

MEETING

CABINET RESOURCES COMMITTEE

DATE AND TIME

MONDAY 16 JANUARY 2012

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 Richard Cornelius Andrew Harper Robert Rams 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

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CORPORATE GOVERNANCE DIRECTORATE

ORDER OF BUSINESS

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1.	MINUTES	-
2.	ABSENCE OF MEMBERS	-
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-
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12.	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 <div style="text-align: right;">Exemption Category</div>	
X1.	Adults In-House Service Review: TheBarnetGroup LTD Business Plan	3 -

Item No.	Title of Report	Pages
X2.	Dove House, Bunns Lane, Mill Hill 3	-
X3.	ANY OTHER EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	

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AGENDA ITEM:5

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Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Adults In-House Service Review: TheBarnetGroup LTD Business Plan
Report of	Cabinet Member for Adults Cabinet Member for Customer Access and Partnerships
Summary	This report asks the Committee to: (i) approve the current business plan for the Adults In House Service Review project; (ii) confirm the transfer of Learning Disability and Physical Sensory Impairment Adult Social Care service provision to the Local Authority Trading Company "TheBarnetGroup LTD" and its subsidiary Your Choice (Barnet) Limited and both are to commence trading on 1 February 2012; and (iii) approve the recommendations as set out in paragraph 1 of this report.

Officer Contributors	Richard Harrison, Project Manager, Commercial Services
Status (public or exempt)	Public (with separate exempt part)
Wards affected	All
Enclosures	Appendix A: The Barnet Group High Level Business Plan Appendix B: TheBarnetGroup LTD Articles of Association Appendix C: Your Choice (Barnet) Limited Articles of Association Appendix D: Barnet First Limited Articles of Association Appendix E: Community Equalities Impact Assessment Appendix F: Employee Equalities Impact Assessment Appendix G: Response to Unison Trade Union Interim Report Appendix H: Response to GMB Trade Union Interim Report Appendix I: Transfer of Council assets to Your Choice (Barnet)

Limited

Appendix J: Indemnities of the Council

For decision by

Function of

Reason for urgency /
exemption from call-in (if
appropriate)

Cabinet Resources Committee

Executive

To achieve a go-live date of 1 February 2012 it is requested that this report is exempt from call in on grounds of urgency. The report will be presented at pre-decision Scrutiny stage at the Business Management Overview and Scrutiny Committee on 9 January 2012.

Contact for further information: Richard Harrison, Project Manager, 020 8359 2109

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1. RECOMMENDATIONS

- 1.1 To agree the analysis and conclusions presented in the current Adults In House Business Plan;**
- 1.2 To agree the setting up of TheBarnetGroup LTD (the holding company), Barnet First Limited (temporary shell company to enable incorporation of TheBarnetGroup LTD) and Your Choice (Barnet) Limited (the subsidiary established to deliver Adult Social Care services) from 1 February 2012 (adopting the Articles of Association as set out in appendix B, C and D to this report);**
- 1.3 To agree to the Council entering into a contract with TheBarnetGroup LTD relating to the provision of Adult Social Care services for a three (3) year period with the option to extend for a further two (2) years;**
- 1.4 To agree to the transfer of Council assets, as listed in appendix I to this report, to Your Choice (Barnet) Limited;**
- 1.5 To agree as sole member of the Barnet Homes Limited to the transfer from the Council to the TheBarnetGroup LTD;**
- 1.6 To approve the Council entering into a deed of novation and variation with TheBarnetGroup LTD and Barnet Homes relating to Housing Management services;**
- 1.7 To approve the appointment of board members to TheBarnetGroup LTD in accordance with the governance arrangements set out in section 5 of this report**
- 1.8 To authorise the Assistant Director of Legal services to complete any necessary documentation to give effect to the above decisions; and**
- 1.9 To agree to a waiver of the Council's Contract Procedure Rules for the procurement of Adult Social Care services from TheBarnetGroup LTD without competition for the reasons set out in paragraphs 7.5 to 7.7 of this report.**

2. RELEVANT PREVIOUS DECISIONS

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

Council's approach to the delivery of the vision for Adult Social Services of Choice and Independence.

- 2.2 On 7 April 2008, General Functions Committee approved a new staffing structure and terms and conditions for in-house staff (decision item 14). The structure removed pay and grade inconsistencies and modernised the in-house services in line with the wider Council.
- 2.3 The Housing Strategy was agreed by Cabinet on 12 April 2010 (decision item 8). This included the following:
- “The Council views Barnet Homes as a potential vehicle for providing additional services on its’ behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme.”
- 2.4 The One Barnet Overview and Scrutiny Panel considered a presentation outlining the key points of the options appraisal on 11 August 2010 (decision item 10). The Panel highlighted the risk that some services, such as care homes, might be forced to close due to a decline in client numbers as a consequence of increasing use of personalised budgets. It was resolved that;
- (i) the Panel support the option for Adult Social Service in-house provisions and staff to be transferred to a Local Authority Trading Company; and
 - (ii) the long-term future of Barnet Homes be carefully assessed when exploring options for establishing a Local Authority Trading Company with / Arms Length Management Organisation;
- 2.5 Cabinet (29 November 2010, decision item 8) approved the decision to develop a business case for the implementation of a Local Authority Trading Company, which would result in the transfer of Learning Disability Services, Physical and Sensory Impairment Disability Services and Mental Health in-house provider services to the Local Authority Trading Company.
- 2.6 The Pension Fund Committee (21 March 2011, decision item 6) noted the Designated Body Status proposed for the Local Authority Trading Company and approved in principle Admission Body Status in the event the Local Authority Trading Company does not meet the Designated Body Status criteria.
- 2.7 On 24 May 2011, Cabinet Resources Committee approved the Adults In-House Service Review Business Case and initiation of a full business plan (decision item 12). It was resolved; that the Cabinet Resources Committee

approved the Adult In-House Services Business Case, in order that the Council can:

- Appoint a Local Authority Trading Company shadow board to begin contract negotiation between the Council and Local Authority Trading Company;
- Set up a holding company in the form of a Local Authority Trading Company, of which Barnet Homes would be a subsidiary;
- Set up a subsidiary Local Authority Trading Company for the management of those Adult Social Services currently provided in-house; and
- Transfer the adult social care service provision from the management of the Council to the Local Authority Trading Company following approval of the business plan.

2.8 General Functions Committee (30 June 2011, decision item 9) resolved –

- (1) The Director of Adult Social Care and Health is instructed to take the necessary action to transfer the in-house staff employed within the Council's Adult Social Care Services to the Social Care subsidiary of the Local Authority Trading Company in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), with effect from the date the Local Authority Trading Company commences trading.
- (2) The posts in scope for transfer are deleted from the Council's establishment.

2.9 On 12 July 2011, Council approved the appointments to the Shadow Boards for the Local Authority Trading Company Holding Company (TheBarnetGroup LTD) and the Adult Social Care subsidiary (Your Choice (Barnet) Limited), (decision item 19).

2.10 Pensions Fund Committee (1 September 2011, decision item 8) resolved -

- (1) That the Committee approve admission to the Local Government Pension Scheme (LGPS) under Designated Body Status for the Local Authority Trading Company Holding Company and Adult Social Care subsidiary; and
- (2) That the Committee notes the proposal for Barnet Homes to retain Scheduled Body Status subject to confirmation from the Department for

Communities and Local Government (CLG) and the criteria under the LGPS for Scheduled Body Status is still met.

- 2.11 On 14 November 2011, a decision was taken by the Director of Adult Social Care and Health to enable the formation of TheBarnetGroup LTD (Delegated Powers Report No: 1492). The authorisation of Delegated Powers Report No: 1492 was based on the following;
- (i) The appointments are subsequently reported to the next General Functions Committee meeting (currently scheduled to meet on the 16 January 2012) for consideration; and
 - (ii) The General Functions Committee determines whether to ratify the appointments.
- 2.12 Legal advice from Trowers & Hamlins LLP indicated that TheBarnetGroup Limited could only be incorporated with 'group' within its name if it had at least two other members within its group at the moment of incorporation. As Barnet Homes is due to remain as a direct subsidiary of the Council until the point in time at which the new arrangements 'go live', an additional company called Barnet First LTD has been incorporated. It is necessary for corporate authority to be given for the completion of the company formation questionnaire in respect of Barnet First LTD and for registration with Companies House. The company articles for Barnet First LTD are set out in appendix D.
- 2.13 A further decision was taken on 29 November 2011 by Director of Adult Social Care and Health in conjunction with the Cabinet member for Adult Social Services to incorporate Barnet First Limited as part of The Barnet Group LTD (Delegated Powers Report No: 1509) to enable the incorporation of the TheBarnetGroup LTD as per the Delegated Powers Report 1492 to proceed. This has been incorporated with the incumbent Director of Business Services for Barnet Homes as interim director to provide the corporate authority necessary in order to incorporate Your Choice (Barnet) LTD.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Since 2007 the Council has undertaken work to prepare the transfer of Adult Social Care services to a Local Authority Trading Company. These service changes have necessitated changes to Adult Social Care in-house staffing structures and terms of conditions, removing inconsistencies in pay and grading and flattening the management structure.

- 3.2 As outlined in the Council Corporate Plan 2011-13 the Council is seeking an alternative delivery vehicle for services currently provided 'in-house' by Adult Social Services. This will achieve the strategic objective of creating a more customer-centric Council that enables customers to efficiently achieve the desired outcomes.
- 3.3 The aim of the proposal to implement a Local Authority Trading Company is aligned with the One Barnet objective of "a new relationship with citizens" to promote choice and independence for residents. This is a strategic fit with the personalisation agenda for Adult Social Care; the latest statement of policy in the 2010 adult social care vision sets out the ambition is to have all service users on personal budgets, preferably as direct payments, by 2013. This is supported with the increase in the number of personal budgets as a priority outcome in the Adult Social Care and Health 2011/12 business plan.
- 3.4 The personalisation agenda will empower service users to select the services they require from the open market. Setting up TheBarnetGroup LTD and the 'Your Choice (Barnet)' Limited subsidiary will ensure the continued provision of Adult In-House Services, registered by the Care Quality Commission within a free market environment. In turn this will leave the Council free to focus on becoming a commissioner of Adult Social Services as the core business of the authority thus providing a relentless drive for efficiency with the services which remain in-house.

4. RISK MANAGEMENT ISSUES

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

Planned Mitigation: The business case modelled two scenarios relating to sensitivity analysis and flexibility for potential service modification in response to market conditions. Scenario 1 being where the "growth" in income was reduced by 10 per cent, and secondly where the "growth" in income was reduced by 20 per cent. The business case was validated through a joint due diligence exercise conducted by the Council and Barnet Homes LTD. This validation has reduced income growth expectations and also included an increase in expenditure to cover additional costs not included within the original model. This is reflected in the Business Plan attached at appendix A.

- 4.2 **Risk:** Demand levels may be less than anticipated as the level of service users taking their personal budgets increase. There may be further impact as the market develops and becomes more competitive.

Planned Mitigation: Market analysis has been undertaken with Care and Health Solutions as part of a due diligence exercise. The Council are currently well established within the market for Adult Social Services. It is envisaged that in the short to medium term covered within the current business plan, demand and competitors will remain largely unchanged.

In the longer term, TheBarnetGroup LTD will continue to further engage with service users to ensure that the service offer remains attractive. As a commercial company, TheBarnetGroup LTD will be able to adapt and respond to changes within the market to remain competitive. This is outlined in paragraphs 9.11-9.13 below where the post go-live activities of TheBarnetGroup LTD are set out including detailed business planning and refinement.

- 4.3 **Risk:** There is a risk that the setting up of TheBarnetGroup LTD which incorporates Barnet Homes as a subsidiary will affect the corporation tax exemption status of the existing Arms Length Management Organisation (ALMO). This is because the ALMO will not now be directly owned by the Council but will be owned by the Local Authority Trading Company holding company. This could result in Barnet Homes becoming liable for Corporation Tax.

Planned mitigation: A review of the 2011/12 budgets of Barnet Homes by their advisors Grant Thornton, has estimated a potential corporation tax liability of £69,100. The liability for the first and subsequent years will depend on the taxable surpluses that are made by Barnet Homes. The Council has obtained advice from KPMG which confirmed it was likely Barnet Homes would lose their corporation tax exemption. It is possible that HMRC will rule for Barnet Homes to retain this exempt status however, a definitive position will not be known until a formal application is made to HMRC post go-live. It is noted should Barnet Homes lose the taxation exemption that TheBarnetGroup LTD could offset any corporation tax liability with additional trading activities. It is noted that the Essex Cares Local Authority Trading Company has received a Corporation Tax exemption and it is intended that TheBarnetGroup LTD will also apply for a Corporation Tax exemption once trading. The loss of ALMO status is not considered significant enough to prevent progress.

- 4.4 **Risk:** Housing Needs Resources have conducted an Options Appraisal to propose a TUPE transfer from the Council to the Barnet Homes subsidiary of TheBarnetGroup LTD by April 2012. This will be presented to Cabinet Resources Committee on 12 January 2012. The proposal may impact how the Housing Revenue Account (HRA) operates potentially leaving the Council open to substantial losses if the self-servicing debt is not managed sufficiently

stringently. This could also increase the potential taxation liability should Barnet Homes lose their tax exemption status.

Planned mitigation: A recent review of the impact on the HRA has concluded that there will not be a detrimental impact from the setting up of TheBarnetGroup LTD. The potential subsequent increase in profit for Barnet Homes could have Corporation Tax implications whereby any increase in profit would incur corporation tax. Should the proposal for transfer be agreed, taxation implications will need to be managed and could be offset by potential trading activities of TheBarnetGroup LTD. This analysis will need to be included within the Housing Needs Resources Business Case.

- 4.5 **Risk:** The supply of back office services from Barnet Homes to Your Choice (Barnet) Limited is subject to the Teckal exemption. Depending on the growth rate of TheBarnetGroup LTD, the Teckal exemption may no longer be applicable for the supply of services within the group.

Planned Mitigation: TheBarnetGroup LTD structure includes three entities. Should the organisation no longer be able to rely on the Teckal exemption and wish to continue supplying back office services within the group, the company will be in a position to move the back office support function elsewhere within the group structure.

- 4.6 **Risk:** The supply of back office services from Barnet Homes to Your Choice (Barnet) Limited may have a material impact on the essential part of activities limb of the Teckal exemption, and therefore may impact on whether the Teckal exemption will apply to Barnet Homes.

Planned Mitigation: Should the provision of these services by Barnet Homes to Your Choice (Barnet) Group mean that Barnet Homes could potentially lose its reliance on the Teckal exemption, then these services may need to be delivered by TheBarnetGroup LTD or an independent third party.

- 4.7 **Risk:** Establishing TheBarnetGroup LTD (holding company) and a subsidiary (Your Choice (Barnet) Limited) to specifically deliver Adult Social Care services and a further subsidiary (Barnet Homes) to deliver the management of Council housing stock is an innovative corporate structure.

Planned Mitigation: Although at present only a limited number of local authorities are in advance of the Council in the setting up of a private company to deliver Adult Social Care services, there has been contact with those that have in order to learn from their experiences.

At a time when many Local Authorities are bringing their ALMOs back in house following the completion of the decent homes programme, a number of ALMOs are striving to become vehicles for providing services and are exploring similar and different opportunities depending on local needs and strategies. The National Federation of ALMOs have been engaged from the outset and are very supportive of the development of TheBarnetGroup LTD and the ambition to tackle the wider issues and offer choices to residents about their services. The National Federation of ALMOs intend to cover the development of TheBarnetGroup LTD at their next annual conference.

