benchmark / target (£)	0.00	£ 38,687	£ 46,425	£ 51,067	£ 3,095	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	2.5%	5.5%	8.8%	9.0%	
Cumulative annual improvement to reach benchmark / target (£)		£ 38,687	£ 85,112	£ 136,180	£ 139,275	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.002	0.002	0.002	0.002	0.002	
Annual improvement to reach benchmark/ target (£)	£ 3,095.0	£ 3,095.0	£ 3,095.0	£ 3,095.0	£ 3,095.0	
Cumulative annual improvement to reach benchmark / target (%)	9.2%	9.4%	9.6%	9.8%	10.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 142,370	£ 145,465	£ 148,560	£ 151,655	£ 154,750	£ 1,142,053

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 5,544,946
Revised gross service cost (prior to transfer)	£ 3,897,464
Cost improvement potential	15%
Improvement potential pa	£ 584,620

Income

2010/11 Income as % gross expenditure	28%
Income improvement potential (pa)	10%
Income improvement potential (pa)	£ 154,750

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 464,188	£ 114,205	£ 578,393
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 292,310	£ 38,687	£ 330,997
3) 2014/15	£ 210,463	£ 46,425	£ 256,888
Ten Year Total	£ 4,641,880	£ 1,142,053	£ 5,783,933
Overall balance	80%	20%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 292,310	£ 210,463	£ 11,692	£ 11,692	
Effect on revised net exp	£ 3,897,464	£ 3,605,154	£ 3,394,691	£ 3,382,999	£ 3,371,307	
Cumulative reduction in expenditure	£ -	£ 292,310	£ 502,773	£ 514,465	£ 526,158	
Income						
Income increase in year	£ -	£ 38,687	£ 46,425	£ 51,067	£ 3,095	
Cumulative income increase	£ -	£ 38,687	£ 85,112	£ 136,180	£ 139,275	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 11,692	£ 11,692	£ 11,692	£ 11,692	£ 11,692	
Effect on revised net exp	£ 3,359,614	£ 3,347,922	£ 3,336,229	£ 3,324,537	£ 3,312,845	
Cumulative reduction in expenditure	£ 537,850	£ 549,542	£ 561,235	£ 572,927	£ 584,620	£ 4,641,880
Income						
Income increase in year	£ 3,095	£ 3,095	£ 3,095	£ 3,095	£ 3,095	
Cumulative income increase pa	£ 142,370	£ 145,465	£ 148,560	£ 151,655	£ 154,750	£ 1,142,053
						£ 5,783,933

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is: £ 3,897,464

If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of £ 3,312,845

If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of £ 3,254,383

If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of £ 3,371,307

Income

The baseline for annual income is £ 1,547,497

If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling £ 1,142,053

If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling £ 1,256,258

If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling £ 1,027,848

Highways Traffic & Development

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	2,244,542
Adjusted secondary recharges	203,885
2010/11 Income	683,309
2010/11 Income as % of gross expenditure	27.9%
2010/11 Expenditure - Net	1,765,118
Gross expenditure per 1000 population	£ 6,770
Net expenditure per 1000 population	£ 5,324
Population - ONS estimate 2008	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	48	1,411,404
Average FTE cost			29,404
Customer Services Organisation	0	0.6	17,643
New Support Organisation	0	0	0
Total	100.00	47.4	1,393,761

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	3.6	105,855

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	981,000

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	2,448,427
2010/11 Expenditure - Net	1,765,118
CSO	17,643
NSO	0
Efficiencies	981,000
Revised gross expenditure	1,343,929.2
Revised net expenditure	660,620

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

105,855

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-			
Difference between the best in class and LBB is	2,448,427	-	low	10%
This equates to a difference of x%	109%	-100%		5%
				15%
Best in class total expenditure per 1000 population			high	20%
Difference between the best in class and LBB is	£ 6,770			15%
This equates to a difference of x%	100%			20%
Greater of the two % for expenditure difference	109%			

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 201,589	
% applied to current income	Additional income	10%	£ 68,331	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 269,920	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 100,795	£ 72,572	£ 4,032	£ 4,032	
Cumulative annual improvement	£ -	£ 100,795	£ 173,367	£ 177,399	£ 181,430	
Revised gross expenditure (£)	£ 1,343,929	£ 1,243,134	£ 1,170,562	£ 1,166,531	£ 1,162,499	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 4,032	£ 4,032	£ 4,032	£ 4,032	£ 4,032	
Cumulative annual improvement	£ 185,462	£ 189,494	£ 193,526	£ 197,558	£ 201,589	£ 1,600,620
Revised expenditure (£)	£ 1,158,467	£ 1,154,435	£ 1,150,403	£ 1,146,372	£ 1,142,340	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	110,874	190,704	195,139	199,573	
Effect on revised gross expenditure (£) +10%	1,343,929	1,233,055	1,153,226	1,148,791	1,144,356	
Cumulative annual improvement to reach benchmark (£) -10%	0	90,715	156,030	159,659	163,287	
Effect on revised gross expenditure (£) -10%	1,343,929	1,253,214	1,187,899	1,184,270	1,180,642	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	204,008	208,443	212,878	217,313	221,748	
Effect on revised gross expenditure (£) +10%	1,139,921	1,135,486	1,131,051	1,126,616	1,122,181	1,760,682
Cumulative annual improvement to reach benchmark (£) -10%	166,916	170,545	174,173	177,802	181,430	1,440,558
Effect on revised gross expenditure (£) -10%	1,177,013	1,173,385	1,169,756	1,166,127	1,162,499	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.025	0.030	0.033	0.002	
Annual improvement to reach benchmark / target (£)	0.00	£ 17,083	£ 20,499	£ 22,549	£ 1,367	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	2.5%	5.5%	8.8%	9.0%	
Cumulative annual improvement to reach benchmark / target (£)		£ 17,083	£ 37,582	£ 60,131	£ 61,498	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.002	0.002	0.002	0.002	0.002	
Annual improvement to reach benchmark/ target (£)	£ 1,366.6	£ 1,366.6	£ 1,366.6	£ 1,366.6	£ 1,366.6	
Cumulative annual improvement to reach benchmark / target (%)	9.2%	9.4%	9.6%	9.8%	10.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 62,864	£ 64,231	£ 65,598	£ 66,964	£ 68,331	£ 504,282

THE BUSINESS CASE

Summary		FINANCIAL BENEFIT OVERVIEW - 10 years		
Expenditure		Cost reduction	Additional income	TOTAL
2010/11 gross expenditure	£ 2,448,427			
Revised gross service cost (prior to transfer)	£ 1,343,929			
Cost improvement potential	15%			
Improvement potential pa	£ 201,589			
Income				
2010/11 Income as % gross expenditure	28%			
Income improvement potential (pa)	10%			
Income improvement potential (pa)	£ 68,331			
		Average per annum		
		£ 160,062	£ 50,428	£ 210,490
		First 3 years in year **		
		1) 2012/13	£ -	£ -
		2) 2013/14	£ 100,795	£ 17,083
		3) 2014/15	£ 72,572	£ 20,499
		Ten Year Total	£ 1,600,620	£ 504,282
		Overall balance	76%	24%
				100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 100,795	£ 72,572	£ 4,032	£ 4,032	
Effect on revised net exp	£ 1,343,929	£ 1,243,134	£ 1,170,562	£ 1,166,531	£ 1,162,499	
Cumulative reduction in expenditure	£ -	£ 100,795	£ 173,367	£ 177,399	£ 181,430	
Income						
Income increase in year	£ -	£ 17,083	£ 20,499	£ 22,549	£ 1,367	
Cumulative income increase	£ -	£ 17,083	£ 37,582	£ 60,131	£ 61,498	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 4,032	£ 4,032	£ 4,032	£ 4,032	£ 4,032	
Effect on revised net exp	£ 1,158,467	£ 1,154,435	£ 1,150,403	£ 1,146,372	£ 1,142,340	
Cumulative reduction in expenditure	£ 185,462	£ 189,494	£ 193,526	£ 197,558	£ 201,589	£ 1,600,620
Income						
Income increase in year	£ 1,367	£ 1,367	£ 1,367	£ 1,367	£ 1,367	
Cumulative income increase pa	£ 62,864	£ 64,231	£ 65,598	£ 66,964	£ 68,331	£ 504,282
						£ 2,104,902

Concluding statements		
Expenditure		
The revised gross expenditure taking into account the assumed implications is:		£ 1,343,929
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of		£ 1,142,340
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of		£ 1,122,181
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of		£ 1,162,499
Income		
The baseline for annual income is		£ 683,309
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling		£ 504,282
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling		£ 554,710
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling		£ 453,854

Highways Transport & Regeneration

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	93,941
Adjusted secondary recharges	138
2010/11 Income	238
2010/11 Income as % of gross expenditure	0.3%
2010/11 Expenditure - Net	93,841
Gross expenditure per 1000 population	£ 283
Net expenditure per 1000 population	£ 283
<i>Population - ONS estimate 2008</i>	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	1	95,571
Average FTE cost			95,571
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Total	100.00	1	95,571

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	0.075	7,168

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	0

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	94,079
2010/11 Expenditure - Net	93,841
CSO	0
NSO	0
Efficiencies	0
Revised gross expenditure	86,911.2
Revised net expenditure	86,673

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

7,168

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-			
Difference between the best in class and LBB is	94,079	-	low	10%
This equates to a difference of x%	100%	-100%		15%
				20%
Best in class expenditure per 1000 population	£ -		high	25%
Difference between the best in class and LBB is	£ 283			15%
This equates to a difference of x%	100%			20%
Greater of the two % for expenditure difference	100%			

applied to total income, not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	10%	£ 8,691	
% applied to current income	Additional income	5%	£ 12	autocalculates but can be typed over
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 8,703	<i>per annum</i>

