

**MEETING**

**CABINET RESOURCES COMMITTEE**

**DATE AND TIME**

**TUESDAY 24 MAY 2011**

**AT 7.00PM**

**VENUE**

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

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

***Membership to be appointed at the Annual Council meeting on 17 May 2011***

**You are requested to attend the above meeting for which an agenda is attached.  
Aysen Giritli – Head of Governance**

Governance Service contact: Andrew Charlwood, 020 8359 2014

Media Relations contact: Sue Cocker, 020 8359 7039

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**CORPORATE GOVERNANCE DIRECTORATE**

## ORDER OF BUSINESS

Item No.	Title of Report	Pages
1.	MINUTES	-
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3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-
4.	PUBLIC QUESTION TIME (If any)	-
	<b>Reports of the Cabinet Member for Resources and Performance</b>	
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8.	West Hendon Regeneration – Lease for Lower Level Carpark, Tyrell Way	37 – 42
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	<b>Report of the Deputy Leader / Cabinet Member for Education, Children and Families</b>	
10.	Children and Young People Short Breaks	47 – 56
	<b>Report of the Cabinet Member for Housing, Planning and Regeneration</b>	
11.	Stonegrove & Spur Road Estates Regeneration	57 – 70
	<b>Report of the Cabinet Member for Adults and the Cabinet Member for Customer Access &amp; Partnerships</b>	
12.	Adults In-House Business Case	71 – 90
13.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	

14.	<b>MOTION TO EXCLUDE THE PRESS AND PUBLIC:</b>		
	That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act (as amended):		
	<b>EXEMPT AGENDA</b>	<b>Exemption Category</b>	
X1.	Exempt information in relation to item 7 in public session – 231a Colney Hatch Lane and adjoining land, Friern Barnet	3	X1 – X2
X2.	Exempt information in relation to item 11 in public session – Stonegrove & Spur Road Estates Regeneration	3 & 5	X3 – X12
X3.	Exempt information in relation to item 12 in public session – Adults In-House Business Case	3	X13 – X22
X4.	<b>ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT</b>		

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**AGENDA ITEM: 5** Pages 1 – 14

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Meeting	Cabinet Resources Committee
Date	24 May 2011
<b>Subject</b>	<b>Contract Procurement Plan</b>
Report of	Cabinet Member for Resources and Performance
Summary	This report sets out the detail of planned contract procurement activity for the financial year 2011/12 for approval and the first draft of a plan for the following three financial years.

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Officer Contributors	Chris Malyon, Assistant Director of Commercial Assurance, Susan Lowe, Procurement Manager (Commercial Services), Haroon Khan, Business Analyst (Commercial Services)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Procurement Spend by Service Area
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

## Contact for further information:

Chris Malyon, Assistant Director of Commercial Assurance, 020 8359 7202

Haroon Khan, Business Analyst , 020 8359 2098

## **1. RECOMMENDATIONS**

- 1.1 That approval be given for Officers to proceed with the procurement activity for the 2011/12 financial year as set out in the Appendix to this report subject to budget availability.**
- 1.2 The provisional procurement activity for future years be noted.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 23 February 2009, Item 6 (Council Budget & Council Tax Reports, 2008/09)
- 2.2 Council, 3 March 2009, Decision 178 (Report of Cabinet 23 February 2009, Council Budget & Council Tax Reports, 2008/09)
- 2.3 Cabinet, 22 February 2010, Item 6 (Budget & Council Tax Reports, 2009/10)
- 2.4 Council, 2 March 2010, Decision 145 (Report of Cabinet 22 February 2010, Council Budget & Council Tax Reports, 2009/10)
- 2.5 Cabinet, 14 February 2011, Item 5E (Budget, Council Tax and Medium Term Financial Strategy 2011/12 – 2013/14)
- 2.6 Council, 1 March 2011, Decision 8 (Report of Cabinet 14 February 2011, Budget, Council Tax and Medium Term Financial Strategy 2011/12 – 2013/14)

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

- 3.1 The Contract Procurement Plan will enable the Council to maintain an accurate oversight of procurement activity across the full range of its services and thereby support more commercial and efficient procurement practices. In this way, the Contract Procurement Plan drives achievement of the Council's key corporate priority 'Better services with less money' (Corporate Plan 2010-2013) and supports the One Barnet priority of 'a relentless drive for efficiency'.
- 3.2 The Council is committed to the transparency agenda. To date, the planned procurement activity for each financial year has been scrutinised and approved by Cabinet Resources Committee as part of the annual Budget Report. In support of the Council's transparency agenda we have developed for 2011/12 this separate Contract Procurement Plan for submission as a stand alone item to this Committee. This is intended to enhance its visibility and to ensure that the Council's planned procurement activity is given due consideration in the light of its importance to the successful delivery of the Council's corporate objectives and the One Barnet agenda.
- 3.3 The governance arrangements that support the procurement activity are contained within the Council's Contract Procedure Rules and supporting Code of Practice.

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

- 4.1 If the Council does not manage the contract renewal programme effectively and efficiently it could lead to a detrimental impact on value for money and the likelihood of delivering significant procurement savings included within the 2011/12 Revenue Budget. Well planned processes will enable effective commercial negotiations to take place thereby driving lower costs from the portfolio of contracts put to market.

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

- 5.1 From 5th April 2011 the previous separate equality duties on public authorities covering race, disability and gender were replaced by a single Public Sector Equality Duty. Section 149 in Chapter 1 of Part 11 of the Equality Act 2010, is the new public sector equality duty. This Public Sector Equality Duty also extends to gender reassignment, age, sexual orientation and religion or belief.
- 5.2 In England new specific duties will come into force in July 2011. These include a 'general duty', which obliges public authorities to have due regard to the need to:
- a) eliminate unlawful discrimination, harassment, victimisation;
  - b) advance equality of opportunity between those covered by the Equality Act and those not covered, e.g. between disabled and non-disabled people;
  - c) foster good relations between these groups.
- 5.3 The Act makes it clear that authorities can use procurement to drive equalities and contains a specific measure on procurement, making provision: "to enable duties to be imposed in relation to the exercise of public procurement functions".
- 5.4 The Council has a process for assessing the equalities impact of all of its activity and in the award of any contract we will ensure that the Council's approach to equalities is applied.
- 5.5 With specific regard to those contracts set out in the proposed 4 Year Contact Procurement Plan, where equalities issues have a significant bearing, an equality assessment will be undertaken.
- 5.6 By section 149(2) of the Equality Act 2010, the 'general duty' also applies to 'a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty. This includes any organisation contracted by a local authority to provide services on its behalf. The Council will therefore take all necessary and reasonable steps to ensure that all contractors comply with this general equality duty.

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

- 6.1 The costs appertaining to the contracts contained within the Appendix to this report are contained within the individual service budgets of the Council.
- 6.2 A substantial number of savings proposals within these plans relate to opportunities driven from improved commercial settlements associated with these contracts.

Delivery of these procurement related savings will be monitored throughout the financial year.

## **7. LEGAL ISSUES**

7.1 None, except any referred to within the main body of the report.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council's Constitution (Contract Procedure Rules) sets out the authorisation process for entering contractual commitments.

8.2 The following is an extract from the Contract Procedure Rules contained within the Constitution as it relates to the Procurement Plan:-

**"Authorisation"** is the approval required before quotations or tenders for supplies, services or works may be sought in accordance with Section 3.2.

Section 5 outlines Authorisation and Acceptance Procedures, including:

5.1 The aim is to speed up the procurement process by removing unnecessary bureaucracy – in this case, a duplication of the authorisation process.

5.2 Any contract, including additions, extensions and variations, which has been included in a directorate or service's Budget and supporting plans and strategies or any other Committee approved plan is deemed as authorised irrespective of value.

5.3 Any contract which has not been Authorised as set out in 5.2 must be Authorised as set out in Table 5-1". (which details Authorisation and Acceptance Thresholds for Works, Supplies and Services).

## **9. BACKGROUND INFORMATION**

9.1 The Constitutional requirement to obtain Cabinet Member or Cabinet Committee authorisation, for contract value above stated threshold, before any contractual exercises commence has in previous years been achieved mostly by the inclusion of an appendix within the budget report of the known procurement activity for the following financial year.

9.2 Over the last twelve months the visibility and understanding of the role that improved procurement could play in assisting the council deliver corporate objectives in general but "better for less" services in particular has increased significantly.

9.3 In addition the Council has reiterated its commitment to the transparency agenda and developing processes that support this agenda.

9.4 As a result, approval of the four year plan of known contractual activity is being presented to Members as a report in its own right rather than an appendix within the overarching budget report.

- 9.5 This information will be used for planning procurement activity and will be published in other procurement vehicles in order to attract as much interest from the market as possible.
- 9.6 The data contained within the four year procurement plan will also be used as the basis of the Councils first Corporate Contract Register.

**10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal – PJ  
CFO – JH



## Appendix

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
Adults Social Services	2011-15	Home and Community Support	44,000.0
Adults Social Services	2011-16	Supported living services for people with substantial or critical needs	40,000.0
Adults Social Services	2011/12	Services for people with substantial or critical needs	8,900.0
Adults Social Services	2011-12	Block Residential & Day Care	7,409.0
Adults Social Services	2011-12	Block Residential and Nursing Care	4,029.0
Adults Social Services	2011-12	Spot Purchase Residential and Nursing Care	7,170.0
Adults Social Services	2011-12	Transfer of In-house Care Delivery Service	6,270.0
Adults Social Services	2011-12	Transport services	1,200.0
Adults Social Services	2011-13	Voluntary Sector Prevention Services	9,446.0
Adults Social Services	2011-12	Sheltered Plus services for older people	600.0
Adults Social Services	2011-12	Sheltered housing services	1,092.0
Adults Social Services	2011-12	Housing support services	1,492.0
Adults Social Services	2011-13	Community stroke service	600.0
Children's Service	2011-12	Community Transport	138.1
Children's Service	2011-12	Groceries	750.0
Children's Service	2011-12	Frozen Foods	650.0
Children's Service	2011-12	Provision of health care	120.0
Children's Service	2011-12	Children's Right Service	46.0
Children's Service	2011-12	Supporting young people	15.0
Children's Service	2011-12	Early intervention and Prevention services	2,951.6
Children's Service	2011-12	Health services	145.0
Children's Service	2011-12	Supporting young carers	60.0
Children's Service	2011-12	Supporting people and families	27.0

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
Children's Service	2011-12	Children's advocacy service	126.0
Children's Service	2011-12	Youth homelessness services	700.0
Children's Service	2011-12	Services for young people with Learning Disabilities/Difficulties	270.0
Children's Service	2012-13	Community Arts - Children & Young People	86.0
Children's Service	2012-13	Fruit and Vegetables	450.0
Children's Service	2012-13	Frozen Foods	50.0
Children's Service	2012-13	learning disability assessment service	80.0
Children's Service	2012-13	Out of school activities	100.0
Chief Executives Service	2011-14	Community Advice Service	1,258.0
Chief Executives Service	2011-12	Central Buying Consortium	680.0
Chief Executives Service	2011-12	CRM support and implementation support	193.0
Chief Executives Service	2011-12	LINK (Local Involvement Network) host contract	95.0
Chief Executives Service	2012/13	Migration Impact Fund	234.8
Chief Executives Service	2012/13	Mobile Library	15.0
Chief Executives Service	2013/14	Corporate GIS System for the London Borough of Barnet	8.9
Chief Executives Service	2013/14	Ariel Photography	1.7
Chief Executives Service	2014/15	Libraires Management System	50.5
Corporate Governance	2013/14	Non-Life Insurance - Property and Pecuniary Risks	1,282.7
Corporate Governance	2013/14	Non-Life Insurance – Liability and Motor	386.7
Environment and operations	2011-12	Highways Planned maintenance & Improvements Contract (including machine laid surfacing)	6,000.0
Environment and operations	2011-12	Highways Term Maintenance Contract	6,000.0
Environment and operations	2011-12	Highways Asset Management System	137.0

<b>Service Area</b>	<b>Contract Year</b>	<b>Nature of service being procured</b>	<b>Estimate of contract value £000</b>
Environment and operations	2011-12	Rock Salt	120.0
Environment and operations	2011-12	Escort & courier service contract	4,000.0
Environment and operations	2011-12	Dog Warden service	4.0
Environment and operations	2011-12	Pay & Display Machines (Maintenance)	0.1
Environment and operations	2011-12	Healthy & Safety Training	30.0
Environment and operations	2011-12	Sports Leisure Contract	2,100.0
Environment and operations	2011-12	Personal Protective Equipment	30.0
Environment and operations	2011-12	Greenspaces Maintenance	800.0
Environment and operations	2011-12	Hired transport	4,300.0
Environment and operations	2011-12	CCTV Installation and maintenance	695.0
Environment and operations	2011-12	Satellite Depots	1,500.0
Environment and operations	2011-12	Bailiff contract	£0 expenditure - zero value contract
Environment and operations	2011-12	Radio Equipment Parking	21.0
Environment and operations	2011-12	Lease of Motorcycles	12.0
Environment and operations	2013/14	Tree maintenance.	200.0
Environment and operations	2013/14	Tree Management	225.0
Environment and operations	2013/14	Tree works	175.0
Environment and operations	2013/14	Maintenance of IT Software and Hardware	0.0
Environment and operations	2013/14	Hazardous Waste	25.0
Environment and operations	2013/14	Abandoned Vehicles	20.0

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
Environment and operations	2013/14	Consultancy	250.0
Environment and operations	2014/15	Abandoned Vehicles	20.0
Environment and operations	2017/18	Fleet Maintenance & Supply	2,500.0
Environment and operations	Tendering 2019/20 and subsequent financial periods	Lighting Services —	2,500.0
Commercial services	2011-12	Building Maintenance	5,590.0
Commercial services	2013-14	Building Energy Certification	16.0
Commercial services	2012-13	High volume photocopier machines	80.0
Commercial services	2012-13	MFD Contract	200.0
Commercial services	2013-14	Print Framework	250.0
Commercial services CPT	2011-12	Office Furniture	150.0
Commercial services CPT	2011-12	Photocopier Equipment	140.0
Commercial services CPT	2011-12	Corporate Cleaning Contract	840.0
Commercial services CPT	2011-12	Cleaning Consumables	5,816.4
Commercial services CPT	2011-12	Mobile phone contract	250.0
Commercial services CPT	2011-12	Energy	2,230.2
Commercial services CPT	2011-12	Street Lighting	958.5
Commercial services CPT	2011-12	Energy	1,669.3
Commercial services CPT	2011-12	Corporate Cleaning Contract	395.2
Commercial services CPT	2011-14	Corporate Security Contract	3,000

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
Commercial services CPT	2012-13	Corporate Electricity Supply Contract	2,227.3
Commercial services CPT	2012-13	Corporate Gas Supply Contract	1,385.8
Commercial services CPT	2013-14	Translation & Interpretation contract	160.0
Commercial services CPT	2014-15	Stationery	230.0
PHR Building control	2011-12	Scanning	50.0
PHR Housing	2011-12	Temporary Accommodation	Currently carrying out an options appraisal to determine the best method of delivery for alternative leased/licensed Temporary Accommodation
PHR Housing	2012-13	Housing Advice	197.0
PHR Housing	2012-13	Foundation Service	155.0
PHR Housing	2012-13	Money Advice Service	7.6
PHR Housing	2012-13	Removals & Storage	124.0
PHR Regeneration	2011-12	Regeneration Contract Scheme	100.0
PHR Regeneration	2011-12	Regeneration Contract Scheme	50.0
PHR Regeneration	2011-12	Business Plan & Legal contract	250.0
PHR Regeneration	2011-12	Land Valuation	50.0
PHR Environmental services	2010-11	Grounds Maintenance- Cemetery	3.4
PHR Environmental services	2010-11	Tree Surgery - Cemetery	3.0
PHR Environmental services	2010-11	Stone Masonry - Cemetery	4.0
PHR Environmental services	2010-11	Window Cleaning - Cemetery & Crematorium	0.0

<b>Service Area</b>	<b>Contract Year</b>	<b>Nature of service being procured</b>	<b>Estimate of contract value £000</b>
PHR Environmental services	2010-11	Fuel Supply - Cemetery	6.0
PHR Environmental services	2010-11	Casket supply - Crematorium	2.0
PHR Environmental services	2010-11	Garden plaque supply - Cemetery	15.0
PHR Environmental services	2010-11	Bedding plants - Cemetery	2.5
PHR Environmental services	2010-11	Medical referee - Crematorium	11.3
PHR Environmental services	2010-11	Medical referee - Crematorium	11.3
PHR Environmental services	2010-11	Organist - Cemetery & Crematorium	1.3
PHR Environmental services	2010-11	Organist - Cemetery & Crematorium	1.3
PHR Environmental services	2010-11	Alarm Service Contract - Mortuary	0.3
PHR Environmental services	2010-11	Automatic Gates - Mortuary	0.3
PHR Environmental services	2010-11	Refrigeration - Mortuary	0.2
PHR Environmental services	2010-11	Instrument Washer and Disinfector - Mortuary	0.5
PHR Environmental services	2011-12	Cremator maintenance	22.0
PHR Environmental services	2011-12	Cemetery & Crematorium Cleaning Contract	4.5
PHR Environmental services	2011-12	Cemetery Vehicle Leasing and Hire	To be confirmed
PHR Environmental services	2011-12	Grounds Maintenance- Cemetery	34.0
PHR Environmental services	2011-12	Tree Surgery - Cemetery	0.5
PHR Environmental services	2011-12	Stone Masonry - Cemetery	0.5
PHR Environmental services	2011-12	Window Cleaning - Cemetery & Crematorium	To be confirmed
PHR Environmental services	2011-12	Fuel Supply - Cemetery	6.0

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
PHR Environmental services	2011-12	Fuel Supply - Cemetery	1.2
PHR Environmental services	2011-12	Casket supply - Crematorium	2.0
PHR Environmental services	2011-12	Garden plaque supply - Cemetery	15.0
PHR Environmental services	2011-12	Bedding plants - Cemetery	2.5
PHR Environmental services	2011-12	Medical referee - Crematorium	11.3
PHR Environmental services	2011-12	Medical referee - Crematorium	11.3
PHR Environmental services	2011-12	Organist - Cemetery & Crematorium	1.3
PHR Environmental services	2011-12	Organist - Cemetery & Crematorium	1.3
PHR Environmental services	2011-12	Alarm Service Contract - Mortuary	0.3
PHR Environmental services	2011-12	Automatic Gates - Mortuary	0.3
PHR Environmental services	2011-12	Refrigeration - Mortuary	0.2
PHR Environmental services	2011-12	Instrument Washer and Dispenser	0.5
Corporate Services(incl' HR Fin IS)	2011-12	Actuarial Services	To be confirmed
Corporate Services(incl' HR Fin IS)	2011-12	Pension Fund Advisors	0.0
Corporate Services(incl' HR Fin IS)	2011-12	CRM support and implementation support	193.0
Corporate Services(incl' HR Fin IS)	2011-12	Internal Audit	42.0
Corporate Services(incl' HR Fin IS)	2011-12	External assessment	36.0
Corporate Services(incl' HR Fin IS)	2011-12	London Grid for Learning Trust	7.0
Corporate Services(incl' HR Fin IS)	2011-12	People at Work	23.5

Service Area	Contract Year	Nature of service being procured	Estimate of contract value £000
Corporate Services(incl' HR Fin IS)	2011-12	Central Buying Consortium	680.0
Corporate Services(incl' HR Fin IS)	2011-12	Medical Centre Contract	150.0
Corporate Services(incl' HR Fin IS)	2011-12	IT Refresh	700.0
Corporate Services(incl' HR Fin IS)	2011-12	Landline telecoms and circuits	600.0
Corporate Services(incl' HR Fin IS)	2011-12	Corporate anti-virus, internet and email security	131.0
Corporate Services(incl' HR Fin IS)	2011-12	Business Systems Disaster Recovery	250.0
Corporate Services(incl' HR Fin IS)	2011-12	Internet Protocol platform	125.0
Corporate Services(incl' HR Fin IS)	2011-12	EDRM suport and maintenance	52.0
Corporate Services(incl' HR Fin IS)	2011-12	Libraries RFID	35.0
Corporate Services(incl' HR Fin IS)	2011-12	Password reset tool	26.0
Corporate Services(incl' HR Fin IS)	2011-12	Employment Law Support Service	0.0
Corporate Services(incl' HR Fin IS)	2011-12	Recruitment and Advertising contract	0.0
Corporate Services(incl' HR Fin IS)	2011-12	IT Pension System	To be confirmed
Corporate Services(incl' HR Fin IS)	2011-12	IT Technical support	To be confirmed
Corporate Services(incl' HR Fin IS)	2011-12	Central Buying Consortium	670.0
Corporate Services(incl' HR Fin IS)	2012-13	Phone Support Service	6.5



<b>Service Area</b>	<b>Contract Year</b>	<b>Nature of service being procured</b>	<b>Estimate of contract value £000</b>
Corporate Services(incl' HR Fin IS)	2012-13	Mobile library	15.0
Corporate Services(incl' HR Fin IS)	2012-13	Libraries Management System	50.5
Corporate Services(incl' HR Fin IS)	2013-14	Banking contract	To be confirmed
Corporate Services(incl' HR Fin IS)	2013-14	Service Management Service	927.0
Corporate Services(incl' HR Fin IS)	2013-15	Service Management Service	954.0
Corporate Services(incl' HR Fin IS)	2014-15	Libraries Management System	50.5

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**AGENDA ITEM: 6** Pages 15 – 32
 

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Meeting	Cabinet Resources Committee
Date	24 May 2011
<b>Subject</b>	<b>Estates Strategy</b>
Report of	Cabinet Member for Resources and Performance
Summary	This report sets out the Council's strategy for the management of its Estate over the next five years and the Council's direction in relation to managing its operational estate, commercial and community portfolios and the property and asset functions which oversee them.

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Officer Contributors	Craig Cooper, Commercial Director– Commercial Directorate Chris Booth, Interim Assistant Director Estates – Commercial Directorate Siobhan Farrimond, Strategic Planning Advisor – Commercial Directorate Mark Armstrong, Interim Building Services Manager – Commercial Directorate
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1: Estates Strategy Appendix 2: Estates Strategy Action Plan
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Siobhan Farrimond, 020 8359 7956

## **1. RECOMMENDATION**

- 1.1 That Cabinet Resources Committee approve the Estates Strategy 2011- 2015 (as set out in Appendix 1) and corresponding Action Plan (as set out in Appendix 2).**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 19 January 2008 (decision item 6) approved the Capital, Asset and Property Strategy.
- 2.2 General Functions Committee, 5 August 2009 (decision item 7) approved the proposed restructure of the Corporate Senior Management team and responsibilities as detailed in the public and the exempt reports. This included the creation of the Commercial Director post with responsibility for the formation and leadership of the new consolidated property and assets function.
- 2.3 Budget & Performance Overview & Scrutiny Committee, 1 September 2010, (decision item 10) considered the draft Estates Strategy and made comments and recommendations for officers and Cabinet to consider in the development of the Strategy.

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

- 3.1 The Estates Strategy sets out the principles of effective management of the Council's property asset portfolio to ensure a well managed and sustainable revenue income and the maximisation of capital receipts. In so doing it drives achievement of the Council's key corporate priority, 'better services with less money' and the One Barnet principle of a 'relentless drive for efficiency' and the Programme objective of 'value for money'.
- 3.2 The Estates Strategy sets out our commitment to working in partnership with citizens and with our public sector colleagues to ensure that public assets across the borough enable high quality service delivery and community activity, driving, in addition to 'better service with less money,' achievement of the Council's corporate priority of 'sharing opportunities and sharing responsibilities' and the One Barnet principle of developing 'a new relationship with citizens', placing customers at the heart of services.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The Estates Strategy sets out the principles for ensuring the Council's allocation and management of capital and assets is in line with Council priorities.
- 4.2 The Estates Strategy sets out the principles of effective management of the Council's property asset portfolio, mitigating against the risks of failing to apply necessary performance and risk management and financial controls within the Council's Estate function.
- 4.3 Any project or initiative to be instigated under the Estates Strategy will be subject to scrutiny by the appropriate approvals and/ or scrutiny body and individual Project and Programme Boards. Where project or initiative is instigated under the Estates Strategy and in line with the One Barnet programme it will also be subject to scrutiny by the One Barnet Programme Board. This will ensure proper governance of corporate investment in assets and that robust project governance is applied in delivering those assets.

4.4 Where appropriate, invest and divestment decisions will also be put before Cabinet Resources Committee for scrutiny and agreement.

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

5.1 The Estates Strategy provides a high-level framework to drive the extension, improvement, acquisition and/or disposal of assets to ensure that the range and location of assets fits the changing way our customers want and need to access our services.

5.2 A coherent, planned approach to the management of the Council's estate portfolio together with the Council's partner's supports equal opportunity and choice in access to services within all parts of the community. Where any changes to the estate are proposed, an equalities assessment in line with the Council's agreed approach will be undertaken.

5.3 The Estates Strategy has been developed in line with the Council's equalities and diversity policies. The development of the strategy was monitored by the Overview and Scrutiny process which supports the proper assessment of equalities issues in policy development and service delivery.

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

6.1 The Estates Strategy will ensure that best practice asset management is developed, embedded and practiced within the whole organisation. It will drive achievement of better value for money from the Council's property assets through the effective and efficient direction and utilisation of assets, directly supporting the One Barnet 'Value for Money' programme objective.

6.2 Plans regarding sustainability in relation to our assets are in accordance with the Council's current policies.

6.3 The Estates function is fully integrated into the SAP Optimisation project which will ensure that data is held all in one place and for the more effective management of information.

6.4 The recent re-structuring of two sections within the Estates function (Asset Management and Facilities Management) will improve the delivery of service to customers. Like wise the Estates function is being evaluated as part of the Customer and Support Service Project One Barnet transformational programme.

6.5 Estates will take full advantage of procurement support to ensure standardisation of procedures and reductions in cost base. Adoption of key CIPFA performance indicators will focus resources on delivering targets.

## **7. LEGAL ISSUES**

7.1 The implementation of the Estate Strategy may result in the disposal of land owned by the Council, the appropriation of land held by it and the acquisition of land. At the point of any disposal, appropriation or acquisition of any land interest, the Council will have to comply with the requirements of the relevant statutory authority empowering the Council to carry out the given activity, especially the provisions of Sections 120, 122, 123 and 128 of the Local Government Act 1972 as well as the statutory guidance on land disposals contained in "Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003.

- 7.2 The Council should ensure that, in implementing the Strategy, it fulfils its fiduciary duty in a way that is accountable to the local people.
- 7.3 If the Council enters into any arrangement with a third party, when implementing the strategy, then, it must also consider the statutory power upon which it would be entering into any such arrangement. Section 2 of the Local Government Act 2000 may be relevant for any proposed arrangement involving third parties.
- 7.4 The Council's land holdings and real property are a corporate resource and the implementation of the Strategy would have to be in accordance with the Management of Real Estate, Property and Land Section of the Council's constitution.

## 8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3 (Responsibility for Functions), Section 3.6 details the functions of the Cabinet Resources Committee which includes "all matters relating to land and buildings owned, rented or proposed to be acquired or disposed by the Council."

## 9. BACKGROUND INFORMATION

- 9.1 At General Functions Committee 5 August 2009, the Committee approved the restructure of the roles and responsibilities of the Corporate Senior Management team and the creation of the Commercial Director post with responsibilities including the Council's property and assets functions.
- 9.2 In April 2010, the Commercial Director consolidated the property and assets functions within a single Estates function under a Head of Estates.
- 9.3 The Estates Strategy sets out a framework for supporting corporate and One Barnet objectives through the effective management of the service delivery in relation to property and assets together with the effective financial management of capital assets.
- 9.4 The Strategy sets out the Council's strategic approach to its estates for the next five years and the draft Strategy is set out at Appendix 1. It sets out the Council's vision for its estates and the mid to long term strategy to achieve this vision.
- 9.4.1 The Strategy sets the Council's direction in relation to:
- managing our operational, commercial and community portfolios;
  - managing our buildings sustainably across our property asset portfolios; and
  - managing the property and asset functions which oversee these portfolios.

The Estates strategy sets out our commitment to ensuring that

***"The Council, with partners, delivers a high quality, streamlined and sustainable estate to support the delivery of core services and our corporate and One Barnet priorities now and in the future. With robust, responsive assets infrastructure and a one public sector approach, we enable community activity to drive strong and cohesive neighbourhoods."***

It also sets out how this vision will be achieved through a series of key initiative set out in a corresponding action plan, driven by three key strategic principles:

- Provide sustainable, value for money solutions to enabling high quality service delivery and community activity, at every stage of the property and assets life cycle;
- Adopt a one public sector approach to support this;
- Build maximum flexibility into the Council's estate to ensure it can meet the challenges of the future.

9.5 The Strategy sets the direction for the Council in terms of improving building sustainability in line with tightening Government focus and targets in this area, specifically in relation to the Carbon Reduction Commitment and energy usage. The Strategy informs improvement to the way the Council uses physical resources to improve value for money and minimises the impact of its estate on the environment.

9.6 More detail is set out in the Strategy, attached at Appendix 1, and the corresponding Action Plan, attached at Appendix 2.

9.7 This Strategy was first considered in draft at the meeting of Budget and Performance Overview and Scrutiny on 1 September 2010 and has been revised to address the comments raised by the Committee.

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

10.1 None.

**Legal: TE**

**Finance: JH**



**Estates Strategy  
The London Borough of Barnet**

**2011- 2015**

**1.0 Introduction**

This is the Council's Strategy which sets out the requirements for our estate over the next five years. The estate includes; our schools, administrative offices, public offices, libraries, community buildings, and commercial properties. Effective management of that estate is integral to how far we provide value for money for the people of Barnet and to achieving the Council's priorities.

We have committed through the One Barnet Programme to place the citizen at the heart of services, to work with our partners to provide a joined up approach to public services and to drive for relentless efficiency in everything we do. In relation to our estate, this means working through the One Barnet principles to achieve more efficient, effective and strategic use of public sector assets and systems. These must deliver high quality services and support residents to build stronger communities and better neighbourhoods.

As the social, economic and political context of Barnet continues to evolve, we must match future capabilities to the future environment through our strategic planning if we are to achieve the desired outcomes from One Barnet sustainably. We have already begun to address this through a series of strategic reviews including our approach to customer access and our plans for growth and regeneration in the borough. Another major consideration as we move forward is the need to understand how the needs of the Council and residents in relation to our estate are changing, how this changes the nature of our business and the ways we work and the impact these developments will have on the strategies relating to our property and assets. We must be prepared to build maximum flexibility in our estate for the future.

With this in mind, we have established a clear direction for how we will manage our combined estate across the borough and this strategy sets out this vision, reviews the current nature of the estate, and describes the direction we will take and the arrangements we will put in place to enable this.

**2.0 Strategic Context**

The One Barnet principles of relentless efficiency; a one public sector approach; and a new relationship with citizens are at the heart of Council policy and priorities. Driven by these principles, we will maximise opportunities with our partners and residents, working through the One Barnet Programme to improve the processes and systems through which we manage our estate. We will work uncompromisingly to optimise our resources for delivering excellent public services and community activity with maximum benefit for the people of Barnet.

A challenging financial climate has brought significant and ongoing pressures to bear on the public sector with an urgent need for the Council to respond effectively. In relation to the Council's estate there is a clear need to develop a strategy which sharpens the focus of our estate for the future, prioritising scarce resources and driving out costs through improved efficiency and innovative partnerships. This strategy sets out how we will manage our responsibility to facilitate stronger, more cohesive neighbourhoods through our approach to public assets in the context of



restricted funding and ever increasing demand for local public services. We must be prepared to take difficult decisions in order to manage the inherent conflict between our will to make fit for purpose community assets available to our residents, and the very urgent need to mitigate the significant funding reductions we are facing. This will mean reconsidering those assets we hold which do not serve the Council's core functions and priorities.

We will work with our partners to seek out opportunities to reduce costs, grow income and rigorously evaluate surplus assets for disposal. The Council will need to balance carefully both capital and revenue funding ensuring that a drive to generate capital resources, by the selling of assets does not have a disproportionate impact on revenue income. There will be changes in the delivery of health services which over time may change how the borough works in partnership with our health colleagues. This may mean pursuing opportunities to jointly manage, occupy, invest in or dispose of assets to drive high quality health services in the most appropriate locations.

Through Barnet's Three Strands Approach and our Local Development Framework Core Strategy, we have committed to ensuring that the Council's approach to planning, development and regeneration supports a thriving borough. The LDF Core Strategy sets out our strategic commitment to 'make more efficient use of our community assets in order to improve service delivery.'<sup>1</sup> This Estates Strategy will support this and whilst its delivery will likely lead to a more streamlined assets base, it will also ensure that a sharper focus enables a more efficient asset portfolio which better supports improved, integrated service delivery, stronger neighbourhoods and drives achievement of the One Barnet priorities.

Through our approach to the estate we will also support delivery of the Council's strategic objectives in relation to customer access. This will mean facilitating the delivery of customer facing facilities targeted in areas where they are most needed and supporting the shift to alternative channels of customer access where it is appropriate. The Libraries Review (March 2011) has instigated a programme of work in support of this approach and the estates function will have a key role supporting delivery of their strategic aim to deliver a targeted, fit for purpose and sustainable libraries estate.<sup>2</sup>

With a strong focus on environmental sustainability Government have implemented measures which impact upon how we manage our estate now and in the future. There has been a significant increase in the financial pressures relating to the Carbon Reduction Commitment (CRC) introduced through the 2010 Energy Bill and this is likely to continue. This strategy therefore sets out our commitment to delivering a sustainable estate with a reduced environmental footprint and to ensuring that any work undertaken with our strategic partners takes account of this commitment now, and in the future.

### **3.0 Scope**

The Estates Strategy relates to the Council's diverse portfolio of property assets. It will not apply to the councils Housing (and associated) assets or its Parks and Open Space assets.

This strategy brings together the Council's aims and objectives for our estate, detailing how we will ensure that it enables effective and efficient delivery of Council

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<sup>1</sup> London Borough of Barnet- Local Development Core Strategy, March 2011.

<sup>2</sup> London Borough of Barnet- Strategic Libraries Review, March 2011.

services and priorities. Specifically, the strategy sets the Council's direction in relation to:

- managing our operational, commercial and community portfolios;
- managing our buildings sustainably across our property asset portfolios; and
- managing the asset functions and infrastructure which support these portfolios.

There are some established strategies and some currently under review which relate to the Council's properties and assets including the Libraries Strategy and Review, the Housing Strategy, the HRA Business Plan, the Parks and Open Spaces strategy, the Customer Access Strategy and the Local Development Framework Core Strategy. Through the One Barnet Programme we will work to harmonise these individual strategies with an effective and efficient plan for the combined estate across the whole borough.

The estate owned by the Council which is subject to this strategy is divided into three portfolios which require different approaches. The Council currently owns (excluding council housing, associated assets, parks and open spaces) 574 properties with a value in the region of £500m (2009/10). The estate is divided into three portfolios:

<b>Community Properties</b>	<b>Qty</b>
Allotments	48
Community centres, faith groups/activities /clubs	42
Cemeteries/memorials/monuments	23
Long leaseholds (shopping centres/ residential/commercial)	5
Regeneration properties	67
Offices let to partners/third sector	5
Long leases	47
Sports clubs leisure centres	48
	<b>285</b>
<b>Operational Properties</b>	<b>Qty</b>
Day centres/health care /sure start/youth centres	10
Public offices/civic/admin offices	11
Libraries /registry offices/resource centres	15
Mortuaries/crematoriums	2
Museums	2
Schools	68
Hostels	2
Depots	1
	<b>111</b>
<b>Commercial Properties</b>	<b>Qty</b>
Advertising Pitches/hoardings	4
Let Agricultural land	14
Car Parks	22
Industrial Units	31
Office investments	5
Retail Units	102
	<b>178</b>
<b>Total</b>	<b>574</b>

#### 4.0 Strategic Aims and Objectives:

As we manage our estate through this strategy, we will work to ensure that:

***“The Council, with partners, delivers a high quality, streamlined and sustainable estate to support the delivery of core services and our corporate and One Barnet priorities now and in the future. With robust, responsive assets infrastructure and a one public sector approach, we enable community activity to drive strong and cohesive neighbourhoods.”***

We must follow a set of key strategic principles if we are to achieve these desired outcomes. As the Council manages its estate it will seek to:

- Provide **sustainable, value for money** solutions to enabling high quality service delivery and community activity, at every stage of the property and assets life cycle;
- Adopt a **one public sector approach** to support this;
- Build **maximum flexibility** into the Council’s estate to ensure it can meet the challenges of the future;

We will need to embed these principles within our ongoing estate management and planning and will work through the Estates Strategy Action Plan (appendix 2), delivering key projects and initiatives through four key themes:

##### ***Supporting communities***

Our estate will facilitate the delivery of high quality services and community assets which drive resilient, self-supporting neighbourhoods across Barnet. Placing citizens at the heart of decision making will be essential to achieving this. We will improve our customer insight, working with citizens and partners to gain a better understanding of how we can deliver an estate which best supports this commitment. Robust data and analysis will inform our decisions and drive our actions as we work in line with our objectives for customer access to ensure that public land and buildings support accessible services by being conveniently located, fit for purpose and driving joined up services. Implementing improvements to our assets infrastructure will also be crucial to facilitating agile and responsive service delivery and identifying opportunities where we can facilitate communities to help and support themselves will be crucial.

Key pieces of work to deliver these objectives will be implemented through the estate strategy action plan (appendix 2) and will include:

- The review of the estates customer base to better understand what underpins a fit for purpose asset portfolio which drives high quality services and community activity;
- The development, with partners, of a Community Buildings Strategy to set out how public assets and community buildings across the borough can support our objective for strong, self-supporting communities sustainably.
- Supporting through our estate management the achievement of the Council’s objectives for customer access and regeneration.

### ***Maximising opportunities through partnership***

If we are to support value for money services delivery and high quality community activity we must be relentless in improving the efficiency and effectiveness of how we manage our assets. We will work with our public sector colleagues to develop a collaborative approach across the local public estate to both new capital investment and existing assets built to enable local people to work together to enhance community life. We will work with our public and third sector partners, sharing assets across the public estate and proactively maximise opportunities to co-locate or re-consider the use of assets where appropriate. This will allow for better sharing of expertise and capability and will enable us to pool resources to pursue more complex solutions with greater benefits both for the Council and for Barnet's diverse communities. To deliver our objectives we may need to invest in our partners' assets where it is clear that they are better placed to meet the needs of Barnet residents or better able to facilitate communities to support themselves.

Key pieces of work to deliver these objectives will be implemented through the estates strategy action plan (2) and include:

- A complete plan of public sector /community assets in the Borough developed with partners captured to identify opportunities for more efficient, joint working and eliminate waste and duplication;
- A longer term strategy with action plan to maximise those opportunities identified with partners.

### ***Managing our assets sustainably***

Throughout the estates review and rationalisation processes we will embrace the need to support and implement the Government's sustainable operations agenda, driven by cross-departmental targets for government estate and associated mandates. In line with Governmental policy, we will reduce the environmental impact of our use of property assets through controlling the procurement, design, use and disposal of assets. The long- term impact of our operational buildings' energy efficiency and environmental performance will form a key part of our decision-making and design processes in relation to our property and assets and should be embedded in our normal day to day practices. We will impose and monitor key sustainability performance measures to drive improved performance in this area and apply these expectations where we are working in partnership with our public and third sector colleagues.

### ***Sustaining financial efficiency***

The Council will take the decisions necessary to operate a property portfolio that is financially sustainable in the long term. This means holding only those assets that we need to deliver those functions driven by our corporate and One Barnet priorities and proactively pursuing opportunities to release and recycle capital and revenue into these priorities.

We are likely to operate a smaller estate but one which is better focussed on facilitating high quality service delivery and resilient, cohesive communities. Working with our public sector partners, we will ensure that property investment and divestment decisions are based on robust analysis which balances short term priorities and longer term objectives so that land can be released for regeneration

and the development of sustainable communities. We will make all decisions in line with the objectives set out in Barnet's Local Development Framework and Three Strands Approach to ensure that in managing our estate we continue to support our long term vision for a thriving borough.

The corporate requirement for capital receipts to support capital programmes demands a pro-active acquisition and disposals strategy. We will only hold, protect and control operational assets that are required to support our strategic delivery obligations defined by our services. Therefore whilst the Council will continue to invest in the estate where it is in our interest, it will also be necessary to identify those assets which are surplus to requirements and to consider the options for pro-active disposal. These will be set out in a five year acquisitions and disposals strategy and supporting delivery plan (Appendix 2, 1.1) and all decisions will be made in compliance with the Council's approach to equalities to ensure that we are adequately identifying and mitigating as far as possible the risk of adverse implications.

We must ensure that the property and operating costs for those assets we do maintain are minimised as far as possible whilst remaining compliant with legal, health and safety and environmental requirements. Contracts and lease arrangements will undergo continuous scrutiny to ensure we are getting best value for money and that the estate is suitably agile to respond to changing community needs and external pressures now and in the future.

Implementing and maintaining flexible technology and systems will support this and drive more accurate planning and information management to inform effective management of our assets. We will work through the One Barnet programme to develop and implement a fit for purpose Asset Data Management system to support this (Appendix 2, 1.2). This approach will be integrated into the support we provide to delivering and maintaining targeted customer access facilities, including our libraries.

We will develop a 5 year capital needs assessment for the operational estate and implementation programme to ensure we are able to maintain and invest where it is necessary in our assets to drive high quality, value for money services within a context where resource is scarce (Appendix 2, 3.2).

We will work proactively to maximise the financial return on properties that are held for investment purposes and we will identify, develop and pursue opportunities to use the asset base to facilitate long-term revenue growth and capital appreciation. We have set ambitious annual targets in relation to our capital receipts which are supported by a plan to achieve them (Appendix 2, 1.3). This will be managed and monitored closely to ensure we are rigorous in our work to achieve these aims.

## **5.0 Delivery**

The Council's Estates Strategy is to be delivered by our Estates Service which comprises three key functions:

- Property Services;
- Facilities management, print and distribution; and
- Building Services.

The full work plan for the implementation of the Estates Strategy through 2011/12 is appended (2) and the key elements to be delivered against each of the three property portfolios can be summarised as:

### **Community portfolio**

The climate of scarce resources places an inevitable limit on the scale of our estate and the number of assets we can make available to our communities. However, we are committed to the One Barnet principles of relentless efficiency, a one public sector approach and to facilitating a new relationship with citizens. Working through these principles, we will focus on enabling communities to get the very best from what is likely to be a smaller but better focussed community portfolio.

We want Barnet residents to feel real ownership over the portfolio of community assets across the borough and we know they have great will and energy to build a better Barnet. Our focus will be on working in partnership with them and with our public and third sector colleagues to develop fit for purpose, sustainable and flexible public assets for community activity which support strong social networks and enhanced community life where the people of Barnet work together to help and support themselves.

Transparency is a key step towards this so we will work with our partners to develop and maintain an up to date register of community assets which will help residents understand the opportunities available to them. We will work together with our public sector colleagues and with residents to understand the scope and potential of the existing community portfolio and to identify what our citizens need from it to facilitate strong, healthy and cohesive communities and we will formalise our plans for supporting this in our 5 year Community Buildings Strategy.

Whilst the Community Buildings Strategy is still in development, there are key tenets to which we are already committed. Our land and buildings within the community portfolio must represent a key resource to fulfil the corporate priority of sharing opportunities and responsibilities. The Council owns and controls a wide range of buildings which are and should continue to be used and where appropriate, shared by a diverse range of community groups to enhance community life. Taking advantage of opportunities to work jointly with our public and third sector colleagues in extending this provision as far and as effectively as possible will be crucial to delivering this commitment and beginning to set the conditions for community budgets in the future. Demand for space is changing. Many of the existing community buildings across the local public estate are not purpose built and are in want of repair. At the same time and in a challenging financial climate, some groups are losing support and thus the resources to carry on in occupation. We must therefore focus on jointly delivering a rationalised but better focussed and more effective community portfolio with better facilities to support fuller use by a wider range of groups. We will look at ways to encourage integration, seek out sharing opportunities, explore areas of need and identify how this can and will be most effectively accommodated by a streamlined but more efficient community portfolio for Barnet. Strong political leadership and identifying social enterprise opportunities to finance projects and work with groups to deliver the Localism agenda will be key in delivering this vision.

### **Operational portfolio:**

Our operational estate is minimised to a level appropriate to deliver the Council's services and functions:

- The back office support should be consolidated and primarily based at NBLP;
- Civic services should be based at Hendon Town Hall;
- In line with the One Barnet principles closer working with our public sector partners in terms of co-location of services will become increasingly important;
- Our approach to the operational portfolio will support our commitments in relation to customer access. We will enable, support and maintain those customer facing facilities which align with our strategic objectives for customer access and reconsider how we hold and maintain those which do not.

Our operational buildings are compliant, secure, fit for purpose, in an acceptable condition and located in the right places to satisfy our customers' needs;

- The Council needs to know more about our estate in terms of backlog liabilities, level of suitability, regular inspection regimes for the whole estate and auditing compliance/risk;
- The Council needs a better understanding of our customers to ensure that as we drive for greater efficiency that we are meeting their needs and priorities;
- This greater insight about what we have and what need will be set in an overall asset management strategy and plan. A five year asset management plan for the operational estate will be developed supported by a five year capital needs assessment and a five year cyclical maintenance plan to ensure we can and do our objectives (Appendix 2, 3.6).

Our operational portfolio achieves the best standards of sustainability possible and a reduced carbon footprint.

- There will be a forum to manage the councils carbon footprint, with cross cutting work streams for energy management and sharing best practice and encouraging sustainable approaches to how we manage our buildings (Appendix 2, 3.8);
- We have a set of carefully monitored and managed performance measures in place to drive improved performance in this area (Appendix 2, 3.8).

We continually strive to reduce the cost of occupying and managing our assets.

- The principles of the accommodation strategy in terms of encouraging cultural change in how we work and compression of space must be continued.

- All opportunities to offset costs of occupation, competitive procurement, need to be explored and greater control should be exercised over contractual agreements.
- We should annually benchmark and aim to reduce the cost profile of delivering the estates function for the council and have set corporate targets to drive efficiency and cost reduction in relation to our operational buildings (Appendix 2, 1.5).
- A strategy for better management of the Agricultural estate will be developed.

### **Commercial portfolio**

Our commercial portfolio is rigorously managed and realised to support the priorities of the Council.

- This portfolio should be managed to the highest possible standards in terms of achieving best value, consistent income streams which come in on time and budget. We should aim to grow this too by investigating alternative income streams.

We challenge the reasons for property holding and maximise revenue and capital income from the management of assets.

- There is a need to critically evaluate all holdings owned by the Council so that opportunities can be taken to raise capital and that there is a long term plan and process to help manage resources.
- A set of ambitious corporate targets to minimise voids and maximise capital receipts over the next 3 years and a plan for delivering them will drive achievement of this objective (Appendix 2, 1.3).

### **6.0 Estates Strategy - Monitoring, Evaluation and Review**

Progress against the plan and against performance indicators included within it will be reported at scrutinised by the Commercial Management team on a quarterly basis.





