

**MEETING**

**CABINET RESOURCES COMMITTEE**

**DATE AND TIME**

**TUESDAY 27 SEPTEMBER 2011**

**AT 7.00PM**

**VENUE**

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

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

Chairman: Councillor Daniel Thomas

Councillors:

Brian Coleman                      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: Maria Lugangira, 020 8359 2761

Media Relations contact: Sue Cocker, 020 8359 7039

*To view agenda papers on the website: <http://committeepapers.barnet.gov.uk/democracy>*

**CORPORATE GOVERNANCE DIRECTORATE**

## ORDER OF BUSINESS

Item No.	Title of Report	Pages
1.	MINUTES	-
2.	ABSENCE OF MEMBERS	-
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-
4.	PUBLIC QUESTION TIME (If any)	-
	<b>Report of the Cabinet Member for Resources and Performance/Cabinet Member for Environment</b>	
5.	Grant of new leases for allotment sites	1 – 8
	<b>Report of the Cabinet Member for Resources and Performance</b>	
6.	Purchase of leasehold interest in land at Grahame Park Way NW7	9 – 13
	<b>Report of the Cabinet Member for Education, Children and Families</b>	
7.	Permanent expansion of primary school provision in the Colindale area	14 - 20
8.	Early Intervention and Prevention Commissioned Contracts	21 – 34
	<b>Report of the Cabinet Member for Resources and Performance</b>	
9.	Quarter 1 Monitoring 2011/12	35 – 72
	<b>Reports of the Cabinet Member for Housing</b>	
10.	Replacement of cremators, building works, renovations and compliance with mercury abatement legislation at Hendon Cemetery & Crematorium	73 – 79
11.	Extension of current Housing Advice contract and Foundation Service contract and permission to re-tender services	80 – 84
12.	The introduction of enhanced housing management charges for sheltered housing	85 – 93
	<b>Report of the Cabinet Member for Adults</b>	
13.	Contract Award for Lead Providers Home and Community Support (contract reference: 50254)	94 – 102
	<b>Report of the Cabinet Member for Resources and Performance/Cabinet Member for Adults</b>	
14.	Barnet Integrated Learning Disability Service - Contracts with Central London Community Health NHS Trust and Barnet, Enfield & Haringey NHS Mental Health Trust	103 – 108
	<b>Reports of the Cabinet Member for Customer Access &amp; Partnerships</b>	
15.	Leisure Contract Review	109 – 114

Item No.	Title of Report	Pages
16.	Transforming Passenger Transport Services	115 – 134
	<b>Report of the Cabinet Member for Resources and Performance</b>	
17.	Treasury Management Outturn for quarter ended 30 June 2011	135 – 151
18.	MOTION TO EXCLUDE THE PRESS AND PUBLIC:	
	That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act (as amended):	
	EXEMPT AGENDA	Exemption Category
X1.	Exempt information in relation to 6: Purchase of leasehold interest in land at Grahame Park Way NW7	3 1 – 2
X2.	Exempt information in relation to item 8: Early Intervention and Prevention Commissioned Contracts	3 3 – 9
X3.	Exempt information in relation to item 13: Contract Award for Lead Providers Home and Community Support (contract reference: 50254)	3 10 – 18
X4.	Exempt information in relation to item 15: Leisure Contract Review	3 19 – 21
X5.	ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	

## **FACILITIES FOR PEOPLE WITH DISABILITIES**

Hendon Town Hall has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting, please telephone Jeremy Williams on 020 8359 2042. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All of our Committee Rooms also have induction loops.

## **FIRE/EMERGENCY EVACUATION PROCEDURE**

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by Committee staff or by uniformed porters. It is vital you follow their instructions.

You should proceed calmly; do not run and do not use the lifts.

Do not stop to collect personal belongings.

Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions.

Do not re-enter the building until told to do so.

**AGENDA ITEM: 5**      Pages 1 - 8

---

<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	27 September 2011
<b>Subject</b>	<b>Grant of new leases for allotment sites</b>
<b>Report of</b>	Cabinet Member for Resources and Performance and Cabinet Member for Environment
<b>Summary</b>	To enable, self management of allotment sites by the allotment plot holders, leases of allotment sites will be granted to organisations of allotment plot holders for terms of up to 38 years on the terms set out in this report.

---

Officer Contributors	Lynn Bishop, Assistant Director, Environment & Operations, George Church, Principal Valuer, Property Services
Status (public or exempt)	Public
Wards affected	All wards except Brunswick Park ward
Enclosures	Allotment Sites
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Lynn Bishop, Assistant Director, Environment & Operations, 0208 359 7557 [lynn.bishop@barnet.gov.uk](mailto:lynn.bishop@barnet.gov.uk) George Church, Principal Valuer, Property Services 0208 359 7366, [george.church@barnet.gov.uk](mailto:george.church@barnet.gov.uk)

## **1. RECOMMENDATIONS**

- 1.1 That leases be granted to organisations of allotment plot holders for terms of up to 38 years as set out in section 9 of this report. Officers will seek consent from the Department of Communities and Local Government for the grant of these leases should the value of the interests fail to comply with the Local Government Act 1972: General Disposal Consent (England) 2003.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 29 November 2010, agenda item 11, "The Future of Barnet's Allotments", is relevant to this committee paper because it decided that a new Big Society management model should be explored for the Borough's allotment sites, providing for allotment site management with the sites run by their users.

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

- 3.1 The Corporate Plan 2011 – 2013 priority sharing opportunities, sharing responsibility, states that the Council will draw on the expertise of our diverse communities and seek to promote health and reduce crime and other inequalities.
- 3.2 The Corporate Plan 2011-2013 aims to encourage Barnet Residents to take a lead role in shaping the opportunities provided and to take responsibility for contributing to the borough and supporting their community. Granting leases of allotment sites to the allotment organisations who will operate each site and be responsible for the cost of doing so, on the terms set out in this report, will enable the organisations to fulfil this aim by enabling residents and community groups to operate their respective allotment sites with minimal levels of scrutiny by the Council.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The terms of the leases will protect the use of the Council's land holdings which will be in accordance with the terms of the Allotment Acts.
- 4.2 In accordance with the terms of the Cabinet Report referred to in paragraph 2 above, meetings with the allotment organisations who volunteered to be the first to complete leases in the new form have taken place, followed by detailed negotiations concerning the terms of the lease. These are set out in brief form as the Heads of Terms in section 9 of this report, and meet the requirements of both the Council and the allotment organisations.
- 4.3 As proposed in the Cabinet paper on 29 November 2010, a contingency proposal and plan has been constructed to manage potential failure of the running of the allotments sites. In these circumstances, the Council may look to end the lease if possible, (under the forfeiture provisions) whereupon, if the leases are terminated, the management of the sites will be temporarily taken in hand by the Council whilst either suitable new managers are found, or arrangements are made for the management to be carried out by a successful neighbouring site.

- 4.4 The lettings will be at less than best consideration and while the Council's Estates Strategy commits the Council to maximising rental income, the concession concerning the rent will be more than offset by the transfer of financial responsibility for the sites to the allotment organisations. Proceeding as recommended in paragraph 1.1 of this report ensures that the Council will be acting appropriately.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The requirements of the Cabinet report referred to in paragraph 2 above concerning equalities and diversity issues, dealt with the following matters set out at a-d below:
- a. *That suitable safeguards would be incorporated into the agreement with the allotment organisations to ensure that all residents of the borough are treated equally.* This requirement has been agreed and will be incorporated within the leases of the site.
  - b. *The Council will need to be satisfied that the community organisations are capable of running the sites and understand the lease agreement; they will be encouraged to seek legal advice. Officers have been working closely with the Chairman of the Barnet Federation of Allotment Societies and the fast track group of sites who wish to be granted leases at the first opportunity.* This group which includes a local solicitor clearly understand the proposed lease terms as the negotiations have been long and detailed.
  - c. *The management of the Allotments by community groups will enable representation and use to reflect the nature and make up of the local community.* The community groups taking the leases are the plot holders of each allotment sites representatives and the management organisation of each site therefore represents the nature and make up of the plot holders.
  - d. *It is hoped that a greater sense of local management will have a positive effect on satisfaction and use levels, with more localised services tailored to each community's needs.* Although the proposal for the allotment organisations to take over the management of their sites is a significant change and will involve them taking greater responsibility for the sites, the fact that a very large number of allotment sites are keen to take the proposed leases is proof that the plot holders are looking forward to the change and they expect to make the allotment sites better places for allotment gardening, resulting in a higher satisfaction ratings of the users of the sites, the plot holders
- 5.2 It should also be noted that, the Council's Equalities Policy and Scheme take account of the statutory duty to eliminate discrimination and inequality amongst persons of different race, sex and disability and to promote equal opportunities. The, proposed, disposal has been evaluated against the principles in the Equalities Policy and Equalities Scheme and no adverse implications for any, specific, equalities group has been identified.
- 5.3 The allotment associations of each site who will be the Council's tenants will covenant with the Council to comply with the Council's equality policies in line with the relevant equality legislations.

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

### **Finance**

6.1 The Cabinet paper dated 29 November 2010 decided that all responsibility for running Barnet's allotments should pass to allotment associations and that the associations should retain all income from the plot holders. The resulting transfer of the allotments will, as reported in the previous Cabinet paper, result in a benefit to the overall Council budget. Whilst this transfer takes place, expenditure will be from the existing Green Spaces budget, assisted by an increase in fees and charges for sites which do not enter into new form leases.

### **6.2 Procurement, Performance & Value for Money, Staffing , IT and sustainability**

There are no procurement, performance, value for money, staffing or sustainability issues arising out of this committee paper.

### **6.3 Property**

No changes to the use of the Council's property resources of allotments is envisaged. In exchange for peppercorn rents for the sites, responsibility for the control of the sites will pass to the tenants. Furthermore, it will be noted from the Heads of Terms of the proposed allotment lease set out in section 9 Background Information, that provisions are (so far as the law permits) to be built into the leases concerning allotment land which may become surplus in the future.

## **7. LEGAL ISSUES**

7.1 In response to a Parliamentary question on 16th March 2011 raised in the House of Commons on behalf of the Department for Communities and Local Government, Local Authorities have the power to, *"lease land to allotment societies or co-operatives on long leases using their general power to dispose of land under Section 123 or 127 of the Local Government Act 1972. The Secretary of State must consent to statutory land being leased for other purposes and to disposals for a tenancy of more than seven years for less than the best consideration that could reasonably be obtained"*.

7.2 Under the Local Government Act 1972, S123, Local Authorities have power to dispose of land in any manner they wish. The only constraint is that the disposal must be made for the best consideration reasonably obtainable unless consent is obtained from the Secretary of State. An exception to obtaining consent is a short tenancy which is granted for 7 years or less. The Council is seeking to grant allotment leases at a peppercorn rent for more than 7 years.



- 7.3 However, the Local Government Act 1972: General Disposal Consent (England) 2003 removed the requirement for Local Authorities to seek specific approval from the Secretary of State for a wide range of disposals made for less than best consideration. It provides the Local Authorities with general consent in circumstances where the authority considers that the disposal of any interest in the land will help secure the promotion or improvement of economic well being; social well being; and the promotion or environmental well being; in respect of the whole or any part of the Local Authority's area or of all persons resident or present in the area, and the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 7.4 In view of the same, the Valuation Office Agency (An Executive Agency of HM Revenue and Customs) have been instructed to state whether or not the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed two million pounds. Legal Services will then advise on whether the lease falls within the terms of the General Consent.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in part 3, Responsibility for Functions, states in paragraph 3.6 "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".
- 8.2 Pursuant to the paragraph Responsibilities for Functions, Chief Officers can take decisions without consultation if it involves the implementation of an earlier decision of the committee.

## **9. BACKGROUND INFORMATION**

- 9.1 The Council has a statutory duty under section 23 of the Small Holdings and Allotments Act 1908 to provide a sufficient number of allotments in their area if there is demand for them. The report to Cabinet, The Future of Barnet's Allotments dated 29 November 2010 recommended that as far as possible, the management of allotment sites should be vested in the users of the sites. All responsibility for running the allotment sites should pass to allotment organisations formed from the plot holders using the site and the organisations should retain all income from the plot holders.
- 9.2 There have been three public meetings to decide on the preferred documentation of the basis upon which the allotment organisations hold their sites from the Council. Users of the Borough's allotment sites were invited and the preferred form of documentation is that of a lease. A "fast track" group of eight sites has come forward and a lease incorporating the following Heads of Terms has been agreed.
- 9.3 A list of Barnet's allotment sites is set out in appendix 1 to this report. There are 43 allotment sites, with two allotment organisations each managing 2 sites. There is therefore a potential for 41 leases to be granted. The leases will have terms up to 38 years dependant on the wish of each allotment organisation.
- 9.4 The provisions of the Management of Real Estate Property and Land in the Council's Constitution have been considered and complied with by the Council Officers in so far as they relate to the leases.

- 9.5 Instructions have been given to the Valuation Office Agency to carry out valuations to ascertain that the grant of leases at peppercorn rents and on the terms set out in this report comply with the Local Government Act 1972 General Disposal Consent (England) 2003, disposal of land for less than best consideration that can be reasonably obtained. If the conclusion from the valuations is that the grant of the leases fails to comply with the General Disposal Consent, an application to the Department for Communities and Local Government referred to in section 1.1 of the recommendations section of this report will be made.
- 9.6 It should be noted whilst the Council Officers will expect the Heads of Terms to form a part of the leases, nevertheless, they are not 'set in stone' and individual leases for the various allotments may vary to take into account negotiations and agreement with the different allotment organisations. However, the fundamental principle of a lease of each site being agreed at a peppercorn rent with the tenant taking responsibility for the repair and maintenance of the site will, be respected

### Heads of Terms

Covenant / Party	Outline terms
Landlord	London Borough of Barnet
Tenant	The xyz allotment association
Term	These heads of terms will apply to whatever length of lease is agreed with allotment associations. Leases will not exceed a term of 38 years.
Rent	One peppercorn if demanded
Insurance	To have appropriate public liability insurance in place with a minimum level of cover of £2 million or such other sum as the Corporation may consider necessary from time to time.
Alienation	Assignment of the whole site to new Trustees, the site may be sublet to plot holders
Repairs	To keep the Property tidy and clear of weeds and rubbish and well and properly cultivated and maintained, including hedges, pipes, ditches, watercourses, roads, gates and trees.
User	Not to use the property other than as allotment gardens.
Alterations	Not to erect any buildings structures notices, advertisements or advertisement hoardings, otherwise than as provided for in the detailed lease terms
Indemnification of the Council	To indemnify the Corporation against all claims etc and expenses that may be made against them arising out of the use by the Association
Equalities and preference for Barnet residents for lettings of plots	To exercise preference in letting allotment plots to members of the Association in favour of Members who are residents of the London Borough of Barnet

Governance	The allotment association must be a body operating within a set of rules. The association must provide the Council with a properly audited annual return.
Encroachments	To take steps to prevent encroachments on the allotment site
Break Clause	A break clause has been agreed exercisable by either the Council or the allotment association tenant at the end of the 38 year term.
Recovery of disused parts of the allotment site	If more than an agreed percentage of the cultivatable area of the allotment site becomes unused, both parties shall agree an action plan to reduce the proportion of such area of the property to an agreed percentage. Failing this, the Council shall be entitled to recover from the Association such area of the property which continues to be unused, subject so far as the law will permit.
Legal Costs	The Corporation and the Association each to bear their own legal costs.
Generally	Such other terms and conditions as the Council may require and be agreed with the organisations.

## 10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – PD  
Finance – JF

Allotment Site	Ward
Abbots Road	Burnt Oak
Archfields	Mill Hill
Barfield	Oakleigh
Bells Hill	Underhill
Booth Road	Colindale
Brent Way	Colindale
Brook Farm (North & South)	Totteridge
Byng Road	High Barnet
Cat Hill	East Barnet
Cherry Tree	Garden Suburb
Childs Hill	Childs Hill
Clifford Road	High Barnet
Cool Oak Lane	West Hendon
Coppetts Road	Coppetts
Daws Lane/ Mill Hill Park	Mill Hill
Deans Lane	Hale
Dollis Valley	Underhill
East Finchley	East Finchley
Finchley Manor	Garden Suburb
Frith Manor	Mill Hill
Fursby Avenue	West Finchley
Glebeland	Woodhouse
Gordon Road	West Finchley
Hatley Close	Coppetts
Hendon Grove	Hendon
Hospital Fields (West & East)	Golders Green
Pointalls	West Finchley
Lawrence Street	Mill Hill
Montrose Avenue	Burnt Oak
Needham Terrace	Childs Hill
Nethercourt Avenue	West Finchley
Rathbone	Coppetts
Sanders Lane	Mill Hill
Simmons Way	Oakleigh
Stanhope Road	Underhill
The Crescent	Coppetts
Thornfield Avenue	Finchley Church End
Tretawn Gardens	Mill Hill
Tudor Road	High Barnet
Vale Farm	East Finchley
Whetstone Stray	Totteridge
Wise Lane	Mill Hill
Woodhouse	Woodhouse
<b>Total: 43</b>	<b>Total: 20 (all bar Brunswick Park)</b>

Please note that most allotment sites are not regularly in receipt of post and therefore have not been allocated an address by Royal Mail.

There are 43 allotment sites in the borough, located in all but one of Barnet's 21 wards, the exception being Brunswick Park ward. There are also currently 2 allotment societies that each manages 2 allotment sites (e.g. Gordon Road - Nethercourt Avenue and Clifford Road - Tudor Road

---

**AGENDA ITEM: 6**

Page Nos. 9 - 13

---

<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	27 September 2011
<b>Subject</b>	<b>Purchase of leasehold interest in land at Grahame Park Way NW7</b>
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	The purchase of the tenant's leasehold interest in this property, the freehold of which is owned by the Council.

---

Officer Contributors	George Church, Principal Valuer, Property Services
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Mill Hill
Enclosures	Drawing number 23840/1
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: George Church Principal Valuer, Property Services 0208 359 7366, [george.church@barnet.gov.uk](mailto:george.church@barnet.gov.uk)

## **1. RECOMMENDATIONS**

- 1.1 To accept a surrender of the lease of the premises from RFL Mill Limited or any other company in whom the subject property may be vested, on the terms set out in the accompanying exempt report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None

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

- 3.1 To 'Ensure every school is a good school for every child and sufficient school places are available' is a strategic objective in the Corporate Plan 2011 - 2013, under the corporate priority 'a successful London suburb'. This reflects our partnership priorities set out in Barnet's Children and Young People Plan 2010/11-12/13 to provide high quality educational provision for children, young people and for the benefit of the wider community. at the heart of local communities.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 There is a risk that the land may be occupied by squatters after it is vacated by the tenant, RFL Mill Limited (RFLMH). This risk can be addressed by a secure vehicular gate being provided on the only road elevation to the property, from Grahame Park Way and repairs being carried out to the fencing on the Grahame Park Way elevation. There is also a maisonette in the on-site club house and this risk could be addressed by letting the clubhouse to a property guarding organisation. Furthermore, it is envisaged that temporary classrooms will be placed on site at the earliest opportunity.
- 4.2 At present, this site is under utilised in terms of its provision of facilities for the community. Its use as a site for a school will correct this. There is a risk that Sport England may require that part of the site continue to be used for sports purposes. Dependant on the site area of the school to be built, this requirement may be able to be satisfied on site. Failing that, an alternative site for sport use will need to be identified from the Council's property portfolio.
- 4.3 It is understood that prior to surrendering the lease RFLMH may seek to assign its interest in the property to another company. In the event that RFLMH does seek to assign the lease, the proposed surrender could be delayed.

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

- 5.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough.
- 5.2 It is not considered that the proposal will give rise to any issues under the Council's Equalities policies and does 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)**

### **Finance**

6.1 The Cabinet (6 September 2010) allocated resources within the medium term financial strategy to provide both permanent and temporary primary school places. The cost of buying in the RFLMH lease and the securing of the premises following completion of the surrender can be contained within these resources. Surrender of the lease will result in a loss of £2k per annum rental income to the Property Services budget within the Council's Commercial Directorate.

### **6.2 Procurement, Performance & Value for Money, Staffing, IT and Sustainability**

There are no procurement, performance and value for money, staffing, IT or sustainability issues arising out of the action proposed.

### **6.3 Property**

As set out in section 9 below and in the accompanying exempt report.

## **7. LEGAL ISSUES**

7.1 The surrender of the lease will be formally documented on the basis of the terms detailed in the accompanying exempt report.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council's Constitution in part 3, Responsibility for Functions, states in paragraph 3.6 "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 A Children's Service report to Cabinet Resources Committee dealing with the permanent expansion of primary school education in the Colindale area which refers to the relocation and expansion of the Orion school will be considered at the same meeting as the subject report. The expansion is required because Barnet Council has a statutory duty under section 14 of the Education Act 1996 to ensure that sufficient schools for providing primary (and secondary) education are available in the area. The lease of the subject land is being bought in to enable the provision of a new four form entry school for the relocation and expansion of the Orion School, currently located on Lanacre Avenue, Grahame Park.

- 9.2 The premises comprise a site of approximately 7 acres (2.8 hectares) which fronts Grahame Park Way and adjoins Woodcroft Park. See drawing number 23840/1 It therefore has main road frontage and it has a good shape, slightly more rectangular than square. It is reasonably level. The land originally formed part of the Hendon aerodrome site. On the site there is a large, (approx 750 sq.m.) brick built sports pavilion which is about 30 years old. It comprises 3 squash courts, changing rooms, a small gym, a large meeting area with a small bar and kitchen off, and a 2 bedroom manager's maisonette. Externally there are several garages.
- 9.3 The premises are in use as a sports club, but the premises are not well maintained and it would appear that there has been little money spent on maintaining the grass playing fields.
- 9.4 The original tenant of the property, the Mill Hill Cricket Hockey and Squash Club, had the sports pavilion built and they laid out the cricket square in the 1970's. The current lease is for a term of 30 years from May 1993. In July 2008 the lease was assigned to RFL Mill Hill Limited (RFLMH). Originally RFLMH wished to purchase a long lease of the site from the Council to enable it build a commercial sports centre. It was not possible to agree terms. Discussions have been ongoing with RFLMH for the Council to buy in their lease since last year. It was hoped that a deal had been agreed earlier this year, but instead, the company was sold to the current directors. Negotiations with the new directors have taken place and the terms provisionally agreed are set out in the accompanying exempt report.
- 9.5 It is understood that prior to surrendering the lease RFLMH may seek to assign its interest in the property to another company. Under the terms of the lease any such assignment would require the Council's previous consent. In the event of any application for consent being received prior to surrender, this will be dealt with under delegated powers. The Recommendation section of this report therefore seeks authority to enable the surrender to take place if the lease is assigned.

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

- 10.1 None.

Legal – SWS

Finance – JF





Woodcroft Park

Sports Ground

Club House

Tank

GRAHAME PARK WAY


Drain

Word Bay

RIVINGTON CRESCENT

UNIVERSITY CLOSE

*This product includes mapping data licensed from Ordnance Survey with the permission of the Controller of Her Majesty's Stationery Office. ©Crown copyright and database right 2011. All rights reserved. London Borough of Barnet Licence No. 100017674*

Initiated by G.C.	<b>SCHEME:</b> REALLY FINE LEISURE MILL HILL LTD. GRAHAME PARK WAY, MILL HILL NW7	Craig Cooper, Commercial Director.	
Drawn by K.E.B.	<b>TITLE:</b>  LOCATION PLAN	London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NP. Tel. 020 8359 2000	
Checked by G.C.			<b>DRAWING No.</b>
Date 06/09/11	Scales 1:1250		23840/1

**AGENDA ITEM: 7**

Page nos. 14 - 20

---

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Permanent expansion of primary school provision in the Colindale area</b>
Report of	Cabinet Member for Education, Children and Families
Summary	This report sets out the proposed permanent expansion of primary school provision in the Colindale area. It outlines the methodology used to determine the schools identified for expansion and the resources available to expand them. It seeks agreement to commission through the Strategic Partnering Agreement with Kier London.

---

Officer Contributors	Val White, Assistant Director Partnership Performance and Planning, Children's Service Craig Cooper, Commercial Director, Commercial Directorate Elaine Tuck, Strategy and Planning Manager, Children's Service
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	CRC
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

---

Contact for further information: Elaine Tuck, Strategy and Planning Manager, Children's Service  
[Elaine.tuck@barnet.gov.uk](mailto:Elaine.tuck@barnet.gov.uk) 020 8359 4191

## **1. RECOMMENDATIONS**

- 1.1 That Members agree to commission the permanent expansion of primary school provision in the Colindale area as set out in this report, using £15.725m from the Children's Capital Programme (urgent primary places permanent unallocated) which is funded by Basic Needs Grant, subject to statutory consultation and proposals.**
- 1.2 That Members agree to the commissioning of the permanent expansion through the Strategic Partnering Agreement with Kier London, subject to the demonstration of value for money.**
- 1.3 That Members agree to the provision of temporary accommodation at the current Orion site, subject to planning, and give approval for quotations to be sought and funded by £150,000 from the Children's Capital Programme (urgent primary places permanent unallocated) which is funded by Basic Needs Grant.**
- 1.4 That Members note the continuing pressure on primary school provision and note that further expansion proposals will be brought forward for approval as they are developed.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Report 6 September 2010 'Investment strategy to meet demand for primary school places' - decision item 11. Cabinet agreed all recommendations, including to redirect resources to invest in primary school places as set out in the report.
- 2.2 Cabinet: 5 December 2005 - Building a future for Barnet's Children: the Primary School Capital Investment Strategy
- 2.3 Cabinet, 4 September 2006 - Primary Schools: Wave 1 schools and financing
- 2.4 Cabinet, 3 April 2008 – Selection of Strategic Partner for Primary Schools Capital Investment Programme
- 2.5 Cabinet Resources Committee, 28 April 2008 - Decision item 9, Monitoring report.
- 2.6 Cabinet Resources Committee, 17 June 2008 - Decision item 5, Use of Primary Capital Programme funding.

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

- 3.1 To 'Ensure every school is a good school for every child and sufficient school places are available' is a strategic objective in the Corporate Plan 2011 - 2013, under the corporate priority 'a successful London suburb'. This reflects our partnership priorities set out in Barnet's Children and Young People Plan 2010/11-12/13 to provide high quality educational provision for children,

young people and for the benefit of the wider community at the heart of local communities.

- 3.2 Barnet Council has a statutory duty under section 14 of the Education Act 1996 to ensure that sufficient schools for providing primary (and secondary) education are available in the area.

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

- 4.1 If there were insufficient primary school places to offer to children of school age in the borough, Barnet would not be able to fulfil its statutory duty under section 14 of the Education Act 1996.
- 4.2 There is a risk that pupil roll projections are inaccurate. The projection methodology has been scrutinised by a Task and Finish Group. Barnet uses the Greater London Authority's roll projections; accuracy has been improving, with the GLA projecting Reception rolls for 2010/11 to an accuracy level of - 0.7% three years in advance and of 1.0% one year in advance. There has now been a sustained increase in the number of births in Barnet and corresponding demand for Reception places. However, no projections can ever be completely accurate so a risk remains that too many or too few places could be provided.
- 4.4 There is a risk that if the Council does not invest in permanent expansions, it would largely continue to be reliant upon temporary additional classes and the Council will eventually run out of viable options for temporary additional classes.
- 4.5 There is a risk that the project costs could escalate - the projects will be offered at a Gross Maximum Price to control costs; there will also be a provision for abnormals and contingency held within the budget.

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

- 5.1 The proposed expansions would help to provide sufficient primary school places for children in the borough. This applies to all children regardless of gender, faith, ethnicity, disability or other differences.
- 5.2 In the more ethnically diverse areas there is high demand for community school places. Barnet is a very diverse borough and this is set to increase over the next few years. Comparing 2010 with 2013, ONS population projections indicate the largest increases in the 0 to 4 population will be among Pakistani, Other Asian and those classified by the GLA as 'other', the White population is projected to decrease and the Black African population to remain stable.
- 5.3 The expansions proposed in the Colindale area would permanently expand community provision by 60 new Reception places each year and Catholic provision by 30 places. They would also enable a further 30 permanent places

to be created on the current Blessed Dominic site. It is yet to be determined which type of provision these 30 places would be.

- 5.4 Edgware Jewish Primary School joined the maintained sector in January 2011 and a new free primary school Etz Chaim opens in September 2011, serving Jewish and local communities. Further information is given in paragraph 9.2.

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

### Financial implications

- 6.1 Cabinet (6 September 2010) allocated resources within the medium-term financial strategy to provide both permanent and temporary primary school places. Within the agreed funding package, the permanent expansion of Broadfields Primary School (£3m) is now underway. This report outlines the next phase of activity based on our prioritisation process (see below) – the activity is centred in the Colindale area.
- 6.2 The projects identified can be contained within the resources within the medium term financial strategy. As set out in the medium term financial strategy, the first phase of activity assumes that government capital grant for 2011/12 will be repeated for 2012/13 and 2013/14. The Government has recently also announced additional funding nationally for primary places in 2011/12.
- 6.3 It is anticipated that the total budget costs of providing four additional forms of entry in the Colindale area will be £15.725m. This reflects good value for money based on the average estimated cost in neighbouring boroughs of providing each additional form of entry at between £5m-£6m.
- 6.4 The outline indicative budget comprises:
- Provision of new four form entry school building for the relocation and expansion of the Orion school
  - The expansion and relocation of Blessed Dominic School
  - The purchase of the remaining lease at site
- 6.5 A further £0.150m will be required to provide temporary accommodation for additional pupils on the current Orion site prior to completion of the proposed permanent expansion.
- 6.6 The phasing of expenditure may be subject to re-profiling as the project progresses through the consultation, planning and delivery stage. The current anticipated profiling of expenditure is:

	2011/12	2012/13	2013/14
	£'000s	£'000s	£'000s
Work enabling permanent expansions of The Orion and Blessed Dominic	1,275	10,500	3,950
Provision of interim temporary	75	50	25

accommodation			
Total	1,350	10,550	3,975

## Property and land implications

6.7 Agenda Item 6.

## 7. LEGAL ISSUES

7.1 Under section 14 of the Education Act 1996 Barnet Council has a statutory duty to ensure that sufficient schools for providing primary (and secondary) education are available in the borough.

7.2 In order to expand the school from 2 to 3 forms of entry, the council would be required to publish and formally consult on statutory proposals to this effect pursuant to the statutory duties contained in s28 and Schedule 6 School Standards and Framework Act 1998.

7.3 A Strategic Partnering Agreement is already in place, a JCT contract would also need to be drawn up.

## 8. CONSTITUTIONAL POWERS

8.1 Constitution part 3 – Responsibility for Functions – section 3 – Responsibilities of the Executive, and within the Contract Procedure Rules Part 5.

## 9 BACKGROUND INFORMATION

9.1 The unprecedented demand for primary school places has been well documented, including in the Cabinet Report on 6 September 2010 'Investment strategy to meet demand for primary school places'.

9.2 Additional Reception places have had to be added in each of the last three years: 60 permanent and 133 temporary for September 2009; 180 temporary places for September 2010 rising to 330 temporary places for September 2011. 60 permanent Reception places are being provided at Edgware Jewish Primary School and Etz Chaim Free School. Permanent expansion of Broadfields primary school is also underway.

9.3 To identify activity for the next phase of investment, four prioritisation criteria have been applied: area of demand, suitability of site and value for money, parental preference and ambition and vision of school

9.4 **Area of demand:** Primary aged children must be offered a primary school place within two miles walking distance of their home address. Sustained demand is projected over the next five years, 2012/13 to 2016/17, in the following areas.

- Colindale, West Hendon, Burnt Oak and Hendon: 4FE rising to 7FE by 2015/16

- Hale, Mill Hill, Edgware and Totteridge: 2 to 3FE
- East Barnet, Brunswick Park and Oakleigh: 2 to 3FE
- Coppetts, West Finchley, Woodhouse, East Finchley and Finchley Church End: 2 to 3FE
- Childs Hill, Garden Suburb and Golders Green: 2FE
- Underhill and High Barnet: none

- 9.5 **Suitability of Site and value for money:** to expand a school there must be sufficient space to build and sufficient outside play space. Some schools are more easily and cost effectively expanded than others e.g. conversion and re-modelling of existing space rather than the provision of new build accommodation.
- 9.6 **Parental preference:** Schools which are over subscribed provide greater certainty that any investment in expansion will result in more pupils on roll.
- 9.7 **Ambition and vision of school:** All primary schools were invited to express an interest in expansion and articulate their ambition for their school.
- 9.8 Applying the four criteria produced a prioritised list of schools. Using this list, a first proposed phase of activity in the Colindale area has been developed. The prioritisation matrix will be used to identify further future expansion activity.

#### Expansions in the Colindale area

- 9.9 As can be seen from section 9.4 (area of demand), our first and most pressing priority is for additional provision in the Colindale/Burnt Oak area to meet immediate demand from rising births and inward migration as well as housing growth.
- 9.10 Substantial regeneration is underway and planned for the Colindale/ Burnt Oak area. The first schemes are now being occupied. The most substantial schemes are: Beaufort Park, where the first few phases have been completed and a significant number of new homes have already been delivered; Grahame Park Estate where properties in the first phase are now being occupied; and Colindale Hospital where the first phase is due for occupation.
- 9.11 To meet emerging demand from the Beaufort Park development, Colindale Primary School has been expanded by 30 places in each year group. Despite this, further temporary capacity has been required in the area; 60 Reception places in September 2010 and 60 more added for September 2011. The Council is fast running out of viable options for temporary additional classes. Permanent expansions are now urgently required in order to meet demand.
- 9.12 There is particular demand for a community school; applications for community school places within two miles walking distance of the Colindale area have increased by 86% over the past four years, compared with a 43% increase in applications to Christian schools in the area and a 14% increase in applications to Jewish schools in the area.

#### Proposed permanent expansions

- 9.13 The first phase of activity proposed is to expand The Orion and Blessed Dominic schools that currently share a constrained site in the heart of Graham Park. The proposal is to relocate and expand Orion school into a new purpose built four form entry facility. The facility will be built on a site, owned by the council (see agenda item 6). This would enable Blessed Dominic to expand into the premises vacated by Orion school. This proposal would add up to four forms of new permanent capacity within a relatively short timeframe.
- 9.14 Four other schools on the perimeter of the area potentially have space to expand. However there are significant obstacles at two of the sites in terms of site topography and site ownership and three of the schools are separated from the area of highest demand by the M1 and A41. The fourth site is likely to be considered for expansion at a future stage.

#### Construction activity

- 9.15 It is proposed to commission the construction activity for these proposals through our Strategic Partnering Agreement with Kier London, subject to demonstration of value for money. If value for money cannot be demonstrated, an alternative procurement process will be followed. The future agreement of Cabinet Resources Committee will be required before any contractual arrangement is entered into for the construction activity and the demonstration of value for money will be set out.

#### Further activity

- 9.16 All pupil projections show that further permanent expansion of primary school provision will be required and future phases of activity will be developed within the funding envelope.
- 9.17 Temporary expansions to schools will continue to be needed throughout the permanent expansion programme and beyond. The costs of temporary expansions will be contained within the resources identified within the council's medium term financial strategy. It will be necessary to provide temporary accommodation on the current Orion site prior to completion of the proposed permanent expansion.

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

- 10.1 None

Legal: MB

Finance: JH/MC



**AGENDA ITEM: 8**

Page Nos. 21 - 44

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Early Intervention and Prevention Commissioned Contracts</b>
Report of	Cabinet Member for Education, Children and Families
Summary	This report seeks approval to award contracts for early intervention and prevention services, to waive the contract procedure rule for extension of contracts and to extend some of the already existing contracts.

Officer Contributors	Stav Yiannou, Divisional Manager, Early Intervention & Prevention Team Zahid Parvez, Business Manager, Early Intervention & Prevention Team Usha Chadha, Grant Monitoring and Evaluation Officer, Early Intervention & Prevention Team
Status (public or exempt)	Public (with a separate exempt report)
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Usha Chadha, Grant Monitoring and Evaluation Officer, 020 8359 6267 [usha.chadha@barnet.gov.uk](mailto:usha.chadha@barnet.gov.uk)

## **1. RECOMMENDATIONS**

- 1.1 That the Committee approves the award of contracts to the value of £1,429,720.**
- 1.2 That the Committee approves a waiver of Contract Procedure Rules (rule 5.6.1.2) to enable a further extension of the contracts currently commissioned for existing targeted services (that are currently commissioned and currently in an extension period) if successful for the new contracts are allowed a further extension (to 31 October 2011) to enable continuity for the reasons set out in paragraph 8.4 below.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None.