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	5.000	3.60	0.20	0.20	
Cumulative annual improvement (%)	0.00	5.00	8.60	8.80	9.00	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.20	0.20	0.20	0.20	0.20	
Cumulative annual improvement (%)	9.20	9.40	9.60	9.80	10.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 4,346	£ 3,129	£ 174	£ 174	
Cumulative annual improvement	£ -	£ 4,346	£ 7,474	£ 7,648	£ 7,822	
Revised gross expenditure (£)	£ 86,911	£ 82,566	£ 79,437	£ 79,263	£ 79,089	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 174	£ 174	£ 174	£ 174	£ 174	
Cumulative annual improvement	£ 7,996	£ 8,170	£ 8,343	£ 8,517	£ 8,691	£ 69,007
Revised expenditure (£)	£ 78,915	£ 78,742	£ 78,568	£ 78,394	£ 78,220	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	4,780	8,222	8,413	8,604	
Effect on revised gross expenditure (£) +10%	86,911	82,131	78,689	78,498	78,307	
Cumulative annual improvement to reach benchmark (£) -10%	0	3,911	6,727	6,883	7,040	
Effect on revised gross expenditure (£) -10%	86,911	83,000	80,184	80,028	79,871	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	8,795	8,987	9,178	9,369	9,560	
Effect on revised gross expenditure (£) +10%	78,116	77,925	77,733	77,542	77,351	75,908
Cumulative annual improvement to reach benchmark (£) -10%	7,196	7,353	7,509	7,666	7,822	62,107
Effect on revised gross expenditure (£) -10%	79,715	79,558	79,402	79,246	79,089	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.013	0.015	0.017	0.001	
Annual improvement to reach benchmark / target (£)	0.00	£ 3	£ 4	£ 4	£ 0	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	1.3%	2.8%	4.4%	4.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 3	£ 7	£ 10	£ 11	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.001	0.001	0.001	0.001	0.001	
Annual improvement to reach benchmark/ target (£)	£ 0.2	£ 0.2	£ 0.2	£ 0.2	£ 0.2	
Cumulative annual improvement to reach benchmark / target (%)	4.6%	4.7%	4.8%	4.9%	5.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 11	£ 11	£ 11	£ 12	£ 12	£ 88

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£	94,079
Revised gross service cost (prior to transfer)	£	86,911
Cost improvement potential		10%
Improvement potential pa	£	8,691

Income

2010/11 Income as % gross expenditure		0%
Income improvement potential (pa)		5%
Income improvement potential (pa)	£	12

FINANCIAL BENEFIT OVERVIEW - 10 years			
	Cost reduction	Additional income	TOTAL
Average per annum	£ 6,901	£ 9	£ 6,910
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 4,346	£ 3	£ 4,349
3) 2014/15	£ 3,129	£ 4	£ 3,132
Ten Year Total	£ 69,007	£ 88	£ 69,095
Overall balance	100%	0%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 4,346	£ 3,129	£ 174	£ 174	
Effect on revised net exp	£ 86,911	£ 82,566	£ 79,437	£ 79,263	£ 79,089	
Cumulative reduction in expenditure	£ -	£ 4,346	£ 7,474	£ 7,648	£ 7,822	
Income						
Income increase in year	£ -	£ 3	£ 4	£ 4	£ 0	
Cumulative income increase	£ -	£ 3	£ 7	£ 10	£ 11	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 174	£ 174	£ 174	£ 174	£ 174	
Effect on revised net exp	£ 78,915	£ 78,742	£ 78,568	£ 78,394	£ 78,220	
Cumulative reduction in expenditure	£ 7,996	£ 8,170	£ 8,343	£ 8,517	£ 8,691	£ 69,007
Income						
Income increase in year	£ 0	£ 0	£ 0	£ 0	£ 0	
Cumulative income increase pa	£ 11	£ 11	£ 11	£ 12	£ 12	£ 88
						£ 69,095

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£	86,911
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£	78,220
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£	77,351
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£	79,089

Income

The baseline for annual income is	£	238
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£	88
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£	97
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£	79

Strategic Planning & Housing Strategy

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	1,115,456
Adjusted secondary recharges	113,251
2010/11 Income	241,475
2010/11 Income as % of gross expenditure	19.7%
2010/11 Expenditure - Net	987,232
Gross expenditure per 1000 population	£ 3,365
Net expenditure per 1000 population	£ 2,978

Population - ONS estimate 2008 331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	22.8	966,601
Average FTE cost			42,394.78
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Balance		22.8	966,601

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	1.71	72,495

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	0

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	1,228,707
2010/11 Expenditure - Net	987,232
CSO	0
NSO	0
Efficiencies	0
Revised gross expenditure	1,156,211.9
Revised net expenditure	914,737

NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:

72,495

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)	-	47%		
Difference between the best in class and LBB is This equates to a difference of x%	1,228,707 100%	- 139%	low	10% 15% 20% 25%
Best in class expenditure per 1000 population	£ -		high	5% 10% 15% 20%
Difference between the best in class and LBB is This equates to a difference of x%	£ 2,978 100%			applied to total income; not to current % income
Greater of the two % for expenditure difference	100%			

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	15%	£ 173,432	LBB not best in class but acknowledge team has wider remit than others
% applied to current income	Additional income	10%	£ 24,148	
POTENTIAL TOTAL FINANCIAL BENEFIT			£ 197,579	per annum

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	check ratio sum 100
Annual improvement to reach benchmark (%)	0.00	7.50	5.40	0.30	0.30	
Cumulative annual improvement (%)	0.00	7.50	12.90	13.20	13.50	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.30	0.30	0.30	0.30	0.30	
Cumulative annual improvement (%)	13.80	14.10	14.40	14.70	15.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 86,716	£ 62,435	£ 3,469	£ 3,469	
Cumulative annual improvement	£ -	£ 86,716	£ 149,151	£ 152,620	£ 156,089	
Revised gross expenditure (£)	£ 1,156,212	£ 1,069,496	£ 1,007,061	£ 1,003,592	£ 1,000,123	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 3,469	£ 3,469	£ 3,469	£ 3,469	£ 3,469	
Cumulative annual improvement	£ 159,557	£ 163,026	£ 166,495	£ 169,963	£ 173,432	£ 1,377,048
Revised expenditure (£)	£ 996,655	£ 993,186	£ 989,717	£ 986,249	£ 982,780	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	95,387	164,066	167,882	171,697	
Effect on revised gross expenditure (£) +10%	1,156,212	1,060,824	992,145	988,330	984,514	
Cumulative annual improvement to reach benchmark (£) -10%	0	78,044	134,236	137,358	140,480	
Effect on revised gross expenditure (£) -10%	1,156,212	1,078,168	1,021,976	1,018,854	1,015,732	
Confidence range	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	175,513	179,328	183,144	186,959	190,775	
Effect on revised gross expenditure (£) +10%	980,699	976,883	973,068	969,252	965,437	1,514,753
Cumulative annual improvement to reach benchmark (£) -10%	143,602	146,723	149,845	152,967	156,089	1,239,344
Effect on revised gross expenditure (£) -10%	1,012,610	1,009,489	1,006,367	1,003,245	1,000,123	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	25	30	33	2	Check ratio sum 100
Annual improvement to reach benchmark / target (%)	0.00	0.025	0.030	0.033	0.002	
Annual improvement to reach benchmark / target (£)	0.00	£ 6,037	£ 7,244	£ 7,969	£ 483	
Cumulative annual improvement to reach benchmark/ target (%)	0.0%	2.5%	5.5%	8.8%	9.0%	
Cumulative annual improvement to reach benchmark / target (£)		£ 6,037	£ 13,281	£ 21,250	£ 21,733	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.002	0.002	0.002	0.002	0.002	
Annual improvement to reach benchmark/ target (£)	£ 483.0	£ 483.0	£ 483.0	£ 483.0	£ 483.0	
Cumulative annual improvement to reach benchmark / target (%)	9.2%	9.4%	9.6%	9.8%	10.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 22,216	£ 22,699	£ 23,182	£ 23,665	£ 24,148	£ 178,209

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 1,228,707
Revised gross service cost (prior to transfer)	£ 1,156,212
Cost improvement potential	15%
Improvement potential pa	£ 173,432

Income

2010/11 Income as % gross expenditure	20%
Income improvement potential (pa)	10%
Income improvement potential (pa)	£ 24,148

FINANCIAL BENEFIT OVERVIEW -

10 years

	Cost reduction	Additional income	TOTAL
Average per annum	£ 137,705	£ 17,821	£ 155,526
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 86,716	£ 6,037	£ 92,753
3) 2014/15	£ 62,435	£ 7,244	£ 69,680
Ten Year Total	£ 1,377,048	£ 178,209	£ 1,555,257
Overall balance	89%	11%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 86,716	£ 62,435	£ 3,469	£ 3,469	
Effect on revised net exp	£ 1,156,212	£ 1,069,496	£ 1,007,061	£ 1,003,592	£ 1,000,123	
Cumulative reduction in expenditure	£ -	£ 86,716	£ 149,151	£ 152,620	£ 156,089	
Income						
Income increase in year	£ -	£ 6,037	£ 7,244	£ 7,969	£ 483	
Cumulative income increase	£ -	£ 6,037	£ 13,281	£ 21,250	£ 21,733	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 3,469	£ 3,469	£ 3,469	£ 3,469	£ 3,469	
Effect on revised net exp	£ 996,655	£ 993,186	£ 989,717	£ 986,249	£ 982,780	
Cumulative reduction in expenditure	£ 159,557	£ 163,026	£ 166,495	£ 169,963	£ 173,432	£ 1,377,048
Income						
Income increase in year	£ 483	£ 483	£ 483	£ 483	£ 483	
Cumulative income increase pa	£ 22,216	£ 22,699	£ 23,182	£ 23,665	£ 24,148	£ 178,209
						£ 1,555,257