# Estates Strategy Action Plan

# Appendix 2

## PROVIDE VALUE FOR MONEY AT EVERY STAGE OF PROPERTY & ASSETS LIFECYCLE

Objective:	Serial	Work/ Initiative/ Target	Target Date	Lead
Sustaining Financial Efficiency	1.1	To draft a 5 year acquisitions & disposals strategy with supporting plan developed & agreed	Sept 2011	AD Estates
	1.2	Implement fit for purpose Asset Data Management system to facilitate robust decision making and effective planning	Sept 2011	AD Estates
	1.3	100% Capital receipts are achieved within planned timeframes and meet capital targets:  2011/12 £15 million; 2012/13 £10 million; 2013/14 £10 million  Corporate Target of 4.9% maximum voids on Commercial Portfolio	March 2014  March 2012	Valuation Manager
	1.4	CIPFA benchmarking work is completed and recommendations fed into service transformation and Customer and Support Services Project planning and quarterly performance monitoring.	March 2012 & ongoing	AD Estates
	1.5	Corporate target to minimise cost of accommodation: reduce total property costs of the council's main administrative functions to £188 per GIA metre squared from £256 per GIA metre squared	March 2012	AD Estates
	1.6	All opportunities taken to mitigate/influence/ reduce operational occupation costs and grow alternative forms of income	Ongoing	Facilities Manager/Head of Property Services /Building Services Manager
	1.7	To map and consolidate where possible remaining facilities and asset management resources from across the council as part of the service transformation process	March 2012	AD Estates

<b>ONE BARNET APPROACH</b>				
<b>Objective:</b>	<b>Serial</b>	<b>Work/ Initiate/ Target</b>	<b>Target Date</b>	<b>Lead</b>
Supporting Communities	2.1	Complete the review of the Estates Function customer base	September 2011	AD Estates
	2.2	Completion of Community Buildings Strategy	September 2011	Valuation Manager
	2.3	Support colleagues with implementation of the libraries review	ongoing	AD Estates
	2.4	A complete plan of 100% public sector /community assets in the Borough developed with partners captured through the Total place mapping scheme and a summit with partners to plan the long term approach. A developed longer term strategy with action plan to co-locate and manage community assets more effectively with our partners in line with key corporate themes	September 2011  March 2012	AD Estates  AD Estates/Valuation Manager/ Building Services Manager

<b>BUILD MAXIMUM FLEXIBILITY IN COUNCIL'S ESTATE TO MEET FUTURE CHALLENGES</b>				
<b>Objective:</b>	<b>Serial</b>	<b>Work/ Initiative/ Target</b>	<b>Target Date</b>	<b>Lead</b>
Sustaining Financial Efficiency	3.1	Plan for asset management standardisation developed and implemented across Council services	December 2011	Building Services Manager
	3.2	5 year capital needs assessment for the operational estate and implementation programme (linked to asset management plan) developed and approved	December 2011	Building Services Manager
Managing our assets sustainably	3.3	Estates Strategy approved	May 2011	AD Estates
	3.4	The completion of a strategy for the better management of the Agricultural Estate	Sept 2011	AD Estates
	3.5	Support colleagues to complete accommodation projects.	ongoing	AD Estates/ Facilities Manager
	3.6	5 years Asset Management plan for operational estate agreed	Sept 2011	Building Services Manager
	3.7	5 year cyclical maintenance plan for operational estate in place	Sept2011	Building Services Manager
	3.8	Ensure carbon Steering Group embedded and carbon footprint assessment and a plan for long term mitigation measures in place. Aim to keep LBB's energy consumption no higher than 223 kw/h per GIA of the administrative estate.	Dec 2011	Building Services Manager

**AGENDA ITEM: 7 Pages 33 – 36**

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<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	24 May 2011
<b>Subject</b>	231a Colney Hatch Lane and adjoining land, Friern Barnet
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	To consider an offer for the sale of the freehold interest in this site to the current lessee

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Officer Contributors	Philip Stanbridge – Principal Valuer
Status (public or exempt)	Public (with a separate exempt report)
Wards affected	Coppetts
Enclosures	Appendix A - Plan no. 21551-4
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Philip Stanbridge, Principal Valuer, 020 8359 7349.  
philip.stanbridge@barnet.gov.uk.

## **1. RECOMMENDATIONS**

- 1.1 That the terms provisionally agreed with Southgate and Finchley Coaches Ltd for the sale of the Council's freehold interest in their leased site and an area of adjoining land be accepted on the terms set out in the exempt report**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The Policy and Implementation Committee of 21<sup>st</sup> January 1999 and the Resources Executive Committee of 5<sup>th</sup> May 1999 gave authority to the granting of a long lease to Finchley Coaches.

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

- 3.1 The Corporate Plan commits the Council to delivering better services with less money. A key principle of the medium term financial strategy is to continually review the use of Council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. This proposal does this by producing a capital receipt for the Council which can be set against this priority.
- 3.2 The Regeneration Service has been consulted and confirmed that the proposals in this report do not adversely impact upon any of the Council's regeneration schemes.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 When disposing of land, Section 123 of the Local Government Act 1972 requires local authorities to achieve the best consideration reasonably obtainable. The proposed sale has not been the subject of a marketing process because the tenant is a special purchaser, being in a position to offer in excess of the normal market investor. There is a risk that the best consideration might not have been achieved. Accordingly, an independent valuation has been sought to confirm that the agreed price satisfies the Council's statutory duty and this has confirmed that the terms set out in the exempt report do meet this requirement.
- 4.2 The risk related to the disputed rent reviews have been addressed within the terms of the contract set out in the exempt report.

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

- 5.1 The proposals have been considered and will not give rise to any issues under the Council's Equalities Policy and do not compromise the Council in meeting its statutory equalities duties.

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

- 6.1 There are no procurement, performance and value for money, staffing, IT or sustainability implications. The financial and property implications are set out in the accompanying exempt report.

## **7. LEGAL ISSUES**

7.1 None; save those contained in the main body of the report.

## **8. CONSTITUTIONAL POWERS**

8.1 Council Constitution, Part 3, Responsibility for Functions, paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

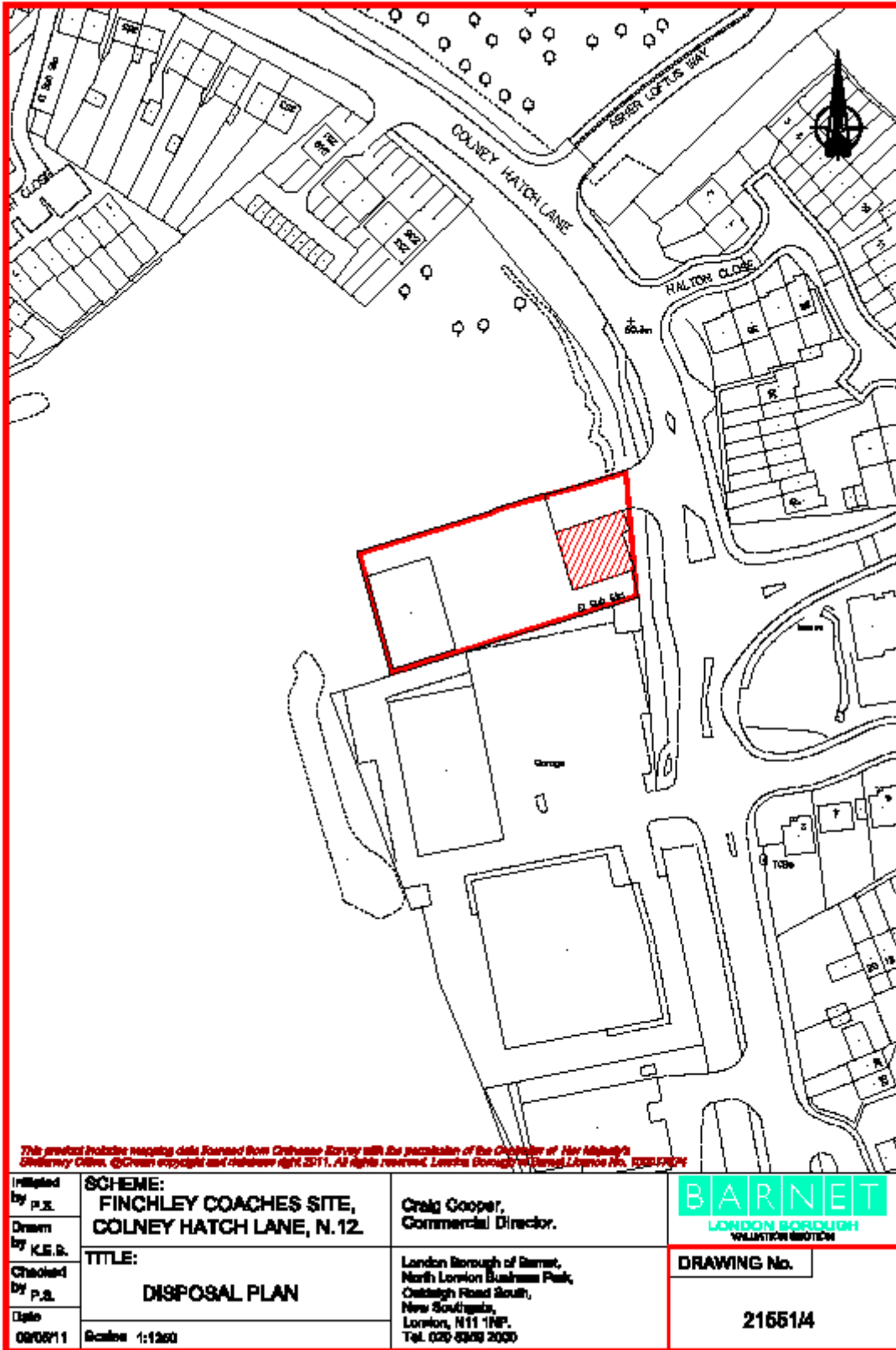
## **9. BACKGROUND INFORMATION**

- 9.1 In 2000, as part of the relocation to facilitate redevelopment at Brunswick Park, the Council granted Finchley Coaches Ltd a long lease, expiring in July 2116, of the area comprising their coach park and depot in Colney Hatch Lane.
- 9.2 Finchley Coaches, now trading as Southgate and Finchley Coaches (S&FC), have expressed an interest on a number of occasions in purchasing the freehold interest of the land subject to their lease but thus far the offers made have been insufficient.
- 9.3 More recently, this matter has been reactivated by S&FC and on this occasion terms more attractive and appropriate have provisionally been agreed.
- 9.4 During the term of the lease there has been an ongoing dispute over rent reviews which might have meant that there had been a significant accumulated overpayment of rent in past years. Last year it was concluded by Property Services and S&FC's advisors that the matter could only be resolved by referring the matter to arbitration and this was set in process.
- 9.5 The terms now agreed with S&FC however include the undertaking by S&FC that the arbitration and any possible claims arising for possible overpayment of rent are to be unconditionally dropped.
- 9.6 There is an additional area of land, shown cross hatched on the attached plan that was previously used as a visitor's car park for the nearby Coppetts Wood Its use for this purpose was however abandoned, as it was little used and became the subject of rubbish dumping. It is believed the car park was closed in 2008 and has remained unused ever since. S&FC offer includes this area of land together with the area that formed the joint access. It is understood that neither Greenspaces nor Highways have an ongoing use for this area of land and thus it might usefully be included in this sale and has limited potential for use or development in isolation.

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

10.1 None.

**Legal – JKK**  
**CFO – CP**



Plan

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**AGENDA ITEM: 8 Pages 37 – 42**


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<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	24 May 2011
<b>Subject</b>	West Hendon Regeneration – Lease for Lower Level Car Park, Tyrell Way
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	To report the terms agreed for a lease of the Lower Level Car Park, Tyrell Way, West Hendon to Barratt Metropolitan LLP.

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Officer Contributors Siobhan O'Donoghue- Principal Valuer

Status (public or exempt) Public

Wards affected West Hendon

Enclosures N/A

For decision by Cabinet Resources Committee

Function of Executive

Reason for urgency / exemption from call-in (if appropriate) Not applicable

Contact for further information: Siobhan O'Donoghue, Property Services, 020 8359 7360.



## **1. RECOMMENDATION**

- 1.1 That a lease of the Lower Level Car Park at Tyrell Way, West Hendon be granted to Barratt Metropolitan LLP on the terms detailed in this report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 30 August 2005, (Decision Item 5); West Hendon Area Regeneration Project – Approval of the Principal Development Agreement.
- 2.2 Cabinet 11 October 2005; (Decision Item 7); West Hendon Area Regeneration Project – approval of the Principal Development Agreement – Comments from Cabinet Overview and Scrutiny Committee.
- 2.3 Cabinet 3 April 2006; (Decision Item 8); West Hendon Regeneration Project – Approval to enter into the Principal Development Agreement.
- 2.4 Planning and Environment Committee 11 December 2007; (Decision Item 8); Approved the demolition of the Lakeview Children’s Centre and redevelopment of the site with 8 affordable houses.
- 2.5 Cabinet Resources Committee 25 March 2008 (Decision Item 15); approved the transfer of the former Lakeview Children’s Centre site to Barratt Metropolitan LLP for redevelopment of 8 new affordable houses.
- 2.6 Planning and Environment Committee 22 December 2008 (Decision Item 7); Approved Reserved Matters Application to develop Phase 2A of the development.
- 2.7 Cabinet Resources Committee 22 April 2010 (Decision Item 5); Approved the disposal of land forming part of Phase 2A to Barratt Metropolitan Limited Liability Partnership (BMLLP) for the development of 184 new homes.

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

- 3.1 The regeneration of West Hendon Estate supports the corporate priority of ‘A successful London suburb’ in the Corporate Plan 2010/13. This key priority is underpinned by the following objectives:
- Delivering the Three Strands Approach of Protect, Enhance and consolidate Growth, where West Hendon falls with Strand 3: Growth to deliver over 2,000 new homes to the Brent Cross, Cricklewood and West Hendon Regeneration Area;
  - Delivering high quality, sustainable housing growth;
  - Continuing to grow successfully but realistically;
  - Creating the conditions for a vibrant economy; and
  - Promoting independence through housing choice.
- 3.2 The re-development also complies with strategic objectives in the Council’s Housing Strategy.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The planning consent issued by the Council requires Barratt Metropolitan LLP (‘BMLLP’) to provide 1:1 parking spaces for the Initial Phase at West Hendon. This means that there is a requirement for one car parking space per dwelling. Although the Master plan for the whole scheme provides for this, the land transferred under the initial phase will not allow this condition to be satisfied. Therefore, without the use of the lower level Car Park at Tyrell Way, this planning condition will be breached.

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

- 5.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough. The regeneration of West Hendon will provide a mix of affordable, intermediate and private sale properties. The new mixed tenure housing will improve the community cohesion in an area with a highly diverse population. It will provide increased choice and opportunity for Barnet residents. This supports the overall aim of the council's Equalities Policy and supports the equality priorities outlined in Barnet's Equality Scheme.
- 5.2 It is not considered that the issue involved will give rise to any issues under the Council's Equalities policies and do not compromise the Council in meeting its statutory equalities duties.

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

- 6.1 There are no procurement, performance and value for money, staffing, IT or sustainability implications. The financial and property implications are set out below.

## **7. LEGAL ISSUES**

- 7.1 The car park forms part of the Council's West Hendon Housing Estate and is held for housing purposes under Part II the Housing Act 1985. Section 32 of the 1985 Act provides that a local authority may dispose of land held by them for the purposes of Part II in any manner, but only with the consent of the Secretary of State.
- 7.2 The General Consent for the Disposal of Part II Land 2005 provides local authorities with scope for flexibility without the need to obtain the Secretary of State's specific consent under Section 32.
- 7.3 Under General Consent E3.2(b)(i), a local authority may dispose of any land held for the purposes of Part II for a consideration determined by the authority "where the land is to be used for a purpose, other than use as housing accommodation, which does not involve trading for profit and is beneficial to persons, the majority of whom the authority expects to be inhabitants of the estate or neighbourhood in which the land is situated".
- 7.4 The consent leaves the consideration to the discretion of the authority, who need to be able to show that it is reasonable in the circumstances. The Valuation Manager confirms that the proposed grant of a lease of the car park to BMLLP complies with the terms of the General Consent.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Council Constitution, Part 3, Responsibility for Functions - paragraph 3.6 states the functions delegated to the Cabinet Resources Committee which includes all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

## **9. BACKGROUND INFORMATION**

- 9.1 The Council is currently working with its development "partner", BMLLP on the delivery of the West Hendon Regeneration. The parties are currently working on the 'Initial Phase'

which comprises (1) the former Lakeview Children's Centre (which is now demolished) (2) Phase 2A - 1-12 Rosemead, 1-5 Warner Close. All conditions precedent for this phase have been satisfied and the land was transferred to BMLLP on 31 March 2011.

- 9.2 The planning consent issued by the Council requires BMLLP to provide parking at a ratio of 1:1 in accordance with the original planning brief for the West Hendon Regeneration. Although this has been built into the master plan, the delivery of the whole scheme is not yet viable so the scheme is currently being delivered on a phase by phase basis. BMLLP have agreed to proceed with the Initial phase, however the site boundary will not allow the parking requirements to be satisfied for this phase.
- 9.3 The Council has identified a solution to satisfy this planning condition. The lower level car park at Tyrell Way is currently under utilised by the residents of the West Hendon Estate. The car park has been closed for over 12 months due to crime and vandalism and is considered to be surplus to requirements. The Council propose to offer a lease to BMLLP to bring the car park back into use and in order that they may meet their planning obligations.
- 9.4 It is recommended that a lease to BMLLP be granted for the Lower Level car park at Tyrell Way and should include the following terms:
- (i) Tenant: Barratt Metropolitan LLP
  - (ii) Permitted Use: In accordance with Condition 9 Planning Reference W13937/04 – The site must be used to provide car parking for the development of Phase 2a Lakeside and in accordance with the Council's current adopted standards. The parking provision for residential units shall be at least 1:1 parking.
  - (iii) Lease Term: 25 years from the date of the lease
  - (iv) Security of Tenure: The lease will exclude the provisions of Sections 24-28 of the Landlord and Tenant Act 1954
  - (v) Rent: Year 1 to Year 5 (inclusive) – Peppercorn  
Year 6 to Year 10 (inclusive) – Peppercorn rent subject to the Principal Development Agreement being unconditional, In the event that it is not unconditional, an Open Market Rent.  
Year 11 to Year 25 (inclusive) – Open Market Rent
  - (vi) Determination In the event that the Council requires possession of the site for redevelopment purposes it may terminate the lease by giving at least 6 months' notice
- 9.5 The Council's fees and costs relating to the grant of the lease will be recharged to BMLLP.
- 9.6 In the event that BMLLP does not proceed with the West Hendon Regeneration Project, it will be necessary for them to review their current parking strategy and associated

obligations in order to seek an alternative solution as necessary. The Council is not obliged to identify an alternative parking solution if the proposed lease is determined.

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

10.1 None.

**CFO: MC**

**Legal: SWS**



**AGENDA ITEM:** Pages 43 - 46
 

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<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	24 May 2011
<b>Subject</b>	West Hendon Regeneration – Release of Restrictive Covenants within Phase 2a
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	To approve the release of the restrictive covenants on Nos. 1-7, 10,12 Rosemead and Nos.1-10 Warner Close, West Hendon Estate

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Officer Contributors	Siobhan O'Donoghue - Principal Valuer
Status (public or exempt)	Public
Wards affected	West Hendon
Enclosures	N/A
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Siobhan O'Donoghue, Property Services, 020 8359 7360.

## **1. RECOMMENDATIONS**

- 1.1 That the restrictive covenants affecting Nos. 1-7, 10 and 12 Rosemead and Nos. 1-10 Warner Close, West Hendon Estate be released.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 30 August 2005, (Decision Item 5); West Hendon Area Regeneration Project – Approval of the Principal Development Agreement.
- 2.2 Cabinet 11 October 2005; (Decision Item 7); West Hendon Area Regeneration Project – approval of the Principal Development Agreement – Comments from Cabinet Overview and Scrutiny Committee.
- 2.3 Cabinet 3 April 2006; (Decision Item 8); West Hendon Regeneration Project – Approval to enter into the Principal Development Agreement.
- 2.4 Planning and Environment Committee 11 December 2007; (Decision Item 8); Approved the demolition of the Lakeview Children’s Centre and redevelopment of the site with 8 affordable houses.
- 2.5 Cabinet Resources Committee 25 March 2008 (Decision Item 15); approved the transfer of the former Lakeview Children’s Centre site to Barratt Metropolitan LLP for redevelopment of 8 new affordable houses.
- 2.6 Planning and Environment Committee 22 December 2008 (Decision Item 7); Approved Reserved Matters Application to develop Phase 2A of the development.
- 2.7 Cabinet Resources Committee 22 April 2010 (Decision Item 5); Approved the disposal of land forming part of Phase 2A to Barratt Metropolitan LLP for the development of 184 new homes.

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

- 3.1 The regeneration of West Hendon Estate supports the corporate priority of ‘A successful London suburb’ in the Corporate Plan 2010/13. This key priority is underpinned by the following objectives:
- Delivering the Three Strands Approach of Protect, Enhance and consolidate Growth, where West Hendon falls with Strand 3: Growth to deliver over 2,000 new homes to the Brent Cross, Cricklewood and West Hendon Regeneration Area;
  - Delivering high quality, sustainable housing growth;
  - Continuing to grow successfully but realistically;
  - Creating the conditions for a vibrant economy; and
  - Promoting independence through housing choice.
- 3.2 The re-development also complies with strategic objectives in the Council’s Housing Strategy.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 If the restrictive covenants are not released then they will remain on the title of the land held within the Initial Phase. This could result in the developers, Barratt Metropolitan LLP (BMLLP), experiencing difficulties when marketing and subsequently disposing of the new units.

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

- 5.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough. The regeneration of West Hendon will provide a mix of affordable, intermediate and private sale properties. The new mixed tenure housing will improve the community cohesion in an area with a highly diverse population. It will provide increased choice and opportunity for Barnet residents. This supports the overall aim of the council's Equalities Policy and supports the equality priorities outlined in Barnet's Equality Scheme.
- 5.2 It is not considered that the issue involved will give rise to any issues under the Council's Equalities policies and do not compromise the Council in meeting its statutory equalities duties.

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

- 6.1 The Council will not receive a receipt for this transaction. However, BM LLP have agreed to pay the Council's legal costs of £2,000. There are no procurement, performance and value for money, staffing, IT or sustainability implications. The property implications are set out below.

## **7. LEGAL ISSUES**

- 7.1 None in the context of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

## **9. BACKGROUND INFORMATION**

- 9.1 The Council is currently working with its development "partner", BM LLP on the delivery of the West Hendon Regeneration. The parties are currently working on the 'Initial Phase' which comprises (1) the former Lakeview Children's Centre (which is now demolished) (2) Phase 2A - 1-12 Rosemead, 1-5 Warner Close. All conditions precedent for this phase have been satisfied and the land was transferred to BM LLP 31 March 2011.
- 9.2 The Council were the freehold owners of a majority of the land within the Initial phase; however 19 houses were purchased by BM LLP to assist with the site assembly. The houses were historically owned by the Council, but were subsequently sold under the Right to Buy. When the properties were sold the Council registered the following restriction against each of the individual titles;
- a) Not to carry on any trade or business nor use the property otherwise than as a private dwelling house.
  - b) Not to carry out any alterations or additions to the property which would be detrimental to the stability of the adjoining or neighboring properties.
  - c) Not to do or allow anything to be done which will cause a nuisance to the adjoining or neighbouring properties.



d) Not to park a motor vehicle in front of the houses, parking only in the designated car parks on the estate.

e) Not to do or permit any act, matter or thing which would prejudice the open plan layout of the estate and in particular, no wall, gate, shrub or hedge is to be erected or planted on the land between the boundary of the house and Rosemead/Warner Close as applicable.

Six of the properties also have further restrictive covenants not to display any advertisements without previous written consent of the Council, not to erect any shed, outhouse, television aerial, advertising board or hoarding (except a "for sale" board) and not to sell alcohol or hold a sale by auction at the property.

- 9.3 BMLLP are concerned that if the covenants remain on the title they would experience difficulties when marketing and subsequently disposing of the new units. Due to the proposed regeneration at West Hendon these covenants are now considered to be redundant with no benefit to the Council. It is considered that there would be no adverse affect to our remaining land ownership on the remainder of the estate if the covenants on the above properties were released at this time.

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

- 10.1 None.

**CFO: MC**

**Legal: SWS**

**AGENDA ITEM: 10** Pages 47 – 56

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Meeting	Cabinet Resources Committee
Date	24 May 2011
<b>Subject</b>	<b>Children and Young People Short Break – Permission to re-tender and extend current contracts</b>
Report of	Deputy Leader of the Council/Cabinet Member for Education, Children and Families
Summary	This report requests authorisation to tender for Short Break provision for disabled children and young people from January 2012 to March 2013; and recommends that the council extends the existing contracts for Short Breaks to the end of December 2011.

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Officer Contributors	Jay Mercer, Deputy Director of Children's Service Karina Umeh, Commissioner, Children's Service Sue Reeve, Complex Needs Divisional Manager, Children's Service
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Sue Reeve, Complex Needs Divisional Manager, Children's Service, 020 8359 7721.

## **1. RECOMMENDATION**

- 1.1 That permission is given for Officers to tender for Short Break provision for disabled children and young people for the period January 2012 to the end of March 2013 with the option to extend contracts by a further year, subject to funding being available and providers meeting performance requirements.**
- 1.2 That the requirements of paragraph 5.6.1 and 5.6.2 of the Council's Contract Procedure Rules be waived to allow the extension and variation of existing contracts for short break providers until 30 December 2011.**
- 1.3 Officers are delegated authority to make minor amendments to the proposed allocation of funds that increase efficiency and improve service delivery.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The Director of Children's Services, in consultation with the Cabinet Member for Children's Services, approved on 31 July 2009 by delegated powers (DPR 851) the award of £232,469.04 to 14 providers for the provision of short breaks during 2009/10.
- 2.2 The Director of Children's Services approved on 29 April 2010 by delegated powers (DPR 1056) the extension of 13 contracts with providers for short breaks for a three month period until 31 June 2010.
- 2.3 Cabinet Resources Committee, 19 July 2010 (Decision item 7) – approved the 2010/11 Commissioning Strategy to enable the growth and development of services to children and young people with disabilities.
- 2.4 The Director of Children's Services approved on 1 October 2010 by delegated powers (DPR 1172) the contract award for short breaks provision for disabled children and young people.
- 2.5 The Director of Children's Service approved on 31 March 2011 by delegated powers (DPR 1308) the extension of 9 contracts with providers for short breaks for a three month period until 30 June 2011.

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

- 3.1 The Council's Short Breaks programme provides a wide range of services to enable disabled children and young people to take part in play, leisure and other activities within their community; receive support in their home and in other settings so they can experience fun and challenging opportunities; while their parents and carers have a break from their caring responsibilities.
- 3.2 The Short Breaks programme intends to further progress the three priorities of the Council's Corporate Plan:
  - Better services with less money – by providing an offer which meets families' preferences and reducing their use of more expensive alternative services
  - Sharing opportunities, sharing responsibilities – by enabling families to continue to care for their children within the family
  - A successful London suburb – by providing a range of quality services which enhance the council's reputation with local families and the community.

- 3.2 The Short Breaks Programme also contributes towards the Barnet Children and Young People Plan 2010-2013 priority 'ensure high quality provision for disabled children and young people and those with complex needs'.
- 3.3 The Council is responsible for ensuring that value for money is obtained from public expenditure and that commissioning activity is managed in ways that provide continuity of support and that minimise disruption for disabled children and young people. The recommendations of this report for further extensions to contracts are intended as a balanced response to these requirements.

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

- 4.1 There is a risk involved in the market being robust or sufficiently developed in meeting the changing needs of families as set out in the specification. To help mitigate this Council officers are planning to establish a Short Breaks Provider Forum to share with current and prospective providers identified and projected needs to inform the tender process for January 2012 to March 2013. We will also use specialist networks to promote and publicise the tender.
- 4.2 The current contracts will expire on 30 June 2011 and failure to extend the current contracts will lead to the disruption of short break services to 541 disabled children and young people. These services provide much needed support to families particularly during the summer months of the school holiday periods. A High Court challenge was recently launched against another Council following its decision to withdraw funding for a short breaks service that supports more than 20 disabled children. The Claimants' challenge to the Council's decision to no longer provide them with Council run services was premised on the basis that the Council's business plan had failed to take into account the duty to eliminate unlawful discrimination on the grounds of disability. Failure to provide these services to some of our most vulnerable children and young people may put the Council at significant reputational risk. In many cases these services allow families to stay together and without these services there is likely to be an increase in family breakdown, which may ultimately result in more disabled children and young people coming into care. There is therefore a financial risk, as accommodating more disabled children and young people in care is significantly more costly than the provision of short breaks.
- 4.3 The Council has a new statutory duty under the Breaks for Carers of Disabled Children Regulations 2011 to provide short breaks and any break in service would breach this. This would put the Council at potential risk of judicial review. In order to mitigate these risks, it is recommended that current contracts are extended and varied. In order to ensure continued quality assurance and value for money there is a rigorous process in place for monitoring the performance of providers and this would continue throughout the extension period. The Council will continue to ensure that the provider organisations comply with all relevant and appropriate standards in terms of their, service quality, policies and procedures.
- 4.4 As part of the re-commissioning of Short Breaks it is intended to shift the balance of resources so that more funding is given directly to families in the form of personalised budgets, with less being allocated to commissioned services in 2012/13. There is a risk that providers (both on the open market and those services are centrally commissioned from) may not be able to provide enhanced choice and flexibility to meet the needs of personal budget holders. In recognition of the impact this might have on voluntary organisations, council officers will undertake provider forums and facilitate communications between organisations and CommUnity Barnet, who have previously offered support and advice to organisations. There is also a risk that families will not be willing or able to purchase services independently and that their expectations of personal budgets may not be met. To

help manage this, we will work with the existing parent forums and through other links with parents to enable them to voice their opinions and shape service design and delivery going forwards.

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

- 5.1 Section 149 of the Equality Act 2010, which came into force on 5 April 2011, sets out the public sector duty, i.e. that all public bodies are under an obligation to have 'due regard' to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, (explicitly) pregnancy, and maternity, religion or belief and sexual orientation. A failure to have due regard to a council's statutory duties might result in a successful challenge being made.
- 5.2 The Short Breaks programme supports a very diverse population of disabled children and young people, in particular:
- Children and young people with Autistic Spectrum Disorder (who have severe learning disabilities or behaviour which is challenging)
  - Children and young people whose challenging behaviour is associated with other impairments such as severe learning disabilities.
  - Children and young people with complex health needs including those with disability and life limiting conditions, and/or those who require palliative care and/or those with associated impairments such as cognitive or sensory impairments and/or have moving / handling needs and/or require special equipment / adaptations.

The focus has been on ensuring that those children and young people with the highest levels of need and most vulnerable are able to access and benefit from short breaks.

- 5.3 As part of the re-commissioning process an equalities impact assessment is being undertaken, from which useful information about current service configuration will inform the specification. For example, the majority of children accessing short breaks are in the 8 – 14 years age range. The re-commissioning will address this imbalance of service; seeking to secure services for infants and younger children as well as those over 14.
- 5.4 From 1 April 2011, there is a legal duty for the Council to ensure that organisations commissioned by the Council to deliver services on their behalf meet the requirements of the Equalities Act 2010. Council officers are revising current data collection for the use of monitoring, to ensure organisations are fully compliant. As part of the procurement assessments will be carried out to provide evidence of systems and processes that are in place to enable equality impact assessments to be undertaken.

## **6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

### Financial

- 6.1 The funding of the Short Breaks contracts is within the Disabled Children's Budget. The current budget for 2011/12 is £1.075m (excluding funding for DCATCH which is a separate scheme). The planned spend for this financial year and indicative budget for 2012-13 is also £1.075m there are currently no plans to decrease this budget and the proposal is consistent with the Medium Term Financial Strategy for the Childrens Service. The planned and indicative spend is as follows;

<b>Service area funded</b>	<b>Planned expenditure</b>	<b>Indicative expenditure</b>
	2011/12	2012/13
Individual commissioning/ small grants programme (personalisation)	£240,000	£290,000
Commissioned services	£650,000	£600,000
In-house services	£85,000	£85,000
Infrastructure	£100,000	£100,000
<b>Total</b>	<b>£1.075m</b>	<b>£1.075m</b>

6.2 In relation to the planned expenditure for commissioned services 2011/12, the continuation of services in quarter one has already been granted (NB the quarter one figure is slightly higher (£16,106) than the figure in DPR 1308). The table below outlines anticipated expenditure for the year with quarters two and three as the contract extension period. Quarter four is an indication of the amount of funding which will form part of the re-commissioning.

	<b>QRT1</b>	<b>QRT 2</b>	<b>QRT3</b>	<b>QRT4</b>	<b>Total</b>
<b>Amount</b>	£140,026	£270,735	£124,437	£114,802	£650,000

6.3 As part of the process of extending contracts with existing providers, preliminary discussions with providers regarding their costs, a number of small scale efficiencies have been identified. Through reductions in cost of overheads and the costs of activities offered it will be possible to offer short breaks to more families. Six of the nine providers have identified efficiencies. To date efficiencies to the value of £10,422 have been agreed for quarters one and two, and this will be the subject of ongoing discussion with providers. Additional value added opportunities have also been identified and in the longer term optimising the use of one to one support and decreasing dependence on higher levels of support will be pursued. The procurement process will include a target cost reduction of 10% to ensure that good value for money is being achieved in the context of reducing Council budgets.

#### Procurement

6.4 In order to enable the tendering of short break services an exemption of contract procedure rule 5.6.1.3 (that the value of the extension is less than half the cost of the existing contract without the extension) is sought. The justification for this is outlined in the background information section.

6.5 For the purposes of the Public Contracts Regulations 2006 (which implement European procurement rules) the service is a 'Part B' service (see paragraph 7.3 below). The tendering of these services will be undertaken as a Barnet open procedure and will follow the guidance set out in the Procurement Code of Practice. The Gantt chart below outlines intended process for re-commissioning Short Break services from 1 January 2012 to 31 March 2012/13.

No	Stage	Months																																			
		Jun-11			Jul-11				Aug-11					Sep-11				Oct-11			Nov-11				Dec-11			Jan-12									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33			
1	Revise Specification																																				
	Prepare for procurement:																																				
	Final Specification, Contract Terms and Conditions, Collate TUPE information and Advertisement																																				
	Project Borad stage review and update																																				
	Communication and update to key stakeholders																																				
2	a) Submit Advertisement																																				
	b) Advertisement appears																																				
	c) Expressions of interest received																																				
	d) Invitation to Tenders sent out																																				
3	a) Tenders returned																																				
	b) Evaluate tenders including: Health & Safety qualifications Take-up references Undertake financial evaluations																																				
	c) Project Borad invite Contractors to present																																				
	d) Complete tender evaluation																																				
	e) Complete tender report																																				
	Project Borad stage review and update																																				
4	DPR approval to appoint																																				
	Communication and update to key stakeholders																																				
	Acceptance (General Functions paper)																																				
	Call-in (5 working days)																																				
	Scrutiny (next committee meeting)																																				
	Communication and update to key stakeholders																																				
5	a) Contractors appointed																																				
	b) 10 day cool off period																																				
	c) Service mobilisation (min 4 wks notice)																																				
	d) Communication and update to key																																				
6	Gateway Review 2/ project board evaluation																																				
7	Contract start																																				

## Staffing

6.6 Depending on how the new provider/s intends to deliver this service, the Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply in which event members of staff will transfer, by operation of law, to new provider/s. If the regulations do not apply, they are likely to be subject to redundancy, which will be the responsibility of the provider/s. Officers will work with current providers to determine if TUPE applies or not. If TUPE does apply, officers will work with providers to ensure a smooth transition of staff occurs between providers. Following re-commissioning, the provider/s will be required to ensure a service workforce that is competent in line all relevant national occupational standards including registration with OFSTED where appropriate.

## 7. LEGAL ISSUES

7.1 From 1 April 2011, under the Breaks for Carers of Disabled Children Regulations 2011, local authorities have a new statutory duty to provide a short breaks service to carers of disabled children. Section 25 of the Children Act 1998 places a duty on local authorities to *'assist individuals who provide care for disabled children to continue to do so, or to do so more effectively, by giving them breaks from caring.'*

7.2 The Break for Carers of Disabled Children Regulations 2011 will require local authorities to:

- Provide short breaks to those who care for disabled children when it would improve their ability to care for their disabled child, or when they could not continue to provide care without a short break.
- Provide a range of breaks including day time and overnight breaks in the home of disabled child or educational/recreational activities outside their homes, and breaks in evenings, weekends and holiday
- Publish information to parents about the service available in their area and criteria for accessing it by 1 October 2011.

- 7.3 The service/s to be procured falls within Part B of Schedule 3 to the Public Contracts Regulations 2006. As such, whilst the procurement of the service does not need to be in full accordance with the full European procurement regime, it must generally comply with the specified Regulations, including publication of a Contract Tender advertisement and subsequent Award Notice with a period of 48 days after the award of the contract. The procurement must, also, comply with the EC Treaty principles of non-discrimination and transparency and be subject to a degree of advertising sufficient to enable the market to be opened up to competition. Following the procurement of provider/s, a written contract, which complies with the provisions specified by the council's Contract Procedure Rules, will need to be drawn up and executed on behalf of the parties.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Under the Council Constitution, Part 3, Responsibility for Functions, paragraph 3.3 among other functions the Cabinet Members for resources general powers to authorise inviting tenders for and acceptance of tenders or quotations in accordance with the Contract Procedure Rules. Acceptance must be following consultation with the Cabinet Member or the Leader in cases where the Cabinet Member is the appropriate portfolio holder and paragraph 3.5 states that the Cabinet Committees may discharge the executive functions that fall within their terms of reference, whether or not they are also delegated to officers, except for matters specifically reserved to Cabinet.
- 8.2 Contract Procedure Rules, Paragraph 5.6. sets out the acceptance parameters for, extensions which are that the initial contract must not have been extended before; the value of the extension is less than half the cost of the existing contract without the extension and has a budget allocation. The contracts have previously been extended by the delegated power of the Director of the Children Service.
- 8.3 However, Paragraph 5.8 of the Contract Procedure Rules also states that except in urgent situations or emergency the Contract Procedure Rules may only be waived on the decision of a Cabinet Committee where the Committee is satisfied, after considering a written report by the appropriate officer that the waiver is justified in certain situations, including, where the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Contract Procedure Rules is justifiable.

## **9. BACKGROUND INFORMATION**

- 9.1 The Aiming High for Disabled Children programme was a three year programme aimed at increasing the volume and extending the range of short break services for disabled children and their families. These services have been targeted towards the following groups of disabled children and young people;
- a) Children and young people with Autistic Spectrum Conditions (ASD);
  - b) Children and young people with complex health needs;
  - c) Children and young people aged 11+ with moving and handling needs that will require equipment and adaptations;
  - d) Children and young people where challenging behaviour is associated with other impairments (e.g. severe learning disability); and
  - e) Young people 14+ who meet the above criteria.
- 9.2 This successful programme has enabled more than 700 disabled children and young people to access short breaks during 2010/11; offering more than 2,000 opportunities ranging from an after school club to four nights at a specialist adventure camp. These have promoted their involvement in a range of challenging and enjoyable activities,



making friends and developing their interests, while at the same time benefiting their parent and siblings by providing them with a break from their caring responsibilities.

- 9.3 From 1 April 2011, under the Breaks for Carers of Disabled Children Regulations 2011 local authorities have a new statutory duty to provide a short breaks service to carers of disabled children. Section 25 of the Children Act (1998) places a duty on local authorities to *'assist individuals who provide care for disabled children to continue to do so, or to do so more effectively, by giving them breaks from caring.'*
- 9.4 From 2011, and to support this new duty, the funding for short breaks will be through the Early Intervention Grant (EIG). The Council did not get notification of the EIG allocation until mid December. The amount of EIG funding that would be available to support Short Breaks was one of the more variable elements of budget-setting, due to the completely changed grant arrangements for the Children's Service and the competing requirements, in the context of an overall reduction in budget, of the different services which could be partially or wholly funded via the EIG. The exact amount available for Short Breaks was established in March 2011.
- 9.5 As a result of this delay in confirmation of the funding for short breaks going forward, the procurement process was pushed back beyond the point at which services could be commissioned before the ending of the current contracts in April 2011. Therefore a three month extension was granted for nine of the ten organisations commissioned in October 2010 to continue providing a range of activities including daytime and overnight holiday provision; weekend, after school clubs and contract caring provision; and personal support to enable children and young people to take part in universal and specialist activities. A further six month extension is now being requested, the reasons for which are given below.
- 9.6 The reasons for extending contracts are to;
- a) Offer parents an appropriate level of reassurance concerning provision for their child/young person.
  - b) Enable providers to plan their services including the booking of venues, and the employment of paid staff and volunteers especially during holiday periods.
  - c) Enable the Council to continue to meet its new duty and to ensure that the re-commissioning of services meets need and maximises value for money. A need assessment involving consultation with families and other stakeholders is planned for May and early June which will inform the development of the Short Break strategy including a commissioning plan for 2011/12 – 2012/13.
  - d) Allow the Council to meet all relevant procurement timescales and requirements for the re-commissioning of the Short Break service from January 2012.
  - e) Minimise unnecessary administrative and legal work on repeated short-term contract renewal, involving costs for the council and providers.
  - f) Extending the contract will enable appropriate time for officers to consult with service users and current and potential providers to ensure that the new service/s are re-commissioned in a way that achieves best value for money, via improved efficiencies identified by providers and the increased use of personalised budgets. Government published a green paper on SEN and disability in March 2011, which included an increased emphasis on integrated services, parental choice and the importance of making personalised budgets available. Extending the contract will ensure there is enough time to build sufficient flexibility into the new contracts, so that services are re-commissioned in a way that enables us to respond to the personalisation agenda.

- 9.7 The Short Break's contracts will expire on 30 June 2011 and Contract Procedure Rule 5.6.1, which deals with contract extensions, requires specified criteria to be met before a contract can be extended.
- 9.8 Contract Procedure Rule 5.6.2. will apply as the services to be delivered in quarter two will vary from those delivered in the current contract. Contract Procedure Rule 5.6.2 in the case of a contract variation requires in accordance with the terms and conditions of that contract that the variation is notified to and agreed in writing with the contractor; and that any additional expenditure necessarily incurred does not exceed 10% of the initial contract.
- 9.9 In order to enable the tendering of short break services an exemption of contract procedure rule 5.6.1.3 (which stipulates that the value of the extension is less than half the cost of existing contract without the extension and has a budget allocation) is being sought. A contract extension has already been granted for a three month period until 30 June 2011. The proposed extension of the contract from 30 June 2011 to 31 December 2011 will result in the extended contract exceeding the parameters set out in Contract Procedure Rule 5.6.1.3. Contract Procedure Rule 5.8 states that Contract Procedure Rules can be waived on the decision of a Cabinet Committee if "the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Contract Procedure Rules is justifiable." The justification for the extensions are set out in paragraphs 9.3 to 9.6.
- 9.10 Also an exemption of contract procedure rule 5.6.2.2 (which stipulates that any additional expenditure in relation to contract variations does not exceed 10% of the initial contract value) is also being requested. Historic patterns of delivery and expenditure quarter two is our period of highest volume and cost. This is because this period includes six weeks of school holiday and it is during these times were the demand from families and the need to provide a comprehensive package of support is at its greatest. There are a further five weeks of school holiday during quarters three and four as well as the on-going out of school support to families. Expenditure on the proposed contract variation will exceed 10% of the initial contract. Accordingly, the Committee are requested to approve a waiver of Contract Procedure Rule 5.6.2.2 for the reasons set out in paragraph 9.8.

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

- 10.1 None.

**Legal – PD**  
**CFO – JH**



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**AGENDA ITEM: 11** Pages 57 – 70
 

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Meeting	Cabinet Resources Committee
Date	24 May 2011
<b>Subject</b>	<b>Stonegrove &amp; Spur Road Estates Regeneration</b>
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	To seek approval to vary the Principal Development Agreement and to report on the latest financial position on the business case.  To approve the making of discretionary payments, in lieu of Home Loss and Disturbance payments, to secure tenants who transfer to Phase 2 of the regeneration

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Officer Contributors	Stewart Murray, Director Planning, Housing and Regeneration; Tony Westbrook, Principal Project Manager Strategic Planning and Regeneration; Susan Botcherby, Senior Project Manager, Strategic Planning and Regeneration
Status (public or exempt)	Public – with separate exempt report
Wards affected	Edgware
Enclosures	Appendix 1 – HCA Conditions of Funding Appendix 2 – Financial Reconciliation
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	N/A

Contact for further information: Tony Westbrook on 020 8359 7381 or Susan Botcherby on 020 8359 7671

## 1. RECOMMENDATION

- 1.1 That the Cabinet Resources Committee note the financial position of the Stonegrove and Spur Road Estate Regeneration (SGSR) programme as outlined in this report.
- 1.2 That Officers are authorised to negotiate changes to the Principal Development Agreement enabling the Council to comply with the Homes and Communities Agency (HCA) funding conditions (as set out in this report and the exempt report).
- 1.3 That the deferral of a £5m capital receipt (as set out in paragraph 6.12) and other proposed changes to the Principal Development Agreement as set out in this and exempt report, be approved subject to the Council's legal advisers, Nabarro LLP, being satisfied that the final form of the legal documents reflects the revised terms.
- 1.4 That approval be given to the making of a discretionary payments in lieu of Home Loss and Disturbance payments being made to the secure tenants from the existing rented accommodation on the Stonegrove and Spur Road housing estates when they either move into new rented units in phase 2 (Sterling Green) of the development or voluntarily move off the estate.

## 2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 18 June 2007 (Decision 6): Resolved (amongst other issues):
  - i. That the masterplan prepared by Barratt Homes Ltd is approved by Cabinet acting for the Council
  - ii. That the terms of the Principle Development Agreement (PDA) be entered into with the consortium of Family Mosaic Housing, Unitary and Barratt Homes Limited (subject to the approval of the final business plan by Cabinet Resources Committee)
  - iii. That (subject to the satisfactory resolution of the above two issues, the submission of a planning application and the Council entering into a Compulsory Purchase Order Indemnity Agreement), the Council makes a Compulsory Purchase Order for the acquisition of all non-Council owned property and other property in the Regeneration area
  - iv. That (subject to the Principal Development Agreement becoming unconditional), Chief Officers be instructed to appropriate the Council owned lands within the Stonegrove and Spur Road Regeneration Area from existing uses to planning purposes
- 2.2 Planning & Environment Committee, 3 March 2008 (Decision 7) the Committee approved the outline planning permission for the Stonegrove & Spur Road Regeneration Scheme of 937 units subject to the completion of a Section 106 Agreement.
- 2.3 Cabinet Resources Committee, 25 March 2008 (Decision 4) - Resolved that the financial provisions and other proposed changes to the Principal Development Agreement as set out in the Cabinet Members' report be approved.
- 2.4 Cabinet Resources Committee, 2 September 2009 (Decision 12). Resolved:
  - i. That approval is given to the expenditure of £3.46m on the acquisition of leases required to progress the next phases of the SGSR regeneration programme.

- ii. That approval is given to the expenditure of £1.192m revenue funding to progress the next phases of the SGSR regeneration programme.
- iii. That officers are authorised to negotiate the proposed acquisitions in accordance with the Council's advance buyback scheme.

2.5 Planning & Environment Committee, 16 March 2011 (Decision 6) – approved the Reserved matters application for scale, external appearance and landscaping in relation to Development Phase 2 (comprising part of Character Zones 2 and 4) of the redevelopment of SGSR, comprising 107 residential units, including 19 houses, pursuant to Condition 3 of outline planning permission reference dated 06/10/2008.

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

3.1 The SGSR regeneration project contributes to the delivery of the Corporate Plan 2010/2013 priority of a successful London Suburb. A strategic objective under the above priority is: ensure residents continue to feel that Barnet is a place where people from different communities get on together including through effective management of our regeneration programmes.

3.2 Under the One Barnet A Sustainable Community Strategy for Barnet (2010-2020) – *Growing Successfully*  
The SGSR Regeneration Scheme provide 937 new homes designed to a high standard as well as quality open spaces, improved parking provision, a community hall and employment opportunities (through the Section 106 contribution). Thus the scheme is not solely concerned with the provision of new housing, but with the establishment of a new and sustainable neighbourhood in which people will want to live, work and prosper within a growing, mixed strong community.

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

4.1 Regeneration to date has been secured at SGSR by a contribution of private sector, RSL, Council and Government funding injections. Beyond the phases currently under construction the next phase of the scheme is currently unviable. Failure to agree to vary the Principal Development Agreement (PDA) in line with the Heads of Terms as set out in the exempt report would mean that scheme progress will cease after June 2012 and the Homes and Community Agency (HCA) National Affordable Housing Programme (NAHP) funding agreed for the scheme would need to be repaid or returned to the HCA. The NAHP model of funding ceased as of end of March 2011. This type of funding will not become available again.

4.2 The proposed change, from the current PDA provisions, to the payment of the Council's land receipts as set out in the exempt report may mean that if market conditions do not improve the Council may not fully realise the full monetary value of the land receipts as set out in the PDA. The HCA conditions also mean that the Council's expected land receipts will be deferred until the end of the project. It will also risk the regeneration programme stalling mid-point with all the consequences that that would present, including potential blight and resident uncertainty.

