

MEETING

CABINET RESOURCES COMMITTEE

DATE AND TIME

THURSDAY 28 JULY 2011

AT 7.00PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, HENDON NW4 4BG

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Daniel Thomas

Brian Coleman Andrew Harper Robert Rams
Richard Cornelius Sachin Rajput

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

Governance Service contact: Jeremy Williams, 020 8359 2042

Media Relations contact: Sue Cocker, 020 8359 7039

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CORPORATE GOVERNANCE DIRECTORATE

ORDER OF BUSINESS

Item No.	Title of Report	Pages
1.	MINUTES	-
2.	ABSENCE OF MEMBERS	-
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-
4.	PUBLIC QUESTION TIME (If any)	-
	Reports of the Cabinet Member for Resources and Performance	
5.	Month 2 Monitoring 2011/12	1 - 18
6.	Contract for Systems Based Internal Audit Services	19 - 24
7.	Church Farmhouse, Greyhound Hill, NW4 4JR	25 - 32
8.	Ex Hendon Football Club Ground and Adjoining Land, Claremont Road, Hendon	33 - 40
	Report of the Cabinet Member for Environment	
9.	Authorisation and acceptance of mini tender for the supply and installation of play equipment for 2011-13 (including design and landscaping works)	41 - 46
	Report of the Cabinet Member for Adults	
10.	Barnet Centre for Independent Living –Commissioning User-Controlled Information, Advice and Advocacy for Disabled People	47 - 58
	Report of the Leader of the Council	
11.	Stonegrove & Spur Road Estates Regeneration	59 - 67
12.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	

13.	<p>MOTION TO EXCLUDE THE PRESS AND PUBLIC:</p> <p>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):</p> <p>EXEMPT AGENDA</p> <p style="text-align: right;">Exemption Category</p>	
X1.	<p>Exempt information in relation to item 6 in public session: Contract for Systems Based Internal Audit Services</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">X1 – X4</p>
X2.	<p>Exempt information in relation to item 8 in public session: Ex Hendon Football Club Ground and Adjoining Land, Claremont Road, Hendon</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">X5 – X8</p>
X3.	<p>Exempt information in relation to item 9 in public session: Authorisation and acceptance of mini tender for the supply and installation of play equipment for 2011-13 (including design and landscaping works)</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">X9 – X12</p>
X4.	<p>ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT</p>	

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AGENDA ITEM: 5	Pages 1 – 18
Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Month 2 Monitoring 2011/12
Report of	Cabinet Member for Resources and Performance
Summary	To consider the Monitoring 2011/12 report and instruct officers to take appropriate action.
Officer Contributors	Maria G. Christofi – Assistant Director, Financial Services Anisa Darr – Finance Manager, Closing & Monitoring
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Revenue Monitoring Directorate Appendix B – Capital Programme Adjustments Appendix C – Capital Monitoring Analysis
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information:	Anisa Darr, Finance Manager, Closing & Monitoring, 020 8359 7106

1. RECOMMENDATIONS

- 1.1 That Directors take appropriate action to ensure costs are kept within budget and income targets are met. (Paragraph 9.1.2)**
- 1.2 That the following virements be approved:**
- **£0.025m movement in the Recharge Budget and £0.020m in the Insurance Budget to cost centres within the Finance Directorate. (Paragraph 9.2.2)**
 - **£0.540m movement within the Transport Service area. (Paragraph 9.2.3)**
 - **£0.321m to be noted for re-alignment of the budget within the Environment and Operations service. (Paragraph 9.2.4)**
 - **£0.028m movement in the Recharge Budget and £0.001m in the Insurance Budget to cost centres within the Chief Executive Directorate. (Paragraph 9.2.5)**
- 1.3 That the following movements to and from contingency be approved:**
- **£0.900m from Contingency to Commercial for 2011/12 and for future years (approved in the 2011/12 budget book) to cover the establishment of critical business posts following the transformation of the Commercial directorate. (Paragraph 9.3.2)**
 - **£0.500m from Contingency to Environment & Operations for 2011/12 as a one off transfer to fund the Leisure budget pressure. (Paragraph 9.3.3)**
 - **£0.436m from Contingency to Environment & Operations for 2011/12 and for future years to fund the PFI Street lighting costs. (Paragraph 9.3.4)**
- 1.4 That Directors ensure that those capital projects in their services are managed closely to ensure they are delivered within budget and in accordance with the agreed timeframe. (Paragraph 9.4.1)**
- 1.5 That the proposed Capital additions/deletions of £0.775m, slippage of £10.112m as set out in Appendix B and the related funding implications summarised in table 2 be approved.**
- 1.6 That the proposed Capital additions/deletions and movements relating to the Final Outturn of £1.433m as set out in Appendix B be approved.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Council, 1 March 2011 (Decision item 5.1.2) – approved the Council Budget and Council Tax 2011/12.**
- 2.2 Cabinet Resources Committee, 17 June 2010 (Decision item 5) – approved the Outturn 2010/11.**

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.**
- 3.2 'Maximise improvements and savings in 'back office' functions' and 'Make sure we get best value from resources across the public sector, including our people and assets' represent two of the eight key objectives underlying the corporate priority 'Better services**

with less money' and the strategic objectives.

3.3 Relevant Council strategies and policies include the following:

- Corporate Plan 2011-13;
- Medium Term Financial Strategy;
- Treasury Management Strategy;
- Debt Management Strategy;
- Insurance Strategy;
- Risk Management Strategy; and
- Capital, Assets and Property Strategy.

4. RISK MANAGEMENT ISSUES

4.1 The revised forecast level of balances needs to be considered in light of the risks identified in 4.2 below.

4.2 Various projects within the Council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other Council priorities will be required.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Financial monitoring is important in ensuring resources are used to deliver equitable services to all members of the community.

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

6.1 Robust budget and performance monitoring plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.

6.2 Use of Resources implications are covered within Section 9 of the body of the report and in the attached appendices.

7. LEGAL ISSUES

7.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation.

8. CONSTITUTIONAL POWERS

8.1 The Council's Constitution, in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions of the Cabinet Resources Committee including:

- (a) Monitor the trading position of appropriate Council services, carry out debt analysis and look at income sources and charging policies;
- (b) To write off debt;
- (c) To determine external or cross-boundary trading limit; and
- (d) Approval of schemes not in performance management plans but not outside the Council's budget or policy framework.

8.2 Financial Regulations section 4.17 states the Chief Finance Officer will report in detail to Cabinet Resources Committee at least four times a year on the revenue and capital

budgets and wider financial standing in addition to two summary reports at the beginning and end of the financial year.

9. BACKGROUND INFORMATION

9.1 2011/12 Revenue Monitoring

9.1.1 Table 1 gives a summary of the 2011/12 outturn analysis compared to the revised budget position. There is a net overspend of £1.622m being forecast at the end of month 2. A breakdown of revenue monitoring by each service directorate is set out in Appendix A.

Table 1: 2011/12 Revenue Outturn Analysis – Summary

Description	Original Budget £000	Revised Budget as at 31/05/11 £000	Forecast Outturn as at 31/05/11 £000	Forecast Outturn Variation as at 31/05/11 £000
Adults	99,039	98,932	98,964	32
Central Expenses	62,912	62,802	62,476	(326)
Chief Executive	10,385	10,372	10,387	15
Childrens Services	57,577	57,684	58,153	469
Commercial Services	14,633	14,633	14,717	84
Corporate Governance	5,939	5,939	5,885	(54)
Deputy Chief Executive	13,295	13,405	13,829	424
Environment & Operations	18,115	18,129	19,107	978
Planning, Housing & Regeneration	2,600	2,600	2,600	-
Total 2010/11 General Fund Forecast	284,495	284,496	286,118	1,622
Allocations agreed from GF Balances	-	-	-	-
General Fund Balances as at 01/04/11	-	-	-	(15,780)
Projected General Fund Balances (excluding schools balances) at 31/03/12	-	-	-	(14,158)

Description	Original Budget £000	Revised Budget as at 31/05/11 £000	Forecast Outturn as at 31/05/11 £000	Forecast Outturn Variation as at 31/05/11 £000
Dedicated Schools Grant	(167)	(167)	(164)	3
Housing Revenue Account	-	-	-	-

9.1.2 Directors are reminded that they are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within the total budget available.

9.2 Virements

9.2.1 In accordance with the financial regulations the following virements require member approval.

9.2.2 A virement is requested against the recharges and insurance budgets, following the Finance Directorate restructure. The change is a movement in the recharge budget of £24,720 and a movement in the insurance budget of £19,710 to cost centres within the Finance Directorate.

Cost Centre	Account Group	Virement £'000
11219 Finance Management	Employee Ins	20
11055 Devld H's of Finance	Employee Ins	(1)
10999 Strategic Finance	Employee Ins	(3)
11011 Finance Support	Employee Ins	(4)
10999 Strategic Finance	Insurance Misc	(12)
11011 Finance Support	Recharges	103
11219 Finance Management	Recharges	(119)
11081 Cash Collection	Recharges	(176)
11013 Accounts Receivable	Recharges	94
11080 Cashiers	Recharges	40
11219 Finance Management	Recharges	(3)
10001 Internal Audit	Recharges	(6)
11012 Accounts Payable	Recharges	2
10999 Strategic Finance	Recharges	80
11219 Finance Management	Recharges	63
11266 TreasuryPensionsTax	Recharges	(105)
11055 Devld H's of Finance	Recharges	3
10001 Internal Audit	Employee Related	6
11012 Accounts Payable	Employee Related	(2)
11013 Accounts Receivable	Employee Related	(94)
11080 Cashiers	Employee Related	(40)
11081 Cash Collection	Employee Related	176
11219 Finance Management	Employee Related	58
11266 TreasuryPensionsTax	Employee Related	105
11219 Finance Management	Supplies & Services	(185)
		-

9.2.3 A virement for £0.540m is requested within the Transport Service to re-align the budget including recharges to reflect the latest operational structure with Adults and Children's Passenger Transport including efficiencies from 2011/12 saving initiatives.

Cost Centre	Account Group	Virement £'000
10775 ES-SEN Transport	Recharges	456
10776 ES-Community Transport	Employee Related	68
10776 ES-Community Transport	Transport Charges	16
10775 ES-SEN Transport	Supplies & Services	(17)
10775 ES-SEN Transport	Employee Related	(36)
10776 ES-Community Transport	Recharges	(84)
10775 ES-SEN Transport	Transport Charges	(403)
		-

9.2.4 A virement for £0.321m is to be noted within the Environment and Operations directorate to re-align the 2011/12 budget.

Cost Centre	Account Group	Virement £'000
10623 - Safer Routes	Employee Related	138
10657 - Civic Amenities Site	Supplies & Services	90
10656 - Recycling	Employee Related	77
10657 - Civic Amenities Site	Premises	9
10655 - Domestic Refuse	Supplies & Services	4
10656 - Recycling	Transport Charges	2
10655 - Domestic Refuse	Premises	1
10624 - School Crossing Patrol	Supplies & Services	(1)
10652 - Street Cleansing	Transport Charges	(2)
10652 - Street Cleansing	Recharges	(5)
10623 - Safer Routes	Supplies & Services	(8)
10652 - Street Cleansing	Employee Related	(77)
10656 - Recycling	Supplies & Services	(99)
10624 - School Crossing Patrol	Employee Related	(129)
		-
		-

9.2.5 A virement is requested against the recharges and insurance budgets within the Chief Executive Service between the Management Team and the Assistant Chief Executive Management Team. The change is a movement in the recharge budget of £28,460 and a movement in the employee insurance budget of £1,410. This is requested in order to clear the Management Team cost centre and just have one Assistant Chief Executive Management Team cost centre.

Cost Centre	Account Group	Virement £'000
10998 Management Team	Recharges	28
11247 Asst Chief Executive Management Team	Employee Ins	1
10998 Management Team	Employee Ins	(1)
11247 Asst Chief Executive Management Team	Recharges	(28)
		-
		-

9.3 **Movements to and from Contingency**

9.3.1 The movements to and from Contingency requested below have been assumed in the Revenue Monitoring in Table 1 and Appendix A.

9.3.2 Commercial Services are requesting £0.900m from Contingency for 2011/12 and for future years to cover the establishment of critical business posts following the transformation of the Commercial directorate. The change from being a project based service into a corporate delivery and governance vehicle means that the accounting treatment of these costs has now changed and can no longer be capitalised. The posts are essential in delivering the future shape transformation programme and significant savings programme. This £0.900m movement was factored in and approved in the medium term financial strategy (MTFS) in the budget book.

9.3.3 Environment & Operations are requesting £0.500m from Contingency for 2011/12 as a one off transfer to fund the Leisure budget pressure.

9.3.4 Environment & Operations are requesting £0.436m from Contingency for 2011/12 and for future years to fund the Street Lighting PFI costs.

9.4 2010/11 Capital Programme Monitoring

9.4.1 Directors are reminded they need to continue to ensure that capital projects are closely managed during 2011/12 to ensure that they are delivered within budget and in accordance with the agreed timeframe.

9.5 Capital Monitoring Analysis

9.5.1 The Capital Monitoring summary and details by service directorate is set out in Appendix C.

9.6 Proposed changes to the Capital Programme

9.6.1 Appendix B gives details of the proposed changes to the Capital Programme. These include proposed additions and deletions as well as budget movements.