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is:	£ 1,156,212
If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of	£ 982,780
If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of	£ 965,437
If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of	£ 1,000,123

Income

The baseline for annual income is	£ 241,475
If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling	£ 178,209
If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling	£ 196,029
If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling	£ 160,388

Regeneration

ESTABLISHING THE SERVICE COST

Headline financials

2010/11 Expenditure - Gross	1,733,180
Adjusted secondary recharges	150,960
2010/11 Income	470,980
2010/11 Income as % of gross expenditure	25.0%
2010/11 Expenditure - Net	1,413,160
Gross expenditure per 1000 population	£ 5,228
Net expenditure per 1000 population	£ 4,263
<i>Population - ONS estimate 2008</i>	331522

Assumed Implications

NSO & CSO Implications

	Percentage (%)	Number FTEs	Cost (£)
Current FTE position	100	16	962,330
Average FTE cost			60,145.63
Customer Services Organisation	0	0	0
New Support Organisation	0	0	0
Total	100.00	16	962,330

Retained client function

Percentage (%)	Number FTEs	Cost (£)
7.50	1.2	72,175

Anticipated efficiencies

(based upon 2010/11 Expenditure - Gross)

Percentage (%)	Saving (£)
0.00	200,000

Revised service cost

2010/11 Expenditure - Gross (incl. sec. recharges)	1,884,140		
2010/11 Expenditure - Net	1,413,160		
CSO	0		
NSO	0		
Efficiencies (expenditure)	0	Efficiencies (Income)	200,000
Revised gross expenditure	1,811,965.3	Revised income	670,980.0
Revised net expenditure	1,340,985		
NB: A retained client function must be retained (not included in revised expenditure figures), estimated to cost:			72,175

THE POTENTIAL TO IMPROVE

Benchmarked savings potential

	Cost (£)	Income	OR (if data unknown or unreliable)	
			Cost improvement	Additional income
The 'best in class' operates the service at (gross exp)				
Difference between the best in class and LBB is This equates to a difference of x%			low	10% 5%
Best in class expenditure per 1000 population Difference between the best in class and LBB is This equates to a difference of x%			high	15% 10% 20% 15% 25% 20%
Greater of the two % for expenditure difference				

applied to total income; not to current % income

NB: If % difference is 0 or less, select targets for cost improvement & income generation

Selected improvement potential				comments
% applied to new gross exp	Cost benefit	10%	£ 181,197	
% applied to current income	Additional income	5%	£ 33,549	
POTENTIAL TOTAL FINANCIAL BENEFIT				£ 214,746 per annum

autocalculates but can be typed over

Profiled Improvement (%) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	check ratio sum
Ratio of improvement (%)	0	50	36	2	2	100
Annual improvement to reach benchmark (%)	0.00	5.00	3.60	0.20	0.20	
Cumulative annual improvement (%)	0.00	5.00	8.60	8.80	9.00	
	Year 6	Year 7	Year 8	Year 9	Year 10	
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (%)	0.20	0.20	0.20	0.20	0.20	
Cumulative annual improvement (%)	9.20	9.40	9.60	9.80	10.00	

Profiled Improvement (£) - EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Ratio of improvement (%)	0	50	36	2	2	
Annual improvement to reach benchmark (£)	£ -	£ 90,598	£ 65,231	£ 3,624	£ 3,624	
Cumulative annual improvement	£ -	£ 90,598	£ 155,829	£ 159,453	£ 163,077	
Revised gross expenditure (£)	£ 1,811,965	£ 1,721,367	£ 1,656,136	£ 1,652,512	£ 1,648,888	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark (£)	£ 3,624	£ 3,624	£ 3,624	£ 3,624	£ 3,624	
Cumulative annual improvement	£ 166,701	£ 170,325	£ 173,949	£ 177,573	£ 181,197	£ 1,438,700
Revised expenditure (£)	£ 1,645,264	£ 1,641,641	£ 1,638,017	£ 1,634,393	£ 1,630,769	

Confidence range - COST EXPENDITURE

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cumulative annual improvement to reach benchmark +10%	0	99,658	171,412	175,398	179,385	
Effect on revised gross expenditure (£) +10%	1,811,965	1,712,307	1,640,553	1,636,567	1,632,581	
Cumulative annual improvement to reach benchmark (£) -10%	0	81,538	140,246	143,508	146,769	
Effect on revised gross expenditure (£) -10%	1,811,965	1,730,427	1,671,719	1,668,458	1,665,196	
Confidence range						
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Cumulative annual improvement to reach benchmark (£) +10%	183,371	187,357	191,344	195,330	199,316	
Effect on revised gross expenditure (£) +10%	1,628,594	1,624,608	1,620,622	1,616,635	1,612,649	1,582,570
Cumulative annual improvement to reach benchmark (£) -10%	150,031	153,292	156,554	159,815	163,077	1,294,830
Effect on revised gross expenditure (£) -10%	1,661,935	1,658,673	1,655,411	1,652,150	1,648,888	

Profiled Improvement - INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5	Check ratio sum
Ratio of improvement (%)	0	25	30	33	2	100
Annual improvement to reach benchmark / target (%)	0.00	0.013	0.015	0.017	0.001	
Annual improvement to reach benchmark / target (£)	0.00	£ 8,387	£ 10,065	£ 11,071	£ 671	
Cumulative annual improvement to reach benchmark / target (%)	0.0%	1.3%	2.8%	4.4%	4.5%	
Cumulative annual improvement to reach benchmark / target (£)		£ 8,387	£ 18,452	£ 29,523	£ 30,194	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL OVER 10 YEARS
Ratio of improvement (%)	2	2	2	2	2	
Annual improvement to reach benchmark / target (%)	0.001	0.001	0.001	0.001	0.001	
Annual improvement to reach benchmark / target (£)	£ 671.0	£ 671.0	£ 671.0	£ 671.0	£ 671.0	
Cumulative annual improvement to reach benchmark / target (%)	4.6%	4.7%	4.8%	4.9%	5.0%	
Cumulative annual improvement to reach benchmark / target (£)	£ 30,865	£ 31,536	£ 32,207	£ 32,878	£ 33,549	£ 247,592

THE BUSINESS CASE

Summary

Expenditure

2010/11 gross expenditure	£ 1,884,140
Revised gross service cost (prior to transfer)	£ 1,811,965
Cost improvement potential	10%
Improvement potential pa	£ 181,197

Income

2010/11 Income as % gross expenditure	25%
Income improvement potential (pa)	5%
Income improvement potential (pa)	£ 33,549

FINANCIAL BENEFIT OVERVIEW -

10 years

	Cost reduction	Additional income	TOTAL
Average per annum	£ 143,870	£ 24,759	£ 168,629
First 3 years in year **			
1) 2012/13	£ -	£ -	£ -
2) 2013/14	£ 90,598	£ 8,387	£ 98,986
3) 2014/15	£ 65,231	£ 10,065	£ 75,296
Ten Year Total	£ 1,438,700	£ 247,592	£ 1,686,292
Overall balance	85%	15%	100%

** Shows benefit in specific year; not cumulative benefit reached at this point

Profiled financial benefits

	Year 1	Year 2	Year 3	Year 4	Year 5	
Expenditure						
Expenditure reduction in year	£ -	£ 90,598	£ 65,231	£ 3,624	£ 3,624	
Effect on revised net exp	£ 1,811,965	£ 1,721,367	£ 1,656,136	£ 1,652,512	£ 1,648,888	
Cumulative reduction in expenditure	£ -	£ 90,598	£ 155,829	£ 159,453	£ 163,077	
Income						
Income increase in year	£ -	£ 8,387	£ 10,065	£ 11,071	£ 671	
Cumulative income increase	£ -	£ 8,387	£ 18,452	£ 29,523	£ 30,194	
	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Expenditure						
Expenditure reduction in year	£ 3,624	£ 3,624	£ 3,624	£ 3,624	£ 3,624	
Effect on revised net exp	£ 1,645,264	£ 1,641,641	£ 1,638,017	£ 1,634,393	£ 1,630,769	
Cumulative reduction in expenditure	£ 166,701	£ 170,325	£ 173,949	£ 177,573	£ 181,197	£ 1,438,700
Income						
Income increase in year	£ 671	£ 671	£ 671	£ 671	£ 671	
Cumulative income increase pa	£ 30,865	£ 31,536	£ 32,207	£ 32,878	£ 33,549	£ 247,592
						£ 1,686,292

Concluding statements

Expenditure

The revised gross expenditure taking into account the assumed implications is: £ 1,811,965

If the service reaches the level of the best in class authority within 10 years the service will operate at the cost of £ 1,630,769

If the service reaches the level of the best in class authority + 10% within 10 years the service will operate at the cost of £ 1,612,649

If the service reaches the level of the best in class authority - 10% within 10 years the service will operate at the cost of £ 1,648,888

Income

The baseline for annual income is £ 470,980

If the service increases income to meet best in class (or stretch target if best in class), it will generate additional income over the ten year period totalling £ 247,592

If the service increases income to meet best in class (or stretch target if already best in class) +10%, it will generate additional income over the ten year period totalling £ 272,351

If the service increases income to meet best in class (or stretch target if already best in class) -10%, it will generate additional income over the ten year period totalling £ 222,832