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

Planned Mitigation: In order to help Your Choice (Barnet) Limited to become established, it is proposed that the Council pays for services delivered monthly in advance, with mid year and first year adjustments. This support is reflected in the historic business case as change costs.

- 4.9 These risks have been assessed and managed in accordance with the Council's project management methodology.
- 4.10 Upon the transfer of Adult Social Care services to Your Choice (Barnet) Limited, the ownership of the risks outlined above will transfer to TheBarnetGroup LTD. Adult Social Care and Health as commissioners will continue to monitor risks and provide appropriate escalation routes through the commissioner relationship and performance management framework with TheBarnetGroup LTD in accordance with the Council's project management methodology.

5. EQUALITIES AND DIVERSITY ISSUES

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

By section 149(2) of the Equality Act 2010, the 'general duty' also applies to 'a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty'. This means that TheBarnetGroup LTD, Your Choice (Barnet) Limited and Barnet Homes LTD will need to have regard to their general equality duty.

- 5.2 The vision of Your Choice (Barnet) Limited is to "Empower people to live the lives they chose, as independently as possible." Consequently creating TheBarnetGroup LTD with Your Choice (Barnet) Limited as a subsidiary company will support the implementation of the personalisation agenda which aims to increase choice and control for individuals.
- 5.3 The Council has, in accordance with its statutory obligations, considered the impact on equalities arising from its proposals. The Community Equalities Impact Assessment has concluded 'Neutral Impact' and this will continue to be monitored by Your Choice (Barnet) Limited. It has been recognised that as the Council moves to a more consumer led model, services provided by Your Choice (Barnet) Limited could be subject to change if demand decreases in the long run. In this case Your Choice (Barnet) Limited will conduct further Equalities Impact Assessments as part of any proposed change in order to mitigate any potential risk of inequality.
- 5.4 Service users may choose support that is more appropriate for their individual preferences and/or needs, including some that may relate to their age, disability, ethnicity and religion or belief. This may have a positive impact on meeting equality obligations.
- 5.5 Due to the nature of the services, and service users, equalities and diversity issues have been carefully assessed by the Council. An 'Easy Read' version of community communications and presentations has been produced for service users with learning disabilities. This will continue to be the case and this approach has also been adopted by Your Choice (Barnet) Limited, including development of the company website which will incorporate 'Easy Read' throughout to ensure accessibility for service users.
- 5.6 The Employee Equalities Impact Assessment is attached as appendix F. This presents the workforce profile against the protected characteristics throughout the process from milestone 1 to 4. The proposal as set out in the original business case presented to Cabinet Resources Committee in May 2011 and agreed by General Functions Committee in June 2011 is for the in-scope workforce to transfer to Your Choice (Barnet) Limited. Any emergent equalities impacts are monitored through the Equalities Impact Assessment

and 1-1 discussions with transferring staff. At this point there are no equalities impacts which require action and it is not envisaged that there should be any adverse equalities impact on any protected characteristic grouping. The workforce profile will continue to be monitored by Your Choice (Barnet) Limited as a business activity.

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

- 6.1 It is important to distinguish between the financial implications for Your Choice (Barnet) Limited, and that for the Council. The budget for Your Choice (Barnet) Limited will include the income specifically relating to that company, earned from delivering services on behalf of the Council, and also from other sources. Your Choice (Barnet) Limited will make a profit or loss dependant on whether the income exceeds the costs or not, and profits can be distributed to the Council in the form of dividends. Losses will be underwritten by the Adult's Social Services budgets.
- 6.2 Moving to a Local Authority Trading Company model for the delivery of Adult Social Care services should reduce the costs for the Council for the longer term. The financial benefits for setting up the Local Authority Trading Company for the Council may be summarised as follows: Reduced expenditure, as a result of cost savings, and increases in clients (and therefore income) for the Local Authority Trading Company.
- 6.3 The financial implications for the implementation of Your Choice (Barnet) Limited can be viewed from two perspectives:
- (i) The financial position of Your Choice (Barnet) Limited; and
 - (ii) The financial implications for the Council in 2012/13 compared to the 2011/12 position (as both a purchaser of Your Choice (Barnet) Limited services, and the parent company TheBarnetGroup LTD).

The financial implications set out in the original business case and the subsequent validation (due diligence) are as follows:

Table 1: Original Business case – Your Choice (Barnet) Limited:

Your Choice Barnet Limited	£	£	£	£
Original Business Case - Loss / (Profit)	282,260	48,107	(106,665)	(143,145)
Due Diligence Adjustments				
Irrecoverable VAT on trading - reduction	(231,700)	(231,700)	(231,700)	(231,700)

VAT on support Services - reduction	(71,036)	(71,036)	(71,036)	(71,036)
Group Cost Adjustments	(800)	(800)	(800)	(800)
Additional direct costs	157,000	168,500	197,500	212,000
Buildings Contract Budget- Council retained	(294,000)	(294,000)	(294,000)	(294,000)
Transport Budget (Council retained)	(537,644)	(537,644)	(537,644)	(537,644)
Overheads not previously charged to ASCH	55,655	55,655	55,655	55,655
Reduction of income (volumes and profile)	817,168	648,974	532,554	569,034
LD income - omitted from model	(262,242)	(262,242)	(262,242)	(262,242)
Profit - Revised	(85,338)	(476,186)	(718,378)	(703,878)

6.4 This original business case financial position predicted a loss in Years 1 and 2 with surpluses being made from Year 3 onwards. Following the due diligence exercise, profits can be expected for all 4 years. The position outlined in the above table has been agreed with Barnet Homes LTD who have been producing reports in tandem with the Council for their Board Members

6.5 Business Case Validation (Due Diligence)

6.6 From the due diligence exercise the taxation position is improved. The original business case was pessimistic in relation to the additional VAT liability, but this was because the model assumed all services provided would be classed as "exempt". As only Supported Living and Valley Way are to be registered as exempt, the amount of irrecoverable VAT will be minimised. VAT on support costs have been largely eliminated due to the likely setting up of a VAT Group covering Barnet Homes LTD, Your Choice (Barnet) Limited and TheBarnetGroup LTD. VAT costs on exempt activity have been revised down following detailed calculations.

6.7 The revised financial modelling in the business plan assumes a certain amount of growth but in order to achieve this there will need to be additional staffing. Additional direct costs were added to the model costs to achieve increases in income.

6.8 There has been a legal review of the four contracts between the Council and Notting Hill Housing Trust (NHHT) which provide for the buildings from which Rosa Morison, Community Space, Supported Living, Valley Way and Flower Lane services are delivered for. These are a general agreement, Facilities Management Agreement, Referrals agreement and Surplus and Deficits agreement. These contracts were entered into in 2003. NHHT have since (in 2008), returned two properties to the Council and have been granted 75 year leases and the new obligations under these leases have not been amended within the contracts. It has been agreed that these contracts are not fit for purpose and could not be novated as they stand. Further work is needed to re-draft these contracts to reflect the completion of the capital development and to be fit for purpose for the new arrangements. These

contracts will therefore not be novated for the go live date of 1 February 2012 and will remain with the Council until such time as the redrafting has been completed. Accordingly the budget of £294,000 relating to one of these contracts will remain with the Council.

- 6.9 The original business case assumed that the Transport budget would transfer to Your Choice (Barnet) Limited as an integral component of the operating budgets of the day services. This budget will now remain with the Council within the ASCH Commissioning team enabling transport services to be commissioned in line with Council policies regarding eligibility.
- 6.10 Additional overheads have also been included as Your Choice (Barnet) Limited costs. This does not result in additional cost for the Council but this is a cost for the Local Authority Trading Company.
- 6.11 Income projections have been revised down by £817,000 in Year 1. This is only a marginal financial issue for the Council, as over 85 per cent of the Local Authority Trading Company income is expenditure for the Council. This follows the due diligence review which has been agreed with commissioners and is reflected in the volumes and pricing set out in the business plan in order to ensure a deliverable trajectory for development and growth in the Local Authority Trading Company.
- 6.12 The overall position for Year 1 is an £85,000 surplus, which is significantly different to the loss position set out in the original business case. It is assumed that the Council will benefit from this profit and the future years' profit by receiving dividends. The position below assumes that the Local Authority Trading Company surpluses will be returned to the Council in the form of dividends.
- 6.13 **Impact on LBB Finances**
- 6.14 The table below compares the prospective budgetary positions for the Council as stated in the original business case should it not set up a Local Authority Trading Company, with the forecasted financial position after setting up a Local Authority Trading Company. It can be seen that the Council would be worse off in Year 1, but would gain a financial benefit from Year 3.

Table 2: Original Business case – implications for the Council

LBB Budget reductions	Year 1 £	Year 2 £	Year 3 £	Year 4 £
Net (Gain)/Loss	191,440	37,904	(145,245)	(274,950)

- 6.15 Following business case validation (due diligence review), the financial position for the Council has altered to the following:

Table 3: Revised implications for the Council

Budgetary Comparison				
	2012/13	2013/14	2014/15	2015/16
Available purchasing budget for services provided by LATC	5,808,566	5,993,594	6,236,457	6,480,160
Council position with LATC				
Payments to the LATC	5,223,837	5,578,285	5,817,465	5,817,465
LD payments	262,242	262,242	262,242	262,242
Transport (Retained Budget)	537,644	537,644	537,644	537,644
Buildings Contract-LBB retain	294,000	294,000	294,000	294,000
Recharges "sold" to LATC	(150,000)	(150,000)	(150,000)	(150,000)
Reduction in Council Support				
Service Budget	(70,000)	(70,000)	(70,000)	(70,000)
LATC profit	(85,338)	(476,186)	(718,378)	(703,878)
Future Council position	6,012,385	5,975,986	5,972,974	5,987,474
Council - Loss / (Surplus)	203,819	(17,609)	(263,484)	(492,687)

- 6.16 The key factors considered are set out in paragraphs 6.17 – 6.23 below.
- 6.17 As is the case in any financial comparison it is imperative that a like for like comparison is made. Therefore the “true” cost of the status quo position combines the budgets from the purchasing budget and un-recharged costs in order to obtain a true comparator.
- 6.18 The table above shows the cost of services bought from Your Choice (Barnet) Limited. This is shown as income from the Council in the Your Choice (Barnet) Limited accounts. Negotiations have been carried out between the Council and Barnet Homes to determine the value of support services “sold” by the Council to Your Choice (Barnet) Limited. The services bought comprise IT, HR and payroll.
- 6.19 The budgetary comparison below assumes that the profits earned by TheBarnetGroup LTD will be distributed as a dividend to its 100 per cent shareholder, the Council. It must be realised however that the principal duty of TheBarnetGroup LTD Board will be to the company, not the Council, and they may want to reinvest profits rather than distribute as a dividend. However the

Council will through the contracting process set out clear expectations for dividends; efficiencies to ensure that the company is sustainable but also that any surpluses are reinvested to support the achievement of Council priorities in relation to housing and adult social care and health.

- 6.20 It has been confirmed that there will be no detrimental impact on the Council employer's costs relating to the contribution to the pension scheme, as a result of the staff transferring to TheBarnetGroup LTD. Your Choice (Barnet) Limited will be a designated body within the London Borough of Barnet pension fund.
- 6.21 The £203,819 shortfall to the Council that will be attributed to the Adult's Social Services budget from setting up Your Choice (Barnet) Limited for 2012/13 compared to the £191,000 shortfall anticipated in the original business case (see Table 2 above). It can be seen that from Year 2 (2013/14) the Council should benefit financially from the creation of the Local Authority Trading Company.
- 6.22 The assets to be transferred to TheBarnetGroup LTD, other than the leases with the Notting Hill Housing contract described above, will be transferred at a value that reflects their current condition as set out in appendix I. These will form part of the balance sheet of the Your Choice (Barnet) Limited and comprise IT equipment, software, furniture and fittings.
- 6.23 **Taxation**
- 6.24 In order to determine the taxation implications from the setting up of Your Choice (Barnet) Limited and TheBarnetGroup LTD, advice has been sought from HMRC and KPMG. Alongside this Barnet Homes LTD obtained advice from independent taxation advisors.
- 6.25 The impact of bringing Barnet Homes LTD under the umbrella of TheBarnetGroup LTD was considered and the conclusion is that there could be a corporation tax impact on Barnet Homes. Currently Barnet Homes benefits from corporation tax exemption by virtue of being an ALMO. It is possible that as Barnet Homes LTD will not be directly owned by the Council it could fall foul of the rules governing ALMO status, and hence lose its corporation tax exemption status. The potential impact of this is set out in paragraph 4.3 of this report.
- 6.26 **VAT**
- 6.27 The Council is a section 33 body within the VAT Act 1994, and this allows the Council to recover all the VAT which it incurs, including VAT related to non-

business and VAT exempt activities, subject to a 5 per cent de minimis limit. As long as the exempt input tax that a Council incurs is less than 5 per cent of the total input tax which it incurs, the Council can recover all of its VAT. This is a much more generous allowance than that available to Your Choice (Barnet) and other commercial organisations.

- 6.28 Based on advice from KPMG, the loss of irrecoverable VAT from Your Choice (Barnet) Limited has been reduced from the £303,000 figure in the original business case to a much lower £42,000. This is due to only 2 services being classed as “exempt” enabling more VAT incurred on expenditure to be recovered.

6.29 Corporation Tax

- 6.30 As Your Choice (Barnet) Limited and TheBarnetGroup LTD are companies limited by shares it is likely they will be subject to corporation tax on any profits on income or management charges they generate.

- 6.31 It is possible that the HMRC may look favourably on an application for corporation tax exemption on the grounds that the majority of the income is derived from the Council. There is a precedent for this in that Essex Cares LTD achieved exemption from Corporation Tax on those profits earned from transactions with the parent Council. As Your Choice (Barnet) Limited is predicted to make profits for the first four years, there is a risk that corporation tax will be payable on these profits

- 6.32 Transactions between the Council and the TheBarnetGroup LTD will need to be at arms-length to ensure the transfer pricing rules do not become an issue. The Council is to charge for any goods and services which it will provide to the Local Authority Trading Company in such a way that doesn’t contravene competition rules. The Local Authority Trading Company should charge full market value for the goods or services it provides to the Council given that its tax liability will be based on the market value for such goods / services.

6.33 Savings

- 6.34 There is a requirement within the Council’s Medium Term Financial Strategy (MTFS) for Adults Social Care to make a £200,000 saving in 2012/13 in respect of the Local Authority Trading Company. The analysis above shows that the Local Authority Trading Company will not generate this saving until 2013/14, so Adults Social Care will fund this cost for 2012/13, but will also make a greater surplus from 2014/15 onwards.

7. LEGAL ISSUES

- 7.1 Section 95(1) of the Local Government Act 2003 (the **Act**) authorises the Secretary of State to make an order allowing Local Authorities to "do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions". This has been exercised most recently through the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (the "**Order**").
- 7.2 The Council's proposals take account of the restrictions in the scope of the Order, including that:
- The Council cannot do in relation to a person anything which it is required to do in relation to that person under its ordinary functions (Section 95(2)(a)). The Council cannot convert a service which it has a duty to provide into a traded service.
 - The power cannot be used where the Council is already specifically authorised to act for a commercial purpose (Section 95(2)(b)).
 - The power is only exercisable through a company (Section 95(4)).
- 7.3 The Order also contains the following two important provisions which the Council have complied with when finalising their Local Authority Trading Company proposals:
- before exercising the power, the Council must prepare a Business Case in support of the proposed exercise of the power which will be approved by the Council.
 - where the Council provides the company with assistance in the way of accommodation, supplies, staff, etc, it shall recover the costs thereof.
- 7.4 In accordance with section 96 of the Act, the Council when formulating its Local Authority Trading Company, has also taken account of the statutory guidance titled "General Power for Local Authorities to Trade in Function Related Activities through a Company".
- 7.5 Legal advice has been given by the external Legal Advisors to the One Barnet Programme relating to the setting up of a Local Authority Trading Company for the provision of the 'Adult Social Care In-House Provider Services', without having to engage in a full EU procurement compliant exercise, taking advantage of the Teckal case law exemption.
- 7.6 In order for the Teckal exemption to apply, the Council will need to demonstrate that it has satisfied the tests relating to 'control' and 'essential part of activities' established by the European Court of Justice. This means that the Council must exercise control, in the sense of exercising decisive

influence over both strategic objectives and significant decisions of the TheBarnetGroup LTD and secondly, TheBarnetGroup LTD must provide the essential part of its activities to the Council and ensure that other services provided to third parties are of marginal significance only.