4.2 In the event that the agreement with Barratt Homes Ltd is terminated the Council will retain ownership of the remaining (i.e. non re-developed) land and buildings. This will place the Council in a position to recover investment in the scheme through development of new proposals.

- 4.3 Previous reports noted that in the event that the scheme fails to proceed, any acquired properties could be sold and the Council's investment recovered. In the current market, however, this is unlikely to be feasible, due to the general decline in property values in the last 2-3 years, though this has not been quantified.
- 4.4 Should the scheme be delayed the Council will need to consider extending the current unsecured tenancy arrangements for properties purchased for hardship purposes. This may prove unpopular with existing residents and result in the estate housing increasing numbers of tenants in non-secure homes, exacerbating transience and related problems.
- 4.5 Failure to approve funding would leave the Council unable to fulfil its obligations under the terms of the revised Principal Development Agreement (PDA), as set out in Clause 6. This may leave the Council open to legal action from Barratt Homes Ltd and Family Mosaic for breach of contract.
- 4.6 Failure to approve funding would threaten the momentum of the scheme. Given the current economic climate, maintaining progress and minimising delays is critical to keeping down costs and ensuring the development progresses. Under these proposals, the developers, Barratt Homes Ltd, will agree to work with the Council to help implement any Council CPO, and enter into the Strategic Indemnity Agreement, as previously approved by the Council, which will give certainty to assembling the rest of the site.
- 4.7 Providing the scheme was viable the Council had certainty that the remaining land receipt of £5m would be paid in line with the PDA. The proposed new arrangements, as set out in the Heads of Terms, defers the land receipts to overage. There is a risk that if the scheme does not generate a sufficient profit that the Council will not receive the £5m in lieu of the land receipts.
- 4.8 There is a risk that continued economic downturn will put further pressure on the viability of the scheme and the scheme financial model will require regular monitoring and review by the project board.

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

- 5.1 SGSR will deliver a mix of 937 affordable, intermediate and private sale flats and houses which will enhance the community cohesion in an area with a highly diverse population. Delivery of the Regeneration scheme is being conducted in consultation with the SGSR Partnership Board which represents the interests of all residents of the Stonegrove and Spur Road Estates. The Partnership Board is consulted on all aspects of delivery including the planning process, scheme design, decanting and estate management issues.

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

### **Background**

- 6.1 This report has been prepared to provide an update on the ongoing financial situation of SGSR, and to explain the changes required to the PDA as a result of the HCA funding. So far, £8m Housing Revenue Account capital provision to support advanced and hardship acquisitions was agreed by Cabinet Resources Committee on 16 June 2005. This funding has been utilised to purchase 16 'advanced' and 13 'hardship' properties.

- 6.2 The Council also acquired the lease on the All Souls Land. This land was purchased to facilitate the re-siting of the old Edgware School Playing Fields, allowing for the London Academy to be built and freeing up the old school grounds for development as Phase 1 of the Stonegrove programme
- 6.3 The development costs associated with the scheme will be recovered from Barratt Homes Ltd as per the terms of the PDA. The PDA was approved by Cabinet on 18 June 2007 and amendments to it on 25 March 2008.
- 6.4 Phase 4 (Sterling Court) was deemed financially unviable. The Council entered into negotiations with its partners, Family Mosaic and Barratt Homes Ltd to seek solutions to bridge what was initially a £17m funding gap.
- 6.5 All partners made a contribution to reduce the funding gap with the Council agreeing to reduce its costs under the PDA by £1m, Family Mosaic contributing £2m and Barratt Homes Ltd adjusting its minimum prior return.
- 6.6 Barratt Homes Ltd and Family Mosaic successfully submitted a bid to the HCA for £11m under the National Affordable Housing Programme. An allocation of £9.65m has been made subject to conditions as detailed in the exempt report. The funding will secure the remainder of the total development of 656 homes with Phase 4 (Sterling Court) providing 107 affordable homes, 19 of which will be houses.
- 6.7 The HCA made it a pre-condition of grant drawdown that the Council, Barratt Homes Ltd, Family Mosaic agree Heads of Terms to vary the PDA by 31 March 2011. The Heads of Terms are included in the exempt report. These were agreed by the deadline, but are subject to formal committee approval by the Council.
- 6.8 The Council was originally due a land receipt totalling £6m, with £1m already received for Phase 1. This report seeks Cabinet Resources Committee approval for the deferral of £1.35m for Phase 2 (Sterling Green) and £3.65m for Phase 4 (Sterling Court) to overage as detailed in the Exempt Report.
- 6.9 To complete the scheme under the proposed new arrangements the PDA will need to be varied as follows:
- Barratt will be obliged to complete the whole scheme by September 2018;
  - A CPO will be pursued for the whole scheme;
  - A detailed planning application for the remainder of the scheme will be submitted to the Council;
  - Barratts will be under obligation to build the remaining affordable housing (63 Social Rent and 74 Shared Ownership) achieving practical completion by March 2016.
- 6.10 Under the Heads of Terms, which are subject to contract, the parties have agreed to negotiate the detail and enter into formal legal agreements by 31 May 2011 with a long stop date of 30 June 2011. The outcome of the negotiations will require a variation to the PDA with the removal of viability testing, revision of the Master Plan to reflect the change in phasing and other financial matters as detailed in the exempt report.
- 6.11 One of the provisions of the Heads of Terms is that Family Mosaic and Barratt have entered into a revised Affordable Housing Agreement. The existing agreement regulates matters between Barratt Homes Ltd and Family Mosaic in relation to cross subsidy and the arrangements for construction and transfer of affordable housing. The revised agreement sets out the basis on which they are committed to the completion of the



scheme. This does not affect the decanting provisions for the existing secure tenants or leaseholders on the estate.

## Financial Issues

- 6.12 The HCA Conditions of Funding are that none of the £9.65m HCA grant shall be used as land receipts payments by the Council. The effect of this is that £5m of land receipts will be deferred until 2017, the expected completion date
- The Council will need to refund £1.35m of land receipts received from Barratt Homes in March 2011
  - The Council will defer receipt of future land receipts of £3.65m, until the end of the project (currently payable part way through the project)
  - This total sum of £5m will be the subject of an Overage Agreement, the details of which are included in the exempt report

These sums are receipts for the General Fund. This report seeks Cabinet Resources Committee approval for the deferral of these receipts as set out above.

- 6.13 The Council has previously agreed to make an £8m contribution to the project. This £8m is referred to as the 'Land Assembly Fund' (LAF). The LAF costs included the costs of negotiating the repurchases of leaseholder properties together with the associated home loss and disturbance payments and stamp duty as applicable and also include the tenant home loss and disturbance payments associated with decanting blocks. Where the costs exceed the £8m LAF, and are not covered by the Strategic Indemnity Agreement, the Council can recover these from the Developer. The PDA therefore enables the Council to recover the following costs:

The LAF currently stands at £8,083,974. The Council is in the process of recovering the extra £83,974 from the Developer.

Project Monitoring costs – the PDA currently allows the Council to reclaim up to £1m with an annual limit of £150,000. Current expenditure stands at £30,539. The Council is in the process of verifying these figures and claiming this sum from the Developer. Under the proposed Heads of Terms this sum will be reduced to £500,000, as part of the £1m savings being offered by the Council, referred to in 6.5.

- 6.14 There are non-recoverable costs of £1,276,136 going back to 2003 relating to historic consultancy fees and independent residents advisor costs incurred prior to the scheme starting on site, and LBB staffing costs, that cannot be reclaimed from the developer. See Appendix 2 for details. However, as part of the Strategic Indemnity Agreement (part of the PDA) a payment of £265,000 was negotiated to go towards LBB's historic costs, of which LBB has received £100,000 to date and £165,000 is yet to be paid.
- 6.15 Under the scheme's PDA the Council is responsible for land assembly with the developer indemnifying the council for associated costs. Below is an estimated list of the costs and when they are expected to be incurred, though they can be claimed from the developer prior to being expended.
- 6.16 During 2011/12 the Council is due to reclaim £670,140 from Barratt Homes Ltd and Family Mosaic (see 6.11).
- 6.17 In line with the PDA the Council envisages claiming the capital and revenue costs from the developer under either the Strategic Indemnity Agreement (SIA) or the PDA for all remaining property acquisition costs as follows:

• 2012/13	£12.324m
• 2013/14/15	£5.047m
• 2015/16	£2.692m
 Total	 £20.063m

This estimate should cover all expected costs, and the SIA provides for the Council to be put in funds by Barratt Homes prior to the money being expended. There may be a need for advance acquisitions on this scheme, and if this is the case, a report will be brought back to Cabinet Resources Committee seeking approval for this.

- 6.18 A full reconciliation exercise of the Council's Historic Costs since 2005 has been carried out in conjunction with the Finance Team, to ensure that the figures reported reflect the correct position, as far as it is possible to ascertain. This financial reconciliation is included in the tables in Appendix 2.

## **7. LEGAL ISSUES**

- 7.1 The proposals in this report would result in further financial assistance and gratuitous benefit to the Scheme. Section 25 of the Local Government Act 1988 requires local authorities to obtain the consent of the Secretary of State in circumstances such as the one proposed by this report.
- 7.2 Nabarro LLP's comments on the proposed Heads of Terms are included in the exempt report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution, Part 3, Responsibility for Functions, Section 3.6 – Functions delegated to the Cabinet and Resources Committee – includes all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the council.

## **9. BACKGROUND INFORMATION**

- 9.1 Plans for the regeneration of Stonegrove and Spur Road Estates have been under development since the Council appointed Family Housing Association and Unitary as its partners in 2001. Unitary were subsequently acquired by Barratt Homes Ltd, and the purchaser was confirmed as the Council's private sector partner in 2006. The Masterplan for the re-development of the estate was approved by Cabinet in June 2007 and the PDA agreed by Cabinet in September 2008.
- 9.2 The pilot phase of 62 new affordable homes (Penniwell Close) was completed in June 2008. These are now occupied by secure tenants decanted from Goldsmith, Collinson and Powis Courts.
- 9.3 The PDA for the main scheme was signed September 2008 and planning consent was issued 6 October 2008.
- 9.4 Progress to date  
The scheme will deliver 937 new homes, 417 affordable and 520 private for sale. To date, 116 new homes (Canons Court - 78 affordable, 38 private for sale) have been completed and are fully occupied. 98 homes (Sterling Green - 62 affordable and 34 private for sale) are due for completion by August 2011 and a further 67 (Academy Court - all for private

sale) will be completed in Autumn 2012.

9.5 Barratt Homes and Family Mosaic successfully submitted an application to the HCA for funding under the National Affordable Housing Programme. The HCA allocation of £9.65m will secure delivery of the remaining 656 homes, 277 of which are designated affordable housing. The Developer made a start on site at the end of March 2011 with completion of the new homes due in March 2013. The conditions of funding required that Family Mosaic enter into a conditional building contract with the Developer as well as a revised Affordable Housing Agreement. Family Mosaic had to draw down the funding and the Council had to grant a licence to occupy and carry out the works by 28<sup>th</sup> March 2011. The Partners have fulfilled these requirements.

9.6 Deferment of the Council's Land Receipts

The key decision being recommended in this report is that the Councils land receipts in the sum of £5m (£1.35m already received and £3.65m due in the future) are to be deferred until the end of the project expected in 2017, and will come from an overage agreement which relies on the project making a profit. The advantage of the proposition is that £9.65m of additional funding is brought into the project now from the HCA, which will secure delivery of the whole regeneration scheme. There is a financial risk to the Council from this deferment, but it does secure the full delivery of one of the Councils premier estate regeneration projects. Our development partners, Barratt Homes, will be incentivised in the revised overage agreement (as set out in the Heads of Terms in the exempt report) to achieve the required level of profits to provide the full payment of the agreed land receipts by 2017.

9.7 Discretionary Payments

Consent is also sought for the making of discretionary payments in lieu of Home Loss and Disturbance payments being made to the secure tenants from the existing rented accommodation on the Stonegrove and Spur Road housing estates when they either move into new rented units in phase 2 (Sterling Green) of the development or voluntarily move off the estate. Approval for the financial aspect of this was received previously in the CRC Decision on September 2009 referred to in section 2.4.

## 10. LIST OF BACKGROUND PAPERS

10.1 None

Legal – MM/TE

CFO – JH

## Appendix 1

### HCA Conditions of Funding

#### Conditions for Stonegrove Start on Site claim March 11

1. All start on site monies claimed by Family Mosaic on completion of the building licence from Barnet Council and the conditional contract between with Barratt Homes will not be paid to Barratt Homes until the overage agreement between HCA and Barratt Homes has been completed. Long stop date for completion and contract going unconditional is the end of Q1 11/12(June 2011)
2. The allocation of £9.65m will be the final allocation of resource to the Stonegrove regeneration project from the HCA and will secure the remainder of the total development (656 homes). For this phase, known as Sterling Court, the HCA will review the completion date of 20. 03.13, with a view to recover subsidy on any slippage. The HCA require a defined monitoring role and assurance through key milestones and completion trajectories for the remainder of the scheme both affordable and private homes.

**STONEGROVE AND SPUR ROAD REGENERATION**  
**RECONCILIATION OF EXPENDITURE (2003 – 2011)**

**CAPITAL COSTS**

Year spent	SAP Total	Non-recoverable		Total Non- Recoverable Costs	Recoverable Costs
		Land Assembly Fund (LBB's contribution to the scheme)	Other non-recoverable costs		
2005/06	£373,9593	£783942	£2,955,651 <sup>1</sup>	£3,739,593	None
2006/07	£1,159,098	£746,872	£403,901	£1,150,773	£8,325
2007/08	£1,156,793	£775,758	£89,603	£865,361	£291,432
2008/09	£3,118,826	£2,886,159	None	£2,886,159	£232,667
2009/10	£2,411,085	£2,406,384	None	£2,406,384	£4,700
2010/11	£709,344	£282,424	£2,400	£284,842	£424,520
<b>TOTAL</b>	<b>£12,294739</b>	<b>£7,881,539<sup>2</sup></b>	<b>£3,451,555<sup>3</sup></b>	<b>£11,333,094</b>	<b>£961,644</b>

Note 1 - Purchase of All Souls land.

Note 2 – Land Assembly Fund is £8 million in total. This figure does not include costs captured in the Revenue Budget.

Note 3 – The council has received £1 million land receipt (Jan 2010) against this cost

## STONEGROVE AND SPUR ROAD REGENERATION

### REVENUE COSTS

Year spent	SAP Costs	Non SAP Costs	Total revenue Costs	Non-recoverable costs	Recoverable costs
2003/04	None	£51,953	£51,953	None	£51,954
2004/05	None	£386,660	£386,660	£360,618	£26,042
2005/06	£96	£56,156	£56,252	£51,750	£4,502
2006/07	£289,746	None	£289,746	£289,745	None
2007/08	£152,971	None	£152,971	£8,473	£144,498
2008/09	£644,415	None	£644,415	£460,977	£183,437
2009/10	£321,000	None	£321,000	-£45,434 <sup>4</sup>	£366,434
2010/11	£748,011	None	£748,011	£150,006	£598,004
<b>TOTAL</b>	<b>£2,156,229</b>	<b>£494,769</b>	<b>£2,650,998</b>	<b>£1,276,136<sup>5</sup></b>	<b>£1,374,871</b>

Note 4 - negative amount due to receipt of funds on the account

Note 5 – this covers old (former scheme) costs and non-recoverable staff costs, fees and other costs

## SUMMARY OF RECOVERABLE COSTS (SCHEME START - MARCH 2011) – CAPITAL AND REVENUE COSTS

### CAPITAL COSTS TO BE RECOVERED

**TOTAL = £961,644**

Year spent	Recoverable Costs	Amount	Trigger for recovery	Timing
2005/06	None			
2006/07	Demolition Costs (Edgware School)	£8,325	Transfer of land for Phase 2b	2012
2007/08	Demolition Costs (Edgware School)	£291,432	As above	2012
2008/09	Demolition Costs (Edgware School)	£232,667	As above	2012
2009/10	Discretionary home loss payment	£4,700	Land formally requested by Barratt for development	2014
2010/11	Excess Land Assembly costs (i.e. in excess of £8m Land Assembly Fund)	£83,974	Land formally requested by Barratt for development	Immediate recovery
	Forward acquisition of leasehold properties (Shared Equity moves)	£340,546	Land formally requested by Barratt for development	2014

## REVENUE COSTS TO BE RECOVERED

**TOTAL = £1,374,871**

Year spent	Recoverable Costs	Amount	Trigger for recovery	Timing
2003/04	Historic CPO Legal Costs	£51,954	Part of a payment for historic CPO costs negotiated as part of the CPO indemnity agreement	Payment made in Jan 2010
2004/05	Historic CPO Legal Costs	£26,042	As above	As above
2005/06	Historic CPO Legal Costs	£4,502	As above	As above
2006/7	None			
2007/8	Historic CPO Legal costs	£3,976	As above	As above
	PDA legal costs	£140,522	PDA legal costs are recoverable under the PDA to a maximum of £600,000	Immediate recovery of first instalment (£200K approx)
2008/9	Historic CPO Legal costs	£4,320	Part of a payment for historic CPO costs negotiated as part of the CPO Indemnity Agreement	Payment made in Jan 2010
	PDA legal costs	£163,945	PDA legal costs are recoverable under the PDA to a maximum of £600,000	Immediate recovery of first instalment (£200K approx)
	Consultancy Fees	£15,173	Commencement of development (Jan 2009)	Immediate recovery
2009/10	Historic CPO legal costs	£17,129	Part of a payment for historic CPO costs negotiated as part of the CPO indemnity agreement	Payment made in Jan 2010
	PDA legal costs	£233,346	PDA legal costs are recoverable under the PDA to a maximum of £600,000	Immediate recovery of first instalment (£200K approx)
	Barnet Homes (decant costs)	£9,728	Decant of residents	Immediate recovery
	Consultancy Costs	£50,943	Commencement of development (Jan 2006)	Immediate recovery
	LBB staff costs	£55,288	Feb 2010 (Satisfaction Date)	Immediate recovery



2010/11	PDA legal costs	£62,187	PDA legal costs are recoverable under the PDA to a maximum of £600,000	Immediate recovery of first instalment (£200K approx)
	Barnet Homes (decant costs)	£16,502	Decant of residents	Immediate recovery
	Consultancy (PEP and T & T)	£115,698	Commencement of development (Jan 2009)	Immediate recovery
	LBB staff costs	£37,218	Feb 2010 (Satisfaction Date)	Immediate recovery
	Discretionary homeloss and disturbance payments	£366,399	When land on which dwelling vacated by residents is formally requested by Barratt for development	2014 onwards

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Meeting Cabinet Resources Committee  
 Date 24 May 2011  
**Subject Adults In-House Service Review : Initiation of Full Business Plan**  
 Report of Cabinet Member for Adults  
 Cabinet Member for Customer Access and Partnerships  
 Summary This report asks the Committee to approve the business case for the Adults In House Service Review project, allowing the set up of a local authority trading company structure, incorporating Barnet Homes

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Officer Contributors Kate Kennally, Director of Adult Social Care and Health  
 Claire Johnston, Programme Manager, Commercial Services  
 Richard Harrison, Project Manager, Commercial Services  
 Status (public or exempt) Public with separate exempt part  
 Wards affected All  
 Enclosures Appendix A: Business Case  
 Appendix B: Community Equalities Impact Assessment  
 Appendix C: Employee Equalities Impact Assessment  
 Appendix D: Joint TU Interim Report  
 Appendix E: Response to Joint TU Interim Report  
 Appendix F: GMB TU Interim Report  
 Appendix G: Draft Response to GMB TU Interim Report  
 For decision by Cabinet Resources Committee  
 Function of Executive  
 Reason for urgency / exemption from call-in (if appropriate) Not applicable

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[www.barnet.gov.uk](http://www.barnet.gov.uk)



2002-2003  
*Improving Urban Green Spaces*  
*Libraries as a Community Resource*  
2002-2004  
*Community Cohesion*

## **1. RECOMMENDATIONS**

### **1.1 That Cabinet Resources Committee approves the Adults In House Services Business Case, in order that the Council can:**

- **Appoint a LATC shadow board to begin contract negotiation between the Council and LATC**
- **Set up a holding company in the form of Local Authority Trading Company (LATC), of which Barnet Homes would be a subsidiary**
- **Set up a subsidiary LATC for the management of those Adults Social Services currently provided in-house**
- **Transfer the adult social care service provision as set out in paragraph 6.2 from the management of the Council to the LATC following approval of the business plan**

### **1.2 That Cabinet Resources Committee approves the structure set out at 9.19**

## **2. RELEVANT PREVIOUS DECISIONS**

2.1 The Learning Disability Commissioning Strategy approved by Cabinet in June 2007 (decision item 12), set out an objective to establish the in house learning disability services within the Council as a separate business unit within the Council at arms length from Adult Social Services to enable it to operate as an independent provider. The business unit was created in 2009 as part of the Council's approach to the delivery of the vision for Adult Social Services of Choice and Independence.

2.2 On 7 April 2008, General Functions Committee approved a new staffing structure and terms and conditions for in-house staff (decision item 14). The structure removed pay and grade inconsistencies and modernised the in-house services in line with the wider Council.

2.2 The Housing Strategy was agreed by Cabinet on 12 April 2010 (decision item 8). This included the following:  
"The Council views Barnet Homes as a potential vehicle for providing additional services on its' behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme."

2.3 The One Barnet Overview & Scrutiny Panel considered a presentation outlining the key points of the options appraisal on 11 August 2010 (decision item 10). The Panel highlighted the risk that some services, such as care homes, might be forced to close due to a decline in client numbers as a consequence of increasing use of personalised budgets. It was resolved that;

- (i) the presentation be noted

- (ii) the Panel support the option for Adult Social Service in-house provisions and staff to be transferred to a Local Authority Trading Company and
- (iii) the One Barnet Programme Board take into consideration the Panel's comments on the following:

- The long-term future of Barnet Homes be carefully assessed when exploring options for establishing a Local Authority Trading Company with Arms Length Management Organisation;
- Instituting Service Level Agreements to ensure that current high levels of service provision are maintained;
- Providing appropriate services during the transition from Children's to Adult Social Services (18-19 years); and
- In recognition of the diversity of Barnet's residents, equalities considerations should be given due consideration in the development of service specifications.

2.5 Cabinet (29 November 2010, item 6) approved the One Barnet Framework and the funding strategy for its implementation.

2.6 Cabinet (29 November 2010, item 8) approved the decision to develop a business case for the implementation of a LATC, which would result in the transfer of Learning Disability Services, Physical and Sensory Impairment Disability Services and Mental Health in-house provider services to the LATC.

2.7 The Pension Fund Committee (21 March 2011, item 6) noted the Designated Body Status proposed for the LATC and approved in principle Admission Body Status in the event the LATC does not meet the Designated Body Status criteria.

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

3.1 The three priority outcomes set out in the 2010/13 Corporate Plan are:

- Better services with less money;
- Sharing opportunities, sharing responsibilities; and
- A successful London suburb.

The overarching aim of the One Barnet programme is:

- to become a citizen centred organisation

To be delivered through the adoption of three key principles:

- *A new relationship with citizens*
  - service users and their carers will have choice and control over the services they buy to meet their individual needs and be supported and encouraged to do this
  - service users and carers will be able to take an active role in the governance of the LATC and influence the design of services
  - through greater flexibility in the way individual needs can be met, service users and carers will be encouraged to self help
  - build a richer understanding of service user preferences and aspirations to inform the design of services and help shape the market
  
- *A one public sector approach*
  - develop collaborative leadership with Barnet Homes and use the synergy of skills and experience to take a more strategic and commercial approach to service development
  - identify opportunities with Barnet Homes and the wider public sector to provide integrated support and a more seamless customer experience to enable people to live as independently in the community as possible, for example joint housing and specialist support and advice for adults with mental health needs
  - target opportunities to collaborate with Barnet Homes and the wider public sector on tackling strategic issues with a community focus, such as worklessness, through the LATC's role in supporting people to access employment and volunteering opportunities
  
- *A relentless drive for efficiency*
  - Freedom and flexibility to respond more swiftly to changes in service demand and the market, particularly as there are many unknowns about how the market will change and purchasing patterns inherent with personalisation
  - An opportunity for the council to focus on its strategic commissioning role
  - Maximise opportunities to work with and commission from alternative private, public and voluntary sector partners to lower costs
  - Operating within the wider competitive market, the services will have a sharper focus on lowering costs to deliver value for money to its customers which will include the Council.
  - Services will have greater flexibility than within the Council to trade services and invest revenue in service development
  - Being a wholly Council company allows for surplus or dividend to be paid back to the Council

- 3.2 The aim of the proposal to implement a LATC is aligned within the One Barnet objective of “a new relationship with citizens”. Changing the way the Council is structured to provide Adult Social Services will promote choice and independence for residents. This is a strategic fit with the personalisation agenda to roll out personal budgets and direct payments as identified as a key service improvement objective in the Adult Social Services 2010/11 business plan.
- 3.3 This enabler for citizens will empower service users to select the services they require from the open market and by implementing an LATC we will ensure the Council can compete in the free market and continue to offer Adult In—House Services registered by the Care Quality Commission rated as ‘Excellent’ or ‘Good’. In turn this will leave the Council free to focus on becoming a commissioner of Adult Social Services as the core business of the authority thus providing a relentless drive for efficiency with the services which remain in-house.

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

- 4.1 **Risk:** Commercial risk such as venture failure and financial loss ultimately resides with the council.

**Planned Mitigation:** This risk will be covered in the business plan which will model several scenarios and flexibility for potential service modification in response to market conditions. Barnet Homes will be represented on the project board to share their learning and feed into the Business Plan. The full Business Plan will be presented to this committee for approval upon completion of the transition phase.

- 4.2 **Risk:** There is a risk that setting up an LATC which incorporates Barnet Homes will affect the tax exemption status of the existing Arms Length Management Organisation (ALMO). This could result in Barnet Homes becoming liable for Corporation Tax. The potential liability would have been £187k for 09/10 as stated in Barnet Homes accounts. This figure is the tax which Barnet Homes were not liable to pay in 09/10 byway of the tax exemption in respect of their activities with the Council.

**Planned mitigation:** The loss of this status is not necessarily significant enough to prevent progress however; the Council and Barnet Homes are jointly seeking advice from HMRC via KPMG to fully understand if the risk is valid and the full implications. If received before the date of the Cabinet Resources Committee meeting, it will be presented at the meeting. This could be off set by potential trading activities Barnet Homes could undertake on the market.

- 4.3 **Risk:** Housing Needs Resources are conducting an Options Appraisal to propose a TUPE transfer of 87 staff from the Council to the proposed Barnet Homes subsidiary of the LATC by April 2012. This may impact how the Housing Revenue Account (HRA) operates potentially leaving the council open to substantial losses if the self-servicing debt is not managed sufficiently stringently. This could also increase the potential taxation liability should Barnet Homes lose their tax exemption status.

**Planned mitigation:** The Housing Needs Resources Project Manager will need to ensure that any option chosen demonstrates that robust governance structures are in place and that commercial / financial expertise is adequately in place to competently manage and control the HRA debt. Any additional work managed by Barnet Homes will give rise to an increase in Barnet Homes management fee which is subject to VAT. The subsequent increase in profit for Barnet Homes will have Corporation Tax implications whereby any increase in profit would incur corporation tax at 20%. Should the proposal for transfer be agreed, taxation implications will need to be managed and could be offset by potential trading activities of the LATC.

- 4.4 **Risk:** Establishing a LATC to specifically deliver in-house services is not a well-trodden path in terms of Local Authority organisational design.

**Planned Mitigation:** Lessons learned are to be acquired from Local Authorities that have already implemented / are in the process of implementing a LATC. Whilst some have already been included in section 5 of the business case, further research will be undertaken in order to inform the development of the business case/plan.

- 4.5 **Risk:** Change and upheaval can, if not managed properly, impact on the quality of service delivery during a period of transition and post-change establishment.

**Planned Mitigation:** If the decision is taken to proceed with the LATC as the future delivery model, it will be important to supply sufficient resource to support the new company to establish itself as a new entity. This support is reflected in the business case (change costs).

- 4.6 **Risk:** TUPE transfer cannot take place until there is sufficient representation for the LATC to issue consultation and measure statements.

**Planned Mitigation:** An interim shadow board will be formed with appropriate representatives nominated by the Council, these representative roles will act in the interests of the LATC. Upon recruitment of LATC board members the shadow board will cease to exist. The Project Board will represent Barnet Council to ensure the LATC meet the statutory obligations of the Council.



- 4.7 These risks will be assessed and managed in accordance with the Council's project management methodology.
- 4.8 The Project Board and the One Barnet Programme Board will continue to provide appropriate escalation routes.

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

- 5.1 From 6th April 2011 the previous separate equality duties on public authorities covering race, disability and gender were replaced by a single Public Sector Equality Duty. Section 149 in Chapter 1 of Part 11 of the Equality Act 2010, is the new public sector equality duty. These include a 'general duty', which obliges public authorities to have due regard to the need to:
- a) eliminate unlawful discrimination, harassment, victimisation;
  - b) advance equality of opportunity between those covered by the Equality Act and those not covered, e.g. between disabled and non-disabled people;
  - c) foster good relations between these groups.

By section 149(2) of the Equality Act 2010, the 'general duty' also applies to 'a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty.

- 5.2 The purpose of the project is to empower vulnerable adults to make choices about, and take control over, the social services they receive. Consequently creating an organisation which can support the implementation of the Personalisation Agenda should increase choice and control for individuals.
- 5.3 An initial Community Equalities Impact Assessment has indicated 'Neutral Impact' and will be revisited at each major project milestone. It has however been recognised that as the authority move to a more consumer led model services could be subject to change if demand decreases in the long run. In this case we will conduct further Equalities Impact Assessments as part of any proposed change in order to mitigate potential risk of inequality.
- 5.4 Service users may choose support that is more appropriate for their individual preferences and/or needs, including some that may relate to their age, disability, ethnicity and Religion or belief. This may have a positive impact on meeting equality obligations.
- 5.5 Due to the nature of the services, equalities and diversity issues are high on the agenda. An 'Easy Read' version of community communications and presentations has been produced for service users with learning disabilities.

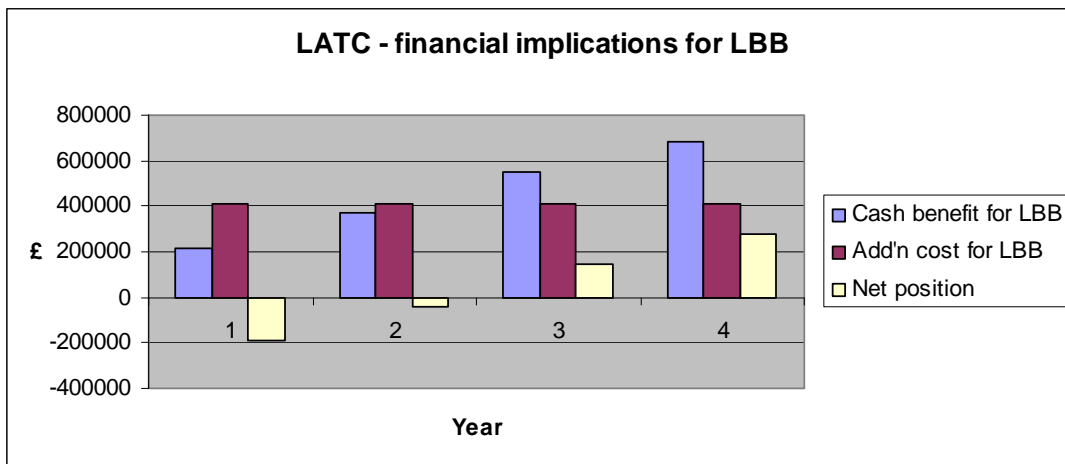
Similarly, communications will be produced in alternative formats upon request.

- 5.6 The Employee Equalities Impact Assessment is attached as Appendix C. This presents the workforce profile against the protected characteristics at milestone 1. The proposal set out in the business case is for the full in-scope workforce to transfer to the LATC and therefore it is not envisaged that there should be any adverse equalities impact on any protected characteristic grouping. This will be monitored at future milestones and a revised EIA will be prepared and reported to the General Functions committee that will be considering staffing implications of this proposal if approved by this committee.

**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 2011 considered a package of measures to balance the Council's budget in 2011/12 and the medium term. Within this budget package, there is a £200k saving in respect of LATC for 2012/13.
- 6.2 The business case sets out the notional unit prices that are currently used to some extent in costing existing care packages. Assuming the LATC continued to deliver the same number of units at the existing price, there would be a significant shortfall at £1.16 million. Details of the current and future financial viability of the services are set out in the part 2 report.
- 6.3 This business case sets out the financial benefits of setting up the LATC. For the Council, they can be summarised as follows:
- a) Reduced expenditure, as a result of cost savings, and increases in clients (and therefore income) for the LATC. The financial benefit for the Council of increased income is only relevant where this income is derived from self funders or clients external to the borough. Internal clients are funded by the Council, so the net benefit is £nil. The benefit of cost reductions and increases in external income is outweighed by VAT and retained client costs in years 1 and 2. In years 3 and 4 there is a net cash benefit to the Council.

<u>Budget reductions for LBB</u>	Year 1	Year 2	Year 3	Year 4
	£	£	£	£
Cost reduction	119,554	167,453	199,465	199,465
Extl income increase	97,573	203,210	354,347	484,052
	<u>217,127</u>	<u>370,663</u>	<u>553,812</u>	<u>683,517</u>
<u>Budget increases for LBB</u>				
VAT on trading	344,666	344,666	344,666	344,666
Retained client	63,901	63,901	63,901	63,901
	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>
<b>Net Position for LBB</b>	<b>-191,440</b>	<b>-37,904</b>	<b>145,245</b>	<b>274,950</b>



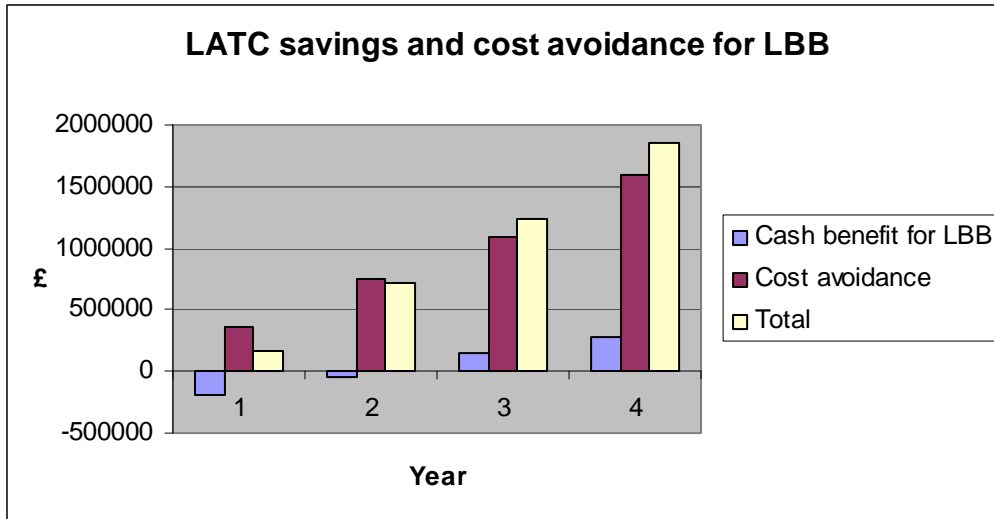
These figures include prudent figures in respect of cost reductions that can be achieved, and also a pessimistic assumption around the scale of VAT costs that could be incurred in the LATC. If these figures improve, then cash benefits for LBB will be realised sooner, enabling the MTFS saving of £200k to be achieved in 2012/13. If this saving is not made in 2012/13, this will be funded from the Adults Social care budget.

Should approval be granted to proceed, further work will be undertaken between now and go-live to investigate further cost reductions.

- b) Cost avoidance of £3.8m in double funding costs as a result of the roll out of the personalisation agenda, as follows:

Year 1	Year 2	Year 3	Year 4	Cumulative
£353,544	£755,837	£1,088,464	£1,586,658	£3,784,685

Even if the cash savings are not generated in year 1, when the cost avoidance figures are taken into account, the financial case for the LATC is clear. The overall position is show in the graph below:



- 6.4 The main drivers for the financial benefits are as follows:
- Increased income generation, through increases in numbers of units delivered and to whom they are delivered (i.e. to service users with personal budgets from other local authorities, self-funders, other local authorities as the LATC will be able to trade and generate income from persons in receipt of personal budgets, which the Council in house services cannot do;
  - Reduction in expenditure through shared management and associated costs with Barnet Homes;
  - Change in the unit price; and
  - Increased efficiency through reduced employee and property costs.

6.5 There is a solid financial case for the establishment of a LATC, and this is based on confirming that the services as a grouping can be financially viable as a stand-alone entity. The LATC itself will become a profit making entity by year 3. The estimated financial position of the LATC, taking into account the costs associated with VAT and group/board costs are as follows:

LATC	Year 1 £	Year 2 £	Year 3 £	Year 4 £
<b>Operating profit</b>	151,206	385,359	540,131	576,611
<b>Less VAT &amp; group/board costs</b>	(433,466)	(433,466)	(433,466)	(433,466)
<b>Net profit/(loss)</b>	(282,260)	(48,107)	106,665	143,145

6.6 There have been some assumptions built into the financial model, including that: VAT will be payable on all non-employee expenditure; support staff will be employed by Barnet Homes; 20% of Chief Executive and Finance Director

roles, plus costs for the running of the Board will be recharged to LATC; a 1% assumption for core costs

- 6.7 Within the first four years it is unlikely that corporation tax will be paid due to the net effect of cumulative losses in years one and two.
- 6.8 The cost to the Council of the implementation is estimated at approximately £200,000. The project is being funded from the Council's Transformation Reserve, as approved at Cabinet on 29 November 2010 (item 6).
- 6.9 The business case sets out the potential savings for the Council through reduced corporate overhead costs, at a total of £1.2 million (Figure 14 in Appendix A). However, these secondary recharges are not 'real' budgets, and savings can only be realised and cashed through adjustments in staffing and corporate management arrangements at source.
- 6.10 It is possible that the structure, as shown at 9.19, could change the tax exemption status of the ALMO. It may no longer benefit from this status, meaning an additional cost to Barnet Homes, or this would have to be borne by the Council. It has been calculated that, based on 2009/10 figures, if corporation tax had had to be paid by Barnet Homes in the that financial year, the cost would have been £187,000
- 6.11 As a separate legal entity to the Council, the LATC will be subject to tax, including corporation tax on chargeable profits and gains arising to the LATC. In contrast, the Council is not liable for corporation tax. As of 1 April 2011 the main rate of Corporation Tax is 26%. For profits under £300k, the Corporation Tax rate is 20%. According to HRMC guidance there may be a review of Corporation Tax rates in April 2012.
- 6.12 The LATC will be subject to the normal VAT recovery regime. However, the provision of care services is usually exempt from VAT. In light of this, any VAT incurred by the LATC in line with the provision of VAT exempt care services will not be recoverable by the LATC. This is unlike the Council, which is generally able to recover VAT incurred in respect of exempt supplies.
- 6.13 Registration of the Adult Social Care LATC subsidiary with the Care Quality Commission (CQC) as a state regulated private welfare institution or agency will enable supplies to be exempt from the normal VAT recovery regime where eligible. Any services which may be ineligible for CQC registration will result in potential services to incur irrecoverable VAT costs in respect of the provision of adult social care services deemed ineligible by the CQC.

- 6.15 In order to facilitate the offsetting of any Corporation Tax losses, and VAT on supplies within the group, a VAT and tax loss relief group incorporating the LATC Holding Company and LATC subsidiary, will be formed.
- 6.16 The business case sets out the financial rationale for the creation of a local authority trading company structure, incorporating Barnet Homes. The success of the LATC will be significantly dependant upon the engagement of the transferring LBB staff and the corporate culture of the new local authority trading company structure. Although Barnet Homes will not be delivering the Adult Social Care, its significant experience and success in establishing the Barnet Homes ALMO will provide a vital platform of knowledge about how to harness staff engagement to deliver the innovation to take this new structure forward. In preparation LBB has already undertaken significant staff engagement via workshops; newsletters and other events. This activity will continue throughout the transition period to ensure that the new LATC has the best possible foundations to enable its success.
- 6.17 The Council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon the Council's staff. In the context of One Barnet Programme this means that all internal re-structures will be managed in compliance with the Council's Managing Organisational Change Procedure. Where the change results in a TUPE transfer the council will meet all of its statutory obligations.
- 6.18 Trade Unions have been engaged throughout this process. The report attached at Appendix D is the Trade Unions interim response to the business case. Officers have provided comments on this Trade Union response (see Appendix E). Similarly, a further interim response from GMB can be found in Appendix F with officer comments attached as Appendix G. The Trade Union's full response will be included in the agenda papers for the Cabinet Resources Committee meeting on 24 May 2011.

## **7. LEGAL ISSUES**

- 7.1 Legal advice has been given by the external Legal Advisors to the One Barnet Programme on whether the option of a LATC for the provision of the 'Adult Social Care In-House Provider Services' is valid, without having to engage in a full EU Procurement exercise, on the basis of the Teckal exemption.
- 7.2 That advice noted that the Courts will interpret the Teckal exemption strictly and the onus will be on a public authority to establish that the exemption applies. This means that every detail of the LATC should be pre-planned to ensure it reflects the key features accepted by the courts in recent cases as being compatible with the Teckal exemption. The advice also recognised that

over a period of time, there will be less reliance placed upon following the Teckal exemption as the Council becomes merely a funder of services rather than a procurer.

- 7.3 In order for the Teckal exemption to apply, the Council will need to demonstrate that it has satisfied the two-pronged test relating to 'control' and 'essential activity' established by the European Court. In essence, this means that the Council must exercise control, in the sense of exercising decisive influence over the company and secondly, the company must provide the majority of its services to the Council, with other activities being non material. It should also be noted that the social care service is categorised as a "Part B" service in procurement terms to which the full tendering regime does not apply.
- 7.4 Legal advice also been sought from the external Legal Advisors on the structural options explored during the development of the business case. This advice looked at each of a number of possible structural options from a legal viewpoint, especially in terms of the application of the Teckal exemption.
- 7.5 As well as the procurement issues, there are a number of specific provisions relating to the setting up of a LATC under section 95 of the Local Government Act 2003 (the Act), regarding support from the Council and the need to have a business plan in place. These have been factored into the business case.
- 7.6 Section 95(1) of the Act authorises the Secretary of State to make an order allowing Local Authorities to "do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions".
- 7.7 This has been exercised most recently through the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (the "**Order**"). Previous application to only the better performing Local Authorities (as assessed under the CPA or CAA) has been removed and the power is generally applicable to Local Government. (This last point is important, because the Council does not have to plan for the loss of status to the arrangements it puts in place).
- 7.8 There are a number of restrictions in the scope of the Order. Whilst expressed as restrictions or liabilities on the Order itself, they should be seen as similarly restricting or limiting the Council from achieving certain ends through the LATC. The three principle restrictions are:
  - The Authority cannot do in relation to a person anything which it is required to do in relation to that person under its ordinary functions

(Section 95(2)(a)). In other words, the Council cannot convert a service which it has a duty to provide into a traded service.

- The power cannot be used where the Council is already specifically authorised to act for a commercial purpose (Section 95(2)(b)).
- The power is only exercisable through a company (defined to include an industrial and provident society) (Section 95(4)).

7.9 Under Section 96 of the Act, the Council is obliged to have regard to guidance issued by the Secretary of State. Such guidance has been issued by ODPM in July 2004, which was partially amended by DCLG in April 2007. The guidance is titled "General Power for Local Authorities to Trade in Function Related Activities through a Company" and it is confirmed within its text that it is statutory guidance to which the Council must have regard.

7.10 The Order also contains two important provisions:

- Before exercising the power, the Council is required to prepare a Business Case in support of the proposed exercise of the power which must be approved by the Council.
- Where the Council provides the company with assistance in the way of accommodation, supplies, staff, etc, it shall recover the costs thereof.

## **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 Since 2007 work has been undertaken to prepare the transfer of adult social care to an ALMO. These service changes have necessitated changes to Adult Social Care in-house staffing structures and terms of conditions, removing inconsistencies in pay and grading and flattening the management structure.

9.2 The report to General Functions Committee on 7 April 2008 stated in para 9.10 that "The ultimate goal is that this group of services will become an autonomous stand-alone organisation, at arm's length from the Council. It will be important to have a strong business framework to enable the new organisation to maintain quality standards and compete for business in the marketplace. The services currently compare favourably to other local



authority provision, in terms of value for money and the new structure will help to maintain value for money unit costs. (Cost comparison exercise Personal Social Services Research Unit – University of Kent)”.

- 9.3 Work began on the Adults In-House (More Choices) project in April 2010.
- 9.4 The high level options appraisal was approved in November 2010, which allowed officers to proceed to business case production.
- 9.5 **The Business Case** (attached at Appendix A)
- 9.6 The business case seeks to determine whether the services in-scope can be improved and achieve necessary cost reductions via an alternate model of delivery: a Local Authority Trading Company (LATC) that incorporates Barnet Homes, the Council’s Arms Length Management Organisation (ALMO) for the management of the Council’s housing stock. It seeks to articulate the financial and non-financial case for change, including how it aligns to the council’s key One Barnet principles
- 9.7 The introduction of personal budgets means individuals can purchase a wider range of services that they can choose on the basis of both their quality and cost. Whilst the in-house provision is of quality and highly regarded, due to proportionately high corporate overheads, the services would be less attractive from a cost perspective. The challenge is, therefore, to reduce the cost of these services whilst maintaining or improving the quality of the service received.
- 9.8 In addition to this, tightening of public spending has also highlighted the need to reduce costs in the way in which services are provided, and Barnet Council as a whole are looking at alternative delivery models for a range of its services to achieve better value for money.
- 9.9 The growth in the number of individuals managing their personal budget in the form of a direct payment presents real challenges for the council’s in-house services, as in-house services cannot be purchased using direct payments.
- 9.10 This gives rise to a number of implications:
- The potential for double funding through meeting the fixed costs of the in-house service provision whilst also committing to provide funding via direct payments that are subsequently spent elsewhere. This makes the services unviable on the grounds of cost.
  - A reduction in the number of people accessing the services, will in turn, have an impact on the quality of the service being provided. Unjustifiable

costs can lead to: necessary redundancies or staff choosing to leave for other roles; declining support and staff morale; both impacting on the quality of service received.

- Undermining choice for people with direct payments, who cannot continue to access the range of high quality specialist services that are currently provided in-house.
- The current in-house services have a lack of legal freedoms to trade commercially with service users in a way which would enable service user led transformation and service re-design through the use of personal budgets and direct payments.

9.11 The following list sets out the financial and non-financial benefits sought from the recommended alternate delivery model:

- maintaining or improving the quality of the services delivered
- social care service users can buy the services directly from the LATC
- social care service users want to buy the services
- service users at the heart of the LATC governance arrangements, co-producing the design and delivery of services
- services are financially viable within a competitive environment
- savings generated through reduced corporate and support costs
- reduction in costs to the Council for the longer term
- speed of implementation to be line with the roll-out of personal budgets
- flexibility and ability to respond to a changing market
- realise potential to reach a wider group of service users
- increase income and additional income streams
- rebalancing of top management priorities for the Adult Social Care and Health Directorate to be a commissioning led organisations
- provision of an alternate delivery vehicle for the London Borough of Barnet services in a pseudo-commercial setting

9.12 The non financial benefits of a successful transfer of services out of the council to a local authority trading company are in some ways more important than financial savings to the existing and future service users, given the 'choice' agenda. Whilst the proposed LATC is not likely to achieve cumulative profitability in its first four years of operation, the business case model predicts cost avoidance of circa £3.8m in double funding costs as a result of the roll out of the personalisation agenda.

9.13 The 2010/11 revised budget data has been used as a basis to calculate the cost of the service. Revised budget data has been used to ensure incorporation of a number of changes within the service during the year.

- 9.14 Assumptions have then been made with regards to the following:
- retained Client Function costs based on blanket 1%<sup>1</sup>
  - corporate and back offices services cost an extra 6% of the gross expenditure<sup>2</sup>
  - efficiencies / budget savings planned for 2011/12
  - relative apportionment of £517k group level costs

Assumptions have been made in a number of One Barnet projects. These assumptions have covered similar areas however, the assumed figures may differ due to the current and future nature of each service and delivery vehicle. In all circumstances, these assumptions have been determined by or agreed by the Strategic Finance team.