Table 2: Capital Funding Changes

	Grants £000	S106 / Other £000	Capital Receipts £000	Revenue £000	Borrowing £000	Total £000
Adult Social Services	-	-	-	-	-	-
Central Expenses	-	-	-	-	-	-
Chief Executive	-	-	-	-	-	-
Children's Service	-	-	-	-	-	-
Corporate Governance	-	-	(31)	-	-	(31)
Commercial Services	-	-	(3,667)	-	(66)	(3,733)
Deputy Chief Executive	-	-	-	96	-	96
Environment & Operations	493	(7)	-	-	-	486
Planning, Housing and Regeneration	-	-	(6,149)	-	(299)	(6,448)
General Fund Programme	493	(7)	(9,847)	96	(365)	(9,630)
HRA Capital	-	-	100	193	-	293
Total Capital Programme	493	(7)	(9,747)	289	(365)	(9,337)

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – MM

CFO – MC/JH

Revenue Monitoring Directorate 2011/12

Adults

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Care Services - Learning Disabilities	34,596	34,250	34,390	140	Significant savings required (£2m) and demographic pressure for transitions currently £300k work is on going with providers to reduce spend and continuing to move people from Residential Care to Supported Living and other Community support.
Care Services - Mental Health	6,766	6,701	6,832	131	Full year effect of the Continuing Care pressure from Health, work is ongoing to move clients on from Residential Care to Supported Living and other Community support
Care Services - Older Adults - Physical Disabilities	43,733	44,114	43,813	(301)	Greater demand in line with demography, and in particular cost from the PCT around Continuing Care have caused pressures within the budget some offset by s256 and pressures money, no allowance made for increase in demand from seasonal variations.
Performance & Supply Management	3,809	3,839	3,900	61	Managing implemented savings
Strategic Commissioning & Transformation	10,196	10,089	10,090	1	
Government Grant Income	(61)	(61)	(61)	-	
Total	99,039	98,932	98,964	32	

Central Expenses

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Corporate Subscriptions	314	314	314	-	
Levies	27,926	27,926	27,602	(324)	Budget was set on draft levies and the final levies have now been announced and are lower than anticipated.
Central Contingency	9,199	9,089	9,089	-	
Rate Relief	433	433	433	-	
Capital Financing	17,219	17,219	17,219	-	
Early Retirement costs	7,004	7,004	7,004	-	
FRS17 Adjustment	-	-	-	-	
Car Leasing	2	2	-	(2)	
Corporate Fees & Charges	799	799	799	-	
Miscellaneous Finance	16	16	16	-	
CRC Corporate Management	-	-	-	-	
CRC DRM	-	-	-	-	
Total	62,912	62,802	62,476	(326)	No significant variances noted at this stage

Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Executive Office	652	652	592	(60)	Salary underspend
Chief Executive's Service	1,780	1,780	1,790	10	Net salary overspend
Grants	839	826	833	7	Fee income down
Library Services	5,738	5,738	5,820	82	Projections of expenditure are above budget plan, owing to slightly higher projections of salary costs. We will implement measures to reduce salary costs in year to achieve a balanced budget.
Customer Services, Registration & Organisation Development	1,376	1,376	1,352	(24)	Increase in fees and nationality checks
Total	10,385	10,372	10,387	15	

Children's Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
CHILDREN'S SERVICE - GENERAL FUND					
Management Team	793	778	780	3	
Social Care Division					
Social Care Management	2,784	2,652	2,455	(197)	Uncommitted budgets held to offset overspends elsewhere is the social care budget
Children In Care	19,880	20,085	20,675	590	Higher than budgeted external residential & foster placements offset by lower than budgeted inhouse fostering placements net overspend £292k; Costs of unaccompanied asylum seeking children not met by grant £51k; Leaving care client costs higher than budgeted £65k; Special Guardianship and residence orders £143k; other budgets net overspend £39k
Children In Need	4,189	4,115	4,189	74	Projected overspend on social work teams mainly due to agency staff cover
Schools & Learning	2,423	2,371	2,318	(53)	Underspend on sports budget pending review
Safeguarding, Partnerships & Prevention					
Safeguarding	1,086	1,084	1,084	-	
Early Intervention & Prevention (BRSI)	10,453	9,858	9,854	(4)	
Integrated Youth & Play Services	3,887	4,522	4,522	-	
Access to Learning & Complex Needs	10,107	10,264	10,324	60	Projected costs of legal fees and other tribunal costs
Other Children's Service Budgets (including PPP & Schools Funding)	1,975	1,954	1,951	(3)	
Schools Direct Management					
Total	57,577	57,684	58,153	469	Month 2 projection; recovery action in progress

Revenue Monitoring Directorate 2011/12

Commercial Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Corporate Programmes & Consultancy	86	86	(198)	(284)	Underspend from staff vacancies
Property Services & Asset Management	7,075	7,075	7,578	503	Overspend due to Rents and Services Charges in NLBP Building 4 and uplift of 15% on all utility costs
Corporate Procurement	413	413	365	(48)	One-off refund income from contracts and underspend on salaries
Information Systems	7,059	7,059	6,973	(86)	Underspend due to reduced forecasts on IS contracts currently under review.
One Barnet Programme	-	-	-	-	
Total	14,633	14,633	14,717	84	

Corporate Governance

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Legal Services	1,850	1,850	1,916	66	£52k staff overspend (linked to Academy conversions and archivist), and £14k loss of income (e.g. s.106 agreements)
Democratic Services	704	704	698	(6)	£15k underspend on supplies and services offsetting £10k overspend on staff.
Members	1,591	1,591	1,578	(13)	Underspend due to staff member leaving in August. Remaining underspend on training/rent & hire charges.
Corporate Anti Fraud Team	733	733	733	-	
Elections	423	423	400	(23)	Budget includes provision for by-elections, however, none currently planned, so projecting underspend. This may change through the year.
Civil Protection	177	177	138	(39)	Underspend on part year vacancy.
Performance and Organisation Development	180	180	177	(3)	Underspend on supplies and services.
Corporate Governance Directors	279	279	251	(28)	Driven by underspend on salaries
Leaders Office	10	10	1	(9)	Underspend on supplies and services.
Insurance	(8)	(8)	(7)	1	Insurance recharged to services.
Total	5,939	5,939	5,885	(54)	

Deputy Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Finance	3,917	4,036	4,036	-	Reserves has been used to finance the fixed term posts.
Human Resources	2,091	2,091	2,080	(11)	Net underspend on HR staff (£50k) offsets net income lower than plan (£40k)
Revenues and Benefits	7,287	7,278	7,713	435	Pressure arises from Housing Benefits agency staff to cover backlog arising from implementation of new system. The overspend relating to implementation of the new system is a known overspend and will be mitigated by a drawdown request from Contingency in Qtr 1. Risk of reduced subsidy for Housing Benefits payments will be covered by contingency.
Total	13,295	13,405	13,829	424	

Environment & Operations

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Management and performance	73	73	539	466	Underlying establishment pressure. Salary budget re-alignment required following restructure. Directorate will hold posts vacant to minimise the establishment pressures.
Highways Inspection/Maintenance	2,155	2,155	2,515	360	Overspend relates to the requirement to meet contractual obligations on planned maintenance and establishment pressures. Salary budget re-alignment required following Highways restructure.
Highways income budgets incl. NRSWA	(589)	(589)	(525)	64	Projected shortfall on crossover rechargeable works.
Greenspaces	4,229	4,229	4,294	65	Overspend relates to repair and grounds maintenance costs for King George Playing Field and inflation risk on the Tree Management contract.
Cleansing	4,486	4,486	4,646	160	Overspend due to high agency costs to cover sickness, annual leave and vacancies.
Refuse (domestic and trade waste)	3,558	3,558	3,223	(335)	Increased trade waste income due to higher sales arising from fees increase.
Parking	(1,164)	(1,164)	(1,072)	92	Overspend relates to staffing costs shortfall. Parking Design establishment budget re-alignment required.
Transport	(66)	(66)	(130)	(64)	Surplus is due to the deferral of fleet replacement costs.
Recycling	3,373	3,373	3,414	41	Overspend relates to inflation on contract costs.
Street Lighting	5,320	5,320	5,321	1	Deloitte's review of original business case has highlighted £720k base budget shortfall. This forecast assumes a contingency drawdown of £437k and a successful inflationary bid of £283k
Community Safety	387	401	386	(15)	Underspend relates to vacant posts.
Community Protection	1,223	1,223	1,205	(18)	Staff and running costs savings offsetting income pressure in CCTV.
Leisure	1,053	1,053	1,006	(47)	Budget saving on Cophall Stadium, pending outcome of leisure review.
E&O General Fund	24,038	24,052	24,822	770	
Special Parking Account	(5,923)	(5,923)	(5,715)	208	Overspend due to staff/agency costs covering for sickness and holiday leave and running costs
E&O Total (inc SPA)	18,115	18,129	19,107	978	

Revenue Monitoring Directorate 2011/12

Planning, Housing & Regeneration

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Land Charges	(960)	(960)	(953)	7	Variance as a result of income shortfall (£166K). As in recent years budget hasn't been adjusted to reflect changes in economic climate and housing market. Necessitating a drawdown on a central income contingency it is anticipated similar action will be required this year.
Environmental Health/ Cem & Crem	1,199	1,199	1,210	11	Salary pressures across EH mostly offset by cem and crem income performance.
Planning	471	570	612	42	Overspend due to legal costs for pending planning appeal cases
Strategy (Planning & Housing)	580	580	581	1	
Building Control	(320)	(419)	(419)	-	Income shortfall due to continued tough economic climate however being partially managed through staff and running cost savings as well as drawdown from central income contingency.
Housing	1,614	1,614	1,614	-	Rental income pressures on Nightly Purchase, Private Sector Leasing and Barbara Langston House due to move to charging at LHA rates. This has previously been flagged and will be covered through appropriate contingency and reserves as well as likely underspend on the Sub Regional base budget.
Regeneration Service	16	16	(45)	(61)	Underspend reflects recovery of majority of costs on Brent Cross Cricklewood
Total	2,600	2,600	2,600	-	

Dedicated Schools' Grant

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
CHILDREN'S SERVICE - DSG					
SEN Placements, Recoupment & Therapies	9,176	9,176	9,176	-	NB The Schools Budget will be finalised in July when the Dept for
Pupil Referral Unit	1,514	1,514	1,514	-	Education confirms the Dedicated Schools Grant for 2011-12;
Other Centrally Retained Schools Budgets	12,859	12,858	12,862	3	Agreement on the use of the DSG underspend from 2010-11 will
ISB	248,278	248,278	248,278	-	also be confirmed following consultation with the Schools Forum;
DSG & LSC Grant	(271,994)	(271,994)	(271,994)	-	However the budget will be continually adjusted during the year as
					and when schools convert to academy status.
Total	(167)	(167)	(164)	3	

Housing Revenue Account

Description	Variations				Comments
	Original Budget	Budget V1	Forecast Outturn 2011/12	Variation	
	£000	£000	£000	£000	
Housing Revenue Account					
LBB Retained	1,632	1,632	1,632	-	Forecast outturn assumed as budget at month 2 as control
HRA Regeneration	1,091	1,091	1,091	-	accounts not available from Barnet Homes until Q1.
HRA Other Income and Expenditure (net)	(5,118)	(5,118)	(5,118)	-	Forecast outturn assumed as budget at month 2 as control
Support Service recharges	576	576	576	-	accounts not available from Barnet Homes until Q1.
Interest on Balances	(40)	(40)	(40)	-	Forecast outturn assumed as budget at month 2 as control
HRA Surplus/(Deficit) for the year	1,859	1,859	1,859	-	accounts not available from Barnet Homes until Q1.
					Forecast outturn assumed as budget at month 2 as control
Total	-	-	-	-	accounts not available from Barnet Homes until Q1.

Month 2 Additions & Deletions, Slippage & Accelerated Spend

ITEM 5 - APPENDIX B

Directorate	Year	Capital Programme	Funding Type	<i>if</i> Additions/D eletions	<i>if</i> Slippage/ Accelerated Spend	Explanation for request
				Amount £'000	Amount £'000	
PHR	2011/12	Housing Association Programme	S106		(4)	Budget to be roll forward to 2012-13 - due to no S106 monies being available at present. Will be reviewed through the year to see if income does come in.
PHR	2012/13	Housing Association Programme	S106		4	Budget to be roll forward to 2012-13 - due to no S106 monies being available at present. Will be reviewed through the year to see if income does come in.
PHR	2011/12	GF Regeneration	Capital Receipts		(2)	This is available for advanced acquisitions in the event of hardship for the regeneration period - currently reviewing our position on this Money to be rolled forward to 2012-13
PHR	2012/13	GF Regeneration	Capital Receipts		2	This is available for advanced acquisitions in the event of hardship for the regeneration period - currently reviewing our position on this Money to be rolled forward to 2012-13
PHR	2011/12	GF Regeneration	Borrowing		(249)	This is available for advanced acquisitions in the event of hardship for the regeneration period - currently reviewing our position on this Money to be rolled forward to 2012-13
PHR	2012/13	GF Regeneration	Borrowing		249	This is available for advanced acquisitions in the event of hardship for the regeneration period - currently reviewing our position on this Money to be rolled forward to 2012-13
PHR	2011/12	Mill Hill East	Borrowing		(50)	Slippage due to reflect the proper lifecycle of project in future years
PHR	2012/13	Mill Hill East	Borrowing		50	Slippage due to reflect the proper lifecycle of project in future years
PHR	2011/12	Disabled Facilities Grant - Mandatory	Capital Receipts	200		Substitutions of £200k from DFG Discretionary Grant to DFG Mandatory Grant
PHR	2011/12	Disabled Facilities Grant - Discretionary	Capital Receipts	(200)		Substitutions of £200k to DFG Mandatory Grant from DFG Discretionary Grant
PHR	2011/12	Hostel Refurbishment Programme	Capital Receipts	(100)		£100k budget reduced and moved over to new HRA Capital Program called HRA - "Hostels and Sheds"
PHR - HRA	2011/12	Hostel Refurbishment Programme	Capital Receipts	100		£100k budget reduced and moved over to new HRA Capital Program called HRA - "Hostels and Sheds"
PHR - HRA	2011/12	HRA Cash Incentive	MRA	193		Additional budget of £193k to be requested at Month 2
PHR - HRA	2011/12	Renovations/Modernisation - future years	MRA	(719)		CR - As Cfdw insufficient to base demand Realignment of Budget
PHR - HRA	2011/12	Extensions and Deconversions	MRA	719		Realignment of Budget
CS	2011/12	Modernisation 11/12 - Meadway PRU	Grant	50		Approval required for substitution of unallocated monies to Meadway PRU project
CS	2011/12	Modernisation 11/12 - Unallocated	Grant	(50)		Approval required for substitution of unallocated monies to Meadway PRU project
CS	2011/12	Modernisation 11/12 - Meadway PRU	Grant		100	Approval required to increase 11/12 budget due to project spend happening in current year
CS	2012/13	Modernisation 11/12 - Meadway PRU	Grant	(100)		Approval required to increase 11/12 budget due to project spend happening in current year
CS	2011/12	Urgent Primary Places - Martin Primary (temporary)	Grant	120		Approval required for substitution of unallocated monies to Martin Primary temporary places
CS	2011/12	Urgent Primary Places - Unallocated	Grant	(120)		Approval required for substitution of unallocated monies to Martin Primary temporary places
CS	2011/12	Urgent Primary Places - Barnfield Primary (permanent)	Grant	100		Approval required for substitution of unallocated monies to Barnfield Primary permanent places
CS	2011/12	Urgent Primary Places - Unallocated	Grant	(100)		Approval required for substitution of unallocated monies to Barnfield Primary permanent places
CS	2011/12	Modernisation 11/12 - Cophthall	Grant	38		Approval required for substitution of unallocated monies to Cophthall replacement mobiles project
CS	2011/12	Modernisation 11/12 - Unallocated?	Grant	(38)		Approval required for substitution of unallocated monies to Cophthall replacement mobiles project
CS	2011/12	Modernisation 11/12 - Edgware Jnrs	Grant	10		Approval required for substitution of unallocated monies to Edgware Jnr fire prevention
CS	2011/12	Modernisation 11/12 - Unallocated	Grant	(10)		Approval required for substitution of unallocated monies to Edgware Jnr fire prevention
CS	2011/12	Modernisation 11/12 - Whitefield	Grant	7		Approval required for substitution of unallocated monies to Whitefield Emergency Works
CS	2011/12	Modernisation 11/12 - Unallocated	Grant	(7)		Approval required for substitution of unallocated monies to Whitefield Emergency Works
CS	2011/12	Modernisation 11/12 - Courtland Primary	Grant	25		Approval required for substitution of monies from Cromer Rd to Courtland Primary Kitchen Works
CS	2011/12	Modernisation 11/12 - Cromer Rd	Grant	(25)		Approval required for substitution of monies from Cromer Rd to Courtland Primary Kitchen Works
CS	2011/12	Modernisation 11/12 - Courtland Primary	Grant	40		Approval required for substitution of unallocated monies to Courtland Primary Kitchen Works
CS	2011/12	Modernisation 11/12 - Unallocated	Grant	(40)		Approval required for substitution of unallocated monies to Courtland Primary Kitchen Works
CS	2011/12	East Barnet - East Barnet	Capital Receipts	500		Approval required for substitution of monies from East Barnet Rebuild to East Barnet Playing fields
CS	2011/12	East Barnet - East Barnet	Capital Receipts	(500)		Approval required for substitution of monies from East Barnet Rebuild to East Barnet Playing fields
CS	2011/12	PSCIP - Whitings Hill/Broadfields/Northway/Fairway	Borrowing	(5,000)		Approval required for substitution of monies from PSCIP projects to Schools Organisations & Expansions
CS	2011/12	PSCIP - Schools Organisations & Expansions	Borrowing	5,000		Approval required for substitution of monies from PSCIP projects to Schools Organisations & Expansions