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

- 3.1 The services for consideration will contribute towards the key priorities and objectives of the Council's 2010/11-2012/13 Corporate Plan:

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

- 3.2 Services will also contribute to the priorities outlined in the Children and Young People's Plan 2010/11-2012/13:

- intervene early to strengthen families;
- ensure the early identification of children and families to enable appropriate preventative interventions through the Common Assessment Framework (CAF);
- ensure every child has a good start to life by providing access to high quality early years provision and support;
- refocus work around early years standards to ensure appropriate support, training and challenge, helping to narrow attainment gaps;
- promote access for all children and young people to positive activities;
- reduce economic disadvantage through tackling child poverty:
  - a) Ensuring access to affordable and suitable childcare;
  - b) Supporting parents to build confidence and skills;
  - c) Addressing health, including mental health, both as a cause and consequence of poverty.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The original start date for the contracts has been changed from 1 October 2011 to 1 November 2011. This is due to the unexpected volume of tenders received (the council had received 69 expressions of interest) and the intervening Easter/Summer holidays resulting in a delay of the evaluation and interview process. Within the Early Intervention and Prevention Service, 11 organisations are currently commissioned to provide targeted services that are due to expire on 30 September 2011. For organisations that are successful in the new bidding round, we are requesting a continuation of one month extension for these contracts. This will enable a continuation of service and have minimal impact for users. The services provided by these organisations that are not successful in the tender process or who have not submitted an application will cease as planned on 30 September 2011. This would imply a risk of no service provision for one

month in some areas of service delivery. The Early Intervention and Prevention service has assessed the risk and is able to contain the risk with minimal impact to users.

- 4.2 During the tendering process, it became evident that a number of providers were looking to provide a similar service that currently either exists or is shaped to be similar within Children's Service. As a result of this, the Early Intervention and Prevention team have worked with Divisional Managers in Youth & Connexions Services and Complex needs. Organisations that fell into this group were briefed at the interview stage of the tendering process and where appropriate, asked to revise and rebalance their application to focus on the needs of the Children's Service.
- 4.3 To ensure monies are being spent effectively all new contracts will be performance managed throughout the term of the contract using a robust monitoring system. This system is currently in place for current contracts.

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

- 5.1 The project specification states, 'Barnet Children's Service is committed to ensuring that all children and young people, regardless of ethnicity, religion, disability or other differences are able to access opportunities and activities, and are enabled to achieve their potential.
- 5.2 At the first stage of evaluation, 'Pre-Qualifying Questionnaire', a series of checks were undertaken on the organisations. One of the checks was the organisation's Equal Opportunities and Diversity Policies. If this was found to be not robust, the organisation would not have passed to the next stage of the tender process.
- 5.3 At the second stage of the evaluation, 'Invitation to Tender', further consideration was given to those tenders reaching hard-to-reach groups defined by culture and ethnicity to ensure diversity of service provision meets the needs of Barnet's diverse cultures.
- 5.4 Service users will be able to access services, irrespective of their ethnicity, religion or disability. This will be checked during the regular performance monitoring of the contract

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

- 6.1 The contract for £1,429,720 will be funded by £1,350,000 from the commissioning budget for the period 1 November 2011 to 31 March 2013 for Early Intervention and Prevention to commission a range of services for 0-19 year olds (up to 25 with a disability). The £64,220 represents a virement from the Family Focus Team (within the Early Intervention and Prevention team) and this will fund a targeted family support service delivered by Community Barnet as outlined in the original tendering process. The service will reach Black, Asian, Minority Ethnic and Refugee communities, and will compliment Family Focus team within EIP. The £25,500 will be vired from the Early Intervention and Prevention Domestic Violence (low risk) budget to fund domestic violence initiatives.
- 6.2 The commissioning process has been conducted in accordance with Corporate Contract Procedure Rules.
- 6.3 The tender process operated three stages of evaluation and is detailed in section 9.

- 6.4 On 6 September, the interview panel met (made up of senior officers within Children's Service) to discuss final scores and agree proposed contracts in line with Barnet corporate priorities and the children young people plan 2010/11-2012/13.
- 6.5 The list of contracts to be approved is detailed in section 9.
- 6.6 The proposal to extend existing contracts for successful bidders until new contracts are in place can be contained with the overall budget for this area.
- 6.7 There is a gap in Domestic Violence (low risk) services as the tender process did not identify a suitable provider. The budget required for this service is £25,500 and will be met by the Domestic Violence Early Intervention and Prevention Services (low risk) budget.

## **7. LEGAL ISSUES**

- 7.1 For the purposes of European procurement rules, the Early Intervention and Prevention Service contracts fall within Category B of Schedule 3 to the Public Contracts Regulations 2006. Procurements of Category B services do not have to follow the full European procurement regime. However, as indicated in paragraph 4 above, a competitive tender process was carried out using the European 'open procedure' and this will have ensured compliance with the, relevant, Treaty principles.
- 7.2 All new providers will be required to enter into an agreement/contract with the Council specifying the term and conditions for provision of the services.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee.
- 8.2 The Council's Contract Procedure Rules in Paragraph 5.1-5 set out the arrangements for authorisation before quotations or tenders for supplies, services or works may be sought and for the subsequent acceptance of tenders or other purchase arrangements. In the case of the proposed award of contract specified in this report, authorisation and acceptance by the Cabinet Committee is required in view of the expected value of some of the contracts.
- 8.3 Paragraph 5.6 of the Contract Procedure Rules set out the criteria to be met before a contract can be extended. The criteria are that:
  - 5.6.1.1 the initial contract was based on a competitive tender or quotations;
  - 5.6.1.2 the initial contract has not been extended before; and
  - 5.6.1.3 the value of the extension is less than half the cost of the existing contract without the extension and has a budget allocation.
- 8.4 The Council's Contract Procedure Rules in paragraph 5.8 provides that the Contract Procedure Rules may only be waived by the appropriate decision making body if they are satisfied after considering a written report by the appropriate officer that the waiver is justified because:
  - 5.8.1 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

- 5.8.2 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
- 5.8.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or
- 5.8.4 there are other circumstances which are genuinely exceptional.

This report seeks waiver of the Contract Procedure Rule on the basis that 5.8.4 is met.

## **9. BACKGROUND INFORMATION**

- 9.1 The Early Intervention and Prevention Team in Barnet Children's Service has commissioned early intervention and prevention services through contracts for £1,300,000 per annum. The commissioning process was an open and competitive process for the award £1,429,720 over an 18 month period.
- 9.2 The tender notice was advertised nationally on a variety of online portals: fundingcentral.org.uk, Tendermatch and Bipsolutions, as well as locally through Community Barnet website, Barnet Council web site, Barnet Press and Hendon Times.
- 9.3 A fair and transparent due process was followed. The tender process operated three stages of evaluation:
  - 1. Pre-Qualifying Questionnaire (PQQ)  
This stage reviewed each applicant's three most recent years of audited accounts, relevant experience, policies and procedures, five year plans of the organisation. This stage checked the due diligence of the organisations around the financial and governance processes. 38 organisations submitted a Pre Qualifying Questionnaire.
  - 2. Invitation to Tender (ITT)  
At this stage organisations detailed the scope of their work as outlined in the project specification (Background paper 10.1) The application was scored 60% for Quality and 40% for Price. The quality scores measured the organisations capacity to deliver services by 1 October 2011; meeting our Barnet priorities and identifying realistic and measurable outcomes. The service providers were scored on the age bands of children served and hard to reach groups (religious/cultural needs). This was to ensure services were distributed to meet the 0-19 age group (up to 25 with disability) agenda and meet our cultural and diverse community. Tenders were grouped into target groups (as highlighted in the project specification) of their service to ensure all target themes were met. The target groups were arranged as:
    - 0 -5 Health & Development
    - Disability
    - Domestic Violence
    - Family Support Programmes
    - Mental Health
    - Welfare Rights
    - Sector Development/Training
    - Young Carers
    - Youth

There were 47 applications (value of £6.3m) as some organisations had put in multiple applications. Three applications were rejected due to non-compliance.

Scores were averaged within the group and tenders that scored below the average tender group were not progressed through to the next stage. Please note that some target groups only had one tenderer within the group. The scope of the commissioning process was to ensure all target themes and age bands met the key priorities and objectives of the Children and Young People's Plan 2010/11-2012/13.

Applicants that met the average mark were progressed to the interview stage, see grid below.

Target themes	Price (40%)	Quality Input (20%)	Quality Output (30%)	Quality Outcome (30%)	Quality Impact (20%)	Total Quality score	Total Quality 60% (weighted)	Total score for Price & Quality	0-5 age band (1 point)	5-11 age band (1 point)	11-19 age band (1 point)	19 to 25 age band (1 point)	Hard to reach (cultural/faith) 2 pts	Age & Hard to reach score	Final scores	Value of tender application	Interview stage	Outcome of Interview stage	Final award
<b>0-5 Health and Development</b>																			
Central London Community Healthcare NHS Trust																			
Option A	4.56	5.20	3.60	1.80	3.20	13.80	8.28	12.84						1.00	13.84	£217,000.00	Yes	Successful	£131,750
Option B	4.56	5.20	3.60	1.80	3.20	13.80	8.28	12.84						1.00	13.84	£246,247.00	Yes	Not successful	£0
<b>Disability</b>																			
Tender B	47.54	6.80	3.60	5.40	3.20	19.00	11.40	58.94						2.00	60.94	£164,200.00	Yes	Not successful	£0
Tender C	45.52	3.20	3.60	4.80	3.20	14.80	8.88	54.40	0.00	0.00	1.00	1.00	0.00	2.00	56.40	£202,393.00	Yes	Not successful	£0
IPOP 3 Mobile sensory equip	42.41	5.20	2.40	2.40	2.00	12.00	7.20	49.61	1.00	1.00	0.00	0.00	0.00	2.00	51.61	£16,742.50	Yes	Successful	£15,810
Barnet Mencap	38.81	3.60	2.40	2.40	1.20	9.60	5.76	44.57	0.00	1.00	1.00	0.00	0.00	2.00	46.57	£84,573.00	Yes	Successful	£75,500
IPOP 1 Saturday Scheme	30.82	4.80	3.00	4.20	2.00	14.00	8.40	39.22	0.00	1.00	0.00	0.00	0.00	1.00	40.22	£43,766.00	Yes	Successful	£37,700
IPOP 2 Developing Youth Services	26.36	5.60	4.80	4.80	2.80	18.00	10.80	37.16	0.00	0.00	1.00	1.00	0.00	2.00	39.16	£123,326.00	Yes	Successful	£80,270
Tender D	15.04	6.00	3.60	3.60	3.20	16.40	9.84	24.88	1.00	1.00	1.00	1.00	0.00	4.00	28.88	£203,166.00	No	N/A	£0
Tender E	-62.91	4.40	3.60	3.60	0.00	11.60	6.96	-55.95	0.00	0.00	1.00	0.00	0.00	1.00	-54.95	£206,067.00	No	N/A	£0
<b>Domestic Violence</b>																			
Tender F	48.65	2.40	4.20	3.60	2.80	13.00	7.80	56.45	1.00	1.00	1.00	1.00	0.00	4.00	60.45	£248,695.00	Yes	Not successful	£0
Tender G	-60.50	6.00	4.20	4.20	3.20	17.60	10.56	-49.94	1.00	1.00	1.00	1.00	0.00	4.00	-45.94	£150,000.00	No	N/A	£0
<b>Family Support Programmes</b>																			
Tender H	41.93	6.00	4.20	4.20	2.40	16.80	10.08	52.01	1.00	1.00	1.00	1.00	0.00	4.00	56.01	£90,320.00	Yes	Not successful	£0
Tender I	39.34	5.60	4.80	3.60	2.40	16.40	9.84	49.18	0.00	0.00	1.00	1.00	0.00	2.00	51.18	£77,782.80	Yes	Not successful	£0
Home-Start	29.74	5.60	4.80	4.80	2.80	18.00	10.80	40.54	0.00	0.00	0.00	0.00	0.00	1.00	41.54	£176,200.00	Yes	Successful	£149,540
Community Barnet, Barnet Community Parenting Consortium	19.74	7.20	5.40	5.40	3.60	21.60	12.96	32.70	1.00	1.00	1.00	1.00	2.00	6.00	38.70	£111,640.00	Yes	Successful	£64,220
Norwood consortium Kisharon, Ezer NW	19.51	6.80	3.60	4.80	3.20	18.40	11.04	30.55	1.00	1.00	1.00	1.00	2.00	6.00	36.55	£249,101.00	Yes	Successful	£87,830
Tender J	26.92	4.00	3.00	3.60	3.60	14.20	8.52	35.44	1.00	0.00	0.00	0.00	0.00	1.00	36.44	£101,112.00	Yes	Not successful	£0
Tender K	12.77	6.80	3.60	4.20	2.40	17.00	10.20	22.97	1.00	1.00	1.00	1.00	0.00	4.00	26.97	£44,800.00	No	N/A	£0
Tender L	10.66	4.40	3.60	2.40	3.20	13.60	8.16	18.82	1.00	1.00	0.00	0.00	2.00	4.00	22.82	£250,000.00	No	N/A	£0
Tender M	10.66	4.40	3.60	2.40	3.20	13.60	8.16	18.82	0.00	0.00	1.00	0.00	0.00	1.00	19.82	£250,000.00	No	N/A	£0
Tender N	1.68	2.40	1.80	1.80	2.00	8.00	4.80	6.48	0.00	1.00	1.00	0.00	0.00	2.00	8.48	£246,996.00	No	N/A	£0
<b>Mental Health</b>																			
Tender O	40.59	5.60	3.60	3.00	3.20	15.40	9.24	49.83	0.00	0.00	1.00	0.00	0.00	1.00	50.83	£159,520.00	Yes	Not successful	£0
Tender P	9.81	4.40	3.60	3.60	0.00	11.60	6.96	16.77	0.00	0.00	1.00	0.00	0.00	1.00	17.77	£249,499.00	No	N/A	£0
Tender Q	-4.10	4.40	4.20	3.00	2.80	14.40	8.64	4.54	0.00	1.00	0.00	0.00	0.00	1.00	5.54	£29,652.00	No	N/A	£0
<b>Welfare Rights</b>																			
Barnet CAB	22.20	4.00	3.60	2.40	2.40	12.40	7.44	29.64	1.00	1.00	1.00	0.00	0.00	3.00	32.64	£84,000.00	Yes	Successful	£37,700
<b>Sector development/Training/Support</b>																			
Barnet Play Association (2)	54.58	4.00	4.20	3.00	2.80	14.00	8.40	62.98	1.00	1.00	1.00	0.00	0.00	3.00	65.98	£77,625.00	Yes	Successful	£40,600
Barnet Play Association (1)	50.84	8.00	4.20	1.80	2.80	16.80	10.08	60.92	1.00	0.00	0.00	0.00	0.00	1.00	61.92	£56,030.00	Yes	Successful	£0
BPSLA (1) (£249,962) pre-school & Parent	41.10	4.80	4.80	4.20	1.60	15.40	9.24	50.34	0.00	0.00	0.00	0.00	0.00	1.00	51.34	£249,962.15	Yes	Successful	£182,390
IPOP 4 Developing Inclusive Play	27.43	5.20	4.20	3.60	2.80	15.80	9.48	36.91	1.00	1.00	1.00	0.00	0.00	3.00	39.91	£110,754.00	Yes	Successful	£68,940
Tender R	14.66	6.40	5.40	5.40	2.40	19.60	11.76	26.42	1.00	0.00	0.00	0.00	0.00	1.00	27.42	£22,500.00	No	N/A	£0
Tender S	13.00	3.20	3.00	1.80	0.80	8.80	5.28	18.28	1.00	0.00	0.00	0.00	0.00	1.00	19.28	£97,141.70	No	N/A	£0
<b>Young Carers</b>																			
Barnet Carers (2) - home visits, activities, school liaison	51.44	7.20	3.60	3.60	1.60	16.00	9.60	61.04	1.00	1.00	1.00	0.00	0.00	3.00	64.04	£230,065.00	Yes	Successful	£151,100
Barnet Carers (1) - Time 4 Us	29.62	8.00	4.80	4.80	2.40	20.00	12.00	41.62	0.00	1.00	1.00	0.00	0.00	2.00	43.62	£68,888.00	Yes	Successful	£40,600
<b>Youth</b>																			
OYA with BRITSOM	48.86	5.20	6.00	6.00	3.20	20.40	12.24	61.10	0.00	1.00	1.00	0.00	2.00	4.00	65.10	£88,410.00	Yes	Successful	£37,780
Tender T	46.65	3.60	4.20	4.20	2.80	14.80	8.88	55.53	0.00	0.00	1.00	0.00	0.00	1.00	56.53	£104,807.00	Yes	Not successful	£0
Tender U	41.46	4.00	3.00	3.60	2.00	12.60	7.56	49.02	0.00	0.00	1.00	0.00	0.00	1.00	50.02	£249,264.69	Yes	Not successful	£0
Tender V	32.24	5.20	3.60	3.60	1.60	14.00	8.40	40.64	0.00	0.00	1.00	0.00	2.00	3.00	43.64	£45,000.00	Yes	Not successful	£0
Barnet Play Association (3)	24.73	8.00	6.00	6.00	4.00	24.00	14.40	39.13	1.00	1.00	1.00	0.00	0.00	3.00	42.13	£176,769.00	Yes	Successful	£136,940
Hornsey YMCA	19.04	4.40	4.80	4.20	1.60	15.00	9.00	28.04	0.00	1.00	1.00	1.00	0.00	3.00	31.04	£245,222.00	Yes	Successful	£75,550
Tender W	13.78	3.20	3.00	1.20	2.00	9.40	5.64	19.42	0.00	0.00	1.00	1.00	0.00	2.00	21.42	£20,000.00	No	N/A	£0
Tender X	5.63	5.60	5.40	5.40	2.80	19.20	11.52	17.15	0.00	0.00	1.00	0.00	0.00	1.00	18.15	£206,745.00	No	N/A	£0
Tender Y	-4.04	4.40	3.60	3.60	3.20	14.80	8.88	4.84	0.00	0.00	1.00	1.00	0.00	2.00	6.84	£94,750.00	No	N/A	£0
Tender Z	-4.10	4.40	4.20	3.00	2.80	14.40	8.64	4.54	0.00	0.00	1.00	0.00	0.00	1.00	5.54	£29,652.00	No	N/A	£0
Tender AA	-16.48	6.00	5.40	5.40	3.20	20.00	12.00	-4.48	0.00	0.00	1.00	1.00	0.00	2.00	-2.48	£90,300.00	No	N/A	£0
Total Values																£6,290,683.84			£1,414,220

- Please note the difference in the value of the tender application and final award is due to scaling back of some of the services within the tenderers application due to Barnet Council managing the contract value within the constraints of £1,439,720 (comprising of the £1,350,000, £64,220 and £25,500 funding identified in 6.1)

### 3. Interviews

#### Presentation and questions

The aspects tested for stages one and two were further examined through personal interviews with prospective providers. The interview panel was made up of senior managers within Children's Service. 28 applications (value of £4.099m) were interviewed.

Following this process the following organisations have been successful:

<b>Organisation</b>	<b>Award value</b>
Barnet Citizen's Advice Bureau	£ 37,700
Barnet Carers Time 4 Us project	£ 40,600
Barnet Carers (core service)	£151,100
Barnet Mencap	£ 75,500
Barnet Play Association Quality in Play	£ 40,600
Barnet Play Association Play Rangers	£136,940
Barnet Pre-School Learning Alliance	£182,390
Central London Community Healthcare NHS Trust	£131,750
Home-Start	£149,540
Hornsey YMCA	£ 75,550
IPOP Saturday Scheme	£ 37,700
IPOP Developing Youth Services	£ 80,270
IPOP Mobile Sensory Equipment	£ 15,810
IPOP Developing Inclusive Play	£ 68,940
Norwood Consortium	£ 87,830
Organisation of Young Africans with Britsom	£ 37,780
Community Barnet Parenting Consortium	£ 64,220 *
Provider to be identified	
Domestic Violence (low risk) Services	£25,500

The contracts will be agreed for the period 1 November 2011 – 31 March 2013.

## 10. LIST OF BACKGROUND PAPERS

### 10.1 Project Specification

Legal: PD

Finance: MC

---

\* This service will be funded by the Family Focus budget



**London Borough of Barnet**  
**Early Intervention and Prevention**  
**(formerly Building Resilience and Supporting Independence (BRSI))**

**Invitation to Tender**

Tender Reference Number: 50349

**Detailed Project Specification**  
**Early Intervention and Prevention Services 2011 - 2013**

**Purpose**

The EIP (Early Intervention and Prevention) team within Barnet Children's Service is seeking a number of service providers for the provision of successful and cost-effective evidenced based early intervention and prevention services. The specific services are for 0-19 year olds and up to 25 year olds with disabilities, funded by the Early Intervention Grant. The services for consideration will contribute towards the priorities of:

- Barnet Children and Young People Plan 2010 -2013 ( which can be viewed on line at [www.barnet.gov.uk/chypf-key-documents](http://www.barnet.gov.uk/chypf-key-documents))
- Barnet's Corporate Plan 2010 – 2013.

**Value**

Overall funding available (1 October 2011- 31 March 2013): **circa £1,275,000**

Minimum contract value: **£20,000**

Maximum contract value: **£250,000**

The Council reserves the right to reduce the amount of funding available should this tender not result in meeting all the priorities the Council has set.

**Who can apply?**

The second stage of the tender, the Invitation to Tender, is for organisations that have successfully completed the pre-qualifying questionnaire and have been invited to tender.

**Contact details:**

Usha Chadha  
Grant Monitoring and Evaluation Officer  
Tel: 020 8359 6267  
Email: [usha.chadha@barnet.gov.uk](mailto:usha.chadha@barnet.gov.uk)

Leela Chaduvu  
Project Support Officer  
Tel: 020 8359 7617  
Email: [leela.chaduvu@barnet.gov.uk](mailto:leela.chaduvu@barnet.gov.uk)

**Key dates:**

Shortlisted organisations Invited to Tender:	20 May 2011
Deadline for submission of tenders:	17 June 2011
Contract awards:	12 August 2011
Contracts commence:	1 October 2011
Funding permitted until:	31 March 2013

## **Background**

Barnet Children's Service aims to shift the emphasis of services from reactive to preventative; targeting more resources at preventing children from requiring higher level interventions. The EIP Team within Barnet Children's Service will be tendering for early intervention and prevention services for children and young people to be delivered across the four learning network areas in Barnet.

## **Key Bidder Requirements**

All project proposals will be expected to meet:

- a) Barnet's priority outcomes in Part A
- b) general service requirements in Part B section 1; and
- c) one or several target themes in Part B section 2. (your project proposal may cut across several target themes; all target themes are to be listed in box 5 on page one of the ITT Questionnaire)

## **Part A – Priority Outcomes**

The services for consideration will contribute towards the key priorities and objectives as listed below:

- 'intervene early to strengthen families;
- 'ensure the early identification of children and families to enable appropriate preventative interventions through the Common Assessment Framework' (CAF);
- 'ensure every child has a good start to life by providing access to high quality early years provision and support';
- Refocus work around early years standards to ensure appropriate support, training and challenge, helping to narrow attainment gaps;
- 'effectively manage and use data';
- 'promote access for all children and young people to positive activities';
- 'reduce economic disadvantage through tackling child poverty:
  - a) Ensuring access to affordable and suitable childcare
  - b) Supporting parents to build confidence and skills
  - c) Addressing health, including mental health, both as a cause and consequence of poverty'
- 'develop the social and emotional bedrock upon which children and young people can thrive'.

Barnet Children's Service is committed to ensuring that all children and young people, regardless of ethnicity, religion, disability or other differences are able to access opportunities and activities, and are enabled to achieve their potential.

Barnet Children's Service will build on the experience and understanding gained from funding a range of local services in recent years to procure a targeted set of services delivered through Children's Centres, Schools and other children and young people's settings. Strong families and communities are the key to supporting children and young people. The focus of these services will be on prevention and early intervention, ensuring that those families in greatest need receive targeted support and advice early enough to help improve outcomes for their children.

Barnet Children's Service believes this approach will have significant benefits in terms of social and economic outcomes, cost savings to the public purse, reduction in avoidable contact with more expensive higher level services and later stage intervention programmes.

In addition to the key priorities, future service providers should demonstrate how they will improve the life chances of children and young people who are living in families where there are issues of:

- Family Conflict
- Domestic Violence
- Poor Mental Health
- Substance Misuse
- Crime
- Disability
- Teenage parents
- Poverty
- Young carers
- Poor access to specialist health services and other specialist support

## **Part B - Service Requirements and Target Themes:**

### **Section 1 - GENERAL**

- High quality targeted support to families, children and young people, aged 0-19 (up to 25 with disabilities);
- Commitment to initiate, act as Lead Professional and review the Common Assessment Framework (CAF);
- Prompt referrals for safeguarding and child protection/vulnerable adult concerns
- Support for families to resolve their issues at an early stage;
- Promote access to universal services;
- Services to be delivered for Barnet residents and children attending educational settings;
- Signposting for families to access appropriate services, including Sure Start Children's Centres and extended services in and around schools, family intervention and parenting services, health services and other local services;
- Prevention of further escalation of issues that would require intensive intervention;
- Services that deliver value for money for Barnet residents;
- Evidence-based services that can demonstrate the difference made to children, young people and families.

In all cases, services should ensure equality of opportunity and accessibility, for example, to Black, Asian and Minority Ethnic (BAME) communities and people with disabilities.

### **Section 2 - TARGET THEMES**

- **Family Conflict**  
Intervene early to strengthen families:
  - targeted support for hard-to-reach families to recognise the impact of strained parental relationships or parental separation;
  - targeted support for hard-to-reach children and young people to help cope with conflict within families;
  - support for families to help prevent the escalation of potential issues arising from relationship conflict.

- **Domestic Violence**

Ensure the early identification of children and families below the threshold of social care to enable appropriate preventative interventions through the Common Assessment Framework through:

- therapeutic support and specialist counselling for hard-to-reach children and young people and their families to prevent the escalation of potential issues such as school absence, low self-esteem, fear, isolation, substance misuse and self-harm;
- parenting Programmes recognising the impact of domestic violence;
- targeted support from fathers workers around positive male role model;
- support for teenagers to develop positive and non-abusive relationships.

- **Poor Mental Health**

Develop the social and emotional bedrock upon which children and young people can thrive by offering:

- training to practitioners working with children and young people to improve the early identification of mental health issues;
- innovative and targeted support for children and young people (either one- to-one or group) to address mental health issues;
- support to families with children affected by mental health issues.

- **Substance Misuse**

To ensure the early identification of substance misuse within the families in particular with children and young people by:

- services for children and young people affected by parental substance misuse;
- services for children and young people who are affected themselves by substance misuse;
- support to families with children affected by substance misuse.

- **Crime**

Promote access for all children and young people to positive activities by:

- offering innovative methods of engaging with children and young people at risk of committing crime;
- enabling all settings that work with children and young people to intervene early to prevent crime.

- **Disability**

Promote access for all children and young people to positive activities by:

- providing positive activities for children and young people with a disability (0-25);
- increasing take-up of childcare for children with disabilities
- promoting inclusion;
- training practitioners to promote inclusion and awareness;
- providing positive activities for siblings of children and young people with a disability;
- supporting families caring for a children and young people with a disability.

- **Teenage parents**

Develop the social and emotional bedrock upon which children and young people can thrive by:

- guidance, information and advice to teenage parents;
- practical parenting support to teenage parents.

- **Poverty**

Reduce economic disadvantage through tackling child poverty, and improve the lives of families suffering economic disadvantage by:

- supporting parents to build confidence and skills to enter the workplace;
- working with job-focused agencies and statutory bodies to enhance Employability;
- addressing health, including mental health, both as a cause and consequence of poverty;
- increasing take-up of formal childcare;
- increasing take-up of working tax credits (the childcare element).

- **Young carers**

Identifying, engaging and working with young carers by offering:

- information and support to schools to raise awareness of young carers' issues;
- practical support and information, advice and guidance for young carers to help them manage their caring responsibilities;
- counselling for young carers to help them manage their own lives;
- positive activities to allow young carers to have time away from their caring responsibilities.

- **Poor access to Health Services and other specialist Support**

Ensuring the early identification of children and families with specialist needs by:

- supporting the development of settings working with children and young people to improve the identification of health, language development and emotional needs;
- providing specialist support to children and young people with poor communication skills (speech and language development).

- **Quality in the early years settings**

Refocus work around early years standards to ensure appropriate support, training and challenge, helping to narrow attainment gaps by:

- providing quality training and information to the Private, Voluntary and independent workforce;
- support pre-school settings in delivering a quality service and improving self-sustainability;

---

---

### **The next stage of the process**

For full instructions on how to submit your bid, please refer to 'Invitation to Tender (ITT) Instructions' accompanying this document.

Bidding organisations are required to include at the ITT stage:

- a detailed contract profile listing the activities that will be carried out, by whom and by when; bidders are expected to show accountability;
- detailed cost breakdown of the activities/programmes;
- a detailed plan of resources linked to milestones and deliverables; this will be subject to agreement before contracts are awarded;
- a detailed list of outcomes explaining how these will be measured;
- an accurate explanation of what difference the service will make to children, young people and families in Barnet;
- additional completed tender documentation included within this ITT;
- Services are expected to be operational and made available to families from 1 October 2011 and bidders will be expected to explain how they will achieve this in their tenders.

### **Important notes to tenderer**

- **Please ensure you do not exceed the word limit in each box, being as concise as possible in your answers.**
- **Please specify which priority/objectives will be met in your bid (see page 1: 'Barnet priorities')**
- **Please specify the target themes your project will address, and how your organisation intends to address them.**
- **Please ensure that your answers explicitly outline project costs and delivery timelines.**
- **Please note that if your tender is successful, your service descriptions and cost breakdowns will be incorporated to a contract document prior to services commencing**

Once the ITT Questionnaire has been evaluated bidders will be short listed and invited to interview where they will make a presentation to the Evaluation Team. Post interview, there will be a tender clarification session.

Contracts are expected to commence on 1 October 2011 and cease on 31 March 2013 (subject to funding), although the Council reserves the right, subject to the satisfactory performance of the future service provider, budget availability and policy intent, to extend the contract for further periods of one month or multiples thereof up to a maximum of nine months.

<b>AGENDA ITEM: 9</b>	Page Nos. 44 – 72
Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Quarter 1 Monitoring 2011/12</b>
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 – Performance Report Appendix B – Revenue Monitoring Directorate Appendix C – Capital Programme Adjustments Appendix D – Capital Monitoring Analysis
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information:	Anisa Darr, Finance Manager, Closing & Monitoring, 020 8359 7106

## **1. RECOMMENDATIONS**

- 1.1 That Directors take appropriate action to ensure costs are kept within budget and income targets are met. (Paragraph 9.1.2)**
- 1.2 That directors take appropriate action to improve performance against those corporate performance, Human Resources (HR), project, and risk measures where quarter one performance remains a challenge (Sections 9.3, 9.10, and Appendix A).**
- 1.3 That the following virements be approved:**
- **A virement for £4.961m is requested within the Environment, Planning and Regeneration Directorate to re-align the budget across a number of cost centres. (Paragraph 9.4.2)**
  - **A virement for £0.420m is requested between services to achieve the consolidation of customer service functions. The proposals were approved in Delegated Powers Report No 1311- Consolidation of customer service functions from across the council into Customer Services. (Paragraph 9.4.3)**
  - **A virement for £0.945m from Adult Social Care & Health to Housing in respect of services previously funded through the SP programme which would best be commissioned directly by Housing. (Paragraph 9.4.4)**
- 1.4 That the following one off transfers to and from contingency for this financial year only be approved:**
- **£0.500m one off transfer from Contingency to the Deputy Chief Executive directorate to fund temporary workers in Revenue and Benefits to cover the back log following the implementation of the new system. (Paragraph 9.5.2)**
  - **£0.868m one off transfer to Contingency from the Deputy Chief Executive directorate invest to save – Pericles system (Paragraph 9.5.3)**
- 1.5 That the following transfer from contingency for this financial year and ongoing be approved:**
- **£0.400m on-going transfer from Contingency to the Deputy Chief Executive for 2011/12 for future years to fund court costs. (Paragraph 9.5.4)**
- 1.6 That the following one off transfers from contingency for inflation for this financial year only be approved (Paragraph 9.5.5):**
- **£1.568m for Adult Social Services;**
  - **£0.251m for Children’s Service;**
  - **£0.661m for Commercial Services; and**
  - **£0.334m for Environment, Planning and Regeneration.**
- 1.7 That the Agency Costs for the first quarter be noted. (Paragraph 9.6.1)**
- 1.8 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 9.7.1)**
- 1.9 That the proposed Capital additions/deletions totalling £1.939m and slippage of £3.934m as set out in Appendix C and the related funding implications summarised in table 6 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 2011 (Decision item 5) – approved the Outturn 2010/11.
- 2.3 Cabinet Resources Committee 28 July 2011 (Decision item 5) – approved Month 2 Monitoring 2011/12.

### **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.
- 5.2 The following performance indicators raise equalities concerns because people accepted as homeless are recognised as a marginalised group, and a disproportionate number are from black and minority ethnic backgrounds or are households led by women:
  - CPI 1004 – Short-term nightly purchased temporary accommodation kept below 250 units.
  - CPI 1009 - Number of households accepted as homeless

## **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 151 of the Local Government Act 1972 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.
- 7.2 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 £0.115m being forecast at the end of quarter 1. A breakdown of revenue monitoring by each service directorate is set out in Appendix B.

**Table 1: 2011/12 Revenue Quarter 1 Analysis – Summary**

Description	Original Budget £'000	Revised Budget as at 30/06/11 £'000	Forecast Outturn as at 30/06/11 £'000	Forecast Outturn Variation as at 30/06/11 £'000	2010/11 Outturn £'000	Performance		
						Green	Green Amber	Red Amber
Adults	99,039	99,024	99,024	-	108,065	6	-	-
Central Expenses	62,912	60,822	59,986	(836)	51,081	n/a	n/a	n/a
Chief Executive	10,385	10,556	10,731	175	11,620	1	-	-
Childrens Services (net of DSG)	57,411	57,355	57,560	205	59,818	4	1	-
Commercial Services	14,633	15,533	15,841	308	15,786	1	-	-
Corporate Governance	5,939	5,939	6,043	104	5,706	2	-	-
Deputy Chief Executive	13,295	13,435	13,454	19	15,658	1	-	-
Environment, Planning & Regeneration	20,715	21,665	21,805	140	31,393	5	-	1
<b>Total 2010/11 General Fund Forecast</b>	<b>284,329</b>	<b>284,329</b>	<b>284,444</b>	<b>115</b>	<b>299,127</b>	<b>20</b>	<b>1</b>	<b>1</b>
Allocations agreed from GF Balances	-	-	-	-	-	-	-	-
General Fund Balances as at 01/04/11	-	-	-	(15,780)	-	-	-	-

Description	Original Budget £'000	Revised Budget as at 31/06/11 £'000	Forecast Outturn as at 31/06/11 £'000	Forecast Outturn Variation as at 31/06/11 £'000
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 **Commentary about Revenue Outturn**

9.2.1 The Council's overall position has improved from the projected over spend of £1.622m at month 2. This has been reduced to a projected overspend of £0.115m at the end of quarter 1. The Council's target level of balances is to remain above £15m, and is currently projected to be £15.665m.

9.2.2 Specific areas for concern are in the Commercial Services and Children's Service Directorate. Overspends in Property Services and Asset Management due to rents and service charges in NLBP building 4 and an uplift of 15% on all utility costs has caused the issue in Commercial Services. External placements and court order costs for placements with families has created pressures in Children in Care in Children's Services. A recovery plan is in place and has been implemented as the department is aiming to have a balanced budget position. The placements pressure remains but the overspends have been offset by other savings as approved by the senior leadership team.

9.2.3 Specific areas for concern (highlighted above) are high risk areas and it is important to ensure the budget and performance of the service is managed so it isn't a continuing budget pressure into next year's budget.

9.2.4 £1.377m, of the total £29.1m savings the council needed to deliver as part of the 2011/12 budget setting process, is still being identified as high risk. The remainder have been implemented or are on course to be implemented in line with original timescales. For the

high risk savings, alternative proposals or action plans have been developed by services and the full effect of these changes has been reflected in the budget monitoring position.