- 9.15 The revised 2011/12 expenditure has been used as a baseline against which to model the current and future viability of the service. As a service grouping, a gross expenditure of £6.4m and an income of £5.2m would generate a total shortfall of approximately £1.2m.
- 9.16 To demonstrate how the gap can be bridged, assumptions derived by the service have been built into the model based on the application of three 'improvement levers':
- reduction in gross expenditure, which could be achieved through the following means<sup>3</sup>:
    - reducing the support service costs
    - changing to a more efficient delivery model
    - reducing the management costs
  - increase of the number of units delivered, and to whom they are delivered (i.e. to service users with personal budgets from other local authorities, self-funders, other local authorities, etc.)
  - change of the unit price

- 9.17 The business case also looks at the viability of the service, including the potential for growth and innovation. There is an expectation that the LATC will generate business from a wider group of services users including other local

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<sup>1</sup>Determined by Corporate Finance, agreed by Adult Social Services. This is a decrease on the 2-3% recommended by the Audit Commission, and reflective of the need for minimal roles and functions to be retained within the Council.

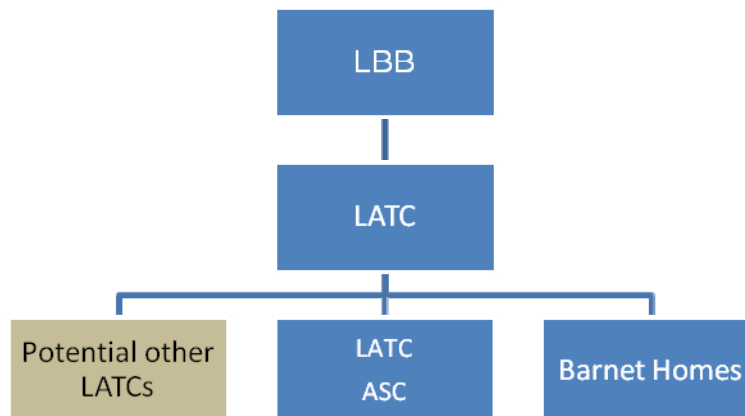
<sup>2</sup>Determined by Corporate Finance.

<sup>3</sup>There is also the opportunity to reduce the service cost through reducing the numbers of staff or implementing more competitive terms and conditions for staff. However, no associated assumptions or recommendations have been made within this business case.

authority areas, self-funders, and other vulnerable people. This proportion grows over the four years from 3% to 9% of target income. The LATC could also get new business from existing adult social care service users, whose needs have previously been met by other external providers

#### 9.18 The structure

9.19 The business case recommends that the company structure should be as per the picture shown below:



9.20 The board of directors of the LATC will need to be formed and it will manage the day-to-day decision making of the LATC. The Council, being the sole shareholder of the LATC, will appoint (and remove) directors to run the company. There will be no private interests in the LATC. The directors will be appointed with the relevant skills and experience to deliver both Housing Management and Adult Social Care services.

9.21 It is recognised that there is a need for the service user to be at the heart of the solution provided for which commercial arrangements and delivery frameworks should be built upon.

#### 9.22 Transition plan

9.23 A high level plan has been set out in the business case. Included are the following work streams:

- Governance and relationship management
- Legal and contractual management
- Staff and Employment Management
- Communications & engagement
- Business Planning
- Financial management
- Logistics
- Business Continuity

- 9.24 If approval is given to proceed, a detailed business plan will be developed jointly between the in-house services and Barnet Homes. This detailed business planning activity will happen during the transition period and should involve staff from within the in-house services and Barnet Homes, but should also be co-produced with service users and carers.
- 9.25 The plan provides a high level view of the key phases and goals required to establish the operational and performance basis of the new organisation. Many of these will need to be implemented and managed in parallel. The key challenge will be to achieve consolidation and integration of the services and alignment of cost and efficiency with income and revenue as early as possible in year one

### **9.26 Next Steps and the Democratic Process**

- 9.27 Members are asked to approve the business case in order that the LATC (holding company) and its subsidiary holding company (which would provide the current in house services) are incorporated.
- 9.28 If the above structure is approved, a report will be taken to Pension Fund Committee to confirm the Designated Body status or if required Admitted Body status of the newly established bodies as well as Barnet Homes and to confirm the level of control. And as stated at paragraph 5.6 above, a report on the staffing implications of the proposal will also be taken to the General Functions Committee.
- 9.29 The full business plan will be presented to this committee for approval upon completion of the transition phase. This will set out the legal requirements and confirm the level of control for the structure illustrated in 9.19.

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

- 10.1 N/A

**Legal: PJ**  
**CFO: JH**

**Appendix A**

# **London Borough of Barnet**

## **Future of Adult Social Services in-house provider services project**

### **Business Case**

Final v1.12 for public issue

May 2011

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## Document Control

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1.10	Update on costs and staffing	Richard Harrison	20/04/11	Draft
1.11	Drivers for change and Governance updates following One Barnet Programme Board.	Richard Harrison	28/04/11	Draft
1.12	Finance updates to Exec Summary & other corrections	Richard Harrison	05/05/11	Approved



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# 1 Executive Summary

## 1.1 What is the council trying to achieve?

The “More Choices” 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: a Local Authority Trading Company (LATC) that incorporates Barnet Homes, the Council’s arms-length management organisation (ALMO) for delivering Housing Management.

The implementation of a flexible trading company that could be utilised to deliver additional services in the future, combined with Barnet Homes’ evolution into a broader strategic delivery vehicle for the Council, is a key feature of this business case.

This business case seeks to articulate the financial and non-financial case for change, including how it aligns to the Council’s key One Barnet principles of:

- 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 June 2010, and has been developed in line with the legal advice commissioned by London Borough of Barnet (LBB) and provided by Trowers & Hamblins held in a separate document by LBB.

This business case is a dynamic document, and as such will be updated at appropriate points in time over the next six months. Initial feedback on these proposals has already been incorporated from staff, service users, and carers alike.

## 1.2 What are the services in scope?

The in-house service provision in-scope is currently managed in two service groupings: Learning Disability and Physical & Sensory Impairment services. Learning Disability provides seven individual services, and Physical & Sensory Impairment services each provide an individual service.

### Learning Disability

- Rosa Morison: building based day opportunities for people with profound, multiple learning disabilities
- Flower Lane Autism Service: building and community based day opportunities for people with Autistic Spectrum conditions
- The Space: building and community based day opportunities
- Agatha House: a small, six bedded residential home

- Valley Way: a short breaks respite service
- Barnet Supported Living Service: daily living support for people with their own tenancies
- The Community Support Team: community based day opportunities to promote inclusion, skills development and access to employment.

### **Physical and Sensory Impairment Services**

- Barnet Independent Living Service (BILS): building and community based day opportunities to promote inclusion and independent living

From Adult Social Services, the current learning disability in-house Service Manager post, and the learning disability Business Development Unit (currently known as the Business Support Unit) are also within scope of this proposed transfer, as well as the cost and budget of £294k per annum for the Notting Hill Housing Group contract in relation to the provision of buildings. 'Back office' support staff and other management/corporate overheads are within scope as a cost, based on the Council's current secondary recharge system.

Lastly, because this business case covers the option of a LATC that incorporates Barnet Homes, the ALMO is also within scope, but due to the nature of its role it is not necessary to subject it to the same level of expenditure and performance analysis as the in-house services.

## **1.3 Which services are out of scope?**

The mental health service grouping is managed by Barnet Enfield and Haringey NHS Mental Health Trust (BEH-MHT) on behalf of the council. The service is a combination of health and council professionals with council professionals seconded to the BEH-MHT for service delivery.

### **Mental Health Services**

- The Network: an enablement service for people with a mental health diagnosis following an episode in hospital

A decision was taken by the Mental Health Partnership Management Group on 4 February 2011. This joint decision between the council and health was underpinned by the nature of The Network. Enablement services in general have a positive impact on Council spend for the longer term, in so far as it helps reduce either the number of people requiring on-going social care support, or the size and subsequent cost of care packages. However, as a mainly an enablement service, direct payments cannot be used to purchase this type of service. Consequently, The Network is currently out of scope for transfer to the LATC and will not form part of the first wave of services for transfer.

## 1.4 Summary of costs and staffing

The table below sets out the core cost and staffing data for each of the in-house services in scope. The 2010/11 planned gross expenditure is used as a basis for the service cost. A true gross expenditure is also calculated inclusive of the secondary recharges for corporate and support service costs. Employee data is shown as establishment.

Service	Gross expenditure (2010/11 Revised Budget)	Corporate recharges (2009/10)	Gross expenditure (inclusive of corporate recharges)	Establishment (FTE)
Agatha House <sup>1</sup>	£444,486	£137,190	£581,676	9.5
Flower Lane Autism Service	£1,107,291	£246,634	£1,353,925	26.1
The Space <sup>2</sup>	£752,465	£171,008	£923,473	19.2
Rosa Morrison	£982,923	£255,068	£1,237,991	24.7
Valley Way	£563,936	£186,005	£749,941	12.6
Barnet Supported Living Service	£1,079,320	£353,041	£1,432,361	26.3
Community Support Team	£479,839	£109,390	£589,229	12.8
BILS	£561,461	£115,543	£677,004	11.8
Business Development Unit	£100,653	£30,835	£131,488	3.0
<b>TOTALS</b>	<b>£6,072,374</b>	<b>£1,604,714</b>	<b>£7,677,088</b>	<b>145.6</b>

As a grouping, these services form approximately six per cent of the Adult Social Services budget, but fifty per cent of the staff. Consequently, the majority of the service costs are attributed to staffing costs.

## 1.5 What is the financial case for change?

The financial case for the new delivery model has a two pronged approach:

1. Financial benefit for the LATC
2. Financial benefit for the Council

<sup>1</sup>As of 1 April 2011, Agatha House became part of Barnet Supported Living Service

<sup>2</sup>As of 1 April 2011, The Space and Community Support Team merged to form Community Space

## Financial case for the LATC

There is a solid financial case for the establishment of a LATC, and this is based on confirming that the services as a grouping can be financially viable as a stand-alone entity. If the LATC achieves the targeted improvements, it would start making a net profit in year 3 of £107k that grows to £143k in year 4, as shown in the table and graphic below:

LATC	Year 1	Year 2	Year 3	Year 4
Gross spend <sup>3</sup>	£ 6,270,562	£ 6,222,663	£ 6,190,651	£ 6,190,651
Income	£ 6,421,768	£ 6,608,022	£ 6,730,782	£ 6,767,262
Operating profit	£ 151,206	£ 385,359	£ 540,131	£ 576,611
Add irrecoverable VAT on trading <sup>4</sup>	£ 265,000	£ 265,000	£ 265,000	£ 265,000
Add VAT on support services <sup>5</sup>	£ 79,666	£ 79,666	£ 79,666	£ 79,666
Group & Board arrangement costs <sup>6</sup>	£ 88,800	£ 88,800	£ 88,800	£ 88,800
Net profit/(loss) before tax	£ (282,260)	£ (48,107)	£ 106,665	£ 143,145
Corporation tax <sup>7</sup>	£ -	£ -	£ -	£ -
<b>Net profit/(loss)</b>	<b>£ (282,260)</b>	<b>£ (48,107)</b>	<b>£ 106,665</b>	<b>£ 143,145</b>
<b>Cumulative profit/(loss)</b>	<b>£ (282,260)</b>	<b>£ (330,367)</b>	<b>£ (223,701)</b>	<b>£ (80,556)</b>

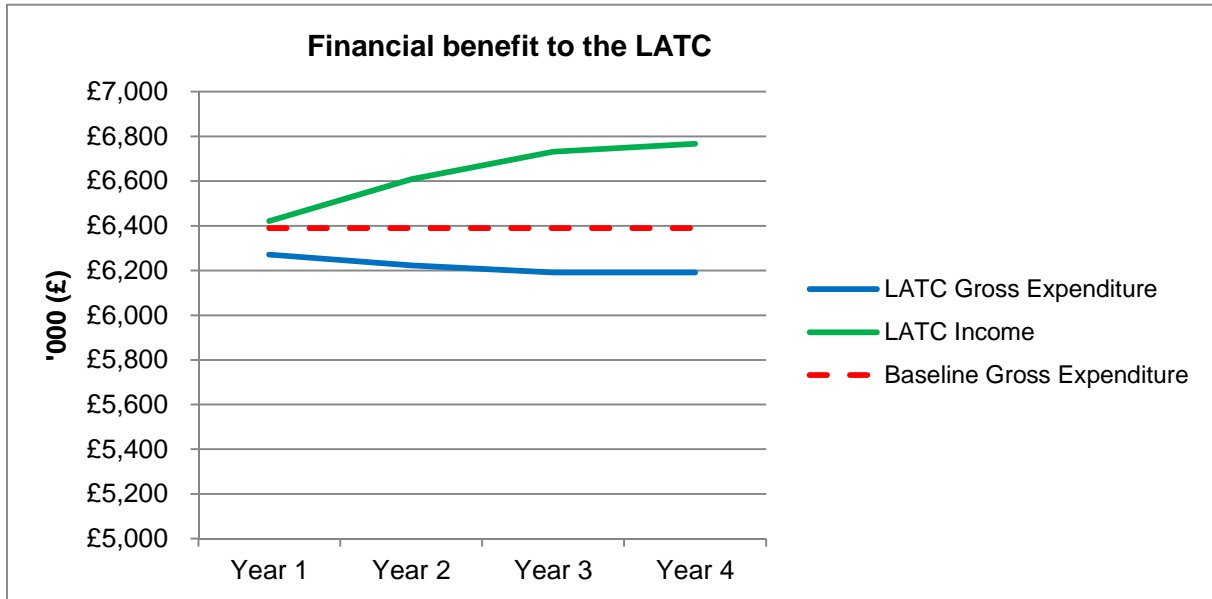
<sup>3</sup> The business case provides for £358,303 (6%) in support costs. This sum will need to be revisited when the specific operational arrangements for LATC have been determined, as further reductions / economies of scale may be achievable.

<sup>4</sup> VAT is assumed as a worst case to be payable on all non-employee expenditure.

<sup>5</sup> It is assumed that the support staff will be employed by BH. If LATC employed all support staff and recharged BH, then VAT on services would be recoverable.

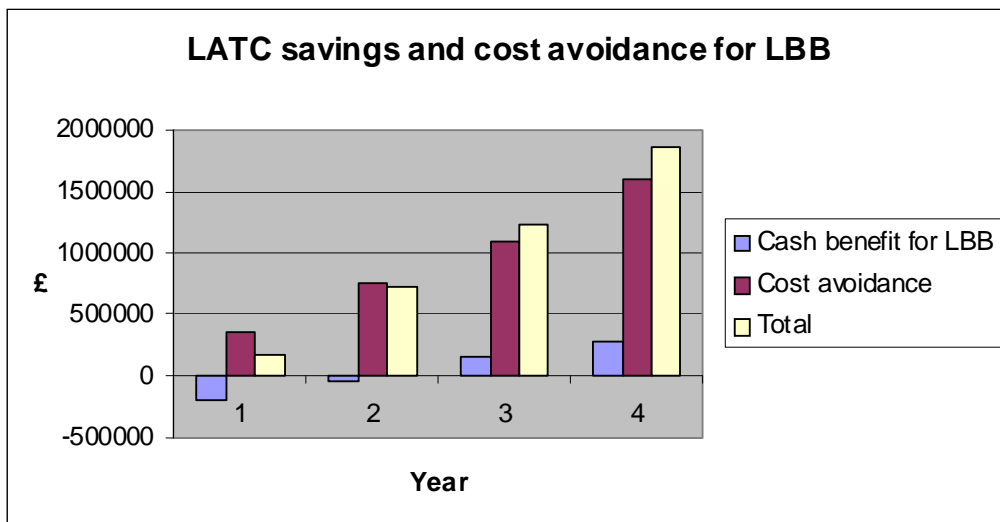
<sup>6</sup> It is assumed that a proportion (20%) of Chief Exec and FD roles, plus costs for the running of the Board will be recharged to LATC. It may be possible that after the specific support service arrangements have been determined, some or all of these costs may be accommodated within the support services provision.

<sup>7</sup> Within the first 4 years it is unlikely that corporation tax will be paid due to the net effect of cumulative losses in years 1 & 2.



### Financial case for the Council

The financial case for the Council has two key elements: cash benefit and cost avoidance, as demonstrated in the graph below. The potential cost of doing nothing and retaining the services in-house, is based on a 'double funding' risk attributable to covering both the fixed costs of the in-house services but also committing funding for personal budgets that are subsequently spent elsewhere, because service users cannot directly purchase the in-house services. Over a four year period this 'double fund' cost could equate to £3.8m. To mitigate these rising costs, LBB would need to significantly reduce the in-house service costs and/or close the services, which the option appraisal activity in June 2010 concluded is not a viable option.



Additionally, the potential double funding costs are based on assumptions about the take up of direct payments, which is significantly dependent on LBB's ambition for personalisation in this area. The Government's target is for all social care users to have a personal budget, and direct payments should be the prime deployment mechanism. The assumptions in this business case are currently based on a low to moderate target take up of direct payments,

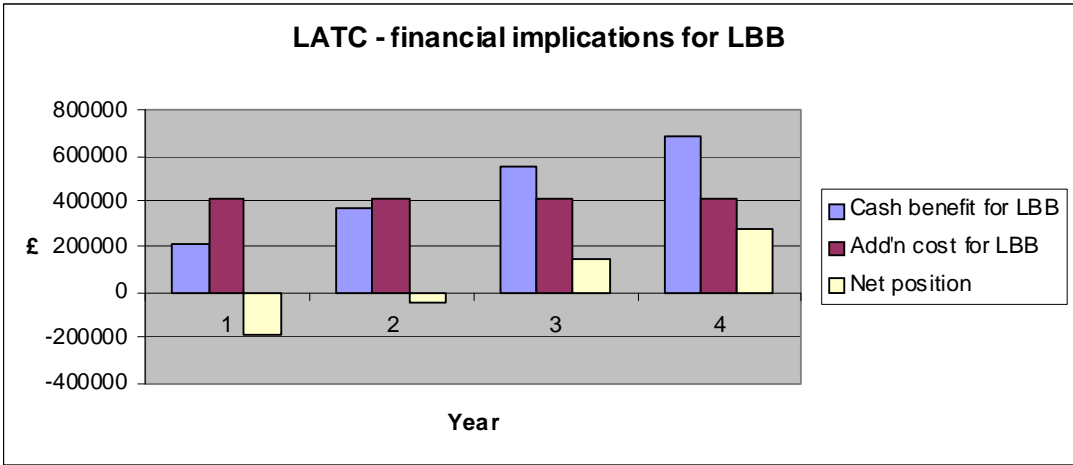


and if LBB were to increase its target, it would subsequently increase the potential double funding risk if the services were retained in-house.

This business case sets out the financial benefits of setting up the LATC. For the Council, they can be summarised as follows:

- a) Reduced expenditure, as a result of cost savings, and increases in clients (and therefore income) for the LATC. The financial benefit for the Council of increased income is only relevant where this income is derived from self funders or clients external to the borough. Internal clients are funded by the Council, so the net benefit is £nil. The benefit of cost reductions and increases in external income is outweighed by VAT and retained client costs in years 1 and 2. In years 3 and 4 there is a net cash benefit to the Council.

<u>Budget reductions for LBB</u>	Year 1	Year 2	Year 3	Year 4
	£	£	£	£
Cost reduction	119,554	167,453	199,465	199,465
Extl income increase	97,573	203,210	354,347	484,052
	<u>217,127</u>	<u>370,663</u>	<u>553,812</u>	<u>683,517</u>
<u>Budget increases for LBB</u>				
VAT on trading	344,666	344,666	344,666	344,666
Retained client	63,901	63,901	63,901	63,901
	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>
<b>Net Position for LBB</b>	<b>-191,440</b>	<b>-37,904</b>	<b>145,245</b>	<b>274,950</b>



- b) Cost avoidance of £3.8m in double funding costs as a result of the roll out of the personalisation agenda, as follows:

Year 1	Year 2	Year 3	Year 4	Cumulative
£353,544	£755,837	£1,088,464	£1,586,658	£3,784,685

Even if the cash savings are not generated in year 1, when the cost avoidance figures are taken into account, the financial case for the LATC is clear.

There is further potential for cost reductions should the Council wish to gain dividends as a result of the LATC's surplus, or command year-on-year efficiency savings through its contracting approach and negotiation on unit price.

### 1.6 What are the financial and non-financial benefits?

The following table sets out the financial and non-financial benefits sought from the alternate delivery model for the adult social services in-house provider services; a LATC that incorporates Barnet Homes.

Key benefit targeted	Method assumption	Measurement <sup>8</sup>
<b>Maintaining or improving the quality of the services delivered</b>	Joined up working with Barnet Homes, sustained or improved quality of service delivery	Customer satisfaction, achievement of individual outcomes as stated in Support Plans
<b>Social care service users <u>can</u> buy the services directly from the LATC (they cannot purchase in-house services)</b>	Establishment of LATC, development of pricing and user friendly, efficient payment systems	Monitoring to confirm effective and efficient systems in place to ensure individuals can purchase LATC services
<b>Social care service users <u>want</u> to buy the services: at least 30% of income comes from individuals with direct payments/self-funders</b>	Market and competitor analysis, marketing activity, offering niche/specialist provision, co-production of services	Take up of services, particularly provision commissioned by individuals/carers (or trusted other. i.e. those with direct payment form of personal budgets and self- funders.
<b>Service users at the heart of the LATC governance arrangements, co-producing the design and delivery of services</b>	Service users and carers represented on Board, building on Barnet Homes' success in engagement, co-production of plans	Service user/carer representation at Board level, Business plans are co-produced.
<b>Services are financially viable within a competitive environment</b>	Operating commercially, market analysis, grouping the services as a collective, specialist /niche provision	Balance sheet, market comparisons

<sup>8</sup> KPI's will be negotiated as part of the contract and SLAs between the LATC and Barnet Council for inclusion within the business plan

Key benefit targeted	Method assumption	Measurement <sup>8</sup>
<b>Savings generated through reduced corporate and support costs (£1.2m potentially non-cashable savings)</b>	Freedom to purchase better value for money support services, shared services with Barnet Homes, negotiation of any SLAs	Outturn information showing percentage of total expenditure on corporate and support service costs, value of SLAs
<b>Reduction in costs to LBB for the longer term</b>	Removing 'double funding' risk, reducing management requirements, reducing need to cover corporate and support service requirements	Outturn information, contracts, SLAs, corporate costs
<b>Speed of implementation to be in line with the roll-out of personal budgets</b>	Joint arrangements with Barnet Homes, simplistic company structure and governance model, change management	LATC 'go live', contracts finalised, TUPE transfer
<b>Flexibility and ability to respond to a changing market</b>	Utilising experience of Barnet Homes as an ALMO, ability to be smarter, quicker in delivering change and responding to demand	Customer satisfaction, take up of LATC services, activity data
<b>Realise potential to reach a wider group of service users</b>	Utilising 'spare' capacity, trading with individuals within other boroughs/other local authorities and self-funders, enablement model	Percentage increase of 'new' service users accessing LATC services
<b>Increase income and additional income streams</b>	Partnership working with Barnet Homes, LATC flexibility to respond to market, Business Develop Reinvestment of profits into service development,	Percentage new income (£)
<b>Rebalancing of top management priorities for LB Barnet</b>	Freeing up of management capacity through having a smaller workforce to manage, enabling greater focus on strategic improvement and commissioning	Time spent on strategic vs. operational activities Quality of strategy and commissioning
<b>Provision of an alternate delivery vehicle for LBB services in a pseudo-commercial setting</b>	Flexible company and associated governance arrangements, time-limited period to demonstrate service sustainability	Financial viability of incumbent services via balance sheet(s) & market comparisons

## **1.7 What approach to delivery is recommended?**

As outlined in the preceding options appraisal, the business case analysis indicates that a LATC incorporating Barnet Homes represents the most beneficial option for the Council, particularly in terms of the financial risk associated with retaining the services in-house; the financial benefits of sharing support services, management arrangements and commercial expertise with Barnet Homes; the opportunities for co-production in the design, delivery and management of the LATC and its service provision; and the opportunities to generate new business and additional income streams. Additionally, it creates a 'future proof' legal structure for the Council to incorporate further services under the LATC umbrella should it be proven beneficial to do so. This aligns with the wider strategic direction for alternate service delivery models and the Council's aim to be a commissioning led organisation.

In order to maximise the potential for benefits realisation, in line with the aspirations of the Council's Medium Term Financial Strategy (MTFS), it is recommended that transition planning and delivery commences immediately, with a view to appropriate shadow operation and transfer of the services during the autumn of 2011.

## 2 Introduction

### 2.1 Background and purpose

On 29th November 2010, Cabinet approved the development of a business case for the establishment of a Local Authority Trading Company (LATC), as the preferred option for an alternative delivery model of the Adult's Social Services in-house provision. Subject to legal restraint, this LATC would be established with Barnet Homes, the Council's existing Arms-Length Management Organisation (ALMO). This decision was based on a previous options appraisal exercise that was undertaken in June 2010. Seven options for the future of the in-house services were explored:

- Closure and the non-provision or reprovision of service
- Remain In-House
- Tender (or trade sale)
- Social Enterprise
- Local Authority Trading Company (LATC)
- Transfer to the LBB's ALMO(Barnet Homes)
- Joint Venture Company (with other independent organisations or other partners)

A LATC is a company established by the local authority in order to offer its services on a commercial basis. Local authorities can establish LATCs through the powers in section 95 of the Local Government Act 2003, and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009.

The options appraisal recommended that the in-house services as a grouping are transferred to an external provider, with the most appropriate solution being that the services are delivered by a LATC that also incorporates Barnet Homes and an Adult Social Care trading company as separate subsidiary companies.

The purpose of this document is to set out the case for implementing the LATC delivery model with Barnet Homes, based on the estimated cost of the change, and the anticipated financial and non-financial benefits to be gained. This includes a validation of the potential savings identified in the options appraisal through more detailed analysis.

The business case will be used to determine the final scope of the project, and will be kept up-to-date throughout the life of the project to reflect any changes to costs or expected benefits. The on-going viability of the project will be monitored by the Project Board by reviewing the updated business case. In addition to this, it will be reviewed by the One Barnet Programme Council Director's Group at appropriate intervals.

## 2.2 Drivers for change

The business need to change the delivery model for the adult social services provider services is grouped under two linked themes: personalisation and efficiency.

A fundamental element of the Government's transformation agenda for Adult Social Care is to give people greater choice and control in meeting their care and support needs, including through the provision of Personal Budgets for individuals eligible for social care services. The purpose is to put individuals in control of commissioning their own support, meaning that social care budgets will follow the individual. This is a radical change given the history of a vast proportion of social care budgets is held within block contracts for care services commissioned by the local authority.

London Borough of Barnet (LBB) has set a target that by December 2011 all adult community care service users will have a Personal Budget, and, through the Choice and Independence programme, LBB is on track to deliver this. However, on 16th November 2010, the Department of Health's vision for Adults Social Care "Capable Communities and Active Citizens" presses for councils to not only provide personal budgets for everyone eligible for ongoing social care by April 2013 but also states that budgets should be deployed as a direct payment. In context for Barnet, currently eligible social care service users can choose how their personal budget is managed in one of three ways:

1. Self-management or with a trusted other, usually parent/carer, in the form of a direct payment
2. The council manages it on behalf of the individual in the form of a 'council managed budget'
3. By a combination of a council managed budget and a direct payment

Analysis carried out in November 2010 shows that 20% of personal budgets across all the client groups are managed as a direct payment, 65% are 'council managed' and 15% are a combination of the two management options. To effectively respond to the Department of Health's vision these proportions will need to shift quite significantly.

Paradoxically, the target growth in the number of individuals managing their personal budget in the form of a direct payment presents real challenges for LBB's in-house services, as in-house services cannot be purchased using direct payments. This gives rise to a number of implications:

- The potential for **double funding** through meeting the fixed costs of the in-house service provision whilst also committing to provide funding via direct payments that are subsequently spent elsewhere. This makes the services unviable on the grounds of cost.
- A reduction in the number of people accessing the services, will in turn, have an impact on the **quality of the service** being provided. Unjustifiable costs can lead to: necessary redundancies or staff choosing to leave for other roles; declining support and staff morale; both impacting on the quality of service received.
- **Undermining choice** for people with direct payments, who cannot continue to access the range of high quality specialist services that are currently provided in-house.

- The current in-house services have a **lack of legal freedoms** to trade commercially with service users in a way which would enable service user led transformation and service re-design through the use of personal budgets and direct payments.

The introduction of personal budgets means individuals can purchase a wider range of services that they can choose on the basis of both their quality and cost. Whilst the in-house provision is of quality and highly regarded, due to proportionately high corporate overheads, the services would be less attractive from a cost perspective. The challenge is, therefore, to reduce the cost of these services whilst maintaining or improving the quality of the service received.

In addition to this, the very present national tightening on public spending has also highlighted the need to reduce costs in the way in which services are provided, and LBB as a whole is looking at alternative delivery models for a range of its services to achieve better value for money. Beyond social care provision, these proposals provide LBB with an opportunity to implement a flexible corporate delivery vehicle that can be used to assess the commercial viability of other services before any longer-term decision is taken regarding their divestment. Whilst each initiative would need to be considered on its individual merits, such a “test-bed” would provide an excellent opportunity to seek a level of assurance regarding the likely profitability and sustainability of an externalised service over an agreed period of time. This is a significant corporate benefit, and should be given appropriate consideration alongside the other factors outlined in this document.

## 2.3 Strategic fit

The One Barnet framework sets out a clear strategic direction for the Council’s transformation. As well as delivering (the required) financial savings and benefits. One Barnet’s ambition is to deliver wider qualitative benefits, ensuring that citizens get the services they need to lead successful lives, and Barnet is a successful place.

With an overarching aim to be a customer centric organisation, the One Barnet framework has three core principles, shaping the design of services and the future of the organisation:

1. Developing a new relationship with citizens: enabling residents to access information and support and to do more for themselves
2. Establishing a one public sector approach: working together in a more linked up way with our public sector partners to deliver better services
3. Pursuing a relentless drive for efficiency delivering more choice for better value

A wide range of projects and activities are being managed by the One Barnet programme to deliver the desired change, and the development of a new delivery model for adult social care services is a key component of this programme. The following gives an illustration of the way in which this particular project aligns with and supports the One Barnet principles:

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

- Service users and their carers will have choice and control over the services they buy to meet their individual needs and be supported and encouraged to do this
- Service users and carers will be able to take an active role in the governance of the LATC and influence the design of services
- Through greater flexibility in the way individual needs can be met, service users and carers will be encouraged to self help
- Build a richer understanding of service user preferences and aspirations to inform the design of services and help shape the market

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

- Develop collaborative leadership with Barnet Homes and use the synergy of skills and experience to take a more strategic and commercial approach to service development
- Identify opportunities with Barnet Homes and the wider public sector to provide integrated support and a more seamless customer experience to enable people to live as independently in the community as possible, for example joint housing and specialist support and advice for adults with mental health needs
- Target opportunities to collaborate with Barnet Homes and the wider public sector on tackling strategic issues with a community focus, such as worklessness, through the LATCs role in supporting people to access employment and volunteering opportunities

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

- Freedom and flexibility to respond more swiftly to changes in service demand and the market, particularly as there are many unknowns about how the market will change and purchasing patterns inherent with personalisation
- An opportunity for the council to focus on its strategic commissioning role
- Maximise opportunities to work with and commission from alternative private, public and voluntary sector partners to lower costs
- Operating within the wider competitive market, the services will have a sharper focus on lowering costs to deliver value for money to its customers which will include the Council.
- Services will have greater flexibility than within the Council to trade services and invest revenue in service development
- Being a wholly Council company allows for surplus or dividend to be paid back to LBB

The argument for a LATC as the preferred alternate delivery model for the current in-house provider services was set out in the options appraisal and Cabinet report on November 29<sup>th</sup>



2010, and formed the basis of the Cabinet decision to proceed with this business case for a LATC. However, to reference some of the specific benefits of the LATC model in the options appraisal:

- The model can facilitate a review of central overheads and back office service level costs resulting in both organisations having freedom to purchase services either from LBB or open market to achieve best value and a competitive edge.
- The LATC model can be a relatively cheaper solution compared to other delivery solutions in terms of the transformation costs and reduced risk pricing, as the relative mutuality through ownership of the business and the “special relationship” facilitates risk sharing, especially regarding potential for future service changes and redundancies.
- For the LATC, the LBB ownership should help to instil confidence from the public in the credibility of the Trading Company and the quality of its services. As the major shareholder there is a link for LBB influence and branding.
- The LATC model allows LBB to keep its longer term options open with a future tender exercise to the open market remaining an option at the end of the contract term.
- The model will generate a formalised contractual relationship between LBB, commissioning, care management and the provider arm based on a clear and transparent specification that can include performance outcomes.
- The services can adopt commercial disciplines to increase productivity and develop a culture of continuous improvement.
- With ownership of the LATC, LBB could put additional services into the LATC as and when it was most appropriate. As the forecast benefits of the LATC business model manifest themselves, other services could be identified as suitable for this vehicle and amalgamated accordingly.
- The LATC can retain the vital function of being the provider of “last resort” in cases of emergency or market failure, and allow LBB to satisfy its statutory duties.

### **3 Scope and existing service delivery arrangements**

Currently, the in-house service provision is managed in three service groupings: Learning Disability; Mental Health, and; Physical & Sensory Impairment services. Learning Disability provides seven individual services, and Mental Health and Physical & Sensory Impairment services each provide an individual service. The mental health in-house service is managed by Barnet, Enfield and Haringey Mental Health Trust on behalf of the Council through a section 75 partnership agreement.

#### **Learning disability**

- Rosa Morison: building based day opportunities for people with profound, multiple learning disabilities
- Flower Lane Autism Service: building and community based day opportunities for people with Autistic Spectrum conditions
- The Space: building and community based day opportunities
- Agatha House: a small, six bedded residential home
- Valley Way: a short breaks respite service
- Barnet Supported Living Service: daily living support for people with their own tenancies
- The Community Support Team: community based day opportunities to promote inclusion, skills development and access to employment

#### **Physical and Sensory Impairment Services**

- Barnet Independent Living Service (BILS): building and community based day opportunities to promote inclusion and independent living

From Adult Social Services, the current learning disability in-house Service Manager post, and the learning disability Business Development Unit (currently known as the Business Support Unit) are also within scope of this proposed transfer. 'Back office' support staff and other management/corporate overheads are within scope as a cost, based on the current Council's secondary recharge system.

Lastly, because this business case covers the option of a LATC that incorporates Barnet Homes, the ALMO is, therefore, also within scope. More detailed service descriptions are set out in Appendix 1.

#### **3.1 Out of Scope**

The mental health service grouping is managed by Barnet Enfield and Haringey NHS Mental Health Trust (BEH-MHT) on behalf of the council. The service is a combination of health and council professionals with council professionals seconded to the BEH-MHT for service delivery.

## **Mental Health Services**

- The Network: an enablement service for people with a mental health diagnosis following an episode in hospital

A decision was taken by the Mental Health Partnership Management Group on 4 February 2011. This joint decision between the council and health was underpinned by the nature of The Network. Enablement services in general have a positive impact on Council spend for the longer term, in so far as it helps reduce either the number of people requiring on-going social care support, or the size and subsequent cost of care packages. However, as a mainly an enablement service, direct payments cannot be used to purchase this type of service.

It was concluded that BEH-MHT and the Network need more time to embed the Network service into the care pathway of the recovery/enablement model which covers three council boroughs. Whilst it has been identified that there is a need for there to be clear specification that clearly identifies how the links into the mental health system and supports social inclusion, it was determined that a move to the management of the LATC would be premature thus the Network will remain within the management of BEH-MHT and will be managed within the Trust along with other service lines. Consequently, The Network is currently out of scope for transfer to the LATC and will not form part of the first wave of services for transfer.

### **3.2 Costs and Staffing**

Over the last three years work has been undertaken to prepare the provider services for transfer to an arms-length organisation<sup>9</sup>. The changes have consisted of significant service redesign across the learning disability services through the New Choices programme, and specifically at Barnet Independent Living Service (BILS) to support greater user and carer empowerment and an enablement approach. There has been significant investment in the re-provision of the buildings for many of these services providing modern high quality environments for service delivery.

There are currently plans to dispose of the site at Station Road which accommodates the Network. The intention is to establish a Centre for Independent Living (CIL) which will be managed by a user-led organisation known as Barnet Centre for Independent Living (BCIL). This will provide an opportunity to improve service provisions to citizens with the development of a bespoke, fully accessible facility that meets service users' requirements. This also represents an opportunity to co-locate current services in one facility, enabling improved collaborative working. The vision is to co-locate BILS, the Network, information and support services for people with disabilities currently delivered through voluntary sector and related provision.

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<sup>9</sup>In line with Cabinet approval of the Learning Disability Commissioning Strategy in June 2007, which included a specific objective to establish the in-house learning disability services as a separate business unit at arms-length from Adult Social Services.

The majority of the buildings are owned by an LBB partner organisation, Notting Hill Housing Association (NHHA). With a transfer of the services to a LATC, it is anticipated that the contractual relationship with NHHA or any other property providers would move from Adult Social Services to the LATC.

The table below sets out the core cost and staffing data for each of the in-house services within scope for transfer. The 2010/11 projected gross expenditure is used as a basis for the service cost. A true gross expenditure also is calculated inclusive of the secondary recharges for corporate and support service costs. Employee data is shown as establishment.

**Figure 1: Summary of costs and staffing**

Service	Gross expenditure (2010/11 Revised Budget)	Corporate recharges (2009/10)	Gross expenditure (inclusive of corporate recharges)	Establishment (FTE)
Agatha House <sup>10</sup>	£444,486	£137,190	£581,676	9.5
Flower Lane Autism Service	£1,107,291	£246,634	£1,353,925	26.1
The Space <sup>11</sup>	£752,465	£171,008	£923,473	19.2
Rosa Morrison	£982,923	£255,068	£1,237,991	24.7
Valley Way	£563,936	£186,005	£749,941	12.6
Barnet Supported Living Service	£1,079,320	£353,041	£1,432,361	26.3
Community Support Team	£479,839	£109,390	£589,229	12.8
BILS	£561,461	£115,543	£677,004	11.8
Business Development Unit	£100,653	£30,835	£131,488	3.0
<b>TOTALS</b>	<b>£6,072,374</b>	<b>£1,604,714</b>	<b>£7,677,088</b>	<b>145.6</b>

As a grouping, these services form approximately six per cent of the Adult Social Services budget but fifty per cent of the staff. Consequently, the majority of these services' costs are attributed to staffing costs.

<sup>10</sup> As of 1 April 2011, Agatha House became part of Barnet Supported Living Service

<sup>11</sup> As of 1 April 2011, The Space and Community Support Team merged to form Community Space .

## 4 Benefits case

### 4.1 Approach

Developed by the service, LBB's success criteria for an alternate delivery model for the Adult Social Services in-house provider services is set out in the table below and includes:

- whether the targeted benefit is of financial or non-financial relevance (or both)
- which of the One Barnet principles it contributes to, as set out in section 2 of this report
- a description of what it means in principle

**Figure 2: Description of benefits sought from the alternate delivery model**

Success criteria	Benefit type	Link to One Barnet	Description
Ensuring financial viability	Financial	<ul style="list-style-type: none"> <li>• A relentless drive for efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Financial viability within a competitive environment</li> <li>• Reduced corporate overhead costs</li> <li>• Reduction in costs to the Council for the longer term</li> </ul>
Maintaining or improving quality	Non-financial	<ul style="list-style-type: none"> <li>• New relationship with the citizens</li> <li>• One public sector approach</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain or improve the quality of provision, particularly for people with high and complex health and social care needs.</li> </ul>
Delivering personalisation	Financial/ non-financial	<ul style="list-style-type: none"> <li>• New relationship with citizens</li> <li>• One public sector approach</li> <li>• Relentless drive for efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• People can and want to buy the services with their personal budget</li> <li>• Service users and carers are at heart of the governance arrangements</li> </ul>
Achieving pace of change	Financial/ non-financial	<ul style="list-style-type: none"> <li>• A relentless drive for efficiency</li> <li>• One public sector approach</li> </ul>	<ul style="list-style-type: none"> <li>• Speed of implementation to be line with the roll out of personal budgets</li> <li>• Flexibility and ability to respond to a changing market</li> </ul>
Innovation and growth	Non-financial/ financial	<ul style="list-style-type: none"> <li>• New relationship with citizens</li> <li>• One public sector approach</li> <li>• Relentless drive for efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to reach a wider group of service users</li> <li>• In the future, additional new business and subsequent income generation</li> </ul>

The following sections set out how these benefits can be realised through the delivery of services through a LATC with Barnet Homes. Suggested measures (KPIs) with timeframes are included to provide a starting point for the LATC's business planning.

For ease of reference, all the financial benefits have been explained within section 4.1 where the outputs of the financial model are discussed.

## 4.2 Ensuring financial viability of the services

### 4.2.1 Approach to the financial model

The approach taken to calculate delivery costs and financial benefits associated with the establishment and transfer of the in-house services to a LATC, is demonstrated diagrammatically at Appendix 2. Essentially, there are four main components to the financial model:

1. Establishing the true service cost (figure 4)
2. Assessing current and future financial viability of the service, based on the application of specific improvement levers, and profiling how quickly the improvements should happen over a four year period. The sources of income are also profiled to demonstrate the direct impacts of:
  - The roll out of personal budgets, and LBB's response to the Government target to increase the numbers of individuals managing their budget as a direct payment (figure 18)
  - The LATC's ability to trade with other local authorities, self-funders, individuals from new service user 'groups', and individuals from other boroughs with personal budgets (figure 23)
3. Articulating the financial case on an individual service basis, showing the gross expenditure, income generation and overall balance.
4. Articulating the financial case on a service group basis

The new LATC should use this financial model to help determine its first year financials, prices and charging systems, as part of the business planning process. The model can also be used to help determine how much LBB would want to pay for the services it commissions from the LATC and/or what it expects in the form of dividends. It should not be used however as a budgeting tool for LBB.

### 4.2.2 Establishing the service cost

The 2010/11 revised budget data has been used as a basis to calculate the cost of the service. Revised budget data has been used to ensure incorporation of a number of changes within the service during the year.

Assumptions have then been made with regards to the following:

- Retained Client Function costs based on blanket 1%<sup>12</sup>

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<sup>12</sup> Determined by Corporate Finance, agreed by Adult Social Services. This is a decrease on the 2-3% recommended by the Audit Commission, and reflective of the need for minimal roles and functions to be retained within the council.

- Corporate and back offices services cost an extra 6% of the gross expenditure<sup>13</sup>
- Efficiencies / budget savings agreed for 2011/12
- Relative apportionment of £517k group level costs :
  - The Notting Hill Housing Contract (£294k)
  - The Managing Director and Personal Assistant (£114k)
  - The Business Development Unit (108k)

The revised 2011/12 expenditure has been used as a baseline against which to model the current and future viability of the service, these figures are set out in the table below. These figures are compared with the gross service expenditure (inclusive of secondary recharges) projected outturn for 2010/11.

**Figure 4: Revised baseline expenditure for financial modelling**

Service	Gross service expenditure (2010/11 Revised Budget)	Revised baseline expenditure (2011/12)
Agatha House	£581,676	£431,976
Flower Lane Autism Service	£1,353,925	£1,276,635
The Space	£923,473	£723,970
Rosa Morrison	£1,237,991	£1,085,933
Barnet Supported Living Service	£1,432,361	£1,160,635
Valley Way	£749,941	£650,182
Community Support Team	£589,229	£460,771
Barnet Independent Living Service	£677,004	£600,014
<b>TOTALS</b>	<b>£7,545,600</b>	<b>£6,390,116</b>

#### 4.2.3 Assessing the current and future financial viability of the services

Service activity data has been used to form a baseline for the current volume of units being delivered. All of the in-house services have an existing notional unit price that are currently used to some extent in costing existing care packages.

<sup>13</sup> This figure is based upon bench-marking activity undertaken on national data from Small and Medium Enterprises, the 2009 Treasury report entitled "Benchmarking the Back Office", and general market intelligence. For example, HR costs for an entity of this size should not exceed 1% of gross expenditure, the public sector average for Finance costs is 1.27%, and IT costs will be low considering the minimal hardware and software utilised by the services in question. A 1% assumption was also agreed with Corporate Finance regarding core costs.

Further analysis conducted for the assessment of the current and future viability of the services can be found in the associated part 2 exempt report.

#### 4.2.4 The financial case for the LATC at individual service and group level

The financial model includes a financial summary for each service, outlining the revised service costs and taking account of all data and assumptions used earlier in the model. Financial changes and benefits are illustrated over a four year period to show the viability of the service over time, as set out in the table below:

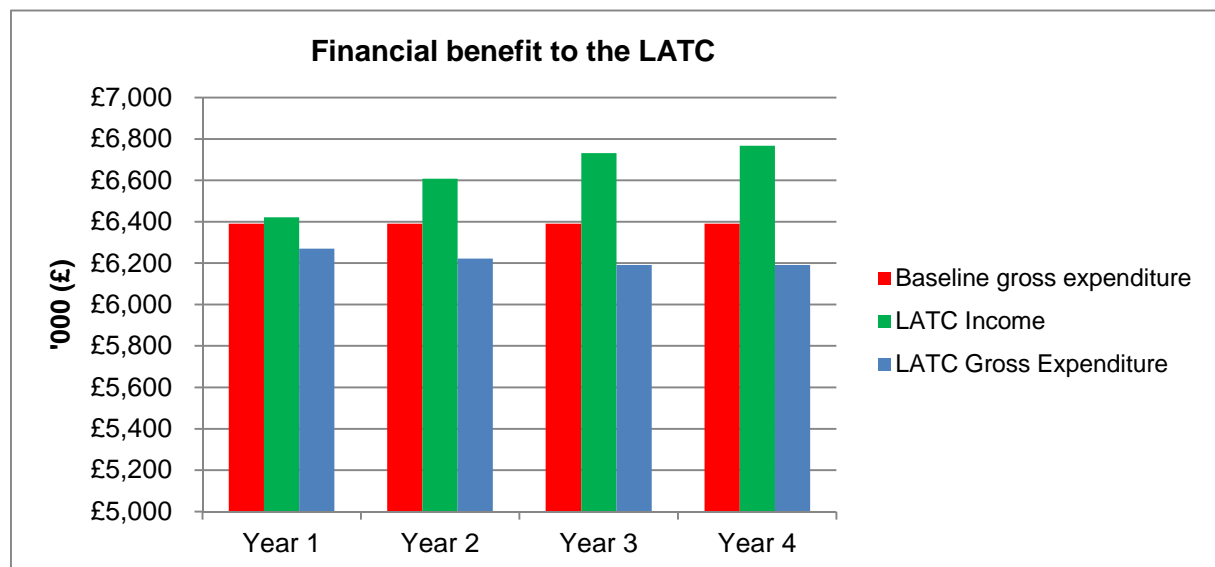
**Figure 12: Financial benefit for the LATC**

		Year 1	Year 2	Year 3	Year 4
<b>Agatha House</b>	balance	£ 55,704	£ 39,817	£ 39,817	£ 39,817
<b>BILS</b>	balance	-£ 2,732	-£ 47,986	-£ 47,986	-£ 47,986
<b>Community Support Team</b>	balance	-£ 31,709	-£ 31,709	-£ 31,709	-£ 31,709
<b>Flower Lane</b>	balance	-£ 188,828	-£ 188,828	-£ 188,828	-£ 188,828
<b>Rosa Morrison</b>	balance	-£ 137,167	-£ 137,167	-£ 137,167	-£ 137,167
<b>Supported Living</b>	balance	£ 268,315	£ 181,583	£ 113,091	£ 76,611
<b>The Space</b>	balance	-£ 83,470	-£ 169,750	-£ 256,030	-£ 256,030
<b>Valley Way</b>	balance	-£ 31,320	-£ 31,320	-£ 31,320	-£ 31,320
<b>SERVICE GROUP SUB TOTAL</b>	gross expenditure	£ 6,270,562	£ 6,222,663	£ 6,190,651	£ 6,190,651
	income	£ 6,421,768	£ 6,608,022	£ 6,730,782	£ 6,767,262
	<b>balance</b>	<b>-£ 151,206</b>	<b>-£ 385,359</b>	<b>-£ 540,131</b>	<b>-£ 576,611</b>

In year 1, the LATC would generate a surplus of £151k but would then grow to delivering a potential surplus of £577k by year 4 (net of VAT and corporation tax liabilities). As indicated above, the LATC as a service grouping would need to cover the losses made by Agatha House and the Supported Living Service.