Appendix C: Information Sources

Source	Description
Development & Public Health Services: Options Appraisal Report	Options analysis of original PHR service cluster
Development & Public Health Services: Addendum to the Options Appraisal Report	Options analysis of specific additional E&O and PHR services
SAP data	HR and Finance data associated with historic and current service delivery, as well as committed savings
DRS data capture templates	Key Business Case data provided by Assistant Directors
One Barnet Business Case	Framework outlining costs and benefits across the One Barnet Programme
One Barnet Business Case Cabinet cover report	Cabinet report seeking approval of programme activities, investment and benefits
DRS Initiation of Procurement Cabinet cover report	Cabinet report seeking authorisation to commence procurement activity
Hendon Cemetery & Crematorium Future Service Provision: Soft Market Assessment Feedback report	Stand-alone report investigating market appetite for a private sector operator for the Cemetery & Crematorium
North London Strategic Alliance	Supplementary benchmarking data source for Building Control & Structures
Value Added	Supplementary benchmarking data source for Planning (Development Management)
Chartered Institute Of Personnel & Development	TUPE guidelines
E&O Transport & Regeneration Data Gathering Proforma	E&O Data Gathering Proforma
E&O Highways Strategy Data Gathering Proforma	E&O Data Gathering Proforma
E&O Highways Traffic & Development Data Gathering Proforma	E&O Data Gathering Proforma
CIPFA stats	Financial benchmarking data

Appendix D: Service potential

Planning, Regeneration and Highways services

“Planning, Regeneration and Highways are currently divided into separate teams but will be reconfigured over the coming year as part of the consolidation of two directorates within the Council.

Going forward, we want to create an efficient, effective, integrated service that identifies and joins up opportunity, delivers positive change to the local environment and economy, manages growth and enhances the reputation of Barnet as a place to live, work and do business.

We want this service to respond creatively to localism and the Big Society and to build on our well-regarded programme of community consultation and engagement. It should provide a seamless, cost-effective customer experience from small-scale domestic planning applications to major strategic regeneration projects.

We will broker the most beneficial outcomes for the community from any major developments within the Borough and maximise resources, including the use of S106 and CIL funding. We want to become commercially aware and proactive in generating new opportunities and income streams.

The service will think strategically and have a clear, project managed approach to all projects, which will ensure early and collaborative work through both real and virtual multi-functional teams. The workforce will be multi-skilled and demonstrate leadership, resource planning and the shared ownership of programmes.”

Building Control & Structures (including Street Naming & Numbering)

“We want to ensure that all building work results in safe, healthy, accessible, and sustainable domestic and commercial buildings that meet all necessary regulations. The service should be efficient and provide value for money for both citizens and businesses.

We want to have the ability to take on and deliver large and complex projects as well as to be able to react quickly to situations that pose a threat to public safety, such as fire or structural damage. We will be proactive in responding to unauthorised works.

Staff should be well trained, confident and focused on providing a high level of customer satisfaction.

We aim to have close working links to other public bodies, including the London Fire and Emergency Planning Authority and Thames Water as well as excellent relationships with other council departments, building contractors, architects and civil engineers.

Fit for purpose IT systems are required, including databases and a website where businesses can carry out transactions online, for example submitting demolition notices or Building Regulations applications.”

Environmental Health

“The Environmental Health teams will safeguard the health and wellbeing of Barnet citizens, complying with the relevant legislation and locally defined priorities. We want to regulate and enforce statutory requirements in relation to private sector housing, public health, food safety, health and safety, animal health and pollution control.

We should respond immediately to urgent situations, including fires in houses of multiple occupancy and tenants living in life threatening accommodation, and rapidly to public health risks. We will prioritise and investigate public health and nuisance complaints.

We want to lead on the preventative public health agenda, reduce the number of non-compliant food businesses, improve workplace health and safety and operate and develop a pest control treatments service.

Environmental Health will include a private sector housing service that works towards improving the private sector stock and assist residents in feeling safer in the community.

Lastly, we want to provide professional advice in response to enquiries and consultations, particularly in relation to complex noise, air quality and contaminated land issues.”

Trading Standards & Licensing

“A good trading standards function ensures a level playing field for businesses and protects consumers physically and financially. A good licensing function protects the public from nuisance, anti-social behaviour and crime by ensuring that licencees comply with the objectives of their licensing regime.

A well trained and motivated workforce will respond immediately to urgent situations where there is a high risk to public safety or citizens’ finance, such as product safety issues or serious breaches of licences. It will respond flexibly to all situations as they arise, over a 24 hour period, seven days a week

We want to proactively prevent non-compliance occurring, by providing business information packs, having action plan meetings with local traders and by working with consumers. We will carry out effective risk assessment of businesses.

We will deal quickly and effectively with complaints and requests for advice from citizens and businesses in an innovative, cost-effective way. We want to have a website where members of the public can provide intelligence, make licensing

complaints, make and check the status of any licence applications, and get up to date information on trading standards issues.

Working links with local community and business forums and public bodies, particularly the Metropolitan Police, will be deepened. We want good regional co-ordination with other trading standards departments in other councils, responsible licensing and gambling authorities, and other internal Barnet Council departments.”

Cemetery & Crematorium

“This service will meet the needs of all its customers to the highest possible standards, and demonstrate respect and sensitivity at all times. It should remain competitive within the local area.

Burials and cremations will continue to be conducted in accordance with best practice and with regard to secular or religious beliefs. We wish to be responsive to the changing needs of users and to provide an immediate response to urgent out of hours matters. We want to further develop our excellent working relationships and effective liaison with funeral directors.

We will make the best use of our grounds by developing existing burial space within the cemetery and by keeping accurate plans. We will maintain the cemetery to a high standard and generally manage the site, buildings and grounds, as well as the output of those who work on site (such as monumental stone masons).

Both the existing cremators will be replaced, and compliant mercury abatement equipment will be installed.

All necessary legal documentation, such as medical referee certificates, will be appropriately completed and accurate records kept of burials and cremations, plot owners and emissions. Records will be fully digitalised and the service generally supported by fit for purpose IT, including a website that would allow online bookings.”

Registration & Nationality

“We want to provide an accessible, friendly and efficient service to the residents of Barnet and our national customer base. It will maximise revenue for the benefit of the Borough and users of the services, whilst complying with its statutory requirements.

A well motivated and well trained workforce with a high customer service ethic will continue to provide high quality services that give value for money and are based on best practice. For example, customers will be able to make appointments quickly for the Nationality service and will receive high quality and accurate advice. Applications will be sent to the Home Office on the same day they are processed by us. The Citizenship Ceremony, in which people are welcomed to Barnet and to Britain, will be carried out in an exciting, memorable way in iconic buildings by distinguished and welcoming hosts.

Welcoming staff will work with customers who want to write their own wedding or civil partnership ceremonies and will be willing to travel to external wedding venues within

the borough. We also want to offer a romantic and smart wedding and civil partnership venue with appropriate furniture and decorations.

We would like to provide a facility to register births and deaths in two locations that are easily accessible by public transport and distributed across the borough, We seek a partnership with the NHS to provide a facility to register a birth or death within hospitals and the provision of an immediate death registration service for the Jewish and Muslim communities. We would like to offer the registration service six days a week.”

Appendix E: Financial Baseline

	Cost Centres	Gross expenditure	E&O mgt	In-year adjustments (Salary clawback)	In-year adjustments (One Barnet savings)	Real recharges (exp)	Gross exp total	2009/10 secondary recharges (outturn)	Total (10/11 budget + recharges)	Secondary Recharges % of total costs	Adjusted to 8%
Building Control	10641-3, 11245	1,563,700		-11,770	-3,215	0	1,548,715	289,457	1,838,172	16%	147,054
Planning	10038	2,174,220		-18,970	-3,365	1,000	2,152,885	1,102,610	3,255,495	34%	260,440
Land Charges	10390	200,140		-1,700	-50	0	198,390	83,074	281,464	30%	22,517
Environmental Health	10821, 10823, 11102, 10958, 11179, 10666, 10672, 10994, 11180, 10667, 11222, 10763	2,443,435		-19,620	-7,700	2,440	2,418,555	849,466	3,268,021	26%	261,442
Cem&crem	10661, 10818-9	647,610		-3,580	-3,580	0	640,450	146,352	786,802	19%	62,944
Trading standards	10674	303,200		-2,570		0	300,630	208,104	508,734	41%	40,699
Births, Marriages & deaths	10384	474,400		-3,870		0	470,530	93,607	564,137	17%	45,131
Highways Network Mgt	10365, 10619, 10625, 10628, 10635, 10637, 10890, 10631, 10633, 11097, 11208	2,070,440	40,638	-15,595	-4,090	3,006,040	5,097,433	448,108	5,545,541	8%	447,513
Highways Strategy	10618	304,609	5,805	-1,772	-640	205,480	513,482	236,982	750,464	32%	60,590
Traffic & development	10622-4, 10638, 11218, 10632, 10648	1,349,172	69,666	-8,726	-18,250	852,680	2,244,542	221,104	2,465,646	9%	203,885
Transport & regeneration	N/A	92,500	1,451	-11		0	93,941	N/A	93,941	0%	138
PHR regeneration	10756, 10757, 11124, 11162, 10025, 11064, 10036, 10860-3	1,721,040		-4,020	-80	16,240	1,733,180	153,818	1,886,998	8%	150,960
Strategic planning	11074, 10026, 11070	1,123,166		-7,710		0	1,115,456	300,184	1,415,640	21%	113,251
		14,467,632	117,561	-99,914	-40,970	4,083,880	18,528,189	4,132,866	22,661,055		1,816,564