**Table 2: Savings Monitor – key risks and remaining issues outstanding**

Directorate	Service area	Description of saving	Savings Type	Comments and risks	2011/12 £'000
Adults	Younger Adults - All Groups	Greater community and family involvement in supporting disabled people to lead ordinary lives.	Efficiency	Social capital project started, need to realise by Q3 to realise saving.	(150)
Adults	Older Adults - Residential & Nursing Provision	Reduction of five nursing beds from the block contract	Efficiency	Unlikely to achieve this saving as beds have increased by 20. Alternative saving required.	(130)
Commercial	Estates- public offices	Estimated savings from renegotiation of rents and service charges for office accommodation	Efficiency	Work in progress on NLBP renegotiations. High risk as we are in a contract until 2015. Improved management information and visibility of landlords' maintenance plans enables closer scrutiny. Negotiations with PCT and others need to be co-ordinated regarding shared costs. Service charge quality control protocols, checking and costed accruals now in place.	(52)
Commercial	Property Services	Barnet House sub lease - Estates strategy of consolidation has vacated parts of Barnet House and made them available for lease	Income / Charging	Savings target based around assumptions on subletting to a specific client who has withdrawn. Shift in emphasis now with plan to come out of Barnet House in 2011/12, or sub-let. Barnet Homes taking more floor space in this year. The saving represents sub let of 3 floors for 6 months. Advert being placed re lettings.	(141)
Environment Planning and Regeneration	Waste & sustainability	Alternative models of refuse and recycling service delivery	Service Reduction	Savings to come from additional recycle income from May Gurney contract.	(171)
Environment Planning and Regeneration	Greenspaces	Leisure contract savings following contract review	Service Review	July CRC requests £500k from contingency, remainder of saving achieved.	(733)

### 9.3 **Q1 performance against the 2011/13 Corporate Plan Indicators (CPIs)**

9.3.1 There are 69 CPIs this year. Of the 44 CPIs that do have RAG ratings, 20 (45.5%) were met and 24 (54.5%) were missed.

9.3.2 Key performance issues in quarter one are:

- A reduction in the recycling rate from 32.8% in quarter 4 2010/11 to 29.2% in quarter one 2011/12.
- An increase in the number of children becoming the subject of a child protection plan.
- The increase in the proportion of young people who are not in employment, education or training.
- The 1.6% of children in the borough who do not have a reception place ready
- The deterioration in customer services performance; with only 48.3% of phone calls answered within 20 seconds in quarter one against 60.1% in Q4 last year.
- The increase in Homelessness acceptances, which have increased from 50 to 66

(a 32% change) between quarters four and one.

- Only 74% of FOI requests are being answered on time against a target of 90%.
- The target of fixing 75% of “intervention level” potholes within 48 hours was not achieved (Road and pavement condition was identified by residents’ as their number one concern in the Residents’ Perception Survey).
- Average sickness across council staff increased to 8 days per year in quarter one, from 7.8 days in quarter four. In addition the targets for staff with completed appraisals and annual objectives set were both not achieved.

9.3.3 A summary of performance against corporate priorities can be found in Appendix A. Detailed performance reports for each council directorate are published on the council’s website:

<http://www.barnet.gov.uk/index/council-democracy/corporate-plan-reports/cp-annual-performance-monitors.htm>

## 9.4 Virements

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

9.4.2 A virement for £4.961m is requested within the Environment, Planning and Regeneration Directorate to re-align the budget across a number of cost centres.

Cost Centre	Account Group	Amount £'000
10637 Street Lighting	Support Services	4,246
10618 Highways Other	Recharges	400
10617 HD-Management & Performance	Recharges	191
10648 Parking Design	Recharges	80
10667 Care & Repair	Customer Client	30
10638 Traffic Management	Recharges	8
10655 Domestic Refuse	Recharges	6
10890 Road Structural Response	Recharges	(8)
10667 Care & Repair	Recharges	(30)
10648 Parking Design	Recharges	(120)
10618 Highways Other	Recharges	(204)
10637 Street Lighting	Recharges	(4,599)
		-

9.4.3 A virement for £0.420m is requested between services to achieve the consolidation of customer service functions. The proposals were approved in Delegated Powers Report No 1311- Consolidation of customer service functions from across the council into Customer Services.

Cost Centre	Account Group	Amount £'000
10264 For Your Information Team	Employee Related	420
10264 For Your Information Team	Employee Related	(133)
11287 Communication & Compliant	Supplies & Services	(14)
10617 HD Management & Performance	Employee Related	(43)
10647 Parking Processing	Employee Related	(48)
10655 Domestic Refuse	Employee Related	(111)
10038 Planning	Employee Related	(24)
10038 Planning	Employee Related	(27)
10038 Planning	Supplies & Services	(3)
10643 Building Services	Supplies & Services	(6)
10643 Building Services	Supplies & Services	(8)
11052 Customer Services	Supplies & Services	(3)
		-

9.4.4 A virement for £0.945m from Adult Social Care & Health to Housing in respect of services previously funded through the SP programme which would best be commissioned directly by Housing.

Cost Centre	Account Group	Amount £'000
11268 Housing Needs	Supplies & Services	493
10020 Housing & Development	Supplies & Services	155
10437 Housing & Related Support Team HSG	Supplies & Services	118
10892 HRA Special Services	Supplies & Services	99
10667 Care & Repairs	Supplies & Services	80
10434 Housing & Related Support Team D&A	Supplies & Services	(210)
10437 Housing & Related Support Team HSG	Supplies & Services	(735)
		-

## 9.5 Movements to and from Contingency

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

9.5.2 The Deputy Chief Executive directorate are requesting a one off transfer of £0.500m from contingency to fund pressures arising from Housing Benefits using temporary workers to cover the backlog that has resulted from the implementation of the new system.

9.5.3 £0.868m back to Contingency - 2010/11 invest to save - Pericles Systems

9.5.4 The Deputy Chief Executive directorate are requesting an on-going transfer of £0.400m from contingency to fund court costs. The income plan for court costs needs to be reduced as it has not been achieved for several years. This is because the plan was based on an a typical year (2007/8), when costs income was higher than usual, due to catching up on the backlog of recovery action following a six week system closedown in the previous year for the conversion from Pericles to the Open Revenues System.

9.5.5 Table 3 (below) details the one off inflation requests submitted by services. The inflation for Commercial Services relates to the recently announced energy price increases and Environment, Planning and Regeneration is mainly due to the street lighting energy contract.

**Table 3: Inflation per service area**

Service	Inflation £'000
Adults Social Services	1,568
Childrens Service	251
Commerical Services	661
Environment, Planning & Regeneration	334
Total	2,814

## 9.6 Agency Costs

9.6.1 The table below details all agency staff costs incurred for quarter 1 of 2011/12.

**Table 4: Agency Costs to 30 June 2011**

Directorate	2010/11		Quarter 1 2011/12	
	2010/11 Total Agency and Consultants expenditure	Agency Spend including commitments	Actual Consultants Spend	Total Agency and Consultants expenditure
	£'000	£'000	£'000	£'000
Adult Social Services	2,218	260	9	269
Chief Executive's Service	1,025	164	19	183
Children's Service	8,241	630	1,628	2,258
Commercial	3,273	118	283	401
Corporate Governance	234	83	-	83
Deputy Chief Executive	2,867	756	48	804
Environment, Planning & Regeneration	5,244	528	1,833	2,361
<b>Total</b>	<b>23,102</b>	<b>2,539</b>	<b>3,820</b>	<b>6,359</b>

\* Data as at 30th June 2011 includes revenue (£4.462m) and capital spend (£1.897m).

\*\* Commercial includes "One Barnet" project expenditure £0.008m (Agency) and £0.223m (Consultants).

\*\*\* Data reported here is based on 2011/12 committed agency expenditure procured through the Hays Contract.

## 9.7 2011/12 Capital Programme Monitoring

9.7.1 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.

## 9.8 Capital Monitoring Analysis

9.8.1 Table 5 gives a summary of the 2011/12 capital programme. The capital monitoring summary and scheme details by service directorate is set out in Appendix D.

**Table 5: 2011/12 Capital Quarter 1 Analysis – Summary**

	2011/12 Latest Approved Budget	Additions/ Deletions recommended to Sept CRC	Slippage / Accelerated Spend recommended to Sept	2011/12 Budget (including Sept CRC)	Forecast to year- end	Variance from Revised Budget
	£'000	£000	£'000	£'000	£'000	£'000
Adult Social Services	1,137	-	-	1,137	1,137	-
Central Expenses	5,088	-	-	5,088	5,088	-
Chief Executive Services	1,373	-	-	1,373	1,373	-
Children's Service	49,399	1,696	-	51,095	51,095	1,696
Commercial Services	5,500	-	(828)	4,672	4,672	(828)
Corporate Governance	-	-	-	-	-	-
Deputy Chief Executive Services	608	(56)	-	552	552	(56)
Environment, Planning & Regeneration	23,480	299	(3,106)	20,673	20,673	(2,807)
<b>General Fund Programme</b>	<b>86,585</b>	<b>1,939</b>	<b>(3,934)</b>	<b>84,590</b>	<b>84,590</b>	<b>(1,995)</b>
HRA Capital	22,229	-	-	22,229	22,229	-
<b>Total Capital Programme</b>	<b>108,814</b>	<b>1,939</b>	<b>(3,934)</b>	<b>106,819</b>	<b>106,819</b>	<b>(1,995)</b>

## 9.9 Proposed changes to the Capital Programme

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

**Table 6: Capital Funding Changes**

	Grants £'000	S106 / Other £'000	Capital Receipts £'000	Revenue £'000	Borrowing £'000	Total £'000
Adult Social Services	-	-	-	-	-	-
Central Expenses	-	-	-	-	-	-
Chief Executive Services	-	-	-	-	-	-
Children's Service	1,696	-	-	-	-	1,696
Commercial Services	-	-	(828)	-	-	(828)
Corporate Governance	-	-	-	-	-	-
Deputy Chief Executive	-	-	-	(56)	-	(56)
Environment, Planning &	254	45	(3,106)	-	-	(2,807)
<b>General Fund Programme</b>	<b>1,950</b>	<b>45</b>	<b>(3,934)</b>	<b>(56)</b>	-	<b>(1,995)</b>
HRA Capital	-	-	-	-	-	-
<b>Total Capital Programme</b>	<b>1,950</b>	<b>45</b>	<b>(3,934)</b>	<b>(56)</b>	-	<b>(1,995)</b>

9.9.2 The main changes relate to the addition of the 2010/11 Dedicated Schools Grant (DSG) underspend (£1.465m) as agreed by Schools Forum. This has been allocated to the urgent primary places programme within Children's Service. The main programmes with slippage include; Electronic Document Record Management System (£0.820m) and the Waste programme (£2.906m). This spend is planned to be incurred in future years and has been re-profiled appropriately.

## 9.10 Key projects, including One Barnet programme

9.10.1 There are 41 projects in total including the 14 within the One Barnet Programme. Of the 41, two projects have a red rating for their current status:

- Pericles Replacement – Deputy Chief Executive
- Customer Service Transformation Programme – Chief Executive Service

9.10.2 Additionally three projects have reported as being completed for this quarter:

- Canada Villa/Methodist Hall (Children's Service)
- Right to Control (Adults Social Care and Health)
- E-Recruitment (Deputy Chief Executive).

## 10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – MM

CFO – MC/JH



## Performance report, Quarter One, 2011/12

### Contents of tables

<b>1. Corporate performance overview .....</b>	<b>2</b>
<i>1.1 Corporate performance dashboard .....</i>	<i>2</i>
<i>1.2 Barnet Council budget vs. performance analysis.....</i>	<i>3</i>
<i>1.3 Corporate risks .....</i>	<i>4</i>
<b>2. Whole council summary tables .....</b>	<b>9</b>
<i>2.1 Key finance indicators .....</i>	<i>9</i>
<i>2.2 Revenue budget – corporate overview .....</i>	<i>10</i>
<i>2.3 Capital budget – corporate overview .....</i>	<i>10</i>
<i>2.4 Corporate Plan performance - corporate overview .....</i>	<i>10</i>
<i>2.5 Human Resource/People performance - corporate overview.....</i>	<i>11</i>
<i>2.6 Key projects – corporate overview.....</i>	<i>14</i>
<b>3. Methodology for traffic light ratings.....</b>	<b>14</b>

## 1. Corporate performance overview

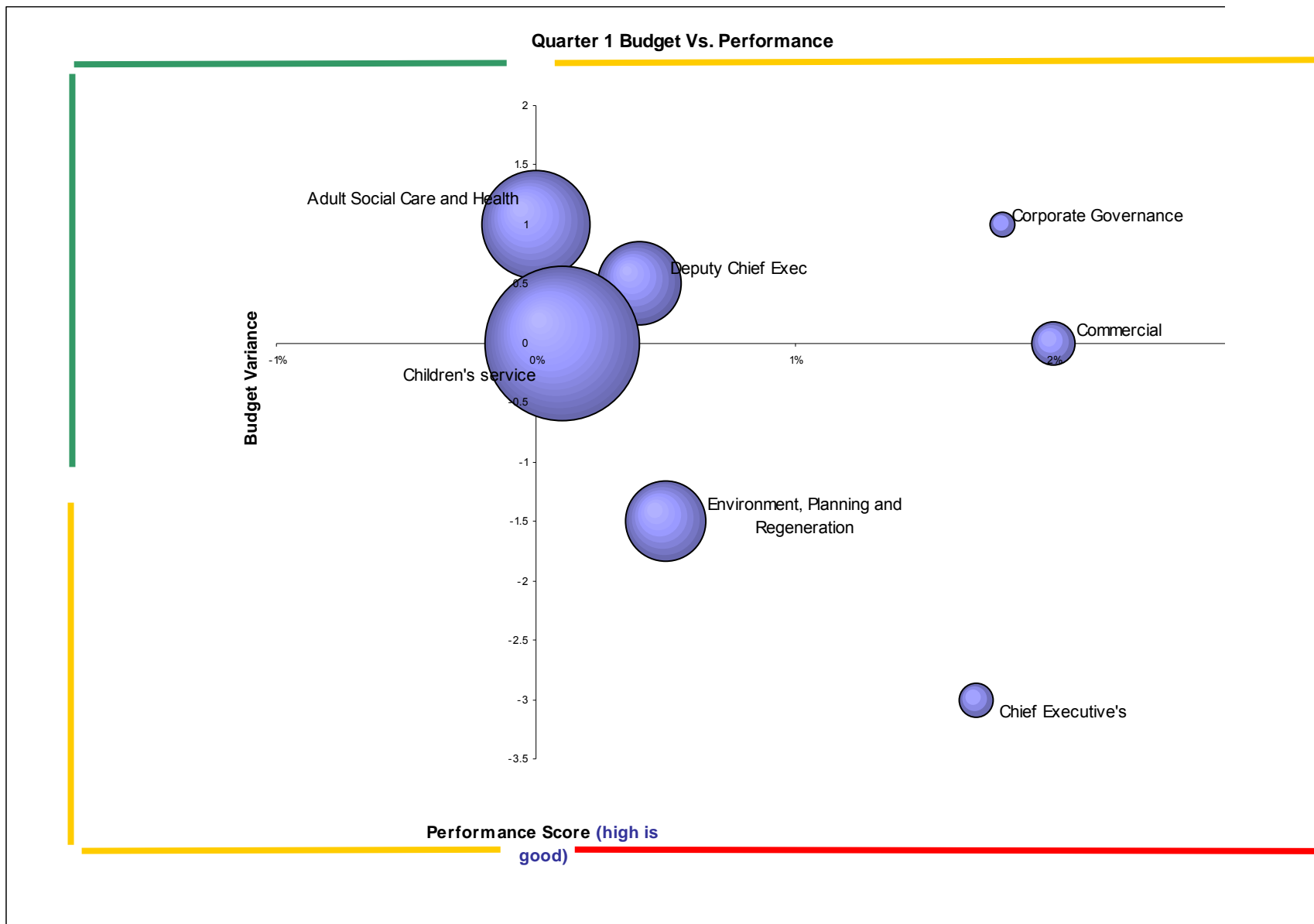
### 1.1 Corporate performance dashboard

The methodology for calculating these health ratings is contained in section 3 of this appendix.

Directorate	Corporate Plan performance	Revenue budget actual variance £'000	Capital actual variance (GF) £'000	HR/People	Key project rating
Adult Social Care and Health	1	-	-	-5.5	2.5
Children's Service	0.5	205	1,696	-6	2
Environment, Planning & Regeneration	-1.5	140	(2,807)	-5.5	4
Commercial Services	0	308	(828)	-4	-1.5
Deputy Chief Executive's Service	0	19	(56)	-5.5	-1.5
Chief Executive's Service (incl. Customer Services & Libraries)	-3	175	-	-5.5	0
Corporate Governance	1	104	-	-2	n/a
Central Expenses	n/a	(836)	-	n/a	n/a
<b>Totals<sup>1</sup></b>	<b>-1.5</b>	<b>115</b>	<b>(1,995)</b>	<b>-7</b>	<b>0.5</b>

<sup>1</sup> Organisational totals are based on a simple sum of overall RAG ratings for each service, where each colour is given a number e.g. green equals 1, red equals -1.

## 1.2 Barnet Council budget vs. performance analysis



### The graph shows:

- Environment, Planning and Regeneration (EPR) and Chief Executive's Service are in the lower performance and budget position at the start of this year
- Only one service, Adult Social Care and Health, have no budget variance this quarter
- Commercial has the highest budget variance at 2% and Chief Executive's Service (CES) and Corporate Governance have budget variances of between 1% and 2%.
- 2 services have a negative performance score, Chief Executive's and EPR
- Adult Social Care and Health (ASCH) and Corporate Governance have the highest performance score of 1 and ASCH is in the higher performance and budget position.

## 1.3 Corporate risks

### Current Corporate Risks

The following table is the updated corporate risk register as at 30 June 2011, this risk register was challenged as part of the Risk and Fraud Forum on 30 June 2011. This has been further challenged by the AD challenge group on the 2<sup>nd</sup> August 2011. This risk register contains those risks rated as 12 and above in their current assessment status.

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
<b>ORG0004 – Reputational</b> Governance – The Council faces a period of major change with potential organisational trauma impacting on core governance systems and processes. Risk – breakdown in core governance systems leading to financial loss or reputational damage.	Major 4	Likely 4	High 16	Comprehensive performance management reporting process including key risks at Directorate and Corporate level. <i>Implemented (100% complete)</i> Governance reporting to Statutory Officers Group. <i>Implemented (100% complete)</i> All Corporate Leadership Group members to have a corporate governance target. <i>Implemented (100% complete)</i> Implementation of a half yearly governance statement <i>In progress (25% complete)</i>	Treat	-       30/9/2011	Moderate 3	Possible 3	Medium High 9
<b>ORG0006 – Reputational</b> Procurement- failure to deliver value for money, uncommercial contracts with suppliers.	Major 4	Likely 4	High 16	Consolidate procurement activity within the Commercial Directorate <i>In progress (50% complete)</i> Develop and implement an up to date procurement strategy	Treat	31/10/2011 (normal)   30/09/2011	Moderate 3	Possible 3	Medium High 9

**Appendix A**

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
				<i>In progress (60% complete)</i> Develop a complete Council contracts register <i>Implemented (100% complete)</i> Deliver actions as set out in Procurement Controls and Monitoring Action Plan <i>In progress (80% complete)</i>		(normal)			
<b>ORG0010 – Reputational</b> Development and infrastructure – Development within the Borough through the medium-term is planned to deliver 8,800 new homes and an increase in population of 20,000 by 2015. There is a risk that funding and delivery mechanisms will not be in place to deliver the necessary physical, green and social infrastructure to accommodate the requirements of an increased population.	Major 4	Likely 4	High 16	Explore other innovative forms of funding <i>Implemented (100% complete)</i> Section 106 negotiations underway for BX and other major developments as required <i>In progress (85% complete)</i> Consider opportunities around TIF, particularly for BX/CR <i>In progress (20% complete)</i> Adopt a Community Infrastructure Levy (CIL) charging schedule for Barnet <i>Implemented (100% complete)</i> Develop a corporate approach to infrastructure delivery and securing of funding <i>In progress (50% complete)</i>	Treat	-  30/09/2011 (high)  30/09/2011 (normal)  -  31/12/2011 (normal)	Moderate 3	Possible 3	Medium High 9
<b>ORG0011 – Compliance</b> Waste management and sustainability – The cost of waste disposal will increase significantly in the medium-term due to landfill tax increases and the procurement of new waste disposal facilities by the NLWA. The loss of £258.4m PFI credits presents further risk to the affordability and progress of the procurement. Waste minimisation, collection and recycling arrangements will significantly impact on cost and the amount of waste sent for disposal. In addition, the carbon reduction scheme will impose financial penalties in respect of wider sustainability	Major 4	Likely 4	High 16	Establish Barnet Waste Project Board to enable informed officer input to the process & prepare briefings for members. <i>In progress (100% complete)</i> NWLA Procurement risk register maintained and updated including review at Waste Project Board meetings. <i>In progress (100% complete)</i> Make progress at NLWA meetings, critical review of NLWA papers, with additional support from specialist consultant <i>In progress (25% complete)</i> Develop, implement and review Waste Action Plan <i>In progress (30% complete)</i> Annual communications plan to include more targeted communications based on the intelligence available.	Treat	-  -  30/09/2011 (normal)  30/09/2011 (normal)  30/09/2011 (normal)	Moderate 3	Almost certain 5	High 15

**Appendix A**

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
issues. Government likely to further increase penalties/incentives. Risk – increased waste sent for disposal at significantly increased cost. Lack of progress on wider sustainability agenda attracting additional carbon commitment penalties.				<i>In progress (30% complete)</i> Establish & Embed Carbon Reduction Commitment Steering Group to strengthen management focus on Carbon Reduction commitment <i>Implemented (100% complete)</i> Consider options put forward by the NLWA for the procurement and their affordability <i>Implemented (100% complete)</i> Prepare business case for members' decision on future waste collections <i>In progress (60% complete)</i> Prepare business case for members' decision on future involvement with NLWA, including decision on Inter Authority Agreement. <i>In progress (60% complete)</i>					
<b>ORG0002 – Financial</b> Central government support has been cut and our response has been agreed by Cabinet. Risk – given the scale of the savings there will be key concerns in delivering those savings over the next 4 years and managing to deliver services in times of such uncertainty.	Major 4	Possible 3	Medium High 12	Financial and Business Planning Process <i>Implemented (100% complete)</i> Continual risk assessment of savings plans <i>In progress (25% complete)</i>	Treat	-  01/09/2011 (normal)	Moderate 3	Possible 3	Medium High 9
<b>ORG0014 – Financial</b> New revenues and benefits systems went live February however with process inefficiencies, data conversion issues and batch processes running slowly. In addition, due to the downtime from December to February, the main billing exercise took two weeks to process compared to 3/4 days initially specified. Significant backlog of workload is required to be processed. When the Council needs to submit its grant subsidy	Major 4	Possible 3	Medium High 12	Investigating the support of the current product beyond its proposed termination date as a contingency plan as a result of delay.  <i>Implemented (100% complete)</i> Legal advice ongoing <i>In progress (80% complete)</i> Constant monitoring and reporting of risks, issues and progress through the various departments and companies involved. <i>In progress (80% complete)</i> Go Live of new system once reconciled. <i>Implemented (100% complete)</i> Existing system shut down whilst the data	Treat	-  30/09/2011 (normal) 30/09/2011 (normal)  - -	Moderate 3	Possible 3	Medium High 9

**Appendix A**

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
claim for March 2012 the risk will be that the LA error will not be in the tolerable ranges which would result in the threshold being lost circa £1.2m. As at the end of June 2011 the threshold is currently at £500k. LA error is intervening period between receipt and assessment of the claim - with a backlog situation this will always be the case. Complaints and customer enquiries are not being dealt with on a timely basis as a result of the backlog.				converts to the new system. <i>Implemented (100% complete)</i> Additional resource required to process backlog of transactions. <i>Implemented (100% complete)</i> Source better solution with Civica for hosting. <i>Implemented (100% complete)</i> Process backlog <i>In progress (60%)</i>					
<b>ORG0001 – Reputational Transformation</b> – The Council's strategic agenda is defined by the One Barnet programme which is designed to transform public services to Barnet citizens, working with our partners and the community, in the context of severe resource constraint. Risk – failure to deliver One Barnet effectively, with declining service performance and citizen satisfaction. Leading to sub-optimal commercial arrangements with third parties.	Major 4	Possible 3	Medium High 12	Communication and Engagement strategy to ensure project level communications and engagement plans are in place. <i>Implemented (100% complete)</i> Transition Strategy to ensure business as usual is maintained during the delivery of the programme. <i>In progress (70% complete)</i> Benefits Realisation Framework <i>In progress (45% complete)</i> Programme plan produced and signed off <i>In progress (90% complete)</i> Project communications plans for live projects produced and signed off. <i>Implemented (100% complete)</i> Risk management framework included risk and issue standards. <i>Implemented (100% complete)</i> Risk management framework communicated to all live and pending projects and stakeholders. <i>Implemented (100% complete)</i> Implementation partnership has been put in place to fill the knowledge and experience gap. <i>Implemented (100% complete)</i> Ensure effective governance arrangements	Treat	-  30/09/2011 (normal)  30/09/2011 (normal) 30/09/2011 (high) - - - -	Moderate 3	Possible 3	Medium High 9







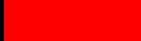
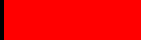


**Appendix A**

Risk	Current Assessment			Control Actions	Risk Status	Target Date (Priority)	Target Assessment		
	Impact	Probability	Rating				Impact	Probability	Rating
				with both Cabinet Members and senior management engaged. <i>In progress (90% complete)</i>		(normal)			



## 2. Whole council summary tables

### 2.1 Key finance indicators

Indicator		2010/11 (Position at 30/06/11)	2010/11 (Position at 31/03/11)	Achieved /Trend
<b>1 Revenue Expenditure</b>				
(a) Balances and Reserves:				
(i) General Fund Balance	£'m	15.67	15.78	
(ii) HRA Balances	£'m	4.23	4.23	
(iii) School Balances	£'m	14.73	14.73	
(b) Performance against Budget: Variations:				
(i) Overspends	£'m	3.47	13.77	
(ii) Underspends	£'m	3.36	13.37	
<b>2 Capital Expenditure</b>				
(i) Cumulative Slippage	£'m	3.94	49.71	
<b>3 Debt Management</b>				
(i) Total Debt Outstanding over 30 days	£'m	6.08	5.46	
(i) Total Debt Outstanding over 12 months	£'m	1.86	1.58	
(iii) Council Tax - % paid	%	29.0	95.6	
<b>4 Creditor Payment Performance</b>				
(i) % of Creditors paid within 30 days	%	99.00	98.17	

**2.2 Revenue Budget Monitoring – see Table 1 of main report**

**2.3 Capital Budget Monitoring – see Table 4 of main report**

**2.4 Corporate Plan performance – corporate overview**

Directorate	Total no. of Corp Plan indicators	No. of indicators achieved	No. of indicators missed	Negative DoT	No. of indicators reporting data in Q1
Adult Social Care and Health	15	6	5	4	12*
Children's Services	15	4	5	2	10*
Environment , Planning & Regeneration	15	5	7	3	12
Commercial Service	4	1	1	0	2
Deputy Chief Executive	3	1	1	1	2
Chief Executive's Service	14	1	4	3	6*
Corporate Governance	3	2	1	0	3
<b>Total</b>	<b>69</b>	<b>20 (45.5%)**</b>	<b>24 (54.5%)**</b>	<b>13 (29.5%)**</b>	<b>47 (68%)</b>

\* One CPI from each directorate is not traffic lighted (3 in total)

\*\* These % figures are based on the 44 indicators that are traffic lighted

## 2.5 Human Resource/People performance - corporate overview

### Key corporate HR targets and indicators

Performance Indicator	Period covered	Target	Amber criteria	Q1 Actual (No.)	Q1 Actual % of total	Q1 (numerator/denominator)	Target Variance	Q4 DoT	Council average	Benchmarking
<b>Attendance</b>										
Average number of absence days per employee (Rolling year)	July 10 - June 11	6	6 - 6.5	8.0	N/A	23536.3/2936.5	-33.7%	▼ 2.8%	8.0	9 days (CIPFA, All Members & other Unitary Authorities 2010)
Average number of absence days per employee this quarter (target is seasonally adjusted)	April 11 - June 11	1.34	1.3 - 1.5	1.7	N/A	4785.2/2807.7	-26.6%	▲ 10.5%	1.7	2.25 days (CIPFA, All Members & other Unitary Authorities 2010)
% managers submitting a monthly absence return	April 11 - June 11	100%	>94%	338	72.7%	338/465	27.3%	▲ 22.6	72.7%	N/A : measure applicable to LBB only
<b>Performance Review</b>										
% objectives set for eligible staff only	April 11 - June 11	100%	>94%	2344	80.8%	2344/2900	19.2%	Not previously reported	80.8%	N/A : measure applicable to LBB only
% appraisals completed for eligible staff only	Apr 10 - March 11	100%	>94%	1849	63.6%	1849/2909	36.4%	Not previously reported	63.6%	84% (CIPFA, All Members & other Unitary Authorities 2010)
<b>Cost</b>										
Variance of total paybill to budget	April 11 - June 11	£31,025,404	+/-5%	£30,429,864.1	-1.9%	30,429,864.1/31,025,404.4	1.9%	Not previously reported	-1.9%	N/A : measure applicable to LBB only
Management Indicator	Period covered			Q1 Actual (No.)	Q1 Actual % of total establishment	Q1 (numerator/denominator)	DoT Q4 outturn %		Council average	Benchmarking

## Appendix A

Diversity data							
<b>Percentage of top 5% earners that are female</b>	As at 30 June 2011	25	53.19%	25/47	Not previously reported	53.19%	Women in leadership posts 37% (CIPFA, All Members & other Unitary Authorities 2010)
<b>Number of BME employees as % of total employees</b>	As at 30 June 2011	946	33.7%	946/2809.9	Not previously reported	29.73%	8.5% (CIPFA, All Members & other Unitary Authorities 2010)
<b>Number of declared disabled staff as % of total employees</b>	As at 30 June 2011	43	1.5%	43/2809.9	Not previously reported	1.35%	5.1% (CIPFA, All Members & other Unitary Authorities 2010)
Establishment/staffing							
<b>Number of FTE established posts</b>	As at 30 June 2011	<b>3170.7</b>	<b>100.0%</b>	3170.7/3178.7	— <0.01%	N/A	No relevant information available
<b>Number of FTE occupied posts as % of total establishment</b>	As at 30 June 2011	<b>3182.4</b>	<b>100.4%</b>	3182.4/3178.7	Not previously reported	100.4%	No relevant information available
<b>Number of FTE employees in permanent posts</b>	As at 30 June 2011	<b>2542.5</b>	<b>80.2%</b>	2542.5/3178.7	▲ 2.7%	80.2%	88.3%(Capital Ambition, 2010)
<b>Number of Fixed Term Contract staff as % of total establishment</b>	As at 30 June 2011	<b>267.4</b>	<b>8.4%</b>	267.4/3178.7	▲ 1.6%	8.4%	No relevant information available
<b>Number of Hays temps covering established posts as % of total establishment</b>	As at 30 June 2011	<b>362</b>	<b>11.4%</b>	362/3178.7	▲ 26.9%	11.4%	All agency staff 11.7%(Capital Ambition, 2010)
<b>Number of non Hays temps covering established posts as % of total establishment</b>	As at 30 June 2011	<b>11</b>	<b>0.3%</b>	11/3178.7	Not previously reported	0.3%	All agency staff 11.7%(Capital Ambition, 2010)
<b>Number of consultants Not covering established posts as % of total establishment</b>	As at 30 June 2011	<b>15</b>	<b>0.5%</b>	15/3178.7	Not previously reported	0.5%	No relevant information available
<b>Management Indicator</b>	<b>Period covered</b>	<b>Q1 Actual (No.)</b>	<b>Q1 Actual % of total establishment</b>	<b>Q1 (numerator/denominator)</b>	<b>DoT Q4 outturn %</b>	<b>Council average</b>	<b>Benchmarking</b>
Employee Relations							

## Appendix A

<b>Number of active employee relations cases</b>	As at 30 June 2011	<b>103</b>	<b>N/A</b>	N/A	▲ 10.8%	N/A	N/A : measure applicable to LBB only
<b>High Risk - Employee Relations cases as % of total cases</b>	As at 30 June 2011	<b>13</b>	<b>12.6%</b>	13/103	▲ 30%	12.6%	N/A : measure applicable to LBB only

### Staff numbers by service area

	ESTABLISHMENT				OCCUPANCY				Variance	OTHER	
	Permanent	Fixed Term	Vacant	TOTAL	Permanent	Fixed Term	Agency / Interim	TOTAL		Consultants	Casual
Adult Social Care	391.58	25.48	48.36	465.42	392.82	21.88	40	454.7	-10.72	4	88
Children's Service	670.78	93.84	108.74	873.36	683.85	117.37	98	899.22	25.86	1	11
Chief Executives Service	189.79	21.63	31.74	243.16	192.35	21.21	22	235.56	-7.6	1	311
Commercial Directorate	116.91	27	28.17	172.08	114.71	26	16	156.71	-15.37	0	0
Corporate Governance	61.44	7	15.5	83.94	64.47	8.59	6	79.06	-4.88	0	2
Deputy Chief Executive Service	296.99	30.53	37.94	365.46	295.11	28.25	74	397.36	31.9	3	5
Planning Environment and Regen	787.55	37.63	142.07	967.25	799.15	43.63	117	959.78	-7.47	6	57
	2515.04	243.11	412.52	3170.67	2542.46	266.93	373	3182.39	11.72	15	474

## 2.6 Key projects – corporate overview

Service Area	Red Status	Amber Status	Green Status
Adult Social Services		1	3
Chief Executive's Office	1		1
Children's Services			2
Commercial Services		3	
Deputy Chief Executive	1	3	1
Environment, Planning and Regeneration		4	6
<b>Totals</b>	<b>2</b>	<b>11</b>	<b>13</b>

The Key projects table gives an overview of the projects and their status. Although there are considerably more projects under each service than shown here, the discrepancies are due to some projects reporting as being in either the 'concept' stage or no key milestones reporting for this quarter therefore a RAG status can not be established.

## 3. Methodology for traffic light ratings

### 1.1 Thresholds for awarding health rating traffic lights

	Green	Green Amber	Red Amber	Red
	Good performance	Good, with some concerns	Some concerns	Serious concerns
Revenue & capital budget mgt - variance % (above and below)	0%	< 0.5%	0.5 - 1%	More than 1%
Corporate Plan & HR performance scores	More than 2	0.5 to 2	-1 to 0.	Less than -1

### 1.2 Method for producing the Corporate Plan, HR/People and Project health ratings

Each individual performance indicator is now traffic lighted according to the same four point traffic light scale: Green, Green Amber, Red Amber and Red. Points for each are awarded, as shown in the table below, and then added together to produce the overall health rating score.

	Points for each indicator
Green	1
Green Amber	0.5
Red Amber	-0.5
Red	-1

For example, if there were four indicators and each achieved one of the four traffic lights, the net result would be a score of 0 and this would produce a Red Amber overall health rating, based on the table above in paragraph 1.2.

For key projects service-level health ratings, with its 3-colour rag rating system, a green will be awarded 1 point, and amber -0.5 and a red -1.

### 1.3 Method for producing individual performance indicator traffic light ratings

Any target that is met achieves a Green traffic light. Targets that have not been met, but where 80% or more of the targeted improvement has been achieved, will be given a Green Amber traffic light.

## Appendix A

Traffic Light	% of targeted improvement achieved	Description
Green	100% or more	Meeting or exceeding target
Green Amber	>80% <100%	Near target with some concerns
Red Amber	>65% <80%	Problematic
Red	<65%	Serious concerns

If the targeted improvement is below 80% but above 65% the indicator will get a Red Amber rating.

For example, if the baseline is 80 people and the target is 100 people, the targeted improvement is 20. 80% of 20 is 16, so the outturn would need to be at least 96 people to achieve Green Amber and at least 93 people to achieve a Red Amber.

Whilst initial traffic lights will be based on this objective criteria, they may subsequently be changed through discussion between Directorates and the Performance team, based on the individual circumstances and prospects for each target. Where this has occurred it will be

clearly stated in the report with the reasons given.

The criteria for red and amber traffic lights for HR/People measures differs for each indicator; the amber criteria for each is shown alongside the indicator in the individual data tables.

### 1.4 Employee Relations case ratings

Each Case is allocated a status and scored as follows.