- 7.7 The Council has set up its Local Authority Trading Company in order to ensure, in accordance with the Teckal exemption that it:

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

- 7.8 Company directors can incur personal liability arising out of their actions in respect of TheBarnetGroup LTD. As a result of this personal liability, it is common practice for Council employees appointed to become a director of a Council controlled company to request an indemnity from the Council. The Council has the power using article 3 of the Local Authorities (Indemnities for Members and Officers) Order 2004/3082 to indemnify the directors of the TheBarnetGroup LTD. This will protect the officers from personal liability incurred due to their role as directors but will not cover criminal or fraudulent acts of the officers. The appointment of the Directors will require the Council to amend its insurance arrangements accordingly to facilitate the giving of indemnities. The terms of the proposed indemnities are set out in appendix J.

- 7.9 Correspondence was initiated with the Department for Communities and Local Government/Tenant Services Authority in September to establish whether updated or amended ministerial consent, under section 27 of the Housing Act 1985, to Barnet Homes' ALMO status is required given that Barnet Homes will move within the Local Authority Trading Company structure, as a subsidiary of TheBarnetGroup LTD. Correspondence from the Office of the Deputy Prime Minister providing s27 approval of Barnet Homes' ALMO status has been provided to the Tenant Services Authority together with a full explanation of the Local Authority Trading Company structure and a decision as to whether there is a requirement for updated or amended approval is anticipated imminently

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".

- 8.2 Any necessary consequential changes to the Council's Constitution as a result of Cabinet Resources Committee's approval of the Business Plan will be considered by the January 2012 meeting of Special Committee (Constitution Review) for ratification at Council.
- 8.3 This report seeks authorisation to waive the Council's Contract Procedure Rules when procuring Adult Social Care services from TheBarnetGroup LTD without competition.
- 8.4 The circumstances where these rules can be waived have been provided to the Council in independent advice provided by Trowers & Hamlins LLP dated 22 December 2010 (as revised on 16 February and 17 February 2011) and as detailed in paragraphs 7.5 - 7.7 above.
- 8.5 Any necessary consequential changes to the constitution of Barnet Homes will be considered by the board of Barnet Homes, as set out in the Barnet Homes Board delegated powers (note: include BH Board Delegated Powers under background papers; available on the BH website here: <http://barnethomes.org/Aboutus/governance/Pages/constitution.aspx>).
- 8.6 As the decision as requested of the Committee affects all wards of the borough, this is classified as 'key' and would thus normally be liable to call-in to the Business Management Overview and Scrutiny Committee (OSC).
- 8.7 The Overview and Scrutiny Rules in the Council's Constitution (section 16) provide that where the delay involved in call-in would seriously prejudice the Council's or the public's interests the decision may be regarded as urgent and exempted from call-in.
- 8.8 Before a decision can be exempted in this way the chairman of the Business Management OSC must be consulted and must agree that the decision is reasonable in the circumstances and urgent and may therefore be exempted from call-in.
- 8.9 The decisions to approve the Business Plan for the Adults In-House Service Review is considered to be urgent as the delay involved in awaiting any potential call-in to the Business Management Overview and Scrutiny Committee (whose next meeting is not due to take place until 5 March 2012), would mean that the project would fail to achieve its go-live date of 1 February 2012. The decision is therefore regarded as urgent and an exemption from the call-in process has been obtained from the Chairman of the Business Management Overview and Scrutiny Committee. In accordance with

paragraph 16 of the Overview and Scrutiny Procedure Rules, this decision will be reported to the next available meeting of the Council (24 January 2012).

- 8.10 The full report is due to be considered as pre-decision Scrutiny at the Business Management Overview and Scrutiny Committee meeting of 9 January 2012.

9 BACKGROUND INFORMATION

- 9.1 Since 2007 work has been undertaken to prepare for the transfer of adult social care in house services to an arms length management organisation as part of the Council's programme to deliver greater choice and control through personalisation of adult social care services. In April 2010, the More Choices project was established to undertake a high level options appraisal to explore the most appropriate delivery model for these service.
- 9.2 The high level options appraisal was approved by Cabinet in November 2010, which allowed officers to proceed to business case production for the establishment of a Local Authority Trading Company incorporating Barnet Homes to manage the adult social care in-house services.
- 9.3 The business case for the Local Authority Trading Company was approved on the 24 May 2011 by Cabinet Resources Committee, noting that a business plan based on the business case would need to be presented to Cabinet Resources Committee in the future to allow for the establishment of the Local Authority Trading Company. The business case set out a group structure for the Local Authority Trading Company, consisting of a holding company with two subsidiaries, Barnet Homes and Adult Social Care.
- 9.4 To develop the business plan, a due diligence exercise of the business case has been conducted through the establishment of Shadow Boards for Local Authority Trading Company and Adult Social care subsidiary and Barnet Homes Board.
- 9.5 To facilitate business case validation and decision making for inclusion within the current business plan, the membership for two shadow boards were approved by Council in July 2011 to make recommendations on behalf of TheBarnetGroup LTD and Your Choice (Barnet) Limited for ratification by the Council.
- 9.6 During this transition period, the Council has incorporated TheBarnetGroup LTD, Your Choice (Barnet) Limited and as a temporary shell company Barnet

First Limited in November 2011 to allow for the proposed go live date of the 1st February 2012.

- 9.7 The development of the transition plan for the establishment of the Local Authority Trading Company has been overseen by a Programme Board incorporating housing to take account of the inclusion of Barnet Homes within the group structure.

The Barnet Group Limited Business Plan

- 9.8 TheBarnetGroup LTD business plan attached at appendix A sets out the aspirations, intentions, vision and objectives of TheBarnetGroup LTD. The business plan builds on the original business case, referring to the application of improvement levers to improve income levels and reduce expenditure. It has been developed in close collaboration with commissioners in the Council to reflect the Council's priorities set out in the medium term financial strategy and related service strategies.
- 9.9 The business plan has been developed to ensure that the benefits set out in the business case approved by Cabinet Resources Committee in May 2011 are realised and sets out the risks associated with the Local Authority Trading Company following due diligence and how these will be mitigated.
- 9.10 The Business Plan sets out a three stage process for The Barnet Group and its subsidiary organisations of Optimise, Refine and Transform which is reflected in the financial planning assumptions set out in the table below.

	BILS	Communi ty Space	Flower Lane	Rosa Morrison	Supported Living (inc Agatha House)	Valley Way	Total
Income Growth over 4 Years	190,600	104,810	45,600	128,800	221,630	247,520	938,96
Growth Profile (%)							
Yr 1	50	50	40	30	30	30	345,33
Yr 2	50	50	60	30	30	30	699,78
Yr3				40	40	40	938,96

The activities associated with each of these phases is detailed below.

- 9.11 Optimise – 8 months from go live
- Embed the Group structure
 - Make appropriate adjustments to structures and policies
 - Ensure delivery against service specifications and management agreements

- Begin culture transformation programmes with employees and customers
- Develop partnership models for new business and service delivery.

9.12 Refine – 12 months from go live

- Detailed business planning (based on actuals)
- Competitively challenge for external new business opportunities
- Embed partnership models for service delivery and new business
- Defined models of joint working across the group and some examples of success
- Efficiencies identified and programmes, quick wins delivered

9.13 Transform – 18 months from go live

- Complete culture transformation programmes
- Maximised revenue streams
- Delivery of external new business opportunity
- Joined up working across the group fully embedded and clear outcomes achieved
- Main efficiency programme completed.

9.14 In addition to these three phases of change, the Group will continue to respond to changes in the marketplace and the business plan identifies opportunities in the market place for adult social care that will be explored.

9.15 The board of Your Choice will also have the benefit of Service User and Carer representation to ensure the strategic vision of the organisation matches the aspirations of service users.

Governance Arrangements

9.16 The Board positions for the structure are set out in the table below:

Company	Role	Board membership	Frequency
TheBarnetGroup LTD	<ul style="list-style-type: none"> • Commercial focus • Reporting on subsidiary performance back to the Council and holding subsidiary companies to account • Contracting with the subsidiary companies 	<u>Non Executive Directors</u> <ul style="list-style-type: none"> • Chairman • Council shareholder representation • Vice chair (Your Choice) • Vice chair (Barnet Homes) <u>Executive Directors</u> <ul style="list-style-type: none"> • LATC Chief Executive • Financial Director • Operations Director (Your Choice) 	Quarterly (and as and when required)

	<ul style="list-style-type: none"> • Setting the strategic objectives for the subsidiary companies • Facilitate shareholder input from elected Members 	<ul style="list-style-type: none"> • Operations Director (Barnet Homes) 	
Your Choice (Barnet) Limited	Deliver Adult Social Care services	<u>Non Executive Directors</u> <ul style="list-style-type: none"> • Service users / carers (x2) • Chair • Vice chair <u>Executive Directors</u> <ul style="list-style-type: none"> • LATC Chief Executive • Operational Director • Financial Director 	Monthly (during establishment), then bi-monthly or quarterly (and as and when required)
Barnet Homes	Deliver Housing Management services	<u>Non Executive Directors</u> <ul style="list-style-type: none"> • Residents (x3 including one leaseholder) • Vice chair • Independent Director <u>Executive Directors</u> <ul style="list-style-type: none"> • LATC Chief Executive • Operational Director • Financial Director 	Bi-monthly (and as and when required)

9.17 In respect of the operations of The Barnet Group, the existing governance policies and procedures of both Barnet Homes and the London Borough of Barnet will be adapted as appropriate to be in place at the go-live date of 1 February 2012. Once operational, the Barnet Group Board may elect to amend these at a later date.

9.18 Upon inception, TheBarnetGroup LTD will not have any employees and will be governed by a board of directors to set strategic direction of the organisation, manage the contracts and relationship with the Council for Your Choice (Barnet) Limited and Barnet Homes LTD. The group will oversee delivery of the contracted services from the Council as set out in the specification. It will oversee a group budget of nearly £49 million per annum.

9.19 Your Choice (Barnet) Limited will be the delivery arm within TheBarnetGroup for Adult Social Care services which are currently provided in-house by the Council. At inception, the services will cover learning disabilities and physical and sensory impairment disabilities. The workforce will consist of 214

employees due to TUPE transfer from the Council. Your Choice (Barnet) Limited will oversee a budget of over £6.4million per annum. The board of directors for Your Choice Barnet Limited will take operational decisions and make recommendations to TheBarnetGroup LTD board of directors for strategic decisions.

- 9.20 Barnet Homes LTD was set up as an ALMO by the Council in 2004, and will be transferred to TheBarnetGroup LTD as a subsidiary company alongside Your Choice (Barnet) Limited. Barnet Homes will continue to operate in the same way as under its current ALMO management agreement with the Council. As part of a new group structure it will be necessary for the relationship with the Council will be managed through TheBarnetGroup LTD as parent company.
- 9.21 Barnet Homes LTD will also provide back office support services to Your Choice (Barnet) Limited as set out in the business plan attached at appendix A. Consequently, Barnet Homes LTD will increase its current headcount of 300 employees to accommodate the increase in support services provided to Your Choice (Barnet) Limited.
- 9.22 Barnet Homes LTD activities will be restricted to Housing and will need to seek permission from Barnet Homes LTD board of directors for any change in strategic direction. Barnet Homes LTD will continue to oversee a budget of £42.5 million per annum.
- 9.23 As part of the Local Authority Trading Company project, consideration has been given to the potential transfer of Housing Needs Resources to Barnet Homes LTD within the Barnet Group structure. There is alignment with the Local Authority Trading Company project which has been set out in the Housing Needs Resources High Level Options Appraisal and Full Business Case for consideration by Cabinet Resources Committee on 12 January 2012.

TUPE Transfer and Appointment of Board of Directors

- 9.24 For staff in scope to transfer to TheBarnetGroup LTD, terms and conditions are protected for 1 year in accordance with the Council's TUPE transfer commitments agreement.
- 9.25 As sole shareholder, the Council would have the ability to appoint and remove Board Members as required.
- 9.26 In addition to robust contract monitoring arrangements, it is envisaged that oversight of the operation and performance of The Barnet Group be

undertaken by Barnet's Overview and Scrutiny function. A proposed amendment to the Overview and Scrutiny Procedure Rules to reflect this will be presented to Special Committee (Constitution Review) for their consideration upon approval of the current Business Plan by Cabinet Resources Committee.

- 9.27 Shadow boards were established on 12 July 2011 as resolved by Council (decision item 4.4.2) to represent TheBarnetGroup LTD and Your Choice (Barnet) Limited by making recommendations for ratification by the Council's project board until the companies were formed.
- 9.28 An external recruitment process is underway and will result in the following appointments being made:
- Non Executive Director (Chair) for TheBarnetGroup LTD, Your Choice (Barnet) Limited and Barnet Homes LTD.
 - Non Executive Director (Vice Chair) for TheBarnetGroup LTD and Your Choice (Barnet) Limited.
- 9.29 The Council are in the process of appointing the Chair for all companies within TheBarnetGroup LTD with relevant commercial and other skills and experience to deliver both Housing Management and Adult Social Care services. This process will conclude in early January 2012. Once selected, this appointment along with all executive appointments will be presented to General Functions Committee for ratification.
- 9.30 Once appointed, the chair will conclude the director appointment process which includes service user/carer board appointments supported by directors in post by 31 March 2012.
- 9.31 The board of directors for TheBarnetGroup LTD will be responsible for:
- Setting the vision and objectives for all companies within the group structure
 - Defining the strategy for the entire group structure
 - Defining the core values of how the entire group structure should act and behave
 - Management of the client relationship with the Council
 - Generating new business for the entire group structure
 - Overseeing day to day decision making for the entire group structure within the group strategy.
- 9.32 The board of directors for Your Choice (Barnet) Limited will be responsible for:
- Providing strategic direction
 - Delivery against the Council's specification

- Ensuring financial viability
- Achieving growth/generating new business

- 9.33 The companies will operate as individual entities with their own accounts, services and agreed business plans, however they will work together where appropriate to maximise the benefits of the group structure in sharing appropriate resources and services to meet their aspirations.

Output Specification

- 9.34 The contract between Barnet Council and TheBarnetGroup LTD includes an output specification for the Adult Social Care services to be delivered by Your Choice (Barnet) Limited through a subsidiary contract. The specification responds to the priorities of Adult Social Care and Health and to the views of service users engaged with as part of the More Choices events. The specification has a strong emphasis on Your Choice (Barnet) Limited delivering quality support that responds flexibly to individuals.

- 9.35 A Performance Framework is set out in the contract establishing the outcome and output measures for Your Choice (Barnet) Limited linked to key benefits in the original Business Case.

Clienting Relationship

- 9.36 A clienting relationship will be established between the Council and TheBarnetGroup LTD. This will define the strategic partnership between the two organisations as well as the contract management of the subsidiaries contracts.