	Gross income	Real recharges (inc)	Income total	Net	Employee expenditure
Building Control	-1,597,810	-241,600	-1,839,410	-290,695	1,259,600
Planning	-1,583,470	0	-1,583,470	569,415	2,032,300
Land Charges	-1,132,610	0	-1,132,610	-934,220	181,840
Environmental Health	-495,545	-57,390	-552,935	1,865,620	2,127,530
Cem&crem	-1,294,210	0	-1,294,210	-653,760	379,550
Trading standards	-337,850	0	-337,850	-37,220	272,800
Births, Marriages & deaths	-549,370	0	-549,370	-78,840	412,440
Highways Network Mgt	-1,540,830	-6,667	-1,547,497	3,549,936	1,795,431
Highways Strategy	-52,400	-952	-53,352	460,130	195,734
Traffic & development	-583,880	-99,429	-683,309	1,561,233	1,411,405
Transport & regeneration	0	-238	-238	93,703	95,570
PHR regeneration	-470,980	0	-470,980	1,262,200	962,330
Strategic planning	-241,475	0	-241,475	873,981	966,601
	-9,880,430	-406,276	-10,286,706	8,241,483	12,093,131

One Barnet Programmes – Employee Equality Impact Assessment

One Barnet Programme Name: Development and Regulatory Services

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

Project Sponsor:	Andrew Travers
EIA Owner:	Stewart Murray
Date process started:	22 November 2010
Date process ended:	

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

EIA Contents

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

1. Introduction

1.1 Aims and objectives of the Development and Regulatory Services Project

A New Relationship with Citizens

The project will ensure the successful development, enhancement and protection of the Borough's built environment, including buildings and roads. Beyond the built infrastructure it will ensure the safety of residents in the Borough's environment through the provision of services such as Trading Standards and Environmental Health to the level required by the Council. In addition, it will seek to provide necessary services to citizens such as Registration and the Cemetary and Crematorium in an efficient, personable and cost effective way.

The project will build on PHR's successful record of community consultation and engagement in large developments. It will innovate in order to develop this work and extend it to, amongst others, highways projects and small and medium sized developments.

It will strengthen its services' links to local community forums.

It will link with Central Government's Big Society initiatives of "giving communities a greater say over their local planning system" and "giving mutuals, co-operatives, charities and social enterprises greater involvement in the running of public services" as required, by retaining the flexibility to accommodate any necessary changes in working practices.

In addition, the project will measure and improve customer satisfaction (both citizen and business customer) with the services provided within the DRS cluster in terms of ease of use, speed of response and transparency in the decision making process. It also aims to become more responsive to changing citizen needs within the Borough and adjust its service offerings accordingly.

The project also seeks to work with a partner to develop new and innovative ways to engage and involve the community in co-delivering some services; for example the reporting of unsafe or unhygienic business practices.

Whilst the Council will 'own' the community engagement and consultation strategy, the project will explore with a partner how these aims could best be achieved in a climate of significant budget cuts from Central Government. It will leverage the new thinking and different ways of doing things that a private sector partner can bring via the competitive dialogue process in order to develop the best solution to achieve these aims.

A Relentless Drive for Efficiency

Whilst the Council will retain ownership of the community engagement and consultation strategy, the project will explore with a private sector partner how these aims could be achieved within the monies available, perhaps by using technology in innovative ways, or by reconfiguring how staff currently work, or through other methods in combination with these.

The project will utilise a private sector partner's commercial experience in order to maximise the potential revenue from all of the services in the cluster and capture and return this income in order to further support the maintenance and development of the Borough.

It will capture and maximise the financial, economic and social benefits of big/subregional developments and ensure that these are returned to the Council in order to further support the Borough.

1.2 Description of the critical milestones

- Initial EIA on staff likely to be in scope carried out
- Business case and CSO project identifies those in scope and out of scope
- The end of each major stage of competitive dialogue
- Completed transition to appointed partner.

1.3 Key Stakeholders

- The key stakeholders of this EIA process are the employees and managers within the project's scope.

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

2.1

None

2.2 Example Voluntary Redundancy

2.3 Example Transfer Date

3. Monitoring Summary

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

Critical Milestones

		Name Milestone 1		Name Milestone 2		Name Milestone 3		Name Milestone 4	
		No.	N/A	No.	% change	No.	% change	No.	% change
Number of employees									
Gender	Female	76							
	Male	152							
Date of Birth (age)									
	1992-1986	2							
	1985-1976	47							
	1975-1966	102							
	1965-1951	67							
	1950-1941	10							
	1940 and earlier	0							
Ethnic Group									
	White British Irish Other White	177 46	Figure Withheld to prevent identification						
	Mixed White and Black Caribbean White and Black African White and Asian Other Mixed		Figure Withheld to prevent identification						
	Asian and Asian British Indian Pakistani Bangladeshi Other Asian		Figure Withheld to prevent identification						
	Black or Black British Caribbean African Other Black		Figure Withheld to prevent identification						
	Chinese or Other Ethnic Group Chinese		Figure Withheld to						

	Other Ethnic Group		prevent identification						
Disability	Physical co-ordination (such as manual dexterity, muscular control, cerebral palsy)								
	Hearing (such as: deaf, partially deaf or hard of hearing)								
	Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)		All Disability figures Withheld to prevent identification						
	Speech (such as impairments that can cause communication problems)								
	Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or diabetes)								
	Severe disfigurement								
	Learning difficulties (such as dyslexia)								
	Mental illness (substantial and lasting more than a year)								
	Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)								
	Gender Identity								
Transsexual/Transgender (people whose gender identity is different from the gender they were assigned at birth)			All gender identity figures Withheld to prevent identification						
Pregnancy and Maternity	Pregnant		Data						
	Maternity Leave (current)		Not Yet						
	Maternity Leave (in last 12 months)		Available						
Religion or Belief	Christian								
	Buddhist								
	Hindu								
	Jewish								

	Muslim								
	Sikh								
	Other religions								
	No religion								
	Not stated								
Sexual Orientation	Heterosexual								
	Bisexual								
	Lesbian								
	Gay								
Marriage and civil partnership	Married		105						
	Single		62						
	Widowed								
	Divorced		figures Withheld to prevent identification						
	In Civil partnership		figures Withheld to prevent identification						
Relevant and related grievances	Formal		0						
	Upheld		0						
	Dismissed		0						

3.2 Evidence

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

The revised establishment lists from SAP provide the primary data, plus the 'local knowledge' of heads of service. They will consider the impact of the project on the following, amongst other potential factors:

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

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

3.2.2 Evidence gaps

The CSO project is investigating which roles provide a Tier 1 and Tier 2.1 customer service function within the DRS cluster. Once that work is completed, individuals falling within the CSO project's remit will become out of scope for DRS.

In addition, the business case is reviewing the existing cluster and it may change.

Data used for employee equalities is taken from the information held at present. SAP Establishment currently going through a definition project for the Council. Following this and full DRS scoping project and SAP upload the data will be of a greater degree of accuracy.

3.2.3 Solution, please explain how you will fill any evidence gaps?

The equalities impact assessment will be revised at key milestones to accommodate changes in the scope of staff included within the project.

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

- Completed evaluation of "outline solution" submissions (ISOS).
- Completed evaluation of the "invitations to final tender" (IFT) submissions.
- Completed transition to the appointed partner.

4.1.1 Milestone: Completed evaluation of "outline solution" submissions (ISOS).

At the end of dialogue 1, bidders will submit their outline solutions to our requirements. These will be evaluated and a shortlist will be drawn up for dialogue 2. The EIA will be reviewed in the light of the shortlisted solutions in order to assess the potential impacts on staff in scope.

4.1.2 Milestone - Completed evaluation of the "invitations to final tender" (IFT) submissions

At the end of dialogue 2, the shortlisted bidders will submit their full solutions to our requirements. These will be evaluated, and one accepted. The EIA will be reviewed in the light

of the chosen solution in order to assess the potential impacts on staff in scope.

4.1.3 Milestone - Completed transition to the appointed partner

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

4.2 Actions proposed

4.2.1 Milestone - Completed evaluation of “outline solution” submissions (ISOS).

*Were there any unexpected equalities impacts that you did not identify at the first stage
How will the learning be brought forward to the next milestone*

TBC

4.2.2 Milestone - Completed evaluation of the “invitations to final tender” (IFT) submissions

*Were there any unexpected equalities impacts that you did not identify at the first stages
How will the learning be brought forward to the next milestone*

TBC

4.2.3 Milestone - Completed transition to the appointed partner

*Were there any unexpected equalities impacts that you did not identify at the first stages
How will the learning be brought forward to the next milestone*

TBC

5. Briefing, Sharing and Learning

Dates dependent upon the Corporate Staff Group schedule.

EIA Consultation -	TBC
Group Content (by Title):	TBC

Date Consultation Group Held:	TBC
Comments resulting from consultation:	TBC
Actions following consultation:	TBC
Comments not actioned and reason:	TBC

Business Scrutiny:

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

Table 2

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

Milestone Description	Show Briefing Date	Programme Office	Trade Unions – appropriate TU for Project	DPR - Delegated Powers Report	GFC – General Functions Committee	Corporate Staff Panel
<i>Milestone 1 - Completed evaluation of “outline solution” submissions (ISOS)</i>	TBC	TBC	TBC	TBC	TBC	TBC
<i>Milestone 2 - Completed evaluation of the “invitations to final tender” (IFT) submissions</i>	TBC	TBC	TBC	TBC	TBC	TBC
<i>Milestone 3 - Completed transition to the appointed partner</i>	TBC	TBC	TBC	TBC	TBC	TBC



Interim Critique DRS Business Case

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February 2011

Summary

The DRS Business Case remains flawed despite some measure of clarification from the options appraisal stages of the process. In particular we note issues with:

- **Strategy & Priorities**
- **Governance arrangements**
- **Operational Plan**
- **Corporate Impact**
- **Financial/Economic modelling**
- **Income generation**
- **Benefits realisation**
- **Risk Assessment**
- **Equalities & staffing**
- **Legal Advice**

The Government Green Book is clear about the standards of analysis for projects and value for money. Moreover there is a template 'business cases: Five Case Model' which could have been used by the consultants to ensure a thorough and complete assessment was undertaken. It is apparent this has not taken place.