Directorate	Year	Capital Programme	Funding Type	if	if	Explanation for request
				Additions/D	Slippage/	
				eletions	Accelerated	
				Amount	Amount	
				£'000	£'000	
Corporate Governance	2011/12	Emergency Response Command Centre	Capital Receipts		(31)	The emergency suite is now set up, there are no further spend expected on the equipment required at this stage.
Corporate Governance	2012/13	Emergency Response Command Centre	Capital Receipts		31	The emergency suite is now set up, there are no further spend expected on the equipment required at this stage.
Commercial Services	2011/12	Accommodation Strategy	Borrowing		(31)	These are provisional figures as detailed forecasts are yet to be calculated
Commercial Services	2012/13	Accommodation Strategy	Borrowing		31	These are provisional figures as detailed forecasts are yet to be calculated
Commercial Services	2011/12	MWW	Borrowing		(35)	These are provisional figures as detailed forecasts are yet to be calculated
Commercial Services	2012/13	MWW	Borrowing		35	These are provisional figures as detailed forecasts are yet to be calculated
Commercial Services	2011/12	Depot Relocation	Capital Receipts		(3,667)	This is an estimate at the moment - it will be possible to predict spend more accurately within the next few months.
Commercial Services	2012/13	Depot Relocation	Capital Receipts		3,667	This is an estimate at the moment - it will be possible to predict spend more accurately within the next few months.
Chief Executive Services	2011/12	CRM	Capital Receipts	405		Adjustment made twice last year
Chief Executive Services	2012/13	Customer Servcs Transformation	Capital Receipts	(405)		Adjustment made twice last year
Deputy Chief Executive Ser	2011/12	Pericles	RCCO	96		Forecasting overspend due to dispute with the Contractors and additional consultancy costs required.
Environment & Operations	2011/12	Structural Maintenance of Bridges 2001/12	Grant	5		2011 TfL addition to the programme for the LoBeG Secretary
Environment & Operations	2011/12	Local Safety Scheme - 2009/10	Grant	(23)		Budget reduction for 2009/10 project year. Work completed & funding fully claimed.
Environment & Operations	2011/12	London Bus Priority Network - 2009/10	Grant	(7)		Budget reduction for 2009/10 project year. Work completed & funding fully claimed.
Environment & Operations	2011/12	Cycling 2009/10	Grant	(0)		Budget reduction for 2009/10 project year. Work completed & funding fully claimed.
Environment & Operations	2011/12	Minor TfL allocations	Grant	(8)		Budget reduction for 2009/10 project year. Work completed & funding fully claimed.
Environment & Operations	2011/12	Pothole Funding	Grant	395		Allocation of the National Fund made available to English Authorities to assist them in tracking the problems caused by severe winter weather - Pothold Funding
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	10		Increase in funding for improvement works
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	50		Increase in funding for urban footpath improvements
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	(50)		Reduction in funding for cycle training
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	168		Increase in funding for school travel planning work
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	(36)		Reduction in funding for practical pedestrian training
Environment & Operations	2011/12	Corridors, Neighbourhoods and Supporting Measures	Grant	(18)		Reduction inf funding for road safety theatre in education

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From Final Outturn Additions & Deletions, Slippage & Accelerated Spend

*These figures are currently not shown in Appendix C, they will be shown in the Qtr 1 report.

Directorate	Year	Capital Programme	Funding Type	Amount £'000
Environment & Operations	2010/11	Pothole Elimination Programme Phase II	Grant	12
Childrens Services	2010/11	Co-Location	Grant	567
Childrens Services	2010/11	ED17 Big Lottery Fund Schemes	Grant	10
Corporate Governance	2010/11	Members IT	RCCO	94
Environment & Operations	2010/11	HD01 Structural Maintenance of Bridges	Grant	4
Housing - HRA	2010/11	HSG/10018.01.99	RCCO	942
Capital Schemes Managed by Schools	2010/11	Harnessing Technology Grant	Grant	(196)
Childrens Service	2010/11	ED12 Modernisation - Primary & Secondary	Grant	82
Childrens Service	2010/11	ED12 Modernisation Prim & Sec 2010-11	Grant	(82)
Childrens Service	2010/11	ED16 Surestart Residual Phase 2	Grant	23
Childrens Service	2010/11	ED16 Surestart Phase 3	Grant	(23)
Childrens Service	2010/11	Emergency Works	Borrowing	49
Childrens Service	2010/11	ED12 Modernisation Prim & Sec 2010-11	Borrowing	(49)
Environment and Operations	2010/11	EN02 Purchase of Green Bins	Capital receipts	(22)
Environment and Operations	2010/11	SD05 Building Safer Communities	Capital receipts	13
Environment and Operations	2010/11	HD50 Pot Hole EliminationPhase II	Capital receipts	9
Environment and Operations	2010/11	HD50 Pot Hole EliminationPhase II	Borrowing	19
Environment and Operations	2010/11	HD03 Local Safety Schemes 2009/10 Programme	Grant	(3)
Environment and Operations	2010/11	HD04 Carriageway Reconstruction Principle Roads 2009/10 allocation	Grant	3
Environment and Operations	2010/11	HD 07/08 CPZ -2010/11 Programme	Borrowing	(4)
Environment and Operations	2010/11	HD10 Footway Construction 2009/10 allocation	Borrowing	4
Environment and Operations	2010/11	HD33 A41 Aerodrome Road junction improvement works	Grant	(36)
Environment and Operations	2010/11	HD33 A41 Aerodrome Road junction improvement works	S106	36
Environment and Operations	2010/11	HD35 2009/10 HIP Programme	Borrowing	(107)
Environment and Operations	2010/11	HD35 2010/11 HIP Programme	Grant	(8)
Environment and Operations	2010/11	HD35 2010/11 HIP Programme	S106	10
Environment and Operations	2010/11	HD35 2010/11 HIP Programme	Borrowing	(2)
Environment and Operations	2010/11	HD43 Congestion Reduction Methods	Borrowing	89
Environment & Operations	2010/11	HD12 Cycling Non LCN Schemes	Grant	(8)
Environment & Operations	2010/11	HD12 Cycling LCN Schemes	Grant	8
Housing - General Fund	2010/11	HS01 Housing Association Programme	Capital receipts	14
Housing - General Fund	2010/11	Mill Hill East	Capital receipts	(14)
Housing - HRA	2010/11	Cash Incentives	Borrowing	(105)
Housing - HRA	2010/11	Cash Incentives	Revenue	105
Housing - HRA	2010/11	Renovations/Modernisation - future years	Revenue	(604)
Housing - HRA	2010/11	Renovations/Modernisation - future years	Borrowing	604
Housing - HRA	2010/11	Adaptations	Revenue	296
Housing - HRA	2010/11	Adaptations	Borrowing	(296)
Housing - HRA	2010/11	Regeneration Estates	Revenue	513
Housing - HRA	2010/11	Regeneration Estates	Borrowing	(513)
Housing - HRA	2010/11	Miscellaneous Works	Borrowing	(799)
Housing - HRA	2010/11	Miscellaneous Works	Revenue	799
Housing - HRA	2010/11	Extensions and Deconversions	Revenue	(1,109)
Housing - HRA	2010/11	Extensions and Deconversions	Borrowing	1,109
Total				1,433

Summary Of Funding Type	Amount £'000
Borrowing	(2)
Grant	353
RCCO	1,036
S106	47
Total	1,433

Capital Monitoring Analysis

Appendix C

	2011/12 Latest Approved Budget	Additions/ Deletions recommended to July CRC	Slippage / Accelerated Spend recommended to July CRC	2011/12 Budget (including July CRC)	Forecast to year end	Variance from Approved Budget	% slippage of 2011/12 Approved Budget
	£000	£000	£000	£000	£000	£000	%
Mental Health and Adults Personal Social Services Allocations	1,137	-	-	1,137	1,137	-	0%
Adult Social Services	1,137	-	-	1,137	1,137	-	0%
Capitalised Redundancies	5,088	-	-	5,088	5,088	-	0%
Central Expenses	5,088	-	-	5,088	5,088	-	0%
Schools Access Initiatives	53	-	-	53	53	-	0%
Schools Modernisation & Access Improvement Programmes	5,869	-	-	5,869	5,869	-	0%
Urgent Primary Places	22,053	5,000	-	27,053	27,053	5,000	0%
Surestart Programme	190	-	-	190	190	-	0%
Major School Rebuild Total	294	-	-	294	294	-	0%
Primary Schools Capital Investment Programme	8,015	(5,000)	-	3,015	3,015	(5,000)	0%
East Barnet Schools Rebuild	1,171	-	-	1,171	1,171	-	0%
Other Schemes	11,176	-	-	11,176	11,176	-	0%
Children's Service	48,821	-	-	48,821	48,821	-	0%
Capital Schemes Managed by Schools	2,764	-	-	2,764	2,764	-	0%
Capital Schemes Managed by Schools	2,764	-	-	2,764	2,764	-	0%
Corporate Governance Projects	(63)	-	(31)	(94)	(94)	(31)	49%
Corporate Governance	(63)	-	(31)	(94)	(94)	(31)	49%
Chief Executive Services	1,373	-	-	1,373	1,373	-	0%
Chief Executive Services	1,373	-	-	1,373	1,373	-	0%
Deputy Chief Executive Services	512	96	-	608	608	96	0%
Deputy Chief Executive Services	512	96	-	608	608	96	0%
Commercial Services	9,233	-	(3,733)	5,500	5,500	(3,733)	-40%
Commercial Services	9,233	-	(3,733)	5,500	5,500	(3,733)	-40%
Recycling Schemes	22	-	-	22	22	-	0%
Closed Circuit Television in Town Centres	84	-	-	84	84	-	0%
Other Environment & Transport Schemes	400	-	-	400	400	-	0%
Highways Schemes	17,870	486	-	18,356	18,356	486	0%
Environment & Operations	18,376	486	-	18,862	18,862	486	0%
Housing Association Programme	3,650	-	(3,650)	-	-	(3,650)	-100%
General Fund Regeneration	4,017	-	(2,698)	1,319	1,319	(2,698)	-67%
Disabled Facilities Projects	1,741	-	-	1,741	1,741	-	0%
Housing Management System	309	-	-	309	309	-	0%
Other Projects	388	(100)	-	288	289	(100)	0%
Planning, Housing and Regeneration	10,105	(100)	(6,348)	3,657	3,658	(6,448)	-63%
General Fund Programme	94,582	482	(10,112)	84,952	84,952	(9,630)	-11%
HRA Capital	21,936	293	-	22,229	22,229	293	0%
Total Capital Programme*	116,518	775	(10,112)	107,182	107,182	(9,337)	-9%

*Excludes Capital Schemes Managed by Schools

AGENDA ITEM: 6 Pages 19 – 24

Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Contract for systems based Internal Audit Services
Report of	Cabinet Member for Resources and Performance
Summary	Following a joint tendering exercise with London Borough of Enfield as the lead council, a contract is to be awarded to Price Waterhouse Coopers for a period of three years starting 1 st August 2011.

Officer Contributors	Maryellen Salter, Assistant Director of Finance – Audit and Risk Management
Status (public or exempt)	Public with exempt part.
Wards affected	None
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Maryellen Salter, Assistant Director of Finance – Audit and Risk Management, 020 8359 3167.

1. RECOMMENDATION

- 1.1 The Committee authorises the completion of the procurement process with London Borough of Enfield.**
- 1.2 The Committee approves the awarding of the contract to Price Waterhouse Coopers (PWC) for the period of three years starting 1st August 2011 using Management Consultancy and Accounting Services – Audit and Assurance Advice and Services - Framework RM662/L13, and with the option for 1 year extension. The contract includes the provision of internal audit, risk management and counter fraud services.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 On 11 January 2006, the Director of Resources in consultation with Cabinet Member approved the appointment of Deloitte & Touche Public Sector Internal Audit Ltd for a 3 year period from 1 April 2006 until 31 March 2009. The decision allowed the provision in the contract for the extension of the contract for a further 2 years (at paragraph 7.7).
- 2.2 On 31 December 2008, the Director of Corporate Governance approved a delegated powers report (DPR 703) for the extension of the Systems Based Internal Auditing contract with Deloitte & Touche Public Sector Internal Audit Ltd, for a period of up to two years.
- 2.3 On 28 March 2011, Cabinet Resources Committee approved a report for the extension of the Systems Based Internal Auditing with Deloitte & Touche Public Sector Internal Audit Ltd for a period of six months with an option for the Council to end the extended period after three months. This was to allow for the joint procurement exercise with London Borough of Enfield to progress.
- 2.4 On the 21st June 2011, the Deputy Chief Executive approved a delegated powers report to sign the agreement to enter joint mini procurement exercise with London Borough of Enfield for the purpose of calling off from the Buying Solutions framework contract for internal audit services.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 This work is in line with all corporate priorities.
- 3.2 The Council, under Part 2 (Para 3) of the Financial Regulations of the Council's procedure rules, requires provision of an adequate and effective system of internal audit.
- 3.3 Effective audit and risk assurance arrangements support continuous improvement in the delivery of Council's key priorities in particular Better Services with Less Money.