- 9.37 The clienting relationship will include a schedule of partnership meetings, performance reporting, contract management and service reviews. This will ensure the outcomes and priorities set by the Council are delivered by TheBarnetGroup LTD through the contracts with Your Choice (Barnet) Limited and Barnet Homes LTD.

- 9.38 There will be six monthly strategic partnership meetings attended by the Directors of Adult Social Care and Health and Environment, Planning & Regeneration, the CEO of TheBarnetGroup LTD and Chair of TheBarnetGroup board. Governance arrangements, including the Board's Terms of Reference and the Scheme of Delegation will define this relationship. The Board will establish strategic direction for TheBarnetGroup LTD in response to full Council and cabinet members, shareholders and to council priorities. The first meeting will be held in February 2012.

Service User/Carer and Staff Engagement

- 9.39 Service user/carers and staff events were held in January and February 2011 to obtain input in delivery of innovation to take the Local Authority Trading Company structure forward. Feedback from these key stakeholder groups were set out in the original business case presented to Cabinet Resources Committee on 24 May 2011. This feedback has been the basis of service transformation as set out in the current business plan.
- 9.40 In preparation for the transfer, work has already undertaken significant staff engagement via workshops; newsletters and other events. This activity will continue throughout the transition period to ensure that the new Local Authority Trading Company has the best possible foundations to enable its success.
- 9.41 Service users and staff have also been included in the naming and branding of TheBarnetGroup LTD and Your Choice (Barnet) Limited.
- 9.42 The Learning Disability Services currently have representatives (MPs) on the Learning Disabilities Parliament Board (LDPB) and it is envisaged this will continue. Going forward, there will be an opportunity to explore views on Your Choice (Barnet) Limited business arrangements and to test with a wide group representing the voice of people with Learning Disabilities in Barnet.
- 9.43 It is the intention of Adult Social Care and Health for the relationship with the LDPB to be maintained with a place secured for the Your Choices (Barnet) Limited Operations Director. This forum will be used to test service changes or developments and maintain advocacy for Learning Disability services within Barnet.
- 9.44 For Physical and Sensory Impairment (PSI) service users, existing relationships with Barnet Disabled for Independence with Support in the Community (BDISC) and Barnet Centre for Independent Living (BCIL) will be maintained with these independent organisations for service user engagement.

Go-Live

- 9.45 The go-live date for service delivery by Your Choice (Barnet) Limited is 1 February 2012. All employees in-scope for transfer are outlined in the final establishment set out in the Employee Equalities Impact Assessment at appendix F.

- 9.46 Staff who have “As and when” contracts (zero-hours contracts) are not automatically due to be transferred under the TUPE Regulations. Each of these staff have however been offered the opportunity for their details to be passed on to the management of Your Choice (Barnet) LTD to be considered for employment by the new company. To date a number of staff has indicated they would wish to continue their involvement with the services. This will be picked up with the Human Resources department within TheBarnetGroup LTD
- 9.47 Further to final approval received from Barnet Homes board on 5 December 2011, a notice has been served for novation to TheBarnetGroup LTD as a subsidiary and sister company to Your Choice (Barnet) Limited. The Extraordinary Board meeting for final passing of the resolution will be held subject to approval of this report at Cabinet Resources Committee on 12 January 2012.
- 9.48 Subject to Cabinet Resource Committee approval of this report and appendices, an event is planned for 1 February 2012 go-live. This event will be aimed primarily at service users and staff within the services in-scope for transfer to Your Choice (Barnet) Limited. The regular staff panel which includes representation from the Barnet Independent Living Services and each of the Learning Disability Services and will be used as a forum to assist in the planning of the event and inclusion of service users and staff.

Business Continuity

- 9.49 During the service user and staff engagement events held in January and February 2011, service users were reassured there will be a seamless transition of services at the point of transfer. Much work has been undertaken to ensure a smooth transfer of the services to Your Choice (Barnet) Limited. This has included due diligence work to validate the original business case working closely with back office support services.
- 9.50 Particular attention has been given to resources to ensure staff remain focused on supporting service users. A detailed project plan underpins all of this work to ensure delivery. Each service in scope for transfer has a Business Continuity Plan in place to ensure minimal service disruption particularly where service users are most vulnerable such as the Supported Living service.
- 9.51 Each service area has conducted a business continuity plan review in light of the change and adaptation to future working arrangements. There is much interdependence between the plans as constituent services support each other. A full suite of Risk Assessments underpin the suite of plans.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: PD

CFO: MC

APPENDIX A



High Level Business Plan

2012 - 2015

Draft version 7.0
November 2011

Public Version

Document & Version Control

Document owner	The Barnet Group Executive Team
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Document location	

Version	Details of update	Author	Issue date	Status
1.0	Initial draft for comment	Troy Henshall	25/10/11	Draft
2.0	Revised draft for comment	Troy Henshall	9/11/11	Draft
3.0	Revised draft for comment (includes feedback from LBB Governance & Legal)	Troy Henshall	16/11/11	Draft
4.0	Revised draft for comment (includes feedback from ASCH SMT)	Troy Henshall	23/11/11	Draft
5.0	Revised draft for comment following LBB Project Board	Troy Henshall	30/11/11	Draft
6.0	Revisions in respect of ASC Schemes – current and future capacity	Amanda Jackson	2/12/11	Draft
7.0	Revised following feedback from LBB Project Board	Richard Harrison	12/12/11	Draft

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 - 2.0 Background to the Business Plan
 - 3.0 The Barnet Group
 - 4.0 Developing the Group
 - 5.0 Contracts, Service Specification and Management Agreements
 - 6.0 Payment Mechanisms
 - 7.0 Financials
- Appendices:
- A - The Barnet Group Customer Data
 - B - The Barnet Homes Business Plan 2011-13
 - C – The Barnet Group draft Risk Register
 - D – The Benefits Realisation Matrix

1.0 Overview of the Business Plan

- 1.1 This high level Business Plan sets out the plans for and benefits of Barnet Council's establishment of The Barnet Group, a local authority trading company (LATC) consisting of Barnet Homes, an arm's length management organisation (ALMO) established in 2004 and a new company, Your Choice Barnet Ltd, created as a vehicle to reprovide the council's Adult Social Services in-house disabilities provision.
- 1.2 This document is intended to be read in conjunction with existing documents, including the original business case for the creation of the LATC and the Barnet Homes Business Plan¹. It is intended to be an iterative document setting out the proposed approach to establishing and successfully delivering the aims of the Group and its shareholder, Barnet Council.
- 1.3 It is important to note that many of the aspects surrounding The Barnet Group and Your Choice Barnet Ltd as the companies are established are to be fully developed and are therefore documented as draft within this plan and subject to change.
- 1.4 This Business Plan covers the period 2012–2015. The plan covers the first 18 months of this period post-implementation in more detail. This timeframe covers the transition of Barnet Homes and the in-scope adult social care services to The Barnet Group, ensuring business continuity, embedding and optimising the services while identifying opportunities for increased efficiencies, realignment and growth. It is intended that the Business Plan is thoroughly reviewed by October 2012 and a revised plan developed through consultation with staff across the group, customers, service users and Board directors in dialogue with the shareholder.
- 1.5 It is intended that the Business Plan is thoroughly reviewed by October 2012 and a revised plan developed through consultation with staff across the group, customers, service users and Board directors in dialogue with the shareholder. The business plan will be approved by the Shadow Boards on behalf of TheBarnetGroup LTD and Your Choice (Barnet) LTD. The Council will also approve the business plan through Adult Social Care and Health Senior Management Team, LATC project board, Corporate Directors Group, Business Management Overview and Scrutiny (for comment only) and finally by Cabinet Resources Committee on 12 January 2012.

2.0 Background to the Business Plan

- 2.1 On 29 November 2010, The London Borough of Barnet (LBB) Cabinet approved the development of a business case for the establishment of a Local Authority Trading Company (LATC) as the preferred option for an alternative delivery model for its Adult Social Services in-house provision. This decision was based on a previous options appraisal exercise that was undertaken in June 2010. This explored seven options for the future of the in-house services.
- 2.2 The LBB Cabinet considered the business case on 24 May 2011 and approved the implementation of the LATC subject to a final business plan submission in January 2012.

¹ Appendix B

2.3 The financial and non-financial benefits sought within the business case were as follows:

- The quality of the services delivered are maintained or approved
- Social care service users can buy the services directly from the LATC (they cannot purchase in-house services)
- Social care service users want to buy the services: at least 30% of income comes from individuals with direct payments/self-funders
- Service users are at the heart of the LATC governance arrangements, co-producing the design and delivery of services
- Services are financially viable within a competitive environment
- Savings are generated through reduced corporate and support costs (£1.2m potentially non-cashable savings)
- Costs to LBB are reduced for the longer term
- The speed of implementation is in line with the roll-out of personal budgets
- There is flexibility and ability to respond to a changing market
- The potential to reach a wider group of service users is realised
- There is Increased income and additional income streams
- There is a rebalancing of top management priorities for LBB
- An alternate delivery vehicle for LBB services is provided in a pseudo-commercial setting

2.4 The original business case illustrated the financial position for the Adult Social Care Company, now entitled Your Choice Barnet Ltd, to be as follows:

Your Choice	Year 1	Year 2	Year 3	Year 4
Income	£6,421,768	£ 6,608,022	£ 6,730,782	£ 6,767,262
Net (profit) / loss	£ 282,260	£ 48,107	£ (106,665)	£ (143,145)
Cumulative (profit) / loss	£ 282,260	£ 330,367	£ (223,701)	£ (80,556)

2.5 In August 2011 Barnet Homes worked with colleagues in the council to undertake a robust due diligence exercise. Many of the outputs from this are included within this report.

2.6 Specifically, due diligence refined the financial position of Your Choice Barnet Ltd and was able to determine the impact on The Barnet Group of providing shared services. External validation of the new business opportunity was also undertaken.

3.0 The Barnet Group

- 3.1 The Barnet Group and its subsidiary organisations will sit in a group structure as follows:



- 3.2 The Barnet Group is a parent company limited by shares. The company will be created with 100 shares purchased by LBB for £1 each. Whilst this 100% shareholding has the opportunity to be diluted in the future, under the rules for a LATC a minimum of 51% control must be maintained. The articles of association present limited restrictions on business purpose or activity similar to that of a normal commercial organisation.
- 3.3 At its inception The Barnet Group will not have any employees. Its responsibility will be to contract with and oversee delivery of the contracted services from LBB. It will oversee a group budget of nearly £49 million per annum.
- 3.4 **Your Choice Barnet Ltd** is a subsidiary company limited by shares. The company will be created with 100 shares purchased by The Barnet Group for £1 each. Opportunity for share dilution through a variety of different options, such as a joint venture, exist for the future. The articles present a few more restrictions on business purpose or activities than The Barnet Group but do not restrict its ability to grow and develop new services around adult social care.
- 3.5 At its inception Your Choice Barnet Ltd will consist of the following services, transferring from LBB with the 214 associated employees TUPE transferring with their existing terms and conditions protected:

Learning Disabilities Services

- Rosa Morison: building-based day opportunities for people with profound, multiple learning disabilities
- Flower Lane Autism Service: building and community-based day opportunities for people with Autistic Spectrum conditions
- CommunitySpace: building and community-based day opportunities to promote inclusion, skills development and access to employment.
- Valley Way: a short breaks respite service
- Barnet Supported Living Service: daily living support for people within their own tenancies.

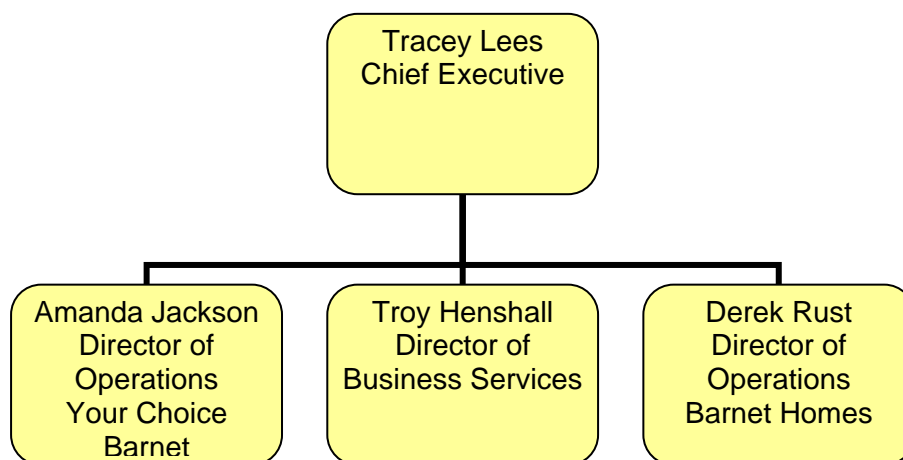
Physical and Sensory Impairment Services

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

- 3.6 Your Choice Barnet Ltd will oversee a budget of over £5.8 million per annum.
- 3.7 **Barnet Homes Ltd** is a subsidiary company originally set up in 2004 as an arms length management organisation (ALMO) to take over responsibility for Barnet's 15,000 council homes, including 3,900 leasehold properties.
- 3.8 Barnet Homes will be set up as a Company limited by guarantee using a similar set of articles to its existing model. Its articles are far more restrictive in respect of business purpose or activities than The Barnet Group or Your Choice Barnet Ltd, limiting activities outside of housing.
- 3.8 Barnet Homes will continue to operate in the same way as under its current ALMO management agreement with LBB, albeit under a group structure. It will increase its current headcount of 300 employees to accommodate the increase in support services provided to Your Choice Barnet Ltd.
- 3.9 Barnet Homes will continue to oversee a budget of £42.5 million per annum.




3.10 Governance Arrangements

- 3.10.1 The Barnet Group has an Executive team of four, consisting of the Chief Executive, Director of Business Services and a Director of Operations for each of the subsidiary companies as shown below:



- 3.10.2 The Executive team will be held to account by the respective company Boards. The Barnet Group Board will be held accountable by the shareholder, LBB, through the following channels:
- Regularised formal contract monitoring
 - Council approval of The Barnet Group strategy documents on an annual basis, including:
 - Budget
 - Business Plan
 - Annual Report
 - Other major strategic documents
 - Constitutionally enshrined oversight role of The Barnet Group Performance and Annual Report by LBB's Overview & Scrutiny Committee, including powers to compel Board members to appear before Members.

- 3.10.3 Accountability will further be enshrined through LBB having power as the sole shareholder to appoint or remove directors to run the company.
- 3.10.4 The Barnet Group Executive Team will focus on engaging with LBB to contract with the council for the delivery of services exclusively for the performance of public functions.
- 3.10.5 The Board structures are shown below. The Chair will be a shareholder appointment, as will the two LBB representatives on The Barnet Group Board. Other independent or customer/service user appointments will be made by the respective Boards and the Chair. The Chair will serve for five-year periods and independent/customer/service user positions for three-year terms extendable up to nine years.