Our expectations of for Full Business Case

We would expect any project management process to leading to this full business case stage to follow a consistent a considered and standardised framework such as Prince 2 or more appropriately for a project of this scale and nature the HM treasury Green Book¹ and associated supplementary guidance such as on written on business cases using the Five Case Model².

The Five Cases Model sets out an overall project structure as follows:

- Phase 0 – Determining the Strategic context
- Phase 1 – Preparing the Strategic Outline Business case
- Phase 2 – preparing the Outline Business case
- Phase 3 Preparing the Full Business Case
- Phase 4 – Following the Full Business case Appraisal

The gateway between Phase 2 and 3, appropriate to this DRS Full Business Case stage, requires the following steps to have been completed prior to passing through this gateway:

Phase 2 Preparing the Outline Business Case

- Step 4 Determining potential value for money
- Step 5 Preparing for potential deal
- Step 6 Ascertaining affordability & funding requirements
- Step 7 Planning for successful delivery

Each of these steps has identified actions set out in the model and to our understanding most of these actions are either insufficient or entirely missing from this Business case.

¹ HM treasury Green Book Reference

² HM Treasury 'Green Book, Public Sector Business Cases using the Five Cases Model:a toolkit. Joe Flanagan, Paul Nicholls.

Interim Comments on the DRS Business Case

Key Points

1. Lack of **strategy and priorities**: the document is full of aspirations and aims but little content on how they want the services to be developed and what the priorities are. There appears to be no real strategy for the services except cost-cutting and income generation or very general statements such as 'end-to-end redesign'. Aspirations are welcome but they alone are not adequate. A Business Plan should at least identify the synergies and the scope for and type of service integration between the different services and functions. This is conspicuously absent. There is also a common theme emerging with the Council commencing procurement without having a clear idea of what it wants and relying on the private sector to produce the strategy. Competitive Dialogue or the other procurement models were never designed for this purpose. In the **Overarching Aims on p6** it states; "Unless a radically new way of delivering these key services is found it is likely that they will continue to face service reductions in terms of both staff numbers and the functions they can offer to **our community.**" **However on p5 and p24 it also says that; "These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand."**

This indicates that whatever model is chosen will likely result in service reduction. A reduction in service provision in a strategic partnership would result in a decrease in income.

2. Little evidence of **Governance arrangements** and how these services fit within the future shape of the Council.

3. Lack of an **Operational Plan: How is the service going** to operate for the next 18 months, how, where and when are LEAN systems going to be applied and how are they going to be managed. This is important for the Council, staff, prospective bidders and thus the **business plan**.

3b. Corporate impact – there appears to be little analysis of the effect on other Council services.

4. Economic Modelling/ Financial Modelling:

The Draft DRS Business Case is unsound and fails to deliver almost all the minimum requirements for an economic model (as set out on p.g. 77 of the 5 Case Model for Business cases).

5. Superficial analysis of **Income Generation** – the source of the income generation figures and why are the income generation concentrated into three **years** after only one year of the contract? Income generation appears to have been 'calculated' from benchmarking information and the use of a crude income/expenditure ratio (p19-20). There is no analysis of the potential 'market' and the scope, limitations etc of

increasing income generation in these services. It is also not accounted for in the reference cases on p.g. 27.

6. **Benefits Realisation is far too vague (Appendix D and p11-13)** – yet more aspirational statements. This should be based on a economic, social, environmental and health impact assessment that will provide clear benefits from taking specific course of action.

7. Absence of a comprehensive **Risk Assessment**: Key risks p31 – there is no reference to the myriad of operational risks. The risks they have identified only refer to the procurement process. Further risk regarding consideration include p.g. 54 of 5 Case model.

8. **Equalities & staffing** - there is little or no analysis of Staffing – the repeated use of FTE rather than the actual number of people/jobs, nothing about capacity assessment, skill shortages, training, and recruitment. Exclude the list of functions from the Personnel section, which should be located elsewhere, and there is virtually no content. The business cases developed as a result of the 'Future Shape: Interim Report,' to Cabinet 6 July 2009 specifically looked at equalities and diversity issues to assure the Council that there will be no differential service outcomes for different communities. Delivery of any proposed new services or functions will also aim to increase satisfaction ratings amongst different groups of residents. **There is no evidence to demonstrate this has been addressed.**

9. **A number of services** have a caveat stating certain functions having to remain in the Council. When will this **Legal Advice** be available, what are those functions and how has this been reflected into the Business case? **Client functions and Monitoring, Evaluation and Review** need to be addressed.

10. **Procurement and Gateway Reviews** – The OJEU Notice must not be issued until the Business Plan has been approved by the Council and subjected to a Gateway Review.

11. **Consultation with trade unions** - The trade unions welcome the more open approach which has provided an opportunity to comment on the Business Case 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 again urge the Council to ensure that staff and trade unions are involved in the options appraisal and business planning processes, not simply having the opportunity to comment on the conclusions of the appraisal or plan.

Questions for DRS

1. Please provide details of what retained client function entails for each of the services together with the financial implications (full costing) to undertake this function for each service. Please also note that this should not be considered a direct deduction from the costs as both parties will be required to undertake contract management & performance functions.

2. How have you ensured all benchmarking data used accurately reflects that of the services being provided with the in-house solution?

2b. Can you provide evidence to demonstrate this? e.g. in particular in relation to Building Control and Structures on **page 41** you provide benchmarking data which clearly demonstrates Barnet is *'best in its class'* yet on **page 66** you show a gap between *'best in class'* and Barnet.

“Where is this data on *'the best in class'*?”

In addition you are comparing on **page 66** Barnet against the *'best in class'* by showing the difference between Barnet and the *'best in class'* by taking gross expenditure for Barnet plus the 8% secondary recharges without showing whether a similar adjustment has been applied to the *'best in class'*. By not applying the secondary recharge to the best in class you are not comparing like with like and therefore the expenditure difference is artificially overstated.

3. What is the **definition of secondary recharges** and what is included?

4. Can you provide copies of the value for money and affordability appraisals (sometimes referred to as economic appraisals in the HM Treasury guidelines, [Green Book](#)) undertaken for each of the service delivery options considered in the current bundle. In light of public scrutiny after the publication of the external auditors report of the One Barnet programme I would presume that external auditors and the Gateway review would also be looking to see evidence of this.

5. On **page 67** Profiled Financial Benefits table you are showing expenditure reduction in the year by applying the relevant annual improvement percentage to the revised expenditure as well as the cumulative reduction in expenditure (already achieved).

- How can you achieve cost saving on cost saving?
- Therefore is the expenditure reduction not being overstated?

For example in year 3 the saving of £84,923 is made up of £78,554 (5.4% of £1,454,695, Year 2 revised net expenditure) and £6,369 (5.4% of £117,948, Year 2 cumulative reduction in expenditure).

Overall the presentation lacks effective supporting evidence to enable the reader to place faith in the figures that are being produced e.g. on page 41 Building Control structures are showing Barnet outstrips in performance everyone in the benchmarking data. However on page 66 it states Barnet Building Control & Structures operates at a much reduced efficiency and the gap between Barnet and the 'best in class' is 65% and without any supporting evidence of where 'best in class' evidence came from.

- Where did this 'best in class' come from and why is it not presented in the report for effective scrutiny?

On page 19 we are informed that the cost reduction of 15% can be achieved and the income generation 15% improvement can be achieved. In the current recession where are being told that there is room for more income to generated for business expansion, especially when we have already been shown on page 41 when we are operating the most efficient in that benchmarking data. What is particularly confusing is that on page 99 the report acknowledges the potentially conflicting relationship between expenditure reduction and income generation.

- How can they justify 15% for both?
- In relation to all 'targets' costed, please can you clarify the justifications & also why they are not applicable to the reference case?

On **page 5** the report is stating that over a ten year period financial benefits could total **£28.4 m** yet there is no corresponding analysis of the most pessimistic and realistic outcome associated risks for these three different scenarios.

If real benefits equate to just 15% less than those projected the expenditure on these services will be the same as those expected at transfer. Any less than this will be a loss to the council.

The **Gross Expenditure** Analysis graph, p26, assumes that if the services remain in-house there will be **NO** efficiencies after 3 years.

How have SAP optimisation benefits for 2011/12 and 2012/13 been reflected in the Options appraisal process?

6. The terms of reference for the Development and Public Health Services Options Appraisal included undertaking a sensitivity analysis from Impower as part of the £67,000 cost (London Borough of Barnet, 2010c). A sensitivity analysis is important because it assesses the results of the options appraisal to changes in demand, performance, savings, and the level of risks and so on. For example, how are the overall conclusions affected by assuming a higher level of performance in different options, lower or higher savings, or a higher level of demand for services.

“Sensitivity analysis is fundamental to appraisal. It is used to test the vulnerability of options to unavoidable future uncertainties and to test the robustness of the ranking of the options. It involves testing the ranking of the options by changing some of the key assumptions. However, spurious accuracy should be avoided and it is essential to consider how the conclusions may alter,

given the likely range of values that key variables may take. Therefore, the need for sensitivity analysis should always be considered and dispensed with only in exceptional circumstances.” HM Treasury Greenbook Toolkit Guide.