RAG	Description	Score per case
Red	<ul style="list-style-type: none"> <li>High risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>The case is an HR priority</li> <li>Service Directors and/or their deputies will be aware of these cases</li> <li>This category will include all cases of discrimination regardless of stage</li> </ul> <p>E.g. ETs, cases where appeal/ET likely, where Directors or ADs are involved as alleged perpetrators, where major financial loss/fraud is being investigated.</p>	-2
Amber	<ul style="list-style-type: none"> <li>Medium risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>Action is probably at the Formal stages of procedures</li> <li>The Local Management team are aware of the case</li> </ul> <p>e.g. cases are at formal stages of procedure/formal consultation etc</p>	-1
Green	<ul style="list-style-type: none"> <li>Low risk to the council in terms of litigation, financial, reputation or political impact.</li> <li>Local action being taken</li> <li>HR is kept aware and is advising</li> <li>Local line managers are managing the case (HR won't always know about these)</li> </ul> <p>Eg. Informal capability/illhealth/pre restructure (no issues)</p>	-0.5



## Adults

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Care Services - Learning Disabilities	34,596	34,203	34,243	40	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	6,840	6,732	(108)	Work is ongoing to move clients on from Residential Care to Supported Living and other Community support. Currently able to contain Continuing Care pressure from Health.
Care Services - Older Adults - Physical Disabilities	43,733	44,051	44,147	96	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. Overspend in Adults with a Disability and an analysis of the underlying cost base is being undertaken to determine current and future demand.
Performance & Supply Management	2,936	3,340	3,418	78	Ongoing work to manage implemented savings.
Strategic Commissioning & Transformation	11,069	10,651	10,545	(106)	Delays in filling staff vacancies
Government Grant Income	(61)	(61)	(61)	-	
<b>Total</b>	<b>99,039</b>	<b>99,024</b>	<b>99,024</b>	<b>-</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 31 cost centres over £100,000
- 21 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Central Expenses

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Unison	0	0	0	0	
Corporate Subscriptions	314	314	290	(24)	Underspend due to reduction in LGA subscription
Levies	27,926	27,926	27,291	(635)	Projected underspend on NLWA and Concessionary fares
Central Contingency	9,199	7,109	6,934	(175)	Underspend due to additional grant income received for Flood Management and Free Travel
Rate Relief	433	433	433	-	
Capital Financing	17,219	17,219	17,219	-	Early capital programme projections suggest that outturn will be on budget for this line
Early Retirement costs	7,004	7,004	7,004	-	Most of this budget is already committed on ongoing pension strain and schools redundancy costs and is therefore projected to be on budget
FRS17 Adjustment	0	0	0	0	
Car Leasing	2	2	0	(2)	
Corporate Fees & Charges	799	799	799	-	
Miscellaneous Finance	16	16	16	-	
CRC Corporate Management	0	0	0	0	
CRC DRM	0	0	0	0	
<b>Total</b>	<b>62,912</b>	<b>60,822</b>	<b>59,986</b>	<b>(836)</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 2 cost centres over £100,000
- 0 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Strategic Directors	652	652	652	-	
Assistant Chief Executive Service	2,015	2,199	2,216	17	Net salary overspend
Grants	839	826	836	10	Reduced income from Milly Apthorp Charitable Trust annual fee
Library Services	5,738	5,738	5,800	62	To be balanced by additional unplanned 2011/12 savings identified in proposed library strategy
Customer Services & Registration	1,141	1,141	1,227	86	Overspend on salaries due to channel shift savings moving into second half of year. This overspend is expected to reduce by holding vacancies and more use of flexible staffing.
<b>Total</b>	<b>10,385</b>	<b>10,556</b>	<b>10,731</b>	<b>175</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 3 cost centres over £100,000
- 0 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Childrens' Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
<b>CHILDREN'S SERVICE - GENERAL FUNI</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Management Team	793	795	795	-	
Social Care Division					
Social Care Management	2,784	2,540	2,410	(130)	Uncommitted budgets held to offset overspends elsewhere in the social care budget
Children In Care	19,880	20,179	20,569	390	Overview of children in care pressures are as a result of external placement and court order costs for placements with families, however the service is working hard to achieve underspends resulting in a net reduction of £161k to £306k since last month.
Children In Need	4,189	4,180	4,227	47	Projected overspend on social work teams mainly due to agency staff cover
Schools & Learning	2,423	2,175	2,073	(102)	Committed spend reduced to cover overspends in other parts of the Directorate
Safeguarding, Partnerships & Prevention					
Safeguarding	1,086	1,106	1,119	13	
Early Intervention & Prevention (BRSI)	10,453	9,769	9,768	(1)	
Integrated Youth & Play Services	3,887	4,762	4,696	(66)	Vacancies held to cover overspend in other budgets
Access to Learning & Complex Needs	10,107	10,100	10,154	54	Projected costs of legal fees and other tribunal costs
Other Children's Service Budgets (including PPP & Schools Funding)	1,975	1,936	1,936	-	
Schools Direct Management	-	-	-	-	
<b>Total</b>	<b>57,577</b>	<b>57,542</b>	<b>57,747</b>	<b>205</b>	<b>The overspend position has been reduced from £467k to £205k as achievable savings of £263k have been implemented. A recovery plan has been implemented as the department aims to get to a nil variance position. It is worth noting that the placements pressure remains the same but the under spends have been offset by other savings as approved by CS SLT.</b>

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 8 cost centres over £100,000
- 6 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Commercial Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Corporate Programmes & Consultancy	86	807	683	(124)	Underspend from staff vacancies.
Property Services & Asset Management	7,075	7,075	7,591	516	Overspend due to Rents and Services Charges in NLBP Building 4 and uplift of 15% on all utility costs.
Corporate Procurement	413	592	453	(139)	One-off refund income from contracts and underspend from vacant posts.
Information Systems	7,059	7,059	7,114	55	IS transformation resource costs, partially offset by reduced Supplies/services forecast (following re-analysis)
One Barnet Programme	-	-	-	-	
<b>Total</b>	<b>14,633</b>	<b>15,533</b>	<b>15,841</b>	<b>308</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 9 cost centres over £100,000
- 1 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Corporate Governance

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Legal Services	1,850	1,860	2,022	162	£59k staff overspend (linked to Academy conversions, procurement contracts and archivist), and £92k reduction in income due to decline in fee earning work and £11k on general running costs
Democratic Services	704	694	673	(21)	£21k underspend on staff.
Members	1,591	1,591	1,585	(6)	underspend due to part year vacancy.
Corporate Anti Fraud Team	733	733	796	63	Overspend relate to an increase in counsel fees
Elections	423	423	393	(30)	Includes budget for by-elections, and budget for cyclical elections project work. Underspend due to part-year vacancies.
Civil Protection	177	177	141	(36)	underspend on part year vacancy.
Performance and Organisation Development	180	180	168	(12)	Underspend on supplies and services.
Corporate Governance Directors	279	279	270	(9)	Driven by underspend on salaries
Leaders Office	10	10	3	(7)	Underspend on supplies and services.
Insurance	(8)	(8)	(8)	-	Insurance recharged to services.
<b>Total</b>	<b>5,939</b>	<b>5,939</b>	<b>6,043</b>	<b>104</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 0 cost centres over £100,000
- 3 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Deputy Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Finance	3,917	4,066	4,066	-	Small staffing overspend partially offset by increased income through Traded Services
Human Resources	2,091	2,091	2,110	19	
Revenues and Benefits	7,287	7,278	7,278	-	
<b>Total</b>	<b>13,295</b>	<b>13,435</b>	<b>13,454</b>	<b>19</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 6 cost centres over £100,000
- 1 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Environment, Planning &amp; Regeneration

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Land Charges	(960)	(960)	(954)	6	Variance takes into account a £96k drawdown on an earmarked contingency which was created to address an anticipated income shortfall arising from changes in economic climate and housing market.
Environmental Health/ Cem & Crem	1,199	1,199	1,171	(28)	Improved cemetery and crematorium income performance.
Planning	471	570	712	142	Overspend due to legal costs for anticipated planning appeal cases and additional staffing costs due to exit costs from directorate merger.
Strategy (Planning & Housing)	580	580	582	2	
Building Control	(320)	(419)	(419)	-	Income shortfall due to continued tough economic climate however being partially managed through staff and running cost savings. Forecast also assumes £230k drawdown from central income contingency.
Housing	1,614	1,614	1,203	(411)	Rental income pressures on Nightly Purchase, Private Sector Leasing and Barbara Langston House due to move to charging at LHA rates has previously been flagged and will be covered through appropriate contingency and reserves. The reported variance relates to a likely underspend on the LBB allocation of the Sub Regional base budget.
Regeneration Service	16	16	(191)	(207)	Underspend represents an increase in income from regen buybacks.
Management and performance	73	73	736	663	Underlying establishment pressure. Salary budget re-alignment required following restructure, as staff have moved from Community Protection and Domestic Waste. Directorate will hold posts vacant to minimise the establishment pressures. In addition Directorate wide overtime budget savings are implemented within service areas to offset this overspend.
Highways Inspection/Maintenance	2,155	2,155	2,881	726	Overspend relates to the requirement to meet contractual obligations on planned maintenance and establishment pressures, reduced income from capital schemes and private re-instatement works. Salary budget re-alignment required following Highways restructure. Figures include £84k for recruitment of planned and responsive maintenance managers
Highways income budgets incl. NRSWA	(589)	(589)	(606)	(17)	Increase in projected income for crossover rechargeable works.
Greenspaces	4,229	4,229	4,402	173	Overspend due to establishment pressures and the recruitment of staff to vacant posts in Parks and Open Spaces, the repairs and grounds maintenance costs for King George Playing Field and also the inflation pressure (£31k) on the Tree Management contract. Figures include £97k of vacant posts being filled and £161k of overtime.
Cleansing	4,486	4,402	4,236	(166)	Under spend relates to the review of planned overtime, secondments and staff retirement and also a hold on the purchasing of new equipment.
Refuse (domestic and trade waste)	3,558	3,563	3,134	(429)	Trade Waste underspend (£256k) due to higher sales income arising from fees increase and new business. Additionally the movement of 7 operational support team members from Domestic Waste to the Highways & Design Management & Performance Team has resulted in a £180k underspend - budget re-alignment required.

## Environment, Planning &amp; Regeneration (continued)

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
Parking	(1,164)	(1,164)	(1,158)	6	Overspend on Off Street parking income shortfall whilst awaiting RIO free car park conversions is mostly offset by Parking Design recharge income.
Transport	(66)	(66)	(240)	(174)	Surplus is due to the transport savings from Street Cleansing and Refuse fleet retained within Transport.
Recycling	3,373	3,452	3,495	43	Overspend relates to RPI for the May Gurney contract and diversion performance pay related bonus. Higher materials income offsetting additional contract costs from new flats
Street Lighting	5,320	5,756	5,764	8	Staff overspend due to agency costs.
Community Safety	387	401	375	(26)	Underspend relates to vacant posts.
Community Protection	1,223	1,223	1,092	(131)	Underspend due to CPG staff costs (£78k) being moved to Management & Performance. Additionally secondments and the retirement of staff elsewhere have increased underspend.
Leisure WOM	1,053	1,553	1,513	(40)	Budget saving on Copthall Stadium, pending outcome of leisure review.
	-	-	-	-	
<b>EPR General Fund</b>	<b>26,638</b>	<b>27,588</b>	<b>27,728</b>	<b>140</b>	
<b>Special Parking Account</b>	<b>(5,923)</b>	<b>(5,923)</b>	<b>(5,923)</b>	-	Balanced position achieved as the overspend due to staff/agency costs covering for sickness and holiday leave have been contained via savings arising from implementation of cashless parking.
<b>EPR Total (inc SPA)</b>	<b>20,715</b>	<b>21,665</b>	<b>21,805</b>	<b>140</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 24 cost centres over £100,000
- 9 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Dedicated Schools' Grant

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
	£000	£000	£000	£000	
<b>CHILDREN'S SERVICE - DSG</b>					
SEN Placements, Recoupment & Therapies	9,176	9,176	9,176	-	
Pupil Referral Unit	1,514	1,514	1,514	-	
Other Centrally Retained Schools Budgets	12,859	12,811	12,811	-	
ISB	248,278	248,306	248,306	-	
DSG & LSC Grant	(271,994)	(271,994)	(271,994)	-	
<b>Total</b>	<b>(167)</b>	<b>(187)</b>	<b>(187)</b>	<b>-</b>	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 0 cost centres over £100,000
- 0 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

## Housing Revenue Account

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2011/12	Variation	
<b>Housing Revenue Account</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
LBB Retained	1,632	1,632	1,466	(166)	Staff underspends
HRA Regeneration	1,091	1,091	838	(253)	Anticipated recovery of consultants costs from developers
HRA Other Income and Expenditure (net)	(5,118)	(5,118)	(5,285)	(167)	Improved Dwelling rent forecast based on first quarters control accounts and unbudgeted recovery of accomodation costs for caretakers.
Support Service recharges	576	576	702	126	Recharge forecast based on 10/11 outturn
Interest on Balances	(40)	(40)	(80)	(40)	
HRA Surplus/Deficit for the year	1,859	1,859	2,359	500	Total HRA surplus to be transferred to balance sheet
<b>Total</b>	-	-	-	-	

Within the revenue monitoring above, the number of cost centres that are projecting net overspends or underspends are:

- 9 cost centres over £100,000
- 8 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- Actions proposed to ensure that these overspends or underspends are not realised are reflected in the commentary above.

Capital Programme Adjustments

Appendix C

Directorate	Year	Capital Programme	Funding Type	<i>if</i>	<i>if</i>	Explanation for request
				Additions/ Deletions	Slippage/ Accelerated Spend	
				Amount (£'000)	Amount (£'000)	
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(75)		Substitution of Unallocated monies to Urgent Primary Places - Brunswick Park
Children Services	2011-12	Urgent Primary Places - Brunswick Park	Grant	75		Substitution of Unallocated monies to Urgent Primary Places - Brunswick Park
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(150)		Substitution of Unallocated monies to Urgent Primary Places - Blessed Dominic
Children Services	2011-12	Urgent Primary Places - Blessed Dominic	Grant	150		Substitution of Unallocated monies to Urgent Primary Places - Blessed Dominic
Children Services	2011-12	Urgent Primary Places - Chalgrove	Grant	(200)		Substitution of Urgent Primary Places - Chalgrove to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	200		Substitution of Urgent Primary Places - Chalgrove to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(100)		Substitution of Unallocated monies to Urgent Primary Places - Hollickwood
Children Services	2011-12	Urgent Primary Places - Hollickwood	Grant	100		Substitution of Unallocated monies to Urgent Primary Places - Hollickwood
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(150)		Substitution of Unallocated monies to Urgent Primary Places - Oakleigh
Children Services	2011-12	Urgent Primary Places - Oakleigh	Grant	150		Substitution of Unallocated monies to Urgent Primary Places - Oakleigh
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(20)		Substitution of Unallocated monies to Urgent Primary Places - Claremont
Children Services	2011-12	Urgent Primary Places - Claremont	Grant	20		Substitution of Unallocated monies to Urgent Primary Places - Claremont
Children Services	2011-12	Urgent Primary Places - Manorside	Grant	(150)		Substitution of Urgent Primary Places - Manorside to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	150		Substitution of Urgent Primary Places - Manorside to Urgent Primary Places - Unallocated
Children Services	2011-12	Major Schools Rebuild - Underhill	Borrowing	(13)		Substitution of Major Schools Rebuild - Underhill to Major Schools Rebuild - Hyde
Children Services	2011-12	Major Schools Rebuild - Hyde	Borrowing	13		Substitution of Major Schools Rebuild - Underhill to Major Schools Rebuild - Hyde
Children Services	2011-12	Major Schools Rebuild - Underhill	Borrowing	(3)		Substitution of Major Schools Rebuild - Underhill to Major Schools Rebuild - Parkfield
Children Services	2011-12	Major Schools Rebuild - Parkfield	Borrowing	3		Substitution of Major Schools Rebuild - Underhill to Major Schools Rebuild - Parkfield
Children Services	2011-12	Urgent Primary Places - Permanent Unallocated	Grant	1,465		Substitution of DSG Underspend to Urgent Primary Places - Unallocated
Children Services	2011-12	SAI 08/09 - Programme Contingency	Borrowing	(7)		Substitution of SAI 08/09 - Contingency to SAI 10/11 Garden Suburb Inf
Children Services	2011-12	SAI 10/11 - Garden Suburb Inf	Borrowing	7		Substitution of SAI 08/09 - Contingency to SAI 10/11 Garden Suburb Inf

Capital Programme Adjustments

Appendix C

Directorate	Year	Capital Programme	Funding Type	if	if Slippage/	Explanation for request
				Additions/ Deletions	Accelerated Spend	
				Amount (£'000)	Amount (£'000)	
Children Services	2011-12	SAI 09/10 - Mapledown	Borrowing	(1)		Substitution of SAI 09/10 - Mapledown to SAI 10/11 - Garden Suburb
Children Services	2011-12	SAI 10/11 - Garden Suburb Inf	Borrowing	1		Substitution of SAI 09/10 - Mapledown to SAI 10/11 - Garden Suburb Inf
Children Services	2011-12	SAI 09/10 - Hendon	Borrowing	(1)		Substitution of SAI 2009/10 - Hendon to SAI 10/11 - Garden Suburb Inf
Children Services	2011-12	SAI 10/11 - Garden Suburb Inf	Borrowing	1		Substitution of SAI 2009/10 - Hendon to SAI 10/11 - Garden Suburb Inf
Children Services	2011-12	SAI 10/11 - Unallocated	Borrowing	(20)		Substitution of SAI 10/11 - Unallocated to SAI 10/11 - Garden Suburb Inf
Children Services	2011-12	SAI 10/11 - Garden Suburb Inf	Borrowing	20		Substitution of SAI 10/11 - Unallocated to SAI 10/11 - Garden Suburb Inf
Children Services	2011-12	SAI 10/11 - Unallocated	Borrowing	(29)		Substitution of SAI 10/11 - Unallocated to SAI 10/11 - Hendon School
Children Services	2011-12	SAI 10/11 - Hendon School	Borrowing	29		Substitution of SAI 10/11 - Unallocated to SAI 10/11 - Hendon School
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(253)		Substitution of Urgent Primary Places - Unallocated to Urgent Primary Places 09/10
Children Services	2011-12	Urgent Primary Places 09/10	Grant	253		Substitution of Urgent Primary Places - Unallocated to Urgent Primary Places 09/10
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Grant	(104)		Substitution of Urgent Primary Places - Unallocated to Urgent Primary Places 09/10
Children Services	2011-12	Urgent Primary Places 09/10 - Dollis	Grant	104		Substitution of Urgent Primary Places - Unallocated to Urgent Primary Places 09/10
Children Services	2011-12	Modernisation 09/10 - Northside	Borrowing	(6)		Substitution of Modernisation 09/10 - Northside to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Borrowing	6		Substitution of Modernisation 09/10 - Northside to Urgent Primary Places - Unallocated
Children Services	2011-12	Modernisation 09/10 - Osidge	Borrowing	(126)		Substitution of Modernisation 09/10 - Osidge to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Borrowing	126		Substitution of Modernisation 09/10 - Osidge to Urgent Primary Places - Unallocated
Children Services	2011-12	Modernisation 10/11 - Ravenscroft	Borrowing	(150)		Substitution of Modernisation 10/11 - Ravenscroft to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Borrowing	150		Substitution of Modernisation 10/11 - Ravenscroft to Urgent Primary Places - Unallocated
Children Services	2011-12	Modernisation 10/11 - Woodcroft Primary	Borrowing	(20)		Substitution of Modernisation 10/11 - Woodcroft Primary to Urgent Primary Places - Unallocated
Children Services	2011-12	Urgent Primary Places - Temporary Unallocated	Borrowing	20		Substitution of Modernisation 10/11 - Woodcroft Primary to Urgent Primary Places - Unallocated
Children Services	2011-12	Modernisation 10/11 - East Barnet	Borrowing	(250)		Substitution of Modernisation 10/11 - East Barnet to East Barnet



Capital Programme Adjustments

Directorate	Year	Capital Programme	Funding Type	<i>if</i>	<i>if</i>	Explanation for request
				Additions/ Deletions	Slippage/ Accelerated Spend	
				Amount (£'000)	Amount (£'000)	
Children Services	2011-12	East Barnet	Borrowing	250		Substitution of Modernisation 10/11 - East Barnet to East Barnet
Children Services	2011-12	Modernisation 10/11 - East Barnet	Borrowing	(174)		Substitution of Modernisation 09/10 - East Barnet to East Barnet
Children Services	2011-12	East Barnet	Borrowing	174		Substitution of Modernisation 09/10 - East Barnet to East Barnet
Children Services	2011-12	Modernisation 08/09 - Hendon	Borrowing	(5)		Substitution of Modernisation 08/09 - Hendon to Modernisation 11/12 - Hendon
Children Services	2011-12	Modernisation 11/12 - Hendon	Borrowing	5		Substitution of Modernisation 08/09 - Hendon to Modernisation 11/12 - Hendon
Children Services	2011-12	Modernisation 10/11 - Underhill Primary	Borrowing	(3)		Substitution of Modernisation 10/11 - Underhill Primary to Modernisation 10/11 - The Orion
Children Services	2011-12	Modernisation 10/11 - The Orion	Borrowing	3		Substitution of Modernisation 10/11 - Underhill Primary to Modernisation 10/11 - The Orion
Children Services	2011-12	Modernisation 09/10 - Christ college	Borrowing	(20)		Substitution of Modernisation 09/10 - Christ College to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Danegrove	Borrowing	(5)		Substitution of Modernisation 09/10 - Danegrove to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Manorside	Borrowing	(10)		Substitution of Modernisation 09/10 - Manorside to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Martin Primary	Borrowing	(25)		Substitution of Modernisation 09/10 - Martin Primary to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - QE Girls	Borrowing	(81)		Substitution of Modernisation 09/10 - QE Girls to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Claremont	Borrowing	(8)		Substitution of Modernisation 09/10 - Claremont to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Brookfield Infant	Borrowing	(10)		Substitution of Modernisation 09/10 - Brookfield to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Monkfrith	Borrowing	(6)		Substitution of Modernisation 09/10 - Monkfrith to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Monkfrith	Borrowing	(43)		Substitution of Modernisation 09/10 - Monkfrith to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 09/10 - Hollickwood	Borrowing	(43)		Substitution of Modernisation 09/10 - Hollickwood to Modernisation 08/09 - Copthall
Children Services	2011-12		Borrowing	251		Substitution of Modernisation 09/10 - Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 10/11 - Brunswick Park	Borrowing	(41)		Substitution of Modernisation 10/11 - Brunswick Park to Modernisation 08/09 - Copthall
Children Services	2011-12	Modernisation 08/09 - Copthall	Borrowing	41		Substitution of Modernisation to Modernisation 08/09 Copthall
Children Services	2011-12	Modernisation 09/10 - Manorside	Borrowing	(1)		Substitution of Modernisation 09/10 - Manorside to Modernisation 09/10 - Holly Park

## Capital Programme Adjustments

## Appendix C

Directorate	Year	Capital Programme	Funding Type	if	if Slippage/	Explanation for request
				Additions/ Deletions	Accelerated Spend	
				Amount (£'000)	Amount (£'000)	
Children Services	2011-12	Modernisation 09/10 - Holly Park	Borrowing	1		Substitution of Modernisation 09/10 - Manorside to Modernisation 09/10 - Holly Park
Children Services	2011-12	Modernisation 10/11 - Dollis	Borrowing	(67)		Substitution of Modernisation 10/11 - Dollis to Modernisation Various
Children Services	2011-12	Modernisation 08/09 - Hendon	Borrowing	2		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Hendon
Children Services	2011-12	Modernisation 08/09 - Woodcroft School	Borrowing	1		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Woodcroft School
Children Services	2011-12	Modernisation 08/09 - Oak Lodge	Borrowing	12		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Oak Lodge
Children Services	2011-12	Modernisation 08/09 - Summerside School	Borrowing	18		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Summerside
Children Services	2011-12	Modernisation 08/09 - Childs Hill	Borrowing	4		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Childs Hill
Children Services	2011-12	Modernisation 08/09 - Cromer	Borrowing	1		Substitution of Modernisation 10/11 - Dollis to Modernisation 08/09 - Cromer
Children Services	2011-12	Modernisation 09/10 - Compton School	Borrowing	1		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Compton School
Children Services	2011-12	Modernisation 09/10 - Claremont School	Borrowing	8		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Claremont School
Children Services	2011-12	Modernisation 09/10 - Oakleigh	Borrowing	3		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Oakleigh
Children Services	2011-12	Modernisation 09/10 - Christ's College	Borrowing	4		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Christs College
Children Services	2011-12	Modernisation 09/10 - Manorside	Borrowing	1		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Manorside
Children Services	2011-12	Modernisation 09/10 - Cromer Road	Borrowing	3		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Cromer Rd
Children Services	2011-12	Modernisation 09/10 - Sunnyfields	Borrowing	9		Substitution of Modernisation 10/11 - Dollis to Modernisation 09/10 - Sunnyfields
Children Services	2011-12	Aiming High for Disabled Children	Grant	231		
Commercial Services	2011-12	Electronic Documents and Records Management System (EDRM)	Capital Receipts		(820)	Slippage due to planned expenditure in 2012/13
Commercial Services	2011-12	Air Conditioning: Resources Centre - Bldg 4	Capital Receipts		(8)	Slippage due to retention of 2.5% to be settled in 2012/13
Deputy Chief Executive Services	2011-12	Pericles	RCCO	(56)		Reduction in total forecast project cost
EPR	2011-12	Mill Hill East	Capital Receipts		(100)	Slippage due to planned expenditure in 2012/13
EPR	2011-12	Hostel Refurbishment Programme	Capital Receipts		(100)	Slippage due to planned expenditure in 2012/13
EPR	2011-12	Waste	non-HRA Capital Receipts		(2,906)	The remainder of the budgeted spend is projected to be made in future years
EPR	2011-12	New - Enabling Works	Grant	19		New addition to the TfL Programme
EPR	2011-12	Corridors, Neighbourhoods and Supporting Measures	Grant <b>70</b>	(64)		Reduction in the TfL programme primarily associated with 'school travel planning work'

Directorate	Year	Capital Programme	Funding Type	<i>if</i> Additions/ Deletions	<i>if</i> Slippage/ Accelerated Spend	Explanation for request
				Amount (£'000)	Amount (£'000)	
EPR	2011-12	New - Old Court House - public toilets	s106	40		Refurbishment of the Old Court House public toilets building
EPR	2011-12	Road Traffic Act - Controlled Parking Zones 2011 Programme	s106	5		Alternation to CPZ scheme and disconnection of lamp
EPR	2011-12	Copthall Roof	Capital Receipts	(47)		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Finchley Lido - Major roof repairs	Capital Receipts	142		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Finchley Lido - Major roof repairs	Borrowing	38		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Outstanding Environment Commitments on completed schemes	Capital Receipts	(77)		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Victoria Park Pavillion Rebuild	Borrowing	(38)		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Housing Management System	Capital Receipts	(18)		Finchley Lido - Major roof repairs -funding from existing programme
EPR	2011-12	Outer London Fund	Grant	299		New Chipping Barnet Project funded through grant from GLA
<b>Total</b>				<b>1,939</b>	<b>(3,934)</b>	

	2011/12 Latest Approved Budget	Additions/ (Deletions) recommended to Sept CRC	(Slippage) / Accelerated Spend recommended to Sept CRC	2011/12 Budget (including Sept 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%
<b>Adult Social Services</b>	<b>1,137</b>	<b>-</b>	<b>-</b>	<b>1,137</b>	<b>1,137</b>	<b>-</b>	<b>0%</b>
Capitalised Redundancies	5,088	-	-	5,088	5,088	-	0%
<b>Central Expenses</b>	<b>5,088</b>	<b>-</b>	<b>-</b>	<b>5,088</b>	<b>5,088</b>	<b>-</b>	<b>0%</b>
Chief Executive Services	1,373	-	-	1,373	1,373	-	0%
<b>Chief Executive Services</b>	<b>1,373</b>	<b>-</b>	<b>-</b>	<b>1,373</b>	<b>1,373</b>	<b>-</b>	<b>0%</b>
Schools Access Initiatives	53	-	-	53	53	-	0%
Schools Modernisation & Access Improvement Programmes	5,820	(726)	-	5,094	5,094	(726)	0%
Urgent Primary Places							
Temporary Expansions	3,433	152	-	3,585	3,585	152	0%
Permanent Expansions	23,620	1,465	-	25,085	25,085	1,465	0%
Surestart Programme	190	-	-	190	190	-	0%
Major School Rebuild Total	294	-	-	294	294	-	0%
Primary Schools Capital Investment Programme	3,015	-	-	3,015	3,015	-	0%
East Barnet Schools Rebuild	1,171	424	-	1,595	1,595	424	0%
Other Schemes	11,803	381	-	12,184	12,184	381	0%
<b>Children's Service</b>	<b>49,399</b>	<b>1,696</b>	<b>-</b>	<b>51,095</b>	<b>51,095</b>	<b>1,696</b>	<b>0%</b>
Commercial Services	5,500	-	(828)	4,672	4,672	(828)	(15%)
<b>Commercial Services</b>	<b>5,500</b>	<b>-</b>	<b>(828)</b>	<b>4,672</b>	<b>4,672</b>	<b>(828)</b>	<b>(15%)</b>
Corporate Governance Projects	-	-	-	-	-	-	0%
<b>Corporate Governance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
Deputy Chief Executive Services	608	(56)	-	552	552	(56)	0%
<b>Deputy Chief Executive Services</b>	<b>608</b>	<b>(56)</b>	<b>-</b>	<b>552</b>	<b>552</b>	<b>(56)</b>	<b>0%</b>
CCTV	510	-	-	510	510	-	0%
Greenspaces & Leisure	613	58	-	671	671	58	0%
Highways - non-TfL	7,593	-	-	7,593	7,593	-	0%
Highways - TfL	5,860	(45)	-	5,815	5,815	(45)	0%
Parking	1,305	5	-	1,310	1,310	5	0%
Waste	3,000	-	(2,906)	94	94	(2,906)	(97%)
Housing Association Programme	956	-	-	956	956	-	0%
General Fund Regeneration	1,305	299	(100)	1,504	1,504	199	(8%)
Disabled Facilities Projects	1,741	-	-	1,741	1,741	-	0%
Housing Management System	309	(18)	-	291	291	(18)	0%
Other Projects	288	-	(100)	188	188	(100)	(35%)
<b>Environment, Planning &amp; Regeneration</b>	<b>23,480</b>	<b>299</b>	<b>(3,106)</b>	<b>20,673</b>	<b>20,673</b>	<b>(2,807)</b>	<b>(13%)</b>
<b>General Fund Programme</b>	<b>86,585</b>	<b>1,939</b>	<b>(3,934)</b>	<b>84,590</b>	<b>84,590</b>	<b>(1,995)</b>	<b>(5%)</b>
HRA Capital	22,229	-	-	22,229	22,229	-	0%
<b>Total Capital Programme*</b>	<b>108,814</b>	<b>1,939</b>	<b>(3,934)</b>	<b>106,819</b>	<b>106,819</b>	<b>(1,995)</b>	<b>(4%)</b>

\*Excludes Capital Schemes Managed by Schools

**AGENDA ITEM: 10**      Pages 73 – 79

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Replacement of cremators, building works, renovations and compliance with mercury abatement legislation at Hendon Cemetery &amp; Crematorium</b>
Report of	Cabinet Member for Housing
Summary	To approve the inclusion of necessary works at Hendon Cemetery & Crematorium in the Capital Programme for 2011/12

Officer Contributors	Rick Mason, Acting Assistant Director (Environmental Health)
Status (public or exempt)	Public
Wards affected	Mill Hill
Enclosures	Appendix 1 - Hendon Cemetery Budget Cost Summary
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Rick Mason, Acting Assistant Director (Environmental Health), 020 8359 ext.7865

## 1. RECOMMENDATION

- 1.1 That the amount of £1,743,734 funded by capital receipts is approved as part of the Capital Programme for Phase 1 of the scheme.
- 1.2 That the Director for Environment Planning & Regeneration takes the necessary actions to implement Phase 1 of the scheme.

## 2. RELEVANT PREVIOUS DECISIONS

- 2.1 On 23<sup>rd</sup> April 2009, the Cabinet Resources Committee resolved:
  - (1) That a procurement review be undertaken for engagement with service providers to:
    - clarify the expenditure model (10-20 years);
    - confirm the investment necessary;
    - determine the ongoing maintenance costs; and to
    - ensure best value
  - (2) Subject to the outcome of the procurement review showing that tendering the service will provide the best value for the Council:
    - (a) That Option 3 as set out in the Cabinet Resources Committee report of 23<sup>rd</sup> April 2009, of entering into a partnership contract for external investment in, and operation of, the cemetery and crematorium be approved.
    - (b) That officers be authorised to undertake a procurement process in order to identify a partner for the purposes referred to in (a) above.
    - (c) The market testing be undertaken for the future of the contract for the maintenance of redundant cemeteries and other memorials including the feasibility of including the contract for maintenance of the redundant cemeteries into the future management partnership for Hendon Cemetery and Crematorium (HCC)

## 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 *Better Services with Less Money:* The installation of new efficient cremators will reduce operating costs including use of fuel, this will help to provide improved more efficient services to Barnet's residents at less cost to the Council.

Depending on timing, the installation of the new mercury abated cremators will either eliminate, or reduce any levy fees payable per cremation to meet statutory obligations and improve value for money.

Sustaining levels of income for the crematorium will contribute to maintaining the Council's financial position so that it can continue to provide the services that it needs to.

- 3.2 *A Successful London Suburb:* HCC contributes towards the Corporate Priority of 'A Successful London Suburb'. It is much valued by Barnet residents and provides a local facility and service for the bereaved in a peaceful and picturesque setting. This project will further improve the customer experience and attractiveness at the site.

By providing new mercury abated, more efficient cremators, the council could help to improve the environmental impact of the service and sustainability in the area, as the service will release fewer harmful emissions when using mercury abatement. The newer cremators will also require less fuel to operate and using current technology, be more efficient than the existing cremators

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The 2 cremators have now reached the end of their expected operational life and are increasingly subject to breakdowns, causing potential reputational damage and loss of income, as well as expense in carrying out repair. Failure to commence on replacement risks total breakdown of the existing cremators which could irreparably damage the business.
- 4.2 The Pollution Prevention and Control Act 1999 introduced measures to reduce mercury emissions from crematoria nationally by 50% by 31 December 2012. Individual crematoria have the option to comply with the Act by either fitting mercury abatement equipment or participate in a burden sharing scheme with other crematoria that have already done so, paying a levy per cremation to offset the non-compliance. Failure to meet legislative deadlines for installation of mercury abatement without subscription to a burden sharing scheme may lead to financial penalties and reputational damage to the council.
- 4.3 An alternative to upgrading, known as 'burden sharing', which is explained in more detail in paragraph 6.4, will incur costs to the council which cannot be recovered and invested in the upgrading of the facility.
- 4.4 Without investment in modernisation and upgrading of buildings and facilities at HCC, there is a risk of loss of business to competitors that are continuing to invest in improvement of infrastructure. The investment will support the facility's ability to maintain its position in the market.
- 4.5 The operations at Hendon Cemetery & Crematorium are currently included in the One Barnet Development and Regulatory Services (DRS) project and could potentially be run by another operator from early 2013. It is unlikely that the existing cremators will last long enough for any new organisation to carry out the replacement once any new organisation is appointed.
- 4.6 Section 9 of this report describes the need for a large amount of investment at the site beyond installation of new cremators. This may be covered by any new organisation appointed through the DRS project. Depending on the outcome of the DRS project there is a risk that the Council may be required to carry out these investments through capital investment also.

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

- 5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.
- 5.2 Hendon Cemetery & Crematorium is a facility available to and meets the needs of all members of the community. Weekend services and unique services are provided for the Hindu and Muslim communities, which also addresses and provides a direct positive correlation between business and equality objectives of the Council. The options have been evaluated against the principles in the Equalities Policy and Equalities Scheme and there are no equalities and diversity issues relevant to this decision.