Board			
Chair	<ul style="list-style-type: none"> • Single shared Chair across all three Boards 		
Executive Directors	<ul style="list-style-type: none"> • Chief Executive • Director of Business Services • Director of Operations Your Choice Barnet • Director of Operations Barnet Homes 	<ul style="list-style-type: none"> • Chief Executive • Director of Business Services • Director of Operations Your Choice Barnet 	<ul style="list-style-type: none"> • Chief Executive • Director of Business Services • Director of Operations Barnet Homes
Non Executive Directors	<ul style="list-style-type: none"> • 2 LBB- appointed representatives • Barnet Homes Vice Chair • Your Choice Vice Chair 	<ul style="list-style-type: none"> • Service users/carers • 1 Independent 	<ul style="list-style-type: none"> • 3 Residents - including one leaseholder • 2 independents

- 3.10.6 Your Choice Barnet Ltd and Barnet Homes Boards will be responsible for overseeing operational performance, budgetary management, improvement plan delivery and proposing strategic direction. The Barnet Group Board will monitor these aspects but will focus on strategic direction and new business.
- 3.10.7 The Barnet Group Board will meet approximately four times per year, with Your Choice Barnet Ltd and Barnet Homes meeting six times. In addition there will be two away events each year, of which one will consist of all three Boards meeting together. There will also be a single Group Audit & Risk Committee which will meet four times a year and work with the Group's internal and external auditors.
- 3.10.8 Operation of The Barnet Group and subsidiaries will be in accordance with their Terms of Reference and Scheme of Delegation, with day-to-day operation subject to a number of policies and procedures such as a Contract Procedure Rule, Health and Safety Policy and Code of Conduct. Responsibility for implementing and amending these policies will sit with The Barnet Group Board.

3.10.9 Further information in respect of the governance arrangements can be found in The Barnet Group's Schedule of Delegation.

3.11 Vision statements

3.11.1 The following are the three vision statements for each of the companies within The Barnet Group:

- **The Barnet Group** – Public sector ethos with a private sector commercial focus
- **Your Choice Barnet Ltd** – Empowering people to live the lives they choose, as independently as possible
- **Barnet Homes** - Great service, delivered at great value that makes a positive difference to people, homes and communities.

3.12 Key Objectives

3.12.1 The following are the five priorities for each of the companies within the Barnet Group:

3.12.2 The Barnet Group

- Embedding the Group structure, identifying and developing synergies between services to deliver benefits for service users and residents
- Driving efficiencies and service improvements across the Group
- Seeking and attracting new business into the Group
- Strengthening relationships between the Group and LBB and other partners
- Improving satisfaction with the services delivered by the Group.

3.12.3 Your Choice Barnet Ltd

- Supporting choice and independence of our service users
- Achieving high quality outcomes
- Delivering efficiencies and providing greater value for money
- Maximising revenue and collection of revenue across schemes and individuals
- Achieving growth/new business.

3.12.4 Barnet Homes

- Understanding our residents and their priorities
- Delivering the right services at the right quality
- Ensuring we have the right people in place to deliver these services in the most effective way
- Offering financial value in all that we do, achieving efficiencies and attracting new business
- Working with partner organisations and residents to make efficiency savings and long-term improvements to wider communities.

3.13 Milestones

3.13.1 The Barnet Group and its subsidiary organisations will undertake a three stage process; Optimise, Refine and Transform. These will focus on the following activities:

- 3.13.2 **Optimise** – 8 months from go live
- Embed the Group structure
 - Make appropriate adjustments to structures and policies
 - Ensure delivery against service specifications and management agreements
 - Begin culture transformation programmes with employees and customers
 - Develop partnership models for new business and service delivery.
- 3.13.3 **Refine** – 12 months from go live
- Detailed business planning (based on actuals)
 - Competitively challenge for external new business opportunities
 - Embed partnership models for service delivery and new business
 - Define models of joint working across the group and some examples of success
 - Efficiencies identified and programmed, and quick wins delivered
- 3.13.4 **Transform** – 18 months from go live
- Culture transformation programmes completed
 - Maximised revenue streams
 - Delivery of substantial external new business opportunities
 - Joined up working across the group fully embedded and clear outcomes achieved
 - Main efficiency programme completed
- 3.13.5 In addition to these three phases of change, the Group will continue to respond to changes in the marketplace driven by central government, such as welfare reform, and local government/commissioners/One Barnet. It will also ensure the outcomes from a cost and quality perspective are at least maintained but will aim to improve these outcomes on both counts year on year.
- 3.13.6 Further information on the improvements and, in particular, the new business aspects are contained in Section 4 – Developing the Group.

3.14 Customer Engagement

- 3.14.1 The Barnet Group intends to put customers at the heart of its business, driving forward the activities already undertaken by the respective organisations in engaging customers.
- 3.14.2 The Barnet Group will develop and adopt a customer engagement strategy which will build upon the strong scrutiny model created and well established within Barnet Homes. This will be a key year one activity.
- 3.14.3 Your Choice Barnet will have two Board places reserved for service users/carers and will continue to engage with customers on staff recruitment and changes to service delivery. Further work will be undertaken to determine the most effective engagement model and implement this fully within twelve months of go live. This will build on best practice and the existing consultation methodology employed by the services in scope.
- 3.14.4 Barnet Homes will continue to develop its engagement approach with the Performance Advisory Group (PAG), strengthening its membership and supporting capacity development and the Hub meetings. Barnet Homes will

continue to have three places on its Board for residents, with one place reserved for a leaseholder. It will also seek, where appropriate, for the Vice Chair to be a resident representing the Board on The Barnet Group Board.

3.15 Staff Engagement and Cultural Change

- 3.15.1 The creation of the LATC presents real change, particularly for the staff of the in-scope adult social care services who will transfer to Your Choice Barnet on TUPE transfer commitments, but also for staff in Barnet Homes who will join a new group structure. Staff involvement and buy-in will be key for the successful transition to The Barnet Group. This will build on the staff workshops held early in 2011 and the ongoing dialogue throughout the project. There is recognition that transition may be unsettling for staff, particularly moving towards a more commercial model, with the discipline of a robust performance framework in place to measure and evaluate deliverables and outcomes.
- 3.15.2 The focus of the first 12 to 18 months will be to implement and embed cultural transformation within The Barnet Group. There is considerable specialist expertise within Your Choice Barnet and Barnet Homes. The aim is to maximise staff retention, manage talent and engage staff in the benefits and opportunities to be derived through the group structure while supporting them with new ways of working. Outside of mandatory training or personal development plans carried forward from previous appraisals, there is recognition that tailored investment and training will be required to ensure the right skills set exists within The Barnet Group, particularly in relation to the commercial activities required to successfully deliver the Business Plan.
- 3.15.3 Discussions will take place with the trade unions ahead of go-live to agree the most appropriate Joint Negotiation and Consultation Committee (JNCC) arrangements for The Barnet Group. The options for a staff council – ‘People First’ – will also be reviewed to ensure that appropriate structures are in place for ongoing constructive dialogue where issues can be raised and solutions delivered in a way that fits the needs of all staff within the group.
- 3.15.4 The LATC structure and governance arrangements approved by LBB, with a single CEO and Chair providing clear leadership, will greatly facilitate the development of a cohesive corporate vision and delivery of a single integrated culture for The Barnet Group.

3.16 Service Offer

- 3.16.1 **Barnet Homes** will continue to provide housing and landlord services to those living in LBB-owned properties and leaseholders within the borough. Further services aligned to this activity, such as support for regeneration areas, training and employment support, will also continue to be provided.
- 3.16.2 **Your Choice Barnet Ltd** will continue to provide learning disability and physical and sensory impairment services, as set out at 3.5, from its existing locations.
- 3.16.3 Your Choice Barnet Ltd will further develop these and the following service models:
- Homecare – support in people’s homes

- Transition – supporting community-based activities for young people on reaching adulthood
- Getting into employment
- Developing support plans with individuals following statutory assessments

3.17 Performance Management, Scrutiny & Risk Management

- 3.17.1 As set out above at 3.18.2, The Barnet Group will be held accountable for its performance through a number of channels. LBB is currently defining and scoping a Strategic Partnership Arrangement (LBB Adult Social Care & Health Commissioning & Housing). This will provide the formal contract monitoring arrangements based on a performance framework that will measure the deliverables and outcomes for both Your Choice Barnet and Barnet Homes. This will be a collaborative relationship with ongoing dialogue to share priorities, discuss changes in respect of the commissioning model, highlight risks and working together to deliver solutions.
- 3.17.2 Performance information will be produced, distributed and reviewed monthly by the operational teams and Executive team. The Boards will consider performance including financial performance quarterly. Performance information and the annual report of the Group will also be scrutinised by an LBB Overview & Scrutiny Committee on a regular basis. The Group will also produce a year-end report for its customers.
- 3.17.3 Responsibility for the performance of each company sits with the Executive team as a whole and the Director of Operations for each company.
- 3.17.4 A robust risk management framework will be in place for the group with regular reporting to:
- The Barnet Group Audit & Risk Committee
 - The LBB Strategic Partnership meetings
 - The Barnet Group Board

The draft risk assessment for The Barnet Group is attached as Appendix 2. This shows five high net risks relating to the Group, one each for The Barnet Group and Barnet Homes and three for Your Choice Barnet. The mitigating actions and deadlines are shown for all activities within the risk document.

Risk	Mitigating action	Owner	Deadline
Barnet Homes - Lack of robust clienting arrangements leading to poor service and/or increased costs	Post-Decent Homes procurement is being supported by an experienced external consultant. New repairs and maintenance contract negotiations are still in progress with tougher contract provisions to protect Barnet Homes' interests. Lean voids review started to establish leaner procedures and improve performance on voids and customer satisfaction. Barnet Homes Investment Panel used to monitor partners'	Derek Rust	April 2012

Risk	Mitigating action	Owner	Deadline
	performance.		
Your Choice Barnet - Loss of income, viability of schemes and/or business being threatened	Ongoing dialogue and reinforcement of service improvements. Cost reduction programme	Amanda Jackson	April 2013
Your Choice Barnet – Pricing not competitive	Timetable review for 2012/13 financial year. Deliver quick wins and programme further efficiencies	Amanda Jackson	April 2013
Your Choice Barnet - Individual schemes/services are unable to recover their costs	Create scheme viability models and run scenarios/option appraisals. Close down schemes/services that cannot support themselves financially longer term	Amanda Jackson	April 2013
The Barnet Group – Public sector strikes – morale and service delivery affected	Continue to work with staff and await outcome of negotiations between the government and unions	Tracey Lees	April 2012

3.18 Evaluation of benefits

3.18.1 The business case submitted to LBB's Cabinet on 24 May 2011 clearly set out the benefits of the LATC, both financial and non-financial². The performance framework being developed will set out the success measures for both financial and non-financial benefits. Baseline data will be captured both ahead of go-live and following go-live, to ensure that progress against the success measures can be accurately reported through the agreed performance framework. To this end, Barnet Homes is currently supporting staff within the in-scope adult social care services to undertake baseline satisfaction surveys of service users and their carers, so that customer insight can be captured and analysed ahead of 1 February 2012.

3.18.2 The benefits arising from the creation of The Barnet Group will be monitored. The benefits realisation matrix is attached as Appendix D and sets out the outcomes and timings for the financial and non-financial benefits in the original business case.

3.19 Buying services

3.19.1 The Barnet Group will deliver most services in-house under a collaborative arrangement overseen by the Director of Business Services. These services include:

² These are set out at 2.3

- Financial services, including procurement
 - Office accommodation and facilities management
 - HR services
 - Health & Safety
 - Business improvement, including performance information, customer engagement, PR and communications, and complaint handling
- 3.19.2 The benefit of a collaborative arrangement for delivering shared services is that both Your Choice Barnet Ltd and Barnet Homes can share overhead costs, providing reductions on their existing budgets and a platform for further new business opportunities and cost reductions.
- 3.19.3 In addition to the shared services, there are some services that will be purchased by The Barnet Group from LBB, in accordance with LBB's standard terms and conditions as agreed between the parties. These include:
- IT
 - Facilities
 - Office accommodation
 - Grounds maintenance
 - Payroll
 - Printing
 - Customer care
 - Legal services
 - HR (ad hoc support only)
 - Tree works
 - Transport
 - CCTV
 - Abandoned vehicles
- 3.19.4 The Barnet Group will have the option to withdraw services from LBB should its Board be provided with a compelling business case. A minimum of six months notice must be provided to LBB in these circumstances so that they can make adequate changes to deal with the reduction in revenue.
- 3.19.5 Any procurement undertaken will be overseen by The Barnet Group Procurement Officer and will be undertaken in accordance with the Group's Contract Procurement Rules (CPR) which provides a proven but flexible approach to procurement based on the business requirements.

4.0 Developing the Group

- 4.1 There is significant opportunity for growth within the Barnet Group and its subsidiary companies. The Group structure, governance and articles all support business growth, with flexibility enabled around its delivery vehicles.
- 4.2 Where new business opportunities complement existing operations, such as housing-related activities for Barnet Homes or adult social care for Your Choice Barnet Ltd, we would expect to deploy these services within the existing companies. If an opportunity exists outside of the main activities of the Group but fits within the Group's New Business Strategy, we would explore the most effective delivery vehicle. This may be to set up an additional subsidiary organisation within the Group and/or form a partnership with external organisations.

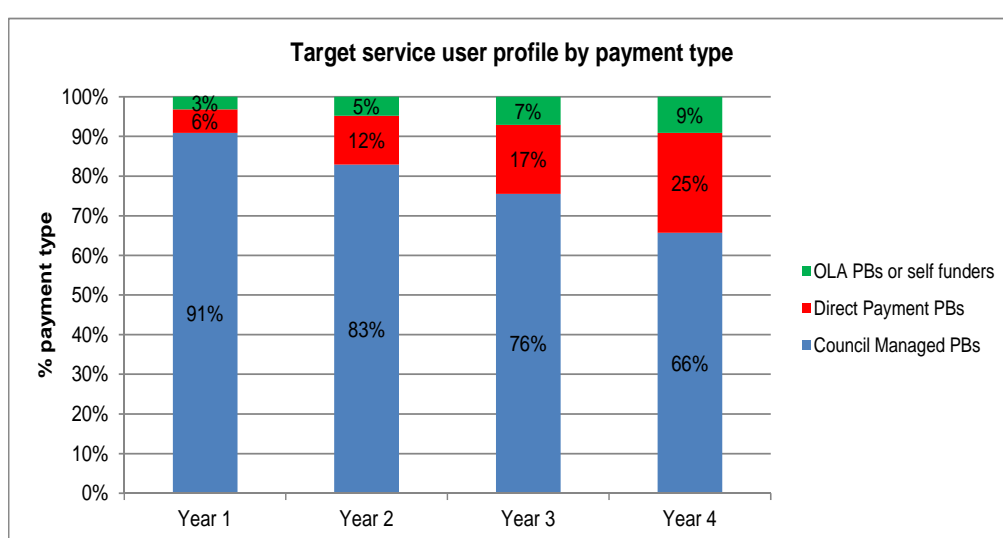
- 4.3 As well as external opportunities, The Barnet Group will continue to seek new business opportunities where LBB is looking to outsource or award contracts for services that are part of or complementary to the existing services provided within the Group. This could include Housing Needs and Resources, Homelessness advice and other support initiatives.
- 4.4 The LATC model provides considerable opportunities around the realignment of services between Your Choice Barnet and Barnet Homes to maximise synergies with the client groups. It also presents opportunities to better coordinate and join up the engagement, design, delivery and co-production of services. It is likely that a significant number of Barnet Homes' customers are users of adult social services, and the LATC structure provides opportunities to streamline service contact. A key activity for The Barnet Group in Year 1³ will be to undertake more detailed reviews of the synergies between Barnet Homes and Your Choice Barnet and put in place an action plan to begin to realise the benefits for Year 2. Areas of review will include:
- Assist Service (Barnet Homes) a 24/7 Lifeline service
 - Sheltered plus initiative
 - Barnet Homes Floating Support Service
 - Telecare
 - Options to provide additional supported living units within Barnet Homes stock
- 4.5 There will be a strong brand to enable the Group to attract new business building on an existing and well recognised Barnet Homes brand which is already in place. Work will be developed to reinforce The Barnet Group brand and Your Choice Barnet Ltd, focusing on its reputation and for Your Choice its history of providing high quality services, the fact that the Group and its companies are specialist in provision and not generic, focussing on Adult Social Care and Housing. Furthermore the company is owned by the Council and therefore has a degree of security behind it and finally that it is a local organisation, providing local services and local employment.
- 4.6 The reputation and expertise of the Group will enable it to form strategic partnerships with other organisations, where appropriate, to bid for part services, where it is not able to be the main bidder on a contract but can deliver services in accordance with the points within section 4.2
- 4.7 The legal structure of The Barnet Group will allow joint venture subsidiaries to be created where the Group can benefit from some form of profit sharing model, passing back the equivalent of dividends to its shareholder. This may be a suitable model for the council when considering further outsourcing opportunities.
- 4.8 Brand awareness work and sales activity will be undertaken via the Group's New Business Strategy and will focus on understanding the business case for investing in:
- Conference opportunities – speakers and exhibitions
 - Networking opportunities
 - Website
 - Promotional materials
 - Advertising