7. Please can you confirm whether the **Economic modelling & financial modelling** for the project is in compliance with standards set out in the Governments Green Book & associated supplementary guidance? If not, please can you explain the reason why a true value for money exercise was deemed appropriate for this project?

8. **Cemetery & Crematorium:** The report make a major omission in relation to the comprehensive options appraisal for this service. The resources and officer time on this appraisal over a 16 month period makes this omission even more worrying especially in times when public services spend is quite rightly is under intense scrutiny.

The appraisal made a clear and unequivocal decision, based on detailed financial analysis of many options and soft market testing with private operators, that the in house solution was best value. This must be included

Reference

London Borough of Barnet (2011) Business Case for DRS, Version 1.0, February, London.

HM Treasury Green Book, Public Sector Business Cases using the Five Cases Model:a toolkit. Joe Flanagan, Paul Nicholls.

APPENDIX D

Response to Trade Union's Interim Critique of the DRS Business Case for CDG 1 March 2011

Introduction and Summary

The unions set out their main issue with the DRS business case – which is that it does not meet their expectations. They wish us to follow the HM Treasury Green Book and associated guidance on business cases and do not believe that we are using a standard project management methodology, e.g. Prince 2.

The One Barnet programme office is using the London Borough of Barnet project management methodology, which is based upon Prince 2.

It has not followed the HM Treasury Green book on business cases, but the methodology agreed by the One Barnet programme office, the project sponsor and the implementation partner.

Key Points

1. Lack of **strategy and priorities**: the document is full of aspirations and aims but little content on how they want the services to be developed and what the priorities are. There appears to be no real strategy for the services except cost-cutting and income generation or very general statements such as 'end-to-end redesign'. Aspirations are welcome but they alone are not adequate. A Business Plan should at least identify the synergies and the scope for and type of service integration between the different services and functions. This is conspicuously absent. There is also a common theme emerging with the Council commencing procurement without having a clear idea of what it wants and relying on the private sector to produce the strategy. Competitive Dialogue or the other procurement models were never designed for this purpose. In the **Overarching Aims on p6** it states; "Unless a radically new way of delivering these key services is found it is likely that they will continue to face service reductions in terms of both staff numbers and the functions they can offer to **our community.**" **However on p5 and p24 it also says that; "These figures do not reflect potential service level reductions, but it should be noted that this will always be an option for any partnership with regards to non-statutory functions and evidence-based service demand."**

This indicates that whatever model is chosen will likely result in service reduction. A reduction in service provision in a strategic partnership would result in a decrease in income.

This question has five sub questions contained within it, as follows:

The document lacks detail on the Council's strategy and priorities for the services

The Council's priorities and strategy for the future direction of the services is discussed in "Strategic Fit" (pp 6-8) and in "Non-financial benefits" (pp 14-16). The services are to be delivered in a way that fulfils corporate policy – in particular the One Barnet programme's overarching objective of creating a

citizen centric council, where residents get the services they need to lead successful lives, and to ensure that Barnet is a successful place. They must also be delivered in line with the One Barnet key principles of: a new relationship with citizens, a one public sector approach and a relentless drive for efficiency. This must be done within available budgets.

The services must also be delivered in accordance with the Local Development Framework (p10) and other relevant and current strategic requirements.

The unions' opinion of what a business plan (case) should contain

By "business plan", we believe the unions' mean "business case".

The business case has been written in accordance with the London Borough of Barnet's project methodology. It has been reviewed and approved by the One Barnet Programme Manager who provides a project assurance function to the DRS Project Board. It has been cleared for CRC by officers and by the Housing, Planning and Regeneration Cabinet Member, Cllr Richard Cornelius.

The unions' belief that the Council is commencing procurement without having a clear idea of what it wants

The Council wishes to continue to deliver services that fulfil the objectives and principles outlined in point 1 above.

The detail of *how* this will be done will be worked out through the Competitive Dialogue process, which is used for complex procurements when an authority "are not objectively able to define the technical means of satisfying their needs or objectives" and / or "are not able to objectively specify the financial or legal make up of the project". Essentially we are not currently able to specify how we want to achieve our goals, although we know where we want to get to.

For example, the business case states that the project seeks to utilise "commercial experience to maximise income streams" (p16). Currently, the Council has very little commercial experience or expertise that it can draw on in order to achieve this. It is therefore currently unable to state at this time exactly what these new or developed income streams will look like.

Lack of clarity around the possibility of service reductions

The paragraph quoted by the unions from page 6 of the business case originally stated that unless we find a different method of delivery, it is inevitable given the financial challenges that the Council faces, that services will be reduced in terms of both staff numbers and the services they can offer to the residents. Following this feedback from the TUs and from Cllr Cornelius, who believes that staff numbers are likely to be reduced whatever method of service delivery is chosen, the reference to a decrease in staff numbers if no change of delivery method is found has been removed.

The unions' belief that a reduction in service provision in a strategic partnership will inevitably result in a decrease in income to the Council.

It is true that for certain services such as Environmental Health or Trading Standards, the level of income they can generate is linked to the number of staff they employ. In fact, for both Environmental Health and Trading Standards, we believe that a partner may see a clear “invest to grow” opportunity.

Overall, however, we do not believe that there is a direct link in all cases between the number of functions a service carries out and/or the number of people it employs and the income it can generate.

We would additionally point out that by aiming to reduce the costs of the services and increase their income, the project aims to improve the profitability of services rather than simply to increase how much income they bring in.

2. Little evidence of **Governance arrangements** and how these services fit within the future shape of the Council.

As stated in the business case, the project will follow the agreed One Barnet governance structure (pg 36) as reported to Cabinet on 29 November 2010.

The “Strategic Fit” section of the business case outlines how the services fit within the future shape of the Council.

3. Lack of an **Operational Plan: How is the service going** to operate for the next 18 months, how, where and when are LEAN systems going to be applied and how are they going to be managed. This is important for the Council, staff, prospective bidders and thus the **business plan**.

3b. Corporate impact – there appears to be little analysis of the effect on other Council services.

This is beyond the scope of the project and is therefore not included in the business plan and is the responsibility of the directors and assistant directors of the Chief Executive's Service, E&O and PHR.

Dependencies between “business as usual” and special projects within the departments will be managed in the usual way. For example data gathered for LEAN and for the project will be exchanged, in order to avoid duplication.

As part of the data gathering exercise for the business case, the project has examined interdependencies between teams and with other council departments and has also considered the possible and likely connections between DRS and NSO/CSO.

4. Economic Modelling/ Financial Modelling:

The Draft DRS Business Case is unsound and fails to deliver almost all the minimum requirements for an economic model (as set out on p.g. 77 of the 5 Case Model for Business cases).

The financial model used in the DRS business case has been approved by both the Head of Finance and the Section 151 Officer. Cabinet members have also reviewed it. The team has received no feedback to suggest that either senior officers or members agree with the unions on this point.

5. Superficial analysis of **Income Generation** – the source of the income generation figures and why are the income generation concentrated into three years after only one year of the contract? Income generation appears to have been 'calculated' from benchmarking information and the use of a crude income/expenditure ratio (p19-20). There is no analysis of the potential 'market' and the scope, limitations etc of

increasing income generation in these services. It is also not accounted for in the reference cases on p.g. 27.

The business case shows possible returns loaded into years 2-4 of a contract in order to show how savings could be aligned with the Council's medium term financial strategy.

As stated on page 19, the potential for improvement figures were based upon a mixture of benchmarking information, feedback from the services and the commercial judgement of the implementation partner. This was done because benchmarking information for these services is not extensive (possibly because they are either new or nearly new to market) and service leads thought that some of what was available was flawed. Benchmarking information alone was only used where it was believed to be reliable.

As stated on page 21, the improvement figures were then used to profile the potential benefits realisation.

It is not possible at this time to analyse the market and the scope or limitation of increasing income generation beyond the commercial judgement referred to above. This was in part based upon the findings of the soft market testing, as well as their knowledge of the outsourcing market and previous examples of this type of project.

6. **Benefits Realisation is far too vague (Appendix D and p11-13)** – yet more aspirational statements. This should be based on a economic, social, environmental and health impact assessment that will provide clear benefits from taking specific course of action.

The Council is clear as to the benefits it wishes to create as a result of all of the work undertaken as part of Future Shape / One Barnet since 2008, and

these are reflected in the business case. We do not therefore believe that further assessments of benefits are necessary.

The business case outlines the benefits of the project in terms of the One Barnet framework and states that these must also meet the Council's strategic objectives overall, specifically the LDF.

7. **Absence of a comprehensive Risk Assessment:** Key risks p31 – there is no reference to the myriad of operational risks. The risks they have identified only refer to the procurement process. Further risk regarding consideration include p.g. 54 of 5 Case model.

The risks section reflects the fact that this is a procurement project and highlights the possible major risks to the process.

It is not common project management practice to include an entire risk register in a business case.

Project risks will be managed via a project risk log which will feed programme and corporate risk logs as appropriate.

8. Equalities & staffing - there is little or no analysis of Staffing – the repeated use of FTE rather than the actual number of people/jobs, nothing about capacity assessment, skill shortages, training, and recruitment. Exclude the list of functions from the Personnel section, which should be located elsewhere, and there is virtually no content. The business cases developed as a result of the 'Future Shape: Interim Report,' to Cabinet 6 July 2009 specifically looked at equalities and diversity issues to assure the Council that there will be no differential service outcomes for different communities. Delivery of any proposed new services or functions will also aim to increase satisfaction ratings amongst different groups of residents. **There is no evidence to demonstrate this has been addressed.**

An initial equalities impact assessment for staff has been carried out and will be submitted to CRC with the business case.