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

- 6.1 In 2010/11 the Crematorium generated income of £679,320, making a net profit of £461,565 after running costs. This represented a saving of £121,015 against 2010/11 net budget.
- 6.2 The 2 cremators have now reached the end of their expected operational life and are increasingly subject to breakdowns, causing potential reputational damage and loss of income, as well as expense in carrying out repairs. Investment is required to allow for the business to continue operating.
- 6.3 Members have approved an environmental recharge (currently £56.50) to be added to the cost of each cremation, to go towards the costs of upgrading. This charge was implemented in January 2010 and brings in approximately an additional £50,000 pa. The fee currently goes into the general fund.
- 6.4 A 'Burden Sharing' scheme exists whereby crematoriums that have mercury abatement systems, can receive rebate for each cremation carried out using the system. At the current rate of cremations, it is estimated that this could generate an additional £25,000 pa. The installation of new cremators with a mercury abatement system would allow the Council to realise the benefit of this scheme. However, the amount of rebate will reduce as the proportion of crematoriums with mercury abatement systems increases against those without. The scheme also allows crematoriums without mercury abatement systems to 'burden share'.
- 6.5 To comply with legislation, the Council could choose to keep the existing cremators and buy in to the 'burden sharing scheme. However, this is not a viable option as the existing cremators are at the end of their operational life and any income generated from cremations would cease, causing the business to fail.
- 6.6 The total cost of essential works at the site has been calculated at approximately **£1,743,734**. A detailed breakdown is provided in Appendix 1.
- 6.7 The works will be funded from capital receipts.

## **7. LEGAL ISSUES**

- 7.1 These are addressed within the body of the report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive mandates the Cabinet Resources Committee to discharge functions in all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 Section 5 of the Contract Procedure Rules mandates this decision to be taken by CRC.

## **9. BACKGROUND INFORMATION**

- 9.1 HCC is one of five such facilities in the borough, but the only one run by L B Barnet. There is strong competition from the other sites, which are run either by other local authorities or the private sector. HCC does however have a good market share and is



greatly valued by Barnet residents, with a reputation for good customer service and well maintained grounds, as well as providing weekend services.

- 9.2 Opened as a cemetery in 1899, the crematorium was added in 1922. It handles approximately 400 burials and 1000 -1200 cremations per annum. The grounds comprise some 40 acres of well tended gardens. The Cemetery is multi-denominational, and part of the site is leased to the Greek Orthodox Church for burials through St Sophia's Orthodox Cathedral in Moscow Road, W2. There are 2 leases, the more recent of which is for 999 years with effect from 14<sup>th</sup> August 2001.

### **Condition of the Facilities**

- 9.3 There has not been a structured programme of re-investment into the service, grounds or buildings at HCC and this has resulted in significant dilapidation and a lack of modern facilities in-keeping with competitors and industry developments.
- 9.4 The gatehouse was badly damaged by fire a number of years ago and has remained in an unused and derelict state.
- 9.5 The staff facilities are in poor condition, requiring replacement or significant renovation and the office and reception area are outdated and do not provide for the type of customer care and privacy befitting of a modern bereavement service. Facilities in and around the chapel buildings are also in need of updating and improvement.
- 9.6 The 2 cremators have now reached the end of their expected operational life and are increasingly subject to breakdowns, causing potential reputational damage and loss of income, as well as expense in carrying out repair. There are also potential health & safety risks from operating old, inefficient equipment. Between the period March to October 2010 there were 7 breakdown callouts to the manufacturers/service engineers for the cremators. These have not incurred additional costs as an arrangement exists whereby breakdowns are included in servicing costs of £23 per cremation (approx £23,000 - £27,600 pa). However the cremators are effectively operating on borrowed time and may not practically be repairable as time goes on, without complete replacement. It has also been identified that the combustion process has become very inefficient, which results in more polluting emissions and higher fuel costs.

### **Legislative Requirements**

- 9.7 The requirement, under the Pollution and Control Act 199, with respect to reduction of mercury emissions is set out in paragraph 4.2 (above). Members have previously indicated that they would wish to carry out abatement works rather than make payments to other crematoria under a burden sharing scheme and continue to pollute through emissions of mercury. In any event, by 2020 all crematoria must have mercury abatement to all furnaces, so burden sharing would only be a temporary solution
- 9.8 Evidence from other LAs and the industry in general suggests a period of 2 years may be required from commencing a cremator replacement project to commissioning the new equipment.

### **Options Appraisal**

- 9.9 HCC has, as a result of the decision by Cabinet Resources Committee on 23<sup>rd</sup> April 2009, mentioned in paragraph 2.1, undergone an options appraisal and soft market testing with the major providers within the industry, which found that when considered as

a standalone business, an in house delivery with the required investment would be most attractive from a financial perspective. The project to progress the replacement of the cremators and mercury abatement was not commenced earlier due to the decision to carry out this options appraisal.

### **Expected Benefits**

- 9.10 Approval of Capital will enable a procurement project to commence without further delay and ensure that the new cremators are installed as soon as possible, reducing the financial and reputational risks of frequent or catastrophic breakdowns.
- 9.11 It will also give an opportunity to meet the compliance deadline of December 2012 for mercury abatement, without having to join a burden sharing scheme, which would cost approximately £32,500 pa. Abating the mercury emissions would give the opportunity to earn additional income by trading abated cremations through such a scheme.
- 9.12 The dilapidations, disrepair and lack of modern, fit for purpose facilities act as a deterrent to using Hendon as a venue of choice. Upgrading and bringing back into use buildings within the gatehouse will provide a new modern public facing reception and office facility.
- 9.13 Renovation and improvement to the buildings and site generally will provide an enhanced and more appealing customer experience for the bereaved.

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

- 10.1 2010 Soft Market Testing Report.

Legal – SS

Finance – JH/MC

PROPERTY: HENDON CEMETERY & CREMATORIUM  
 BUDGET COST PLAN  
 September 2011

				Phase 1
Element	Quantity	Unit	Rate	Priority 1
NORTH & SOUTH CHAPEL				6,315
REPLACEMENT CREMATORS				1,133,200
MAINTENANCE HUTS				-
GATEHOUSE Incl externals for Residential Flat				11,625
RESIDENTIAL FLAT				-
GROUNDS				98,700
M&E				6,500
IT				-

<b>TOTAL</b>				<b>£1,256,340</b>
--------------	--	--	--	-------------------

				Priority 1
Building Works Sub Total:				£1,256,340
Contractors Preliminaries:	@		15%	£188,451
Total (less contingencies)				£1,444,791
Contingencies:	@		5%	£72,240

<b>CURRENT TOTAL:</b>				<b>£1,517,031</b>
-----------------------	--	--	--	-------------------

Addition for Contract Administrator Fee's including CDM Coordinator Fee's:	@		10%	£151,703
Project Manager		1 yr	£ 65,000.00	65000
Engineering and additional investigation costs.		1	£ 10,000.00	£10,000

<b>Sub Total (including fees &amp; excluding VAT)</b>				<b>£1,743,734</b>
---	--	--	--	-------------------

**EXCLUSIONS**  
 Dealing with contaminated land/abnormal ground conditions.  
 Asbestos related issues.  
 VAT.  
 Deleterious materials.  
 Grounds drainage.  
 Works to benches, gravestones or burial areas not included.

**NOTES**  
 It was not raining at the time of our inspection - water test to ascertain performance of rain water goods is therefore  
 Extent of fire damage, water damage and rot to residential flat can only be truly ascertain once a full strip out of the unit has  
 Before any boundary works are undertaken we would recommend that ownership/responsibility is checked.  
 Extension/additional cremator installation subject to Planning Consent.  
 Costs associated with cremator plant installations based on advise obtained from JG Shelton & Co Ltd.  
 Costs for building extension draft only at this stage.  
 M&E recommendations provided by MLM.  
 No access to bell tower or Chapel roof voids.

**AGENDA ITEM: 11**      Pages 80 – 84

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Extension of current Housing Advice contract and Foundation Service contract and permission to re-tender services</b>
Report of	Cabinet Member for Housing
Summary	This report seeks authority to (i) retrospectively further extend both the current Housing Advice and Foundation Service contracts to 31 January 2012 and (2) to commence a joint re-tendering exercise to award a new combined contract of both services as detailed in this report.

Officer Contributors	Nick Lowther, Homelessness Reduction Co-ordinator
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Nick Lowther, Homelessness Reduction Co-ordinator, 020 8359 6002

## **1. RECOMMENDATION**

- 1.1 That, in variation of the Council's Contract Procedure Rules (on the basis of paragraph 5.8.4) and subject to the completion of all necessary legal and other documentation,**  
**(i) the Housing Advice and Foundation Service contracts be retrospectively further extended from 1 January 2011 until 31 January 2012 and (ii) authority be obtained to commence the joint re-tendering exercise for a new combined contract of both services, the new contract to commence on 1 February 2012.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 16 March 2010, Item 8.

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

- 3.1 Ensuring the provision of high quality independent housing advice is a key tool in helping to prevent and reduce homelessness. This contributes directly to the key housing performance target in the corporate plan by helping reduce the 'Number of homeless acceptances to fewer than 300 (local indicator)' through the provision of independent housing advice to prevent homelessness.
- 3.2 It also supports the key corporate priority of 'Sharing Opportunities, Sharing Responsibilities' through the provision of independent housing advocacy services which respond to the needs of vulnerable local people.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Failure to award retrospective contract extensions for either the Housing Advice or Foundation Service contracts would mean services will be provided by goodwill alone and subject to minimal notice by the agency provider, Threshold an independent housing advice agency.
- 4.2 Failure to extend the Housing Advice contract could seriously impact on the level of service provision across the Borough's wards and the contribution made by the service to preventing homelessness.
- 4.3 The alternative to not extending the contract with Threshold would have a detrimental strategic and financial impact on the Council. There will be the potential for more households admitted into temporary accommodation and the needs of single people for a private sector housing option may not be met.
- 4.4 As a tender for a combined contract for the services will be undertaken and a new contract will be awarded to commence on 1 February 2012, the risk of a challenge to the retrospective further extension period is low. All previous bidders have been made aware of the Councils intention to extend current arrangements whilst a formal tender process is carried out.

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

- 5.1 A contract extension and permission to re-tender, will help the Council to continue to provide independent advocacy services to residents in need across the Borough, and will

help meet the statutory requirement to promote equality of opportunity through creating better access to services.

- 5.2 The service currently provided through the Housing Advice contract offers Barnet residents, another access point to housing advice services. It also provides assistance to those owed no homeless duty; including providing a scheme that helps single homeless people with accessing an assured shorthold tenancy with private landlords. This creates equality of opportunity for single people seeking secure private sector accommodation as the Council cannot cater for this client group.
- 5.3 The Council's procurement tender process will have regard to equalities, including evaluation of equalities and diversity policies concerning employment practice and service delivery of contractors and workforce diversity monitoring.

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

### **6.1 Housing Advice contract**

- 6.1.1 The costs of a contract extension to 31 January 2012 will be met within the Environment, Planning and Re-generation budget. Present budget implications are £197k per annum, It is however expected that the re-tendered combined service will be delivered for no more than £162k per annum.
- 6.1.2 The retrospective extension of the Housing Advice contract and permission to re-tender would provide time to review, identify financial savings, market test and prepare tender documents for a more efficient and effective service at a substantially reduced cost. It would also assist the Council to meet vulnerable local peoples need for housing advocacy services and also provide customer choice with a service independent from the Council.

### **6.2 Foundation Service contract**

- 6.2.1 The current contract is managed by Adult Social Services. This is however in the process of being transferred to Environment, Planning and Regeneration along with the required budget virement of £155k plus £35k for incentive payments.
- 6.2.2 The 2011/12 value of the Foundation Service contract is £155k. The cost of incentive payments to participating landlords is estimated to be £35k and is met following periodic submission of accounts.

## **7. LEGAL ISSUES**

- 7.1 The original contract awarded to Threshold Ltd, was for services falling within Part B of Schedule 3 to the Public Contracts Regulations 2006 and the tender process complied with the Council's Contracts Procedure Rules.
- 7.2 In relation to the proposed new contract for the combined services, the basic principles of procurement must be followed to promote competition, fairness, transparency and compliance with the EC Treaty principles of non-discrimination and advertising sufficient to enable the market to be opened up to competition. Following the procurement of providers and subject to separate Council authority, a written contract which complies with the provisions specified by the Council's Contract Procedure Rules, will need to be drawn up and executed on behalf of the parties.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council's Constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of Cabinet Resources Committee including agreeing an exception to the Contract Procedure Rules.

8.2 The Contract Procedure Rules state that Directors/Heads of Service may take decisions on urgent or emergency matters as set out in the Leader's Scheme of Delegation providing they report afterwards to the relevant decision making body setting out the reason for the urgency. A waiver of the Contract Procedure Rules may be agreed by the appropriate decision making body if they are satisfied; after considering a written report by the appropriate officer, that the waiver is justified under one or more of the matters set out in contract procedure rules 5.8. In this case it is considered that a waiver is justified on the basis of 5.8.4 which states:

- **5.8.4 - There are other circumstances which are genuinely exceptional**  
(budget constraints, as detailed at paragraph 9.1.2 below)

8.3 Pursuant to Table 5-1 of the Contract Procedure Rules, second or further extensions to contracts must be approved by the relevant committee. Table 5-2 details the acceptance thresholds for contract previously extended.

8.4 In relation to the new combined contract to be procured for the services, paragraph 6.1 of the Council's Contract Procedure Rules sets out the Council's tendering and quotation thresholds and paragraph 5.1 sets out the thresholds for authorisation and acceptance of tenders.

## **9. BACKGROUND INFORMATION**

### **9.1 Housing Advice contract**

9.1.1 A grant had been made to the voluntary organisation Barnet Housing Aid Centre (BHAC) for a number of years to discharge the Council's statutory advice and assistance duty under Part VII of the Housing Act 1996. In 2005, permission was obtained to invite tenders for a contract to provide this service and the contract was awarded to Threshold Ltd as the successful tenderer. The present contract expired on 30 June 2008 and this was extended to 31 December 2010.

9.1.2 Barnet carried out a full tender process in 2010/11, however due to significant budget constraints, the contracts could not be awarded. It is therefore proposed to significantly reduce the contract specifications, combining both the Housing Advice and Foundation contracts and seek efficiencies, whilst enabling the Council to retain key benefits both services provide.

9.1.3 Permission to extend the Housing Advice contract, will enable a continuation of service provision of independent housing advice, assisting the Council in preventing homelessness and broadening access to services.

### **9.2 Foundation Service contract**

9.2.1 The Foundation Service was commissioned in 2005 as a partnership project between the Council, Barnet Primary Care Trust and Barnet Probation and is also provided by Threshold Ltd. It provides assistance with access to private rented housing for people with substance misuse problems and/or who are under the supervision of the Probation Service.

9.2.2 Both the Housing Advice contract and the Foundation Service were jointly procured in 2005. It is proposed to repeat this process in 2011/12 given the relationship between housing advice and private sector tenancy services. A decision to extend the Foundation Service contract until 31 January 2012, would enable Housing Needs and Resources to jointly procure both the Housing Advice and the Foundation Service services, combining both services in a single contract.

9.2.3 The scope of the Foundation Service was expanded during 2010/11 by making it available to the Council's Adult Social Services, to widen the housing choices available to individuals with social care needs moving on from residential care and supported housing.

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

10.1 None

Legal – JKK

Finance – LC



**AGENDA ITEM: 12**

Page Nos. 85 – 93

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>The introduction of enhanced housing management charges for sheltered housing</b>
Report of	Cabinet Member for Housing
Summary	Following earlier decisions to end funding of the warden support service to sheltered housing tenants, a new enhanced housing management service will be provided by Barnet Homes, the cost of which will be met through a new service charge to tenants. This is at a lower rate than the former support charge and is eligible for housing benefit purposes. Charges will be raised on tenants rent accounts to meet the costs of the new service

Officer Contributors	Paul Shipway Strategy and Performance Manager Sue Tomlin Housing Strategy and Business Improvement Kevin Turnpenney Head of Operations (Customer Services) Barnet Homes
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendices: 1. Sheltered housing - impact on HRA 2. Sheltered Housing and Sheltered Plus Costs and service charges 3. Transitional protection
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Sue Tomlin, Housing Strategy 020 8359 4902

## **1. RECOMMENDATION**

- 1.1 The service charges for enhanced housing management of sheltered housing and for sheltered plus at Gadsbury Close NW9 as set out in appendix 2 to the report be approved; to be reviewed annually along with rents and other service charges.**
- 1.2 The Interim Director of Environment Planning and Regeneration is authorised to agree a revised management fee with Barnet Homes as set out in 6.4 below.**
- 1.3 Protection from the enhanced housing management service charge and the alarm charge should continue to be funded from the Housing Revenue Account as set out in appendix 3 to the report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 8<sup>th</sup> June 2009, Decision Item 5, Sheltered Housing Services – agreed proposals to remodel sheltered housing
- 2.2 Cabinet, 3<sup>rd</sup> February 2010, Decision Item 5 – Sheltered Housing Services – noted the outcome from the Judicial Review which quashed the 8<sup>th</sup> June 2009 decision and instructed officers to look at further options and undertake equality impact assessments of those options
- 2.3 Cabinet, 20<sup>th</sup> October 2010, Decision Item 6 - having considered the four options outlined in the report and in particular the Equalities Impact Assessment on each, option 3 with option 4 be developed into a full business case for change in consultation with stakeholders.
- 2.4 Cabinet, 20<sup>th</sup> October 2010, Decision Item 5 - Report of the Business Management Overview and Scrutiny Sub-Committee– service options for remodelling older people's housing and support. Resolved that the recommendations of the Task and Finish Group be approved as submitted.
- 2.5 Cabinet, 13<sup>th</sup> December 2010, Decision Item 5 - agreed budget headlines for consultation including reductions of £150,000 in 2011/2 and 2012/3 in respect of expenditure on sheltered housing.
- 2.6 Cabinet Resources Committee, 13<sup>th</sup> January 2011, Decision Item 11 - agreed that requirements of paragraph 5.6.2 of the Contract Procedure Rules be waived to allow the extension of the contracts for services in receipt of housing related support services funding, (Sheltered Housing £1.1m) subject to a maximum duration of one year. In order to ensure capability to implement budget savings and manage procurement projects efficiently, proposed contract extensions will specify a reduced notice period of three months, consistent with national Compact guidance concerning relationships with the voluntary sector.
- 2.7 Cabinet, 14<sup>th</sup> February 2011, Decision item 5A – agreed the Business Case for the development of Sheltered Plus Services and the Menu of Charged Services as set out at Appendix 1 to the Cabinet Member's report and that officers work with service providers to develop Sheltered Plus Services and the Menu of Charged Services for implementation. The Director of Adult Social Care and Health, in consultation with the Assistant Director Housing (Acting) was authorised to develop an allocations policy for the Sheltered Plus sites.

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

- 3.1 The Council's decision to develop sheltered plus promotes the Corporate Plan priorities of 'Better Services with Less Money', 'Sharing Opportunities and Sharing Responsibilities' and a 'Successful London Suburb'. These are achieved by targeting the council's investment to focus on those with substantial or critical needs, developing sheltered plus services that recognises the needs and aspirations of Barnet's older residents and re-configuring funding of sheltered housing services.
- 3.2 The Housing Strategy approved by Cabinet in April 2010 contains priorities to reduce the amount of Sheltered Housing for rent but increase other provision including Sheltered Plus and Extra Care housing.

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

- 4.1 The Department of Work and Pensions has recently started a review into housing benefit payable to people living in supported housing including sheltered accommodation. The consultation includes proposals for a flat rate of local housing allowance which would recognise that such housing has additional costs because of the need for additional management services and higher levels of wear and tear.
- 4.2 The consultation document sets out a series of options about how these additional costs could be met. These include setting an enhanced local housing allowance rate, by allowing people to have an extra room or by basing it on 'a broad average of actual costs'. It also recognises that there could be 'a separate rate for different types of accommodation ...to reflect their particular costs'.
- 4.3 The consultation which closes in October 2011 is set in the context of the introduction of Universal Credit which will be in place in 2013. Transitional arrangements will be put in place should any changes be introduced.
- 4.4 Changes to the housing benefits framework for supported housing are unlikely to adversely affect sheltered housing as the overall cost of provision is low when compared to other types of supported housing. Any changes to the system are also likely to be phased in and may not impact on existing arrangements.
- 4.5 An application for judicial review of the Council's earlier decisions regarding sheltered housing and the service to tenants has been made by a resident of the Council's sheltered housing schemes.
- 4.6 The Council has asked the Court to dismiss the claim and this will be considered during September/October 2011. Whilst this does not prevent or delay implementing the new service and service charge there is a risk that should the application be successful the new service could not operate as envisaged.
- 4.7 Responsibility for the cost of transferring resident staff to new contracts has yet to be agreed with Barnet Homes. Regardless of how these costs are met there is a risk that negotiations with staff members are protracted.
- 4.8 The costs shown in section 6.0 below assume that there are no long term voids in the resident scheme manager's accommodation (within or adjacent to schemes). There is a risk that their size and location may restrict the future use.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 A full and detailed EIA was undertaken and considered by Cabinet on 14<sup>th</sup> February 2011. This acknowledged that the changes to sheltered housing funding would have an adverse impact on the well being and satisfaction of some sheltered housing residents with the protected characteristics defined in the Equality Act 2010. To mitigate the impact the council undertook to work with and encourage sheltered housing providers to find ways to keep on site staff within sheltered schemes by enhancing the housing management service. Cabinet also agreed proposals for Sheltered Plus which will have a positive impact on all older people.
- 5.2 76% of the Council's sheltered housing tenants are in receipt of full housing benefits and will receive housing benefit to cover the new service charge. Some tenants who did not qualify for help through housing benefit may now qualify as their housing costs have increased. For other self payers the charge is considerably lower than the former housing support charge. Transitional protection from the service charge will continue for those tenancies which began prior to April 2003.

Sheltered housing tenants	Tenants in receipt of housing benefits	Transitional protection	Self payers
438	330	53	55

- 5.3 Barnet Homes is setting up processes to ensure that tenants who may require additional care or support are referred to appropriate services, such as ASSIST for Telecare options, Barnet Homes Housing Support service and other support services including those accessed through Adult Social Care and Health.

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

- 6.1 The cost of providing the re-configured service will be re-charged through a new service charge. This will be collected by Barnet Homes under the management agreement.
- 6.2 For sheltered housing the new weekly service charge with effect from the end of October 2011 will be £19.15 (plus £1.50 existing service charge) and for the sheltered plus scheme at Gadsbury Close £26.75 (plus £1.50 existing service charge).
- 6.2 Staff members will no longer be residential and the out of hour's service will be provided by Barnet Homes Assist Service. Staff will therefore be transferred onto non-residential contracts and re-located to alternative accommodation (as required through their current employment contracts). It is envisaged that this will take place by April 2012. The accommodation costs have been excluded from the service charge and the short term costs of providing the service whilst scheme managers continue to be resident will be met from the housing revenue account (HRA). This cost should not exceed £29,250 (£58,500 full year).
- 6.3 The table at appendix 1 shows the impact on the housing revenue account following introduction of the new service charge and withdrawal of social services funding for sheltered housing services. As the charges will not be introduced until end of October and the former SP contract ends on 1<sup>st</sup> October 2011 there will be a loss of income for that period.
- 6.4 The overall anticipated loss of income in 2011/12 is £108,880 and in 2012/13 £147,265. It is expected that this could be contained within the HRA as latest forecasts are predicting a surplus in 2011/12. This will need to be reviewed when setting the HRA budget for

2012/13. Officers will also carry out further work to review the management fee paid to Barnet Homes with a view to agreeing a reduction in the fee to reflect the new service and balance the costs associated with residential staff moving to new non-residential contracts.

## **6.5 Transitional protection from charges**

- 6.6 At the introduction of the support charge arrangements in 2003 local authorities were required to provide transitional protection for tenants of sheltered and alarm assisted housing who were not eligible for assistance through supporting people grant and where such tenancies had started prior to April 2003. There were originally 145 sheltered housing tenancies covered by the protection and this remains in place for 53 sheltered tenancies and a further 48 alarm assisted tenancies. The annual cost of the protection is approximately £50,000 (including alarm costs) and is met from the HRA.
- 6.7 Some tenants may no longer require transitional protection as they may qualify for help through housing benefits since their housing costs have increased (as support costs have been replaced by enhanced housing management services). It is not possible to predict the number of tenants that would not qualify and would therefore be required to pay the new service charge in full should the protection from the charge end.
- 6.8 As the number of tenancies qualifying for the protection is reducing and is predicted to reduce to approximately £26,000 pa by 2015 and nil by 2017 it is proposed that tenants currently in receipt of protection from the support and alarm service charge should continue to be protected.

## **7. LEGAL ISSUES**

- 7.1 In compliance with section 105 of the Housing Act 1985 consultation on the changes to sheltered housing was carried out between November 2010 and 27 January 2011 the outcome of which was considered by officers in the report agreed by Cabinet on 14<sup>th</sup> February 2011.
- 7.2 Tenants of Gadsbury Close were also consulted during July 2011 about plans to provide 'Sheltered Plus' services at the scheme. There was a high level of support and interest from tenants, families and carers and all of the residents supported the proposals.
- 7.3 Under section 102 of the Housing Act 1985 the Council will write to sheltered housing tenants giving 28 days notice of the new service and the charge.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states that the functions of the Cabinet Resources Committee includes looking at income sources and charging policies and all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

## **9. BACKGROUND INFORMATION**

- 9.1 The council currently owns 17 sheltered schemes providing 438 sheltered units which are managed by Barnet Homes through a staff team comprising of 2 Senior Sheltered Housing Officers and 9 Sheltered Housing Officers. 9 of these officers are currently residential living at or adjacent to the scheme that they manage. Residential officers also

cover more than one sheltered housing scheme and provide out of hours cover in lieu of accommodation costs.

- 9.2 Following the cabinet decision of 14<sup>th</sup> February proposals have been developed to provide a management service to tenants but without the support element previously funded through Supporting People. Barnet Homes will provide an enhanced housing management service to tenants in sheltered housing to be funded through a new service charge which will be eligible for Housing Benefits.
- 9.3 Although the personal support element of the service is being withdrawn the management service provided will ensure security of the scheme and safeguard residents by providing an on site presence during working hours. They will maintain daily contact with residents and ensure that they are able to access appropriate support services and make full use of the schemes facilities.
- 9.4 The costs of providing the service are set out in appendix 2 attached. Housing benefits have been consulted and have agreed that the new weekly service charges are eligible for housing benefits and are at a reasonable level.
- 9.5 The service will be provided by the existing staff members and their job descriptions have been revised to reflect their new duties. Staff members will no longer be required to be residential and the out of hour's service will be provided by Barnet Homes Assist Service.

9.6 **Sheltered Plus**

The sheltered housing scheme at Gadsbury Close NW9 has been selected to become one of the council's sheltered plus schemes. This will require full time (9.00 am to 5.00 pm) enhanced housing management because of the increased vulnerability of the tenants who live at Gadsbury Close and the service charges for this scheme are therefore at a higher level. The costs and service charge are set out in appendix 2.

**10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal: JK

Finance: JH

## Appendix 1 Sheltered Housing Changes: Impact on HRA

	09/10 Actual	10/11 Actual	11/12 Fcst	12/13 Fcst
Sheltered Housing Fees (incl Alarm)	670,310	665,201	502,906	416,472
Less: Contra for SP eligibility	(548,963)	(544,756)	(281,114)	0
Less: Contra for Transitional Protection	(97,370)	(86,565)	(60,307)	(48,718)
Less: Sheltered Voids	(23,309)	(22,048)	(14,546)	(13,804)
	668	11,833	146,939	353,950
Sheltered Housing Only (excl Alarm)	614	10,875	146,983	353,950
Add: Supporting People Income (excl Alarm)	473,984	490,340	245,353	0
Total Income to HRA	<b>474,598</b>	<b>501,215</b>	<b>392,335</b>	<b>353,950</b>

Proposed Enhanced Service Charge - Sheltered

£19.15

Proposed Enhanced Service Charge - Sheltered Plus

£26.75

### Assumptions

1. The figures do not reflect any consequent change in Barnet Homes Management Fee
2. Transitional protection will continue
3. SHO units are fully re-let (10/11 rent and s/c income: £50,806). Any voids would impact on HRA income
4. The 11/12 forecast assumes no fees charged in October as there is no Supporting People income
5. 12/13 Forecast void %'s based on 10/11 actuals (3.3%)

### Notes

1. SHO's do not pay rent and Council Tax in lieu of Out of Hours duties. However BH pay rent and service charge into the HRA on their behalf
2. Supporting People income ends in Sept 2011
3. Actual figures taken from HRD (dwellings) Control Account

**Appendix 2. Sheltered Housing and Sheltered Plus Costs and service charges**

<b>Sheltered Housing</b>	<b>SHO (non residential)</b>	<b>SSHO (non residential)</b>
Salary including pension/NIC	£34,635	£40,210
Telephone costs	£600	£600
Car mileage	£180	£180
Travel expenses	£180	£180
<b>Sub Total</b>	<b>£35,595</b>	<b>£41,170</b>
No of officers	9	2
<b>Total</b>	<b>£320,355</b>	<b>£82,340</b>
<b>Grand total</b>		<b>£402,695</b>
<b>Cost per unit (438)</b>		<b>£919.39</b>
<b>Weekly charge (48 weeks)</b>		<b>£19.15</b>
<b>Sheltered Plus</b>	<b>SHO (non residential)</b>	
Salary including pension/NIC x 40%	£34,635	
No of officers	0.40	
<b>Total</b>	<b>£13,854</b>	
<b>Cost per unit (38)</b>	<b>£364.58</b>	
<b>Sheltered plus weekly charge (48 weeks)</b>	<b>£7.60</b>	
<b>EHM Service charge</b>	<b>19.15</b>	
<b>Gadsbury total weekly s/c</b>	<b>£26.75</b>	



### Appendix 3. Transitional Protection

Sheltered - EHM	Service charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	19.15	19.15	53	20,299	1,015
01/04/12	19.15	19.15	45	41,364	862
01/04/13	19.15	19.15	38	34,930	728
01/04/14	19.15	19.15	32	29,414	613
01/04/15	19.15	19.15	22	20,222	421
01/04/16	19.15	19.15	12	11,030	230
01/04/17	19.15	19.15	0	0	0

Sheltered - Alarm Charge	Alarm charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	2.49	2.49	53	2,639	132
01/04/12	2.49	2.49	45	5,378	112
01/04/13	2.49	2.49	38	4,542	95
01/04/14	2.49	2.49	32	3,825	80
01/04/15	2.49	2.49	22	2,629	55
01/04/16	2.49	2.49	12	1,434	30
01/04/17	2.49	2.49	0	0	0

Alarm assisted properties (former sheltered)	Alarm charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	2.49	2.49	48	2,390	120
01/04/12	2.49	2.49	38	4,542	95
01/04/13	2.49	2.49	28	3,347	70
01/04/14	2.49	2.49	18	2,151	45
01/04/15	2.49	2.49	10	1,195	25
01/04/16	2.49	2.49	0	0	0

**AGENDA ITEM: 13**

Page Nos. 94 – 102

Meeting	Cabinet Resources Committee
Date	27 September 2011
Subject	<b>Contract Award for Lead Providers Home and Community Support (contract reference: 50254)</b>
Report of Summary	Cabinet Member for Adults  To approve the proposed contract award, which is due to commence 1 November 2011 for three Lead Providers of Home and Community Support. This is phase 2 of the framework contract awarded in 2010 to eleven providers and is the result of the mini competition. The report includes a recommendation to approve a 6 month extension of the current framework to ensure a safe and smooth transition for service users either to the new lead providers, to take a direct payment or to achieve an alternative positive solution to their care and support needs.

Officer Contributors	Eryl Davies – Head of Strategic Commissioning & Supply Management, (Adult Social Care & Health)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Contract areas Appendix 2 – Home and Community Support Contract Scoring Matrix
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not Applicable

Contact for further information: Eryl Davies, Head of Strategic Commissioning & Supply Management 0208 359 4559

## 1. RECOMMENDATIONS

1.1 **That a four year framework contract for three lead providers for Home and Community Support commencing 1 November 2011 be awarded to :**

- Enara;
- Personnel and Care Bank;
- London Care Plc.

1.2 **To authorise a six month extension to the current framework contracts for Home and Community Support for the eleven providers currently providing these services for the council.**

## 2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee 19 July 2010 , approval of contract award for eleven framework contract providers for Home and Community Support services which commenced 1 November 2010 and authority to proceed to the next stage of the procurement approach which is now complete and informs the recommendations in this report.

## 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 **Better services with less money:** this approach sought to thoroughly test the market through a detailed cost and quality evaluation including feedback from service users, mystery shopping and inspection of sites, all of which influenced final selection and which will impact positively on quality. The submitted tender prices deliver a reduced unit cost leading to an overall reduction in contracted costs and improved quality.

3.2 **Sharing opportunities and responsibilities:** it will enable an enhanced role for fewer contracted providers to work with Adult Social Care and Health as market leaders in the health and social care system. Helps support the increase in service users who set up and purchase their own care via direct payments.

3.3 **Promote personalisation of services and promote enhanced quality of life for adult social care and health services users:** this contract award supports the Adult Social Care and Health priorities of market management and ongoing development of outcomes based commissioning.

## 4. RISK MANAGEMENT ISSUES

### **Business failure and financial risks**

4.1 This segment of the care market has historically relied on large volumes of business from council funded contracts and the business model has been constructed based on the margins from these predicted volumes. There is a risk that the current and future decrease in the numbers of ongoing care packages funded by the council will lead to instability in income and providers unable to recruit a workforce to deliver a safe service. The two stage procurement agreed by Cabinet Resources Committee on 19 July 2010 is designed to take account of these factors and allow providers to gear up to a higher number of individual payers and an overall decrease in council volumes of business. Furthermore an aggregation of volume is provided through the

contract framework as business is allocated to a fewer number of contractors within three defined geographical areas of the borough (appendix 1).

- 4.2 There is a risk in reducing the number of contracted providers that choice will be restricted, niche areas of need will remain unfulfilled and the potential for a monopoly supply to develop in each of the contract areas. This risk is mitigated through the increase in the number of direct payers who source and arrange their own care and the ability of the lead provider to sub contract. In addition through the council maintaining a relationship with these lead providers they will be required to manage and share risk throughout the contract term and help to shape the health and social care market.
- 4.3 The tender process sought to thoroughly test the providers' commercial and operational leadership capabilities and included an analysis of year 1 performance in actual service delivery. This is reflected in the final evaluation. A full financial status report has been obtained for each bidder to assess commercial standing and future viability against the estimated volumes of business provided by the council over the four year term.

### **Operational Transition Risk**

- 4.4 There is a risk that the Adult Social Care and Health service users will be adversely affected by the transition to new contract arrangements. The following plans and considerations should mitigate this risk:

Adult Social Care and Health has a Transitions Plan to ensure the safe and streamlined management of transition on behalf of current services users during the implementation of phase 2 of this new model. The Transitions Plan used in phase 1 of the tender in 2010 successfully managed transition issues , including the transfer, where safe and appropriate, of a number of service users who were receiving care from incumbent contractors that failed to proceed to contract award. Transitions will be used to create opportunities to maximise the use of personal budgets in accordance with the wishes of service users and an individual assessment of risk; during phase 1 over 40% of service users who were reviewed opted for a direct payment as part of a personal budget.

- 4.5 The procurement process has been managed over a period that has allowed sufficient communication with the providers, customers and their families. This will continue to be vital as phase 2 of the new contractual arrangements become established. Operational leads have been and continue to be involved and committed to the procurement project at all levels with consistent messages being passed on to operational teams and local branches. Furthermore, client reviews are dovetailing with the stages of the procurement and transition.

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

- 5.1 The council's Procurement Equalities policy has been followed in the management of the tender process, including evaluation of tenderers' equalities and diversity policies concerning employment practice and service delivery. The contract for the new services will include explicit requirements fully covering the council's duties under equalities legislation.
- 5.2 The services being procured will operate inclusively for all care groups covering all postcodes in the Borough. The ability to sub-contract has been built into the

contract model for home and community support to facilitate responses to any niche areas of demand which may relate to, for example, language or diagnosis which is unable to be covered within the main contract.

- 5.3 An analysis of customers over the last year show no significant change in profile in respect of gender, culture / faith or ethnic profile. Equalities data in relation to phase 2 will continue to be captured to inform the equalities impact assessment.

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

- 6.1 The eleven providers awarded contracts for Home and Community Support in 2010 for one year is reducing to three lead providers through the mini competition. These providers will be awarded a framework contract for 4 years commencing 1 November 2011.
- 6.2 An extension of 6 months for the remaining eight framework contracts is required to allow sufficient time for a safe transition and appropriate management.
- 6.3 The 2010/11 budget for expenditure on Home and Community Support was £10.548m. A flat rate price was introduced across all visit times through the new contract last year with the exception of Bank Holidays. Revised rates have been submitted as part of the mini competition which will reduce the service unit cost further.
- 6.4 Over the transition period the spend commitments' will shift either to individual direct payments as part of a personal budget or from the outgoing framework contracts to the lead providers. The estimates in table 1 for the new contract period are based on projected demand factors and an overall reduced unit cost as a result of the proposed contract award.