³ See also 4.12.2

- Responding to tender opportunities

4.9 Developing Your Choice Barnet Ltd

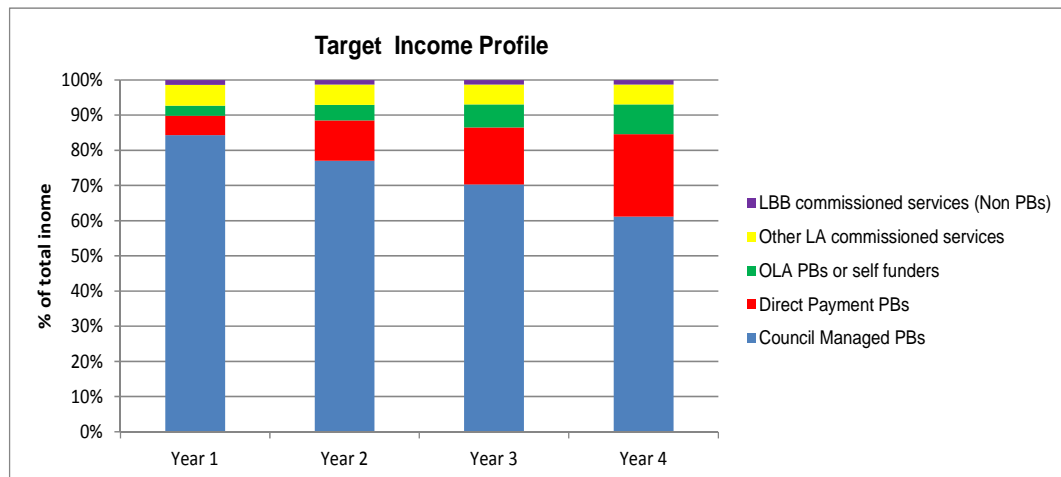
- 4.9.1 Individuals who manage their personal budget as a direct payment cannot purchase the in-house services currently provided by the Council however, with the implementation of the LATC and transferral of service provision from the Council; The Barnet Group individuals will be able to purchase these services from Your Choice (Barnet). Similarly, people with council-managed budgets can access LATC services purchased by LBB on their behalf. Individuals from other boroughs with direct payments can also purchase services from a LATC, as can self-funders (people who purchase their social care privately). The graph below demonstrates the targeted change in profile of service users accessing the LATC services in relation to payment type:



- 4.9.2 In a similar way that LBB has a risk of double funding as a result of personal budgets, Your Choice Barnet also has an 'at risk' element to its income source. There is no guarantee that people with direct payments will purchase the services. It is therefore imperative that the organisation continues to deliver the same quality and outcomes and at the same time becomes more financially competitive.
- 4.9.3 Due to their mostly unique provision, in-house services are likely to hold the monopoly for their service offering within the free market. Service user turnover is low within all the services, an indication of the level of satisfaction but also an indication of scarce opportunities for people to 'move on' from the services, particularly for those with profound and multiple disabilities. That is not to say that this situation will not change, but there are currently no, or very few, affordable and quality choices that better meet individuals' outcomes. Although markets change, Your Choice Barnet would and could continue to be in a strong position to differentiate its services within the market, and clearly promote its value for money offering. This market position is strengthened by the level of staff expertise and depth of specialist knowledge which enables them to support the complexity and specificity of individuals' needs, upon which the team prides itself.
- 4.9.4 Your Choice Barnet Ltd has the potential to access a wider group of service users, such as current 'self-funders' (people who purchase their own care

privately), people with personal budgets from surrounding areas, and other vulnerable individuals who have not previously fitted neatly into a service user 'group'.

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



- 4.9.6 The services already have a number of proposals for generation of new business, and it will be important for Your Choice Barnet Ltd to take these forward within its future business planning. Potential opportunities for wider service provision and income generation include:

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

- 4.9.7 Existing service users and their carers were consulted in respect of the setting up of the LATC in January and February 2011. They were reassured that there would be a seamless transition of service at the point of transfer. Retaining the existing service users who both depend on and think highly of the services in scope is fundamental to the early success of the LATC. Year 1 from go-live⁴ will provide an opportunity to oversee a smooth transition of the services to Your Choice Barnet Ltd, consolidate and improve the existing

⁴ Up until 31st March 2013

business, and identify synergies within The Barnet Group to maximise opportunities and deliver efficiencies. Following the scoping which will start in the second half of Year 1, we will reconvene panels of stakeholders for detailed consultation on specific options for service development. The Board of Your Choice Barnet will also have the benefit of service user and carer representation to ensure the strategic vision of the organisation matches the aspirations of people who use the service.

- 4.9.8 Furthermore, Year 1 will be a critical time for more in-depth planning and scoping of opportunities for the existing services, along with a detailed exploration and evaluation of the potential for innovations and new business opportunities. In the spirit of both personalisation and the service user-centered approach to delivery, it is the aim of Your Choice Barnet to improve existing provision and develop new services that are tailored to individual needs. New business, for example tendering for the provision of adult social care services in other local authorities and the offer of additional services within Barnet, will be supported through the Group's New Business Strategy and resources, skills and expertise within The Barnet Group.
- 4.9.9 The general direction of travel for the organisation will be to improve efficiency and to reduce the management overhead. This will be done by examining the synergies between existing services within the Your Choice Barnet group of services and also across the whole of The Barnet Group.
- 4.9.10 As set out above, the detail of the offer for the duration of the contract period⁵ will need to be scoped in detail in Year 1.
- 4.9.11 The confidential headline approach for each scheme is set out below.

4.10 Flower Lane

- 4.10.1 Flower Lane, a specialist autism service, is currently operating at nearly full capacity in the five days it is currently open.

The current capacity is 40 places per day, which, based on a five day week equates to 200 units per week and 10,000 per year. The unit is currently one day, however in trying to support a change in culture of day service usage it is planned to work towards half day units. In this way, service users will have opportunities to purchase shorter service-based sessions and use their time more creatively. It will, of course be possible to purchase 2 units per day, if a whole day is desired.

Further cost details for Flower Lane can be found in the associated part 2 exempt report.

Whilst it is acknowledged that on the current five-day week the service is at near full capacity, it will be possible to extend the service in a number of ways, as outlined in the bullet points below. By just achieving one of those, weekend opening the capacity can increase to 14,000 units (based on the current unit of a full day), or 28,000 half day units.

In Year 1, the focus for Flower Lane will therefore be to identify and specify ways in which to grow the service outside of its current scope, in addition to weekend opening.

⁵ Four years plus one

4.10.2 Approach - Year 1

- Transition and consolidation of services
- Building on existing recognised expertise within the service – develop an Autism Training Service – with training and seminars to be marketed. This would be rolled out in the second half of the year
- Identify and specify potential opportunities to:
 - Provide a seven-day-a-week service from Flower Lane
 - Develop an autism transition service for young people about to leave school
 - Provide a specialist autism consultancy
- Develop community-based opportunities for people with severe autism
- Develop specialist service in the community for the other spectrum of autism, e.g. service users with Asperger's Syndrome
- Consult service users/carers and stakeholders in respect of service improvements and specified proposals, having first completed financial modelling for potential income and expenditure

4.10.3 Approach - Year 2

- Further develop training and seminar programme
- Roll out proposed new service enhancements and new service products.

4.11 Rosa Morison

- 4.11.1 Rosa Morison is a unique and specialist service for people with profound and multiple learning disabilities that is also operating at near full capacity. Aside from the expertise within the service, it has another unique selling point in respect of its building, which has been specifically designed around the service users and has its own hydrotherapy pool.

Like Flower Lane, the current capacity is 40 places per day, which, based on a five day week equates to 200 units per week and 10,000 per year. The unit is currently one day, however in trying to support a change in culture of day service usage it is planned to work towards half day units. In this way, service users will have opportunities to purchase shorter service-based sessions and use their time more creatively. It will, of course be possible to purchase 2 units per day, if a whole day is desired.

Further cost details for Rosa Morison can be found in the associated part 2 exempt report.

Whilst it is acknowledged that on the current five-day week the service is at near full capacity, it will be possible to extend the service in a number of ways, as outlined in the bullet points below. By just achieving one of those, weekend opening the capacity can increase to 14,000 units (based on the current unit of a full day), or 28,000 half day units. There are potential opportunities for a different type of service at the weekend, focussing more on family and leisure-based activities than the weekday therapeutic.

4.11.2 Approach - Year 1

- Transition and consolidation of services
- Identify and specify potential opportunities to:
 - Provide the existing services seven days a week or provide a service including hydrotherapy or access to the sensory room at weekends, with more of a focus on facilitating leisure

opportunities for groups of people with complex needs. This could include support groups for the whole family, where they can enjoy the facilities together as a social activity and not necessarily as a social care service. Detailed profiling of interested groups would be carried out as part of scoping the offer. In conjunction with this, to explore support/social groups for siblings and partnerships with organisations in Children's Services

- Explore the potential to deliver other services to this client group:
 - 'fun on the run' outreach programme, delivering sensory programmes to individuals at home or to groups in residential provision.
 - therapies and activities at other locations
 - home respite – eg providing home-based support for carers to have time off from their caring role.
- Consult service users/carers and stakeholders in respect of service improvements and specified proposals, having first completed financial modelling for potential income and expenditure.

4.11.3 Approach - Year 2 onwards

- Roll out proposed new service enhancements and new service products

4.12 Valley Way

4.12.1 The respite service offered from Valley Way offers some potential for growth within the existing confines of a building-based product.

Valley Way has six en-suite bedrooms and therefore there is a physical restriction to the capacity of the service. Currently one bed is held free for short-term emergencies, although this has become blocked by an individual for whom it has proved very difficult to move on. In the future all six beds will be available for booking.

Further cost details for Valley Way can be found in the associated part 2 exempt report.

4.12.2 Approach - Year 1

- Transition and consolidation of services
- The service is not occupied during the day and yet attracts staff and running costs from daytime opening. A review will be undertaken to better understand how the space can be utilised and costs minimised – eg developing daytime respite offer or to accommodate overspill from Rosa Morison
- Identify and specify potential opportunities to:
 - Provide off-site breaks (staffed holidays)
 - Deliver improvements to existing services and enhanced planning to avoid mismatch of service users accessing respite at the same time.
 - Explore whether access to transport would create wider service delivery opportunities
- Consult service users/carers and stakeholders in respect of service improvements and specified proposals, having first completed financial modelling for potential income and expenditure

4.12.2 Approach - Year 2 onwards

- Roll out service improvements and enhancements
- Optimise day time use of the building or deliver savings.

4.13 Supported Living

- 4.13.1 Supported Living provides daily living support for people based in designated 'Supported Living' tenancies. There is potential to provide this support more widely to vulnerable adults living in other tenancies such as those managed by Barnet Homes. However, it should be noted that this extension of service would not be limited to the Barnet area. In this way, although the current model of delivery has capacity linked to the number of tenancies within the Supported Living schemes, going forward there is potentially no maximum capacity.

The Supported Living Service currently provides support to 30 people who hold their own tenancies (most with Notting Hill Housing). The council holds nomination rights for the properties, within the terms of the contract with Notting Hill Housing Group (NHHG). ASCH have the rights to nominate individuals for the tenancies and do so via the "Move-On" list held in the department. There is also a clause relating to void payments for which the council has liability, as a part of this nomination agreement. This would not affect properties where service users may live that are not owned by NHHG. The same level of service would be provided to the end user, irrespective of landlord.

Further cost details for Supported Living can be found in the associated part 2 exempt report.

4.13.2 Approach - Year 1

- Transition and consolidation of services
- Ensure compliance with the Supported Living Framework Contract to be issued by LBB ASCH.
- Review potential for offering support to service users in their own tenancies (outside of existing scheme-based places)
- Review and specify potential opportunities and synergies with:
 - Barnet Homes – floating support and Assist
 - CommunitySpace – realignment of services for people living in their own tenancy
- Develop expertise and capacity to support people to maximise their independence and make use of Telecare options. Increased use of Telecare should reduce the dependence on staff on site and thus reduce unit costs. The first step will be a review of night-time staffing arrangements, leading to a better use of resources.
- Review and specify potential opportunities for providing move-on with support
- Develop expertise and capacity to support the Keyring model of support
- Consider adult placement options as a support option for individuals
- Consult service users/carers and stakeholders in respect of service improvements and specified proposals

4.13.3 Approach - Year 2 onwards

- Evaluate the outcomes of reviews
- Roll out service improvements, enhancements and new products.

4.14 CommunitySpace

- 4.14.1 CommunitySpace has undergone a transition in 2011-12 with the merger of two services: The Space and The Community Support Team. The work to embed this change is still ongoing.

The service currently supports approximately 90 people, across the week, although not all on the same days, with varying degrees of learning disability and associated physical disabilities. Much of the support is in groups as the staffing establishment currently necessitates a very low staffing ratio. They are working towards developing more person-centred provision and individual activities. The weekly capacity is currently 380 days, equating to 19,760 per year.

Further cost details for CommunitySpace can be found in the associated part 2 exempt report.

4.14.2 Approach - Year 1

- Transition and consolidation of services, particularly in relation to embedding the approach of more outward-looking and less buildings-based delivery
- Focus on person-centred plans to deliver positive outcomes for service users
- Explore more flexible service times, with a view to seven day-a-week service provision
- Explore and review potential synergies with the BILS service and building
- Identify and specify potential opportunities to provide this service outside of Barnet
- Identify further service improvements in consultation with service users
- Identify opportunities for relaunching a dedicated Travel Training Service
- Develop a “Safe Place” scheme with local shops and businesses, in conjunction with Travel Training, which would offer places of refuge to people with learning disabilities who travel independently and whose travel has been disrupted.

4.14.3 Approach - Year 2 onwards

- Roll out service improvements and enhancements as identified, reviewed and scoped in Year 1

4.15 Barnet Independent Living Service (BILS)

- 4.15.1 BILS requires some urgent investment in its current building to make it more fit for purpose. This service benefits from its co-location with several voluntary sector, service user-led organisations including the BCIL – Barnet Centre for Independent Living. This contributes to the overarching aim of promoting inclusion and independent living. BILS is currently operating at under-capacity. This will need to be addressed in Year 1 and progress evaluated. The ability to transform BILS in the transition period, through increasing the volume of service users and demonstrating clear outcomes, will inform the future plans for this service.

The service currently provides support to approximately 36 clients. Some attend regularly and others use it as a drop in, when they feel the need for some support, or in some cases, for social interaction. The service is not at full capacity and could support up to 45 people if they continue with the current level of support offered to individuals. There is currently an increased need for personal care support amongst clients. Current provision equates to 9,000 (day sessions) per year.

Further cost details for BILS can be found in the associated part 2 exempt report.