4. RISK MANAGEMENT ISSUES

- 4.1 The risks of failing to secure this resource are as follows:
 - a) Weaknesses in the effectiveness of internal control in key areas are not identified and addressed owing to an inability to complete the audit plan and the inability to achieve the required audit coverage across all Council Services areas.

- b) An inability, owing to the lack of adequate coverage, for Internal Audit to support assertions in the Annual Governance Statement or to express an opinion around the effectiveness of the Council's Governance framework, including the system of internal control which must be reported in the Annual Governance Statement under Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.
- c) Non compliance with the Accounts and Audit Regulation 2003 which states at Section 6 that "a relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices."

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The awarding of the contract is not expected to alter the Council's obligations in meeting its statutory equality duties. The provision of internal audit and risk management services affects all members of the community in a consistent way, including those with protected characteristics.

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

- 6.1 The supplier who has been selected has been selected on the basis of price and quality, with price representing 30% of the award criteria. Quality was a key consideration of awarding this contract due to the high quality assurance that the Council requires from internal audit over the next three year period.
- 6.2 The supplier selected represents good value for money based on it meeting 87% of the requirements of the award criteria. The next closest supplier received 68%.
- 6.3 Based on the prices received in the tender the total cost of the three year contract is £286,180. The level of service required from the contract will fluctuate if staff either leave, are seconded, if the department has unusually high absences, or there is a Council requirement to increase its level of assurance on various specialist assurance areas.
- 6.4 The next closest supplier would cost £245,154, the difference is justifiable in the context that quality is seen as essential for final audit reports to have sound audit opinions. This situation is a risk to the Council if the audit reports do not reveal all internal control failures, the Council will then fail to improve its internal control arrangements.
- 6.5 As a result of the above considerations, the selected supplier is considered to meet value for money considerations and will enable the Council to address risk management issues noted in section 5.
- 6.6 The cost of this contract will be contained within the finance department budget.

7. LEGAL ISSUES

- 7.1 Procurement processes must comply with the European procurement rules and the Treaty obligations of transparency, equality of treatment and non discrimination as well as the Council's Contract Procedure Rules.
- 7.2 A Framework is an agreement between a client and contractor or contractors or consultant or consultants (depending upon the nature of the framework), the purpose of

which is to establish the terms governing particular call-off contracts that may be awarded during the term of the framework, in particular with regard to price and quantity.

The advantage of establishing framework agreements is that as long as the original framework agreement has been advertised and let in accordance with the EU procurement rules, there is no requirement to advertise any subsequent call-off contracts let under the framework agreement even where those call-off contracts exceed the stipulated financial threshold for works and for services.

7.3 Framework agreements are referenced under paragraph 6.9.1.1 through to 6.9.1.5 of the Contract Procedure Rules, as set out at paragraph 8.2 below. And On the basis of the information contained in the report the relevant provisions of the Council's Contract Procedure Rules have been met.

7.4 In accordance with the Council's Contract Procedure Rules, there will be a need to enter into formal contracts with the successful tenderer.

8. CONSTITUTIONAL POWERS

8.1 Constitution Part 3 "Responsibility for Functions" para 3.6 sets out functions of the Cabinet Resources Committee and Contract Procedure Rules (CPR) Section 5 "Authorisation & Acceptance Procedures". Under Table 5-1 of the CPR, (i) authorisation by Cabinet Member is required for contract value of between £156,422 to £499,999; and (ii) Cabinet Member is authorised to accept tender with contract value of between £156,442 to £499,999, where tender represents value for money and is the best available option for the Council.

8.2 Framework agreements are referenced under paragraph 6.9.1.1 through to 6.9.1.5 of the Contract Procedure Rules, as set out below.

"Before procuring or entering into a framework agreement, the Commercial Director shall be satisfied that:

- 6.9.1.1 the term of the arrangement shall be or is for a period of no longer than four years duration;
- 6.9.1.2 the terms and conditions of the arrangement do not compromise the Council's contractual requirements;
- 6.9.1.3 the parties to the arrangement are recognised public bodies or providers from the private sector;
- 6.9.1.4 full, open and proper competition in respect of the creation of the framework agreement has taken or will take place in accordance with the Relevant EU Rules and/or Relevant Contract Procedure Rules
- 6.9.1.5 Preference should be given to use of any Government Procurement schemes e.g. OGC".

9. BACKGROUND INFORMATION

9.1 The current contract for Internal Audit Systems Based Auditing was extended previously by the Cabinet Resources Committee for a period of six months, with a three month review clause, to cover the period in which we were undertaking a joint procurement with the London Borough of Enfield. London Borough of Enfield was the Lead Council for this procurement process and in doing so conducted a mini competition via the framework agreement. As part of this agreement London Borough of Enfield was asked to comply fully

with the provisions of the Public Contracts Regulations 2006 when leading the mini competition.

- 9.2 The framework that was used to undertake the mini-competition was Buying Solution's Management Consultancy and Accounting Services – Audit and Assurance Advice and Services, framework Code RM662/L13. The current buying solutions framework is valid from 27th January 2010 to 26th January 2013. The OJEU was issued on 27th March 2010, and a contract award notice was published on the 13th March 2010 which names the successful tender as one of the awarded organisations. Assessing the financial standing of the organisations was one of the selection criteria for the framework as let by Buying Solutions.
- 9.3 The framework was let under the EU Procurement Regulations and the mini-competition is compliant with the award criteria for undertaking a mini competition on the framework. The invitation to tender (ITT) was issued to consultants on the framework on 20th April 2011 and the deadline for responses was midday 16th May 2011.
- 9.4 On the 16th May 2011, four tenders were received. The tender cumulative scores are summarised below for price and quality:

Company	Quality Score 70%	Price Score 30%	Total % score
PWC	62	25	87
Firm A	40	28	68
Firm B	30	30	60
Firm C	12.7	27	39.7

- 9.5 Based on the evaluation criteria the successful tender was Price Waterhouse Coopers.
- 9.6 In accordance with the Contract Procedure Rules the Commercial Director was consulted in regards to being satisfied that such an approach represents the most economically advantageous solution for a service work, supply or utility provision and complies with the relevant EU Rules.
- 9.7 The Commercial Director is satisfied that Contract Procedure Rules 6.9.1.1 through to 6.9.1.5 have been met in regards to this framework agreement.
- 9.8 Following the successful award of the contract the Council will issue separate order forms (contained in Part 1 of schedule 4 of the framework agreement) to the service provider who will then in turn provide internal audit services for the Borough based on the requirements as set out in the tender documentation and in accordance with the call off terms of the framework agreement.
- 9.9 The value of this contract may fluctuate according to assurance needs and level of expertise required. It also includes aspects of internal audit, risk management and counter fraud services to compliment the delivery of the Internal Audit, Risk Management and CAFT Annual Plan.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – PJ

Finance – JH/MGC

AGENDA ITEM: 7 Pages 25 – 32

Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Church Farmhouse, Greyhound Hill, NW4 4JR
Report of	Cabinet Member for Resources and Performance
Summary	To seek approval that the property be declared surplus to the Council's requirements and that it be advertised on the open market to enable submission of schemes and initial bids for the Council's freehold interest. The appraisal and result of the open market testing will be reported to a future Cabinet Resources Committee meeting for consideration.

Officer Contributors	Judith Ellis – Property Services Valuation Manger Suzanna Ellis – Principal Valuer (Property Services)
Status (public or exempt)	Public
Wards affected	Hendon Ward
Enclosures	Appendix 1 - Location Plan No. 24323 and Photos
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Suzanna Ellis, Principal Valuer (Property Services), 020 8359 7356, suzanna.ellis@barnet.gov.uk.

1. RECOMMENDATIONS

- 1.1 That the Council's freehold interest in the land edged red on the attached plan no. 24323 which includes the Church Farm Museum building be declared surplus to its requirements.**
- 1.2 That the disposal of the freehold interest be advertised on the open market to seek details of proposed schemes and initial bids.**
- 1.3 That the appraisal and results of the open market testing be reported to a future meeting of the Cabinet Resources Committee for further consideration.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The budget setting process for 2011-2013, which took a decision to withdraw funding for museums from 1 April 2011.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan 2010-2013 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. The sale of the Church Farmhouse would provide a capital receipt which would support the Council's priorities and bring this currently unused area of land back into use.

4. RISK MANAGEMENT ISSUES

- 4.1 It is considered likely that the sale of this land will raise significant levels of public concern and will give rise to policy considerations. We expect local residents to actively have a particular focus on the future of this site.
- 4.2 Where the Council proposes to dispose of land in reliance on Section 123 (2) of the Local Government Act 1972, subsection 2 of that section prevents the council from disposing of the land (otherwise than by way of a short tenancy) for a consideration which is less than the best that can be reasonably be obtained.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The recommendation has been evaluated against the principles in the Equalities Policy and Equalities scheme and there are no adverse implications for specific groups.
- 5.2 The receipt from the disposal of this site will feed into the Council's Capital Programme which supports the overall aim of the Council's Equalities Policy and supports the equality priorities outlined in Council's Equality Scheme.

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 any other property matter other than that set out in paragraph 9 below.

- 6.2 Any costs incurred in the preparation of this process will be covered by the commercial services directorate budget.

7. LEGAL ISSUES

- 7.1 The freehold of the land is owned by the Council and is registered with the Land Registry under title number MX146 351. No covenants are shown on the registers of the Council's title.
- 7.2 Any sale would be subject to rights of way in favour of No.12 Greyhound Hill Road which affects a small part of the land.
- 7.3 As the grounds within which the museum building sits may have been used as open space land then any disposal of the land will be advertised under the provisions of S123 of the Local Government Act 1972.

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 site under consideration is outlined in red on the attached plan, is an irregular piece of land some 0.36 Ha/0.88 acres.
- 9.2 The property is bordered to the east with residential uses, the north by Sunny Hill Park, to the west by a Public House and Hendon St Mary Parish Church, to the south Greyhound Hill Road. The site is located on the north side of Greyhound Hill at its junction with Church End. The site is some 0.6 miles from Hendon Central tube station.
- 9.3 The building comprises an 'L' shaped, Grade II Listed, brick built farmhouse, of some 450 sqm/4844 sqft, the original parts of which are circa 17th Century. The building is arranged over three levels although parts also have cellarage. The building was adapted for museum use. To the rear of the property is a lawn with a pond and a number of established trees. To the frontage of the property is a stone wall which marks the boundary to the road.
- 9.4 The Site was originally purchased by the Middlesex County Council for museum purposes, on the 21 February 1944, and became vested in the London Borough of Barnet in 1965 following the abolition of Middlesex County Council.
- 9.5 The strip of land fronting the whole of the property was acquired by the Hendon Council in 1934.
- 9.6 The 2 residential properties 12 and 14 Greyhound Road were bought for residential purposes under a consent dated 31 May 1947.
- 9.7 Consents dated 6/3/1959 and 19/1/1954 land was appropriated from housing to land for public walks and pleasure grounds.

- 9.8 By an agreement dated 8 December 1959 both No. 12 and 14 were occupied on a service occupancy agreement.
- 9.9 No 12 Greyhound Road has been sold albeit there is a licence for the property to park a car in the museum car park.
- 9.10 The Council will engage with Middlesex University as a Strategic Partner in this location in the process of obtaining best value.

Planning Advice

- 9.11 The museum building is of historic significance and will involve full consultation with English Heritage.
- 9.12 A range of development opportunities exist including residential and/or community and education uses. These may serve as stand alone or enabling development to secure improvements to facilities if identified on or off-site.
- 9.13 Any new development should demonstrate compliance with Unitary Development Plan policies and guidance and have regard to the emerging policy context in relation to the Local development Framework. Development should in particular respect adjoining residential boundaries and uses and ensure adequate access arrangements in addition to securing any necessary planning obligations.
- 9.14 Residential densities should reflect the character of the surrounding area and in relation to enhance and protect the historic fabric of the building.