The graph below demonstrates delivery of the improvements over the four year period, with the largest surplus being achieved during year 4.

**Figure 13: LATC four year spend and income profile**





In conclusion, from the potential LATCs position there is a strong financial case for the creation of a LATC, with potential to generate a surplus.

#### **4.2.5 Reduced overheads**

One of the advantages of delivering services independently from the Council is the potential to enhance financial viability and achieve savings on the back of reduced 'back office' support costs and corporate overheads. In 2009/10 the recharge to the in-house services for their share of the 'back office' support and corporate costs was £1.67m, 19% of total costs. A high proportion of this was attributed to IT, which does not seem an accurate reflection of cost given that the vast majority of staff within the services does not use IT as part of their role.

A major advantage of establishing a Local Authority Trading Company with Barnet Homes is that there is the potential to capitalise on the existing infrastructure in place within the ALMO. Barnet Homes already has its own Board, finance, human resources, performance and information, surveys co-ordination, resident involvement, communications, health and safety, business planning, complaints, and information technology functions. Barnet Homes also has some Service Level Agreements (SLAs) with the Council to 'buy back' some of the other support service functions. Those most relevant to this project are set out in Appendix 1.

Barnet Homes has the flexibility to source its support services from external providers to secure value for money back office functions. The ALMO currently purchases external legal advice (related to employment matters and pensions, and contractual procurement), consultancy for specific pieces of work, and constructual design. Barnet Homes is currently reviewing its SLA arrangements with LBB with a view to sourcing better deals from the external market, particularly around accommodation, facilities management and Information Technology. In order to maximise its chances of achieving financial sustainability, the LATC should also be able to benefit from the freedoms to purchase support services from the provider offering the best value for money, regardless of whether they sit outside of the council or any future provider for New Support Services (NSO).

To facilitate the above, this business case assumes that support service cost requirements for LATC services can be secured for 6%<sup>14</sup> of each service's gross expenditure, and due to the nature of the services in scope for transfer, this figure is a more probable reflection of the true requirements than the current 19% (and also the 8% utilised for some other One Barnet projects). It is also assumed that some support services will be shared with Barnet Homes, which has some capacity to absorb additional staff and functions. Whilst this would have VAT implications, this would in effect be additional income to Barnet Homes, and would give rise to further scope for reducing management costs from Barnet Homes to the LATC, which in turn could reduce LATC costs.

Further clarity on the corporate stance on the sourcing and costing of support functions, is expected from the ongoing NSO project, and the content of this business case will need reconsidering once the NSO business case has been completed.

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<sup>14</sup> This figure is based upon bench-marking activity undertaken on national data from Small and Medium Enterprises, the 2009 Treasury report entitled "Benchmarking the Back Office", and general market intelligence. For example, HR costs for an entity of this size should not exceed 1% of gross expenditure, the public sector average for Finance costs is 1.27%, and IT costs will be low considering the minimal hardware and software utilised by the services in question.

The table below sets out the potential savings for the Council through reduced corporate overhead costs, at a total of £1.2 million. However, these secondary recharges are not 'real' budgets, and savings can only be realised and cashed through adjustments in staffing and corporate management arrangements at source.

**Figure 14: Indicative savings to be achieved through reduced corporate overheads**

	Current recharge value	% of gross expenditure	Target support service cost	Reduction in support costs	Potential 'saving'
Agatha House	£ 137,190	24%	£ 26,669	81%	£ 110,521
BILS	£ 115,543	17%	£ 33,688	71%	£ 81,855
Community Support Team	£ 109,390	19%	£ 28,790	74%	£ 80,599
Flower Lane	£ 246,634	18%	£ 66,437	73%	£ 180,197
Rosa Morrison	£ 255,068	21%	£ 58,975	77%	£ 196,093
Supported Living	£ 353,041	25%	£ 64,759	82%	£ 288,282
The Space	£ 171,008	19%	£ 45,148	74%	£ 125,860
Valley Way	£ 186,005	25%	£ 33,836	82%	£ 152,168
Business Support Unit	£ 30,835	23%	£ 6,039	80%	£ 24,796
<b>TOTALS</b>	<b>£ 1,604,714</b>	<b>19%</b>	<b>£ 364,342</b>	<b>77%</b>	<b>£ 1,240,372</b>

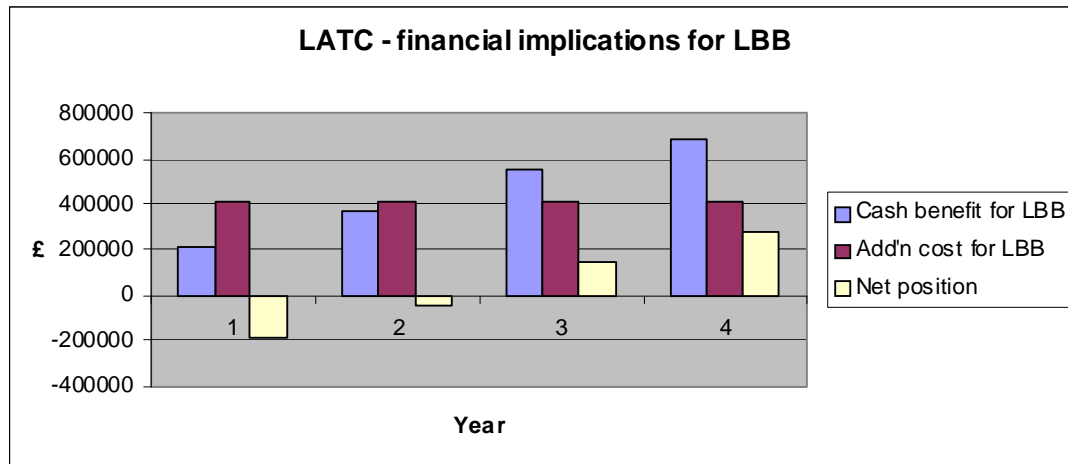
#### **4.2.6 Reduction in costs to LBB for the longer term**

Moving to a LATC model for the delivery of Adult Social Services should reduce the costs for LBB for the longer term.

The financial benefits for setting up the LATC for the Council may be summarised as follows:

Reduced expenditure, as a result of cost savings, and increases in clients (and therefore income) for the LATC. The financial benefit for the Council of increased income is only relevant where this income is derived from self funders or clients external to the borough. Internal clients are funded by the Council, so the net benefit is £nil. The benefit of cost reductions and increases in external income is outweighed by VAT and retained client costs in years 1 and 2. In years 3 and 4 there is a net cash benefit to the Council.

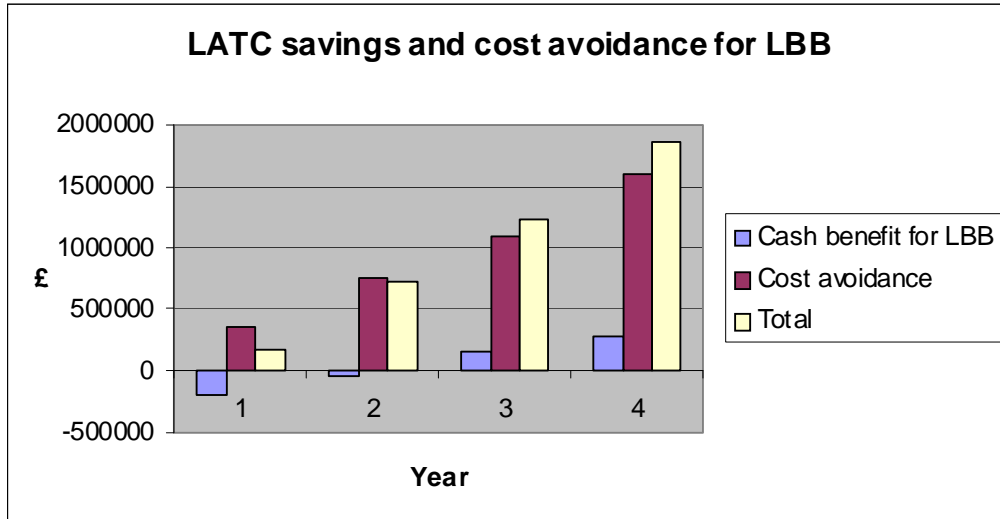
<u>Budget reductions for LBB</u>	Year 1	Year 2	Year 3	Year 4
	£	£	£	£
Cost reduction	119,554	167,453	199,465	199,465
Extl income increase	97,573	203,210	354,347	484,052
	<u>217,127</u>	<u>370,663</u>	<u>553,812</u>	<u>683,517</u>
<u>Budget increases for LBB</u>				
VAT on trading	344,666	344,666	344,666	344,666
Retained client	63,901	63,901	63,901	63,901
	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>	<u>408,567</u>
<b>Net Position for LBB</b>	<b>-191,440</b>	<b>-37,904</b>	<b>145,245</b>	<b>274,950</b>



Cost avoidance of £3.8m in double funding costs as a result of the roll out of the personalisation agenda, as follows:

Year 1	Year 2	Year 3	Year 4	Cumulative
£353,544	£755,837	£1,088,464	£1,586,658	£3,784,685

Even if the cash savings are not generated in year 1, when the cost avoidance figures are taken into account, the financial case for the LATC is clear.



This model is heavily dependent on other factors out of its direct control, such as the roll out of personal budgets (see above) and the behaviour and purchasing patterns of individuals (see section 4.4.2).

The table below sets out the potential costs with respect to the LATC for the Council. The bottom line figures feed into the income figures for the LATC in paragraph 1.5 earlier in this report. The LATC will collect the remaining income from other local authorities, health authorities and self-funders.

**Figure 15: LATC potential costs for LBB**

**LATC potential costs for LBB**

LATC expenditure				
Council managed personal budgets	5,412,048	5,090,371	4,729,185	4,137,947
Council commissioned services (non-PBs)	88,920	88,920	88,920	88,920
Sub total	<u>5,500,968</u>	<u>5,179,291</u>	<u>4,818,105</u>	<u>4,226,867</u>
Retained Costs				
Retained client function	63,901	63,901	63,901	63,901
Direct payment funding	353,544	755,837	1,088,646	1,586,658
Change costs	197,060	0	0	0
Sub total	<u>614,505</u>	<u>819,738</u>	<u>1,152,547</u>	<u>1,650,559</u>
LATC: potential costs for LBB	<b>6,115,473</b>	<b>5,999,029</b>	<b>5,970,652</b>	<b>5,877,427</b>

Whilst this could appear to be the worst case scenario for potential double funding costs if the services were retained in-house, it potentially is not. The Government has set a target that all eligible social care users should have a personal budget, and direct payments should be the prime deployment mechanism. The assumptions in this business case are currently based on a low to moderate target take up of direct payments, and if LBB were to increase its target, it would subsequently increase the potential double funding risk if the services were retained in-house. To mitigate these rising costs, LBB would need to significantly reduce the in-house service costs and/or close the services, which the option appraisal activity in June 2010 concluded is not a viable option.

The table above shows that expenditure with the LATC slightly reduces over time, primarily due to a targeted increase in LATC income from sources other than the Council. LBB would need to determine whether this could result in a budget reduction for Adult Social Care or just means there is a budget shift.

There are annual savings to be derived from implementing the LATC model, surmounting to a cumulative total of £1.6m over the four years. Additionally, the £200k savings identified in the medium term financial strategy plans, is achievable as desired in year 2.

However, the savings have not incorporated any target efficiencies or price reductions that LBB may wish to impose on the LATC, or any potential dividends to LBB as shareholder. In short, there is potential to generate further savings through the LATC model through the contracting approach and shareholder relationship.

Included within the LBB costs for the LATC scenario, are initial change costs<sup>15</sup> of around £200k for the LATC implementation, and an ongoing retained client function (£63k per annum).

Although the service grouping includes learning disability and physical and sensory impairment (PSI), due to proportionately less management time currently apportioned to the PSI services, the respective service manager is not in scope for TUPE transfer. It is assumed the retained client function will cover any management from a contract/performance perspective. If appropriate, the Council should address subsequent capacity arising within its own retained service management if financial benefit is sought in this area.

**Figure 16: Benefits plan for ensuring financial viability**

Benefit	Method assumption	Suggested measure	Timeframe
<b>Services are financially viable within a competitive environment</b>	Operating commercially, market analysis, grouping the services as a collective, specialist /niche provision	Services as a grouping are operating on balance or at a profit	Balance: Year 1: £151k Year 2: £385k Year 3: £540k Year 4: £577k
<b>£1.2m ‘savings’ generated through reduced corporate and support service costs</b>	Freedom to purchase better value for money support services, shared services with Barnet Homes, negotiation of any SLAs	Percentage of total expenditure on corporate and support service costs	Year 1: £1.2m ‘savings’
<b>Reduction in costs to LBB for the longer term, in terms of cost avoidance</b>	Removing ‘double funding’ risk, reducing management requirements, reducing need to cover corporate and support service requirements, dividend	Monitoring of spend, cost avoidance, savings and LATC dividends.	Cost avoidance: Year 1: £353k Year 2: £756k Year 3: £1.089m Year 4: £1.587m

<sup>15</sup>Implementation costs as identified in the One Barnet Framework

Benefit	Method assumption	Suggested measure	Timeframe
	arrangements		

## 4.3 Maintaining or improving quality

### 4.3.1 Maintaining or improving the quality of provision

The in-house services are good quality and highly regarded services, by service users, inspectors, council staff and other boroughs. This quality derives from the experience and in-depth specialist knowledge of the current team, who exhibit a genuine motivation to support individuals in a way that best meets their needs and promotes their independence.

Being part of a LATC potentially allows both existing and a new, wider, group of service users to continue to or start to benefit from these quality services. Continued or enhanced take up of the service would create the potential for revenue streams to be established and protect the services from the impact of unsustainable costs, and a subsequent decline in quality.

In line with personalisation, individuals commissioning their own specific support from the LATC will arguably act to increase the quality of the service they receive. This is because the control is in the hands of the service user, ensuring the support they receive is what they want and is tailored to their individual needs. Additionally, ensuring service users and carers at the heart of the governance arrangements for the LATC will promote co-production in service design and delivery, undoubtedly key to successfully delivering quality.

Establishing a LATC with Barnet Homes capitalises on the synergies with client group, and presents opportunities to better co-ordinate and join up the engagement, design, delivery and co-production of services. These include ASSIST telecare, and the sheltered plus initiative both provided by Barnet Homes for young and older adults in need. A large proportion of clientele are likely to be Adult Social Service users. Similarly, a number of Barnet Homes' tenants or people in need of council housing are likely to be receiving social care services. This provides opportunities to streamline service contact and delivery to ensure that:

- a) individuals are not passed between organisations, and;
- b) they receive the right support at the right time.

Improvements in the level of integrated working supports the delivery of efficiency, quality, and improves the customer experience.

During the staff and service user engagement events, there was strong feedback that moving to a LATC model provided an opportunity to improve (see appendix 4 for further detail). The most popular suggestions were:

- Improved partnership working; sharing resources across the services and improved communication. Opportunities to work with the voluntary sector.
- Increased service user input to design services to ensure needs are met.
- Increased capacity and flexible hours to provide more services.

- Potential to offer services and more activities during evenings, weekends and in the community.

Another advantage of establishing a LATC with Barnet Homes is that the ALMO and its staff have experience a similar change process and have succeeded in driving up performance and quality of the services being delivered. The lessons learnt from Barnet Homes transfer will be key in ensuring that the adult in-house services transfer is as smooth as possible, and most importantly, that there is not a negative impact on the quality of the services being delivered. New LATCs or other arms-length organisations are particularly vulnerable to failure in the first year of operation and the coterminosity with Barnet Homes should protect against this.

**Figure 17: Summary benefits plan for maintaining or improving quality**

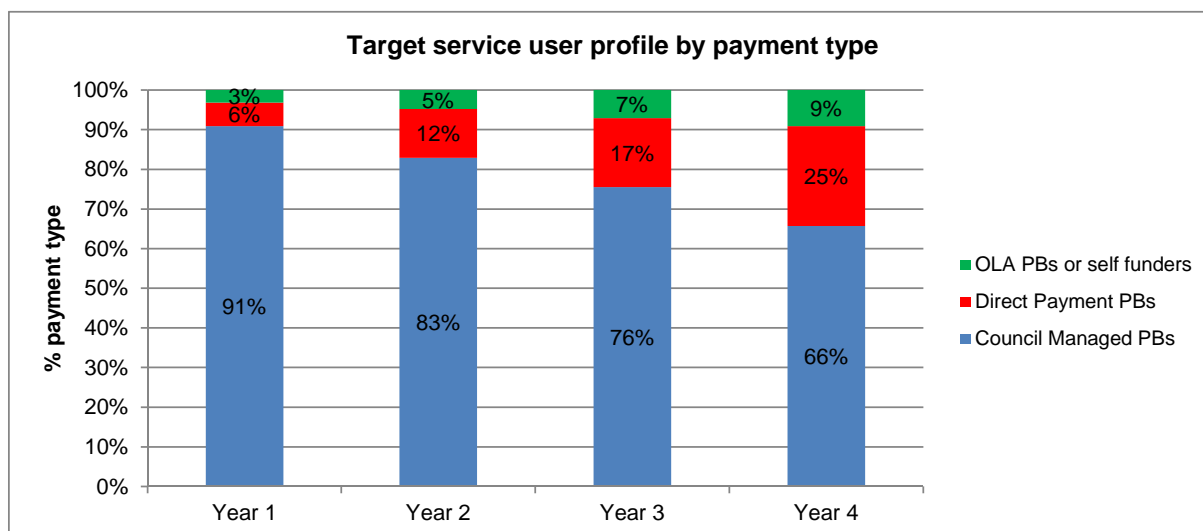
Benefit	Method assumption	Suggested measure	Timeframe
<b>Maintained or improved quality of service provision, particularly for people with high and complex health and social care needs</b>	Joined up working with Barnet Homes, sustained or improvement quality of service delivery	Customer satisfaction	Baseline to be established prior to transfer, subsequent six-monthly measurement
		Achievement of individual outcomes as stated in Support Plan	Support plan review, aggregation quarterly

## 4.4 Delivering personalisation

### 4.4.1 People can buy the services

Individuals who manage their personal budget as a direct payment, cannot purchase the in-house services, but they can from a LATC. Similarly, people with council managed budgets can access LATC services purchased by LBB on their behalf. Individuals from other boroughs with direct payments can also purchase services from a LATC, as can self-funders (people who purchase their social care privately). The graph below demonstrates the targeted profiled change in payment mechanism utilised by service users accessing the LATC services:

**Figure 18: Target profile of LATC service users**



In a similar way that LBB has a risk of double funding as a result of personal budgets, the LATC also has an 'at risk' element to its income source. There is not any guarantee that people with direct payments will purchase LATC services.

**Figure 19: Impact of losing 'at risk' income**

	Year 1	Year 2	Year 3	Year 4
Gross expenditure	£ 6,270,562	£ 6,222,663	£ 6,190,651	£ 6,190,651
Income	£ 6,068,224	£ 5,852,185	£ 5,642,136	£ 5,180,604
<b>Balance</b>	<b>£ 202,338</b>	<b>£ 370,479</b>	<b>£ 548,515</b>	<b>£ 1,010,047</b>
<b>Difference in balance by loss of DP service users i.e. additional shortfall</b>	<b>-£ 353,544</b>	<b>-£ 755,837</b>	<b>-£ 1,088,646</b>	<b>-£ 1,586,658</b>

In this table, the income stream discounts the target income from direct payments, showing a large increase in shortfall, particularly in year 4. Without this income, the LATC would struggle to be viable and would need to source income from elsewhere or significantly reduce its running costs. However, the LATC can mitigate this risk by ensuring its products are attractive, marketed appropriately and co-produced to ensure they meet the needs of users and carers.

Similar to the potential double funding costs for LBB if the services are retained in-house, the LATC's 'at risk' income is dependent on the Council's ambition for the take up of personal budgets as direct payments. The current targets within this business case are low to moderate, and a more ambitious approach could put a greater proportion of LATC income at risk.

#### 4.4.2 People want to buy the services

In considering whether people want to buy the services, as discussed in the previous section the services as a collective and individually, are highly regarded and in demand.

As a collective, the services can provide a range of support and opportunities for people to pick and choose from to meet their needs in the way that best suits them. By removing some of the barriers associated with being within a large and arguably more bureaucratic organisation such as the Council, the LATC enables the services to work more cohesively and flexibly as a grouping. Transfer to a LATC also provides opportunities to work more



closely with Barnet Homes' staff and its client group, to improve service user engagement, streamlining support, and creating joined up solutions to promoting independent living and community inclusion.

Due to their mostly unique provision, the in-house services are likely to hold the monopoly for their service offering within the free market. Service User turnover is low within all the services, an indication of the level of satisfaction but also an indication of scarce opportunities for people to 'move on' from the services, particularly for those people with profound and multiple disabilities. It is not to say that this situation will not change, but there are currently no or very few affordable and quality choices that better meet individuals' outcomes. Although markets change, the LATC would and could continue to be in a strong position to differentiate its services within the market, and clearly promote its value for money offering. This market position is strengthened by the level of staff expertise and depth of specialist knowledge to enable them to support the complexity and specificity of individuals' needs, upon which the team prides itself.

Furthermore, the advantage of being within a LATC enables the services to market themselves to both an existing and wider target group. There will be a key role for the Business Development Unit in carrying out market research and marketing activities to ensure the services market position is understood and reflective of desired objectives. Additionally, Barnet Homes has experience in business development and innovation, and is in the process of recruiting to the Director of Business Services post to draw in enhanced commercial experience and entrepreneurship, key in supporting the realisation of innovative ideas and new service delivery solutions.

#### **4.4.3 Service users and carers at the heart of the governance arrangements**

Fundamental to delivering personalisation and the One Barnet objective for a 'new relationship with citizens' is the co-production of service design and delivery. This provides impetus to the objective for service user and carer involvement at the heart of the governance arrangements for the future service delivery model. There are lessons to be learnt from Barnet Homes which currently includes tenants on its Management Board, and has a dedicated Resident Involvement team and survey co-ordinator to ensure resident engagement in the delivery of services, and in the decision-making and running of Barnet Homes itself. The recommended governance arrangements are set out in section 6.3, "Commercial Aspects".

During the staff and service user engagement events, there was strong feedback that service users are keen to be involved with the LATC. The full list is provided in appendix 4 however, some of the most popular suggestions were:

- Service user representation on the board
- Suggestion of a service user forum to discuss the direction of the LATC
- Service users and carers can add value to the LATC by drawing on their personal experiences
- Board meetings to be held at times where service users and carers can attend

**Figure 20: Summary benefits plan for delivering personalisation**

Benefit	Method assumption	Suggested measure	Timeframe
<b>People <u>can</u> buy the services</b>	Establishment of LATC, development of pricing and user friendly, efficient payment systems	Effective and efficient systems in place to ensure individuals can purchase LATC services	Year 1
<b>People <u>want</u> to buy the services</b>	Specialist, niche provision, market and competitor analysis, marketing activity, co-production of services	Percentage of LATC services commissioned by individuals/carers (or trusted other)	Year 1: 9% Year 2: 17% Year 3: 24% Year 4: 34%
<b>Service users at the heart of governance arrangements</b>	Service users and carers represented on Board, building on Barnet Homes' success in engagement, co-production of plans	Service user/carer representation at the Board	On LATC establishment
		Business Plans are co-produced	Annual

**4.5 Achieving pace of change**

**4.5.1 Speed of implementation to be line with the roll-out of personal budgets**

Creating a LATC that incorporates Barnet Homes supports the speedier delivery of change than if a wholly new LATC were to be set up. This is based on the principle that the LATC will be working with an established company with proven success. A functioning Board is already in existence, which can be built upon to form a new Board for the LATC holding company (set out in section 6 “Commercial Aspects”) and provide appropriate governance arrangements to support a) continued business for Barnet Homes, and b) experienced team members to support the set up for the Adult Social Care LATC.

**4.5.2 Flexibility and ability to respond to a changing market**

Being at arms-length from the council has been beneficial for Barnet Homes’ business, particularly in terms of the enhanced freedom to shape services and delivery in ways the company and residents want. Being an ALMO has also enabled Barnet Homes’ flexibility and speed in implementing change, without the bureaucracy and processes that can be inherent within large local government organisations. Likewise, the LATC will have the ability and freedoms to work smarter, quicker and more flexibility to respond to the choice agenda, ensuring that they are delivering value for money services that individuals want and need.

**Figure 21: Summary of benefits plan for achieving pace of change**

Benefit	Method assumption	Suggested measure	Timeframe
<b>Speed of implementation to be in line with the roll-out of personal budgets</b>	Joint arrangements with Barnet Homes, simplistic company structure and governance model, change management	New delivery model to be in place for full roll out of personal budgets	Autumn 2011
<b>Flexibility and ability to respond to a changing market</b>	Utilising experience of Barnet Homes as an ALMO, ability to be smarter, quicker in delivering change and responding to demand	Achievement of target activity/delivery levels	Monitor quarterly

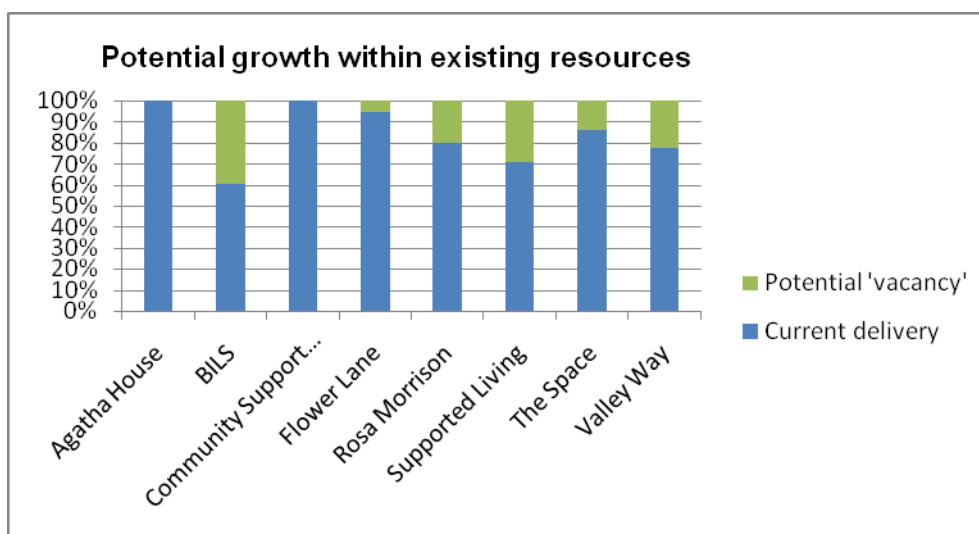
## 4.6 Innovation and growth

### 4.6.1 Realising potential to reach a wider group of service users

A LATC has the potential to access wider group of service users, such as current 'self-funders' (people who purchase their own care privately), people with personal budgets from surrounding areas, and other vulnerable individuals who have not previously neatly fitted into a service user 'group' before.

Services are not all currently operating at capacity, particularly BILS, Supported Living, and Valley Way, presenting growth opportunities within existing resources, as set out in the graph below.

**Figure 22: Capacity to deliver more within existing resources**



In thinking about how the LATC would access more business and service users, both local to LBB and national policy changes will expand the target market for the services within scope of this project. For example, LBB is currently working on a 'move on' project, supporting

around sixty service users to move out of residential care and into community living, most probably in supported living arrangements. This project could have an impact on the numbers of service users, not only on the Barnet Supported Living Service, but also other services such as the Community Support Team and Barnet Independent Living Service to support these individuals' inclusion and involvement within the community itself.

LBB is also a 'Right to Control' Trailblazer, enabling people with disabilities to have greater choice and control of a wider range of funding streams, including and beyond social care. Individuals will be looking for new and creative ways to meet their support needs, and the LATC will be in a prime position to respond to the demand. Nationally, there is a rise in the numbers of people with profound, multiple learning disabilities (PMLD) and also with people with autism.

Additionally, the Government is seeking to reduce the number of individuals claiming incapacity benefit, instead supporting more individuals to get into, and stay in employment. As a result, there will be an increasing number of individuals in Barnet looking for support to gain access to employment and learning opportunities. This highlights a currently untapped market for the services, particularly Barnet Independent Living Services and The Community Support Team to offer support, advice, skills training and guidance for individuals to access work and learning activities.

Furthermore, Barnet Homes has recently set up a charity that is focusing on recycling furniture, which presents an opportunity to link in with the adult social services in-house services to support individuals into volunteering or employment opportunities and skill development. Similarly, there are opportunities to better integrate delivery and share learning on the use of Telecare and floating support between Barnet Homes and the Community Support Team/Barnet Supported Living Service, particularly with the targeted increase in supported living to help people retain or gain independence within the community.

#### **4.6.2 New business and subsequent income generation**

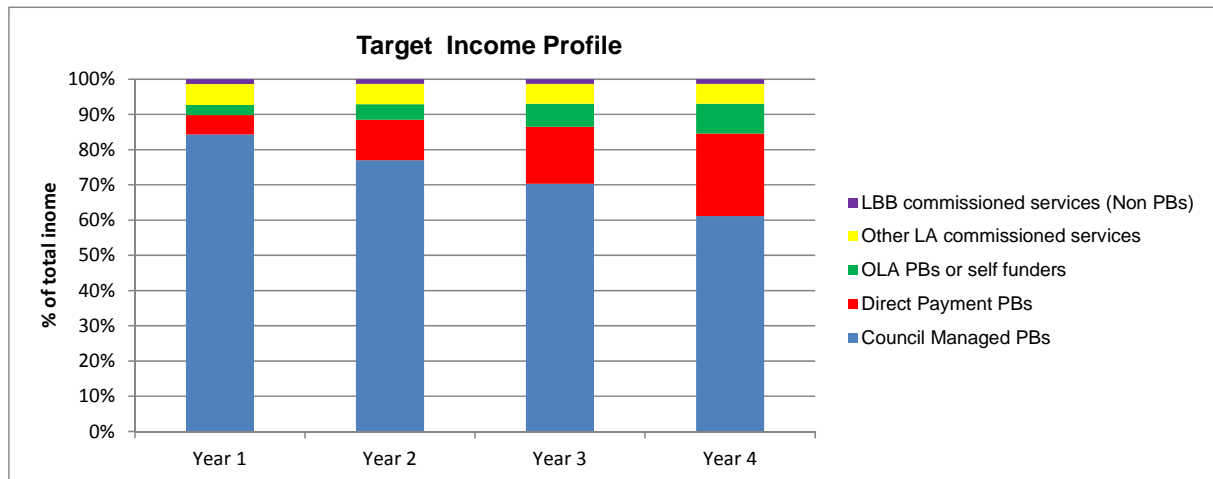
The graph below shows how the income profile of the LATC is expected to change over time. The level of council managed personal budgets will decrease, as more people choose to manage their personal budget as a direct payment. There is also the expectation that the LATC will generate business from a wider group of services users including other local authority areas, self-funders, and other vulnerable people. This proportion grows over the four years from 3% to 9% of target income. The LATC could also get new business from existing adult social care service users, whose needs have previously been met by other external providers.

At the staff and service user engagement events there was a consensus that being part of a LATC will provide an opportunity to reach wider groups of service users and generate income. Feedback from the events generated many suggestions (see appendix 4 for further detail). The most popular suggestions were:

- Potential to generate income from projects such as pottery classes run by users and carers
- There is a market for bespoke services providing more choice for service users services e.g. a befriending service for deaf people

- Better promotion to increase community awareness of what is available
- Training programme to enhance staff skill sets (and subsequently offer more)

**Figure 23: Changing income profile for the LATC**



The services already have a number of proposals for generation of new business, and it will be important for the new LATC to take these forward within its future business planning.

Potential opportunities for wider service provision and income generation include:

- Offer training and/or accreditation schemes for Personal Assistants
- Provision of mobile units or perform outreach into individuals' homes or locations in the community. This could help reach a wider group of service users.
- Provision of services at different hours of the day, and at weekends
- Hire out the rooms in the buildings utilised by the in-house services
- Hire out the hydrotherapy pool at Rosa Morrison (although the risks associated with this would need to be explored)
- Develop support brokerage services
- Enhance the enablement offering
- Sell services to other partners or teams
- Create membership schemes for services such as BILS and Community Support Team.

Whilst the financial modelling addressed the potential for the current services products and resources, the tool has the facility to model the further business growth, whether utilising a reinvestment of LATC surplus or from other sources.

However, expanding its business and changing the income profile of the LATC has some procurement law implications as referred to in section 6.3.1. LBB may wish to rely on the

Teckal exemption in the early stages of the LATC operation, but the Council will need to monitor this as part of the retained client function. The above graph at figure 24 may provide a useful indicator of the anticipated change in the LATC’s activities.

**Figure 24: Summary of benefits plans for innovation and growth**

Benefit	Method assumption	Suggested measure	Timeframe
<b>Realise potential to reach a wider group of service users</b>	Utilising ‘spare’ capacity, trading with individuals within other boroughs/other local authorities and self-funders, enablement model	Percentage increase of ‘new’ service users accessing LATC services	Quarterly
<b>Increase income and additional income streams</b>	Partnership working with Barnet Homes, LATC flexibility to respond to market, Business Development Team	Income (£) generated from new business	Quarterly

## 5 Lessons Learned

This section summarises lessons learned from the PriceWaterhouseCoopers (PwC) review of service outsourcings, 2008<sup>16</sup> and feedback from other Local Authority Trading Companies. There are only three existing LATCs operating within the UK at the time of writing, none of which incorporate an ALMO. However, this review was conducted to understand the key principles for service externalisation and experiences within the market and provide the greatest level of success.

### 5.1.1 Financial Management

There was a general consensus that the tax implications for the LATC are understood due to the nature of particular services attracting VAT which will need to be reflected in the business plan.

In terms of Corporation Tax, the key consideration is whether the council will request a dividend return and the level of return expected. As the council will be a 100% shareholder it may be that the intention is to allow the LATC to invest and develop. Should this be the case there will be a reduction on corporation tax liabilities and which will also enable the LATC to create a firm asset base. Typically, drivers indicate that savings may define the former years however, understanding the changing market and proactively responding provides potential to develop organically develop new income streams during the latter years. There will need to be a decision as to how if/how the council will financially support the LATC from start-up onwards.

### 5.1.2 Transition and Business Continuity

Sufficient time should be taken to focus on the complexities and getting the model right first time rather focusing on savings as the first two years can make or break the LATC. If the financial model is incorrect, the anticipated savings will not be realised. A phased approach provides opportunity for culture change to be embedded. The LATC market position is likely to change after the first year of trading as a result of market demand. The freedom to trade presents opportunities to gain business from self-funders and partnership working with agencies such as health. The distinct advantage of a LATC is the opportunity to further understand the community and consequently the service offer potentially leading to considerable take up of new services.

### 5.1.3 Staff Engagement and Cultural Change

The London Borough of Barnet intend to TUPE transfer staff across to the LATC. Staff involvement and buy-in will be key for the transition and it is crucial staff should be involved throughout the project. Whilst staff are at no greater risk being outside of the council it is understood change can be unsettling particularly when moving towards a commercial model which will involve culture change and potential learning and development for management. There is a need for the service user to be at the heart of the solution provided for which commercial arrangements and delivery frameworks should be built upon.

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<sup>16</sup> A lessons learned review of previous outsourcings (2008) and potential partnering vehicles (2008) undertaken by PriceWaterhouseCoopers

There is a need for a staff to have a sense of ownership and branding will be part of the new identity. Solidarity is key as is pay and the change should be given time to develop. There are benefits in embedding the change such as staff retention before striving for new business and/or efficiency savings. Whilst staff could be doing the same job, there needs to be an understanding of the implications of working for a commercial organisation. Strong leadership is recommended as a critical success factor for this type of change.

#### **5.1.4 Business Planning and Contractual Management**

As a commercial organisation it is essential the LATC are prepared to sell products and services which the market want to buy and services may need to be tailored for service users including extended hours at a time convenient for service users and families (e.g. – evenings and weekends). It is important to understand the competition and the unique selling point of the LATC, such as price or quality, and the trade-offs.

Service level agreements and performance indicators are an important factor to ensure quality remains the same or improves. For service users this can be linked to the payment mechanism in addition to CQC regulation and Quality Assessment framework standards of the council. It is also important to ensure the safeguarding responsibilities of the council are met before going for efficiency savings.

#### **5.1.5 Governance and Relationship Management**

Arms-length does not mean “hands off”. Typically governance and the relationship between the LATC and Local Authority tend to mature as the LATC grows. It has been deemed imperative that the Managing Director of the company has a thorough understanding of financial management and is commercially business savvy to make commercial decisions.

It is critical that ownership, roles and responsibilities are defined and understood to avoid conflict of interests or growing pains. Council relationships with external organisations as suppliers need to remain focussed and functional on attaining core contractual outputs and services. There will need to be clear and robust arrangements with clarity about the way the partnership is structured which values and recognises the contribution of both organisations.

PwC recognise the governance of partnerships stemming from four main areas:

- Relationship with the contracting entity
- Influence within the contracting entity
- Informal governance arrangements
- Relationship with the council as the “parent” local authority

It is the combination of these four areas which will need consideration as part of the governance arrangements, if considered in isolation then the governance arrangements may not be as robust as intended.

Governance arrangements will be highly influenced by the contractual arrangements. Contractual arrangements will also need to cover issues such as risk transfer, payment mechanisms such as financial support for sustainability, dividend returns and the service specifications.



The governance structure will also have an impact on the type and amount of influence that the authority will have with the contracting entity. The minority interest protection would be outlined in the contractual agreement/contract and would be likely to state that unanimous approval should be obtained for certain key issues such as:

- Change of ownership
- Changing the business plan
- Major financial transactions
- The employment of key employees

Furthermore there will need to be clear that the service areas in-scope will no longer be a council department but an independent business although the LATC will be accountable to the council as shareholder. It is important the key personnel to take the LATC forward are identified early on so responsibilities are clear to avoid complications further on down the line. Commitment to role and responsibilities in terms of the council perspective is also required and very important. Where possible there should be a new entity approach which includes regular board meetings for the LATC.

The service areas and corporate functions such as HR and Finance will need to be represented on the project board and take ownership for their respective specialisms. It is important to avoid conflicts of interest and important for all to understand who is representing the LATC and who is representing the council. The earlier this is established the better to achieve a clear distinction prior to contract negotiation. Issues could include locations, sites, leases, state aid, insurance, banking and payroll. It is crucial the key stakeholders are identified and engaged at the earliest opportunity. Regardless of whether a great project plan exists there will be issues so the team will need to be ready for the unknown.

#### **5.1.6 Legal and Contractual**

Obtaining legal advice at the earliest opportunity is one of the most critical tasks to enable a continuum going forward. There needs to be strategic level council leadership and direction through a connection between corporate priorities of the council and supplier delivery. However, there are complexities as the local authority principles substantially differ from that of a commercial organisation.

This needs to be understood as early as possible and continuous throughout the project as it is an unavoidable and inevitable that issues will occur therefore the sooner these are identified, picked up and managed, the smoother and quicker the transition. Unfortunately stepping into the unknown and the lack of learning from other LATC's means regular issues should be expected regardless of how the project is planned. Time should be built in to provide adequate time for issues to be worked through such as structures, accounting, governance and relationship which have various implications.

## 6 Constraints, dependencies and risks

This section seeks to capture the main constraints, dependencies and risks associated with the proposed transfer of in-house services to a LATC. It should be noted that this does not represent a definitive list, and deliberately avoids repetition by not flagging any risks associated with preceding constraints and dependencies.

### 6.1 Constraints

The three key constraints at this stage of the project are outlined below:

Description	Proposed management
1. Any LATC will be a separate legal entity to the Council, and as such, will be subject to tax in the usual manner and will not benefit from the particular tax treatment afforded to LBB as a local authority.	This issue has been reviewed by a VAT specialist, and the implications are now reflected in this document. Work is ongoing with HMRC to determine whether the tax exemption status currently afforded to Barnet Homes, is affected.
2. The in-house services are currently reliant on other LBB services (particularly transport) to get individuals to and from their home to day centre buildings, and also out and about attending activities within the community. This part of the budget will be out of control of the LATC, a subsequent fixed cost.	Service delivery arrangements will need to reflect the strategic direction of the One Barnet Passenger Transport Project, and an impact analysis should be undertaken in order to understand specifically how this will operate in an environment funded by Personal Budgets.
3. SAP remains the default LBB financial management system, yet this is a somewhat of an over-engineered solution for services of the type and size.	Long-term, consideration will need to be given to procuring an appropriate off-the-shelf product more aligned to LATC requirements. In the short-term, any changes required within SAP to facilitate the implementation of the LATC, are expected to be funded by the One Barnet Programme.

Other constraints to note are as follows:

- Access to SWIFT will be required for one of the services in scope (Community Support Team) however this is on a view-only basis.
- The knowledge as to how individuals are spending their personal budgets is currently not systematically captured at LBB, however, it is understood that the majority of individuals choose direct payments to either purchase Personal Assistants to support their personal care or daily living outcomes, or courses or computers to help to learn

new skills. The Business Plan for the LATC and the services involved, is high-level at this stage. The onus should be placed on the new entity, post any formal decision-to-proceed, to co-produce its business plan with key stakeholders.

- Potential company structures have been developed in this business case, as it's not just a critical document to inform decision-making, it is also required in order to satisfy the legal obligations associated with setting up a LATC. The selected corporate structure needs to permit collaboration and the potential sharing of costs associated with premises, services, supplies, and potentially management.
- Before exercising the power to trade, LBB are required to prepare a Business Case in support of the proposed exercise of the power which must be approved by Cabinet.
- A LATC can only operate as a company limited by shares, a company limited by guarantee, or an Industrial and Provident Society. It cannot be a Limited Liability Partnership or a Limited Partnership (even though such arrangements would carry tax benefits).
- Any structure which displaces Barnet Homes from being the counter party to the Housing Management Agreement with LBB, will need consent from CLG.
- There is a duty to consult secure tenants who are likely to be substantially affected by proposed changes to housing management arrangements. Given the likely scenarios for Barnet Homes, it is more likely to be a duty to inform, but this will require further clarification.
- Existing governance arrangements for Barnet Homes will need to be reviewed, in order to ensure that necessary expertise is present at Board level, but to also ensure broader stakeholder representation.

This list of constraints will need revisiting as part of future business case updates.

## 6.2 Dependencies

An indicative breakdown of internal and external dependencies is provided below:

Description	Proposed management
1. The Choice & Independence Programme and the Right to Control project – both aim to enable individuals to have greater choice and control over how their care and support needs are met. Specifically the Right to Control covers a range of funding streams (including employment funding and housing support) and provides the opportunity to combine	The profiled transition of service users to new support arrangements needs to be regularly impacted on the financial model under-pinning this Business Case.

<p>funding into one Direct Payment. Understanding the implementation activities and timescales for both of these initiatives is key.</p>	
<p>2. Commercial skills and acumen – staff to be involved in business planning and development activity will need identifying, and equipping with the necessary training and development to support attainment of the commercial and financial viability of the services under the LATC umbrella. It should not be assumed that the prerequisite skills sets exist simply because of an individual’s job title or role description.</p>	<p>A detailed training and support programme should be developed for appropriate staff. Consideration should also be given to the recruiting of suitably skilled individuals to key posts (delivery and governance).</p>
<p>3. Barnet Homes – The tax exemption status currently afforded to the council’s ALMO, is at risk from these proposals. This matter needs resolving before formal implementation activities commence.</p>	<p>The assumptions underpinning the business case may need to be revised to support the development of the business plan. Our analysis has concluded that the loss of the exemption status is not a “show-stopper”.</p>

- Changing the relationship with social work teams - at the moment, the in-house services are effectively part of the core pathway through the social care system for a number of individuals. This will change with the set-up of a LATC, as the services will no longer be the default route for individuals. The changing relationship between the social work function and the in-house teams will need to be understood, particularly as in some instances, the divisions between the two functions are currently not that clear cut, for example in carrying out reviews.
- Both Housing and Barnet Homes should undertake a risk assessment of this proposal.
- Final agreement will need to be sought from the Council’s Pension Fund Committee regarding the pension arrangements and the designated /schedule or potentially admitted body status for staff of Barnet Homes/LATC.
- Implementation of the LATC option will require the investment of resources. Specific considerations include the use of Legal, HR, Finance, Barnet Homes and AdSS SMT and implementation partner time. The estimated resource requirements (and their associated costs) have been embedded in this business case, and will need to be updated at appropriate points in time.
- The Resource Allocation System (RAS) that will determine the level of Personal Budgets, will need to provide sufficient funds to cover the costs of purchasing these services. An embedded variation process will also be required in order to ensure the financial sustainability of this funding source.

- An independent brokerage pilot is currently underway, and if successful, will be fully implemented by the end of 2012/13. The purpose of the brokerage function is to provide advocacy and support to individuals in taking control of their personal budget as a direct payment and in making informed choices and decisions about their care and support. The future demand and popularity of the in-house services is dependent on the behaviour of individuals and how the patterns of purchasing will change as a result of the support infrastructure in place to enable individuals' to have and make choices. It will be key for the business case to be updated as the impact of support brokerage, information and advice initiatives are better tried, tested and understood.
- The processes and systems in place for obtaining a personal budget are relatively new in LBB and need to get slicker. Although personal budgets are increasingly becoming mainstream as the deployment method for the community care budget, direct payments are not yet the default option. During 2011, however, it is expected that there will be significant improvements to the process of obtaining and managing a personal budget, so that by the time the LATC would 'go live' a greater number of individuals will be in a position to purchase the services themselves.
- Transport Project – As part of the One Barnet Programme, this project is reviewing current LBB provided transport arrangements, including provisions made for adult social care day centre based activity. This may have an impact on both access to services, but also carry budget implications for the in-house services, and these will need to be understood.
- Fairer Contributions consultation – This is currently taking place, and focuses on the change from service user 'charges' to a contributions based policy whereby individuals will contribute a share of their personal budget. Subject to the outcome of this work, there may be implications for the take up of Personal Budgets and subsequent purchasing of services.
- 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.
- Retained client function(s) – The requirement needs to be understood across One Barnet activity as a whole, and not just for the purposes of this project. Whilst initial estimates of the cost and size of the function have been included within this business case, the data set will need to be updated as corporate thinking progresses.

This list of dependencies will need revisiting as part of future business case updates.

### 6.3 Risks

The main corporate, service and market-related risks are outlined below:

Description	Proposed management
<p>1. Change and upheaval can, if not managed properly, impact on the quality of service delivery during a period of transition and post-change establishment.</p>	<p>If the decision is taken to proceed with the LATC as the future delivery model, it will be important to supply sufficient resource to support to allow the new company to establish itself as a new entity. This support is reflected in the business case (change costs).</p>
<p>2. Housing, Needs and Resources is added to Barnet Homes' remit at the same time as the Adult Social Services, and costs of change and benefits are either double-counted or eradicated.</p>	<p>An all-encompassing business case should be developed, and existing project governance arrangements extended. Resourcing implications should be considered as part of formal One Barnet change control procedures.</p>
<p>3. Establishing a LATC to specifically deliver in-house services is not a well-trodden path in terms of Local Authority organisational design.</p>	<p>Lessons learned are to be acquired from Local Authorities that have already implemented / are in the process of implementing a LATC. Whilst some have already been included in this document in Section 5, further research should be undertaken.</p>

- Proposed changes to the Housing Revenue Account (HRA) could impact on Barnet Homes' capability to form part of the LATC arrangements.
- Potential lack of flexibility within SLA arrangements for support and other services (e.g. transport) acts as a blocker to efficiencies and benefits realisation.
- Access and security issues relating to the Health information management systems (this has been overcome for existing working arrangements, so would indicate it is not insurmountable).
- The LATC does not put in place appropriate processes to enable people to readily purchase its services with their Personal Budgets.
- Barnet Homes/LATC fails to secure value-for-money commercial arrangements for externally purchased support services.
- The Council does not undertake the effective strategic planning needed to deliver services in a way which continues to meet growing residents' need in a challenging financial climate.