4.15.2 Approach - Year 1

- Transition and consolidation of services
- Increase take-up of places to address current under-capacity
- Improve the building infrastructure addressing health and safety priorities first
- Work closely with LBB Regeneration and Commissioning teams to better understand the future re-provisioning of a Centre for Independent Living for Barnet
- Develop support planning and brokerage functions
- Develop capacity for supplying personal assistants to people with disabilities
- Develop opportunities to identify and support the employment chances for people with disabilities
- Identify further service improvements in consultation with service users, including more flexible service delivery times

4.15.3 Approach - Year 2 onwards

- Roll out service improvements and enhancements as identified and scoped in Year 1

4.16 Developing Barnet Homes

4.16.1 Barnet Homes has successfully completed a Decent Homes programme, delivering an investment in council homes of £189million, and has delivered improved services and efficiencies worth £4.7 million⁶ since its inception in 2004.

Barnet Homes will continue to focus on improving services and becoming as efficient as possible. We will work with the council to maximise the potential benefits of wider housing reforms, including HRA self-financing, flexible tenancies and welfare reform, seeking to maintain and improve services for residents through a challenging economic period.

4.16.2 The existing Barnet Homes Business Plan is attached to this Group plan as Appendix A. The following sets out further information in respect of some of the objectives/issues within the plan:

4.16.3 Welfare reform – We will develop our own understanding of the impact and opportunities arising from welfare reform, including the possible reduction of overcrowding. We will work with our residents to ensure they understand the impact of welfare reform and are prepared for the changes, in particular the capping and direct payment aspects. We will further develop life skills, job clubs and training activities to ensure our customers are well placed to deal with the changes. Barnet Homes will also do more work addressing affordability issues and fuel poverty issues within the borough in the context of high rent and fuel price increases.

4.16.4 HRA reform / self-financing – Barnet Homes will work with the council to develop a robust and sustainable investment plan for the retained stock and an appropriate plan for the regeneration estates. We will also explore opportunities that the reform provides in respect of the council's wider strategic objectives.

⁶ A 15% reduction in operating costs

- 4.16.5 New business – Barnet Homes will continue to work with the council to determine whether there is a compelling business case for the transfer of Housing Needs and Resources into Barnet Homes. Subject to a case existing and approval being received, it will look to embed this service alongside its existing operation. In addition, Barnet Homes will continue to work with appropriate partners to win and deliver further complementary council services via The Barnet Group. Barnet Homes will also work with LBB to explore whether there are further opportunities for new business including those already underway but not finalised such as DRS.
- 4.16.6 Outsourcing – Barnet Homes will seek to ensure services purchased from the council are not impacted by the outsourcing activities and that any contracts procured are fit for purpose. Savings made before and after will be reflected in the Barnet Homes efficiencies.
- 4.16.7 Efficiencies/service improvements – Barnet Homes will continue to explore financial efficiencies and service improvements through a series of initiatives such as lean reviews and procurement, including the mobilisation of ten-year maintenance contracts. Barnet Homes expects to work to a five-year efficiency plan ensuring that the organisation maximises its cost effectiveness and value for money.
- 4.16.8 Accommodation – Barnet Homes will seek a more effective working environment for its employees by seeking new accommodation located closer to more of its customers.

5.0 Contracts, Service Specification and Management Agreements

- 5.1 There are a series of contracts and management agreements that will support the creation of The Barnet Group and provision of services to/via LBB.
- 5.2 There will be an overarching contract that will sit between LBB and The Barnet Group which will be supported by the service specification for Your Choice Barnet Ltd and the Management agreement for Barnet Homes. There will be similar contracts between The Barnet Group and its respective subsidiaries.

There will be a contract relating to the provision of the adult social care service and the management agreement in relation to the housing management and other services that will sit between LBB and The Barnet Group. There will be similar contracts, reflecting the obligations in the principal agreements, between The Barnet Group and its respective subsidiaries.

- 5.3 The specification for the Adult Social Care Services which has been developed as part of the subsidiary contract between the Barnet Group and Your Choice Barnet has a strong emphasis on quality support that responds flexibly to the needs of service users. The specification sets out the performance framework⁷ through which the delivery of the contract for Your Choice Barnet will be measured. Initially the framework will focus on delivery of measurable outputs. This will support the transitional process as Your Choice Barnet becomes established. It is envisaged that from year 2

⁷ See also 3.18

onwards the measures will shift from outputs to outcomes, with a focus on the difference the services are making to the lives of service users.

6.0 Payment Mechanisms

- 6.1.1 It is envisaged that in the future personal budgets will be a significant part of funding stream for services provided by Your Choice Barnet. The council has proposed that to provide stability in year one, the transitional phase, services will be paid for monthly in advance on a block contract arrangement. This will ensure guaranteed cash flow as the new organisation is set up and consolidated. In addition it will support the guarantees provided in consultation with service users and their carers that there would be a seamless and uninterrupted service when the schemes in scope transfer to the LATC.
- 6.1.2 As part of the agreed performance framework and reporting for fairer contributions, Your Choice Barnet will be required to capture and provide accurate information on the actual services delivered.
- 6.1.3 ASCH has committed that for year 1 it will seek to maximise capacity of Your Choice Barnet Services within the current levels of investment.
- 6.1.4 In Year 1, LBB_ASCH will begin a programme of statutory reviews carried out by Care Services Delivery, incorporating the Resource Allocation System (RAS) or Care Funding Calculator (CFC). All reviews should result in ASCH Support Plans that specify the level of individual support being commissioned. Not only will this provide clarity for the service user and provider but ensure ASCH has accurate information to inform the future strategy.
- 6.1.5 From Year 2 there will be a transition to a volume and cost model, with Your Choice Barnet invoicing for actual delivery of services, with payments made monthly in arrears. It is anticipated that there should be an increase in the uptake of Direct Payments in response to national and local drivers, and this will therefore need to be reviewed through the clienting arrangements as it is better understood.
- 6.1.6 By year 3 it is anticipated that a volume and cost model should be fully established and the council will not provide a guarantee of minimum financial investment for Your Choice Barnet.

7.0 Financials

- 7.1 The table below sets out the projected revenue, expenditure and profit/loss for the respective organisations and the Group for the duration of the contract period. This is a revised position from the original business case and reflects robust due diligence undertaken by senior managers in both LBB and Barnet Homes.

Your Choice	2012/13	2013/14	2014/15	2015/16
Income	£5,866,841	£6,221,290	£6,460,470	£6,460,470
Expenditure	£5,781,504	£5,745,104	£5,742,092	£5,756,592
Profit	£85,337	£ 476,186	£ 718,378	£703,878

Barnet Homes	2012/13	2013/14	2014/15	2015/16
Income	£27,825,005	£27,825,005	£27,825,005	£27,825,005
Expenditure	£27,683,200	£27,683,200	£27,683,200	£27,683,200
Profit	£141,805	£141,805	£141,805	£141,805

The Barnet Group	2012/13	2013/14	2014/15	2015/16
Income	£33,691,846	£34,046,295	£34,285,475	£34,285,475
Expenditure	£33,464,704	£33,428,304	£33,425,292	£33,439,792
Profit	£227,142	£617,991	£860,183	£845,683

Figures for Barnet Homes assume current budget 2011/12 remains constant with YC income and expenditure added.

Revised budget and savings for Barnet Homes to be modelled following LBB budget process

The Barnet Group figure assumes consolidated position from Barnet Homes and Your Choice however HRA funds will need to be returned to the Council and will not offset losses by Your Choice Barnet.

7.2 Pricing and Volumes

7.2.1 Analysis of pricing and volumes can be found in the associated part 2 exempt report.

7.3 LATC – the Impact on the Council

The original business case set out the financial benefits for setting up the LATC. The financial benefits for the council are summarised in the table below. The table compares what would be the true budget position for LBB if Your Choice Barnet was not set up with the estimated budget position following the creation the LATC. It illustrates that from year 2, and each year thereafter, LBB will benefit financially from the creation of the LATC.

LATC Budgetary Comparison				
COUNCIL POSITION	2012/13	2013/14	2014/15	2015/16
Existing Council Budget	5,596,162	5,596,162	5,596,162	5,596,162
"Growth" from Purchasing Budget	184,749	369,777	612,640	856,343
plus unrecharged costs	27,655	27,655	27,655	27,655
Council budget position	5,808,566	5,993,594	6,236,457	6,480,160
LBB position with LATC				
Payments to LATC	5,223,837	5,578,285	5,817,465	5,817,465
LD payments	262,242	262,242	262,242	262,242
Transport (Retained Budget)	537,644	537,644	537,644	537,644
Buildings Contract-LBB retain	294,000	294,000	294,000	294,000
Recharges "sold" to LATC	(150,000)	(150,000)	(150,000)	(150,000)
Reduction in support	(70,000)	(70,000)	(70,000)	(70,000)

budgets				
LATC profit	(85,337)	(476,186)	(718,378)	(703,878)
Future LBB position	6,012,385	5,975,986	5,972,974	5,987,474
LBB - Loss / (Surplus)	203,819	(17,609)	(263,483)	(492,686)

7.4 Financial Management

2012-2015	Business Plan	Reduction of 2% income per annum	Reduction of 5% income per annum
Total Loss/Surplus	£1,279,900	£-753,820	£-1,884,540

The table above shows the current projected surplus of £1,280k over the 3 years 2012-2015 and the project impact on this surplus if income reduces by 2% and 5% per annum without any changes made to the Your Choice cost base. This demonstrates how vulnerable Your Choice is financially and means that careful budget management and planning of the organisation is key to its success.

The table below reinforces the need for strong financial management showing the impact of 2% and 5% cost increases on the surplus for the same period.

2012-2015	Business Plan	Increase of 2% costs per annum	Increase of 5% costs per annum
Total Loss/Surplus	£1,279,900	£-689,960	£-1,724,900

8.0 Next Steps

- 8.1 This document will continue to be refined, taking into account feedback from a variety of sources until go live. Between January to March 2012 The Barnet Group will be setting its budget and improvement plans in conjunction with LBB and once the Group structure is bedded down, further more detailed work will be undertaken on aspects such as new business and efficiency opportunities, particularly for Your Choice Barnet Ltd.



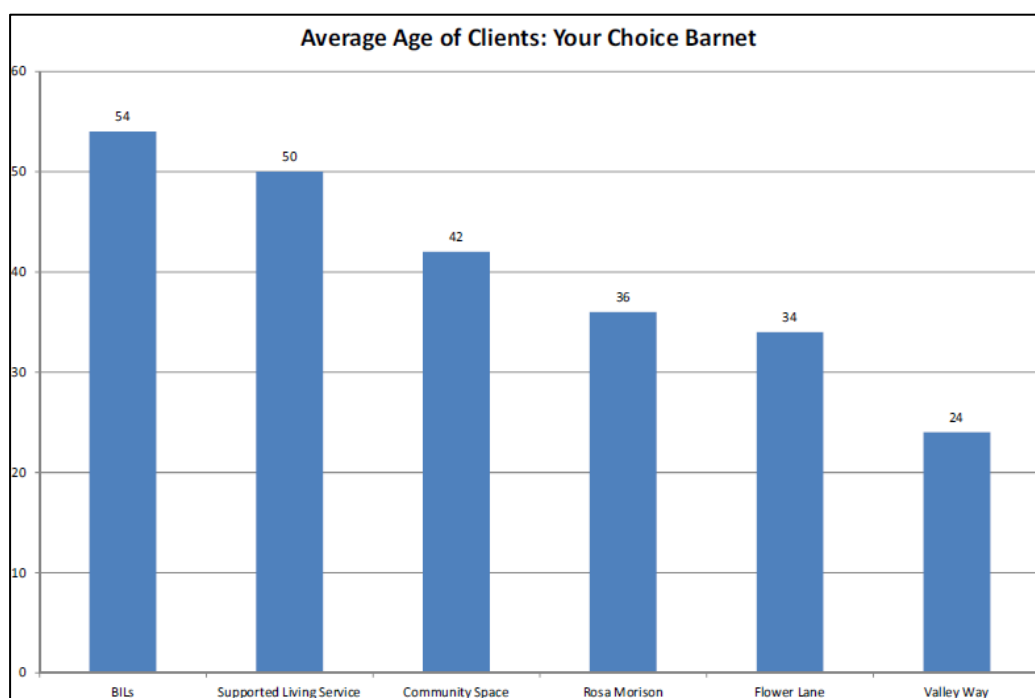
Appendix 1: The Barnet Group Customer Base

1.0 Customer Base

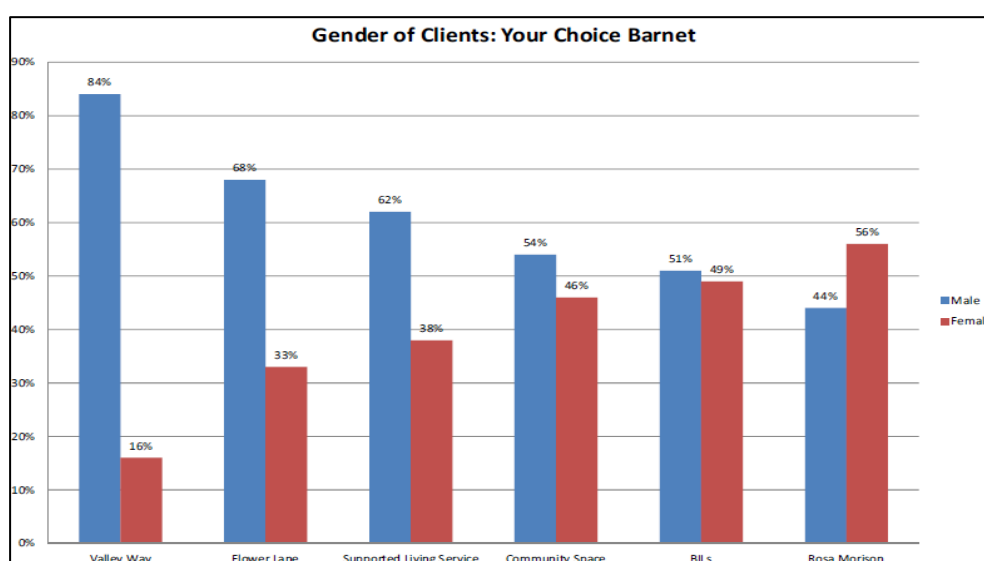
1.1 Your Choice Barnet

1.1.2 The charts and tables below provide a breakdown of the existing customer base for Your Choice Barnet Ltd

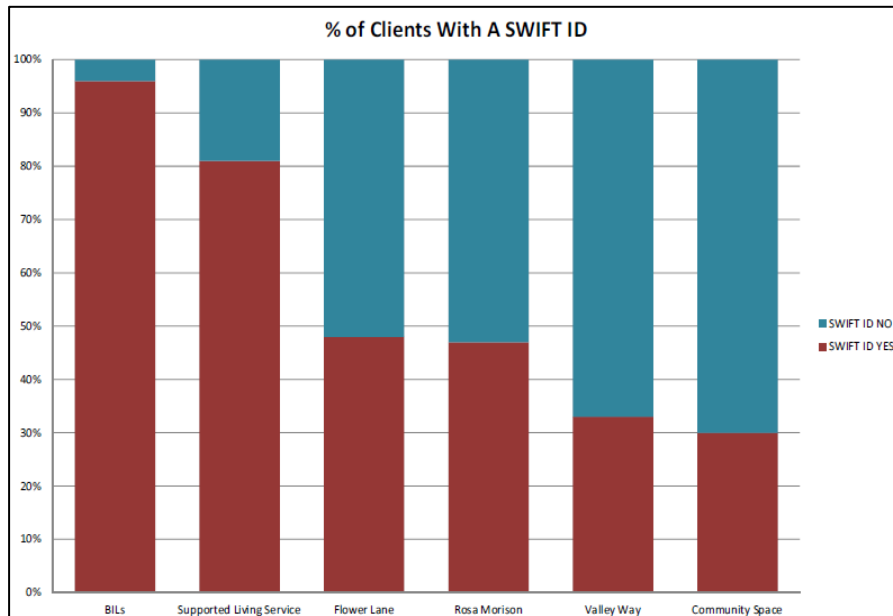
1.1.3 The average age of clients ranges between services. For example, the average age of a client for the BILs service is 54, in comparison to age 24 at Valley Way.