Summary

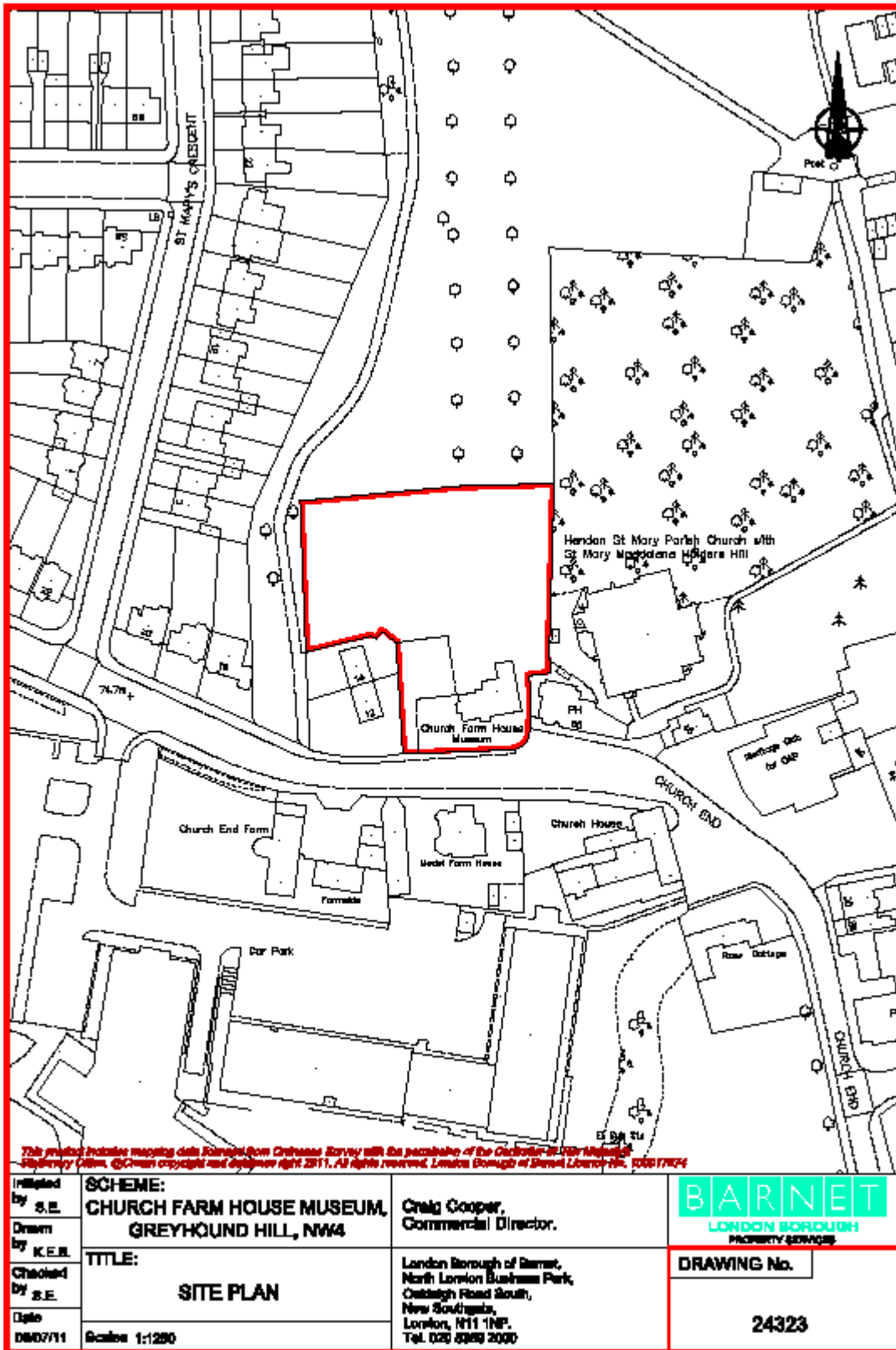
- 9.15 There is significant potential for various forms of development of this land subject to planning permission. This is a specialist building in a sought after location, and may attract a variety of uses ranging from residential development to educational uses, and despite the down turn in the market a market rent is likely to exist for this site.
- 9.16 In order to fully examine the potential development opportunities for the site together with the likely capital receipts that may be achieved, and market appetite for this site it is recommended that a two phase approach is adopted with an initial marketing campaign to identify the possible proposals and likely bids which can then be assessed and considered against the planning criteria and the Council's objectives.
- 9.17 The open market testing will be reported back to a future Cabinet Resources Committee meeting for a further decision on the proposal / proposals to be pursued.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – JOH
CFO – JH

Appendix 1: Site Plan



Photos



The car parking to the rear of the property.



The property frontage onto Greyhound Hill.



View over the pond to the rear of the property.



Land to the rear of the subject property

AGENDA ITEM: 8 Pages 33 – 40

Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Ex Hendon Football Club Ground and adjoining land Claremont Road, Hendon
Report of	Cabinet Member for Resources and Performance
Summary	Provisional indicative terms have been agreed with the tenant of this site for their purchase of the Council's freehold interest. Authority is sought to proceed with negotiations on the basis set out in this Report.

Officer Contributors	Philip Stanbridge – Principal Valuer
Status (public or exempt)	Public
Wards affected	Golders Green Ward
Enclosures	Appendix 1 - Plan no. 23356/17
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 officers be given authority to seek to conclude negotiations for the sale of the freehold interest of this site to Montclare Ltd (the current owners of Hendon Football Club Ltd), being the tenant of this site. This should be upon a basis which satisfies the Council's requirement to achieve best consideration and reflect the development, permitted under a new planning consent to be submitted by Montclare.**
- 1.2 That upon conclusion, the outcome of these negotiations be reported to the Chairman for authority for the Council to complete the necessary documentation for the sale of the freehold site.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee (CRC), 18th September 2003, approved in principle the freehold sale of the Hendon Football Club site for residential development.
- 2.2 CRC, 8th July 2004, approved terms, (amongst other matters) to the ultimate transfer of the freehold interest in part of the site to Ealing Family Housing Association for the building of an elderly persons care home and day centre.
- 2.3 On 18th October 2004 Outline Planning Consent was granted for 162 two bedroom flats and a care home.
- 2.4 CRC, 26th September 2005, approved terms for the sale of the freehold of the site to the developer Kings Oak North London, subject to extensive conditions safeguarding the Council's objectives and the future of Hendon Football Club.
- 2.5 CRC 6th December 2006 agreed to proceed with conditional contracts to Oracle Homes Ltd and City and Docklands Property Group on their offers for the sale of part of the Hendon Football Club site subject to various conditions.
- 2.6 CRC 14th January 2008 approval was given to the sale of this Council's freehold interest to Hendon Football Club Ltd

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Under the Corporate priority 'Better Services with Less Money', the Council has committed to 'Better use Council assets'.
- 3.2 The Council's Estates Strategy 2011- 2015 sets out our commitment 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 supports this, by producing a capital receipt for the Council in line with this objective.
- 3.3 These proposals align with the Council's objectives for regeneration in the Borough as set out in the Council's Local Development Framework. The Regeneration Service has been consulted and their observations are included below.

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 it has arisen out of on-going negotiations with the Montclare. An independent valuation will therefore be sought to confirm that the agreed price satisfies the Council's statutory duty.
- 4.2 The outline planning consent was granted without the usual S106 agreement because, as the applicant was the London Borough of Barnet, any such agreement would have been with itself and therefore invalid. The intention had been to secure to the Council these S106 benefits in settlements as part of the land deal. The reserved matters submitted by Montclare have never been determined, leaving the permission extant. Whilst this represents a risk to the Council this has been addressed by Montclare's agreement to withdraw the reserved matters. This will cause the original planning application to lapse and any new application will be concluded with an appropriate S106 agreement by Montclare.
- 4.3 In 2000, LBB invited tenders for the provision of new care homes and their ongoing management. The tender that was accepted from Catalyst, involved the sequential demolition of old unsuitable care homes and the reconstruction of new purpose built facilities. Perryfields, was one of the units which it was intended to rebuild. However when the potential extent of the West Hendon Regeneration area became clear, there was a possibility that the unit might be subject to compulsory purchase. Catalyst were thus offered two alternative units which they rejected. Further discussions took place in 2002 which resulted in a proposal to utilise part of the Hendon Football Club site subject to various conditions which were not satisfied.
- 4.4 Legal Services have confirmed that although a site swap agreement was entered into with Catalyst in respect of Perryfields, the conditions were not satisfied within the time frame and long stop dates have expired.
- 4.5 Whilst discussions are ongoing with Catalyst, these sites no longer form part of negotiations. Arbitration proceedings have taken place regarding a deficit claim by Catalyst, have been settled. Whilst discussions are ongoing with Catalyst concerning abortive costs, these sites no longer form part of negotiations. There is therefore no reason why this proposed disposal cannot now proceed.
- 4.6 The possibility of retention of the site for inclusion within the Brent Cross regeneration scheme has also been considered. This would require the acquisition of the leasehold interest from Montclare in order to achieve a unified site. This option has been examined with the Council's regeneration department, who have not to date secured the requisite interest from the Council's identified regeneration partners, to commit the necessary capital to the purchase.

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 On the conclusion of further negotiations between the Council and Montclare, it is anticipated that a capital receipt will be receivable by this Council although the current rent receivable will cease.

7. LEGAL ISSUES

- 7.1 Any disposal of land must comply with the provisions of Section 123 of the Local Government Act 1972 in that, 'except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained'. As noted above an independent valuation has been commissioned, to ensure that the Council satisfies this statutory requirement.

8. CONSTITUTIONAL POWERS

- 8.1 The 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 London Borough of Barnet owns the freehold of the site in Claremont Road, being the former site of the Hendon Football Club ground. The site is subject to a 99 year lease granted to the club in 1997. The original intention at the time of that grant was that the club would continue to play at the ground.
- 9.2 It became evident however that there was a capital gain to be made, for both parties, from the redevelopment of the facility and LBB worked very closely with Hendon Football Club Ltd (HFC Ltd) to bring that about. In 2004 outline planning permission was granted (to LBB) for a substantial residential development which provided a residential care home and 162 two bedroom flats.
- 9.3 As set out in section 2 above, various options were proposed and a joint marketing of the site was undertaken. In 2007, it was agreed that LBB would sell its freehold interest to HFC Ltd (by that point owned by Montclare) who would then proceed to redevelop the site. However, before this sale could be completed, there was a significant collapse in the property market which undermined the viability of the scheme and Montclare withdrew.
- 9.4 The vacated stadium and ancillary buildings became the subject of unauthorised occupation by squatters. After legal action by Montclare to secure possession, the buildings were demolished and the site hoarded in the autumn of 2009 although in recent months it has again been the subject of further squatting which has been addressed as at the date of this Report.
- 9.5 With the steadying of the property market, interest in the potential redevelopment has re-emerged although at significantly lower levels than those of 2007. Whilst active marketing has not been undertaken, the Council has received approaches to sell its freehold interest including an offer from Montclare who wish now to proceed and build a residential scheme on the site.

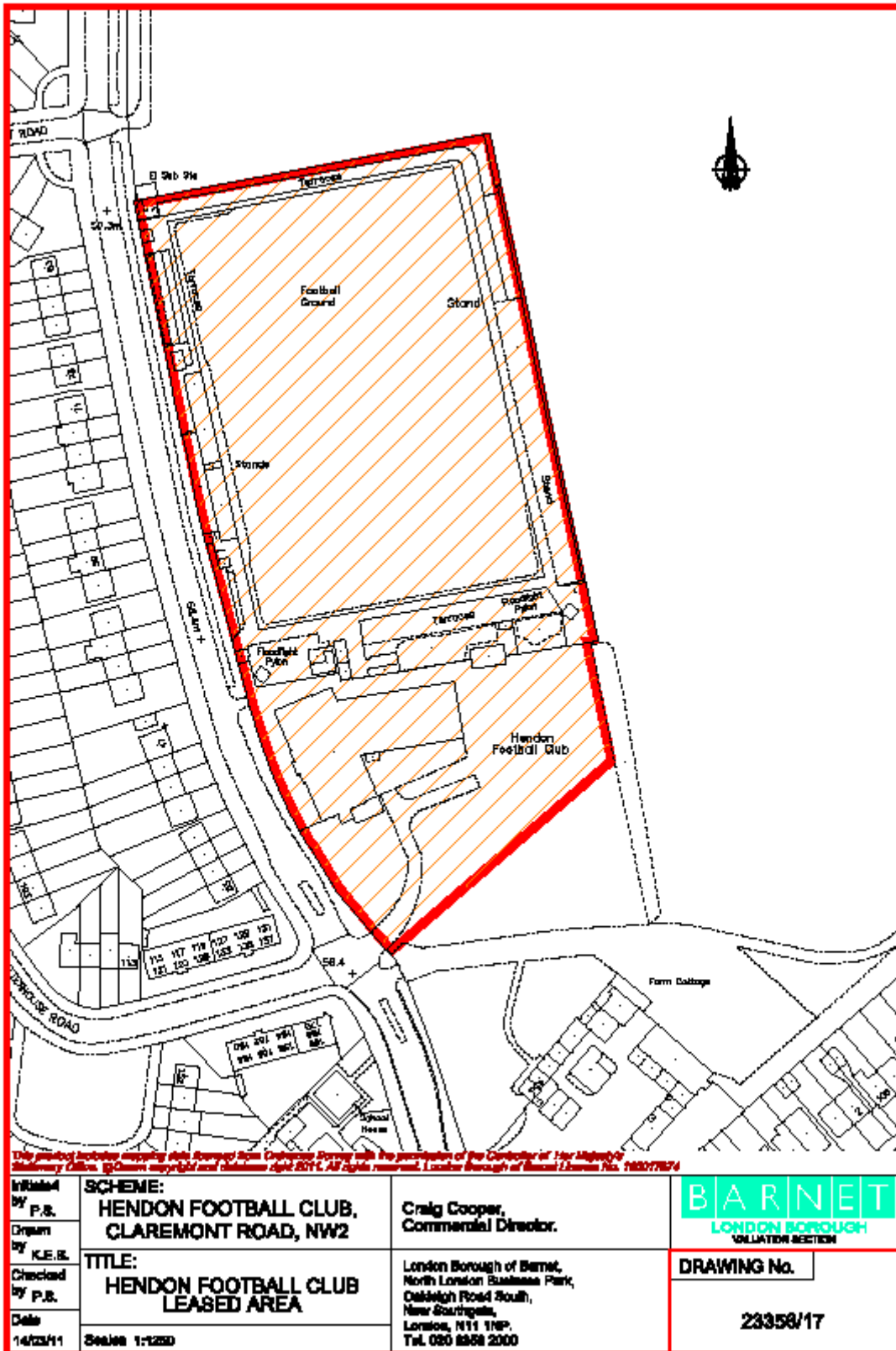
- 9.6 In theory, the holder of an interest in land should always be able to bid more than competitors who hold no interest. This is because the merger of two interests, (in this case the leasehold and the freehold), produces an asset worth more than the sum of its parts. Thus a bid from Montclare, who hold the leasehold interest, should exceed that which could be offered by other bidders. This will however, be confirmed by independent valuation as set out in section 7 above.
- 9.7 As noted in paragraph 4.2, a condition of the agreement will be that the existing outline planning consent be allowed to lapse by withdrawal of the reserved matters application. This will permit a new, less dense and more appropriate development in a low rise configuration to be considered for the site. Inevitably this less intense development will reduce the value of the site from its earlier levels and the formula shown in the exempt report for determining the value allows the development permitted, to determine the price to be paid. If approval is given to seek to conclude a sale with Montclare, they will then proceed to submit a new planning application.
- 9.8 An offer, in the form of a structure and method of calculation of payments, has been submitted by Montclare. Details are set out in the exempt report and will, subject to approval by this Committee, form the starting point for negotiations seeking a recommendable transaction. These negotiations will examine alternative deal structures to be sure that best value is secured for the Council in any transaction. It is intended that the outcome of any negotiations will be reported back to the Chairman of this committee before any agreement is finalised.

LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal: JK
CFO: MC/JH

Appendix 1: Plan



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Initiated by P.S. Drawn by K.E.S. Checked by P.S. Date 14/03/11	SCHEME: HENDON FOOTBALL CLUB, CLAREMONT ROAD, NW2 TITLE: HENDON FOOTBALL CLUB LEASED AREA Scale 1:1250	Craig Cooper, Commercial Director. London Borough of Barnet, North London Business Park, Caledon Road South, New Southgate, London, N11 1NP, Tel. 020 8958 2000	BARNET LONDON BOROUGH ULLIATOR SECTION DRAWING No. 23358/17
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AGENDA ITEM: 9

Page nos. 41 - 46

Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Authorisation and acceptance of mini tender for the supply and installation of play equipment for 2011-13 (including design and landscaping works).
Report of	Cabinet Member for Environment & Operations
Summary	This report seeks approval to award one contract for the design, supply and installation of play equipment until 31 March 2013 for existing and future schemes.

Officer Contributors	Jenny Warren, Greenspaces Service Manager Elee Amoa, Project Support Officer
Status (public or exempt)	Public with separate exempt report.
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	None

Contact for further information: Jenny Warren, Greenspaces. Telephone 020 8359 7803

1. RECOMMENDATIONS

- 1.1 That a contract for the design, supply and installation of play equipment is awarded to SMP Playground Ltd, subject to the terms on the use of the framework agreement being approved by Legal.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1** Delegated Powers Report 1258 Greater London Authority fund acceptance of grant for Dollis Valley Greenwalk dated 14th February 2011:

To accept the grant funding of £400,000; £91,200 in 2010/11 and £308,800 in 2011/12 from the Mayor of London's 'Help a London Park' fund for the following project: Improvements to the Dollis Valley Green Walk and that Officers implement the project as set out in the agreement.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1** The Corporate Plan for 2011-13 specifies the implementation of improvements within the Dollis Valley Greenwalk project as a key project within the strategic objective to "protect and enhance our natural and built environment to ensure that the borough is clean and green". The Corporate Plan lists "the completion of improvements in line with the project plan" as key to the delivery of the Dollis Valley Greenwalk project.
- 3.2** The improvement of two play areas is a work strand of the Dollis Valley Greenwalk project that will achieve one of the projects three objectives of improving and providing facilities along the walk.
- 3.3** The Play Equipment 2011-13 contract will facilitate the delivery of community led grant funded projects to improve their local play areas, which contributes to the strategic objective of supporting the development of the Big Society in Barnet.

4. RISK MANAGEMENT ISSUES

- 4.1** Failure to meet completion deadlines set out in funding conditions for each scheme represents the greatest risk. Delivery timelines are achievable and the successful contractor has demonstrated that they can achieve delivery of multiple schemes within short timescales.
- 4.2** These risks have been significantly reduced by the requirement of a project implementation plan within each prospective tender. The presence of this plan allows for assessment of how feasible and robust each contractor's timeline is for supply, installation and landscaping works which can be used to ensure the existing schemes are delivered within deadlines and the programme can be built into any future programmes of delivery.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Play areas are integral to children's development, in developing skills and contributing to physical activity, the main objective of each play area scheme is to create play areas that are unique, attractive, exciting, challenging and stimulating. The design specification provided in the tendering process addresses the need for open and accessible play areas which enable disabled and non-disabled children to participate and play together.
- 5.2 Each applicant was required to submit a copy of its equality and diversity policy this allowed the Authority to compare and take note of those organisations who share our ethos regarding these issues.

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

- 6.1 The contract for 'Play equipment, supply and installation 2011-13' will facilitate the improvement of play areas funded by external grant funding and Section 106 funds until 2013. The contract is required to deliver a number of approved schemes.
- 6.2 The minimum value of the works is £330k for the delivery of a number of confirmed schemes. This includes the Help a London Park play areas at Dollis Valley Greenwalk (£140k), improvements to Friary Park, Mil Hill Park (£120k) and a community group Big Lottery Funded project for Lyttleton playing fields (£70k).
- 6.3 The contract is also required to facilitate the delivery of future schemes that may arise during the term of the contract. There will not be any committed spend until funding has been identified and the relevant approvals sought.
- 6.4 It is expected that the value of the contract will exceed £500k during the contract term, as it is anticipated that further schemes will come forward during the this time. There are two further groups currently applying for external grant funding and the Lyttleton community group are nearing their funding target of £150k.
- 6.5 The Lyttleton Playing Fields scheme has a revenue allocation of £20k as match funding from the Council, which has been set aside in the revenue budget for the financial year 2011/12.
- 6.6 The play area projects detailed in the Play Equipment supply and installation 2011-13 contract were procured utilising the ESPO Pro 5 Framework Contract 115 – Playground and outdoor equipment. The successful contractor SMP Playground Ltd submitted a scheme that best met the design specification and evaluation criteria sent to all bidders and subsequently scored highest in the evaluation process.

- 6.7 Any required approvals / consents will also need to be sought during the design process; this could include seeking planning permission for future sites.

7. LEGAL ISSUES

- 7.1 Where the intended users of a framework agreement have been inadequately or ambiguously identified during the procurement of the framework agreement, then subsequent call-off contracts made under that framework agreement are likely to be regarded by the European Commission as illegal direct awards, and attract infraction proceedings if they come to the Commission's attention.

- 7.2 It is therefore essential that permissible framework users are clearly and effectively identified in the contract notice and contract documents in order to avoid such issues. Therefore, as in the recommendation, the award of the proposed contract is subject to reviewing of the framework agreement (ie contract notice and contract documents) and there being no risk of challenge to LB Barnet of the proposed call off under the framework agreement.

8. CONSTITUTIONAL POWERS

- 8.1 Contract Procedure Rules – Table 5.1: Authorisation. Authorisation and acceptance of contract values of £500,000 and above require Cabinet Committee approval.
- 8.2 Contract procedure Rules – 6.9 Framework Agreements. The Commercial Director must be satisfied that the joining of an existing agreement represents the most economically advantageous solution and complies with the relevant EU rules on the use of such agreements. The use of the ESPOE Pro-5 Framework Agreement has been cleared and the rules 6.9.1.1 through to 6.9.1.5 have been met. A mini-competition was conducted to ensure best value.

9 BACKGROUND INFORMATION

- 9.1 Over the last 12 months the Council Officers have been working with local Friends of Parks and resident groups to obtain grant funding for improvements to play areas. To date one application has been successful in obtaining £50,000 from the Big Lottery, further application results are awaited, and there are indications that further groups intend to submit funding bids in this forthcoming year.
- 9.2 A significant grant award was obtained from the Mayor's Help a London park initiative for Dollis Valley Greenwalk which will see the improvement of two play areas before 31 March 2012. The play area schemes are being developed through an extensive consultation process to deliver play spaces that meet the needs and desires of the local community who use them. The

successful contractor will be required to assist in the delivery of this process which includes an on-site activity day to capture the views of parents and children.

- 9.3 A contract is required to facilitate the delivery of the above and other projects until 31 March 2013.
- 9.4 A mini competition was conducted inviting tenders from 13 suppliers on the ESPO Contract 115 framework, to bid for the play equipment 2011-13 contract for the supply and installation of play equipment, including design and landscaping services. The ESPO framework was used to successfully deliver the Playbuilder play areas in 2009/10.
- 9.5 ESPO is a local authority purchasing and distribution consortium, jointly operated by the county councils of Cambridgeshire, Leicestershire, Lincolnshire, Norfolk and Warwickshire and the unitary authorities of Leicester and Peterborough City Councils, of which Barnet is a member. The consortium acting on behalf of the Pro5 group of professional buying organisations has established the terms and conditions which will apply to any call-off arrangements by customers during the period of the Framework in accordance with regulation 19 of The Public Contracts Regulations 2006 (Commencing 1st April 2009).
- 9.6 Four tender returns were received and evaluated using a weighting / scoring mechanism that was devised in advance of the tenders being received, which takes both price and quality into account. From this scoring matrix the highest scoring submission would be offered the Play equipment 2011-13 contract.
- 9.7 Four tender returns were received and were subject to a quality and price evaluation as follows:

Contractor	Final Score %
SMP Playground Ltd	79.38
b	70.79
d	65.48
a	64.54

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: PJ
CFO: JH/MC

AGENDA ITEM: 10 Pages 47 – 58

Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Barnet Centre for Independent Living – Commissioning User-Controlled Information, Advice and Advocacy for Disabled People
Report of	Cabinet Member for Adults
Summary	This report seeks (i) authority to commission Barnet Centre for Independent Living to provide information, advice and advocacy services; and (ii) authority to enter into a section 75 NHS Act 2006 agreement with NHS Barnet

Officer Contributors	James Taylor, Deputy Head of Strategic Commissioning
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Current information, advice and advocacy services commissioned from voluntary organisations by Adult Social Care and Health
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: James Taylor, Deputy Head of Strategic Commissioning (Adult Social Services and Health), 020 8359 4886.

1. RECOMMENDATIONS

- 1.1 That authority to given to commission Barnet Centre for Independent Living to provide information, advice and advocacy services for a maximum period of two years**
- 1.2 That the requirements of paragraph 6.4-5 of the Contract Procedure Rules be waived;**
- 1.3 That the Cabinet Member for Adults be authorised to approve the Council entering into a two-year Section 75 National Health Service Act 2006 pooled funding agreement with NHS Barnet (NHSB), with the council acting as lead commissioner, subject to the legal and financial terms of the agreement being approved by the Assistant Director – Legal and the Chief Finance Officer**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, 22 July 2008 (Decision item 11) - approved changes to voluntary sector commissioning arrangements.
- 2.2 Cabinet Resources Committee, 8 December 2009 (Decision item 7) - approved the strategic document 'Looking after Yourself – a prevention framework for Barnet' as the basis for the commissioning of preventative services by Adult Social Services.
- 2.3 Cabinet Resources Committee, 13 January 2011 (Decision item 11) - approved a waiver of paragraph 5.6.2 of the Contract Procedure Rules to allow the entry into interim funding agreements for prevention services commissioned by the Council's Adult Social Services subject to a maximum duration of two years.
- 2.4 Cabinet Resources Committee, 21 April 2011 (Decision item 7) - approved procurement of a contract for day opportunities services for adults with mental ill-health and a contract for respite and support services for carers of adults with disabilities, ill-health or frailty.
- 2.5 Delegated Powers Report No 1313, 4 April 2011 – authorisation of contract with the Barnet Centre for Independent Living to provide the Advantage Agent service

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Better services with less money – The proposed services will help to promote independence for adults with care and support needs in the Borough. They will focus support around the customer to achieve a better customer experience and better value for money through commissioning services differently and through service transformation.

The procurement will contribute to managing resources and assets effectively and sustainably across the public sector.

- 3.2 Sharing opportunities and sharing responsibilities – The proposed services together with other re-commissioned social care and prevention provision will support implementation of the Choice and Independence vision for Adult Social Care by developing a market place which is able to respond to people self-directing their support through a personal budget. The service model will allow for increasing use of personal budgets and social capital to reduce providers' dependency on Council funding for example through effective deployment of volunteering and by enabling service users to set up sustainable co-support groups.
- 3.3 New relationship with citizens –Barnet Centre for Independent Living is a User led Organisation able to take forward the new relationship through its role as a hub provider of a range of core support for disabled people, including information, advice and advocacy, that demonstrate user influence and delivers user configured services.
- 3.4 The establishment of a pooled budget under section 75 of the integrated element will ensure that there is integrated commissioning, a joined approach to the market and more effective management of provider costs thus achieving the *One Barnet* ethos and '*Better services with less money*', which is important at a time when the Council and Primary Care Trust are facing significant budgetary constraints.

4. RISK MANAGEMENT ISSUES

- 4.1 Commissioning Barnet Centre for Independent Living (BCIL) will enable Information, Advice and Advocacy services ("IAA") to be provided by a user-led organisation. The Council with CommUNITY Barnet and the voluntary sector have actively supported development of BCIL, leading to its constitution as a community interest company in Autumn 2010. BCIL has already been commissioned by the Council to provide peer support brokerage services with effect from March 2011 until December 2012 using Trailblazer funding awarded to Barnet by the Government. It is highly desirable that IAA and brokerage services are provided within a single integrated service in order to enable flexible use of resources to meet future needs.
- 4.2 Good quality IAA and brokerage delivered through a user-led organisation are a core part of specialist provision for people with disabilities, frailties or other long-term conditions, and a key element in maximising take-up of the Right to Control and use of personal budgets by people eligible to receive funding for social care and support. Ready access to timely IAA services also enables people with low and

medium-level needs to stay independent, preventing escalation of needs and dependencies

- 4.3 Commissioning the provision under a single arrangement with BCIL is recommended in order to mitigate risks arising from the budgetary reduction approved by Cabinet in February 2011. There are a number of contracts with a number of voluntary sector organisations which will expire on 31.3.2012. The proposed arrangement will result in a partnership between Barnet Council and the Centre for Independent Living to commission and or provide these services from that date. It would offer potential efficiencies of scale by reducing overhead costs and mitigating risks of duplication and/or gaps between services that would occur if the reduced budget were spread across several smaller contracts. It also offers efficiencies in contract management for the Council.
- 4.4. The Council has had long-standing relationships with many of the funded voluntary organisations and many are delivering services of considerable value to Barnet residents and has consulted with them during 2011 on how best to achieve the budget savings for the voluntary sector and on the Information, Advice, Advocacy and Brokerage Strategy. Commissioning future provision through BCIL would create the conditions for integrated working between specialist organisations and across the different customer groups for whom the services are intended. It is expected that BCIL will wish to put in place sub-contracts or other partnerships to take maximum advantage of the skills and experience of the existing provider sector and to minimise risks of discontinuity in service delivery in the transition between old and new contracts.
- 4.5 There is a risk that entering into a partnership contract to commission and or provide information, advice and advocacy services, directly, with BCIL could result in challenge(s) being brought against the council. The risk is assessed as being low in view of the specialist nature of the relevant services. The Council will publish a notice concerning the intention to commission user-controlled provision to be operated by BCIL and will review the risk assessment following publication.
- 4.6 At the same time, there are significant risks if the Council proceeds directly to competitive procurement before it has sufficiently tested the proposed user-controlled service model,. The two year term of the recommended contract would provide sufficient time for BCIL to pilot the services and for the Council to review its performance, refine or reshape the service specification and complete a competitive procurement to let a new contract on expiry of the contract with BCIL.
- 4.7 The risk that the recommended partnership with BCIL by way of a two year contract would not offer best value for money would be mitigated by the following intended actions:

- The Council's requirements for the services will be re-specified to define the objectives and deliverables to be achieved over the two year period of the partnership.
 - The contract would be outcomes focused with well-defined indicators of success and include clear and enforceable accountabilities for performance and provision for unconditional early termination.
 - The partnership would be for a maximum period of two years, with competitive procurement being undertaken in the second year.
 - A contingency plan will be in place to ensure that existing contracts are varied to reduce the level of funding to approved budget resources with effect from 1.4 2012 in the event of any delay in the proposed service implementation.
- 4.8 The Section 75 agreement to establish a pooled budget for voluntary sector prevention expenditure will set out a clear governance framework and monitoring arrangement overseen by the Health & Well-being Board. The Council will on behalf of the partnership be expected to provide monthly, quarterly and annual financial and performance reports to the Board

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Equality Act 2010 came into force on 5 April 2011. Pursuant to section 149 of the Act, the council has a public sector obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation.
- 5.2 The provision of user-led information, advice and advocacy services strengthens the ability of disabled people to control their lives as they become better informed and supported to make their voice heard. Improving access to information and inter-personal support will increase individuals' ability to exercise choice. Consequently, the commissioning is intended to have a very positive equalities impact. Initial equality impact assessment of the proposed pilot service model and implementation arrangements has been completed. The assessment at this stage indicates a positive effect overall and will be updated in the light of the outcomes achieved during the first year of operation.
- 5.3 Currently some client groups have specific information, advice and advocacy services, whilst others do not. Having one contract for a pan-disability service will ensure that there is fair access to support across all groups including carers, and that needs can be matched efficiently with resources. Risks for users of existing services as a result of potential future reallocation of resources will be managed through a transitions plan and specifying the reasonable adjustments in the

service model that are required to ensure that the needs of the most vulnerable are addressed.