Table 1

Lead Provider	Contract area	Estimated annual value (non guaranteed)
1. London Care	North	£2.25 m
2. Enara	West	£2.1 m
3. Personnel and Care Bank	South	£1.8m

- 6.5 Staffing issues including, as relevant, 3<sup>rd</sup> generation TUPE transfers relating to the changes will continue to be dealt with following the approach which was approved by Cabinet Resources Committee 19 July 2010. The approach was set out in detail in the report referred to in 2.1. Where there are TUPE transfers of ex LBB employees then the necessary Pension Fund Committee agreement will be sought in December 2011 to ensure that Pension provision is in place immediately post any relevant TUPE transfer.

**7. LEGAL ISSUES**

- 7.1 The original contracts to be extended contain appropriate provisions sanctioning the extensions proposed in this report.

## **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 approval of the framework agreement for Home and Community Support was approved by Cabinet Resources Committee on 19 July 2011 and a mini-competition was conducted to ensure best value.

## **9. BACKGROUND INFORMATION**

### **Review of year 1**

- 9.1 Regular strategic and operational fora have been held with the framework providers to facilitate positive working relationships between the council, service user representatives and providers and to build shared understanding of the market and of the customer profile.
- 9.2 Service delivery is subject to electronic call monitoring and transition to outcomes based commissioning is being delivered as personalisation becomes embedded across the care service delivery operation.
- 9.3 Referrals to the framework contractors have been managed systematically through a brokerage process ensuring that contractors new to the borough received sufficient business to create an even playing field for an evaluation of year 1 performance to be formally including in the tender.

### **Procurement Process- phase 2**

- 9.4 Application packs for lead provider status were sent out on 13 May 2011 to ten framework providers, who indicated in their original submission that they wished to apply for a lead provider contract. They were returned by 10 June 2011. The financial checks, scoring of method statements and performance information were evaluated throughout June 2011. Interviews and comprehensive site visits took place throughout July 2011 and final evaluation was completed in the first week of August 2011. The evaluation team included senior front line staff from Adult Social Care and Health, contract officers and commissioners, together with members of the customer reference group who have been involved throughout the whole process. A presentation on phase 2 and the final proposed selection was made to a directorate project board and senior management team members on the 8 August 2011.

9.5 The tender evaluation for lead providers for Home and Community Support was carried out using a 60:40 ratio of quality and price and based on the following evaluation criteria:

<b>Year 1 Analysis</b>	<b>14%</b>
<b>Tender Written Submission</b>	<b>24%</b>
<b>Presentations and Interviews</b>	<b>12%</b>
<b>Site Visits</b>	<b>10%</b>
<b>Finance Schedule</b>	<b>40%</b>

9.6 Year 1 analysis included trend data on service delivery for example, response times as well as complaints. The customer reference group were supported to carry out 'mystery shopping' by contacting a selection of customers receiving a service from each provider and recording responses to a set of questions they had designed and this was able to be formally weighted.

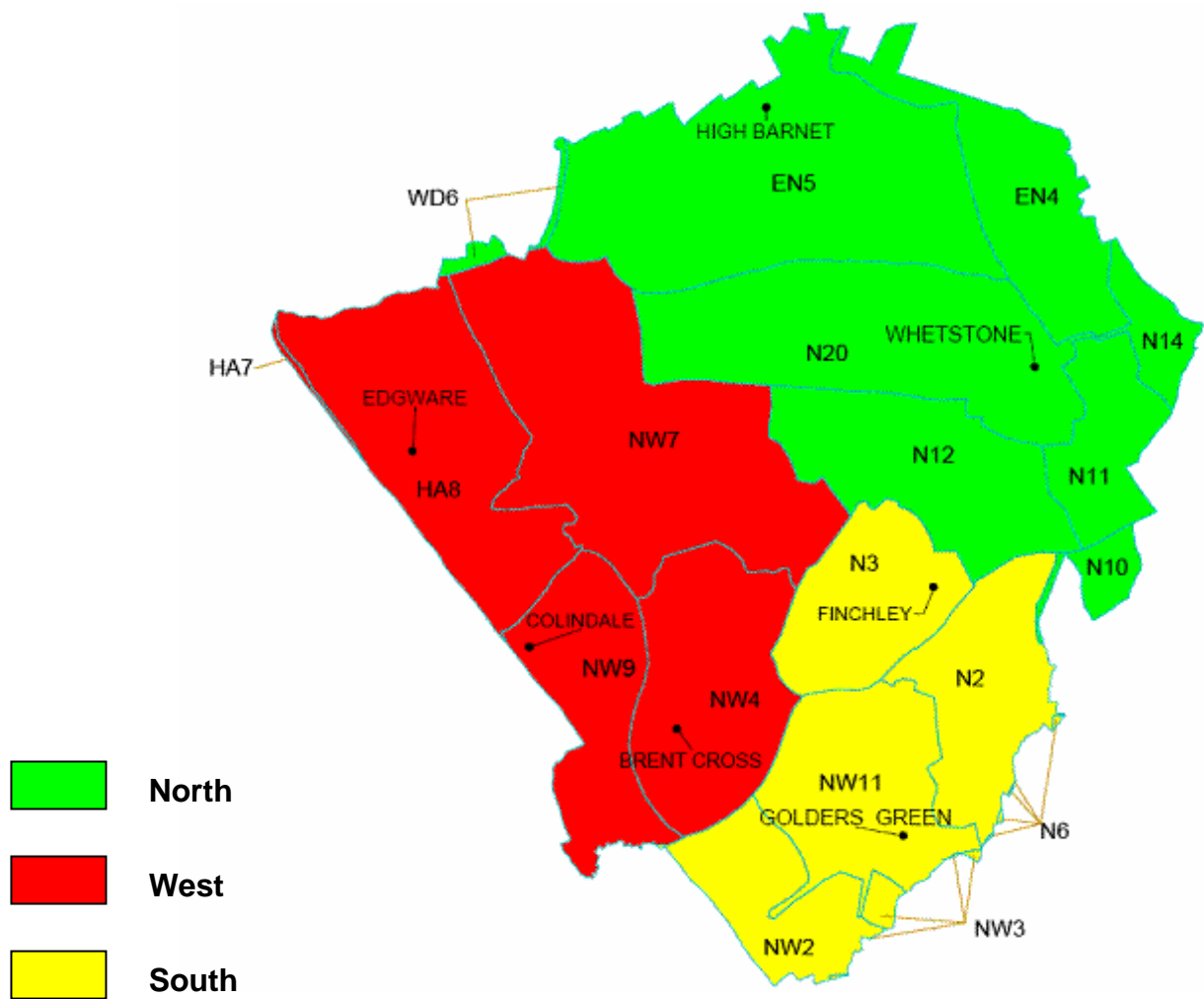
9.7 The final selection was based on the overall ranking following scoring, the removal of three providers who failed to meet minimum scoring requirements on written submissions, assessment of the projected costs and impact on budgets of each contract over the term. The minimum scoring requirement was published in the invitation to tender pack.

9.8 The recommendation is to award the lead provider framework contracts to:-

Lead Provider	Contract area	Estimated hours per week
4. London Care	North	3,500
5. Enara	West	2,000
6. Personnel and Care Bank	South	3000

Legal – SK  
Finance – MC

## Appendix One – Contract Areas



North	West	South
EN4 <i>Cockfosters</i>	HA7 <i>Stanmore</i>	N2 <i>East Finchley</i>
EN5 <i>Barnet</i>	HA8 <i>Edgware</i>	N3 <i>Finchley</i>
N10 <i>Muswell Hill</i>	NW4 <i>Hendon</i>	N6 <i>Highgate</i>
N11 <i>New Southgate</i>	NW7 <i>Mill Hill</i>	NW2 <i>Cricklewood</i>
N12 <i>North Finchley</i>	NW9 <i>The Hyde</i>	NW3 <i>Hampstead</i>
N14 <i>Southgate</i>		NW11 <i>Golders Green</i>
N20 <i>Whetstone</i>		
WD6 <i>Borehamwood</i>		



Appendix Two – Home and Community Support Contract Scoring Matrix

		TOTAL SCORES								
Question	Capacity		Quality		Added Value and Innovation		Price		TOTAL	
Subsection	8% Method Statements (1&2); 4% Site Visits (Recruitment&Staffing); 8% Service Response		8% Method Statements (3&4) 6% Site Visits (Risk Assessments) 3% Complaints 3% Mystery Shopping		8% Method Statements (5&6) 12% Presentations & Set Questions		40% Price - average across 4 years including bank holidays			
Total Points Available	% Score for Capacity	weighted at 20%	% Score for Quality	weighted at 20%	% Score for AV&I	weighted at 20%	% Score for Price	weighted at 40%	Rank	%
Provider A	70%	14%	59%	12%	81%	16%	100%	40%	1	81.9%
Provider B	49%	10%	72%	14%	81%	16%	96%	38%	2	78.9%
Provider C	56%	11%	62%	12%	79%	16%	96%	39%	3	78.0%
Provider D	79%	16%	84%	17%	64%	13%	87%	35%	4	80.2%
Provider E	74%	15%	74%	15%	80%	16%	86%	34%	5	79.8%
Provider F	52%	10%	55%	11%	74%	15%	93%	37%	6	73.7%
Provider G	54%	11%	45%	9%	62%	12%	95%	38%	7	70.4%
Provider H	67%	13%	45%	9%	61%	12%	88%	35%	8	70.2%
Provider I	53%	11%	43%	9%	50%	10%	96%	38%	9	67.6%
Provider J	45%	9%	51%	10%	56%	11%	90%	36%	10	66.5%

	APPLICATION FOR LEAD PROVIDER PACK			INTERVIEWS AND PRESENTATIONS			SITE VISITS			YEAR 1 ANALYSIS			FINANCE SCHEDULE					TOTAL SCORES	
	Method Statements												Price						
Question	Total Score	Rank	% Weight	Total Score	Rank	% Weight	Total Score	Rank	% Weight	%	Rank	% Weight	Yearly price: increase / decrease / same price	Average cost per hour over 4 years		Rank	% Weight	TOTAL	
Subsection	%			%			%							Cost per hour	Cost per hour incl. Bank Holidays			Rank	% Weight
Total Points Available			24%			12%			10%			14%					40%	Rank	Overall %
Provider A	70%	2	16.72%	78%	5	9.36%	88%	1	8.80%	60.05%	5	7.04%	increase	£ 12.37	£ 12.48	1	40.00%	1	81.9%
Provider B	60%	7	14.40%	92%	1	11.04%	62%	8	6.21%	60.52%	4	8.78%	same price	£ 12.75	£ 12.99	4	38.43%	2	78.9%
Provider C	62%	6	14.88%	82%	4	9.84%	72%	5	7.24%	56.95%	6	7.47%	increase	£ 12.66	£ 12.94	2	38.58%	3	78.0%
Provider D	89%	1	21.44%	44%	10	5.28%	86%	2	8.57%	65.93%	3	10.21%	increase	£ 14.16	£ 14.37	9	34.73%	4	80.2%
Provider E	64%	5	15.44%	90%	2	10.80%	83%	3	8.30%	72.71%	1	11.02%	decrease	£ 14.40	£ 14.59	10	34.21%	5	79.8%
Provider F	65%	4	15.52%	84%	3	10.08%	56%	9	5.62%	43.93%	9	5.12%	increase	£ 13.15	£ 13.37	6	37.33%	6	73.7%
Provider G	43%	9	10.24%	74%	6	8.88%	69%	7	6.88%	48.10%	8	6.29%	increase	£ 12.95	£ 13.09	5	38.13%	7	70.4%
Provider H	67%	3	16.16%	72%	7	8.64%	22%	10	2.23%	67.07%	2	7.80%	increase	£ 13.81	£ 14.12	8	35.36%	8	70.2%
Provider I	43%	9	10.24%	50%	9	6.00%	70%	6	6.97%	51.64%	7	5.96%	increase	£ 12.79	£ 12.98	3	38.46%	9	67.6%
Provider J	47%	8	11.36%	56%	8	6.72%	75%	4	7.54%	42.62%	10	4.71%	same price	£ 13.50	£ 13.80	7	36.18%	10	66.5%

---

**AGENDA ITEM: 14**      Page Nos. 103 – 108
 

---

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Barnet Integrated Learning Disability Service - Contracts with Central London Community Health NHS Trust and Barnet, Enfield &amp; Haringey NHS Mental Health Trust</b>
Report of	Cabinet Member for Resources and Performance Cabinet Member for Adults
Summary	This report seeks (i) approval for the Council to enter into contract with existing providers, Central London Community Healthcare NHS Trust and Barnet, Enfield and Haringey NHS Mental Health Trust for the provision of an Integrated Community Learning Disability Service commencing 1 November 2011, and (ii) a waiver of the Contract Procedure Rules to allow the appointment of Central London Community Healthcare NHS Trust and Barnet, Enfield and Haringey NHS Mental Health Trust, for the provision of an Integrated Community Learning Disability Service

---

Officer Contributors	Temmy Fasegha- Joint Commissioner Mental Health and Learning Disabilities Jim Wilson- Deputy Director Adult Social Care and Health (Acting) Kate Kennally- Director of Adult Social Care and Health
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Temmy Fasegha- Joint Commissioner Mental Health and Learning Disabilities (020 8359 2841)

## **1. RECOMMENDATION**

- 1.1 That the Committee authorises the Council as the Lead Commissioner for learning disability services across health and social care to enter into contract with NHS providers, Central London Community Healthcare NHS Trust and Barnet, Enfield and Haringey NHS Mental Health Trust, for the provision of specialist learning disability health services commencing 1 November 2011, for a 2 year term with the option for a further 1-year extension.**
- 1.2 That the Committee authorises waivers the Contract Procedure Rules to allow the appointment of Central London Community Healthcare NHS Trust and Barnet, Enfield and Haringey NHS Mental Health Trust, for the provision of specialist Community Learning Disability health services.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 13 January 2011, decision item 8: (1) A pooled fund for an integrated community learning service in Barnet be established, which will be led by the Council, under Section 75 of the NHS Act 2006. (2) That the Cabinet Member for Adults be authorised on behalf of the Council to enter into a two-year Section 75 pooled funding agreement between the London Borough of Barnet (LBB) and NHS Barnet (NHSB), subject to the legal and financial terms of the agreement being approved by the Assistant Director – Legal and the Chief Finance Officer, respectively.

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

- 3.1 In exercising their respective functions, the Council and Primary Care Trust- PCT are required, under Section 82 of the NHS ACT 2006, to co-operate to secure and advance the health and welfare of the local population
- 3.2 Barnet's Joint Strategic Needs Assessment<sup>1</sup> points to an increase in the number of people with learning disabilities over the coming years as they live longer. Many of the young people moving to adult services also have multiple and complex health and care needs which are better addressed within a multi-disciplinary framework.
- 3.3 The integrated service supports partnership working and the Corporate Plan 2011-2013 by pooling health and social care budgets and staff to provide multi-disciplinary assessment, care coordination and direct interventions.
- 3.4 The integrated service also supports the Corporate Plan priorities of: *'Sharing Opportunities Sharing Responsibilities'*, by enabling more people to live more independently, to access mainstream opportunities and services;

*Achieving 'Better services with less money', by reducing duplication and ensuring there is a joined approach to the market, integrating health and social care services to promote better outcomes.*

## **4. RISK MANAGEMENT ISSUES**

- 4.1 As a result of the Section 75 agreement lead commissioning and pooled budget agreement between the Council and Barnet PCT, commissioning of the health component of the integrated learning disability service will be led by the Council. The Head of Service for Learning Disability, a joint funded position will be responsible for the

---

<sup>1</sup> Barnet Joint Strategic Needs Assessment- 2011

pooled budget and operational management of the integrated health and social care learning disability service.

- 4.2 The Head of Service for Learning Disability will report to the Deputy Director of Adult Social Care and Health and be accountable to the Learning Disability Partnership Management Group (LDPMG), previously referred to as Learning Disability Partnership & Commissioning Group), which includes Council, PCT, NHS providers representation. The LDPMG will lead, drive and co-ordinate activity to ensure effective development of the integrated community learning disability service; monitoring performance and managing change ensuring that the integrated service achieves the Partnership objectives. The LDPMG will be chaired by the Deputy Director of Social Care and Health and is accountable to the Health and Wellbeing Board through the submission of an Annual Report setting out progress on delivering the objectives of the partnership agreement.
- 4.3 The Section 75 Agreement sets out mechanisms for both Partners to review and/or vary the provisions in the event of any changes to the statutory bodies involved in delivering the contract. Flexibility in the contracts and S75 Agreement will also ensure that they can be transferred to successor bodies which take on functions from either or both organisations.

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

- 5.1 There are no proposals to change the current health and social care eligibility criteria through the establishment of an integrated service. A detailed equality impact assessment (EQIA) has been undertaken to ensure involvement of people with learning disabilities, their carers, staff and other stakeholders in the integrated service development as well as provide assurances that there are no negative consequences resulting from developing the integrated service. The EQIA provided assurance that the impact of the change will be positive with better access to health and social care.

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

### **Finance**

- 6.1 The two year S75 Agreement between the Council and PCT confers on the Council the lead commissioning responsibility and sets out the overall pooled fund including the contributions of both partners over the term of the Agreement and conditions for the management, mitigation and reporting of risks to the budget. The Pooled Budget is managed by the Head of Service for Learning Disability and is in respect to salary and non-salary costs in relation to the Council's learning disability social work, review and transition teams as well as the learning disability health teams provided by CLCH and BEHMHT. The Pooled Budget sets out charges in relation to the Council's corporate services including IT, premises, etc. Finance officers have undertaken assurance to ensure that there is sufficient funds in pursuant of the Section 75 agreement for the commissioning of the integrated learning disability service and the contracts.
- 6.2 It is intended that from 1 November 2011, the Council will take on lead responsibility for commissioning the integrated learning disability service through the existing Providers, CLCH and BEHMHT. The annual contract value of the contracts with CLCH and BEHMHT are £1.158m and £0.557m respectively.

### **Procurement**

- 6.3 The PCT currently holds contracts with CLCH and BEHMHT to provide health functions to support delivery of the community learning disability service through their respective

health teams. The Section 75 Agreement sets out the Council's and PCT's obligations including contracting directly with CLCH and BEHMHT. The contract team of the PCT at the North Central London Cluster will be fully briefed of the Section 75 Agreement and the Service Contracts. The Contract will be for a 2-year term with possibility for a further 1-year extension. The value of the proposed contracts CLCH and BEHMHT over the term are £2.31m and £1.11m respectively. Under the Council's 'Contract Procurement Rules (CPR)', contracts of these values will require a tendering exercise to be carried out, or other approved route utilised, and the contracts are also subject to EU legislation. Therefore, with regard to the CPR, to appoint CLCH and BEHMHT direct without a tendering exercise (or utilising other approved route) a waiver of the CPR must be granted. The requirement of EU legislation is dealt with in paragraph 7, (Legal Issues).

- 6.4 The proposed contracts with CLCH and BEHMT are currently being negotiated, and each of the contracts will set out the obligations, functions and services of respective parties including conditions for payments, transfers, contract variation, performance and liabilities in respect of the delivery of the integrated learning disability service.
- 6.5 CLCH and BEHMHT are current providers of the health components of the service, an open procurement process is unlikely to result in any financial benefits and/or efficiencies as TUPE requirements will then apply. In addition, staff and professional groups providing health services are all subject to the nationally agreed 'Agenda for Change' salaries structure.

#### **Performance & Value for Money**

- 6.6 A performance and outcome framework has been developed for the integrated service including shared and specific health and social care information requirements. This would enable the partnership to gain a detailed understanding of the service performance including valuable information as to customer profiles and needs. The LDPMG will be responsible for agreeing, monitoring and reviewing specific performance and efficiency targets for the integrated service which will benefit the Council and PCT. In addition, the integrated service model will improve service quality by ensuring a 'joined up' multidisciplinary approach to safeguarding and protecting vulnerable people using the service.
- 6.7 The integrated service will deliver better value for money by reducing duplication through the development of multi-disciplinary assessment, care coordination and care planning processes, resulting in more holistic support and better outcomes for Service Users and their carers. It is also intended that the Head of Service for Learning Disability will undertake a review of the workforce of the integrated service in order to develop a plan to improve service efficiency and productivity.

#### **Staffing**

- 6.8 It is intended to restructure and develop multi-disciplinary teams that are more suitable for the integrated service within the first 12 months of operation. However, it is envisaged that, as far as possible, staff will continue to be employed by their respective organisations; i.e. social care staff will remain employed by the Council; health staff will remain employed by CLCH and BEHMHT respectively. Therefore, so far as the service contracts are concerned, on the basis that the organisations which currently provide the services continue to do so, the Transfer of Undertakings (Protection of Employment) Regulations 2006, will not apply.
- 6.9 The Council will enter into appropriate secondment agreements with CLCH and BEHMHT to ensure implementation of the integrated service provision and operational management of their staff by the Head of Service for Learning Disability. The Council

and CLCH and BEHMHT will ensure that staff who come under the agreement and their Trade Union representatives are fully briefed and consulted as appropriate.

- 6.10 The proposals include an integrated management structure for the new service including a Head of Service and team managers of the adult multi-disciplinary teams. The Service Contract sets out the responsibilities of the Head of Service in respect to the operational management of the service and staff. It also set out CLCH's and BEHMHT's obligations regarding staff recruitment, training, professional and/or clinical supervision, performance reviews etc as appropriate.

#### **IT**

- 6.11 The Council's Information Systems will be used to record, collate and report client data and service performance. The Service Contracts set out terms and conditions to ensure that seconded staff comply with the Council's policies and guidelines in respect to data management, information governance and IT systems environment. All staff in the integrated service will be issued with a tablet to ensure flexible mobile working in order to maximise service efficiency.

#### **Property**

- 6.12 From 1 August 2011, North London Business Park has become the office base for the integrated service. Client facing activities of the integrated service are based in the Vale Drive Health Centre. The Council and PCT have agreed relevant charges for accommodation, IT and other corporate services provided as part of the S75 Agreement and these will be reflected in the Service Contracts as appropriate.

### **7. LEGAL ISSUES**

- 7.1 Under Section 75 of the NHS Act 2006, health and social care organisations can make contributions to a common fund, to be spent on agreed projects or delivery of specific services or delegated functions. These arrangements are often referred to as 'section 75 agreements' or 'health act flexibilities. The proposed Service Contracts with CLCH and BEHMHT enables the implementation of the integrated community learning disability service as agreed between the Council and PCT pursuant to the section 75 Agreement.
- 7.2 The proposed Service Contracts with CLCH and BEHMHT are subject to EU legislation. The basic premise applying to the letting of contracts for works, supplies or services by contracting authorities is that the provisions of Directive 2004/18/EC, as implemented by the Public Contracts Regulations 2006 (as amended), should be adhered to. For the most part this set of rules (the "Procurement Rules") requires there to be fair and open competition across the European Community for government contracts.
- 7.3 The Procurement Rules as apply to services differentiate between Part A services and Part B services. Part A services are subject to the full tendering regime. Part B services have a comparatively relaxed regime applying to them, covering only matters such as ensuring that specifications for services are not discriminatory and that reporting and notifying obligations are met. The services which fall within Part B are various, but generally cover all Adult Social Care, which fall within category 25 in Part B, classified as Health and Social Services. In addition, the PCT currently holds contracts with CLCH and BEHMHT to provide health functions to support delivery of the community learning disability service through their respective health teams, and the Section 75 Agreement sets out the Council's and PCT's obligations including contracting directly with CLCH and BEHMHT.
- 7.5 During the 2-year of this Agreement, a Market assessment will be undertaken by the Council to determine the appropriate procurement route for the integrated learning

disability service for the next contractual period taking account of EU legislation and the Council's CPR.

## **8. CONSTITUTIONAL POWERS**

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

## **9. BACKGROUND INFORMATION**

- 9.1 Following a report to the Cabinet on 13 January 2011, authorisation was given for the Council to enter into a Section 75 Partnership Agreement with the Barnet PCT for the establishment of a pooled fund for an integrated community learning service in Barnet, which will be led and hosted by the Council. The report provided an in depth rationale for an integrated service. Principally, this included the need for a robust and effective health and social care community response to meet the expected increase in the number of people with complex and profound learning disabilities over the coming years.
- 9.2 The Learning Disability Service is composed of health and social work staff teams. Social work staff are employees of LBB. The health staff are employed by CLCH (consisting of Community Nurses, Physiotherapists and Speech and Language Therapists) and BEHMHT (consisting of medical staff including Psychologists and Psychiatrists).
- 9.3 The current service is made up of six health and social work teams based on professional groups. Staff in the community learning disability health and social work teams have been working together to create a good and responsive service but they use different systems and there are duplication and challenges working across organisational boundaries.
- 9.4 It is intended to set up an integrated management structure for the new service within the first year of formally agreeing the Section 75 Agreements and Service Contracts from 1 November 2011. The Section 75 Agreement and Service Contracts set out the key milestones for the implementation of the integrated service model. The Head of Service has been appointed; the Council and PCT have agreed funding for a project manager to work with the Head of Service for Learning Disability to develop robust project plans for all aspects of change management, service development and delivery. The LDPMG will be responsible for monitoring the progress of the development and implementation of the integrated service and realisation of the benefits of the Partnership Agreement as well as reporting on these to the Health and Wellbeing Board.

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

- 10.1 Draft Section 75 Partnership Agreement in respect of Lead Commissioning for Learning Disability Services
- 10.2 Draft Service Contracts for Integrated Learning Disability Service
- 10.3 Equality Impact Assessment- Integrated Learning Disability Service- December 2010

Legal – SS/PJ

Finance – JH/MC



**AGENDA ITEM: 15**

Page Nos. 109 - 114

<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	27 September 2011
<b>Subject</b>	<b>Leisure Contract Review</b>
<b>Report of</b>	Cabinet Member for Customer Access & Partnerships
<b>Summary</b>	To seek authority to negotiate terms, with the Contractor, Greenwich Leisure Limited, for termination of the current Leisure Management Contract

Officer Contributors	Matthew Gunyon – Leisure Contracts Manager Matt Waters – Project Manager Commercial Services
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

## **1 RECOMMENDATIONS**

- 1.1 That approval is granted to negotiate termination of the current leisure contract with Greenwich Leisure Limited (“GLL”), such negotiations being subject to final approval by this committee;**
- 1.2 That the, proposed, terms for termination of the contract be reported back to CRC for approval prior to final agreement, with GLL**

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 9 September 2002 (Decision 8) – agreed to award preferred Partner Status to Greenwich Leisure Ltd (GLL) to manage and operate the Council’s Leisure Facilities; and approval to negotiate and finalise the contract.
- 2.2 The Leader of the Council approved by means of delegated powers report on 31 December 2002 that the partnership with GLL should commence on 1 January 2003 and that the necessary financial and budgetary provisions be made.
- 2.3 Cabinet, 22 February 2011 (Decision 6), Council 1 March 2011 (Decision 9)- agreed budget reductions to the current leisure contract to facilitate a zero cost provision following contract review
- 2.4 Cabinet Resources Committee 28<sup>th</sup> July 2011 (Decision 5), Approval for the movement of £0.500m from Contingency to Environment & Operations for 2011/12 as a one off transfer to fund the Leisure budget pressure.

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

- 3.1 The Council’s Corporate Plan 2011 – 2013 sets out how the authority will respond to the challenges facing Barnet over coming years. The service has already committed to the withdrawal of subsidy from the leisure service. This proposed strategic review of leisure will make significant contributions to deliver *Better Services with Less Money*, and support delivery of other strategic objectives. It recognises that without review and reform, the long-term performance, value, and sustainability of the service would be compromised.
- 3.2 *A Successful London Suburb*: The review will identify models ensuring that the right facilities and services are in the right locations within the borough. It will also identify the most appropriate delivery method for the need in respective areas, making certain that facilities and services are run and managed by those who are best placed to do so. The review will identify opportunities for supporting the health agenda and helping to promote a more preventative, rather than a reactive, approach to dealing with health needs.
- 3.3 *Sharing Opportunities & Sharing Responsibilities*: The review will develop a new relationship with citizens through engagement with residents and will provide a better understanding of needs and how such needs can best be met. The engagement will mean that citizens are able to have greater involvement in shaping how leisure can be best delivered within the borough.

## **4 RISK MANAGEMENT ISSUE**

- 4.1 The planned reductions to the revenue budgets for 2011/12 and 2012/13 are not achievable due to the contract management fees payable to GLL. Negotiations are ongoing with GLL in order to reduce / understand this risk

- 4.2 Under the current contract the Council is responsible for any repair, refurbishment or replacement relating to roofs and structure for each of the seven facilities. There is no long term investment or refurbishment plan for the leisure facilities so all reactive repairs have to be funded from either the revenue budgets or through a Capital bid.
- 4.3 All risks relating to any termination will be fully investigated and reported back to CRC for final approval as noted in Recommendations 1.2. This will include, any risk of financial liability, on the part of the council; any potential impact on the general public and on the Council's reputation. There will be no termination or implementation prior to further approval..

## **5 EQUALITY AND DIVERSITY ISSUES**

- 5.1 The Equality Act 2010 came into force on 5 April 2011. Under the Act, the council and all other organisations exercising public functions on its behalf must have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
  - b) advance equality of opportunity between those with a protected characteristic and those without;
  - c) Promote good relations between those with a protected characteristic and those without. The relevant protected characteristics referred to in s149 are:
    - age;
    - disability;
    - gender reassignment;
    - pregnancy and maternity;
    - race;
    - religion or belief;
    - sex
    - Sexual orientation.

It also covers marriage and civil partnership with regard to eliminating discrimination

- 5.2 Comprehensive Equalities impact assessments will be carried out and revisited at each phase of the process and the results taken into account in arriving at a decision with respect to changes in the provision of leisure services within the borough.
- 5.3 The strategic review of leisure must incorporate a well-designed insight, consultation and engagement programme, to identify and understand the varied needs of the diverse communities and user groups within the Borough. Officers will ensure that consultation events and activities are established as required. In addition, the appropriate equality impact assessments will be completed and included in the decision-making process.
- 5.4 The effects of the proposals upon all groups, protected by equalities legislation, including the disabled and those from minority ethnic groups, will be evaluated and taken into account in arriving at any decisions about the provision of leisure services. It is essential that a comprehensive equalities impact assessment is completed with

respect to all options presented by the strategic review. The corporate plan 2010-2013 sets out a commitment that major policies, functions and activities should be assessed for their equalities risks.

- 5.5 The strategic review will also need to link in with the Joint Strategic Needs Assessment (JSNA) for health in the Borough. The JSNA identifies that there are differentials in health outcomes between various communities and that therefore any equalities review will also need to take these impacts into account.

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

### **6.1 Finance**

- 6.1.1 In 2003 the Council and GLL entered into a 15 year contract.
- 6.1.2 Capital and maintenance costs are frontloaded into the contract therefore the annual management fee was higher previously than it is now.
- 6.1.3 Under the current contract the Council is responsible for any repair, refurbishment or replacement relating to roofs and structure for each of the seven facilities; all other aspects of maintenance, management, activity programming, pricing and staffing are the responsibility of GLL. GLL have a Planned Preventative Maintenance (PPM) Schedule for each of the Leisure facilities in order to ensure they are maintained sufficiently as the contract requires. There is an allocation within the Best and Final Offer ("BAFO") – which was submitted by GLL - for the funding of the PPM Schedule. This is part of the contract and allows GLL to programme the purchase or upgrade of larger items such as Boilers, Air Conditioning etc.
- 6.1.4 The current savings plan for the Leisure revenue budgets is a reduction of £1.2m by £733k in 2011/12 and £467k 2012/13.

### **6.2 Property**

- 6.2.1 With an ageing stock of leisure facilities and no long term investment plan the cost of repairs to the Council could increase year on year.

### **6.3 Planning Issues**

- 6.3.1 There are no known planning implications presently identified.

## **7 LEGAL ISSUES**

- 7.1 As part of the proposed budget savings it was intended that the reduction could be delivered by GLL through a process of negotiations, which GLL were keen to explore.
- 7.2 An external legal firm, Bevan Brittan, carried out an analysis of the current contractual arrangements and the proposals for varying the contract. Having done so, Bevan Brittan, have advised that alteration of the contract, in the manner proposed, would, for the purposes of European procurement law, constitute a material change to the content and nature of the original opportunity such as to amount to a 'new' contract. Without a competition, in accordance with the European procurement rules, such a material change would carry a risk of challenge from tenderers who were unsuccessful when the contract was tendered, previously, as well as from others, currently in the market.

- 7.3 To enable the Council to maintain control with a prescriptive service specification for leisure services, and combine this with any new arrangement, the Council will need to conduct a European compliant public procurement exercise.
- 7.4 In order for the Council to conduct a public procurement exercise for a new leisure service it must first agree the terms of a termination in order to ensure the exercise is done so on a competitive basis.

## **8 CONSTITUTIONAL POWERS**

- 8.1 Constitution Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive - To agree externalisation contracts including any proposal to appoint external cash investment managers.

## **9 BACKGROUND INFORMATION**

- 9.1 The Council currently owns seven leisure centres and one athletics stadium within the borough; the sites currently managed by GLL on behalf of the Council include
- Hendon Leisure Centre
  - Barnet Burnt Oak Leisure Centre
  - Finchley Leisure Centre
  - Cophall Leisure Centre
  - Church Farm Swimming Pool
  - Compton Sports Centre
  - Queen Elizabeth Sports Centre
  - Barnet Cophall Stadium
- 9.2 Barnet Cophall Stadium is managed by GLL under separate arrangement.
- 9.3 A review is required to present options that will make a significant contribution to an overall savings target of £1.2m, whilst improving service provision and continuing to meet local needs.
- 9.4 As part of the proposed budget savings it was intended that the reduction could be delivered by GLL through a process of negotiations, which GLL were keen to explore. Legal and procurement advice clearly state that this is not a viable way forward.
- 9.5 The Council therefore needs to identify alternative opportunities (which could involve a new procurement process) and assess whether this could achieve better value for money than the current model for service provision.
- 9.6 In order to deliver the required budget savings the current arrangement for the management of the Council's assets is unsustainable. It is therefore vital that a strategic review is completed so that the Council can assess its priorities and that of its residents to ensure that changes to the way that leisure is provided in the borough are appropriate and evidence based. A report was presented to Cabinet in September, detailing the Leisure Service Review and seeking approval to continue. Below is a list of Key Milestones for this project;
- Leisure Service Review report to Cabinet – September 2011.
  - Public Consultation – October 2011 – February 2012.
  - Agree final terms of contract termination with GLL – February – March 2012
  - Review Consultation to complete an Options Appraisal with Equalities Impact Assessments – March 2012
  - Seek Approval for preferred option from CRC – May 2012

- Consultation on preferred option – September 2012
- Approval to initiate proposals – October 2012

9.7 The review will be wide ranging, evaluating the current service model, assessing the needs of users and a range of options to reduce expenditure, while modernising the service, meeting needs and improving performance. The review will also consider the wider impact of how a new leisure service could be linked to improving residents' general fitness, health and wellbeing. The review will involve work with a range of different partners, community groups and public service organisations to improve the quality of services offered

9.8 The review will be guided by a robust Media Plan that will be designed to keep Residents informed and involved in meeting the Aims, Objectives and Content of the review from the beginning to end. The review will cover the following key areas;

- Setting the Scene – setting out a clear message of what the Review is and providing Background Information, Aims and Objectives which will be used at every stage to ensure the review is open and honest with residents.
- Phase 1 Consultation – asking the question of what a modern Leisure service looks like.
- Review of Phase 1 Consultation – to develop a strategy and Options appraisal of next steps.
- Options Appraisal put to Cabinet for approval – to agree a preferred option and next steps.
- Phase 2 Consultation – to seek views on the preferred option and next steps.
- Review of Phase 2 Consultation – review feedback on the preferred option and next steps
- Closing report to Cabinet – to seek approval to launch the preferred option and next steps e.g. procurement, negotiation etc.

9.9 In the interim the Council has asked GLL to investigate how it might find efficiencies in the current contract in order to aid the Council in meeting its long term goal of a self sustainable Leisure Service. Such efficiencies may include changes to the opening hours, pricing, activity programming etc. Full details of these will be available for evaluation once they have been compiled by GLL. Any efficiencies that GLL propose will be assessed by an Equalities Impact Assessment.