An external equalities impact assessment for residents is being planned for the project with officers from PHR who are experienced in the process.

The business case outlines the financial and strategic case for procuring a private sector partner. It does not seek to plan the future of staff in scope as this will be decided as part of the competitive dialogue process.

9. A number of services have a caveat stating certain functions having to remain in the Council. When will this **Legal Advice** be available, what are those functions and how has this been reflected into the Business case? **Client functions and Monitoring, Evaluation and Review** need to be addressed.

The legal advice provided is subject to legal professional privilege and is also commercially sensitive. As far as the project team is aware, it will not be made publically available.

Certain functions cannot be delegated to a third party under existing legislation. We will discuss with potential partners how the impact of this can best be mitigated in order to ensure that both best service levels and best price can be attained.

After an initial review of the services following receipt of this, 7.5% retained client cost was applied to the business case to take account of non delegatable functions. In the latest version of the business case it is noted that this figure could be higher than 7.5%.

10. Procurement and Gateway Reviews – The OJEU Notice must not be issued until the Business Plan has been approved by the Council and subjected to a Gateway Review.

A decision has been made through the approval of the One Barnet Framework (Cabinet, 29 November 2010) for the programme to undertake projects which would support the delivery of the One Barnet aim, as well as the Medium Term Financial Strategy (MTFS). This included projects which would look at the option of alternative service delivery models via public sector partners.

There are other factors affecting this recommendation, such as the required pace of change and our commitments to deliver to the MTFS. We have put actions in place to manage associated risks, including the recommendation in the same document that the follow on 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..

11. Consultation with trade unions - The trade unions welcome the more open approach which has provided an opportunity to comment on the Business Case 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 again urge the Council to ensure that staff and trade unions are involved in the options appraisal and business planning processes, not simply having the opportunity to comment on the conclusions of the appraisal or plan.

The project notes this comment; however we have followed the approach laid out in the latest version of the draft terms of engagement.

Union Questions for DRS

1. Please provide details of what retained client function entails for each of the services together with the financial implications (full costing) to undertake this function for each service. Please also note that this should not be considered a direct deduction from the costs as both parties will be required to undertake contract management & performance functions.

This information will not be provided as it is both commercially sensitive and subject to legal professional privilege.

2. How have you ensured all benchmarking data used accurately reflects that of the services being provided with the in-house solution?

We have not carried out this exercise as this option was addressed in the options appraisal phase. It was agreed by Cabinet on 29 November 2010 and 10 January 2011 that retaining these services in house would act as a hamstring to commercialisation and income growth.

2b. Can you provide evidence to demonstrate this? e.g. in particular in relation to Building Control and Structures on **page 41** you provide benchmarking data which clearly demonstrates Barnet is *'best in its class'* yet on **page 66** you show a gap between *'best in class'* and Barnet.

"Where is this data on *'the best in class'*?"

In addition you are comparing on **page 66** Barnet against the *'best in class'* by showing the difference between Barnet and the *'best in class'* by taking gross expenditure for Barnet plus the 8% secondary recharges without showing whether a similar adjustment has been applied to the *'best in class'*. By not applying the secondary recharge to the *'best in class'* you are not comparing like with like and therefore the expenditure difference is artificially overstated.

Financial benchmarking data was largely taken from CIPFA. Non financial data came from National Indicators, the North London Strategic Alliance, the services themselves and the Value Adding report for Planning DM.

The unions' comments in regard to the 8% recharge are noted. However, benchmarking exercises are largely not standardised (Councils report on different things in benchmarking exercises) and so benchmarking can only be taken as a general indicator rather than an exact measure.

3. What is the **definition of secondary recharges** and what is included?

Secondary recharges (sometimes called non-real recharges) are the reapportionment to services of centralised support costs, e.g. HR, payroll, IS services.

4. Can you provide copies of the value for money and affordability appraisals (sometimes referred to as economic appraisals in the HM Treasury guidelines, Green Book) undertaken for each of the service delivery options considered in the current bundle. In light of public scrutiny after the publication of the external auditors report of the One Barnet programme I would presume that external auditors and the Gateway review would also be looking to see evidence of this.

Estimated project costs are included in the cover report to CRC that will accompany the business case, as follows:

Legal Advice	£692,500
Implementation Partner	£650,000
Other	£18,720
Total	£1,361,220

Benefits realisation is included in the business case, as previously stated.

5. On **page 67** Profiled Financial Benefits table you are showing expenditure reduction in the year by applying the relevant annual improvement percentage to the revised expenditure as well as the cumulative reduction in expenditure (already achieved).

- How can you achieve cost saving on cost saving?
- Therefore is the expenditure reduction not being overstated?

For example in year 3 the saving of £84,923 is made up of £78,554 (5.4% of £1,454,695, Year 2 revised net expenditure) and £6,369 (5.4% of £117,948, Year 2 cumulative reduction in expenditure).

The selected cost improvement percentage for Building Control was 15%. 15% of the revised gross expenditure is £235,896. The financial model has used the percentage profiling outlined earlier to apply this across the 10 year timeframe.

The cost reduction is therefore not cumulative but profiled across a time period.

Overall the presentation lacks effective supporting evidence to enable the reader to place faith in the figures that are being produced e.g. on page 41 Building Control structures are showing Barnet outstrips in performance everyone in the benchmarking data. However on page 66 it states Barnet Building Control & Structures operates at a much reduced efficiency and the gap between Barnet and the 'best in class' is 65% and without any supporting evidence of where 'best in class' evidence came from.

- Where did this 'best in class' come from and why is it not presented in the report for effective scrutiny?

On page 19 we are informed that the cost reduction of 15% can be achieved and the income generation 15% improvement can be achieved. In the current recession where are being told that there is room for more income to generated for business expansion, especially when we have already been shown on page 41 when we are operating the most efficient in that benchmarking data. What is particularly confusing is that on page 99 the report acknowledges the potentially conflicting relationship between expenditure reduction and income generation.

- How can they justify 15% for both?
- In relation to all 'targets' costed, please can you clarify the justifications & also why they are not applicable to the reference case?

On **page 5** the report is stating that over a ten year period financial benefits could total **£28.4 m** yet there is no corresponding analysis of the most pessimistic and realistic outcome associated risks for these three different scenarios.

See answer on benchmarking data used above. The table referred to is only one example of benchmarking data and does not prove that building control is best in class – it is not – in terms of income and expenditure CIPFA metrics place Camden ahead of Barnet. Given that the inclusion of this table seems to be confusing, the project team will consider removing it from the business case.

The figure for the overall financial benefits is made up of the application of cost reduction and income generation estimates for the cluster of services overall. The project team believes that this figure is conservative, based upon benchmarking data, the experience of previously outsourced services and the implementation partner's market knowledge.

If real benefits equate to just 15% less than those projected the expenditure on these services will be the same as those expected at transfer. Any less than this will be a loss to the council.

For Building Control we are expecting a benefit of 15% cost reduction and 15% income generation, not 15% overall. This means that cost reduction and income increases should equate to an annual benefit of £511,808 after 10 years on this service alone.

The **Gross Expenditure** Analysis graph, p26, assumes that if the services remain in-house there will be **NO** efficiencies after 3 years.

Yes, this is the assumption that the graph makes.

How have SAP optimisation benefits for 2011/12 and 2012/13 been reflected in the Options appraisal process?

SAP optimisation benefits are not relevant to the business case as they are beyond the scope of the project.

6. The terms of reference for the Development and Public Health Services Options Appraisal included undertaking a sensitivity analysis from Impower as part of the £67,000 cost (London Borough of Barnet, 2010c). A sensitivity analysis is important because it assesses the results of the options appraisal to changes in demand, performance, savings, and the level of risks and so on. For example, how are the overall conclusions affected by assuming a higher level of performance in different options, lower or higher savings, or a higher level of demand for services.

“Sensitivity analysis is fundamental to appraisal. It is used to test the vulnerability of options to unavoidable future uncertainties and to test the robustness of the ranking of the options. It involves testing the ranking of the options by changing some of the key assumptions. However, spurious accuracy should be avoided and it is essential to consider how the conclusions may alter,

given the likely range of values that key variables may take. Therefore, the need for sensitivity analysis should always be considered and dispensed with only in exceptional circumstances.” HM Treasury Greenbook Toolkit Guide.

The unions’ comments are noted but the One Barnet programme is not using the HM Treasury Greenbook Toolkit Guide.

7. Please can you confirm whether the **Economic modelling & financial modelling** for the project is in compliance with standards set out in the Governments Green Book & associated supplementary guidance? If not, please can you explain the reason why a true value for money exercise was deemed appropriate for this project?

The financial model was approved by the Head of Finance and the Section 151 Officer.

8. **Cemetery & Crematorium:** The report make a major omission in relation to the comprehensive options appraisal for this service. The resources and officer time on this appraisal over a 16 month period makes this omission even more worrying especially in times when public services spend is quite rightly is under intense scrutiny.

The appraisal made a clear and unequivocal decision, based on detailed financial analysis of many options and soft market testing with private operators, that the in house solution was best value. This must be included

The unions’ comment is noted. However, the options appraisal carried out for the Cemetery and Crematorium looked at it as a stand alone service, rather than as part of a cluster.

The Cemetery and Crematorium requires substantial capital investment and is also a good generator of income. Including it in the DRS cluster will gain the Council the investment it needs, and will offset and help to fund those services whose capacity to generate income is lower.