- 5.4 The Council's Equalities policy will inform evaluation of providers' proposals. The contract for the new services will include explicit requirements fully covering the Council's duties under equalities legislation.
- 5.5 The ability for BCIL to sub-contract or to operate as lead member of a consortium has been built into the specification to facilitate response to specialist areas of demand which may relate to, for example, language or diagnosis which it is not possible to cover within the main contract.
- 5.6 The contract will require providers to have a high standard of equitable behaviours. This includes compliance with Equal Opportunities Legislation, operating an equal opportunities policy, observing Codes of Practice issued by the Commission for Equality and Human Rights, and giving appropriate consideration to each customer's race, nationality, cultural or ethnic background, marital status, age, gender, religion, sexual orientation and disabilities.

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

- 6.1 Prevention services currently provided by voluntary organisations are funded from specific community care funding and Formula Grant allocated to the Adult Social Care and Health base budget.
- 6.2 Proposals to reduce relevant budget provision in 2011/12 have been agreed, comprising in respect of voluntary sector prevention services, £350K in 2011/12 and £550K in 2012/13 and in respect of housing related support services; £492K in both 2011/12 and 2012/13, and £362K in 2013/14;.
- 6.3 The proposed maximum annual budget for re-commissioned information, advice and advocacy services for 2012/13 is £347,428. This amount includes £34,223 of currently allocated funds from NHS Barnet resources which will form part of the proposed section 75 agreement referred to in paragraph 6.6 below.
- 6.4 The Council's Contract Procedure Rules provide that contracts of the values indicated in paragraph 6.3 above should be awarded following a tendering process or other approved route. In considering the recommendations to waive this requirement the Committee must be satisfied that the waiver would fall within one or more of the four criteria specified in Paragraph 5.8 of the Contract Procedure Rules.

- 6.4.1 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 Contract Procedure Rules is justifiable; or
 - 6.4.2 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
 - 6.4.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or
 - 6.4.4 there are other circumstances which are genuinely exceptional
- 6.5 The services to be provided under the recommended contracts represent specialist models of provision that have not yet been fully tested. The Council is therefore not yet in a position to proceed to competitive procurement but it must nevertheless procure new contracts in order to manage the impact of approved budgetary reductions and to ensure continuity of provision for disabled people when existing contracts expire on 31.3.2012. These circumstances are consistent with the criteria at 6.4.1 and 6.4.4.
- 6.6 The NHS Barnet Board has approved the setting up of a s75 pooled fund agreement between NHS Barnet and the council. The Recommendation, set out at 1.2, above, seeks delegation of authority to the Cabinet Member for Adults, to authorise entry into a section 75 pooled fund agreement with NHS Barnet, the council acting as lead commissioner for all NHS voluntary sector spend amounting to £840,921

7. LEGAL ISSUES

- 7.1 The services to be commissioned will fall under Annexe B of Schedule 3 to The Public Contracts Regulations 2006 (as amended). This means that the procurement will not be subject to the full EU tendering rules.
- 7.2 The principles of fairness, non-discrimination and transparency will apply to the provision. Meeting these principles requires, as a minimum, that the council places an advertisement on its website, advertising its intention to award the contracts and giving interested parties the opportunity to compete for the contracts.
- 7.3 Section 75 of the NHS Act 2006 empowers health and social care organisations to make contributions to a common fund to be spent on agreed projects or used for delivery of specific or delegated functions. Regulations and Government guidance indicate how section 75 arrangements should be set up. The, proposed, agreement between the council and NHB Barnet will be based on a nationally recognised template.

8. CONSTITUTIONAL POWERS

- 8.1 The Council's Constitution, Part 3, Responsibility for Functions, paragraph 3.6 sets out the functions of the Cabinet Resources Committee.
- 8.2 Procurements are governed by the Contract Procedure Rules as set out in the Constitution

9. BACKGROUND INFORMATION

Information, advice and advocacy services

- 9.1 The Council's Information, Advice, Advocacy and Brokerage strategy has been revised following wide consultation which ended in May 2011. The new strategy takes account of the feedback received, that people are looking for information, advice, advocacy and brokerage that are geared to the special needs of disabled people and carers rather than to those of Barnet's general population to be served by the Council's proposed Customer Services Organisation.
- 9.2 A specialist information, advice, advocacy and brokerage service for disabled people and carers will enable;
- Choice and control - individual service users and carers are empowered to make informed decisions about their lives;
 - Prevention - individuals are supported to plan for their lives and anticipate their health and social care needs;
 - Social capital - individuals understand and make best use of the resources available to them;
 - Market management - information about needs and demand stimulates a competitive consumer-led market.
- 9.3 Existing specialist provision commissioned from the voluntary sector through Adult Social Care and Health and listed at Appendix 1 will need to be re-commissioned during 2011 within the reduced resources approved as part of the Council's medium-term financial strategy. The service model will reflect the priorities of the revised strategy including the following key principles:
- Targeting support to those who need it most and promoting self-service for those able to use mainstream services.
 - Fully inclusive provision suitable for people with all forms of disability, frailty and illness, and their carers.
 - Developing volunteer contributions and other social capital to add value to public funding.
 - Integrated provision to allow flexible resource re-allocation in response to client demand and understanding of need.

- Overcoming the barriers disabled people face in accessing services and support.
 - Improving value for money by joining up services to reduce back office costs and eliminate duplication.
- 9.4 For the Council the creation of the Centre for Independent Living embodies a commitment to a new relationship with citizens; a user led organisation responsible for the design and delivery of social care services, providing social value in line with the 'Big Society' agenda. The offer will include signposting and support for individuals both eligible and ineligible for social services, with special regard to those who are self-directing and self-funding their support. It will close the gap for those ineligible for or less willing to engage with statutory services; it will support disabled people to lead more independent lives and it will provide the links with statutory and safeguarding services where required.
- 9.5 In 2010 the Barnet Centre for Independent Living (BCIL) organisation, facilitated by CommUNITYBarnet was constituted as a Community Interest Company that is 100% user led. BCIL has recently gained its first contract to deliver a peer support service as part of the Right to Control trailblazer, a One Barnet project.
- 9.6 Establishing user led organisations to lead on information, advice and support planning, continues to be a key national Government policy of the Office for Disability Issues who in May 2011 launched a national programme to support the development of strong and sustainable user led organisations. The work that Barnet Council has been doing in developing the BCIL has been identified as an example of good practice by the ODI.
- 9.7 It is recommended that BCIL be commissioned to operate the pilot service for a maximum term of two years prior to market testing and competitive procurement of a new contract to commence at the end of the period.
- 9.8 The proposed services would be subject to a detailed specification and performance framework setting out the Council's requirements. Performance would be appraised against the following measures of success:
- The services are chosen by a majority of people looking for support.
 - The services enable achievement of Barnet's performance targets on the number of people taking up individual budgets and self-directing their support.
 - The services achieve high satisfaction ratings on the effectiveness of their support to both personal budget holders and self-funders.
 - The services are able to evidence that they have prevented needs from escalating and reduced requirements for statutory interventions.

9.9 The following key milestones are applicable to implementation of the recommended provision

End Aug 2011	Provision of BCIL's outline proposals.
End Sept 2011	Provision of BCIL's method statements and implementation plans.
Oct - Nov 2011	Contract award
Dec - Jan 2012	Service initiation, subject to contract.
Jan - Mar 2013	Review of performance and requirements for amendment of service models.
Apr - Jun 2013	Market testing and finalisation of steady state service specifications.
Jul - Dec 2013	Invitation of competitive tenders and selection of new contractor/s.
Jan - Mar 2014	Service mobilisation and transition planning.
April 2014	Commencement of new contract.

Establishment of a Pooled Budget

9.10 The recommendation at Paragraph 1.1 seeks to realise the benefits of an integrated commissioning approach by pooling relevant resources available for investment by the Primary Care Trust and the Council. At present both organisations separately fund a number of voluntary organisations to provide prevention services in order to reduce ill-health and social care dependencies. Under the proposed s75 agreement, the council would lead future commissioning. All pooled budget arrangements would be subject to oversight by Barnet's Health & Well-being Board, the lead partnership body for health and social care matters in the borough as identified in the Sustainable Community Strategy and other One Barnet policies and programmes

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: SS
CFO: MC/JH

Appendix 1 Current specialist information, advice and advocacy services commissioned from voluntary organisations by Adult Social Care and Health

Provider	Scheme Name	LBB 2011/12 Value	PCT 2011/12 Value
Advocacy in Barnet	Advocacy for Older People	£25,823	
Advocacy in Barnet	Advocacy Services - Younger Adults	£32,107	£34,223
Advocacy in Barnet	Advocacy Worker - Learning Disabilities	£34,423	
Barnet People's Choice	Barnet Peoples Choice (advocacy and parliament)	£54,854	
Barnet Voice	Barnet Voice for Mental Health	£69,617	
Disability Action in the Borough of Barnet	Core Funding - Information, Advice and Advocacy	£89,296	
Disability Action in the Borough of Barnet	Home visiting services	£9,334	
Barnet Citizens Advice Bureau	Welfare Benefits Advice Service	£41,760	
Mind in Barnet	Day Services, Information and Advocacy	£49,705	

AGENDA ITEM: 11

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Meeting	Cabinet Resources Committee
Date	28 July 2011
Subject	Stonegrove & Spur Road Estates Regeneration
Report of	Leader of the Council
Summary	This report seeks a resolution from the Committee to make a Compulsory Purchase Order (CPO) in respect of all third party property and other proprietary interests in the Stonegrove & Spur Road (SGSR) Regeneration Area as shown edged red on the attached plan and to approve the use of the Ground 10A procedure to recover possession of properties within the area that are occupied by secure tenants.

Officer Contributors	Susan Botcherby (Regeneration), Tony Westbrook (Regeneration), Tobenna Erojikwe (Legal)
Status (public or exempt)	Public
Wards affected	Edgware
Enclosures	Appendix 1 – Plan of CPO area (Drawing no: 24332)
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Susan Botcherby, Senior Project Manager 020 8359 ext.7671

1. RECOMMENDATIONS

1.1 That:

- i. a Compulsory Purchase Order (CPO) be made pursuant to the powers contained in Section 226 (1) (a) of the Town and Country Planning Act 1990 as amended by the Planning and Compulsory Purchase Act 2004 in respect of all third party property and other proprietary interests in the Stonegrove & Spur Road Regeneration Area as shown outlined in red on drawing no: 10930_MP_54.**
 - ii the appropriate Chief Officers be authorised to take all necessary action to secure the confirmation and implementation of the CPO.**
- 1.2 That the appropriate Chief Officers be authorised to carry out the necessary consultation required by Part 11 of Schedule 2 of the Housing Act 1985 and seek the Secretary of State's approval of the SGSR scheme for the purpose Ground 10A of Part 11 of Schedule 2 of the Housing Act 1985 (Ground 10A) and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants.**
- 1.3 That the appropriate Chief Officer be authorised to approve the service of Initial and Final Demolition Notices as required within the programme for deliver of the regeneration project, pursuant to schedule 9 and section 182 of the 2004 Housing Act to suspend the right to buy on properties due for demolition on the Stonegrove and Spur Road Estates.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 18 June 2007, Stonegrove & Spur Road Regeneration Scheme (main terms of the PDA, Masterplan etc) - Decision 6 (resolved)
- 2.2 Planning and Environment Committee, 3 March 2008, outline planning application for the redevelopment of the Stonegrove & Spur Road Estates - Decision 7 (approved)
- 2.3 Cabinet Resources Committee, 25 March 2008, Stonegrove & Spur Road Estates (to seek approval of the Principal Development Agreement financial terms), Decision 4 (resolved)
- 2.4 Cabinet Resources Committee, 2 September 2009, Stonegrove & Spur Road (change to financial terms and other matters), Decision 12 (resolved)
- 2.5 Cabinet Resources Committee, 24 May 2011, Stonegrove & Spur Road Estates Regeneration (to seek approval to vary the Principal Development Agreement, Decision 11 (resolved)

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The SGSR regeneration project contributes to the delivery of the Corporate Plan 2011-2013 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 The One Barnet A Sustainable Community Strategy for Barnet (2010-2020) – Growing Successfully – the SGSR Regeneration Scheme will 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). The scheme will establish a new and sustainable neighbourhood in which people want to live, work and prosper within a growing, mixed strong community.

4. RISK MANAGEMENT ISSUES

- 4.1 At its meeting on 18 June 2007, Cabinet resolved to make a CPO for the acquisition of all non-Council-owned property and other proprietary interests in the Stonegrove & Spur Road Regeneration Area. However advice provided by the council's legal advisors suggests that as the resolution was passed four years ago an updated decision is required taking into account changes since then and issues not covered by the original report.
- 4.2 There is a good case for the regeneration and replacement of the current housing stock. Delays in or a failure to secure a CPO at the appropriate time could impact on the financial viability of the scheme, and/or in delays to the project. A CPO could fail if the council has failed to follow the proper statutory procedures and/or failed to make its case properly. These risks will be minimised by the use of specialised consultants to provide advice on making and promoting the Order. In addition to the PDA, the Compulsory Purchase Indemnity Agreement (CPOIA) completed on 30 June 2011 between Barratt Evolution Limited and the Council will indemnify the Council against all statutory (including the costs of acquisition of land interest and compensation) costs incurred in making, seeking confirmation of and implementing the CPO as well as other Council costs, in the manner explained at paragraph 6.3 below.
- 4.3 The Council's costs will be met by the Developer in accordance with the CPOIA and the agreed provision on this is explained in paragraph 6.3 below. The Council will be putting procedures in place to monitor costs against the agreed Estimate to ensure that the Council seeks approval from Barratt Evolution Limited to incur any further costs before the Estimate is exceeded.