- The Council continues a programme of year-on-year cuts, leading to a decline in the quality of service delivery and customer satisfaction.
- Limited internal and external buy-in of the revised delivery arrangements, due to poor communication and engagement.
- Reputational damage as a result of not delivering anticipated benefits (financial and non-financial).
- A third party challenges contract award under the Remedies Directive – this could have significant financial and reputational implications.
- Staff morale is low and anxiety could be heightened as a consequence of more change.
- Provisions in the Localism Bill (clause 4) introduce limits on what local authorities can do for commercial purposes, and it is unclear how this power interacts with the new General Power of Competence.
- The business case is not agreed by Barnet Homes, due to Housing Act, structural, corporation tax or governance issues.
- Decisions regarding the New Support Organisation could impact negatively on future LATC/Barnet Homes back office support arrangements and costs.
- The impact of medium term financial planning and associated savings on the existing services proposed for transfer, dilutes the content of the Business Case.

These risks will subsequently be assessed and managed in accordance with the Council's project management methodology, and as such will report in to the One Barnet Programme Management Office. The governance arrangements and management of risks specifically relating to transition will be determined in March as part of transition planning. The More Choices Project Board and the One Barnet Programme Board will continue to provide appropriate escalation routes.

## **7 Commercial aspects**

### **7.1 Specification**

Initially, there will be more detailed output based specification for the LATC to support its establishment and success in the early stages of operation. Over time and on proven success of the LATC, it is expected that the approach to specification will change to a more outcomes based and will be less prescriptive to allow for the LATC to flex and innovate.

The quality of the services must be maintained (currently evidenced by the 'Excellent' or 'Good' Care Quality Commission ratings), and the LATC will need to respond to changes in demand and service user expectations.

Following Cabinet approval to incorporate a holding company in the form of a LATC and transfer of the in-house service provision, staff and service users, Barnet Homes and LBB will co-produce the business plan for the first year, to set out how the LATC will realise the targeted benefits set out in section 4. Outline recommendations for the business plan are included in Appendix 3.

### **7.2 Payment mechanisms**

Personal budgets will be a significant part of the LATC funding, whether in direct payment or 'council managed' form. Individuals with direct payments will purchase services directly from the LATC, and the council will contract with the LATC for council managed budgets.

During the transition phase, the LATC and LBB need to establish the detailed contracting arrangements, but it is expected that there will be an element of both spot and block contracting for particular services and groups of people as appropriate. Unit prices will be confirmed for each of the services that LBB will purchase from the LATC, and indicative volumes for council commissioned services (including council managed budgets) to aid the LATC in its business planning and help determine the size of the tapering contract the council will agree with the LATC that reflects LBB's ambition for the implementation of personal budgets with the deployment mechanism as direct payments as the default option.

The first year of operation for the LATC will be focused on establishing itself as a viable entity, and with no additional budget for business development, there are no specific expectations from LBB around profit generation. However, in subsequent years there will be an expectation for financial savings or dividends, and an approach to this will need to be devised during the drafting of the LATC's legal documents including the Articles of Association.

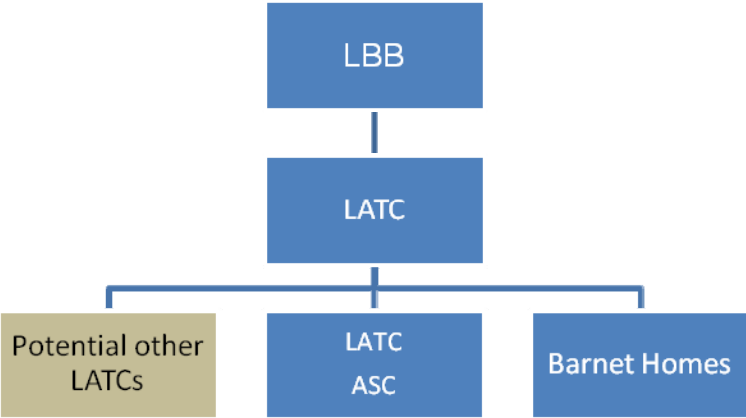


### 7.3 Legal structure, governance, management arrangements

#### 7.3.1 Legal structure

Drawing on the legal advice commissioned by LBB and provided by Trowers & Hamblins LLP it is recommended that the following corporate company structure is adopted:

**Figure 25: Structure of the LATC**



The Local Authority Trading Company (LATC) will be the parent holding company and this will be formed in accordance with section 95 of the Local Government Act 2003 and the Local Government (Best Value Authorities)(Power to Trade)(England) Order 2009. The Council will contract with the LATC direct for both Housing Management and Adult Social Care services. The LATC will step down its obligations with the Council to provide Housing Management services to Barnet Homes and Adult Social Care services to the LATC ASC.

This corporate company structure allows the Council to incorporate other services under the LATC umbrella, should it wish to do so in the future.

The Council intends to rely upon the Teckal exemption so that when it enters into contracts with the LATC for services it does not have to procure them in accordance with the Public Contracts Regulations 2006 as the Teckal exemption will apply.

The basic premise applying to the letting of contracts for works, supplies or services by contracting authorities is that the provisions of Directive 2004/18/EC, as implemented by the Public Contracts Regulations 2006 (as amended), should be adhered to. For the most part this set of rules (the "Procurement Rules") requires there to be fair and open competition across the European Community for government contracts.

The procurement rules do not require contracting authorities to submit services currently provided in-house to external competition. So long as the services are provided in that way, there is no contract governing their provision and the rules do not apply.

The Teckal exemption originates from a recognition that where a contracting authority contracts with a company which it owns, the position is not that different from the position described above of services being provided in-house.

In order to rely on the Teckal exemption the Council must:

*"exercise over the person concerned a control similar to that which it exercises over its own departments and, at the same time, that person carries out the essential part of its activities with the controlling authority or authorities"*

The board of directors of the LATC will need to be formed and it will have the normal powers of management of a company. The Council, being the sole shareholder of the LATC, will appoint (and remove) directors to run the company. There will be no private shareholding interest in the LATC. The directors will be appointed with the relevant skills and experience to deliver both Housing Management and Adult Social Care services. The Council will have control over the strategic objectives and significant decisions of the LATC.

In order to rely on the Teckal exemption the Council must ensure that the activities of the LATC are devoted principally to LBB and any other activities are only of marginal significance.

In the first years of the LATC's operation the majority of its activity will be with the LBB. Over time, however, as a consequence of the Coalition Government's personalisation agenda more service may be delivered by the LATC with third parties other than the LBB.

However, by contracting with the LATC for both Housing Management and Adult Social Care services the Teckal exemption could still be relied upon. This is because Housing Management has a significantly larger turnover of £28m than the adult in-house services £6m+.

Based on the financial modelling informing this business case, by year 4 approximately £2.2m of the LATC's activity could be with individual personal budget holders and local authorities/organisations other than LBB. Combined with the value of Barnet Homes' activity (£28m), this £2.2m comprises less than 10% of the LATC's activity and indicates that it is probable that LBB could continue to rely upon the Teckal exemption.

Furthermore, if LBB chooses to transfer additional services to the LATC, the 'third party' activity relating to the adult social care services is likely to be an even smaller portion of the total LATC's activity, strengthening the ability to rely on the Teckal exemption.

The changing activity of the LATC will however continue to be monitored by the LBB in order to ensure that it satisfies the procurement regulations and it should seek legal advice where appropriate.

Within this structure, consideration needs to be given to the changes required for Barnet Homes to move from a wholly owned company to an operating subsidiary for delivery of Housing Management services.

A further three corporate structure options were considered, but discounted, in order to deliver the services in the development of this business case:

1. One option whereby a LATC shares support services and other costs with Barnet Homes, but management at any level is not shared, and the two companies are not part of one wider company structure. This option is not recommended on the prime

reason that it does not meet the requirements of the Cabinet decision to explore the set-up of a LATC that incorporates Barnet Homes.

2. The second option for a company structure is one where Barnet Homes is utilised as the trading vehicle for both housing management and the adult social care services. There are no legal impediments to Barnet Homes expanding its sphere of operation to provide additional services outside of housing management.

However, the prime reasons why this option is not recommended are twofold:

- There is no visible element of Barnet Homes that is focused on the delivery of adult social care services. Although Barnet Homes is a credible company, for housing management, this could have branding/credibility/reputational issues and may impact on potential purchasers of the social care services
  - It increases the level of risk for both Barnet Homes and the Council in the sense that this structure would involve moving from a position of certainty around operating income for Barnet Homes to one whereby an element of the company's income is third party 'at risk' income – a direct consequence of direct payments. If this income was 'lost', the viability of the whole company, not just the social care element, is at risk. In other words, both areas of business would be delivered by 'one company' and if it failed, for whatever reason, all of the business, including housing management, would need to be brought back in house to the Council.
3. The third option is very similar to the recommended option but would mean Barnet Homes would not re-establish itself as an operating subsidiary for the delivery of Housing Management. This model is not recommended as it does not fit the 'future proofing' of the company legal structure to enable the Council to easily incorporate other services under the parent LATC umbrella.

The third option is likely to be quicker to implement than the recommended option, although not sufficiently quicker so as to void this business case on the basis of implementation costs. However, for LBB, the speed of change is not as great a priority as the future proofing of the legal structure.

### **7.3.2 Governance arrangements**

The board of directors of the LATC will need to be formed and it will manage the day-to-day decision making of the LATC. The Council, being the sole shareholder of the LATC, will appoint (and remove) directors to run the company. There will be no private interests in the LATC. The directors will be appointed with the relevant skills and experience to deliver both Housing Management and Adult Social Care services.

The board of directors of the LATC will be focused on engaging with the LBB in order to contract with the Council for the delivery of services exclusively for the performance of public functions. The board of directors of the LATC shall meet as set out in the Articles of Association and will hold the subsidiary companies to account for the delivery of the services.

The board of directors of the LATC shall produce a budget, a business plan, an annual report and other documents required to set the strategic objectives of the company. The Council

will approve these strategic documents as the sole Shareholder of the company on an annual basis and as and when required.

The board of directors of the LATC will require the Council's approval before they are able to alter the strategic objectives of the LATC. For example, the following strategic decisions will require the Council's prior approval as the directors of the company will not be able to change the name of the LATC, its dividend policy, the declaration and/or payment of any dividends, whether the LATC participates in activities which are incompatible with the business of the LATC, the issue of new shares in the LATC, and any other amendments to the Memorandum and Articles of Association. These matters will be dealt with in the LATC's constitutional documents.

The Council is likely to provide indemnities to its nominated representatives directors on the board of the LATC pursuant to the Local Authorities (Indemnities for Members and Officers) Order 2004.

A company will need to be formed in order to deliver the Adult Social Care services. The board of directors of the Adult Social Care company will also need to be appointed by the LATC. Both the Adult Social Care company, and Barnet Homes, will be 100% wholly owned subsidiaries of the LATC and will be responsible for the operational delivery of services to the end user/consumer. Both sets of company constitution documents will set out similar controls relating to the strategic objectives and significant decisions of the companies as set out between the Council and the LATC.

Tenant and service user/carer representation will sit within the governance arrangements appropriate to each subsidiary company (Barnet Homes and the Adult Social Care company respectively).

The proposed working board memberships for the LATC, and subsidiary companies are set out in the table below:

**Figure 26: Proposed governance arrangements**

Company	Role	Board membership	Frequency
LATC holding company	<ul style="list-style-type: none"> <li>Commercial focus</li> <li>Reporting on subsidiary performance back to the Council and holding subsidiary companies to account</li> <li>Contracting with the subsidiary companies</li> <li>Setting the strategic objectives for the subsidiary companies</li> <li>Facilitate</li> </ul>	<ul style="list-style-type: none"> <li>LATC Chief Executive</li> <li>Chairman</li> <li>Financial Director</li> <li>LBB shareholder representation (2 x Council nominees)</li> </ul>	Quarterly (and as and when required)

	shareholder input from elected Members		
Barnet Homes	Deliver Housing Management services	<ul style="list-style-type: none"> <li>• Chairman</li> <li>• Vice Chairman</li> <li>• 2 x Resident Directors</li> <li>• 4 x Independent Directors</li> <li>• Co-optee</li> </ul>	Bi-monthly (and as and when required)
LATC for Adult Social Care	Deliver Adult Social Care services	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Operational Director</li> <li>• Financial Director</li> <li>• Service users / carers</li> <li>• Non-Executive Directors</li> </ul>	Monthly (during establishment), then bi-monthly or quarterly (and as and when required)

### 7.3.3 Management arrangements

This business case recommends the sharing of management arrangements between Barnet Homes and the new LATC for the adult social care services. This is to reap the financial benefits set out in section 4.1 attributable to the sharing of support service costs. It is recommended that the two companies seek to share the following corporate and support services:

- LATC parent company Board
- Chief Executive
- Finance
- Human Resources
- Performance and information
- Surveys co-ordination
- Resident/service user involvement
- Communications
- Health and safety
- Complaints
- Information technology

The budget for the support services identified in the financial business case (section 4), can be used to 'boost' the above teams where there is not the capacity to absorb the extra staff and functions.

The financial business case incorporates a retained cost for the Council for client side capacity. The roles include the relevant contract monitoring and management, general client relationship with the LATC, and any specific management requirements with the individual services from managers not in scope for transfer.

## 7.4 Risk allocation & transfer

As the Council intends to rely upon the Teckal exemption and therefore has inserted the relevant controls and essential part of activities governance as set out above the Council will contract direct with the LATC, and not the operating subsidiaries.

The obligations and risk placed on the LATC will subsequently be fully passed down to the operating subsidiary companies. Commercial risk ultimately remains with the Council and in the unlikely event of failure, the services will need to be brought back in-house.

### 7.5 Personnel issues

It is clear that, regardless of the agreed final scope, a number of Council employees will transfer to a LATC under these proposals. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to what are known as “relevant transfers”.

Indicative tasks and activities associated with TUPE arrangements are summarised below. These will need to be revisited at appropriate points in time, in line with wider One Barnet requirements.

**Figure 27: Outline TUPE tasks**

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

Pension notification	<ul style="list-style-type: none"> <li>Actuaries to quote &amp; complete estimations for all transferring employees on pensions including transfer information for new provider</li> </ul>
Internal Pensions support	<ul style="list-style-type: none"> <li>Conversing with actuaries and external provider</li> <li>Contributing to letters to employees</li> <li>Partaking in pension road-shows during consultation period</li> </ul>
Authorisation & committee	<ul style="list-style-type: none"> <li>Facilitation of AdSS, GFC, CDG, Cabinet Resources Committee &amp; Scrutiny processes</li> </ul>
Employee support	<ul style="list-style-type: none"> <li>Hosting of "Managing Stress" workshops</li> </ul>

TUPE is a complex area so it is recommended that appropriate legal advice is specifically sought for the More Choices 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. 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.

Legal advice has also been sought with respect to the pensions. Trade Union discussions have been, and will be, conducted in line with wider One Barnet programme activity.

## 7.6 Tax

In order to facilitate the offsetting of any Corporation Tax losses, and VAT on supplies within the group, a VAT and Tax loss relief group incorporating the LATC Holding Company and the LATC subsidiary, will be formed.

### 7.6.1 Corporation tax

As a separate legal entity to the Council, the LATC will be subject to tax, including corporation tax on chargeable profits and gains arising to the LATC. In contrast, the Council is not liable for corporation tax. Transactions between the Council and the LATC will need to be at arms-length to ensure the transfer pricing rules<sup>17</sup> do not become an issue. The Council is to charge market value for any goods and services which it will provide to the LATC to ensure that the LATC obtains the maximum tax deduction and the Council's corporation tax position is unaffected. Similarly, the LATC should charge full market value for the goods or services it provides to the Council given that its tax liability will be based on the market value for such goods / services.

As Barnet Homes is likely to form part of the LATC vehicle as an operating subsidiary, the corporation tax treatment of the transactions between the Council and the LATC; including both Adult Social Care and Barnet Homes subsidiaries and internal transactions between the subsidiaries will need to be reviewed and monitored, particularly where if and where the Council makes a profit from third party trading activities. This is to ensure appropriate consideration is given to the tax deductibility of expenses incurred by the LATC in respect of both its non-trading and trading activities.

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<sup>17</sup>The transfer pricing rules impose market value on supplies of goods and services (revenue items, not capital items) between connected parties, including loans.

As outlined earlier in this document, work is ongoing to determine whether Barnet Homes will have moved too far from the standard ALMO model, and therefore risks losing its current tax exemption status.

## 7.6.2 VAT

The LATC will be subject to the normal VAT recovery regime. However, the provision of care services is usually exempt from VAT, so registration with the Care Quality Commission (CQC) is a prerequisite. In light of this, any VAT incurred by the LATC in line with the provision of VAT exempt care services will not be recoverable by the LATC. This is unlike the Council, which is generally able to recover VAT incurred in respect of exempt supplies. Therefore, there is the potential for the LATC to incur irrecoverable VAT costs in respect of the provision of adult social care services.

The probable liabilities for Corporation Tax and VAT are demonstrated in the table below.

**Figure 28: Financial summary**

LATC	Year 1	Year 2	Year 3	Year 4
Gross spend <sup>18</sup>	£ 6,270,562	£ 6,222,663	£ 6,190,651	£ 6,190,651
Income	£ 6,421,768	£ 6,608,022	£ 6,730,782	£ 6,767,262
Operating profit	£ 151,206	£ 385,359	£ 540,131	£ 576,611
Add irrecoverable VAT on trading <sup>19</sup>	£ 265,000	£ 265,000	£ 265,000	£ 265,000
Add VAT on support services <sup>20</sup>	£ 79,666	£ 79,666	£ 79,666	£ 79,666
Group & Board arrangement costs <sup>21</sup>	£ 88,800	£ 88,800	£ 88,800	£ 88,800
Net profit before tax	-£ 282,260	-£ 48,107	£ 106,665	£ 143,145
Corporation tax <sup>22</sup>	£ -	£ -	£ -	£ -

<sup>18</sup> The business case provides for £398,329 (6%) in support costs. This sum will need to be revisited when the specific operational arrangements for LATC have been determined, as further reductions / economies of scale may be achievable.

<sup>19</sup> VAT is assumed as a worst case to be payable on all non-employee expenditure.

<sup>20</sup> It is assumed that the support staff will be employed by BH. If LATC employed all support staff and recharged BH, then VAT on services would be recoverable.

<sup>21</sup> It is assumed that a proportion (20%) of Chief Exec and FD roles, plus costs for the running of the Board will be recharged to LATC. It may be possible that after the specific support service arrangements have been determined, some or all of these costs may be accommodated within the support services provision.

<sup>22</sup> Within the first 4 years it is unlikely that corporation tax will be paid due to the net effect of cumulative losses in years 1 & 2.



<b>Net profit</b>	<b>-£ 282,260</b>	<b>-£ 48,107</b>	<b>£ 106,665</b>	<b>£ 143,145</b>
<b>Cumulative profit</b>	<b>-£ 282,260</b>	<b>-£ 330,367</b>	<b>-£ 223,701</b>	<b>-£ 80,556</b>

## 8 Project Plan & Roles

### 8.1 Project roles

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

Role	Resource
Project Sponsor	Kate Kennally
Senior User (Adults Social Services)	Glynnis Joffe
Senior User (Adults Social Services)	Amanda Jackson
Senior User (Barnet Homes)	Tracey Lees
Senior Supplier (One Barnet)	Claire Johnston
Senior Supplier (Human Resources)	Sarah Murphy-Brookman
Senior Supplier (Legal)	Margaret Martinus
Senior Supplier (Housing)	Andy Milne
Senior Supplier (Finance)	Kerry-Anne Smith
Project Manager	Richard Harrison
HR Business Partner	Tony Lampert
Communications & Engagement	Andrew McLauchlan / Dawn Rowe

### 8.2 Transition plan summary

This section describes the approach to transferring the Adult Social Services in-house provider services from LBB to a LATC that incorporates Barnet Homes, covering the period from completion of this business case and Cabinet decision to proceed, through to the date of transfer when the LATC will assume contractual responsibility for delivering services.

Further planning will need to take place for the 'post-transition integration' phase, to ensure the LATC is successful in its first six months to a year of operation.

Key elements of a successful transition phase include ensuring the:

- Change has no negative impact on service users
- Development of clear contractual arrangements that deliver value for money and support achievement of commercial potential
- Development of a detailed business plan for the new operation
- Service levels, standards and performance criteria are clear and agreed

- Definition and transparency of the LATC and Council interface & governance arrangements
- Right people with the right skills are engaged and ready for transfer
- Timings and logistics for transfer are clearly planned and communicated
- Safe transfer of services to a LATC that does not negatively impact on the quality or continuity of the services

Staff need to be kept informed, consulted and motivated throughout transition. The leadership and management should be introduced from the start to drive through the transition successfully. Equally important will be to maintain relationships with key stakeholders, particularly retained Adult Social Services function, other Council directorates and most importantly, the service users/carers.

The transition activity will need to be managed as a programme of work comprising all that is recommended to be structure as follows:

Workstream	Key responsibilities
Governance and relationship management	<ul style="list-style-type: none"> <li>• Developing the appropriate governance arrangements for the LATC, including the holding and subsidiary company management Boards, and the relationship with the shareholder group</li> <li>• Defining the arrangements for decision making and performance management</li> <li>• Clarifying and initiating the relationship/interface between LBB and the LATC during and post transition</li> <li>• Shadow operation prior to 'Go Live'</li> </ul>
Legal and contractual management	<ul style="list-style-type: none"> <li>• Developing and/or novation of contracts and legal documentation required for company establishment (Articles of Association etc.)</li> <li>• Producing and agreeing the initial Exit Plan for the Council</li> </ul>
Staff and Employment Management	<ul style="list-style-type: none"> <li>• Making and delivering the arrangements for the transfer of staff, including preparing and supporting them in taking on roles in a new operating structure</li> <li>• Recruiting to roles as appropriate</li> </ul>
Communications & engagement	<ul style="list-style-type: none"> <li>• Planning and delivering the overarching stakeholder communications &amp; engagement, including for both staff and service users</li> <li>• Leading on the development of the branding for the new LATC</li> </ul>
Business Planning	<ul style="list-style-type: none"> <li>• Managing the process for developing the business plan and performance management framework for the new LATC</li> </ul>
Financial management	<ul style="list-style-type: none"> <li>• Due diligence to confirm the precise cost of all resources and obligations that will transfer to the LATC</li> <li>• Defining the financial management arrangements (authorisations, decision making, accounting, staff, reporting, audit, etc.) that need to be put in place</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>• Preparing and managing the logistics for transfer, including accommodation and IT arrangements</li> </ul>
Business Continuity	<ul style="list-style-type: none"> <li>• Developing and adopting transitional business continuity plans and governance, across the services in scope for transfer</li> </ul>

If the Council decides to proceed with the establishment of a LATC, an indicative list of key tasks within each workstream, and staff responsible is as follows:

Tasks	Timescale	Responsible
<b>Governance &amp; relationship management</b>		
Design & confirmation of governance structure	Urgent	Barnet Homes CEO
Defining the arrangements for decision making and performance management	Before transfer	In-House Service Manager(s)
Clarify the relationship/interface between LBB and the LATC	Before transfer	ASC & Health Director / Barnet Homes CEO
Establish Shadow Board(s) (subsidiary & LATC companies)	Before transfer	Barnet Homes CEO
Confirm Board(s)	'Go live'	LATC CEO
<b>Legal and contractual management</b>		
Position discussions (contracting approach, TUPE costs, insurance, indemnities, dividends etc.)	Before transfer	ASC & Health Director
Contract specification, drafting and finalisation, and novation	Before transfer	Legal services, Commissioning
Define and identify retained client function (role(s), who, job description etc.)	Before transfer	ASC & Health Director
Develop and agree appropriate SLAs (for any required support services)	Before transfer	In-House Service Manager(s)
Prepare LBB Exit Plan	Before transfer	ASC & Health Director
<b>Staff &amp; Employment Management</b>		
Staff TUPE consultation	Urgent	HR
Develop and deliver staff communications plan	Urgent	HR/ In-House Service Manager(s)
Establish and conduct meetings with staff representatives and Trade Unions	Urgent	HR/ In-House Service Manager(s)
Ensure confidential enquiry service for staff, monitor and respond	Before transfer	HR
Hold staff "surgeries" for affected staff	Before transfer	HR
Maintain up-to-date staff lists & data, and create final transfer list	Before transfer	HR
Due diligence process	Before transfer	Barnet Homes CEO
Confirm payroll arrangements for affected and new staff	Before transfer	Barnet Homes CEO
Clarify and confirm pension arrangements for affected and new staff	Before transfer	Pensions Team
Issue formal TUPE documents to staff	Before transfer	HR
Recruitment of LATC management team	Before transfer	LATC CEO / In-House Service Manager(s)
<b>Communications &amp; Change</b>		
Identify change leads/managers	Urgent	In-House Service Manager(s)
Develop & deliver stakeholder communications & engagement plan	Urgent	Communications, service management
Develop and distribute FAQs	Before transfer	Communications

Develop LATC branding strategy	Before transfer	LATC CEO / In-House Service Manager(s)
Agree branded materials and order supplies as necessary	Before transfer	LATC CEO / In-House Service Manager(s)
Organise and prepare for Launch Day	Before transfer	LATC CEO / In-House Service Manager(s)
<b>Logistics</b>		
Clarify, where required, accommodation, desks and IT working arrangements	Before transfer	In-House Service Manager(s)
Check transferred staff have necessary access to systems and technology	Post transfer	In-House Service Manager(s)
<b>Business Planning</b>		
Workshops to develop the business plan, operating model and performance management framework	Before transfer	In-House Service Manager(s)
Agree business plan	Before transfer	LATC CEO / In-House Service Manager(s)
<b>Business Continuity</b>		
Develop business continuity plans	Urgent	In-House Service Manager(s)
Agree and implement mitigations as necessary	Before transfer	In-House Service Manager(s)
<b>Financial management</b>		
Due diligence process	Before transfer	Finance/ LATC CEO
Define the financial management arrangements (authorisations, decision making, accounting, staff, reporting, audit, etc.) that need to be put in place	Before transfer	LATC CEO / In-House Service Manager(s)

### 8.3 Next steps

There are a number of immediate next steps to initiate transition planning and implementation:

Action	Lead	Timescale
Development of a detailed transition plan based on the recommended workstream structure above, including actions, leads, timescales, and risks, and aligned with corporate project management requirements	Project Manager	February – May 2011
Identification and agreement of resources for transition plan	Project Manager and ASC & Health Director	
Establishment of project monitoring and management arrangements to govern the transition phase	Project Manager	

## **Appendix 1: Service descriptions**

Detailed Service descriptions are set out below, describing:

- The service and what it delivers and to whom
- Proposals for change/modernisation in the pipeline (if applicable)
- Key challenges currently facing the service
- Key statistics relating to cost, staff and activity

### **Learning disability services**

#### **Agatha House**

Agatha House is a small, six bedded residential home for people with mild to moderate learning disabilities located in the Broadfield Estate, Edgware. Agatha House was set up in January 2007, following the closure of Oak Trees; a larger home with 25 residents. Six of the original Oak Trees residents moved into Agatha House directly, and five of these individuals still live there today. One new individual moved in during December 2009, following the death of the sixth original resident.

Four of the residents are 65 years old and over, the other two residents are in their 50s. Agatha House is deemed their home for life; their en-suite bedrooms and the support they receive have been wholly personalised. The building is self-contained and all on the ground floor, with spacious accommodation suitable for people with physical disabilities. Agatha House is rated three stars and 'Excellent' by the Care Quality Commission.

There are 10 staff (7.77 FTE) working at Agatha House, and 11 As and When workers are used as necessary to fill any gaps in staffing resulting from sickness or extra support requirements.

The Council, in line with Valuing People Now, is trying to support as many people as possible to be able to live in a home of their own, often in Supported Living. As set out above, Agatha House is currently a residential home, yet proposals subject to consultation, cite the service de-registering from residential care, to become a Supported Living service. Some of the residents at Agatha House have not had enough opportunity to take control and responsibilities in their lives and will continue to need a high level of support to do so. They are not being asked to move but rather to secure their tenure by way of a tenancy – they would become tenants of Notting Hill Housing Trust. By 'leaving' residential care they would have opportunities to maximise their income via benefits not available to people in residential care, although this would bring responsibility for purchasing their own food and for paying rent and utility bills.

The service is to become a part of the activity of Barnet Supported Living Service, and under their management team. Frontline staff would have opportunities to work across all of the supported living sites and service users would benefit from support methods from supported living relating to greater independence and self-determination. Frontline staff are to be retained as consistency would be very important for the service users to remain settled.

As of 1 April 2011, Agatha House became part of Barnet Supported Living Service.

## Key statistics: Agatha House

Service Area	Agatha House
Employees 2010/11	Establishment: 12 posts Filled posts: 9 permanent contract, 1 temporary contract (7.77 FTE) 11 'as and when' workers
Service users	6
Sickness absence rate	10.6 days per FTE

## Community Support Team

The Community Support Team (CST) support people with learning disabilities to access employment, college and leisure through skills training, work experience and travel training. All support is tailored to the individual and is provided out in the community. The team prides itself on its flexibility, often providing support outside of traditional working hours.

The CST was created in 2006 as part of the "New Choices Project" which was modernising Barnet's Learning Disability Service. The intention was to provide those individuals within Barnet's Day Service provision and others who needed support to be involved in their local community as an alternative to building based support.

CST currently offers a range of support for individuals with a learning disability whom are eligible for services under London Borough of Barnet's Fair Access to Care services (FACs) criteria. More specifically, CST support includes:

- Sessional activity groups to help individuals new people, stay healthy and learn new skills (e.g. swimming, walking, skills training, drop-in)
- Support planning to help an individual think through the choices they have, including what want and where they can find it
- Explaining and supporting people through the processes related to direct payments and personal budgets
- Brokerage to help people find the resources and activities they are looking for
- Travel & Personal Safety training to support people to gain more freedom, choice and independence. This training follows a structured training method to enable people to travel independently.
- Supporting people to access employment through
  - Finding opportunities for people to earn money
  - Sharing our knowledge of benefits, providing help, advice and assistance in looking for work
  - Acting as job coaches when people have found job opportunities
  - Working with the Job centre
  - Exploring opportunities for people to use their Individualised Budgets for supported employment

- Supporting people to access sport and leisure activities, develop interests, and have a social life
- Encouraging peer support and the development of friendships and relationships
- “Say No To Abuse training” for people with learning disabilities
- Planning for the future through person-centred and emergency planning.

The team has strong connections with partners within independent, voluntary and community organisations that play a key role in transforming social care services in Barnet. The CST also train other providers and support staff to enable them to offer ‘Travel Training’.

The CST currently comprises 11 staff (10.8 FTE), and also 6 ‘As and When’ workers to cover sickness absence.

Referrals to the team come via the social work team or health professionals at Ballards Lane multi-disciplinary team, Barnet College or some other in-house services. The team carry a caseload, and work with the aim of moving people through to independence as opposed to remaining in the service for long periods of time. The team has had increasing degrees of success in terms of moving people on to greater independence from the service – some key figures are set out below.

Activity data	2009	2010
Individuals using the CST	58	86
Individuals accessing travel training	46	46
Individuals receiving help with support planning	22	27
Individuals attending group sessions	38	68
Individuals using the CST for the first time	12	25
Individuals stopped accessing the service	6	11
Individuals accessing employment	4	17
Individuals obtaining personal budgets and moving on.	7	10

It is important to note that each week is not the same for the Community Support Team, as the level of support individuals require differs throughout the weeks and months. However, sessional activities are planned and regular.



### Key statistics: Community Support Team

Service Area	Community Support Team
Employees 2010/11	Establishment: 13 posts Filled posts: 11 permanent contract, 0 temporary contract (10.8 FTE) 6 'as and when' workers
Service users	86
Sickness absence rate	11.3 days per FTE

### Flower Lane

Established in 2006, Flower Lane Resource Centre in Mill Hill offers services for adults with an autism spectrum disorder. A wide range of building based and community day opportunities are provided or arranged, based on a person's individual needs. The service is currently working towards accreditation with the National Autistic Society.

This service is fast becoming a centre of excellence, its reputation spreading amongst peers and neighbouring authorities. As a specialist and highly regarded service, there is an ever present and growing demand for a place at Flower Lane, but with 42 current service users, the service is at full capacity within building, safety and staffing limitations. There are currently very few opportunities to move on from the centre, so turnover is low at one or two people each year. However, the team do provide signposting to individuals and their families for whom they do not have the capacity to take on, including the more able individuals who can be supported through more structured sessions at the Space.

Referrals are made via the social work team only. There are three places available to be sold to other London Boroughs, and currently these are occupied residents of Harrow.

The service has three mini buses to provide transport for individuals to and from the centre, and out into the community. Due to the challenging behaviour often present with autism, most service users travel by Flower Lane's mini buses or via taxis and escorts.

There are 29 staff at Flower Lane (25.32 FTE), and 6 'As and When' support workers to cover one-to-one support requirements and sickness absence. An agency worker is currently used to cover the Cook's absence.

### Key statistics: Flower Lane

Service Area	Flower Lane
Employees 2010/11	Establishment: 31 posts Filled posts: 28 permanent contract, 1 temporary contract (25.32 FTE) 6 'as and when' workers
Service users	42
Sickness absence rate	13.7 days per FTE

## Rosa Morrison

Rosa Morrison offers day opportunities to people with profound or multiple learning disabilities and complex needs. This includes supporting people with their physical and sensory impairments, in addition to their learning disability.

Staff at the centre work closely with Health colleagues in the learning disabilities service, and the service provided is very well regarded by parents, carers and professionals.

Rosa Morrison offers a wide variety of activities that are based on individual's needs, and focuses on their therapy requirements. The centre provides access to speech and language therapists, occupational therapists, physiotherapists and music therapists. There is also a spa pool so hydrotherapy can be offered on site.

There are currently 52 service users, ranging between 20 to 64 years old. Three places are sold to Haringey and Islington for similar, specialist resources do not exist in surrounding London Boroughs. Half of the service users live with their families at home, yet due to a lack of acceptance within the community and poor facilities to support people with such complexity of needs, attending Rosa Morrison services helps prevent isolation for some of these people.

Turnover is very low, with currently very few opportunities to move on; only one person has left the service for independent living. The service is at capacity, both from a staffing and building perspective. There are 22 staff in post at Rosa Morrison (17.50 FTE) and supported by 9 As and When workers as necessary to ensure service delivery.

Key challenges facing current service delivery:

- Creating a pathway for people to move on from the service is a genuine issue given the current costs and funding arrangements challenge the viability of community living
- Level of training is slipping and likely to continue to diminish in relation to the reduced input from health professionals such as physiotherapists
- Individuals mobility benefits are not always used to support the transport budget (common issue across the LD services with a transport budget)
- Currently short of staff, being replaced with As and When and agency staff.

### Key statistics: Rosa Morrison

Service Area	Rosa Morrison
Employees 2010/11	Establishment: 32 posts (24.7 FTE) Filled posts: 21 permanent contract, 1 temporary contract (17.5 FTE) 9 'as and when' workers
Service users	52
Sickness absence rate	21.4 days per FTE

## **Barnet Supported Living Service**

Barnet Support Living Service is a domiciliary care 'plus' service providing a minimum level of 5 hours support a week to 45 hours maximum for adults with a learning disability. The 'plus' element can be described as the support extra to personal care, such as organising events, parties, and supporting people to travel, get out and about, and go shopping.

There are currently 29 service users, living in:

- Quartz Court (8 flats, 8 service users),
- September Court (7 flats, 9 service users),
- Harold Court (9 flats, 8 service users),
- Extra Care Housing (2 service users)
- Flat share (2 service users)

The service users either hold their tenancy agreements with Notting Hill Housing Association (the majority), Sanctuary Housing Association or Ledbetter's. Individuals are referred by the social work team, for the Supported Living service who subsequently carry out an assessment to ensure compatibility with existing residents for Notting Hill HA owned accommodation (Quartz, September and Harold court).

The service is working towards reducing the level of one to one support currently provided, to introduce more group support and activities. The benefits of this are three fold; promoting social inclusion, developing friendships and relationships, and maximising staffing resources. The service also plans to support the introduction of more telecare within Supported Living arrangements to potentially reduce full time warden support and move to a floating support model.

The service currently has 29 staff in post (22.77 FTE) and 33 'As and When' workers as necessary to ensure service delivery.

As referenced earlier, Agatha House is in line to, subject to consultation, be de-registered as a residential home and become part of the Supported Living Service.

Key challenges facing current service delivery:

- There is no flexibility within current establishment to cover sickness absence and annual leave
- The service has historically struggled with vacancies

**Key statistics: Barnet Supported Living Service**

Service Area	Barnet Supported Living Service
Employees 2010/11	Establishment: 25 posts Filled posts: 29 permanent contract, 0 temporary contract (22.77 FTE) 33 'as and when' workers
Service users	29
Sickness absence rate	9.32 days per FTE

**The Space**

The Space provides day opportunities to a wide range of people with a learning disability, including older people with increased needs due to dementia. The staff at The Space focus on involving people in their community and supporting them to develop their skills. Activities within the community include swimming and horse riding.

There are currently 64 service users accessing the Space, 40 of those individuals live at home. Each day, an average of 40 people attend the centre. Turnover is low, with an average of three people leaving and joining the service each year. Over the last couple of years the key reasons why individuals have left the service include choice, starting college, moving out of the borough, or unfortunately, death. The team are starting to develop 'moving on' plans for individuals at the Space, working in conjunction with the Community Support Team to enable people to be more independent within the community.

There are 15 staff in post at the Space (13 FTE) and 3 'As and When' workers.

The Space are accommodated through an agreement with Notting Hill Housing Association (NHHA). It is acknowledged that the accommodation may be sublet in the future, on occasions; to private individuals or organisations, to members of the One Barnet Partnership (e.g. NHS, Police) and to the Council. Any accommodation supplied to the council will be done so free of charge and will be reflected in the NHHA agreement for novation from the council to the LATC.

By the end of the financial year, the Space will, subject to consultation, be re-modelled to bring the service in line with Government policy – "Valuing People Now". The service will be personalised to a greater extent and provision will be informed by specific outcomes with individual service users person-centred plans. The service will also be developed in line with a national policy move away from fixed buildings and a preference for community-based activities and meeting hubs.

In practice this means the following:

- The Space and Community Support Teams will be combining to form a new service
- The service will be community-based, and will not operate out of a fixed day centre building
- The focus of the service will be to support service users in accessing meaningful, enjoyable day opportunities in the community

- The service will have one manager, a group of senior support workers, and support & assistant support workers

As of 1 April 2011, The Space and Community Support Team merged to form Community Space.

### Key Statistics: The Space

Service Area	The Space
Employees 2010/11	Establishment: 20 posts Filled posts: 14 permanent contract, 1 temporary contract (13 FTE) 3 'as and when' workers
Service users	64
Sickness absence rate	54.9 days per FTE

### Valley Way

Valley Way Respite Service offers short-break stays to adults over 18 years with severe learning and physical disabilities, providing respite to the person staying and to their family.

The service has been providing a respite provision for over 17 years, and in November 2006, Valley Way House was relocated to a new building in the Dollis Valley Way Estate and became registered with the Care Quality Commission (then Commission for Social Care Inspectorate). The building is a modern; purpose built facility, which has six bedrooms with adapted bathrooms. In November 2008 and 2009 Valley Way Respite Service received a 3 star rating for providing an excellent service.

A detailed assessment process is put in place as part of a person's induction to the service. This enables Valley Way to support service user choices and to provide the right form of support to the service users and their family. Link Workers will gather information from service users and their families as to what activities they would like to do e.g. sensory room, art and computers and this will be programmed in to their stay. Specific activity weekends (swimming, bowling, cinema etc.) can be made available each month for service users and parent/ carers to book on to.

There are currently 36 service users accessing the service. This number varies throughout the year, as some individuals move on to permanent placements, or the service receives new referrals received through the social work and transition team, as well as through other local authorities and organisations. Currently, 14 service users attend Flower Lane Day Service, and are registered on the autistic spectrum. 10 service users attend Rosa Morison and have high support needs. The remainder are service users from The Space or from other boroughs or referrals from other organisations, such as Sense.

There are currently 15 staff at Valley Way Respite Service (12.24 FTE), and a bank of 20 "As and When" support staff on casual contracts to cover vacancies and additional support requirements. There are currently an additional four vacancies within the service. Valley Way

is currently employing agency cover for the part time cleaner post and for a driver on Saturday who takes service users out into the community.

Key challenges facing current service delivery:

- Staff vacancies (4 positions) has been an issue for the service
- Lack of access to transport, hindering opportunities for weekend activities within the community

### Key statistics: Valley Way

Service Area	Valley Way
Employees 2010/11	Establishment: 16 posts Filled posts: 15 permanent contract, 0 temporary contract (12.24 FTE) 20 'as and when' workers
Service users	36
Sickness absence rate	22.1 days per FTE

## Physical and Sensory Impairment

### Barnet Independent Living Service

Barnet Independent Living Service offers a range of support for Barnet residents with a physical or sensory impairment. From April 2009, this service replaced the previous day services based at Flightways Resource Centre. The service is a partnership between Adult Social Services staff (Barnet Independent Living Team) and the user led organisation BDISC (Barnet Disability and Independence Steering Committee). It provides a wide range of services from peer support to preparation for getting paid employment, which aims to improve peoples' quality of life and enable them to maximise their potential to live independently.

The Barnet Independent Living Team staff provide support under three broad categories:

- **Employment and Training** including support to access training or college, vocational skills assessment and support to remain in work, IT skills training, CV preparation and support to apply for jobs whether paid or voluntary.
- **Rehabilitation and Enablement** including advice and information on specific health conditions, access to Occupational Therapy assessment treatment programmes, NHS Expert patients programme for condition management, access to Telecare equipment for the home.
- **Promoting independence** including support to access sports and leisure services such as swimming and gym, wheelchair servicing and repairs, support with Dial A Ride and Taxi card applications, support to move home, improving daily living skills and supporting the personal budget process..

The list above is not exhaustive, as the focus for the service is to support people based on their individual assessed needs wherever possible, or refer on to a more appropriate service.

The Barnet Disability and Independence Steering Committee (BDISC) is an independent user-led charitable association that arrange a variety of activities for their members both at the Barnet Independent Living Service and in the community.

These include:

- Art and pottery groups
- Flower arranging group
- Gym and swimming sessions
- Yoga group (run by Age Concern Barnet)
- Disability awareness trainer group
- 'Our Life' Newsletter
- French and Spanish language group
- Deaf social club
- Friendship groups

Referrals for support from the Adult Social Services Barnet Independent Living Team element of the service have to be assessed by a Care manager under the Fair Access to Care Services (FACS) criteria to qualify for the service. If people simply require advice and information, or wish to access some of the social or self-help activities provided through BDISC they can contact the service directly.

Approximately 50% of service provision is building based, 50% community based. The building based support is a starting point for those who cannot readily access the community due to transport, language or other societal barriers. There are currently 49 service users, the majority having had experienced a stroke or have multiple sclerosis. There are no service users under the age of 30, the average age is 54-55 years.

Over the last couple of years there has been some key changes within the service, including a review of all existing service users to cease provision for service users not eligible for services under FACs, and older people and mental health people within the service, and a streamlining of the staff team. There are 11 staff at BILS (9.8 FTE), and 1 'As and When' worker for Adult Literacy tuition.

Key challenges facing the service:

- A number of service users have been in the service for many years, challenging the service in its aim to move away from a traditional day centre service that it was when under Flightways management

## Key facts: Barnet Independent Living Service

Service Area	Barnet Independent Living Service
Employees 2010/11	Establishment: 12 posts Filled posts: 11 permanent contract, 0 temporary contract (9.8 FTE) 1 'as and when' workers
Service users	49
Sickness absence rate	3.9 days per FTE

## Business Support

### Business Development Unit

Established in January 2009 as a centralised team the Business Development Unit is a team of three part-time Business Support Assistants and a full-time Manager. Prior to this time administrative support had been provided on a devolved basis across the In-House Services. The team was created to introduce a cost effective, fair and consistent approach to devolved admin support that was available in each location. The team offers an effective and regular back office support function to all the In-House Learning Disability Services, this mostly being in the area of finance and procurement. Individuals have different areas of expertise and the team has a very flexible approach to the work it undertakes and will accommodate carrying out 'one off' pieces of work at the request of individual managers or for the Service, and supports on-going projects, occasionally funded by an individual service if the work requires additional hours.

The Business Support Team Manager is involved with offering direct support and supporting the Service Manager and other senior the setting managers; representing the In-House Service internally and externally, and in particular liaising and negotiating with Notting Hill Housing, the landlords of the Service's buildings; developing new policies and procedures and support with training, health & safety, and other related ad-hoc duties as required.

Business support assistants work closely as a bank of supporting staff ensuring a reliable and consistent service to each setting, at no additional staffing expense. The team is currently working at full capacity.



## Key facts: Business Support Unit

Service Area	Business Development Unit
Employees 2010/11	Establishment: 4 posts Filled posts: 3 permanent contract, 0 temporary contract (3.0 FTE) 0 'as and when' workers
Service users	N/A – Support function for LD services
Sickness absence rate	2 days per FTE

## Barnet Homes

Barnet Homes Limited was established in April 2004 and is an arms-length management organisation (ALMO) owned by the London Borough of Barnet. The council has delegated the management of its housing stock to the company under Section 27 of the Housing Act 1985 (as amended by the Housing and Urban Development Act 1993). Under that delegation, the company is responsible for the following functions:

- Maintenance of the Council's residential stock including stock investment decisions and procurement, planned maintenance and responsive repairs
- Housing management of the Council's residential stock, including rent collection, leasehold management, enforcement of tenancy and lease conditions, managing voids and estate management
- Home ownership services
- Calculation and collection of leasehold charges
- Financial management of the Housing Revenue Account (HRA)
- Services under the Supporting People programme
- Tenant involvement and resident participation.

Barnet Homes has achieved a lot since establishing itself as an ALMO in 2004. In comparing pre-ALMO performance in 2003/04 to 2009/10 outturn, Barnet Homes has:

- Improved income collection against an increasing debit of 15%
- Improved collection of leasehold service charges by 13%
- Large number of major works invoices have been issued, and current arrears would suggest around £10m collected
- Better customer care; complaints being answered in 10 days has risen from 62% to 96%, and tenant satisfaction has risen by 4%
- Better customer awareness; ethnicity information is now held for 87% of customers, compared to 36% in 2003/4.
- Delivered the Decent Homes programme, to, by the end of this financial year, have zero 'non-decent' homes compared to 41% in 2003/04
- Better staff attendance, with the average days lost to sickness decreasing from 12 to 7.

The vast majority of Barnet Homes' income is via a management fee from LBB, which mostly comprises the Housing Revenue Account.

The current Management Board comprises twelve members (in process of reducing to nine), includes independents with particular specialisms or experience such as legal, commercial or business orientated, council nominees, and tenants/leaseholders.

The current management agreement was established with a ten year agreement with a five year break clause, and the company is now at the beginning of its seventh year.

Performance on the Business Plan to the council occurs on a six-monthly basis, and the regime has reduced in its specificity and intensity over time to take into consideration the establishment and success of the ALMO.