9.10 The Compton and Queen Elizabeth Sports (QE) Centres are both attached to Schools and they have use of the facilities during school hours. Both of the schools have become or are in the process of becoming an Academy and the sports centres are to be included as part of their academies transfer; therefore the Council and GLL are in the process of varying the leisure contract to remove these sites from the GLL contract. The council and Compton School are working to agree a timeline for the transfer to take place

## **10 LIST OF BACKGROUND PAPERS**

10.1 None

Legal – SS

Finance – JH/MC

**AGENDA ITEM: 16**

Page Nos. 115 - 134

---

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Transforming Passenger Transport Services</b>
Report of	Cabinet Member for Customer Access and Partnerships
Summary	<p>This report outlines the recommendations for delivering Passenger Transport Service and seeks authority from the Committee to:</p> <ul style="list-style-type: none"> <li>(i) participate in the West London Alliance (WLA) Transport Efficiency Programme to deliver Passenger Transport Services in a shared services environment with 4 other London boroughs,</li> <li>(ii) approve the transformation of the Passenger Transport Service to achieve the identified savings through the management of the in-house operation in conjunction with the WLA Transport Bureau.</li> </ul>

---

Officer Contributors	Kate Kennally, Director, Adult Social Care and Health Tahir Mahmood, Project Manager, Commercial Services
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A – Passenger Transport Service delivery recommendations - background
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

---

Contact for further information: Tahir Mahmood, Project Manager, Commercial Directorate, 020 8359 7678, [tahir.mahmood@barnet.gov.uk](mailto:tahir.mahmood@barnet.gov.uk)

## **1. RECOMMENDATIONS**

- 1.1 That the committee approve the recommendation as set out in paragraph 6.7 to 6.9 to become full members of the West London Alliance (WLA) Transport Efficiency Programme to participate in the procurement of a framework contract led by London Borough of Brent to replace our current contract extended until February 2012.**
- 1.2 That the committee approve the recommendation as set out in paragraphs 6.7 to 6.9 to become full members of the West London Alliance (WLA) Transport Efficiency Programme, stage 1, to participate in the set up and operation of the Transport Bureau led by London Borough of Hounslow, to deliver passenger transport for vulnerable adults and children via the WLA Transport Bureau.**
- 1.3 That the Adult Social Care and Health Directorate through the West London Alliance Transport Project develop a 'Door to Door' Transport Policy for Vulnerable Adults which is subject to Public Consultation for implementation from 1<sup>st</sup> April 2012 as described in paragraph 9.8.**
- 1.4 To approve the transformation of the Passenger Transport Service as set out in paragraph 6.11 to achieve the identified savings through the management and transformation of the in-house operation until Stage 2 of the WLA Transport Efficiency Programme.**
- 1.5 That the committee approve the deployment of the £742,000 social care capital allocation for the purchase of London Emission Zone compliant vehicles by the Passenger Transport Service as detailed in paragraph 6.12.**

## **2. RELEVANT PREVIOUS DECISIONS**

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

---

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



- a relentless drive for efficiency)

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

- 2.4 Cabinet, 21 October 2009 (Decision item 8) – approved plans to implement the Future Shape programme.
- 2.5 Cabinet, 21 June 2010 (Decision item 5) considered the medium-term strategic context for the Council and likely very substantial financial challenges. Cabinet endorsed the Future Shape programme as the response to the challenges set out. The report also noted that the full implementation costs of Future Shape were not budgeted at that time and would need to be factored into future financial planning and in reviewing earmarked reserves.
- 2.6 The financial statements for 2009/10, agreed by the Audit Committee on 21 September 2010, established a Transformation Reserve to meet the costs of the Future Shape programme.
- 2.7 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.
- 2.8 Cabinet, 29 November 2010 (Decision item 9) – authorised the Commercial Director to commence the procurement process to identify a strategic partner for the delivery of the Passenger Transport Services and to extend the current SEN framework contract by 6 months to February 2012 to allow adequate time to procure the most suitable provider for a new service.
- 2.9 Business Management Overview & Scrutiny Sub-Committee, 16 December 2010 (Decision item 6), the report was discussed and Councillors were assured that they would see evidence of our work with other boroughs on passenger transport.

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

- 3.1 The three priority outcomes set out in the Corporate Plan are: –
- Better services with less money
  - Sharing opportunities, sharing responsibilities
  - A successful London suburb
- 3.2 The One Barnet programme has three overarching aims: –
- A new relationship with citizens
  - A one public sector approach
  - A relentless drive for efficiency

- 3.3 The overarching aim of the One Barnet Programme is to create a new citizen centred council through delivering a new relationship with citizens and, by improving their experience of the passenger transport service this will contribute to the council in achieving this aim.
- 3.4 The aim of this project is to deliver passenger transport services in collaboration with other member boroughs of the West London Alliance (Brent, Ealing, Harrow and Hounslow) by sharing out-of-borough routes, where possible, to procure a centralised framework contract and a centralised mobility assessment service. This would help reduce the overall cost of the transport provision whilst working in collaboration with other partners to deliver region-wide services and fits within the One Barnet objectives of “a relentless drive for efficiency”, “a one public sector approach” and “a new relationship with citizens”.

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

- 4.1 Risks associated with the delivery of the projects are managed and reported in accordance with corporate risk and project management processes and will also be reported through existing democratic processes.
- 4.2 In order to begin the process of achieving the WLA’s potential cost savings during the financial year 2011/2012, the approval to proceed with the implementation of the Transport Bureau is required prior to commencement of the Transport Bureau scheduled from November 2011.
- 4.3 By delaying the decision to proceed to the next stage of becoming full members of the West London Alliance Transport Project, the Council will not be able to participate in the region-wide SEN framework contract, planned to be in place by April 2012, which risks disruption to the transport service and potentially higher costs.
- 4.4 The WLA Transport Efficiency Programme board is managing the programme level risks associated with the delivery of the programme and the savings. The WLA Transport Efficiency Board is sponsored by the Chief Executive of London Borough of Ealing and chaired by the Director of Children’s Service at London Borough of Hounslow. The WLA have extended the contract with People Too, a specialist transport consultancy to ensure the continuation of support to the programme. Finance and procurement support is to be provided by officers from Brent to help deliver the procurement tasks and monitor the achievement of the savings.
- 4.5 Barnet have senior officer level representation on the WLA Transport Efficiency Programme board from the Commercial Directorate to ensure the management of the programme and the procurement of the framework contract is in accordance with Barnet’s policies, processes and procedures. The Barnet Council representative is the Assistant Director for Commercial Assurance.

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

- 5.1 It is recognised that such a transformation of this service is likely to have an impact upon staff and the service users. Under the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to *the need to*; (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. Therefore it will be necessary to assess the equalities impact of the project on the different groups of service users within the Borough, as outlined in the 2011-13 Corporate Plan. This will be carried out when the new framework contract and the transport providers are known so that impact of the change is considered during the transition process.
- 5.2 The Council's Equalities policy will be followed in the formation of the transport bureau and subsequent formation of a transport hub. The Council will also consider the equalities and diversity policies of other partner boroughs in the shared service delivery model. Any eventual contract or the service level agreement will include explicit requirements fully covering the Council's duties under equalities legislation.
- 5.3 Adult Social Care and Health are planning a full consultation on the door-to-door provision of the transport services in Autumn. The aim is to develop a comprehensive transport policy in conjunction with WLA boroughs, drawing upon good practice within the region. Based upon experience within neighbouring boroughs, the policy will seek to maximise independence and should deliver efficiencies with our current arrangements. Implementation of the policy will be subject to full Equality Impact Assessment.
- 5.4 With respect to impact on staff, as the number of staff affected by this change is less than 10 we have decided not to include an EIA due to breach of confidentiality on personal data, which could risk identification of staff. Management will be required to consider the equalities issues throughout this project.

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

- 6.1 The Spending Review has announced reductions in government support to local authorities of 26% over the next four years. The Council has now received its grant settlement and budget reductions of £53.4m were approved at Cabinet on 14 February 2011 in the Budget, Council Tax and Medium-term Financial Strategy 2011/12 – 2013/14 report.
- 6.2 For current One Barnet projects (Wave 1), estimates of savings have been made which are reflected in the Council's financial plans. These were

included within the Budget, Council Tax and Medium-term Financial Strategy (MTFS) report approved at Cabinet on 14 February 2011.

- 6.3 Included within the One Barnet wave 1 projects and the current MTFS are savings related to transport. The Council has identified to deliver revenue efficiencies of £609,000 in 2011/12 across passenger transport and concessionary travel, together with a further £82,000. These savings have already been achieved through the reshaping of the current passenger transport services resulting in the full year impact of £691,000 for 2012/13. The One Barnet Transport Project has identified two further saving opportunities over and above those set out in the current MTFS relating to cross Borough collaboration on transport through the WLA and further internal efficiencies.
- 6.4 It is anticipated that we can achieve further savings by participating in the West London Alliance and working with other member boroughs through the harmonisation of shared out-of-borough journeys, collaborative procurement of passenger transport through a framework contract and pooling of resources for concessionary travel assessment. As well as financial benefits there are non-financial benefits to be realised by developing region-wide passenger transport policies for adults and children and sharing best practice.
- 6.5 In February 2011, the West London Alliance Transport Efficiency Programme comprising of Barnet, Brent, Ealing, Harrow, Hounslow and Hillingdon, supported by People Too, a specialist consultancy in passenger transport transformation, produced a business case to deliver the following services in a shared services model for all participating boroughs.
- Passenger transport services: Special Education Needs, Adult Social Care, Looked after children (where available) and Ad hoc (where available)
  - Fleet Services
  - Concessionary Travel: Blue Badge, Taxicard and Freedom Passes
- 6.6 The WLA detailed business proposed a staged approach to deliver the shared serviced across participating boroughs. Stage 1 proposed the setting up of a Transport Bureau hosted by one of the participating boroughs and identified 24% savings across passenger transport, and 29% savings when combined with concessionary travel for Barnet. Stage 2 proposed setting up of a separate legal entity to deliver passenger transport services on behalf of the participating boroughs and other public sector partners following review of stage 1 and in agreement of the participating Boroughs. It is expected that the Transport Bureau would operate for at least two years before embarking on Stage 2, the Transport Hub. The WLA proposed savings for the Transport Bureau are set out in Appendix 1, Section 2.1.
- 6.7 It was considered prudent to carry out due a due diligence exercise on the savings proposed by the WLA due to the concerns raised by officers in Finance and Passenger Transport Service. The due diligence was carried by Edge Public Solutions, a specialist consultancy in the field of transport and

fleet management in the public sector. The Edge review concluded that the Council is likely to achieve about 75% of the proposed savings in the WLA Business case. It also noted that the WLA approach of increased buying power and collaboration is a sensible principle to follow and there are likely to be some additional benefits of being a longer term member of the alliance in terms of the outlined high level plans in the WLA business case to develop opportunities with other transport stakeholders across West London and further develop buying power and shared services. The One Barnet Transport project team considered the benefits of the WLA Detailed Business and the findings of the due diligence exercise and is therefore recommending a solution which will achieve the financial as well non-financial benefits whilst minimising the risk to the Council as outlined below.

Table 1 shows the level of savings and costs expected from the WLA Transport Efficiency Programme after the adjustments arising from the due diligence exercise.

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>WLA proposed savings</b>	<b>189</b>	<b>1,157</b>	<b>1,621</b>	<b>1,803</b>
Edge Recommended Adjustments	-32	-255	-461	-461
LBB adjustment (50% route shares)	-73	-147	-147	-147
Concessionary Travel correction	-9	-38	-38	-38
<b>WLA proposed savings (adjusted and validated by Edge and LBB)</b>	<b>75</b>	<b>717</b>	<b>975</b>	<b>1,157</b>
<b>Costs associated with WLA membership</b>				
One-off (IT Software & Support Costs)	-67	0	0	0
Ongoing Bureau (Mgr & IT Hardware)	-29	-93	-93	-93
LD Health reform grant		12	12	12
<b>Net WLA/Edge Combined Savings</b>	<b>-21</b>	<b>636</b>	<b>894</b>	<b>1,076</b>

Table 1

- 6.8 The first year's cost associated with WLA membership for 2011/12 has been budgeted in the One Barnet Transport Project budget. It is anticipated that this will be reduced through the award of Capital Ambition funding to the WLA for this programme. As a full participating member borough to the programme, Barnet costs would be reduced by an equal proportion of the grant from Capital Ambition. To date the programme has been awarded £232,000 with an invitation to bid for a further £105,000 from Capital Ambition. The exact contribution will be confirmed following confirmation that Barnet Council will be participating in the WLA Transport programme. Furthermore the Council through the Learning Disability and Health Reform grant from 2012/13 funding can utilise for mobility assessments which will fund part of the ongoing costs related to the WLA Transport Bureau.

- 6.9 The WLA Transport Bureau will be hosted by Hounslow and will report to the WLA Transport Efficiency Programme Board. The day-to-management will be the Bureau Manager (to be recruited by the host borough) and will be staffed by secondments from participating boroughs. Barnet is expected to second up to three staff to the Transport Bureau in two stages. It is likely at this stage that only one member of staff will be seconded in November 2011. Three other staff will be affected by their roles changing. The legal advice has recommended that the staff movements be on a secondment basis initially; this is based on the current arrangements, i.e. there is no one leading borough and the management board is comprised of all the boroughs. The WLA is working towards a common secondment agreement to be put in place for all staff. It is, however, expected that the staff will be TUPE transferred to the WLA Transport Hub managed by one of the participating London Boroughs when that is formed in stage 2 of the project following a review of stage 1 in the latter part of 2013.
- 6.10 It is expected that the Council will continue the provision of the remaining in-house Adult Social Care and Health and Children Services (SEN) passenger transport in the short term, including 33 minibuses, 40 drivers, and 150 passenger escorts (includes agency and temporary staff) with gradual reduction in escort staff through natural wastage in readiness for transfer to the WLA Transport Hub during stage two of the WLA Transport Efficiency Programme.
- 6.11 However, the One Barnet Transport Project team recognised the need for delivering better and efficient internal Passenger Transport Service and accepted the some of the recommendation to centralise all transport matters within an Integrated Transport Unit (including centralisation of ad-hoc and LATC transport requirements). There is a potential to make further savings as set out in table 2 below:

<b>Proposed Internal Passenger Transport Savings</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Total proposed savings</b>	<b>0</b>	<b>601</b>	<b>604</b>	<b>604</b>

Table 2

- 6.12 The recommendation 1.5 of this report will enable the Council to deploy the £742,000 social care capital allocation for the purchase of London Emission Zone compliant vehicles used for Adult Social Care to enable the replacement of these non-compliant minibuses. An options appraisal was carried out as detailed in appendix A which considered both revenue and capital options. The leasing option which was not identified as the preferred option would commit the Council to long term contracts which may not reflect the required future services. Adult Social Care expect to reduce the transport offer substantially within the period that the lease would cover through the implementation of a door to door transport policy and a greater emphasis on travel training. The capital grant will be used to purchase up to 12 vehicles with 5 vehicles to cover current transport needs being available through spot hire, enabling the Council to have the flexibility to reduce provision if required.

- 6.13 The recommendations 1.1 and 1.2 of this report will enable the Council to participate in the WLA Transport Efficiency Programme to deliver an efficient and effective passenger transport service with like-minded partners and has the potential to deliver £1.076m by 2014/15 as detailed in table 3 below. There are also potential internal savings of £604,000 as set out in paragraph 6.11, the total position being as follows:

<b>Total savings</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Potential savings identified through the WLA	-21	636	894	1,076
<b>Internal savings</b>	<b>0</b>	<b>601</b>	<b>604</b>	<b>604</b>
Total	-21	1,237	1,498	1,680

Table 3

- 6.14 It must be noted that the savings shown in table 3 are potential future savings and are outside of the current MTFS. There are some risks attached to the achievement of these savings - for example, the savings resulting from out-of-borough route sharing as part of the WLA project are dependent upon the exact routes and a full risk assessment of the passengers, drivers and escorts sharing vehicles. Further these savings are subject to the Council participating in the procurement of the framework contract from October 2011 and the Transport Bureau from Nov 2011. It is proposed that the planned and actual savings arising from the WLA and internal transformation work are reported to the Financial and Business Planning Group to enable these to be factored into the development of the subsequent MTFS of the Council.
- 6.15 The recommendation 1.4 will enable the fleet to become more flexible through a gradual migration from large vehicles to smaller and more varied fleet capable of handling dual utilisation (home to school and use during the day) and self-drive options for social care staff. As well delivering the financial benefits outlined in this report, the internal transformation will ensure that there are clear service level agreements in place with service directorates to respond to current and future needs and a clear partnership strategy is developed with local community transport providers and the WLA to ensure that local fleet use is maximised.

## **7. LEGAL ISSUES**

- 7.1 Procurement processes must comply with the Corporate Contract Procedure Rules and the European procurement legislation and the Treaty obligations of transparency, equality of treatment and non discrimination. In order to participate in the WLA framework contract procurement, consideration will need to be given to paragraph 6.9 of the Contract Procedure Rules which deals with the procurement of new framework contracts, this states that the Commercial Director must be 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 on the use of such agreements.

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

(i) the term of the arrangement shall be or is for a period of no longer than four years duration;

(ii) the terms and conditions of the arrangement do not compromise the Council's contractual requirements;

(iii) the parties to the arrangement are recognised public bodies or providers from the private sector;

(iv) 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.

(v) Preference should be given to use of any Government Procurement schemes e.g. OGC.

7.2 In the event that staff are transferred to another organisation, the council must comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") with respect to the transfer of staff. Where they apply, the Regulations impose information and consultation obligations upon the Council and the external organisation and operate to transfer the contracts of employment, of staff employed immediately before a transfer, to the new organisation at the point of transfer of the services.

## **8. CONSTITUTIONAL POWERS**

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

## **9 BACKGROUND INFORMATION**

9.1 In November 2010, Cabinet approved a paper that proposed significant savings from in house efficiencies and proposed to initiate a procurement process to identify a strategic partner for the delivery of passenger transport services.

9.2 The paper also stated that although savings were anticipated from the procurement, the key driver for externalisation was not just financial savings but also commissioning a new service that allowed our partners to join throughout the life of the contract. The paper proposed procuring a robust



enough service to manage the changing numbers of adults and children eligible for transport and providing a more joined up service, where the focus would be across all methods of passenger transport enabling the most appropriate solution for every eligible individual.

- 9.3 At the Business Management Overview & Scrutiny meeting in December 2010, the Councillors requested more evidence of working with other boroughs on passenger transport. In January 2011 Council Directors Group approved the proposal to join the West London Alliance (WLA) and to participate in the detail business case for delivering region-wide passenger transport services via the WLA Transport Efficiency programme comprising Barnet, Brent, Harrow, Hillingdon, Ealing and Hounslow funded by Capital Ambition.
- 9.4 The WLA Detailed Business case identified 29% savings to be achieved for Barnet through the shared services model for passenger transport, fleet services and concessionary travel which was significantly above the 10% savings assumed for this One Barnet project. However there was some concern about the robustness and reliability of the savings being proposed as part of the WLA model and therefore it was considered prudent to carry out some due diligence on the WLA proposal.
- 9.5 Edge Public Solutions, a specialist consultancy in passenger transport, were commissioned to carry out a holistic review of the passenger transport provision in the borough, analyse and assess the robustness of the savings being proposed by the WLA in relation to the accuracy of the baseline start point, the assumptions made and the impact of the initiatives on the service levels provided by the current operation. Edge delivered their report and recommendation which were considered by the project board. Directors have considered the summary of the recommendation from the transport project board to challenge and validate the recommendations and have agreed with its findings.
- 9.6 The rationale for the recommendation was that it had to meet all the savings estimated for the One Barnet Transport project as well as providing a commissioning framework for a service that allows our partners to join it throughout the life of the provision. Additionally, it should deliver a service robust enough to manage the changing numbers of adults and children eligible for transport and provide a more joined up service as agreed in the 29<sup>th</sup> November 2011 Cabinet report.
- 9.7 Edge's recommendations for delivering some of the service via the WLA were accepted as they met all of the criteria. However, their recommendation to work independently to procure a separate framework contract and to continue to deliver the service on our own was rejected in favour of the WLA proposal for the following reasons.
- Procuring a separate contract by January 2012 presented a significant challenge to meet the deadline and would risk the continuation of the transport service.
  - It would limit the opportunities to work collaboratively with other like-

- 9.8 It will be necessary for the Council to have in place a clear door-to-door and eligibility policy for passenger transport and concessionary travel for Adults with mobility needs related to disability or age. Under this Policy, eligibility will be determined by assessment of a service user's access to existing transport and an assessment of their mobility and ability to travel independently. The Door-To-Door policy will include eligibility criteria for access to Council funded transport, including assisted transport options such as Taxicard, Blue Badges, and Disabled Persons Freedom Pass. It is expected that the public consultation will commence in the Autumn, and will last 12 weeks.

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

- 10.1 WLA Final Report Detailed Business Case - Feb 2011 Final version
- 10.2 LBB Transport Report by EDGE July 2011 v2

Legal: PBD

Finance: JH/MGC

## **APPENDIX A - Passenger Transport Service delivery recommendations – background**

This appendix details the various approaches to delivering the Passenger Transport Services for the Council; from the original proposal to outsource the service through to delivering the service via the West London Alliance and provides the financial and non-financial benefits of each approach as background information to the recommendation in the report to members.

### **1. The One Barnet original proposal**

The report to Cabinet on 29<sup>th</sup> November 2010 recommended the procurement of a strategic partner to deliver end-to-end passenger transport services by January 2012. Key strategic benefits from this approach were:

- The provision of all of Barnet Council's transport streams via a single provider
- A more comprehensive transport policy that would facilitate for a streamlined and a more equitable mechanism for clients to be assessed for their transport needs.
- A better, coherent service for clients thus improving the reputation of the Council for being able to deliver the service to a high standard.
- Improved links with our public sector partners by creating a service fit for future with the changing financial pressures and client make up that allows for our partners to join the Council in a wider service for mutual benefit of the public sector bodies and their clients.

The One Barnet framework assumed that a new strategic partner would deliver an annual saving of 10% on current operating costs from the 1<sup>st</sup> April 2012, with investment being made by the Council in 2011/12 to resource a competitive dialogue procurement process of £155,000. It was further recognised that Adult Social Care needed to have in place clear door to door transport policy in order to ensure that resources are targeted to best effect and to mitigate against any cost pressures from pan London schemes such as Taxi Card and Freedom Passes.

This 10% assumption was seen as being conservative based on benchmarking data with an average of 18% savings against children and adult door to door transport being cited by a leading consultancy in passenger transport (based on work done in 14 local authorities). Further, in January 2011, the project team learned about the work of the West London Alliance Transport Efficiency Programme (Brent, Harrow, Hillingdon, Ealing and Hounslow) which was aiming to deliver a region-wide shared services passenger transport solution with increased savings.

### **2. WLA Transport Efficiency Programme**

The West London Alliance, supported by People Too, a specialist consultancy in passenger transport transformation, had embarked upon a transport efficiency programme to cover door to door transport for vulnerable groups and had produced an outline business case in October 2010 for the participating boroughs (Brent,

Ealing, Harrow, Hounslow and Hillingdon) and estimated a saving of 17% for each borough via a shared services model.

Following approval from the Corporate Directors Group, Barnet participated in the detailed business case stage. The business case was delivered in Feb 2011 indicating:

- 24% savings across passenger transport, and
- 29% savings when combined with concessionary travel

The first stage of the WLA Transport Efficiency Programme led by People Too is to set up a transport bureau, a shared services model hosted and managed by one lead borough to deliver services for all the participating boroughs. The aim of the Transport Bureau is to deliver immediate savings by sharing passenger transport routes for out of borough journeys and to drive cost of the private hire framework through collaborative procurement. Specifically, it proposes:

- collaborative scheduling of out of borough journeys for Special Education Needs (SEN), Adult Social Care and Health (ASC&H), looked after children (LAC) (where available) and ad-hoc (where available) from Sept 2011,
- collaborative procurement of private hire frame work to reduce costs by April 2012,
- scheduling of all passenger transport journeys from April 2012,
- development of the eligibility policy for adults and children's passenger transport requirements including Blue Badge, Taxi card and Freedom Passes, with the capability for centralised eligibility assessments through the Bureau by April 2012.

It is expected that the transport bureau will be in operation from November 2011 and will run for approximately two years before the next stage, the transport hub – a separate legal organisation that will manage the transport services on behalf of the participating boroughs. It is recommended that it would be prudent to carry out full investment appraisal to identify financial and non-financial benefits of participating in the transport hub for Barnet and following successful review of stage one of the transport bureau.

## **2.1 Financial benefits**

The scope of transport services for the purposes of the detailed business case included:

- Passenger transport services: Special Education Needs, Adult Social Care, Looked after children (where available) and Ad hoc (where available)
- Fleet Services
- Concessionary Travel: Blue Badge, Taxicard and Freedom Passes.

The table below provides the analysis (Passenger Transport and Fleet Services) of savings by participating Borough, split into what can be achieved by Boroughs individually through adoption of best practice and then through collaborative working.

		Ealing	Hounslow	Harrow	Hillingdon	Brent	Barnet	Total	Average
<b>Total Budget</b>	<b>£'000</b>	<b>5,293</b>	<b>4,217</b>	<b>6,703</b>	<b>6,133</b>	<b>5,152</b>	<b>6,214</b>	<b>33,712</b>	<b>5,619</b>
Savings - Individual	£'000	871	502	685	647	77	823	3,604	<b>705</b>
<b>Savings - Individual</b>	<b>%</b>	<b>16%</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>1%</b>	<b>13%</b>		
Savings - Collaborative	£'000	725	548	607	834	757	664	4,136	<b>689</b>
<b>Savings - Collaborative</b>	<b>%</b>	<b>14%</b>	<b>13%</b>	<b>9%</b>	<b>14%</b>	<b>15%</b>	<b>11%</b>		
Savings - Total	£'000	1,596	1,050	1,292	1,481	834	1,486	7,740	<b>1,290</b>
<b>Savings - Total</b>	<b>%</b>	<b>30%</b>	<b>25%</b>	<b>19%</b>	<b>24%</b>	<b>16%</b>	<b>24%</b>		<b>23%</b>
Cost per Child - current	£'000	6,600	5,107	8,077	7,034	5,186	6,911	38,915	<b>6,486</b>
<b>Cost per Child - after savings</b>	<b>£'000</b>	<b>4,623</b>	<b>4,043</b>	<b>6,979</b>	<b>5,335</b>	<b>4,347</b>	<b>5,258</b>	30,586	<b>5,098</b>
Cost per Adult - current	£'000	2,468	2,612	3,172	3,484	3,295	3,984	19,015	<b>3,803</b>
<b>Cost per Adult - after savings</b>	<b>£'000</b>	<b>1,729</b>	<b>1,872</b>	<b>2,741</b>	<b>2,643</b>	<b>2,762</b>	<b>3,030</b>	14,778	<b>2,956</b>
<b>Note:</b>	<b>Cost per child and adult after savings includes after individual and collaborative savings Average column on individual savings excludes Brent as distorts average number Barnet figures incorporate budget reductions proposed for future savings plans</b>								

The key points arising out of the savings analysis are:

- Total savings of £7.74m (22.9%) across the six Boroughs split £3.6m (10.6%) from individual improvements through adoption of best practice and £4.14m (12.3%) from collaborative working
- Potential reductions in average cost per child per annum from £6,486 to £5,098 and average cost per adult per annum from £3,803 to £2,956
- Total savings by Borough varies from £834k to £1,596k per annum. No Borough would achieve less than 16% total savings.

The table below details the savings opportunities identified across Concessionary Travel (Assisted Travel) activities for participating Boroughs.

	Brent	Ealing	Hounslow	Harrow	Barnet	Hillingdon	Total
	£	£	£	£	£	£	£
Disabled Person's Freedom Pass			23,000	22,672	24,064		69,736
Discretionary Disabled Freedom Pass				150,000			150,000
Charging for Replacement Lost Freedom Passes	10,832	10,832	10,832	10,832	10,832	10,832	64,992
DH Blue Badge Funding	20,832	20,832	2,0832	20,832	20,832	20,832	124,992

Blue Badge Parking Revenue			116,000	91,000	147,000		354,000
Taxicard – Reduced Funding Gap to 2014/15	NYK	NYK	NYK	NYK	NYK	NYK	NYK
Taxicard – Discontinuation of GP Endorsement			38,380	38,380	38,380	38,380	153,520
Staff Reductions (FTE)	60,000	90,000	30,000	75,000	75,000	60,000	390,000
Total	9,1664	12,664	239,044	408,716	316,108	130,044	1,307,240

The key benefits of the WLA Regional Concessionary Travel Unit are:

- economies of scale achieved through adoption of a Regional Bureau model
- Multi-service assessment in lieu of single scheme by scheme assessments, with a single multi-service application form
- Seconded staffing
- Joint commissioning
- Single contact centre functionality (however it should be noted for Barnet, that initial customer contact will be managed through Barnet Customer Services).

A summary view of all the savings proposed for Barnet in the WLA detail business is shown below.

<b>WLA SAVINGS</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>WLA Business case savings</b>				
Out of Borough Shared Journeys	147	294	294	294
Contracted Hire Procurement @ 5% (collaborative)	0	0	44	177
Contracted Hire Procurement @ 15% (individually)	0	398	530	530
Collaborative fleet and spot hire	0	56	111	111
Individually fleet and spot hire	0	111	223	223
Staff Reductions	0	15	30	30
Reduction in spend on agency	0	13	52	52
Alternative travel	0	52	70	70
Mobility Assessment savings	42	218	267	316
<b>WLA NET Savings</b>	<b>189</b>	<b>1,157</b>	<b>1,621</b>	<b>1,803</b>

However, these figures were seen as being optimistic by some boroughs. The WLA accepted that that individual boroughs need to determine their own level of confidence that they place on these figures in terms of setting budgets and agreeing savings profiles over the coming years.

### 3. EDGE Public Solutions Review

The Council determined that it was necessary to conduct a due diligence exercise of the WLA business case high level savings targets. This was carried out by Edge Public Solutions and would also inform the Adult and Children's Commissioners on the commissioning opportunities for the medium term to improve transport and reduce costs. In addition, the Council needed to make a number of key decisions to mitigate imminent challenges. which included decisions relating to renewing or extending expiring contracts with external transport providers, how to replace vehicles soon to be non LEZ compliant, how the soon to be formed Learning Disability Trading Company should be allowed to commission transport and overall determining which aspects of the WLA proposal that LBB should firmly commit to.

#### 3.1 Key observations & recommendations by Edge

The One Barnet Transport Project Board considered the recommendations from the Edge report for delivering the in house passenger transport service as well as the assessment of the viability of the WLA business case in respect of proposed efficiencies, service impact, risks and advantages to the Council. The Project Board concluded that:

- The Edge assessment of the WLA business case was acceptable for Barnet which concluded that the likely level of savings will fall short of the target by 25% which equates to £461,000 per annum in 2014/15. Further, the team concluded that the WLA will deliver £1.096m savings by 2014/15 after all the WLA costs were taken into account.
- LBB has the opportunity to deliver approximately £1.61m per annum of efficiencies by 2014/15 by acting largely independently of the WLA and focusing on its own transport transformation including a wider scope of initiatives whilst selectively joining the WLA for work to deliver shared 'out of borough' routes and a centralised assessment service for Concessionary Travel. However, there were risks associated with this approach which could not be mitigated against.
- The WLA approach offered some significant benefits in providing overall programme management of the transformation with resources secured through external funding and the economies of scale of participating boroughs. WLA also offered a vehicle for the possible future benefits of collaboration with wider public sector transport organisations as confirmed by Edge report.
- The main differentiating factor in the Edge's proposal was by taking a largely independent approach the Council would enjoy some important benefits such as retaining sovereignty, retaining control of key decision making, retaining the option to maintain current standards of service and retaining a small number of jobs in the local area. The larger saving was also based on being able to deliver significant efficiencies more quickly as it will not be constrained by delivering at the speed of the slowest and there will be less complexity in the delivery of the overall plan. However, the team felt that retaining sovereignty and control should not be prioritised over delivering an effective and efficient service. Further, senior procurement officers considered that the timescales were not achievable and that this financial saving opportunity was overstated.
- Edge identified that the Council has an additional opportunity to work more closely with Northern London boroughs to share routes in the same way as the WLA opportunity. However the Project Board noted that there are no clear plans

### 3.2 Financial benefits

The Council and Edge Public Solutions concluded that a combination of an independent approach together with selectively joining up with two key WLA initiatives will allow LBB to secure savings of £1.157m in 2014/15 as detailed below.

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>WLA proposed savings</b>	<b>189</b>	<b>1,157</b>	<b>1,621</b>	<b>1,803</b>
Edge Recommended Adjustments	-32	-255	-461	-461
LBB adjustment (50% route shares)	-73	-147	-147	-147
Concessionary Travel correction	-9	-38	-38	-38
<b>WLA proposed savings (adjusted and validated by Edge and LBB)</b>	<b>75</b>	<b>717</b>	<b>975</b>	<b>1,157</b>

### 3.4 Key risks

The Edge's approaches proposed slightly increases savings but exposed the Council to some key risks which the officers felt cannot be mitigated against. Specifically, if the officers felt that procuring a new framework contract for private hire by January 2012 was a challenge and if not procured by that date the Council would be at risk of not having a contract in place to deliver passenger transport services. Further, the recommendation to work independently of partners and retaining and enhancing the current transport service risked not being able to deliver to the One Barnet principles.

## 4. Medium Term Financial Strategy and Internal efficiencies

### 4.1 Financial Planning Assumptions

The Medium Term Financial Strategy includes a range of savings for transport some of which are linked to the savings as set out in the One Barnet Framework with other initiatives reflecting service directorate plans. This section outlines the various plans to achieve the MTFs savings (£609k for 2011/12 and £82k for 2012/13) linked to One Barnet and transport savings related to door to door transport for children and adults. The MTFs includes savings in respect of Transport Service as follows:



<b>MTFS - All Transport-Related Savings</b>		<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
<b>One Barnet</b>			
Adults	To rationalise the transport costs across adults day care transport with Children's Special Needs Transport by merging routes and/or reconfiguring opening times of Day Centres.	60	27
Children's	Transport for pupils with Special Educational Need	300	27
E&O	Change of transport routes and remodelling of routes for Children's and Adults	28	0
<b>Other Savings</b>			
Adults	To merge Adults Day Care Transport with Children's Special Needs Transport by merging routes and/or reconfiguring opening times of Day Centres.	104	28
Adults	Reduction in the cost of administering Freedom Pass renewals	32	0
Adults	Greater use of public transport and concessionary travel arrangements to support a reduction in the funding of individual transport packages of care.	50	0
E&O	Transport - Model 2 renegotiating service to rationalise provision	35	0
<b>Total Savings</b>		<b>609</b>	<b>82</b>

### **Capitalisation benefits for non-compliant vehicles**

A financial evaluation has been carried out on the relative merits of the Council purchasing 17 vehicles compared to the costs of leasing. The assumptions within the comparison are:

- The leasing cost of each vehicle is £12,861 per annum over 5 years
- The purchase cost of each vehicle is £58,945.
- The comparison is based over a 5 year period
- 17 vehicles are to be procured
- The residual cost for each vehicle is £5,895 after 5 years.
- There are no maintenance costs included in the figures above. However there is an assumption that purchasing rather than leasing will result in lower maintenance costs for the first 2 years because of warranties.
- There is a possibility of utilising a capital grant of £742k towards the capital cost if the purchase route was followed.

The leasing cost over 5 years for 17 vehicles is £1,093,154, or £64,303 per vehicle. This equates to £218,631 per annum. To purchase the vehicles without using the capital grant referred to above, would costs £1,002,065 or £58,945 per vehicle. With interest this equates to £231,613 per annum. After allowing for residual costs the cost per vehicle is £53,050, and the total annual cost reduces to £211,572. This is an annual saving of £7,089 over the leasing option (even though the benefit of disposal will not be realised until after year 5).

If the capital grant of £742k was utilised however the costs of purchase decrease from £211,572 per annum to £188,421 per annum.

It can be seen therefore that the comparative cost per annum of leasing the vehicles, purchasing without using a capital grant and purchasing by using the grant is £218,631, £211,572, £188,421 respectively. These costs compare with the current charge for the service of £113,000.

The use of the Capital Grant would be additional funding to Adults, the current budget of £113k would be available to fund the additional cost over and above the Capital Grant which would cost £298k over 5 years at an annual cost to the Council of £60k p.a.