- 4.4 A CPO is essential for site assembly and thus to enable satisfactory completion of the project. Whilst it is hoped that all outstanding property interests can be acquired by negotiation, the project cannot proceed with the risk that negotiations may not prove successful in all cases and the scheme could be brought to a halt. To avoid this potential risk to the financial viability of the scheme it is necessary to seek the approval of a CPO. If the order is not confirmed, or is significantly amended the project would be undeliverable or only marginally deliverable. A CPO would ensure that the costs of CPO can be realistically estimated using recognised procedures to determine compensation.
- 4.5 The CPO will ensure that a clean title is obtained for the site and that an injunction cannot be obtained by an objector to delay or prevent the development.
- 4.6 If the CPO is not confirmed it is possible that the Council will not be able to assemble land in line with the acquisition and decant strategies programmed to ensure that a) all affordable housing to be provided within the scheme is delivered by 2016 and b) the entire scheme is completed by 2018. The effect of not being able to meet these deadlines is a loss of HCA funding as well as the risk of not delivering the scheme.
- 4.7 The CPO when confirmed must be implemented within three years (this period can be extended to a further three years (making a total of six years) by the service of notice to treat on the interests). A delay to the scheme may mean that a further CPO may be required if implementation is not carried out either through a General Vesting declaration or Service of notice to treat. Progress on the scheme would be closely monitored and if any further action is required it would be taken at the appropriate time.
- 4.8 Formal statutory consultation with the secure tenants will be required in respect of Ground 10a proceedings to secure possession of Council properties within the SGSR regeneration area which are occupied by secure tenants. This process will be programmed and managed in such a way as to minimise delays which in turn could impact on the commercial and financial viability of the project. The secure tenants within the scheme would also be included within the CPO. This will ensure that if the Secretary of state does not approve the scheme for the purpose of Ground 10 A, the Council can rely on the CPO to recover possession from the secure tenants.
- 4.9 A continuing risk to the viability of the project is the possibility that more of the secure tenants will exercise the Right to Buy. This leads to increased acquisition costs and could result in a delay to the overall programme which ultimately could threaten the financial viability of the project. It is proposed that that demolition Notices which were introduced in the Housing Act 2004, be served to suspend the Right to Buy within the scheme.

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)

- 6.1 The Council had incurred historical CPO costs of £265,000; £100,000 of this was recovered from Barratt Evolution Limited when all the conditions of the Principal Development Agreement were satisfied. The remainder of this sum (£165,000) is now due and provisions for its recovery are covered by the Strategic Indemnity Agreement (one of the supplemental agreements to the Principal Development Agreement for the scheme).
- 6.2 On 30 June 2011 the Council entered into an Indemnity agreement known as the CPOIA with Barratt Evolution Limited. The indemnity places an obligation on Barratt Evolution Limited to pay the CPO costs incurred or to be incurred by the Council within 20 working days after receipt of a written demand but shall not demand any payment of CPO costs more than 15 working days prior to such costs being incurred or becoming due for payment pursuant to an agreed Acquisition Strategy. The Council will make provision in its budgets, each financial year, to cover the cost of the CPO should there be a need to cover some costs for a period of time. The annual budgets will cover the potential costs of any acquisitions as well as the Council's costs, if required.
- 6.3 The CPOIA requires that the Council and Barratt Evolution Limited agree an Estimate of the Council's internal and external professional costs (but not land acquisition costs or statutory compensation costs) before the CPO is made. If that Estimate is exceeded by more than 10 per cent Barratt will not be liable for the excess unless its approval has been obtained before the costs are incurred. This does not apply to costs which the Council is under a statutory obligation to incur.
- 6.4 The Cost of implementing the Ground 10A exercise and all incidental costs as well as the cost of serving the demolition notices will be borne by the Developer in accordance with the relevant provisions of the PDA.

7. LEGAL ISSUES

- 7.1 The Council has the power through various enactments to make a Compulsory Order and to apply to the Secretary of State for confirmation of the order.
- 7.2 Section 226(1) (a) of the Town and Country Planning Act 1990, as amended by the Town and Country Planning Act 2004, provides that a local authority shall, on being authorised to do so by the Secretary of State, have power to acquire compulsorily any land in their area if they are satisfied that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. However the power must not be exercised unless the authority thinks that the development is likely to contribute to the achievement of the economic, social and environmental well-being of the area.

- 7.3 The CPO will assist in the completion of the on going land assembly exercise being carried out as part of the regeneration of the Stonegrove and Spur Road regeneration area. The CPO will enable the regeneration to take place in accordance with the Master Programme and the Acquisition Strategy for the area and will provide certainty for the site assembly and the implementation of the scheme, thus enabling the Council's objectives to be achieved in respect of the land, the subject of the CPO. It is considered that there is a compelling case in the public interest for the use of compulsory purchase powers. The resource implications of the proposals have also been considered and the Council is satisfied that the necessary resources are available to achieve the regeneration of the land, the subject of the CPO, within the proposed timescale. It is considered that the development will so contribute.
- 7.4 Consideration has been given to the provisions of the Human Rights Act 1998, including Article 8 (respect for private and family life and home) and Article 1 of the First Protocol (right to peaceful enjoyment of possessions). A decision to make a CPO must strike a fair balance between the public interest in the regeneration of the land and interference with private property rights. Bearing in mind the provisions for compensation to be payable and the compelling case in the public interest for the acquisition of the interest, it is considered that the interference with private property rights is proportionate and strikes a fair balance between the public interest and the interest of the objectors in compliance with the requirements of Article 1 of the First Protocol. Outline Planning Permission was granted on 3 March 2008.
- 7.5 Section 9 of the Housing and Planning Act 1986 inserted new grounds for possession , Ground 10A into Part 11 of Schedule 2 to the Housing Act 1985(grounds on which the court may order possession if suitable alternative accommodation is available). It also introduced a new Part V (Approval of Redevelopment schemes for the Purposes of Ground 10A). It enables the Council to seek possession of dwellings where there is an approved development scheme involving disposal of all or part of the dwelling, either before or after the redevelopment has taken. The Council would have to carry out the necessary consultation and seek the approval of the secretary of state in accordance with the Department of Environments guidance contained in circular 14/87.
- 7.6 Section 138A and Schedule 5A of the Housing Act 1985 as inserted by clause 182 of the Housing Act 2004 empowers the Council to serve demolition notices to suspend the right of secure tenants to exercise there Right to Buy. These notices must be served in accordance with the statutory provision in order to be effective.

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.
- 8.2 Constitution - Council Procedure Rules – Management of Real Estate Property and Land.

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 Limited (Unitary) as its partners in 2001. Following an acquisition by Barratt Group, Unitary became a subsidiary of the group and Unitary has since changed its name to Barratts Evolution Limited, and the purchaser was confirmed as the Council's private sector partner in 2006. The Masterplan and the principal terms of the Principal Development Agreement (PDA) for the re-development of the estate were approved by Cabinet in June 2007 and the PDA entered into by Council 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 in 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 £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.
- 9.6 The Council also acquired the lease on the All Souls Land. This land was purchased to facilitate the relocation 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.
- 9.7 The development costs associated with the scheme will be recovered from Barratt Evolution Limited as per the terms of the PDA. The PDA was approved by Cabinet on 18 June 2007 and was varied by a Deed of Variation on 25 March 2008.
- 9.8 Phase 4 (Sterling Court) was deemed financially unviable. The Council entered into negotiations with its partners, Family Mosaic and Barratt Evolution Limited to seek solutions to bridge what was initially a £17m funding gap.
- 9.9 Barratt Evolution Limited and Family Mosaic successfully submitted an application to the HCA for funding under the National Affordable Housing Programme (NAHP) and have been allocated £9.65m. The Homes and Communities Agency (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.

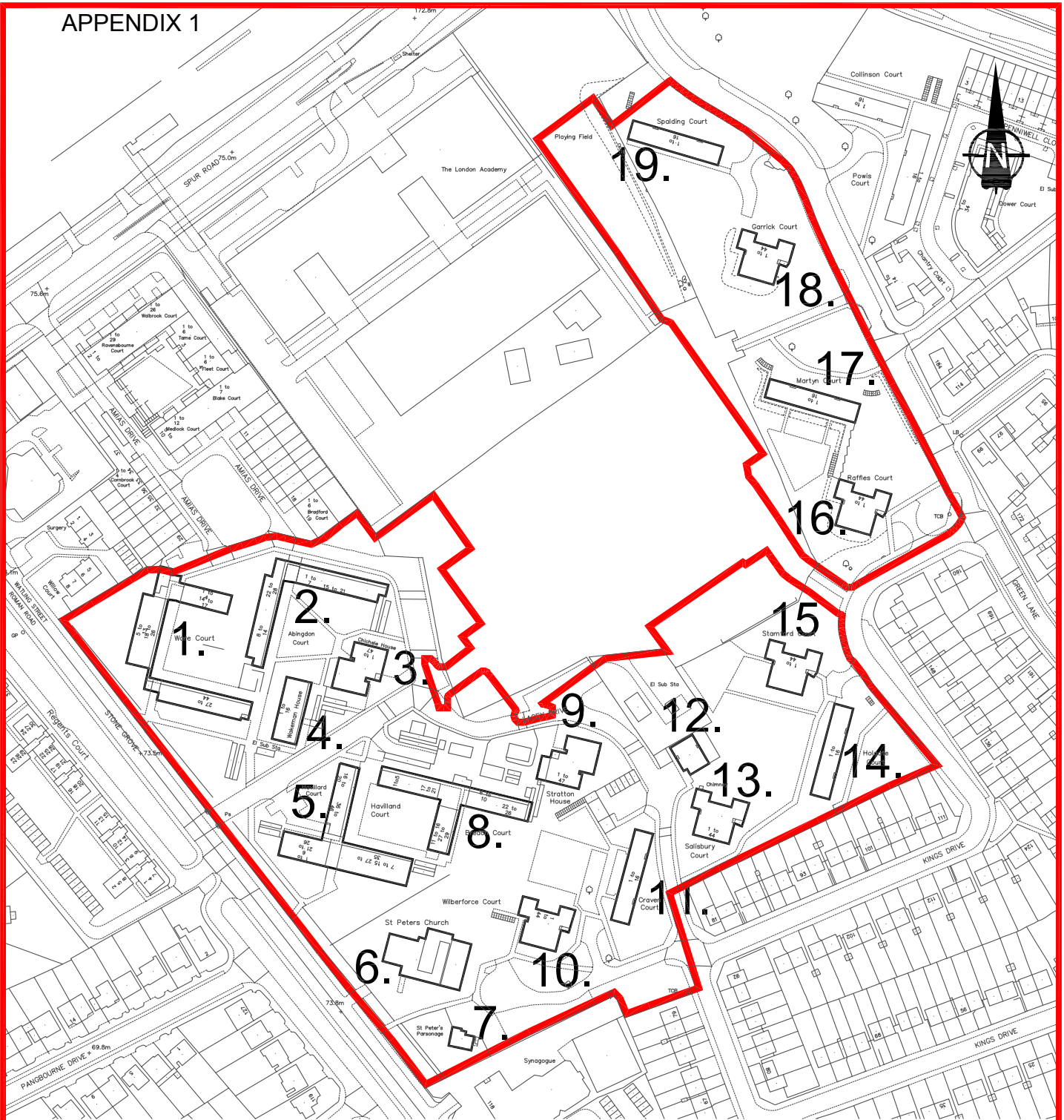
- 9.10 The Council's land receipts in the sum of £5m (£1.35m already received and £3.65m had been due in the future) have been deferred until the end of the project expected in 2018, and will come from an overage agreement which relies on the project making a profit. There is a financial risk to the Council from this deferment, but it does secure the full delivery of one of the Councils premier estate regeneration project. Our development partners, Barratt Evolution Limited, will be incentivised in the revised overage agreement, entered into on 30 June 2011, to achieve the required level of profits to provide the full payment of the agreed land receipts by 2018.
- 9.11 The Committee is asked to note that the Council and its partners successfully varied the PDA on 30 June 2011 to reflect the new arrangements as detailed in the points above, thereby securing the £9.65m capital funding from the HCA for the benefit of the scheme.
- 9.12 The Council entered into the CPOIA on 30 June 2011, which enables all Council's costs in relation to CPO work to be reimbursed. The CPOIA also provides for the Council to be put in funds by our development partner, Barratt Evolution Limited, for all the property purchase costs incurred by the CPO.
- 9.13 The Council will require the approval of the Secretary of State to use Ground 10A of Part 11 of Schedule 2 of the Housing Act 1985 to secure the possession of flats occupied by Secure Tenants. Every effort will be made to secure agreement of such tenants to accept new tenancies from Family Mosaic in the new development. However, without possession granted under Ground 10A, the Council will not be able to secure vacant possession of the property of any secure tenants who refuse to move other than through the use of the CPO which is a more expensive way of recovering possession from secure tenants.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal – MM
CFO – MC/JH

APPENDIX 1



Key to Blocks

- | | | |
|-------------------------|----------------------------|-------------------------|
| 1. 1-44 Ware Court | 8. 1-35 Bredon Court | 15. 1-44 Stamford Court |
| 2. 1-28 Abingdon Court | 9. 1-47 Stratton House | 16. 1-44 Raffles Court |
| 3. 1-47 Chickele House | 10. 1-44 Wilberforce Court | 17. 1-16 Martyn Court |
| 4. 1-16 Wakeman House | 11. 1-16 Craven Court | 18. 1-44 Garrick Court |
| 5. 1-46 Havilland Court | 12. Disused Shop | 19. 1-16 Spalding Court |
| 6. St. Peter's Church | 13. 1-44 Salisbury Court | |
| 7. St Peter's Parsonage | 14. 1-16 Holgate Court | |

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Initiated by S.O.D.	SCHEME: STONE GROVE REGENERATION AREA	Craig Cooper, Commercial Director.	
Drawn by K.E.B.			
Checked by S.O.D.	TITLE: C.P.O. PLAN	London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NP. Tel. 020 8359 2000	DRAWING No.
Date 18/07/11	Scales 1:2500		24332