### Key statistics: Barnet Homes

Service Area	Barnet Homes
Employees 2010	280
Employee costs 2010	£11,124,000
Total Turnover 2010	£28,996,000
Operating costs 2010	£27,593,000
Surplus on profit and loss account	£369,000
Net profit	£957,000
Employees 2010/11	7 days per FTE

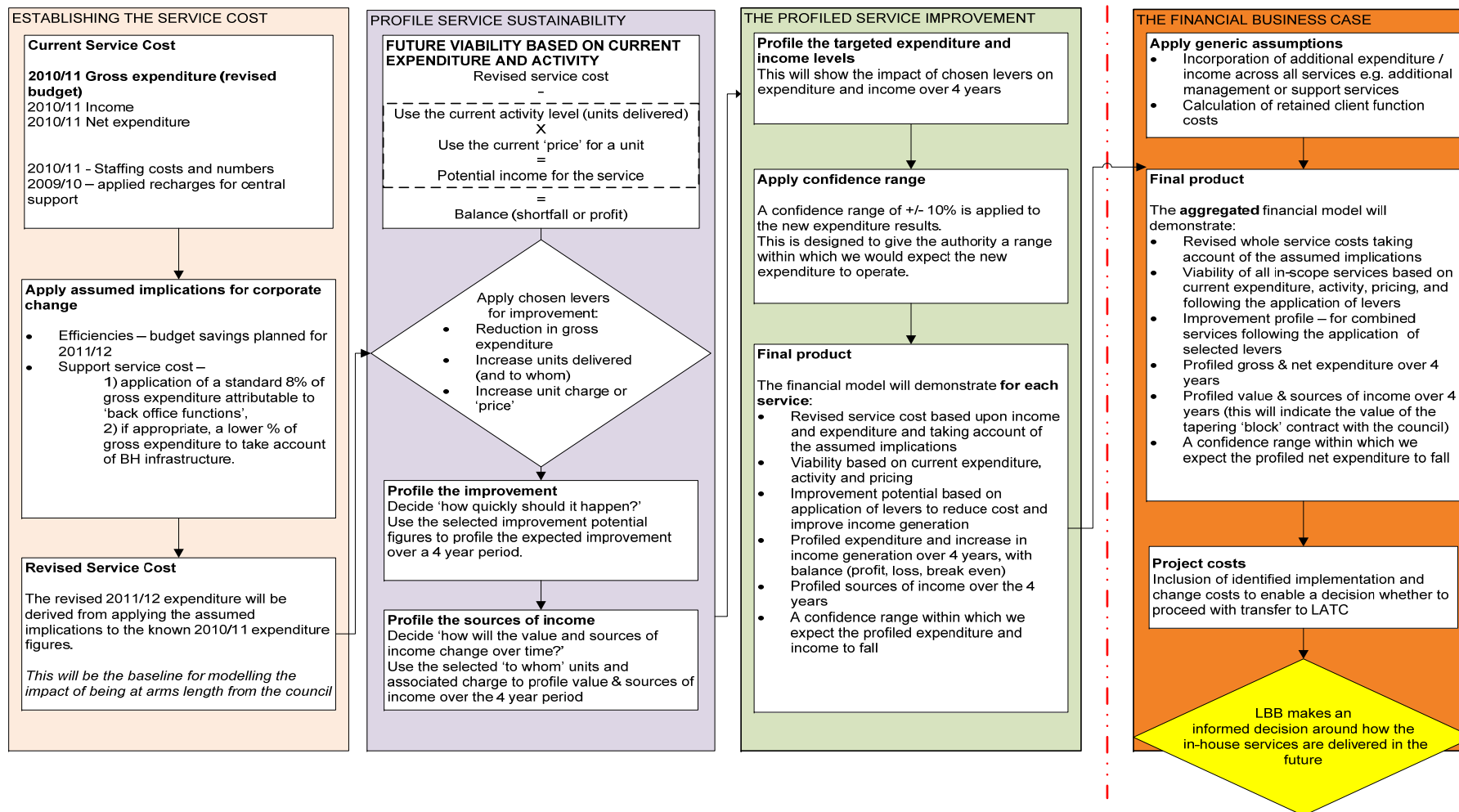
The table below shows the current SLAs values between Barnet Homes and LBB:

Service Area	Summary of services provided	2009/10 SLA value
Human Resources	<ul style="list-style-type: none"> <li>• Monthly payroll</li> <li>• CRB checks</li> <li>• Pensions</li> <li>• Employee relations</li> <li>• Ad-hoc HR consultancy</li> </ul>	£33,691
Customer Care	<ul style="list-style-type: none"> <li>• Rental of telephones and cost of calls</li> <li>• Voicemail</li> <li>• Support to Call Centre</li> <li>• Security staff and equipment at reception</li> </ul>	£85,126
IT	<ul style="list-style-type: none"> <li>• Charge per workstation – infrastructure, IT support</li> <li>• Network and licenses</li> <li>• Saffron (housing system)</li> <li>• Help desk</li> <li>• SAP Costs</li> <li>• Other minor costs</li> </ul>	£429,907
Legal	<ul style="list-style-type: none"> <li>• Legal advice, in particular to the Rental Income</li> </ul>	£325,161

	and Neighbourhood teams	
Facilities	<ul style="list-style-type: none"> <li>• Utilities</li> <li>• Staffing</li> <li>• Building repairs</li> <li>• Cleaning</li> <li>• Post room</li> </ul>	£83,420
Income and cashiers	<ul style="list-style-type: none"> <li>• Processing of transactions</li> <li>• Security collections</li> <li>• Cashbook service</li> </ul>	£30,285
Accommodation	<ul style="list-style-type: none"> <li>• Barnet House rent, rates and insurance</li> <li>• Grahame Park office rent</li> <li>• Assist office rent</li> <li>• Caretaking stores rent</li> </ul>	£346,587
Transport	<ul style="list-style-type: none"> <li>• Hire of vehicles</li> <li>• Maintenance and repairs</li> <li>• Spot hire (additional vehicles)</li> <li>• Insurance</li> </ul>	£158,907
Environmental Services	<ul style="list-style-type: none"> <li>• Grounds Maintenance</li> <li>• Tree Maintenance</li> </ul>	£533,021
Abandoned Vehicles	<ul style="list-style-type: none"> <li>• Removal</li> <li>• Safe disposal</li> </ul>	£3,150
CCTV	<ul style="list-style-type: none"> <li>• Observation cameras</li> <li>• Use of client surveillance equipment and monitoring</li> <li>• Incident reporting</li> <li>• Review meetings</li> </ul>	£44,814

# Appendix 2: Financial model approach

LATC Business Case: FINANCIAL MODELLING FLOWCHART  
25 January 2011 DRAFT



## Appendix 3: High-level Business Plan

### 1. Business planning

The detail of the business plan will be developed jointly between the LATC and the Council following Cabinet decision to establish a LATC that incorporates Barnet Homes. This detailed business planning activity will happen during the transition period and should involve the LATC shadow board, staff from within the in-house services and Barnet Homes, but should also be co-produced with service users and carers.

The business maturity model (below) provides a high level view of the key phases and goals required to establish the operational and performance basis of the new organisation. Many of these will need to be implemented and managed in parallel. The key challenge will be to achieve consolidation and integration of the services and alignment of cost and efficiency with income and revenue as early as possible in year one.

To assist in the development of the business plan, a suggested structure is outlined below, and where applicable, indicative content is written in italics based on the findings of the business case. The content of the business plan must be fully developed and owned by the proposed new entity, and approved by LBB as the shareholder. It will be important to dedicate time to business planning activity to ensure plans are developed in place before 'go live' of the LATC.

It should be noted that the capabilities required for effectively managing a business plan are very different to those of managing social care services. It is essential that the new organisation identifies the skills it requires and ensures that resources are dedicated to this function. Key activities will include monitoring the balance sheet, staff utilisation, planned work, projected demand on a weekly basis.

### 2. Process for developing the business plan

Developing the business plan will be a key activity to be undertaken during the transition period and should be in place in time for transfer, accepting it will be an iterative document that will be updated and added to once the company has gone live. This work will be led by Amanda Jackson and Tracey Lees.

#### Indicative process / activities

April – May 2011	Workshops to develop the business plan and performance management framework – with staff and managers Expert advice and input from Finance, HR, Legal on specific elements Agreement on skills and resources needed for managing and monitoring the business plan in the new organisation
August 2011	Review and refinement of the business plan with key stakeholders
September 2011	Sign-off of the business case prior to transfer

NB timings to be adjusted in line with target go live / transfer date and implementation plans

### 3. High level business maturity model

This model sets out the key phases and goals that need to be achieved to establish operational and performance basis of the new organisation and ensure it can operate as a financially viable, stand-alone organisation

	Year 1			Year 2				
Month	1 - 3	4 - 6	7-9	10-12	13-15	16 - 18	19 - 21	22 - 24
<b>Phase</b>	<b>Consolidation and integration</b>							
	Bedding in to the new organisation							
	- structures, processes, systems							
	- staffing roles							
	- Updating business plan							
<b>Phase</b>	<b>Cost &amp; efficiency alignment</b>							
	- ensuring unit cost = unit price							
	- aligning costs with revenue income							
	- applying efficiencies & cost reduction identified in business case							
<b>Phase</b>	<b>Performance improvement</b>							
	- mid year review and updating of business plan							
	- delivering improvements in productivity and operating capacity							
	- delivering quality improvements							
<b>Phase</b>	<b>Commercialisation</b>							
	- achieving a more commercial approach to business planning							
	- generating a healthy surplus							
	- developing or establishing a lead / niche in the market							
<b>Phase</b>	<b>Business remodelling</b>							
	- reshaping structures and delivery models to deliver efficiency							
	- reshaping service offer to respond to customer demand and market							

#### 4. Suggested structure of the business plan

A simple, but comprehensive and effective structure is suggested for the business plan:

- Executive summary
- How the business will be managed
- How business will be generated
- Financials

##### a. Executive summary

This section should include a statement that covers the nature of the company, its size, what it delivers and to whom, and what it wants to achieve (aims and objectives).

**Key components and questions to cover include:**

- ***The nature of the company:***

- purpose, structure, legal status, ownership, its size (staffing and budget), and reach

*E.g., "Barnet Cares" is a council owned organisation responsible for delivering adult social care services and housing management functions for the London Borough of Barnet. We are a local authority trading company, guaranteed by xxxxx*

*We are a medium sized organisation of xx staff and a revenue budget of £xxxx. Whilst the majority of our service delivery is within the borough we sell some social care services to other local authorities*

- ***Vision and mission statement***

- What kind of organisation do we want to be: what is important about the way the organisation runs – the values, principles, ethics we will live by; what's our philosophy in what we do
- How will this be reflected in the way we do business and behave: e.g., what will be the experience of our service users, staff, owner, partners and the wider community. How will this be reflected in our strategies, performance plans
- What are we trying to achieve: what does future success look like for the company, our staff, our customers and the community
- What makes this company different: what are our unique selling points, differentiation; what do we want to be known / famous for

- ***Key objectives***

- What are the specific objectives we have for the next three years? E.g. top 5 priorities  
*E.g.*

*Align cost and efficiency measures with revenue and income within the first six months to achieve financial viability*

*Demonstrate an improvement in customer satisfaction by xx*

*Increase market share for xx services from x to x by xx*

*Develop integrated service offer for adults with MH and LD*

- **Customer base**
  - *Who are our current and potential service users*
- **Service offer**
  - *Outline of the services we offer*

**b. How the business will be managed**

This section should include:

- **Governance arrangements of the company**
  - The governance structure, including roles and responsibilities, e.g: the Board composition; how members are voted or co-opted onto the board and length of tenure; how board members are held to account
  - How decisions will be made: the different types of decisions and for a for decision making, what level of delegated decision making and to whom, involvement of staff and service users in decision making
  - How often and why will we meet: key meetings for running the business, purpose, frequency and attendance. Consider a table setting out clear statement to this effect

Meeting	Purpose	Who attends	Frequency

*E.g.*

*The organisation will be managed by a Chief Executive and two managing directors for the respective housing management and adult social care divisions. This leadership team will be held to account by the LATC holding company Board, chaired by an elected / co-opted Chairman. The Board will be accountable to Barnet Council*

*The Board membership will be set up as follows:*

- *Non-executive Chairman*
- *Chief executive and managing directors for housing and social care*
- *Tenants of Barnet Homes – x places*
- *Services users and carers of social care services – x places*
- *Elected members of Barnet council – x places*

*Board membership will be for a two-year tenure,*

- **Performance management**
  - What are the key indicators of performance for the business (reflecting the company’s purpose and mission statement) What are the top 5 things the Board and leadership team want to keep an eye on.
  - Who is responsible and accountable for the performance in each key area



- How will performance be measured, tracked and reported (systems, process, frequency and responsibility). E.g. monthly review of performance dashboard by leadership team; quarterly presentations to the Board; biannual report to the council; annual public report
- What actions will be taken if organisational performance is not on track?
- How will we recruit, manage and retain our staff: what qualities are we looking for in our people and how do we build that into our recruitment and performance management; how do we bring our people on board with the organisational philosophy and values
- How will staff performance be measured; how will good performance be rewarded; how will poor performance be addressed; how we will invest in the development of our staff

- **Buying services**

- What services will we need to buy. Why is it better to buy these than have in house? E.g. do not have skills, benefit of economies of scale from other orgs,
- What factors will be looking for when contracting and commissioning services? Value for money; flexibility; focus on quality; How will we build this into our processes (e.g. ITT, ITQ documents; criteria for evaluating tenders, quotes and bids)
- What criteria will we look for in the companies we use? E.g. SMEs to support the local economy; companies with a low carbon footprint; companies that proactively employ people with disabilities and mental health needs; companies with a good record of corporate social responsibility
- How will we negotiate and manage contracts effectively: systems, skills, experience & knowledge of team;
- What is our procurement strategy? How will we ensure we achieve the best prices for the services and goods we buy

**c. How are we going to generate business**

- **Market analysis**

- What is our current understanding and intelligence about the market? Who are our main competitors; what are their strengths and weaknesses;
- What is our share of the market – do we want to increase this, by how much, what is our strategy for achieving this;
- What is our competitive advantage and how can we build on this; what are our weaknesses – do we want to address these and how?
- What gaps are there in the current service offer in the wider market? Are we well positioned to develop services to meet these?
- What is our intelligence based upon? E.g. sources and tools for analysis. How will we keep our intelligence up to date – resources (people and time), approach / tools, frequency. How will this intelligence be used to inform our business planning and decisions?

*E.g. We will undertake an annual mapping exercise of the market using data from desktop research and staff workshops. We will use Porters Five Forces tool to analyse the market. We will present to the leadership team each*

*November to inform business planning and a further presentation to the Board each January.*

- **Client need/demand**

- What does our current analysis of our customers tells us: segmentation on needs, age, location, preferences
- How do we expect the profile of our customers to change? E.g. changing ages, different types of needs, stronger demand for flexibility in service provision. What are the drivers influencing their decisions and preferences
- What is our intelligence based upon?
- How will we keep our intelligence up to date about our customer needs and demand: what data do we need; systems and resources for gathering and analysing data; how will the intelligence inform our business planning and decision making

*E.g. We will use a range of data sources to build a richer understanding of our customer needs. This will include demographic data and our customer feedback; analysis provided by the council's customer insight team, and feedback from social workers, our staff and service users in bi annual workshops.*

- **Service offering and pricing**

- Based on our understanding of the market and customers, what is our detailed service offering: what can be expected in terms of quality, accessibility, customer service, resolution of complaints,
- What is our rationale for pricing? How competitive do we want to be on price. Do we want to match the lowest in the market / to be mid-range. Will we charge a premium where we have the monopoly in the market? Will we have differential pricing depending on who the purchaser is or the way they choose to buy from us, e.g. discounts to other local authorities buying in bulk

- **Go to market strategy/marketing plan**

Based on analysis of the market, competitors, customer base and our organisational strengths and weaknesses,

- Which groups or organisations are we trying to target with our marketing communications and why? What are we trying to achieve in our marketing: promotion of services, addressing /correcting customer perceptions, matching up against competitors
- Define our market offer / product. What are our key features and why will this appeal to customers / a segment of customers
- What media are the most appropriate for our messages and target audiences (and are within budget limits). What's the best timing for our marketing activity: monthly features, quarterly promotions,
- How can we use our staff and service users to promote us?

#### **d. Financials**

- **Baseline**

- Baseline the starting financial position and set out actions for aligning cost and expenditure with revenue and income within first six months. How will the company ensure the unit pricing matches the unit costs of delivering the service

- **3 year summary and profit/loss**

- Planned expenditure for the next three years
- Planned income and sources
- Projected profit /loss account
- Confidence rating

- **What principles will govern our investment and use of profit / surplus**

- What percentage of surplus will be invested in service development and innovation. How will decisions on use of surplus be made.

## Appendix 4: Stakeholder Engagement and Feedback

Part of the work conducted in establishing the case for change included engagement sessions for staff. Separate events were also held for service users, carers and families.

The sessions involved informing these key stakeholder groups of the drivers for change, progress and key findings for inclusion within the business case. Staff events also included a TUPE presentation, and a presentation from Barnet Homes as requested by staff representatives through staff panel meetings. Trade Unions, Barnet Homes and members of the Learning Disability and Physical & Sensory Impairment boards were also invited to attend. Details of the events were also published on the Barnet commUNITY website.

### Staff events

Interactive engagement sessions were arranged for staff working in the in-house services to give them the chance to input into the development of the business case for the creation of a Local Authority Trading Company.

These events were in addition to workshops that had taken place with the Adult Social Services Senior Management Team and managers from the in-house services.

Staff heard from senior managers about the drivers for the project, what has happened so far and how the project might impact the services.

These events also gave staff the chance to give their views about what currently works well within the in-house services and what the opportunities would be with the creation of a Local Authority Trading Company.

The discussions at these events will feed into the development of the business case.

Representatives from human resources were at the meetings to answer questions about staff transferring to the new Local Authority Trading Company and staff from Barnet Homes were there to talk about their experience of TUPE.

The events took place at the following locations:

- 25 January 2011, NLBP
- 27 January 2011, Barnet House
- 2 February 2011, Flower Lane, Mill Hill

### Staff workshop feedback

At each event, staff split into groups to discuss the current performance of the services and how they would like the new Local Authority Trading Company to operate. The following feedback was recorded during these sessions, the responses in bold were expressed most frequently:

#### Quality of service – things we do really well:

- **listening to individual service users to provide the good quality, person centred, specialist services that they want**
- **providing a high quality, life changing and efficient service that is popular with service users**

- **developing good relationship with parents and carers and receiving positive feedback**
- **delivering a unique and individualised service that treats service users as adults**
- **building service users' confidence and self-esteem, promoting independence**
- **working in partnership with the other in-house services, doctors, social workers and transport providers**
- **offering well trained staff from diverse backgrounds who are committed to the aims of service users**
- **providing a consistent service with experienced staff, something that is important for the emotional well-being of service users**
- the services provided are reliable, responsive and popular
- providing safe, appropriately sized, supportive environments
- recognising cultural needs and differences
- providing respite for families
- increasing demand for our services both in Barnet and outside the borough
- providing a specialist service, the only service like it for adults
- offering a wide range of therapy
- providing access to the community
- managing the behaviour of service users

Quality of service – things we do less well:

- **the transport service could be improved**
- **an increase in funding would increase the range of activities we offer, improve our facilities**
- **we could be better at working in partnership, sharing resources across the services and accessing volunteers**
- **our services should be promoted more to increase community awareness of what is available**
- **our service is oversubscribed, we need more capacity**
- **our building could be used more effectively, making them available during the evenings / weekends to provide a better respite service and provide more activities**
- some of our buildings are not designed for the services we provide and would benefit from quiet areas
- we need better access to technology
- we don't have the budget to offer the quality of food we would like to promote healthier eating
- our services can be too bureaucratic, too much red tape
- we could provide a more individualised and person centred service
- we are sometimes too slow to respond to the changing expectations of service users, parents and carers
- there should be more frequent reviews and more time for key working
- long term planning could be improved
- we could improve how we support service users who move on from the service

Quality of service – actions to deliver improvements or improve the quality of services:

- **better marketing and communication, both externally and across services, so we know what is available and are kept up to date**
- **working closely with other organisations in the borough to connect services**
- **finding out what our customers want, more service user input to design services**
- a more flexible way of working, longer opening times
- more housing stock
- more outreach focus
- more volunteers to provide a range of support including gardening

- specialising in dementia provision
- autism diagnostic skills are required within the borough

How the new company operate – what will good look like?

- **staff and service users involved in shaping the direction of services**
- **an organisation that is progressive, listens and is visionary**
- **better marketing of services**
- **bespoke services, more choice for service users**
- **a fun environment**
- **training programmes to enhance staff skill sets**
- **flexible, innovative, kind staff**
- **a service with a good reputation that is attractive to new clients**
- **open and honest communication with staff**
- **better technology**
- **a community based organisation**
- building on what has been done so far
- terms and conditions stay the same
- appropriate buildings
- clear, viable business model
- good performance management
- more integrated and innovative services
- adapting to changing markets and changing client needs
- training programmes to enhance staff skill sets
- a 'can do attitude'
- day service respite provision
- maintaining relationships, through 'transition', post service
- improved communication between our services and board of directors
- consistency of staff
- a good understanding of clients
- a true response to service users' needs
- a true response to the experience and professionalism of staff
- an online booking system

How the new company will operate – what would bad look like?

- **indifferent staff**
- **low staff morale, poor staff retention**
- **staff uniforms**
- **no transport service**
- **service led rather than person centred**
- a complex structure
- poor value for money
- no star rating
- ineffective monitoring and benchmarking
- a growing number of complaints, and not responding to them, especially during change
- losing business, no one purchasing our services
- stagnating services
- loss of specialisation within service
- a drop in salary or conditions

How the new company will operate – describe the way we should do things:

- **ensure all stakeholders are valued and their opinions are respected**
- **listen to staff, service user, carers & families when developing services**

- more investment in staff
- more training opportunities
- career progression
- creative use of staff
- good HR support
- be transparent
- understand what already works well

## **User events**

These events were to give people who use the in-house services and their carers them the chance to input into the development of the business case for the creation of a Local Authority Trading Company.

Attendees heard from senior managers about why the change of management was happening, what has happened so far and how the project might impact the services.

These events also gave people the chance to give their views about what currently works well within the services they use, what could be better, and what they thought about the involvement of service users and carers in the running and management of a Local Authority Trading Company.

The discussions at these events will feed into the development of the business case.

The events took place the following locations:

- For users of the learning disabilities in-house services:
  - 8 February 2011, North London Business Park
  - 10 February 2011, North London Business Park
- For users of Barnet Independent Living Service:
  - 14 February 2011, The Space, Edgware

## **User workshop feedback**

At each event, people split into workshop groups to talk about what they liked about the services they used, what could be better or was lacking in the borough to meet their needs, and the opportunities that they could see with having Personal Budgets in the future. The following feedback was recorded during these sessions:

### What are the good things about the services as they are now?

- expertise of staff, and relationship with service users, including support with things like money management and job searching or training opportunities (E.G - staff at BILS Helping deaf people to access things in the community at weekends and evenings, and arrange health appointments, financial appts, access to college etc)
- computer facilities available
- only service like it in Barnet in many cases
- routine activities to look forward to – art, pottery, drawing, building social skills and confidence
- reliable transport provided
- buildings built specifically for people who use them (e.g- changing facilities, Physiotherapy and Hydrotherapy facilities in some learning disabilities services)
- respite care available is essential

- networking / somewhere to socialise

#### What could be better about the service you use?

- more activities and events (including being out in the community more)
- smaller activity groups
- better building for BILS (including cafeteria)
- transport could be improved (more responsive and safe)
- need social worker for deaf people
- more flexible hours
- service users and carers need to be better informed and have more control
- more space and more staff, so can have more one-to-one time with service users
- more therapy services

#### Would you like to be involved in managing and running of a Local Authority Trading Company?

- lots of interest in a 3 events in being a board member, or having some other involvement
- some people from BILS would like to be involved in running services / group activities, but with support
- think this is important so that they have more of a say – make sure that services continue to meet people's needs
- people would need training to do this (reading and writing etc.)
- some users are non-verbal, so involvement would be difficult
- some people would be happy to think of new ideas to get new business
- they could provide new ideas and get recognition of their needs – this would help the company work better.
- time restrictions for users and carers could be an issue for involvement

#### How do you think involving service users and carers could work?

- could they be shareholders?
- work in partnership with voluntary organisations
- social enterprise – could make money from projects, such as pottery classes, run by users and carers
- would want to be involved in a regular forum with service users and carers to discuss the direction of the organisation
- draw on people's personal experiences
- teaching people involved in organisation BSL or deaf awareness training
- need to involve people who really understand what service users want and the difficulties they face, and talk to them to make sure representing them fairly
- create their own vibrant economic community – can't get jobs elsewhere so have to involve
- people in a different role in this organisation
- board membership – meetings to be held at times when people can attend e.g. carers during the day and people with jobs during the evening

#### Any other considerations for the Local Authority Trading Company:

- can an organisation incorporating Barnet Homes really understand the needs of disabled people?
- will it be a LEAN organisation?
- will the Disability Equality legislation apply in same way as it does to the Council?
- need to be clear about how any money will be spent which is raised from charitable status of BILS (and any development of this in future)
- concern about services being cut



Are there any services not available in Barnet to meet your needs?

- some services for deaf people – befriending services etc.

Is there anything you would like to be able to do at the centre you attend that you can't at the moment?

- making food / cookery classes
- physiotherapy at BILS
- BSL classes
- keep fit
- daily living skills
- literacy
- group holiday
- performing arts / music classes
- trampolining
- paid work
- bingo
- work support
- going shopping
- going out to new places
- gardening

Can you see opportunities that having a Personal Budget would give you?

- access Barnet college courses
- social events like cinema, eating out
- cookery class
- gardening
- BSL class
- hairdressers / manicure / pampering
- do own shopping
- hire PA so can go out and visit friends
- Nintendo Wii
- holiday
- pay for a cleaner
- support for a job
- go into London – galleries etc.
- dancing lessons
- swimming
- to pay a personal trainer
- use a computer / have my own computer
- transport – bus, taxi
- trips out for the day / seaside with friends

## Appendix B

# Adult Social Services Equality Impact Assessment (EIA)

## Questionnaire

Please refer to the guidance before completing this form.

<b>1. Details of function, policy, procedure or service:</b>	
Title of what is being assessed: More Choices Project	
Is it a function, policy, procedure or service? Project affecting Adult Social Services	
Department and Section: Adult Social Services	
Date assessment completed: Ongoing – v1.0 (15/10/10), v1.5 (16/03/11)	
<b>2. Names and roles of officers completing this assessment:</b>	
Lead officer	Amanda Jackson
Stakeholder groups	
Representative from internal stakeholders	Jane Surtees, Maggie Goff, Rachael Lindsay, Simon Meredith, Richard Harrison
Representative from external stakeholders	
ASSD Equalities Network rep	Rachel Williamson, Andrew Serlin, Julie Pal
Performance Management rep	Mathew Kendall
HR rep (for employment related issues)	Jennifer Burt
<b>3. Full description of function, policy, procedure or service:</b>	
<p>Please describe the aims and objectives of the function, policy, procedure or service  <i>Please include - why is it needed, what are the outcomes to be achieved, who is it aimed at? Who is likely to benefit? How have needs based on race, gender, disability, age, religion/belief, sexual orientation or carers been taken account of? Identify the ways people can find out about and benefit from the proposals. Consider any processes they need to go through or criteria that we apply to determine eligibility.</i></p> <p>The More Choices Project will change the way people receive Adult Social Services to enable service users to have more choice and control over their own support. This is part of the national Personalisation Agenda and therefore all councils are making these changes to ensure people can get the social care support that best meets their needs.</p> <p>The change to social care support means service users will have Personal Budget to spend on their social care support to buy Adult Social Services instead of the council providing the services in-house. The service user will be in control of their Personal Budget which may be spent in a way which they could not have done before including the purchase of support</p>	

services from alternative providers. Everyone who receives support from Barnet Council will have a Personal Budget by December 2011.

“A Vision for Adult Social Care: Capable Communities and Active Citizens” (Department of Health, 16 Nov 2010) states ‘The increased use of personal budgets **preferably as a direct payment** (to all eligible people), alongside people funding their own care, will be a **catalyst for change**. People will demand the services they want to meet their needs, creating truly person-centred services. **These will be delivered by organisations**, including social enterprises and mutuals, that can respond to the demands of their communities.” Consequently, continuing to deliver services in-house would not be in accordance with the Government vision. There would also be a risk in oversupply of in-house services and potential loss of revenue due to Government policy which stipulates direct payments cannot be spent on social care services that are directly provided by a local authority. Changing how social care services are run will help people to have more choice and independence when they spend their Personal Budget. The law states that people cannot use their Personal Budgets to buy services that are run by the council therefore we need to change the way that these services are run so that people can use them with their Personal Budget. To do this, the More Choices project is investigating the creation of a Local Authority Trading Company. If this does not happen, people with a Personal Budget will not be able to use services that are now run by Barnet Council

A number of services will be affected by the change (see list below). This Equalities Impact Assessment considers the impact on service users who attend these services, their carers and the staff who work in these teams. Recent snapshot data has been collected to understand the profile of the staff and service users at these services. This data is used to inform answers to the equalities questions below.

### **Learning Disability Services**

- Rosa Morison
- Flower Lane
- The Space
- Agatha House
- Valley Way
- Supported Living
- The Community Support Team
- Business Support Team

It should be noted that from 1 April 2011 The Space and the Community Support Team will merge to become Community Space; a service much more focused on delivering support in the community with a gradual withdrawal from using purpose built locations such as the building currently occupied by The Space. Also from 1 April 2011 Agatha House is to be de-registered with the Care Quality Commission as a registered care home; the service users will become tenants of Notting Hill Housing Group and receive support from Supported Living while continuing to live at Agatha House.

### **Physical and Sensory Impairment Disability Services**

- Barnet Independent living Services

*Please note following a decision taken by the Mental Health Partnership Management Group on 4 February 2011, **Mental Health Services(The Network)** became out of scope for transfer to the Local Authority Trading Company (LATC) and which will remain managed by BEH-MHT on behalf of the council.*

The intention is to ensure services stay as good as they are now, or improve and retain staff who work at each of these services should they wish to remain. However, there will be a need to be a change in the company that runs the service instead of the council, the management of staff and service users will need to begin buying services with their Personal Budgets as they would with all other support.

The project is the first building block to establish the set up of the company. In the future, these services may change if people want to use their Personal Budget to buy different kinds of support. If not enough people choose to use these services, there is a chance that they could stop running. However, if lots of people want to use them, changes can be made to make them better.

This project is part of the One Barnet programme that the Council is running. This includes activities to support people to live independently and to make Barnet a good place to live.

- The next stage explores how a Local Authority Trading Company could work
- This will be covered in the Full business case and business plan for completion by March 2011.
- Consultation with service users, carers and staff during January and February 2011.
- Cabinet decision by April 2011
- With a view to setting up the Local Authority Trading company in Autumn/Winter 2011
- The company will go live with a full staff TUPE transfer.

A communications and engagement plan has identified the various needs of groups such as easy read for people with learning disabilities and also provides a roadmap for service user (including carers and families), staff and union consultation.

The Equalities Impact Assessment will be an iterative process with reviews at each critical project milestone and will become more specific as the solution becomes clearer. These stages are:

- Stage 2 - Assessment (alongside the full Business Case)
- Stage 3 - Implementation (LATC set up)
- Stage 4 - Project Closure (Handover to the LATC for BAU)

It should be noted that there are significant differences for each of the in-house services that may have a bearing on the equalities impacts of the changes. As way of introduction some details about each service are included below

### **Barnet Independent Living Service**

- Barnet Independent Living Service offers a range of support for Barnet residents with a physical or sensory impairment. From April 2009, this service replaced the previous day services based at Flightways Resource Centre.
- The new service forms a partnership between Adult Social Services staff (Barnet

Independent Living Team) and the user led organisation BDISC (Barnet Disability and Independence Steering Committee). It provides a wide range of services from peer support to preparation for getting paid employment, which aims to improve peoples' quality of life and enable them to maximise their potential to live independently.

- Support is provided under three broad categories; employment and training, rehabilitation and enablement and promoting independence. Referrals for support from the Adult Social Services Barnet Independent Living Team will need to have been assessed by a Care manager under the Fair Access to Care Services (FACS) criteria to qualify for the service
- However individuals who require information and advice or would like to access social or self help activities through BDISC can talk to the BDISC directly.
- The service has developed particular models of peer support to respond to particular needs. This is working well
- BILS working across communities, FACS eligible and lower level needs. Staff report that it is important that it retains equality of access.
- There are fears that personal budgets will decrease the amount of resources input.
- Drop-in is an important part of the service and there are questions about how this could be costed as part and individual budget.
- Some clients have been using the service for up to 20 years

### **Learning Disability Services**

- The Learning Disability Services include the widest range of services; composed of day opportunities, residential care, crisis and respite care, supported living, community access and business support services.
- A number of people with a learning disability have taken up paid work tasters and work experience in the service. These individuals may have been supported to apply for jobs and received on the job support.
- A numbers of people receiving support from the Community Support Team already have a Personal Budget. The Community Support Team had been supporting people through the Personal Budget Questionnaire and support planning process.
- People from other boroughs use the service, they are charged
- Some people may have 1:1 support funded through their care package, this is additional to normal costs for settings
- Some therapy input in settings from external staff or freelancers
- Different types of service will have different hourly rates. This is not reflected in the Direct Payment rate.
- Supported Living links housing and support. There is an option if someone receives a direct payment to choose own support, however this risks the sustainability of the current model of support.
- Crisis bed is available at Valley Way in cases of carer breakdown, or emergencies. It is allocated on the basis of need and until more permanent housing is found. This is a core cost to the service.
- Day services are currently at capacity, there isn't a specific emergency allocation.
- A number of service users at Rosa Morrison and one service user at Valley Way are funded by Continuing Care funding

All services report particular issues around;

- Unpredictability of support requirements. Need for sliding scale of support & resource in order to meet needs.
- For PSI and LD service users, whilst annual and 6 monthly reviews may happen in services in house services do not have access to SWIFT and rely on social work teams to input the latest review information.
- A number of services provide enablement services. These services are not chargeable. Any business plan needs to take this into account and it should be reflected in communications

4. How are the equality strands affected? Please detail the effects on each equality strand, and any mitigating action you have taken so far			
Equality Strand	Affected?	Explain how affected	What action has been taken already to mitigate this?
1. Age	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p><b>Service Users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs, including some that may relate to their age. This may have a positive impact on meeting equality obligations.</p> <p>It is recognised as we move to a more consumer led model; services could be subject to change if demand decreases.</p> <p>Service user data has reflected older service user age profile with a low numbers of service users under 30 on average. There are fewer younger people. This could be because they are accessing a wider range of services rather than day centre provisions.</p> <p>Therefore this change will disproportionately affect older</p>	<p><b>Service Users</b></p> <p>Ongoing communication and support through the change will be very important.</p> <p>There will be further consultation and support for any business related changes.</p> <p>Requirements for future support for service users will be included in the contract with the future service provider (which will be at least 99% council owned), including additional support for those who need it to participate in Self Directed Support</p>

		<p>people using the services.</p> <p>Many of the day centre users have used services for some time and become accustomed to this routine. They may find any subsequent change more difficult.</p> <p>The DoH (2008) evaluation of Individual Budget pilots found that satisfaction was lowest amongst older people and that a substantial proportion of older people found taking control of their care 'a burden'.</p> <p><b>Staff</b></p> <p>The in-house services workforce is on average older than the rest of the department's workforce – in particular there are 13 in-house employees aged 65 or over.</p>	<p><b>Staff</b></p> <p>Individual contract review to ensure all are up to date and consistent with the TUPE transfer.</p> <p>The intention is to maintain the same pension entitlement, terms and conditions.</p> <p>Revisit when the terms of the contract are better understood.</p> <p>There are no planned HR policy changes relating to age.</p> <p><b>Both Groups</b></p> <p>To revisit when draw up SLA with the Local Authority Trading Company.</p>
<p>2. Disability</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p><b>Service Users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support</p>	<p><b>Service Users</b></p> <p>There is a stream of work to understand the costs to an individual for attending each of the services and also current and future access to individual budgets for service users. It is important that any issues of eligibility or affordability are understood as</p>

		<p>planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p>It is recognised as we move to a more consumer led model; services could be subject to change if demand decreases.</p> <p>We have not, to date, mapped the numbers of people with a personal budget using the in-house services. Some people will not currently receive a Personal Budget and therefore the planned Support Planning and Resource Allocation process may result in changes for individuals.</p> <p>In order to ensure that the different needs of the groups involved are met (i.e. people with physical or learning disabilities, or with mental health problems, there must be a level of expertise within the LATC to ensure that appropriate skills and knowledge of staff who deliver services can be supported</p> <p><b>Staff</b></p> <p>Although a similar percentage of people are recorded as having a disability in the in-house services as in the rest of the ASSD workforce, the in-house services do employ 39% of Barnet disabled workers. The transfer of these services could have an implication in terms of how the public view our treatment of disabled employees.</p> <p>Within these services peer support is an important model of service delivery and policies to encourage people with a</p>	<p>soon as possible.</p> <p><b>Staff</b></p> <p>As above (section 1)</p> <p>Data indicates that remaining Barnet staff will be less diverse due to the transfer of Adult Social Services listed in section 3. The Local Authority workforce profile should reflect the profile of the local population. This issue should continue to be monitored through the HR data collection. It may be that targeted work should be undertaken to address this</p>
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		<p>disability to apply for posts are being developed. For example, through the Right 4 Work project and others.</p> <p>Service managers have recognised that the staff data does not reflect their understanding of the workforce. There is known to be an underreporting of disability, especially mental ill health.</p>	<p>issue in the future.</p> <p><b>Both Groups</b></p> <p>To revisit when drawing up SLA.</p>
<p>3. Gender reassignment</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p><b>Service users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p><b>Staff</b></p> <p>This data is not currently collected by HR however, HR policies relating to this equality strand will be transferred.</p>	<p><b>Both Groups</b></p> <p>To revisit when drawing up SLA.</p>
<p>4. Pregnancy and maternity</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p><b>Service users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more</p>	<p><b>Both Groups</b></p> <p>To revisit when drawing up SLA.</p>

		<p>appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p><b>Staff</b></p> <p>As this is just a transfer of existing operations the direct impact is none based on the assumption staff terms and conditions are transferred across to the new delivery vehicle.</p>	
<p>5. Race / Ethnicity</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p><b>Service Users</b></p> <p>Using the data available (subject to gaps and potential errors), there appears to be:</p> <p><u>Learning disabilities service</u></p> <p>31% of users belong to a BME group – 10% are Black/Black British, 16% are Asian/Asian British</p> <p><u>BILS</u></p> <p>39% from a BME group – though again categories used may cause some errors</p> <p>There will be a need to maintain culturally appropriate services and communications will be made available in alternative formats (upon request)</p> <p><b>Staff</b></p> <p>47% of the workforce affected belong to a Black or Minority Ethnic group. This compares to 39% amongst Adult Social Services staff overall, but 72% amongst adult social care providers. So there is a high representation of BME employees amongst the staff to be affected. 35% of the workforce is Black or Black British. This compares to only 23% amongst the wider Adult</p>	<p><b>Service Users</b></p> <p>Monitor and revisit when drawing up SLA.</p> <p>Ensure service user data is kept up to date on databases. Service user feedback should be coded alongside demographic data to unpick whether there are any issues or concerns among any particular demographic group.</p> <p><b>Staff</b></p> <p>Revisit when SLA</p>

		<p>Social Services workforce</p> <p>There will be an attempt to retain the diversity of the workforce through contract clauses to enable future recruitment of a representative workforce.</p>	
<p>6. Religion or belief</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p><b>Service Users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p><b>Staff</b></p> <p>There are significant data gaps. Barnet HR policies are to be maintained post transfer to prevent any negative impact.</p>	<p><b>Service Users</b></p> <p>Monitor and revisit when drawing up SLA.</p> <p><b>Staff</b></p> <p>HR policy to be maintained by new provider post transfer</p>
<p>7. Gender / sex</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p><b>Service Users</b></p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations. For example where service prefer</p>	<p><b>Both Groups</b></p> <p>To revisit when drawing up SLA.</p>

		<p>single sex support or activities.</p> <p><u>Learning disabilities service</u> 49% of service users are female</p> <p><u>BILS</u> 53% of service users are female</p> <p><b>Staff</b> 76% of the staff affected are female. This is in line with the rest of the Adult Social Services workforce. Amongst the wider social care market, a higher proportion of women are employed in provider organisations.</p> <p>This change will disproportionately affect female employees.</p>	
<p>8. Sexual orientation</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p><b>Service Users</b> This data is not currently collected however; the new delivery vehicle will need to consider service user feedback, including the feedback from the 'Get Aware' event (2009)</p> <p><b>Staff</b> There will be no impact. There will be a continuation of Barnet policies and procedures to recognise implicit discrimination.</p>	<p><b>Both Groups</b> To revisit when drawing up SLA.</p>
<p>9. Marital Status</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p><b>Service Users</b> New service provider will need to consider any service user feedback, including the feedback from the 'Get Aware' event (2009)</p> <p><b>Staff</b> There will be no impact. There will be a continuation of Barnet policies and procedures relating to civil, conjugal and common</p>	<p><b>Both Groups</b> To revisit when drawing up SLA.</p>

		law partnerships to recognise implicit discrimination.	
10. Carers (discriminated by association)	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p><b>Service Users</b></p> <p>Carers of those attending day centres may be involved in an individuals support planning process, attendance at a day centre may also offer respite to a family carer.</p> <p>Therefore communication and engagement activities will include carers and family carers.</p> <p><b>Staff</b></p> <p>Barnet staff who are also carers may be affected. The flexible working policy will be retained post service transfer.</p>	<p><b>Both Groups</b></p> <p>To revisit when drawing up SLA.</p> <p>Communication and support during consultation and engagement.</p> <p>There will be further consultation and support for any business related changes.</p>

**5. What are the number, types and severity of disabilities in play in this case?**

**Service users**

The Social Services database (SWIFT) do not currently record disability categories. The Strategic Commissioning Team are progressing a business case with the Business Systems team to address this.

There is information held on client files that relates to any particular disabilities or health conditions. This is likely to be defined by diagnosis rather than self definition.

The Diversity Monitoring form used by Barnet Adult Social Services asks for demographic profile including type of disability. This allows for feedback to be analysed along demographic profiles where numbers are large enough to be statistically significant.

All the people who use the in-house service will have, at some point, received an assessment that judged the individual to be eligible for support. This is based on an assessment of risk (and need) rather than disability. Over the years eligibility criteria and interpretation of these criteria has changed. We currently use Eligibility Criteria for Adult Social Care criteria (substantial and critical risk) and the Care Programme Approach in mental health services.

The introduction of Personal Budgets for Service Users will involve a full review.

Very broadly, the numbers of people with a disability defined by LBB care groupings is as follows;

49 people using BILS with Physical and Sensory Impairment recorded on SWIFT. There are 230 people using the in house Learning Disability services (recorded locally), however some people may use more than one service which is not reflected in the numbers.

**Staff**

Based on staff HR files, the following information is available on % of staff defining themselves as having a disability.

<b>DISABILITY</b>		
	<b>All in-house services</b>	<b>Rest of ASSD</b>
<b>Yes</b>	2%	3%
<b>No</b>	95%	95%
<b>Not recorded</b>	1%	2%

There is currently no information available about the severity of the disability, although line managers should have an understanding of this as part of the workplace assessment process.

Service managers have recognised that the staff data does not reflect their understanding of the workforce. There is known to be an underreporting of disability, especially mental ill health however, it is noted that staff are at liberty to decide whether or not to disclose information of their disability and severity.

During the change process that was part of the Care Model development project in Adults Social Services, staff were asked in a separate exercise whether they had a disability and required any support with managing the process. A number of people who had not previously

disclosed did following this exercise and were given personalised support as a result where required.

**6. What are the actions that could reduce the impact on people with disability?**

The council has policies and procedures in place to promote equality of opportunity and eliminate discrimination on the bases of disability and these will need to be maintained and included in the delivery vehicle contract.

There will be targeted and accessible communications to keep people informed (e.g. easy read/ different formats). Information will be made accessible through channels listed in section 12. There will be support for service users during the period of change – e.g. support from a keyworker with Self Directed Support.

Staff terms and conditions such as “reasonable adjustments’ in the workplace according to disability will be will be transferred and maintained.

The people and culture work stream and consultation will support staff issues in addition to informing and receiving feedback from the unions.

**7. What will be the impact of delivery of any proposals on satisfaction ratings amongst different groups of residents**

The process of change or the result of change may result in different satisfaction ratings amongst groups of residents. There may be changes amongst those who use the services particularly as the branding of the LATC is currently unknown. Therefore it is difficult to anticipate the impact of the proposal on Barnet’s reputation. However, this will be monitored and measured by staff surveys, SLA clause for LATC (staff survey) and the Place survey (external residents’ feedback).

Feedback from DoH (2008) evaluation of Individual Budget pilots found the following;

- People using Individual Budgets were more likely to feel in control of their lives than people receiving conventional social care support.
- Satisfaction varied between client groups and as highest among mental health service users and physically disabled people, and lowest among older people.
- A substantial proportion of older people felt that taking control of their support was a 'burden'.

However, Department of Health officials pointed out that the evaluation period ran from November 2005 to December 2007, and that things had improved since in the pilot areas. In particular, they have argued, the concerns of older people about individual budgets have abated and take-up has improved.

**8. How does the proposal enhance Barnet's reputation as a good place to work and live?**

Branding is currently unknown. Barnet's reputation could be better or worse as a result of the change. This will be monitored and measured by staff surveys, SLA clause for LATC (staff survey) and the Place survey (external residents feedback).

The Communications plan addresses key stakeholder groups and will be used as a tool to control reputation changes.

**9. How will members of Barnet's diverse communities feel more confident about the council and the manner in which it conducts its business?**

**Individual budgets – Increasing choice and control**

The implementation of the personalisation agenda will provide eligible people with the opportunity to increase choice and control over purchased services, whether council managed or otherwise provided. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. The council would anticipate that this would have a positive impact and support its obligation to meet its statutory equality duties.

Direct payments, personal budgets and, to a lesser extent, individual budgets are at the core of the government's aim of personalising adult social care services around the needs of users. Through the [Putting People First initiative](#) and most recently 'Think Local, Act Personal (2011)' councils will be expected to significantly increase the number of people receiving direct payments and roll out a system of personal budgets for all users of adult social care, from 2008-11. In the long-term all users should have a personal budget from which to pay for their social care services, apart from in emergencies.

Putting People First is the culmination of a policy process that began in 2005, with the adult social care green paper, *Independence, Well-being and Choice*, and was developed through the 2006 health and social care white paper *Our Health, Our Care, Our Say*. The Department of Health is driving the Putting People First initiative, but scepticism remains among practitioners and social care leaders about the impact of personalisation on social workers' roles, on levels of risk carried by service users and about whether councils will be adequately resourced to deliver reform.

The implications of personalisation have been discussed at all of the Partnership Boards. In addition some of the themes were explored in a consultation on strategic proposals developed in the Care Model Development project. Between 5 September and 14 November 2008, the London Borough of Barnet facilitated a public discussion that included a questionnaire and an open debate on 2 October 2008.

The response was summarised in a public report available on request. The three main themes were as follows;

- a) People had a very balanced view of the advantages and disadvantages of Personal Budgets. Many people reaffirmed the belief that it would help make people more independent and give them more control and choice over their support. Common concerns about the budgets centred on the new risks they introduce for things to go wrong – either because managing them is too stressful for individuals or carers, or that the people



managing them fail to cope with the responsibility and make poor care management or financial decisions. Again, the debate showed that people needed more detail before they could be fully comfortable with the idea.

- b) The discussion about the risk related to choice showed that people thought that this was a real issue that needs to be managed. The most common suggestions for managing such risks centred around 3 points: a) ensuring that all parties involved are actively engaged in the process of assessing risk, b) making sure that cases are reviewed regularly, c) ensuring that advice is always available if people start feeling that something is going wrong.
- c) People were open to the idea of groups other than the council supporting people to plan their care. The perceived benefits of this were that it increased people's independence, choice and control. By contrast, the perceived risks focussed on those people involved having insufficient expertise to assist people needing social services effectively. A very wide range of groups were put forward as having the ability to get involved in this process. The most commonly mentioned ones were family, friends, 3<sup>rd</sup> sector organisations, and health professionals.

### **Transfer of Council activity to a Local Authority Trading Company**

The London Borough of Barnet commissioned a Lessons Learned report from PriceWaterHouse Coopers of previous service outsourcings.

This recognised the following 'The majority of outsourcing arrangements reviewed as part of this work are delivering effective, and in many cases, high levels of services. Whilst many of the deals were procured some years ago, through standard procurement processes and within relatively traditional delivery vehicles, a number of lessons learned have been identified. These lessons should be used to inform the design, procurement and client side management of any new delivery vehicles, considered as part of the future shape project.'

In order that the council feels more confident about the Council and the way it does its business PWC recommended that the following 6 criteria are applied to any future transfers

**1. To recognise the need and purpose for partnerships by establishing what successful working arrangements are.** This will mean that the Council and its partner(s) acknowledge:

- the principal barriers to successful partnership working,
- there is a mutual understanding of those areas of activity where Partners can achieve some goals by working independently of each other and
- that both sides build customer satisfaction at the heart of the purpose of the venture.

**2. To develop clarity and realism of purpose** by ensuring that the partnership has a clear vision, shared values and objectives underpinned by agreed service principles.

- clearly defined joint aims and objectives (which are realistic)
- clearly defined service outcomes.