**AGENDA ITEM: 17**

Page Nos. 135 – 151

---

Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>Treasury Management Outturn for quarter ended 30 June 2011</b>
Report of	Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity for quarter ended 30 June 2011.

---

Officer Contributors	John Hooton - Assistant Director of Strategic Finance Nirpal Bharaj – Interim Head of Treasury and Pensions Iain Millar – Head of Treasury and Pensions
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Money Market and PWLB Rates Appendix B – Deposits as at 30 June 2011 with Credit Ratings Appendix C – Compliance with Prudential Indicators Appendix D – List of School Banking Institutions Appendix E – Barnet Credit Profile
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Iain Millar, Head of Treasury and Pensions, 020 8359 7126.

## **1. RECOMMENDATIONS**

- 1.1 That the Treasury Management activity and position for first quarter ended June 2011 be noted.**
- 1.2 That the Committee consider any areas on which it would like to receive further information.**
- 1.3 That the Committee notes the Council's response to recent market uncertainty which is set out in sections 9.1.4 and 9.9.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The Leader of the Council and Cabinet Member for Resources approved under delegated powers (DPR 712) on 5 December 2008 the Treasury Management Strategy 2008/09 – Deposit Counterparty Limits.
- 2.2 Cabinet Resources Committee, 16 March 2010 (Decision item 9) – Treasury Management Strategy 2010/11.
- 2.3 Special Committee (Constitution Review), 25 March 2010 (Decision item 8) – Amending the Council's Financial Regulations.
- 2.4 Cabinet Resources Committee, 30 November 2010 (Decision item 6) Amending the Treasury Management Strategy 2010/11.
- 2.5 Council, 1 March 2011 (Decision item 10 – Treasury Management Strategy 2011/12.
- 2.6 Cabinet Resources Committee 29 June 2011 (Decision item 6) - Treasury Management Outturn for the year ended 31 March 2011

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

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council's corporate priority for 2010-2013, 'Better services with less money', through the strategic objective "manage resources and assets effectively and sustainably across the public sector in Barnet". The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Borrowing and deposit rates are determined by the market and can be volatile at times. Officers mitigate this volatility by monitoring the interest rate market in conjunction with treasury advisors and brokers, and by actively managing the debt and deposit portfolios.

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

- 5.1 The management of the Council's cash flow ensures the availability of adequate monies to pay for the delivery of the authority's public duties.

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

- 6.1.1 The purpose of the treasury function is to maximise the Council's budget for investment return and minimise interest costs in accordance with the risk strategy set out in the TMS.
- 6.1.2 The total value of long term loans as at 31 March 2011 was £202.50m and for the quarter ended 30 June 2011 was £201.50m. The average cost of borrowing for quarter ending 30 June 2011 was at 4.10%.
- 6.1.3 At 30 June 2011, deposits outstanding amounted to £170.65m (including £5.97m of Icelandic impairments), achieving an average rate of return of 0.475% (adjusted for Icelandic deposits) against a benchmark of 0.44%. A list of deposits outstanding and counterparty credit ratings as at quarter end 30 June 2011 is attached as Appendix B.
- 6.2 In response to market uncertainty the Council has restricted its investment criteria which may impact on investment performance later in the year. The wider financial implications for the Council are dealt with in section 9 of this report.

## **7. LEGAL ISSUES**

- 7.1 These are addressed in the body of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Financial Regulations (Part 1, Section 7) within the Council Constitution state:
- (1) This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that Code.
  - (2) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.
  - (3) The Chief Finance Officer will create and maintain suitable Treasury Management Practices (TMP's) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  - (4) The content of the policy statement and TMP's will predominantly follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the authority materially deviating from the Code's key recommendations.
  - (5) Cabinet Resources Committee will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the TMP's. These reports will incorporate the prudential borrowing limits and performance indicators.
- 8.2 Constitution - Responsibilities for Functions, Section 3.6 states that a function of the Cabinet Resources Committee is to "consider reports on Treasury Management Strategy and activity, including creating and maintaining a Treasury Management Policy Statement."

## **9. BACKGROUND INFORMATION**

### **9.1 Treasury Management Strategy**

- 9.1.1 The Council's amended Treasury Management Strategy 2010/11 was approved at Cabinet Resources Committee on 30 November 2010. The TMS 2010/11 reflects the Council Budget 2010-2011 Financial Forward Plan and Capital Programme. They set out the timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing.
- 9.1.2 The key changes introduced by the amended Treasury Management Strategy 2010/2011 were:
- (i) The extension of the maximum permissible duration of investments from 92 days to 364 days to bring the strategy in line with that of other local authorities and to enable a higher rate of return on investments.
  - (ii) The adoption of the Arlingclose (the Council's treasury advisors) counterparty list which includes the Debt Management Account Deposit Facility, T-Bills, UK local authorities, UK and non-UK banks and AAA-rated Money Market Funds.
- 9.1.3 The Treasury Management Strategy 2011/12 was approved by Council on the 1<sup>st</sup> of March 2011 and incorporated the key changes set out in 9.1.2. above.
- 9.1.4 The TMS is under constant review to reflect market conditions and the financing requirements of the Council. The Council's treasury advisers Arlingclose are not recommending we adjust or tighten the current strategy. However given current market uncertainty, in consultation with the treasury adviser, officers have followed a more cautious strategy for new investments by:
- i) Shortening the permitted duration of investments. (Arlingclose have recommended reducing maximum duration for new investments from 365 days to 6 months).
  - ii) Tightening counterparty criteria, restricting investment to UK, Canadian and Australian institutions.

Our treasury advisers Arlingclose are not recommending that the Council formally revises the current treasury management strategy, and this report therefore asks the Committee to note the cautious approach rather than approve a revision to the strategy.

### **9.2 Icelandic Bank Deposits**

- 9.2.1 Following the latest guidance issued by CIPFA in May 2011 (LAAP Bulletin Update 4), the following is now known:

#### Glitnir and Landisbanki

It has been reported that Local authorities with investments in Iceland's above mentioned banks have gained priority status as creditors. A ruling by Iceland's district court means that the deposits placed by UK wholesale depositors will now have priority in the winding up of the two banks mentioned above. If priority status is awarded, 94.85% recovery is expected.

9.2.2 However, the decision has now been appealed. The Council's external legal advisers on this matter, Bevan Brittan Solicitors, are of the view that the appeal will be heard in September 2011. An update will be provided to the Committee once the appeal has been heard.

9.2.3 The additional potential cost should priority **status** as creditors be challenged successfully, is estimated at £14.1m, and this could crystallise in accordance with events in the judicial process. The Council applied for a capitalisation direction in 2010/11 to provide additional flexibility in dealing with the potential additional cost, but this was declined by government. A key aim of Financial Strategy is therefore to set aside sufficient revenue funding in the risk reserve. Should this risk crystallise prior to sufficient funds being identified in the risk reserve, other reserves would need to be utilised and then replenished as a priority within the Financial Strategy.

### **9.3 Economic Background for quarter ended 30 June 2011**

9.3.1 Inflationary pressures continued to build as oil and other food commodities resumed their surge. Oil returned to record levels as tensions in the Middle East spilt over and OPEC (Organisation of Petroleum Exporting Countries) failed to agree supply levels at its June meeting. Consumer Price Inflation rose to 4.5%. The Bank of England's May Inflation Report downgraded the UK's economic growth forecast whilst raising the potential inflation near term shocks.

The focus of the Bank of England's Monetary Policy Committee was concentrated on the lacklustre outlook for economic growth. Although the economy grew by 0.5% in Q1 2011, over a six-month period to March, growth was flat. For households and the consumer there was little cheer : increases in wage growth were more than outstripped by inflation, mortgage approvals slumped in April to their lowest level since the data series began in 1993 and house prices remained in the doldrums. The concerns about growth were further triggered by a fall in the Purchasing Managers' Index (PMI) which showed that manufacturing activity fell to a 20 month low. Official interest rates were maintained at 0.5%. The International Monetary Fund stated that monetary policy was "appropriate" in its latest survey of the UK economy.

In Europe, rates were also maintained by the European Central Bank (ECB) at 1.25% but ECB President, Jean-Claude Trichet, re-emphasised the ECB's vigilance towards inflationary pressures signalling a further tightening at its July meeting.

Greece's funding woes became acute and the country's sovereign rating slid further down the non-investment scale. The second tranche of the IMF/EU bailout was conditional on passing – and delivering – on the badly-needed austerity plans and the sale of state assets. Portugal was downgraded to junk status by Moody's and the threat of contagion cast a shadow over the Eurozone and its financial institutions. Moody's also announced a review of over 14 UK institutions in June which the agency expected to take around 3 months to complete.

UK Government gilts were the beneficiary of the poor growth outlook and the turmoil in Europe. This was manifested in 5-year gilt yields falling to 1.84% and 10-year yields falling to 3.13% on 24th June, their lowest levels in 2011.

9.3.2 The TMS will be kept under review specifically in terms of market conditions, benchmarks and yield.

## 9.4 Debt Management

9.4.1 The total value of long term loans as at 31 March 2011 was £202.50m and for the quarter ended 30 June 2011 was £201.50m. The average cost of borrowing for quarter ending 30 June 2011 was at 4.10%.

9.4.2 Given the significant cuts to local government funding putting pressure on Council finances, the decision was taken to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant (just over 3%). The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments. This position will be reviewed following a full 2010/11 balance sheet review that will be undertaken by Arlingclose.

9.4.3 The Council's long term debt position at the beginning and end of quarter ended 30 June 2011 was as follows:

	30 June 2011		31 March 2011	
	Principal	Average Rate	Principal	Average Rate
PWLB	£139.00m	4.19%	£140.00m	4.19%
Market	£ 62.50m	3.91%	£ 62.50m	3.91%
Total Borrowing	£201.50m	4.10%	£202.50m	4.10%

9.4.4 The Council's long-term debt portfolio is a mixture of PWLB and market loans in the form of LOBOs (Lender's Option Borrower's Option), loans that are at a fixed interest rate for an initial period, following which the lender can change the interest rate but the borrower has the option to repay the loan if the rate is changed and not considered value for money.

9.4.5 In order to comply with accounting standards for financial instruments, some of the market loans in the debt portfolio have been recalculated on an effective interest rate basis as opposed to being calculated on an amortised cost basis. The total value of loans in question before re-measurement was £9.5m; and additional charge of £0.36m has now been added to the carrying value of these loans.

9.4.6 Money Market data and PWLB rates are attached at Appendix A.

9.4.7 PWLB Borrowing: Despite the issue of Circular 147 in October 2010, where new borrowing rates for fixed loans increased by approximately 0.87% across all maturities, the PWLB remains the preferred source of borrowing for the Council as it offers flexibility and control.

9.4.8 Alternative Sources: Whilst there are increasing claims that a competitive, comparable equivalent to PWLB is readily available, the Council will continue to adopt a cautious and considered approach to funding from the capital markets. The Council's treasury advisor is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off.



## **9.5 Investment Performance**

- 9.5.1 The CLG's revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield. Security of capital remained the Authority's main investment objective. This was maintained by following and complying with the counterparty policy as out in the Treasury Management Strategy 2010/11.
- 9.5.2 Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A+ across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. The credit score analysis is attached at Appendix E.
- 9.5.3 Deposits are managed internally. At 30 June 2011, deposits outstanding amounted to £170.65m (including £5.97m of Icelandic impairments), achieving an average rate of return of 0.475% (adjusted for Icelandic deposits) against a benchmark of 0.44%.
- 9.5.4 The benchmark is the average 7-day LIBID rate is provided by the authority's treasury advisors Arlingclose. The LIBID rate or London Interbank Bid Rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

## **9.6 Prudential Indicators**

- 9.6.1 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of its indebted status. This is a statutory limit which should not be breached. The Council's Authorised Limit (also known as the Affordable Borrowing Limit) was set and approved at £463.818 million.
- 9.6.2 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included with the Authorised Limit. The Council's Operational Boundary for 2011/2012 was set and approved at £448.818m.
- 9.6.3 During the quarter end to 30 June 2011 there were no breaches of the Authorised Limit and the Operational Boundary.
- 9.6.4 Further details of compliance with prudential indicators are contained in Appendix C.

## **9.7 Compliance**

- 9.7.1 The current 2011/2012 TMS was approved by Council on 1 March 2011. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.
- 9.7.2 As at quarter end 30 June 2011, the Council had deposits outstanding with a total value of £170.65m (£5.97m of which is Icelandic impairments) of which four Icelandic deposits totalling £27.4m fell outside the TMS as approved on 1 March 2011. A list of deposits outstanding and counterparty credit ratings as at quarter end 30 June 2011 is attached as Appendix B.

- 9.7.3 All Deposits placed during the quarter ended 30 June 2011 were compliant with the TMS as approved on 1 March 2011.
- 9.7.4 Treasury management procedures are monitored and reviewed in light of CIFPA guidance and current market conditions.
- 9.7.5 The Department of Education have recently changed their guidance on schools banking arrangements. The new guidance requires schools to bank with institutions that meet the requirements of approved counterparties as identified in the Treasury Management Strategy. Appendix D contains a list of schools that currently bank with institutions that fall outside the Treasury Management Strategy. Work is underway to transfer bank accounts to the approved list of banks and close bank accounts with those banks not on the approval list. Four schools were in discussion to transfer funds from Allied Irish Bank. Two of the schools have already transferred surplus funds from Allied Irish Bank and one is in the process of doing so soon. Bank accounts for two schools have also been opened with the Co-operative Bank.. Work is in progress to open and transfer accounts for the remaining two schools

## 9.8 Reform of Council Housing Finance

- 9.8.1 In the publication Implementing Self-Financing for Council Housing issued in February 2011 the CLG set out the rationale, methodology and financial parameters for the initiative. Subject to the Localism Bill receiving Royal Assent and a commencement order being passed, the proposed transfer date is Wednesday 28<sup>th</sup> March 2012 (in line with PWLB timetables on the payment/receipt of funds to clear by the 31<sup>st</sup> of March 2012).
- 9.8.2 The self-financing model provides an indicative sustainable level of opening housing debt. As the Council's debt level generated by the model is higher than the Subsidy Capital Financing Requirement (SCFR), the Council will be required to pay the CLG the difference between the two, which is approximately £118m. This will require the Council to fund this amount in the medium term through internal resources and/or external borrowing. The Council has the option of borrowing from the PWLB or the market.
- 9.8.3 The treasury management implications of HRA reform and an appropriate strategy to manage the process are being actively reviewed with the Council's Treasury Advisor and includes a thorough balance sheet analysis to ensure that the General Fund and the HRA SCFR's are accurate, including an estimate of the 2011/12 position upon which the significant reform settlement will be applied.

## 9.9 Outlook for Q2 2011

- 9.9.1 Financial markets are extremely nervous and are suffering from extreme changes in sentiment. The stresses are most extreme in Europe where the lack of real progress in resolving the sovereign indebtedness problem is affecting even the stronger Euroland countries
- 9.9.2 At the time of writing this activity report, the outlook for interest rates is as follows:

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14
Official Bank Rate													
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.00	3.00
Downside risk		-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

- 9.9.3 The higher inflation projection and the weaker outlook for growth, increases the dilemma for the Bank of England. Given the precarious outlook for growth, rates will rise if there is firm evidence the economy has survived the fiscal consolidation or there is sustained inflationary pressure over the coming months.
- 9.9.4 The war of nerves between the ECB, EU ministers, IMF and Greece will create volatility in the near term for the bond markets.
- 9.9.5 Consumer Price Index (CPI) has remained persistently high, currently at 4.40% (July). Despite the reduction in petrol prices, double digit gas and electricity price hikes could push inflation close to 5% in 2011. CPI is forecast to remain above the Bank of England's 2% target throughout 2012.
- 9.9.6 Retail sales are contracting. Consumer spending has not shown any growth over the year due to a fall in disposable income, weak house price growth and a lack of consumer confidence. Confidence Unemployment is close to 2.5 million and will increase as the public sector shrinks but the private sector employment grows at only a modest pace.

### **Summary**

In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during the first quarter of the financial year 2011/12. As indicated earlier in this report, none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

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

- 10.1 None.

Legal – SWS

Finance: –

## Appendix A

**Table 1: Bank Rate, Money Market Rates**

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2011	0.50	0.40	0.54	0.54	0.69	1.12	1.59	1.89	2.36	3.00
30/04/2011	0.50	0.50	0.40	0.49	0.69	1.05	1.52	1.62	2.07	2.74
31/05/2011	0.50	0.40	0.40	0.52	0.69	1.08	1.56	1.53	1.89	2.54
30/06/2011	0.50	0.50	0.40	0.50	0.77	1.06	1.54	1.44	1.82	2.50
Minimum	0.50	0.40	0.35	0.49	0.68	1.01	1.40	1.35	1.65	2.29
Average	0.50	0.41	0.44	0.52	0.72	1.08	1.55	1.55	1.97	2.63
Maximum	0.50	0.52	0.55	0.54	0.80	1.12	1.59	1.95	2.42	3.07
Spread		0.12	0.20	0.05	0.12	0.11	0.19	0.60	0.77	0.78

Following the announcement in the CSR on 20<sup>th</sup> October 2010 and from instruction by HM Treasury, the PWLB has increased the interest rate on all new loans by an average of 1% above U.K. Government Gilts.

- The new borrowing rate for fixed rate loans whether borrowed on an EIP, Annuity or Maturity loans have increased by around 0.87% across all maturities.
- The premature repayment rates do not benefit from the corresponding increase and the PWLB's methodology remains unchanged.
- For variable rate loans, the rate is 0.90% higher than previously, so a premium of 0.90% should be added to the variable rate published on the PWLB website

**Table 2 : PWLB Borrowing Rates - Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2011	128/11	1.93	3.66	4.81	5.33	5.35	5.31	5.28
28/04/2011	162/11	1.73	3.45	4.61	5.18	5.21	5.17	5.14
31/05/2011	202/11	1.64	3.21	4.43	5.08	5.12	5.09	5.07
30/06/2011	246/11	1.61	3.09	4.42	5.17	5.21	5.20	5.18
	Low	1.53	2.93	4.25	5.04	5.08	5.07	5.05
	Average	1.69	3.29	4.51	5.17	5.21	5.19	5.16
	High	1.97	3.73	4.89	5.41	5.42	5.39	5.35

**Table 3: PWLB Repayment Rates - Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2011	128/11	0.82	2.37	3.62	4.21	4.24	4.16	4.10
28/04/2011	162/11	0.62	2.16	3.42	4.06	4.10	4.02	3.96
28/05/2011	202/11	0.53	1.93	3.23	3.97	4.01	3.94	3.90
30/06/2011	246/11	0.50	1.80	3.22	4.05	4.10	4.05	4.01
	Low	0.42	1.64	3.04	3.92	3.97	3.91	3.88
	Average	0.58	2.00	3.32	4.05	4.10	4.03	3.99
	High	0.86	2.44	3.71	4.29	4.31	4.23	4.18

**Table 4: PWLB Variable Rates**

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
01/04/2011	0.67	0.77	0.89	1.57	1.67	1.79
28/01/2011	0.67	0.71	0.79	1.57	1.61	1.69
31/05/2011	0.66	0.70	0.76	1.56	1.60	1.66
30/06/2011	0.65	0.68	0.71	1.55	1.58	1.61
Low	0.65	0.68	0.70	1.55	1.58	1.60
Average	0.66	0.71	0.77	1.56	1.61	1.67
High	0.69	0.79	0.91	1.59	1.69	1.81

**Table 7: Credit Score Analysis**Scoring:

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
Not rated	11
BB	12
CCC	13
C	14
D	15

*The value weighted average reflects the credit quality of investments according to the size of the deposit. The time weighted average reflects the credit quality of investments according to the maturity of the deposit*

*The Council aims to achieve a score of 5 or lower, to reflect the Council's overriding priority of security of monies invested and the minimum credit rating of threshold of A+ for investment counterparties.*

APPENDIX B

DEPOSITS OUTSTANDING AS AT 30 JUNE 2011 FOR LONDON BOROUGH OF BARNET

Deal Number	Counter Party	Start Date	Maturity Date	Rate of Interest %	Principal Outstanding	Max Limit	Actual Limit	Fitch Rating				Moody's Rating			S&P Ratings		
								L Term	S Term	Indiv	Support	L Term	S Term	Fin Stgth	L Term	S Term	
<b>Local Authorities</b>								0.00%									
								0.00%									
								<u>0</u>									
<b>UK Banks &amp; Building Societies</b>																	
2000010341	BANK OF SCOTLAND	09-Sep-09	CALL A/C	0.75	6,500,000	37,500,000	14.65%	AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000011027	BANK OF SCOTLAND	11-Jan-11	10-Jan-12	2.00	4,000,000			AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000011028	BANK OF SCOTLAND	11-Jan-11	11-Oct-11	1.60	5,000,000			AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000011070	BANK OF SCOTLAND	17-Feb-11	17-Feb-12	2.10	4,500,000												
2000011106	BANK OF SCOTLAND	15-Apr-11	15-Jul-11	1.25	5,000,000												
2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	CALL A/C	0.45	25,000,000	25,000,000	14.65%	AA-	F1+	B	1	Aa3	P-1	C	AA-	A-1+	
2000011120	NATIONWIDE BUILD. SOC.(RBS GROUP)	09-May-11	31-Aug-11	0.82	4,600,000	25,000,000	14.65%	AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	
2000011036	NATIONWIDE BUILD. SOC.(RBS GROUP)	17-Jan-11	31-Oct-11	1.24	10,000,000			AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	
2000011037	NATIONWIDE BUILD. SOC.(RBS GROUP)	01-Jun-11	30-Nov-11	1.03	6,995,000			AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	
2000011140	NATIONWIDE BUILD. SOC.(RBS GROUP)	15-Jun-11	19-Dec-11	1.03	3,405,000			AA-	F1+	B	1	Aa5	P-1	C-	A+	A-3	
2000011000	ROYAL BANK OF SCOTLAND	08-Dec-10	07-Dec-11	1.43	4,000,000	37,500,000	14.53%	AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
2000011006	ROYAL BANK OF SCOTLAND	15-Dec-10	15-Sep-11	1.22	10,000,000			AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
2000011129	ROYAL BANK OF SCOTLAND	19-May-11	30-Nov-11	1.05	2,100,000			AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
2000011142	ROYAL BANK OF SCOTLAND	16-Jun-11	30-Mar-12	1.25	2,300,000			AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
2000011144	ROYAL BANK OF SCOTLAND	20-Jun-11	30-Sep-11	0.70	4,700,000			AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
2000011145	ROYAL BANK OF SCOTLAND	22-Jun-11	20-Jun-12	1.48	1,700,000			AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	
					<u>99,800,000</u>												
<b>Non UK Banks &amp; Building Societies</b>																	
2000011001	SANTANDER BANKING CORPORATION	08-Dec-10	CALL A/C	0.80	25,000,000	25,000,000	14.65%	AA-	F1+	B	1	Aa2	P-1	B-	A+	A-1	
5000011101	SANTANDER BANKING CORPORATION (PENSION)	16-Mar-11	CALL A/C	0.80	5,745,079	25,000,000	3.37%	AA-	F1+	B	1	Aa2	P-1	B-	AA	A-1+	
2000011146	BANK OF NOVA SCOTIA	30-Jun-11	07-Jul-11	0.40	4,000,000	25,000,000	7.44%	AA-	F1+	B	1	Aa1	P-1	B	AA-	A-1+	
2000011143	BANK OF NOVA SCOTIA	20-Jun-11	01-Jul-11	0.45	8,700,000			AA-	F1+	B	1	Aa1	P-1	B	AA-	A-1+	
					<u>43,445,079</u>												
Average rate of return				<b>1.09</b>													
<b>Investments outside TMS</b>																	
<b>Icelandic Banks</b>																	
2000005163	GLITNER BANK (ICELAND)	07-Nov-06	frozen		7,000,000		7.27%										
2000005218	GLITNER BANK (ICELAND)	24-Jan-07	frozen		3,000,000												
2000005226	GLITNER BANK (ICELAND)	07-Feb-07	frozen		2,400,000												
2000005511	LANDISBANKI ISLANDS H.F.	28-Sep-07	frozen		15,000,000		8.79%										
					<u>27,400,000</u>												
<b>TOTAL VALUE OF INVESTMENTS AS AT 30 JUNE 2011</b>					<b>170,645,079</b>	<b>100.00%</b>											
<b>LESS ICELANDIC IMPAIRMENT AS AT 30 JUNE 2011</b>					<b>-5,969,000</b>												
					<b>164,676,079</b>												

## Appendix C: Prudential Indicator Compliance

### Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2010/11 %
<b>Upper Limit for Fixed Rate Exposure</b>	100
Compliance with Limits:	Yes
<b>Upper Limit for Variable Rate Exposure</b>	40
Compliance with Limits:	Yes

### Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/06/11	% Fixed Rate Borrowing as at 30/06/11	Compliance with Set Limits?
Under 12 months	0	50		0	N/A
12 months and within 24 months	0	50	0	0	N/A
24 months and within 5 years	0	75		0	N/A
5 years and within 10 years	0	75	0	0%	N/A
10 years and above	0	100	201,500,000	100%	Yes

Appendix D: List of Schools Banking Institution

School	Banking
<b>Bishop Douglass</b>	Allied Irish
<b>Finchley Catholic High</b>	Allied Irish
<b>St James' Catholic High</b>	Allied Irish
<b>St Michaels Cath Gram</b>	Allied Irish
<b>Osidge JMI</b>	Barclays
<b>Mill Hill High</b>	Barclays
<b>Akiva</b>	Barclays
<b>All Saints NW2</b>	Co-Operative
<b>All Saints N20</b>	Co-Operative
<b>Annunciation Inf</b>	Co-Operative
<b>Annunciation Jun</b>	Co-Operative
<b>Barnfield</b>	Co-Operative
<b>Beis Yaakov</b>	Co-Operative
<b>Bell Lane</b>	Co-Operative
<b>Blessed Dominic</b>	Co-Operative
<b>Broadfields Primary</b>	Co-Operative
<b>Brookland Inf</b>	Co-Operative
<b>Brookland Jun</b>	Co-Operative
<b>Brunswick Park</b>	Co-Operative
<b>Chalgrove</b>	Co-Operative
<b>Childs Hill</b>	Co-Operative
<b>Christchurch JMI</b>	Co-Operative
<b>Church Hill</b>	Co-Operative
<b>Claremont Primary</b>	Co-Operative
<b>Colindale</b>	Co-Operative
<b>Coppetts Wood</b>	Co-Operative
<b>Courtland</b>	Co-Operative
<b>Cromer Road</b>	Co-Operative
<b>Deansbrook Inf</b>	Co-Operative
<b>Deansbrook Jun</b>	Co-Operative
<b>Dollis Inf</b>	Co-Operative
<b>Edgware Inf</b>	Co-Operative
<b>Edgware Jewish Primary</b>	Co-Operative
<b>Edgware Jun</b>	Co-Operative
<b>Fairway</b>	Co-Operative
<b>Foulds</b>	Co-Operative
<b>Frith Manor</b>	Co-Operative
<b>Garden Suburb Inf</b>	Co-Operative
<b>Garden Suburb Jnr</b>	Co-Operative
<b>Goldbeaters</b>	Co-Operative
<b>Grasvenor Avenue Inf</b>	Co-Operative
<b>Hasmonean Primary</b>	Co-Operative
<b>Hollickwood</b>	Co-Operative
<b>Holly Park</b>	Co-Operative



<b>Holy Trinity</b>	Co-Operative
<b>Hyde</b>	Co-Operative
<b>Independent Jewish</b>	Co-Operative
<b>Livingstone</b>	Co-Operative
<b>Manorside</b>	Co-Operative
<b>Martin Primary School</b>	Co-Operative
<b>Menorah Primary</b>	Co-Operative
<b>Monken Hadley CE</b>	Co-Operative
<b>Monkfrith</b>	Co-Operative
<b>Moss Hall Inf</b>	Co-Operative
<b>Moss Hall Jun</b>	Co-Operative
<b>Northside</b>	Co-Operative
<b>Orion</b>	Co-Operative
<b>Our Lady of Lourdes</b>	Co-Operative
<b>Pardes House</b>	Co-Operative
<b>Parkfield</b>	Co-Operative
<b>Queenswell Inf</b>	Co-Operative
<b>Queenswell Jun</b>	Co-Operative
<b>Rosh Pinah</b>	Co-Operative
<b>Sacred Heart</b>	Co-Operative
<b>St Agnes RC</b>	Co-Operative
<b>St Andrews CE</b>	Co-Operative
<b>St Catherines RC</b>	Co-Operative
<b>St Johns CE N11</b>	Co-Operative
<b>St Johns CE N20</b>	Co-Operative
<b>St Josephs RC Inf</b>	Co-Operative
<b>St Josephs RC Jun</b>	Co-Operative
<b>St Mary's &amp; St Johns Primary</b>	Co-Operative
<b>St Marys CE N3</b>	Co-Operative
<b>St Marys CE EB</b>	Co-Operative
<b>St Pauls CE N11</b>	Co-Operative
<b>St Therasas RC</b>	Co-Operative
<b>St Vincents RC</b>	Co-Operative
<b>Summerside</b>	Co-Operative
<b>Sunnyfields</b>	Co-Operative
<b>Trent</b>	Co-Operative
<b>Tudor</b>	Co-Operative
<b>Underhill Inf</b>	Co-Operative
<b>Underhill Jun</b>	Co-Operative
<b>Wessex Gardens</b>	Co-Operative
<b>Whitings Hill</b>	Co-Operative
<b>Woodcroft Primary</b>	Co-Operative
<b>Woodridge</b>	Co-Operative
<b>Christs College Finchley</b>	Co-Operative
<b>Copthall</b>	Co-Operative
<b>Friern Barnet</b>	Co-Operative
<b>Hasmonean High</b>	Co-Operative

<b>Henrietta Barnett</b>	Co-Operative
<b>JCoSS</b>	Co-Operative
<b>Ravenscroft</b>	Co-Operative
<b>Whitefield</b>	Co-Operative
<b>Mapledown</b>	Co-Operative
<b>Northway</b>	Co-Operative
<b>Oak Lodge</b>	Co-Operative
<b>Oakleigh</b>	Co-Operative
<b>BrookHill Nursery</b>	Co-Operative
<b>Hampden Way Nursery</b>	Co-Operative
<b>Moss Hall Nursery</b>	Co-Operative
<b>St Margaret's Nursery</b>	Co-Operative
<b>Menorah Foundation</b>	HSBC
<b>Danegrove</b>	Lloyds TSB
<b>Dollis Junior</b>	Lloyds TSB
<b>Mathilda Marks Kennedy</b>	Lloyds TSB
<b>St Pauls CE NW7</b>	Lloyds TSB
<b>Hendon</b>	Nat West
<b>Queen Elizabeth's Girls'</b>	Nat West
<b>St Mary's C E High</b>	Nat West

APPENDIX E

Internal Investments at: London Borough of Barnet	30/06/2011	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Moody's Credit Rating (source Bloomberg)	Fitch Credit Rating (source Bloomberg)	S&P Credit Rating (source Bloomberg)	Lowest Credit Rating - equivalent rating, (source Bloomberg)	Average Credit Risk Score	Country
GLITNER BANK (ICELAND)	Fixed Deposit	£7,000,000	30/06/2011	30/06/2011	0.00%	-	C			C	14.00	Iceland
GLITNER BANK (ICELAND)	Fixed Deposit	£3,000,000	30/06/2011	30/06/2011	0.00%	-	C			C	14.00	Iceland
GLITNER BANK (ICELAND)	Fixed Deposit	£2,400,000	30/06/2011	30/06/2011	0.00%	-	C			C	14.00	Iceland
LANDISBANKI ISLANDS H.F.	Fixed Deposit	£15,000,000	30/06/2011	30/06/2011	0.00%	-	C			C	14.00	Iceland
BANK OF SCOTLAND CORPORATE	CALL ACCOUNT	£6,500,000	09/09/2009	01/07/2011	0.75%	1	Aa3	AA-	A+	A+	4.33	UK
BANK OF NOVA SCOTIA	FIXED DEPOSIT	£8,700,000	20/06/2011	01/07/2011	0.45%	1	Aa1	AA-	AA-	AA-	3.33	Canada
BANK OF NOVA SCOTIA	FIXED DEPOSIT	£4,000,000	30/06/2011	07/07/2011	0.40%	7	Aa1	AA-	AA-	AA-	3.33	Canada
BANK OF SCOTLAND	FIXED DEPOSIT	£4,000,000	11/01/2011	10/01/2012	2.00%	194	Aa3	AA-	A+	A+	4.33	UK
BANK OF SCOTLAND	FIXED DEPOSIT	£5,000,000	11/01/2011	11/10/2011	1.60%	103	Aa3	AA-	A+	A+	4.33	UK
BANK OF SCOTLAND	FIXED DEPOSIT	£4,500,000	17/02/2011	17/02/2012	2.10%	232	Aa3	AA-	A+	A+	4.33	UK
BANK OF SCOTLAND	FIXED DEPOSIT	£5,000,000	15/04/2011	15/07/2011	1.25%	15	Aa3	AA-	A+	A+	4.33	UK
BARCLAYS COMMERCIAL BANK	CALL ACCOUNT	£25,000,000	11/02/2010	01/07/2011	0.45%	1	Aa3	AA-	AA-	AA-	4.00	UK
NATIONWIDE BUILD. SOC.	FIXED DEPOSIT	£10,000,000	17/01/2011	31/10/2011	1.24%	123	Aa3	AA-	A+	A+	4.33	UK
NATIONWIDE BUILD. SOC.	FIXED DEPOSIT	£4,600,000	09/05/2011	31/08/2011	0.82%	62	Aa3	AA-	A+	A+	4.33	UK
NATIONWIDE BUILD. SOC.	FIXED DEPOSIT	£6,995,000	01/06/2011	30/11/2011	1.03%	153	Aa3	AA-	A+	A+	4.33	UK
NATIONWIDE BUILD. SOC.	FIXED DEPOSIT	£3,405,000	15/06/2011	19/12/2011	1.03%	172	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£4,000,000	08/12/2010	07/12/2011	1.43%	160	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£10,000,000	15/12/2010	15/09/2011	1.22%	77	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£2,100,000	19/05/2011	30/11/2011	1.05%	153	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£2,300,000	16/06/2011	30/03/2012	1.25%	274	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£4,700,000	20/06/2011	30/09/2011	0.70%	92	Aa3	AA-	A+	A+	4.33	UK
ROYAL BANK OF SCOTLAND	FIXED DEPOSIT	£1,700,000	22/06/2011	20/06/2012	1.48%	356	Aa3	AA-	A+	A+	4.33	UK
SANTANDER CORP BANKING	CALL ACCOUNT	£5,745,079	16/03/2011	01/07/2011	0.80%	1	Aa3	AA-	AA	AA-	3.67	UK
SANTANDER CORP BANKING	FIXED DEPOSIT	£25,000,000	08/12/2010	01/07/2011	0.80%	1	Aa3	AA-	AA	AA-	3.67	UK
Total - Internal Investments		£ 170,645,079			0.78%	22/08/2011				A	5.64	Value Weighted Average
Number of Investments		24				53				AA-	4.33	Time Weighted Average
Average Investment Size		£ 7,110,212										

Authority	Type of Authority	External Fund Managers (Not included in credit score)	Internal Investments	Total Investments	Number of deposits	Average Date of Maturity	Average Number of Days to Maturity	Average Rate of Investments	Lowest Credit Rating (equivalent rating)		Average Credit Risk Score	
									Value Weighted Average	Time Weighted Average	Value Weighted Average	Time Weighted Average
London Borough of Barnet	English Non-Met District	£ -	£ 170,645,079	£ 170,645,079	24	22/08/2011	53	0.78%	A	AA-	5.64	4.33

Credit risk scored 1 - 10 : 1 = strongest rating lowest risk, i.e. AAA, through to 15 = lowest credit rating, highest risk, i.e. D  
Non-rated, non-guaranteed institutions score 11

PLEASE NOTE

If there are any investments with Icelandic Banks including Heritable, the score should be C to reflect the severity of the Iceland situation. Glitnir, Heritable & Landsbanki do not have credit ratings as they have been withdrawn. We have kept the scoring as C for consistency with the Icelandic Banks as Kaupthing has a C rating. Can it also remain highlighted in red and the effective Maturity be the same as the date in the yellow box.

investments, can you please total the

Any o/n call accounts/MMFs are given tomorrow's date (use 'today's date' +1) as the Effective Maturity dates.