**3. To ensure commitment and ownership** by:

- demonstrating clear commitment to Partnership working from the most senior levels of the organisation,
- employing widespread ownership of the Partnership across and within all Partner organisations and

- Ensuring that working outside of the Partnership is discouraged and dealt with.
4. **To develop and maintain trust** by being clear about the way the Partnership is structured and recognises and values each Partners contribution.

- benefits derived from the Partnership must be fairly distributed among all Partners
- levels of trust within the Partnership must be high
- shared risk taking.

5. **To develop clear and robust partnering arrangements** by:

- being clear as to what financial resources each Partner brings to the Partnership,
- that resources that each Partner brings to the Partnership are understood and appreciated
- that each Partner's area of responsibility is clear and understood with strong lines of accountability for the performance of the Partnership as a whole and
- The Partnership's principal focus is on process, outcomes and innovation.

6. **To monitor, measure and learn** by ensuring that each Partner has clear success criteria in terms of both service goals and the Partnership itself. The Partnership must:

- have strong monitoring and management arrangements
- clear and robust structure that enables the Partnership's aims, objectives and working arrangements to be reconsidered and, where necessary, revised in the light of monitoring and review findings but also changing customer and delivery requirements.

It is important that any consultation considers monitoring against different demographic characteristics. Coding will unpick whether there are any issues or concerns among any particular demographic group

**10. What measures and methods have been designed to monitor the application of the policy or service, the achievement of intended outcomes and the identification of any unintended or adverse impact?** *Include information about the groups of people affected by this proposal. Include how frequently will the monitoring be conducted and who will be made aware of the analysis and outcomes? Include these measures in the Equality Improvement Plan (section 14)*

Please refer to engagement and communications plans for:

- Service Users, Carers and Parents
- Staff and Trade unions

For further information contact: Richard Harrison, Project Manager 020 8359 2109

Please also see section 14

**11. How will the new proposals enable the council to promote good relations between different communities?** *Include whether proposals bring different groups of people together, does the proposal have the potential to lead to resentment between different groups of people and how might you be able to compensate for perceptions of differential treatment or whether implications are explained.*

As this is just a transfer of existing operations there will be no real change directly impacting upon communities. However, we are confident that the implementation of the personalisation agenda will increase choice and control for individuals to purchase more inclusive activities. There will be opportunities for the LATC to respond to market ensuring services are ones which service users **can** and **want** to buy.

**12. How have residents with different needs been consulted on the anticipated impact of this proposal? How have any comments influenced the final proposal? Please include information about any prior consultation on the proposal been undertaken, and any dissatisfaction with it from a particular section of the community.**

There are planned activities to consult residents and service users in the communications and engagement plan. These include consultation days, 1:1 communication, newsletters (including Easy Read), CommUNITY Barnet website, Barnet First and the Barnet council website.

A series of engagement events were held between January – February 2011. Staff, service users, carers, families, Trade Unions and members of the Learning Disability and Physical & Sensory Impairment Partnership Boards were also invited to attend. The events were also published on the commUNITY Barnet website. The feedback from the events have been built into the business case where appropriate. All feedback from the events are listed in appendix 4 of the business case.

Weekly messages are cascaded from the project sponsor to service managers and staff. Project team meetings are held monthly which included all respective service managers and a staff panel convenes every 6 weeks. The staff panel is chaired by the Deputy Director of Adult Social Services (Acting) and facilitated by the project manager to engage in two way communication with staff representatives from each service.

The communication channels and approach to consultation will be revisited for each critical milestone to ensure this is fit for purpose. Feedback from service users will also inform as to their preferred method of communication.

13. Decision:			
No Impact  <input type="checkbox"/>	Positive Impact  <input type="checkbox"/>	Neutral Impact  <input checked="" type="checkbox"/>	Negative Impact or Impact Not Known <sup>1</sup>  <input type="checkbox"/>

<sup>1</sup> 'Impact Not Known' – tick this box if there is no up-to-date data or information to show the effects or outcomes of the function, policy, procedure or service on all of the equality strands.

## 14. Equality Improvement Plan

Please list all the equality objectives, actions and targets that result from the Equality Impact Assessment (continue on separate sheets as necessary). These now need to be included in the relevant service plan for mainstreaming and performance management purposes.

Equality Objective	Action	Target	Officer responsible	By when	Status
Service users and carers and staff in the in-house services understand the changes and feel supported through the change	Implement Communications plan	Written communication sent to all service users and carers.	Project manager with support from Adults SMT.	Beginning October 2010 and ongoing throughout the project lifecycle as per communications and engagement plan.	Completed
SLA with future Local Authority Trading Company, reflects current policy regarding equalities duties and provision of appropriate services	Include appropriate contract clauses in SLA Consult with service reps and staff on the draft SLA	Add consultation and review activities to the 'More Choices' project plan	Project Manager / Service Manager	December 2010	On-going
Support individuals disproportionately affected by proposals, for example where Individual Budgets do not cover the cost of the service or eligibility criteria exclude individuals	Find out costs of in-house services	Include within detailed analysis of the business case.	Project Manager	November 2010	Completed
	Monitor current and future access to individual budgets. Put in place plans to support individuals with the changes Raise as an issue with Care Services Delivery	Raise issue with Care Services Delivery for support in place. Impact of change is managed and where possible, minimised	Service Manager / Commissioning Team	July 2011	On-going
Lessons are learnt from roll out of personal budgets elsewhere, to ensure that those who will find the change the most difficult are supported	To be included in analysis - considering risk of support not being available	Benchmark with other local authorities for inclusion within Full Business Case analysis.	Project Manager	December 2010	Completed

Equality Objective	Action	Target	Officer responsible	By when	Status
Lessons are learnt from outsourcing initiatives elsewhere, for example the PWC Lessons Learnt report to ensure that Barnet's diverse communities have confidence in the way that Barnet does business	To be included in analysis.	Inclusion within the Full Business Case	Project manager	November 2010	Completed
Equalities considerations are key throughout the project as plans become clearer	Review Equalities Impact Assessment and plan at key points during the project as plans	Review activities are added to the 'More Choices' project plan at key points and managed by the Service Manager.	Project Manager / Service Manager	December 2010	On-going
Lessons are learnt from the experience of Direct Payments and personalisation in Barnet	Add learning from Direct Payments and personalisation	Add information to second iteration of the EIA	Service Manager / Project Manager	November 2010	Initial comments added, see section 9
Lesson are learnt from staff changes as part of the Care Model Development project around managing change	Add learning from Care Model Development project around managing change	Add information to second iteration of the EIA	Service Manager / Project Manager	November 2010	Initial comments added, see section 5

<b>1<sup>st</sup> Authorised signature (Lead Officer)</b>	<b>2<sup>nd</sup> Authorised Signature (Member of SMT)</b>
<b>Date:</b>	<b>Date:</b>

## Document Control

<b>Document Owner</b>	Kate Kennally, Director of Adult Social Care and Health
<b>Contact Details</b>	<a href="mailto:richard.harrison@barnet.gov.uk">richard.harrison@barnet.gov.uk</a>
<b>Document location</b>	Wisdom URL / file-path TBC

## Version Control

Version	Details of update	Author	Issue date	Status
0.1	Initial draft for comment	Richard Harrison / Rachel Williamson	30/09/10	Draft
0.2	Incorporation of statistics	Richard Harrison / Rachel Williamson	12/10/10	Draft
1.0	Approval from Adult Social Services Senior Management Team and Equalities Network	N/A	19/10/10	Approved
1.1	Updated to reflect current position and progress.	Richard Harrison / Rachel Williamson	18/02/11	Draft
1.2	Updated to reflect the removal of PSI (The Network)	Richard Harrison / Andrew Serlin	22/02/11	Draft
1.3	Inclusion of additional narrative for Community Space and Agatha House	Jane Surtees	15/03/11	Draft
2.0	Approval from Service Manager for Learning Disabilities	N/A	16/03/11	Approved

# Appendix C

## One Barnet Programmes – Employee Equality Impact Assessment

### One Barnet Programme Name: More Choices (Adults In-House)

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

<b>Project Owner:</b>	<b>Kate Kennally</b>
<b>Date process started:</b>	<b>2 September 2010</b>
<b>Date process ended:</b>	

<b>This EIA is being undertaken because it is:</b>	<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 More Choices Project**

The aim of this project is to change the delivery model for the adult social services provider services, grouped under two linked themes: personalisation and efficiency.

A fundamental element of the Government's transformation agenda for Adult Social Care and a Corporate objective for Barnet is to give people greater choice and control. In terms of Adult Social Care this is in meeting service user care and support needs, including through the provision of Personal Budgets and direct payments for individuals eligible for social care services. The primary objective is to put individuals in control of commissioning their own support, meaning that social care budgets will follow the individual with an option to purchase services which are currently offered in-house. The new service model will need to be innovative, agile and nimble to respond to market conditions and organically expand; offering services people (including personal funders) can and want to buy.

London Borough of Barnet (LBB) has set a target that by December 2011 all adult community care service users will have a Personal Budget. On 16th November 2010, the Department of Health's vision for Adults Social Care "Capable Communities and Active Citizens" presses for councils to not only provide personal budgets for everyone eligible for ongoing social care by April 2013 but also states that budgets should be deployed as a direct payment.

Secondly, it has been identified that the In-House services are currently being subsidised by the council. The very present national tightening on public spending has also highlighted the need to reduce costs in the way in which services are provided, and this project also exploring alternative delivery models for a range of its services to achieve better value for money.

This EIA deals with the staff affected by the project, a separate EIA has been conducted for service users, carers and families. This EIA is a living document and will be reviewed at each major project milestone as outlined in section 2.

### **1.2 Description of the critical milestones**

- Identification of staff affected by the transferral of Adult In-House Social Services to a Local Authority Trading Company (incorporating Barnet Homes).
- Engage with affected staff, service users and carers on the proposed structure change, business case and provide an opportunity for them to feedback their ideas for inclusion within the business case where appropriate.
- Engage with the Trade Unions to review the content of the Business Case and consider responses.
- Cabinet Resources Committee (CRC) and Barnet Homes boards for approval



- Inform affected staff, service users, carers including Barnet Homes staff and service users of CRC decision
- If approved:
  - Conduct due diligence.
  - Consult with affected staff (formal) and service users on the change.
  - Consider consultation responses and take a decision on the proposed changes in light of responses.
  - Agree contract management and governance arrangements
  - Implement the change; Local Authority Trading Company (LATC) formation and TUPE transfer of staff.

### 1.3 Key Stakeholders

All service users, families, carers and affected staff working at the following Adult In-House Services:

- **Learning Disability (LD) Services**
  - Rosa Morison
  - Flower Lane Autism Service
  - The Space
  - Agatha House
  - Valley Way
  - Barnet Supported Living Service
  - Community Support Team
  - Business Development Unit
- **Physical and Sensory Impairment Services**
  - Barnet Independent living Services
- Barnet Homes
- Adult Social Services Directorate
- All Partner Organisations  
Such as Mental Health Trust, NHS Barnet (including the Barnet Learning Disability partnership board)
- Third Sector Agencies  
Advocates such as Mencap, Barnet Peoples Choice, LD Parliament representatives

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

## **2.1 Project Initiation: Identification of staff scope**

Only staff whose job role has a direct impact as a result of this change will be included in this consultation. This staff group has been identified by service managers within Adult Social Services (AdSS), HR business partner and project manager.

This has been based solely on the positions within the establishment. On 4 February 2011 a decision was taken by the Mental Health Partnership Management Group to remove the Network from scope for transfer to the LATC. No equalities issues are expected.

## **2.2 Conclusion of Cabinet Resources Committee**

The CRC approval will be required for approval of the business case which sets out the case for change including financial and non-financial benefits. CRC approval will enable the set up of a local authority trading company structure, incorporating Barnet Homes and the transitioning of services. This phase will require due regard to governance, diligence and contracts between the council and the LATC. Following this, a revised EIA will be prepared for the General Functions Committee (GFC) for consideration of the staffing implications of this proposal.

## **2.3 Trade Union Engagement arising from TUPE consultation**

Formal consultation for staff in scope for transfer will be triggered upon approval from the General Functions Committee. Consultation will be conducted with all affected staff in compliance with the Councils Managing Organisational Change Policy. Due to the nature of the services, there will be separate briefings which will occur on the same day.

Staff will be given the same consultation form and all provided with 1:1 meetings with their respective managers to discuss the proposal and raise any concerns. They are at liberty to respond to the consultation directly or through their line manager. Any issues raised during the consultation will be investigated on an individual basis with their manager to look for a suitable resolution. Issues that could be raised by staff are the nature of the new LATC differences in terms and conditions, TUPE and pensions.

All consultation responses will be collated by the project manager and presented to the Project Board for discussion of any particular issues or concerns. The final decision will be taken by the Project Sponsor and Senior User (Director and Deputy Director of the affected services). No equalities issues, other than any raised and worked through during the consultation are expected.

## **2.4 Point of transfer to the LATC**

The conclusion of TUPE consultation and implementation of the change for the externalisation of



	<b>Black or Black British</b> Caribbean African Other Black	68							
	<b>Chinese or Other Ethnic Group</b> Chinese Other Ethnic Group	Figure Withheld to prevent identification							
<b>Disability</b> <b>(10-Y</b> <b>224-N</b> <b>Blank- 6)</b>	<b>Physical co-ordination</b> (such as manual dexterity, muscular control, cerebral palsy)								
	<b>Hearing</b> (such as: deaf, partially deaf or hard of hearing)	Figure Withheld to prevent identification							
	<b>Vision</b> (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)								
	<b>Speech</b> (such as impairments that can cause communication problems)								
	<b>Reduced physical capacity</b> (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)								
	<b>Severe disfigurement</b>								
	<b>Learning difficulties</b> (such as dyslexia)	Figure Withheld to prevent identification							
	<b>Mental illness</b> (substantial and lasting more than a year)								
	<b>Mobility</b> (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)								
	<b>Gender Identity</b>								
<b>Transsexual/Transgender</b> (people whose gender identity is different from the gender they were assigned at birth)		0							
<b>Pregnancy and Maternity</b>									
	<b>Pregnant</b>	Data not available							

	Maternity Leave (current)								
	Maternity Leave (in last 12 months)								
<b>Religion or Belief</b>	Christian	108							
	Buddhist	Figure Withheld to prevent identification							
	Hindu	Figure Withheld to prevent identification							
	Jewish	Figure Withheld to prevent identification							
	Muslim	Figure Withheld to prevent identification							
	Sikh	Figure Withheld to prevent identification							
	Other religions	16							
	No religion	43							
	Not stated	50							
	<b>Sexual Orientation</b> <b>(Prefer not to say 89 Blanks- 27)</b>	Heterosexual	119						
Bisexual		Figure Withheld to prevent identification							
Lesbian Gay		Figure Withheld to prevent identification							
<b>Marriage and civil partnership</b> <b>(unknown – 59 cohab- 2)</b>	Married	75							
	Single	92							
	Widowed	Figure Withheld to prevent identification							

		identifi cation							
	Divorced	10							
	In Civil partnership								
<b>Relevant and related grievances</b>									
	Formal	2							
	Upheld	0							
	Dismissed	0							

### 3.2 Evidence

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

Data used to assess numbers in the groups with protected characteristics has been provided by SAP, the Councils HR management system. Employees within each service area have also been ratified by each service manager; therefore the monitoring summary may be more recent than the data provided in SAP.

The impact on these groups has been assessed through group consultation with service managers of each service.

### 3.4 Evidence gaps

N/A

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

N/A

## 4. Project Milestone Outcomes, Analysis and Actions

### 4.1 Summary of the outcomes at each milestone

At the point of writing, the project is approaching milestone 2. The outcome of milestone 1 is outlined below.

#### 4.1.1 Project Initiation: Identification of staff scope

The detail is set out at table 1. At this milestone it is not envisaged that there should be any adverse equalities impact on any protected characteristic grouping.

**4.1.2 Conclusion of Cabinet Resources Committee (CRC)**

TBD

**4.1.3 Engagement with Trade Unions arising from TUPE consultation**

TBD

**4.1.4 Point of transfer to the LATC**

TBD

**4.2 Actions proposed**

**4.2.1 Project Initiation: Identification of staff scope**

None

**4.2.2 Conclusion of Cabinet Resources Committee (CRC)**

TBD

**4.2.2 Engagement with Trade Unions arising from TUPE consultation**

TBD

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#### 4.2.3 Point of transfer to the LATC

TBD
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### 5. Briefing, Sharing and Learning

<b>EIA Consultation -</b>	
<b>Group Content (by Title):</b>	
<b>Date Consultation Group Held:</b>	
<b>Comments resulting from consultation:</b>	
<b>Actions following consultation:</b>	
<b>Comments not actioned and reason:</b>	

#### Business Scrutiny:

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

**Table 2**



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 - Consolidation</i>						
<i>Milestone 2 - Voluntary Redundancy</i>						
<i>Milestone 3 - Transfer Date</i>						

Draft



# **Interim Critique Business Case for Adult Services**

March 2011

## 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 Book<sup>1</sup> and associated supplementary guidance such as on written on business cases using the Five Case Model<sup>2</sup>.

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.

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<sup>1</sup> HM treasury Green Book Reference

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

## **Summary**

The draft Business Case: Future of Adult Social Services In-house Provider Services project, version 1.6, February 2011.

The following comments are based are contained under five headings:

1. Business Case methodology
2. Risk assessment
3. Financial analysis
4. Equalities assessment
5. Employment policies

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.

## 1. Business Case methodology

The draft Business Case has been assessed using a matrix developed from Office for Government Commerce, Local Partnerships and HM Treasury Green Book best practice guidance on the preparation of Business Cases.

The structure of the draft LATC Business Case is summarised on page 5 and divided into seven parts:

1. Executive summary
2. Introduction
3. Scope and existing service delivery arrangements
4. Benefits case
5. Constraints dependencies and risks
6. Commercial aspects
7. Project Plan and roles
  - Service descriptions
  - Financial model approach
  - High-level business plan
  - Stakeholder engagement and feedback

A comparison with the scope and content of the best practice business case matrix highlights many important omissions in the LATC draft. Several key elements have been omitted and are highlighted in Table 1.

X = Omitted from Business Case

O = Only partially included

The trade unions have further comments to make on other aspects of the draft but we have focused on identifying the major shortcomings in this interim report. This identifies eight key issues which are missing from the business case and a further nine areas which are only partially included. Significant further work is required before the business case can be fully assessed.

Table 1: **Assessment of content of LATC Business Case**

<b>Content of Business Case</b>	
<b>Strategic case</b>	
Policy context and strategic fit	
Service/business needs and requirements	
Rationale for change	
Critical success factors and objectives	
Corporate impact	X
Strategic risks	X
Assessment of constraints, dependencies and opportunities	
<b>Economic case</b>	
Justification for option	O
Cost benefit appraisal including wider impacts (economy, equalities, sustainability, environment) & distributional impacts	X
Transaction costs	O
Sensitivity analysis	X
Value for money assessment	X
<b>Commercial case</b>	
Risk assessment, allocation and risk register	O
Payment mechanism	
Employment policies, staffing, terms and conditions/pensions	O
Equalities	X
<b>Financial case</b>	
Budget forecasts	
Capital and revenue forecasts	
Third party income	
User charges	O
Income and expenditure	O
Affordability based on whole life costs	O
Contingency plans for cost overruns/liabilities	X
<b>Management case</b>	
Governance arrangements	
Delivery plan	
Transformation plan	O
Stakeholder involvement	X
Benefits realisation plan	
Contract management, monitoring and review	O

## **2. Risks**

The lack of a full business/service related risk assessment and a risk register is a serious omission. The identification of some risks (draft pages 47/48 and 53) is unstructured and the following risks are omitted:

- Democratic and governance risks
- Demand risk and competing provider risk
- Funding and affordability risks
- Operational/Safeguarding risks

The proposed LATC structure and the transfer of services and staff have significant risks for the Council, service users, staff and to Barnet Homes and tenants. The transfer is occurring at a time of substantial policy changes such as the move to personal budgets/direct payments and large cuts in public spending over the next four years. Predicting future needs, demand, user responses and financial viability in an age of uncertainty is difficult with significant potential risks. Thus the process of identifying risks, allocating responsibility and preparing mitigating action should be a core part of the business case.

### **3. Financial analysis**

#### **Cost of additional layer of management**

On page 50, figure 25 shows the new structure of LATC and the proposed governance arrangements on page 52, figure 26. This implies considerable additional layers of management if the Council is to ensure adequate separation of duties, effective accountability and avoidance of conflict of interest. The cost of this extra layer of management has not been included in the business case.

#### **Competition in the market place**

The premise by which the business case stands is the ability of the LATC to be able to trade and make a profit. However it ignores any competitive forces in the market that is likely to impact on the future trading sustainability of the LATC. There is limited understanding of the competition from the voluntary and private sector and no analysis as to what maybe taking place in neighbouring boroughs. The report claims that the LATC will have a monopoly in the market place.

#### **Impact of direct payments and longer-term sustainability of model**

The business case is based on legal advice that “direct payments cannot be used to purchase this type of service” (pages 7, 9, 11, 35).

The business case assumes the LATC will continue to have a monopoly in the provision of Adult services. This is questionable. New alternative providers are unlikely to develop in the short-term but the private/voluntary sector could start providing elements of services that compete with LATC provision and thus reduce its operating margins. The business case is very Barnet focused and there is no indication that a sector or market analysis has taken account of planned changes in neighbouring boroughs. There is also a general lack of supporting evidence for the changes in the proposed changes to charges.

The implications of personal budget and direct payment are not adequately examined in the business case. It states: *“There is not any guarantee that people with direct payments will purchase LATC services”* (page 35). Given the high level of uncertainty over the timescale, implementation and service users response to personal budgets and direct payments the business case should examine the implications and risks of different scenarios instead of simply assuming targets (page 35). The adequacy of personal budgets to meet the cost of services and/or the introduction of price bands, new charges and other mechanisms to increase income could lead to a national crisis in social care.

Council transaction costs of £200,000 and retained client annual costs of £67,000 have been assumed (page 32). However, these costs appear to be under-estimated. The business case later refers to “initial estimates” (page 46). Further clarification of these costs is essential.

On pages 10-11 the business case presents commentary on financial and non financial benefits without providing any values to these benefits. It is our view that a business case must provide objective evidence for example key benefit targeted in relation to maintaining and improving service delivered there is not target figure for customer satisfaction to be achieved.



On page 31, Table 13 provides indicative saving to be achieved by reduced corporate overheads. The figures for potential savings do not clarify whether these are all cashable savings.

#### **4. Equalities assessment**

Our analysis of the Options Appraisal concluded: *“The options appraisal is totally devoid of equal opportunities policy implications – no reference to the gender/race of staff and service users, no assessment of the potential impact of the options on staff or service users”* (Barnet UNISON, 2010).

An Equalities Impact Assessment is similarly absent from the draft Business Plan. In fact, there is no reference to equalities in the draft. A pattern is emerging of systematic disregard for equalities, which we can only conclude, are a result of lack of understanding and/or poor management. The ‘problem’ will not be solved by attaching equalities impact assessment at a later stage, because equalities should be one of the core values on which the business case is built, particularly given the nature of the services concerned.

#### **5. Employment policies**

An analysis of staffing levels and employment policy matters is also absent in the Business Plan. It only refers to legal matters concerning a TUPE transfer (pages 53/55).

We assume the financial model will have made certain assumptions about staffing levels, terms and conditions in projecting costs over the four year plan period. The Council and the LATC must disclose these assumptions to staff and the trade unions. Any deterioration in terms and conditions and pensions could damage the quality and attraction of these services. The services stand and fall by the ability and commitment of the staff group. Although the LATC will be a separate employer, the Council cannot claim that they have to defer decisions on staffing levels, terms and conditions until after the transfer of staff and the LATC becoming the employer, because employment costs are a fundamental part of the viability and sustainability of the business case. Another Fremantle type dispute would have a major impact on services, users, staff, trade unions, the LATC and the Council.

The trade union comments on the Adult In-house Services options appraisal report made clear our concerns about the lack of information on future employment policies. The superficial scope of the ‘personnel issues’ section in the draft business case indicates that there has been little progress.

## Appendix E

### **Response to Trade Union's Interim Critique of the Adults In-House Business Case for CDG 29 March 2011**

#### ***Summary***

A copy of the Adults In-House Business Case v1.6 was shared with Trade Unions on an embargoed basis on 17 February 2011. During 24 January – 4 February 2011 representatives from UNISON and the GMB attended staff engagement briefings on the business case.

On 23 February, the Project Manager and Project Sponsor met with representatives from UNISON and GMB to answer questions on the Business Case. The Trade Unions have considered this document and provided an Interim Critique dated March 2011.

The Trade Unions have set out comments under the following five headings in response to the Business Case: Future of Adults Social Services In-House Provider Services project, version 1.6, February 2011:

1. Business Case methodology
2. Risk assessment
3. Financial analysis
4. Equalities assessment
5. Employment policies

The Trade Union comments are outlined below with responses addressed in turn and set out below. A number of issues raised will be covered in future stages of the project, particularly those relating to negotiations between the council and LATC and detailed business planning.

The full Interim Critique Business Case for Adult Services, March 2011 document can be found in appendix B.

## **1. Business Case Methodology**

The Trade Unions do not believe that a standard project management methodology is being used e.g. Prince 2 and wish for the HM Treasury Green Book and associated guidance on business cases is followed.

The One Barnet programme office is using the London Borough of Barnet project management methodology, which is based upon Prince 2. The Trade Unions have stated that the methodology does not meet their expectations.

The HM Treasury Green book on business cases has not been followed; however the London Borough of Barnet Project Methodology is the corporate standard for the authority therefore staff will be familiar with the format which has been agreed by the One Barnet programme office, the project sponsor and the implementation partner. Employees, should they wish to can access the corporate standard detailing the approved council methodology available on the Barnet intranet site.

The business case has been written in accordance with the London Borough of Barnet's project methodology as stated above. The business case has been reviewed and approved in principle by the One Barnet Programme Manager who provides a project assurance function to the Adults In-House Project Board. It will be cleared for CRC by officers and by the Adult Social Service Cabinet Member, Cllr Rajput.

## **2. Risks**

### **Comment**

*The lack of a full business/service related risk assessment and a risk register is a serious omission. The identification of some risks (draft pages 47/48 and 53) is unstructured and the following risks are omitted:*

- *Democratic and governance risks*
- *Demand risk and competing provider risk*
- *Funding and affordability risks*
- *Operational/Safeguarding risks*

*The proposed LATC structure and the transfer of services and staff have significant risks for the Council, service users, staff and to Barnet Homes and tenants. The transfer is occurring at a time of substantial policy changes such as the move to personal budgets/direct payments and large cuts in public spending over the next four years. Predicting future needs, demand, user responses and financial viability in an age of uncertainty is difficult with significant potential risks. Thus the process of identifying risks, allocating responsibility and preparing mitigating action should be a core part of the business case.*

### **Response**

The Trade Unions claim that the risk assessment and risk register have omissions. The risks section reflects the fact that the solution is a commercial

business model and highlights the possible major risks identified thus far for the transition process. The Business Case provides a framework for planning and managing the business change however, it is the business plan which will outline the definitive strategic and operational risks for the Local Authority Trading Company.

Should the LATC formation be approved, the transfer of employees will follow the TUPE Regulations 2006. Throughout the process so far there has been valuable employee engagement. This has taken place through management workshops and staff engagement programmes, these will continue throughout the process.

Any risks identified that may affect employees have been recorded and developed into the project plan. Employees have been given the opportunity to ask questions through various routes and these have formed the Q&A. Any perceived risks brought to our attention during these times have been responded to as appropriate. Where risks have emerged which require further investigation the Project has taken these forward for resolution as appropriate.

The Pensions committee has received and approved a report requesting should the move to the LATC take place and employees TUPE transfer, the Pension provision will be provided via the LATC as either Designated or Admitted Body Status. This means that the employees' pensions will continue to be provided through the existing arrangements.

The high level business plan appended to the business case provides a roadmap for the full business plan. The high level transition plan outlines the key workstreams in the next stage plan which will involve negotiations as part of the due diligence processes between the LATC and the council. The 'omission' on the risk register referred to by the Trade Unions reflects the fact that the council is a monopoly, this will continue to be the case for the services upon transfer and is therefore not deemed a high risk.

It is not common project management practice to include an entire risk register in a business case. Project risks will continue to be managed using a project risk log which will feed programme and corporate risk logs as appropriate.

The specific specified risks and responses are detailed below:

- **Democratic and governance risks**

External legal advice from Trowers & Hamlins LLP has indicated that democratic and governance risks are low. Trowers & Hamlins LLP were appointed based on their experience of setting up Local Authority Trading Companies elsewhere. Proposed governance arrangements are detailed in section 7.3.2.

Section 2.3 - Strategic Fit of the business case outlines how the services sit within the future shape of the council.

- **Demand risk and competing provider risk**

The council is already established within the market for Adult Social Services. As mentioned above, the council is a monopoly therefore it is envisaged that in the short to medium term covered within the business case, demand and competitors will remain largely unchanged.

A number of services, such as Flower Lane Autism Service and Rosa Morison Day service have no similar competitors in the neighbouring boroughs and provide very specialist support. They are, in fact, sought after by service users and professionals in the surrounding areas.

Given the service users are primarily those with a learning disability from birth, it is unlikely service users would seek alternative suppliers based on the familiarity and quality of services provided.

For the transfer of staff and current service provision to the LATC no change has been proposed. A more detailed demand and competitor analysis will be conducted for inclusion within the full detailed business plan to cover the medium to long term.

- **Funding and affordability risks**

The roll out of personal budgets is a national government initiative and high level analysis has been conducted. Currently the arrangements for the services in-scope for transfer to the LATC constitute a block funding arrangement with the council. With emphasis on choice and control within the personalisation agenda, it will be necessary for changes to the delivery vehicle. This will enable service users to continue purchasing services which are currently provided in-house by the council.

There would be a risk to the council of double-funding of packages for individuals if the current block arrangements continue as individuals may choose to use personal budgets elsewhere. This would leave the services in a precarious financial position of high expenditure without service users.

The services are currently costed into the personal budgets of service users therefore services remain affordable within the Resource Allocating System. Financial modelling included consideration of unit costs to ensure that they were in line with those of other local authorities providing similar services.

- **Operational/Safeguarding risks**

No significant operational or safeguarding risks have been identified. It is proposed that the LATC comply with the Barnet safeguarding procedures which will be included in the contract novation as identified in the transition plan, section 8.2 (p60).

### **3. Financial Analysis**

#### **3.1 Cost of additional layer of management**

##### **Comment**

*On page 50, figure 25 shows the new structure of LATC and the proposed governance arrangements on page 52, figure 26. This implies considerable additional layers of management if the Council is to ensure adequate separation of duties, effective accountability and avoidance of conflict of interest. The cost of this extra layer of management has not been included in the business case.*

##### **Response**

The business case is a working document and the current draft outlines indicative costs as we are further developing the structure. Further work is being undertaken and this will be costed and taken forward as appropriate. This was an integral part of the employee engagement workshops with employees and managers, where there was time for questions and these were welcomed during the session.

The structures will be remodelled using current management resources. Non Executive Directors and Service user/carer representation will need to be negotiated and confirmed as part of the shadow operation. This will be included within the Business Plan. LBB shareholder representation and non-Executive Directors are also to be determined however, the frequency of the board is quarterly and therefore any associated costs will be minimal.

#### **3.2 Competition in the market place**

##### **Comment**

*The premise by which the business case stands is the ability of the LATC to be able to trade and make a profit. However it ignores any competitive forces in the market that is likely to impact on the future trading sustainability of the LATC. There is limited understanding of the competition from the voluntary and private sector and no analysis as to what maybe taking place in neighbouring boroughs. The report claims that the LATC will have a monopoly in the market place.*

##### **Response**

The business case is seeking approval from CRC to develop the full business plan. This plan will outline how the company will operate in the short to medium term.

High level analysis has been conducted in the first instance against other Local Authority Trading Companies (LATC) currently trading with London. We are currently aware of, two established and operational local authority trading companies in relation to Adult Social Care.

As stated in section 2, a number of services, such as Flower Lane Autism Service and Rosa Morison Day service have no similar competitors in the neighbouring boroughs and provide very specialist support.

The market will develop over time as service users decide what they want to buy with their budgets. The LATC is expected to develop services which service users will find attractive.

Analysis has been conducted on neighbouring borough councils as part of the North London Strategic Alliance. No LATCs are currently trading within North London. It is agreed a detailed competitor analysis needs to be conducted to include other types of competitors such as the private/voluntary sector. This will be included within the business plan as outlined on p84. If this changes our assumptions and requires costs revisions as a result of the analysis, then this will be reflected within the full business plan.

### **3.3 Impact of direct payments and longer-term sustainability of model**

#### **Comment**

*The business case is based on legal advice that “direct payments cannot be used to purchase this type of service” (pages 7, 9, 11, 35).*

*The business case assumes the LATC will continue to have a monopoly in the provision of Adult services. This is questionable. New alternative providers are unlikely to develop in the short-term but the private/voluntary sector could start providing elements of services that compete with LATC provision and thus reduce its operating margins. The business case is very Barnet focused and there is no indication that a sector or market analysis has taken account of planned changes in neighbouring boroughs. There is also a general lack of supporting evidence for the changes in the proposed changes to charges.*

*The implications of personal budget and direct payment are not adequately examined in the business case. It states: “There is not any guarantee that people with direct payments will purchase LATC services” (page 35). Given the high level of uncertainty over the timescale, implementation and service users response to personal budgets and direct payments the business case should examine the implications and risks of different scenarios instead of simply assuming targets (page 35). The adequacy of personal budgets to meet the cost of services and/or the introduction of price bands, new charges and other mechanisms to increase income could lead to a national crisis in social care.*

*Council transaction costs of £200,000 and retained client annual costs of £67,000 have been assumed (page 32). However, these costs appear to be under-estimated. The business case later refers to “initial estimates” (page 46). Further clarification of these costs is essential.*

*On pages 10-11 the business case presents commentary on financial and non financial benefits without providing any values to these benefits. It is our view*

*that a business case must provide objective evidence for example key benefit targeted in relation to maintaining and improving service delivered there is not target figure for customer satisfaction to be achieved.*

*On page 31, Table 13 provides indicative saving to be achieved by reduced corporate overheads. The figures for potential savings do not clarify whether these are all cashable savings.*

### **Response**

It is the case that direct payments cannot be used to purchase adult social services which the council currently provides in-house. It is on this basis that the options appraisal and business case have been conducted.

The business case assumes the LATC will initially continue to have the monopoly currently held by the council as it is not proposed the service offer changes upon transfer of service provision.

The business case covers the short to medium term and it is recognised there could be a potential decline in services in the longer term as the market develops. There will be a challenge for the LATC to remain competitive. However, it is stated in section 4.5.2 on page 38 that the LATC will be in a position to respond to a changing market in a way that the Local Authority would not therefore there is flexibility for the LATC to maintain a competitive edge.

The business case models how the service transfer can be financially viable by applying the leavers outlined on p25. The Trade Unions state that the implications and risks of different scenarios should be examined. It is agreed that this would add value. The business case outlines what targets will need to be reached to achieve the Council's medium term financial strategy. There will be further analysis as the project progresses which will be captured in the business plan.

The £200,000 cost on page 32 relates to implementation costs as identified within the One Barnet Framework. The initial estimates referred to on page 46 refer to savings achievable through corporate recharges. The two figures are unrelated. The business case is a working document and v0.6 is draft so consequently includes assumptions which underpin the financial model.

Further financial modelling will be conducted as part of the necessary due diligence processes. It is agreed that providing values to the financial and non-financial benefits would be beneficial however, performance management and services delivery will be negotiated as part of contract negotiation. The metrics will form part of the contracts between the council and LATC. The management agreement, service level agreement(s) and articles of association will be agreed for inclusion within the detailed business plan which will be presented to CRC when seeking permission for company formation.

In the Business Case (v0.6, page 31) it is clearly stated that potential savings are secondary recharges and not 'real' budgets. Therefore savings can only



be realised and cashed through adjustments in staffing and corporate management arrangements at source.

#### **4. Equalities assessment**

##### **Comment**

*Our analysis of the Options Appraisal concluded: “The options appraisal is totally devoid of equal opportunities policy implications – no reference to the gender/race of staff and service users, no assessment of the potential impact of the options on staff or service users” (Barnet UNISON, 2010).*

*An Equalities Impact Assessment is similarly absent from the draft Business Plan. In fact, there is no reference to equalities in the draft. A pattern is emerging of systematic disregard for equalities, which we can only conclude, are a result of lack of understanding and/or poor management. The ‘problem’ will not be solved by attaching equalities impact assessment at a later stage, because equalities should be one of the core values on which the business case is built, particularly given the nature of the services concerned.*

##### **Response**

The Trade Unions have claimed that an equalities impact assessment is absent from the “business plan”<sup>1</sup>. This is not the case.

The process for the initial equalities impact assessment (EIA) for service users, carers and staff began in September 2010; conducted with service managers, HR, Corporate Equalities and the AdSS Equalities Network.

The first complete iteration concluded a neutral impact and was appended to the High Level Options appraisal, presented to Cabinet on 29 November 2010. The EIA has been revisited and the latest iteration will be submitted to CRC with the business case.

#### **5. Employment Policies**

##### **Comment**

*An analysis of staffing levels and employment policy matters is also absent in the Business Plan. It only refers to legal matters concerning a TUPE transfer (pages 53/55).*

*We assume the financial model will have made certain assumptions about staffing levels, terms and conditions in projecting costs over the four year plan period. The Council and the LATC must disclose these assumptions to staff and the trade unions. Any deterioration in terms and conditions and pensions could damage the quality and attraction of these services. The services stand and fall by the ability and commitment of the staff group. Although the LATC will be a separate employer, the Council cannot claim that they have to defer decisions on staffing levels, terms and conditions until after the transfer of staff and the LATC becoming the employer, because employment costs are a*

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<sup>1</sup> By “business plan”, we believe the unions’ mean “business case”.

*fundamental part of the viability and sustainability of the business case. Another Fremantle type dispute would have a major impact on services, users, staff, trade unions, the LATC and the Council.*

*The trade union comments on the Adult In-house Services options appraisal report made clear our concerns about the lack of information on future employment policies. The superficial scope of the 'personnel issues' section in the draft business case indicates that there has been little progress.*

### **Response**

The business case outlines the staffing levels for each of the in-house services within scope for transfer to the Local Authority Trading Company. The number of staff within scope for transfer are those currently within the service provision to transfer. The employee profile is outlined in the internal EIA which will be submitted to CDG with the business case.

During consultation on the measures provided by the LATC at the appropriate time, the transfer of policies and procedures will be defined. The Council will transfer contractual Terms & Conditions as per the Transfer of Undertakings (Protection of Employment) Regulations 2006.

As per TUPE regulations, the affected staff will have a pension which is comparable with the LGPS. It is currently proposed that the affected staff remain part of the LGPS; this was agreed in principle by the Pensions Fund Committee on 21 March.

No associated assumptions nor recommendations have been made within the business case relating to staff terms and conditions. This is beyond the remit of the authority and will need to be determined by the LATC once formed for inclusion within the business plan. Staff are at no additional risk to a change in terms and conditions than they would be should they remain part of the council.

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## **GMB Interim Response to Business case for the Future of Adult Social Services in-house provider services project**

- 1. The issues raised previously on the joint trade Union critique to the first draft of this Business Case still remain un-addressed in your response to us.**
  
- 2. Further to the issue raised previously around the impact of Direct Payments and the long term sustainability on the project there is an important qualification missing from the report.**

This qualification in regard to the statement; ‘The business case is based on legal advice that “direct payments cannot be used to purchase this type of service”

What the report fails to recognise is that regardless of the council’s and central government policy, the choice remains with the service user as to whether or not they wish to take the Direct Payment. The report identifies that ;

“In context for Barnet, currently eligible social care service users can choose how their personal budget is managed in one of three ways:

1. Self-management or with a trusted other, usually parent/carer, in the form of a direct payment
  
2. The council manages it on behalf of the individual in the form of a ‘council managed budget’

**3. By a combination of a council managed budget and a direct payment” (Page 15 (2.2))**

This makes it clear that there is a **choice** for the users in how they take their personalised budget. If it is made clear to them that if they only take part of their budget as a Direct Payment they will still be able to buy council services, but if they take it all in this way they will not, then **they will still be able to make that choice themselves**. Giving this option to users would reduce or eliminate the risk of double funding over emphasised throughout the report.

Another consideration is the actual take up of Direct Payments may be considerably less than anticipated, even if Barnet wishes it to be high. The added risk to the User of taking a Direct Payment is that they will become the ‘employer’ of anyone providing services directly to them. This means they will be liable themselves for Tax, NI, Sick Leave, Annual Leave, Maternity Leave etc for their employees. This may very well put a lot of people off going down this route.

**3. As stated in the previous Joint Trade Union response there are many assumptions made over the financial details with no supporting evidence.**

Further examples of this include;

- fig 29 (page 61) where there is no increase in spend on VAT on trading, VAT on Support Services or on Group and Board arrangement costs.
- There is also no indication of possible Corporation Tax costs after year 4 of establishment of the LATC.
- The overall predicted reduction in support costs of 75% displayed in fig 14 (p32) combined with a claim to be able to reduce overall back office costs from 19% to 6% (p31) is extremely unrealistic.
- The report also states that due to the current financial constraints on Social Services doing nothing is not an option. The GMB has never claimed that doing nothing was an option. We have repeatedly said that we understand the need for change and have advocated working with staff to make efficiencies and improvements to all services.

**4. The risk of establishing a LATC is understated within the report.**

As the report identifies there are currently only 3 LATC's in existence and none of them encompass an ALMO (p44). As this form of externalisation 'is not a well trodden path' there are no indications of the long term sustainability of such a delivery vehicle. The cost of repairing any damage caused by it's failure will cost far more than the 'potential' benefits of this model.

Page 36 section 4.3 does mention this risk in passing; "New LATCs or other arms-length organisations are particularly vulnerable to failure in the first year of operation and the coterminosity with Barnet Homes should protect against this."

## Appendix G

# **Draft Response to GMB Interim Critique of the Adults In-House Business Case for CDG 26 April 2011**

### ***Summary***

The Trade Unions received a copy of the Adults In-House Business Case v1.6 on an embargoed basis on 17 February 2011. On 23 February, the Project Manager and Project Sponsor met with representatives from UNISON and GMB to answer questions on the Business Case. The Trade Unions have considered this document and provided an Interim Critique dated March 2011.

An interim response was provided to the Trade Unions on 15 April 2011. A further iteration of the Business Case v1.8 was provided to the Trade Unions on 14 April 2011 on an embargoed basis. In response to the above mentioned documents a further interim response has been received by GMB.

Reponses to GMB comments are addressed in turn and set out below.

### **Comment**

*1. GMB claim the issues raised previously on the joint trade Union critique to the first draft of this Business Case still remain un-addressed in your response to us.*

### **Response**

A response has been provided to each question raised in the Interim Critique Joint Trade Union Response based on the Business Case v1.6. A copy of the document is attached to the report as appendix D. A courtesy copy was provided to the Trade Unions ahead of 26 April CDG along with a further iteration of the business case v1.8. The staffing issues have not fundamentally changed.

The current version of the business case is v1.10. Considering the Trade Union feedback received the following changes have been incorporated amongst others since v1.6:

- P9 – Footnote 6 has been included stating management cost assumptions
- P11 – Footnote 9 has been included to specify the approach for measuring performance.
- P25 – Footnote 13 has been included to state the assumptions made for Corporate and back offices service costs.
- P27 – Footnote 16 has been included to state the assumptions underpinning the improvement proposed levers proposed

- P51-52 – Constraints, dependences and risks have been updated to reflect the most current position and incorporate TU feedback.

### **Comment**

*2. Further to the issue raised previously around the impact of Direct Payments and the long term sustainability on the project there is an important qualification missing from the report.*

*This qualification in regard to the statement; ‘The business case is based on legal advice that “direct payments cannot be used to purchase this type of service”*

*What the report fails to recognise is that regardless of the council’s and central government policy, the choice remains with the service user as to whether or not they wish to take the Direct Payment. The report identifies that ;*

*“In context for Barnet, currently eligible social care service users can choose how their personal budget is managed in one of three ways:*

*1. Self-management or with a trusted other, usually parent/carer, in the form of a Direct payment*

*2. The council manages it on behalf of the individual in the form of a ‘council Managed budget’*

***3. By a combination of a council managed budget and a direct payment”** (Page 15 (2.2))*

*This makes it clear that there is a **choice** for the users in how they take their personalised budget. If it is made clear to them that if they only take part of their budget as a Direct Payment they will still be able to buy council services, but if they take it all in this way they will not, then **they will still be able to make that choice themselves**. Giving this option to users would reduce or eliminate the risk of double funding over emphasised throughout the report.*

### **Response**

Based on the legal advice received, it is understood that direct payments cannot be used to purchase services run by the Council. It is agreed that there can be a combination of a council managed budget and a direct payment as outlined in the business case (v0.8 p15). However, the council managed budget will be used to purchase services from the new LATC and therefore the services referred to will not be services run by the authority. It is agreed there is a choice pertaining to services however, we believe that there would continue to be a risk of double funding and the establishment of a LATC will reduce this risk as set out in the business case.

### **Comment**

*Another consideration is the actual take up of Direct Payments may be considerably less than anticipated, even if Barnet wishes it to be high. The*

*added risk to the User of taking a Direct Payment is that they will become the 'employer' of anyone providing services directly to them. This means they will be liable themselves for Tax, NI, Sick Leave, Annual Leave, Maternity Leave etc for their employees. This may very well put a lot of people off going down this route.*

### **Response**

A direct payment could be will be used to purchase services from individuals or companies should the client choose to do so. It is not anticipated that the client would not to directly employ staff and therefore there would be no employer liability or responsibility on the client.

### **Comment**

*3. As stated in the previous Joint Trade Union response there are many assumptions made over the financial details with no supporting evidence.*

*Further examples of this include;*

- fig 29 (page 61) where there is no increase in spend on VAT on trading, VAT on Support Services or on Group and Board arrangement costs.*
- There is also no indication of possible Corporation Tax costs after year 4 of establishment of the LATC.*
- The overall predicted reduction in support costs of 75% displayed in fig 14 (p32) combined with a claim to be able to reduce overall back office costs from 19% to 6% (p31) is extremely unrealistic.*
- The report also states that due to the current financial constraints on Social Services doing nothing is not an option. The GMB has never claimed that doing nothing was an option. We have repeatedly said that we understand the need for change and have advocated working with staff to make efficiencies and improvements to all services.*

### **Response**

An assumption has been made that the costs for VAT on trading and support services plus group & board arrangements are to remain constant.

Where assumptions have been made, a worst case scenario has been illustrated.

The reduction in support costs displayed in figure 14 will not be combined with the reduction in back office costs from 19% to 6% - they are one and the same thing. The 19% cost currently charged is a notional internal cost, whereas the 6% figure stated in the business case is based on bench marking national data and general market intelligence.



### **Comment**

*4. The risk of establishing a LATC is understated within the report.*

*As the report identifies there are currently only 3 LATC's in existence and none of them encompass an ALMO (p44). As this form of externalisation 'is not a well trodden path' there are no indications of the long term sustainability of such a delivery vehicle. The cost of repairing any damage caused by it's failure will cost far more than the 'potential' benefits of this model.*

*Page 36 section 4.3 does mention this risk in passing; "New LATCs or other arms-length organisations are particularly vulnerable to failure in the first year of operation and the coterminosity with Barnet Homes should protect against this."*

### **Response**

The risk and viability of establishing a LATC was considered in the Options Appraisal as presented to Cabinet in November 2010. A number of options were assessed and forming a LATC was the recommended option which was approved by Cabinet. The risk for the LATC is sustainability in the longer term; this will be underpinned by the ability of the LATC responding to the market. This will be the responsibility of the new entity however; the LATC will be at liberty to respond to the market in a way the Council cannot. The short term business plan will go to CRC for approval prior to company formation.

Lessons learned continue to be acquired from Local Authorities that have already implemented / are in the process of implementing a LATC. Whilst some have already been included in section 5 of the business case, further research will be undertaken in order to inform the development of the business case/plan.

From your members' perspective, there are safeguards in place that should any issues materialise the council will ultimately take responsibility for staffing. It should also be noted that the proposal is for the LATC will be 100% owned by the Council and adequate controls will be in place as outlined in the business case.