1.1.4 There is a mix of male and female clients for the Your Choice Barnet services. Some services have an even mix of genders, such as BILs (male 51%, female 49%) and CommunitySpace (male 54% and female 46%). However; the client base for Valley Way is predominantly male (84%).

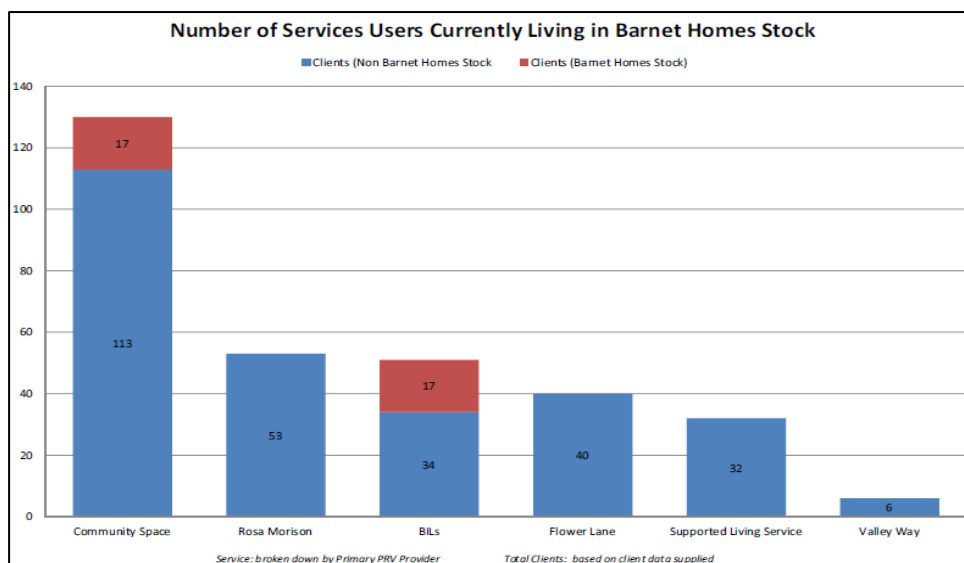


- 1.1.5 96% of BILS clients have IDs on SWIFT (the social care database), with only 4% not being registered. This is in comparison with Community Space, where only 30% of clients have a SWIFT ID.

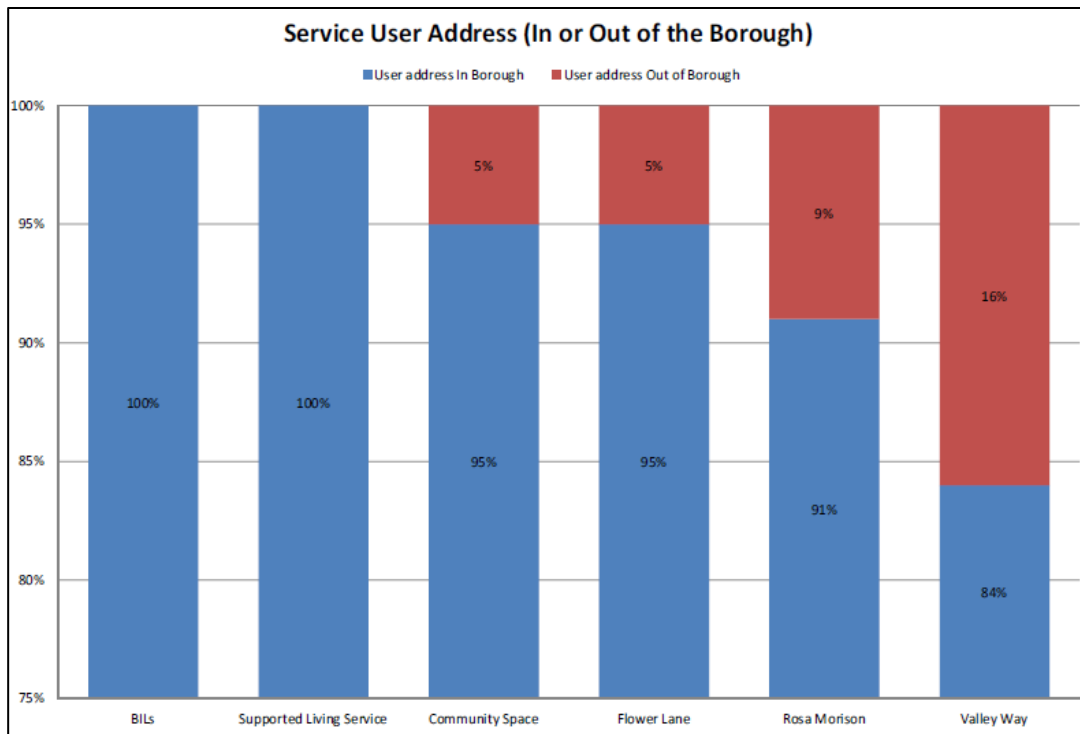


- 1.1.6 In the Business Case (v1.12) and anecdotally it has been expressed that there is little turnover of clients, but this information is not captured systematically and the gap in user start dates reflects this. As part of establishing more robust data going forward, a 'service user' database is currently being developed by Barnet Homes on behalf of the in-scope adult social care services. This will be in place by 1 February 2012 and will provide Your Choice Barnet with enhanced customer insight. It will also provide the service with the ability to undertake detailed analysis of turnover, preferences and trends going forward to better inform business development.

- 1.1.7 The chart below shows whether the service users are living in properties managed by Barnet Homes. There are two service areas that have some of their users living in Barnet Homes properties – BILs (33%) and Community Space (33%).



- 1.1.8 The chart below uses the client data supplied to show whether service users live in the borough. All clients of BILS and the Barnet Supported Living Service live within the borough. The service area with the lowest number of users living within the borough is Valley Way (84%).

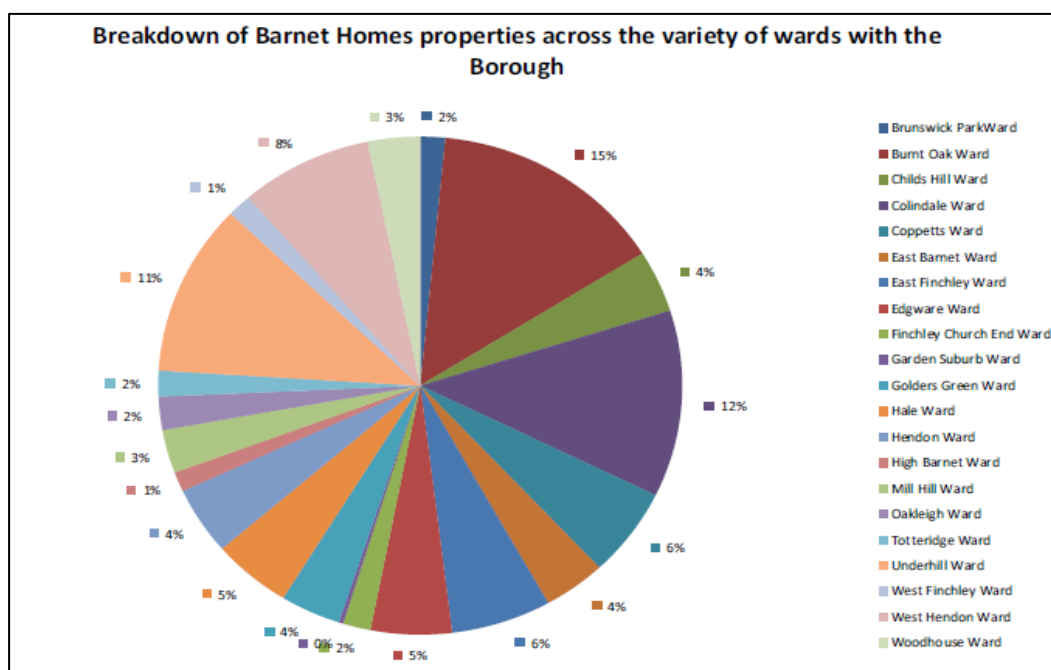


- 1.1.9 Other location information for users living in Barnet is shown below:

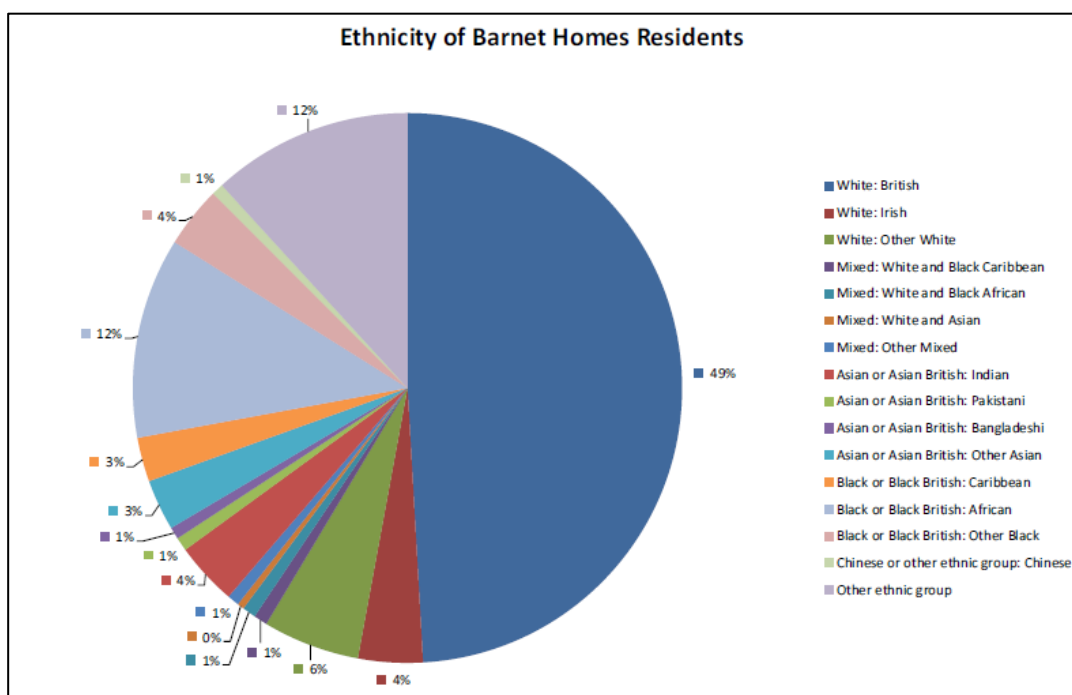
CommunitySpace	The majority of CommunitySpace service users live near the Edgware Road corridor in the west of Barnet or East Barnet and Brunswick Park wards in the east of the borough.
Flower Lane	Flower Lane Autism Service users are spread evenly around the borough.
Rosa Morison	Most users of Rosa Morison live in the east and north of the borough (predominantly the wards of Underhill and High Barnet), relatively close to the service.
Valley Way	The Valley Way Respite service users are spread evenly around the borough.

1.2 Customer Base – Barnet Homes

- 1.2.1 The table below shows a breakdown of Barnet Homes' properties across the variety of wards with the Borough. The wards with the largest concentration of Barnet Homes' properties are Burnt Oak (15%), Colindale (12%) and Underhill ward (11%). In terms of postcode area around a quarter of residents live in HA8.



- 1.2.2 Barnet Homes collects and monitors equalities information on its residents (note: the majority of information is held on the main tenancy holder only). This information shows that just under half (49%) of Barnet Homes residents (main tenancy holders) are of White: British ethnicity. This is lower than the averages for London Borough of Barnet (60%), London (60%) and England (87%).
- 1.2.3 The next highest ethnicity category of Barnet Homes' residents (main tenancy holder) is Black or Black British: African (12%) and Other Ethnic Group (12%).

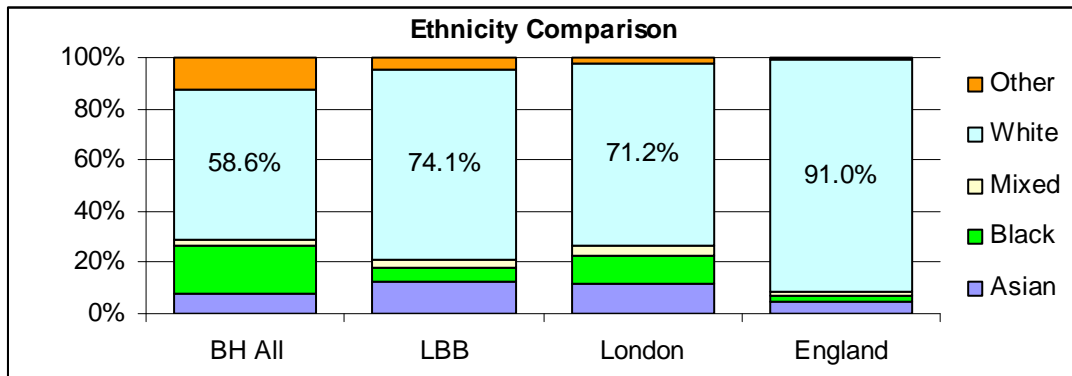


- 1.2.4 Barnet Homes has a higher than average number of residents (in comparison to the borough as a whole, London and England averages) in the following ethnic categories:

Ethnicity	BH All	LBB	London	England
Asian or Asian British: Other Asian	3.0%	2.0%	1.9%	0.5%
Black or Black British: African	11.8%	4.3%	5.3%	1.0%
Black or Black British: Other Black	3.6%	0.3%	0.8%	0.2%
Mixed: White and Black African	0.8%	0.5%	0.5%	0.2%
White: Irish	3.8%	3.4%	3.1%	1.3%
Other ethnic group	11.8%	2.6%	1.6%	0.4%

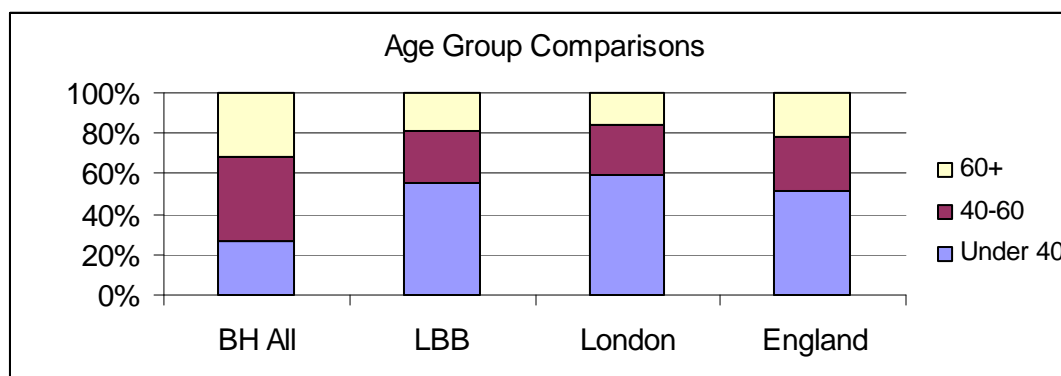
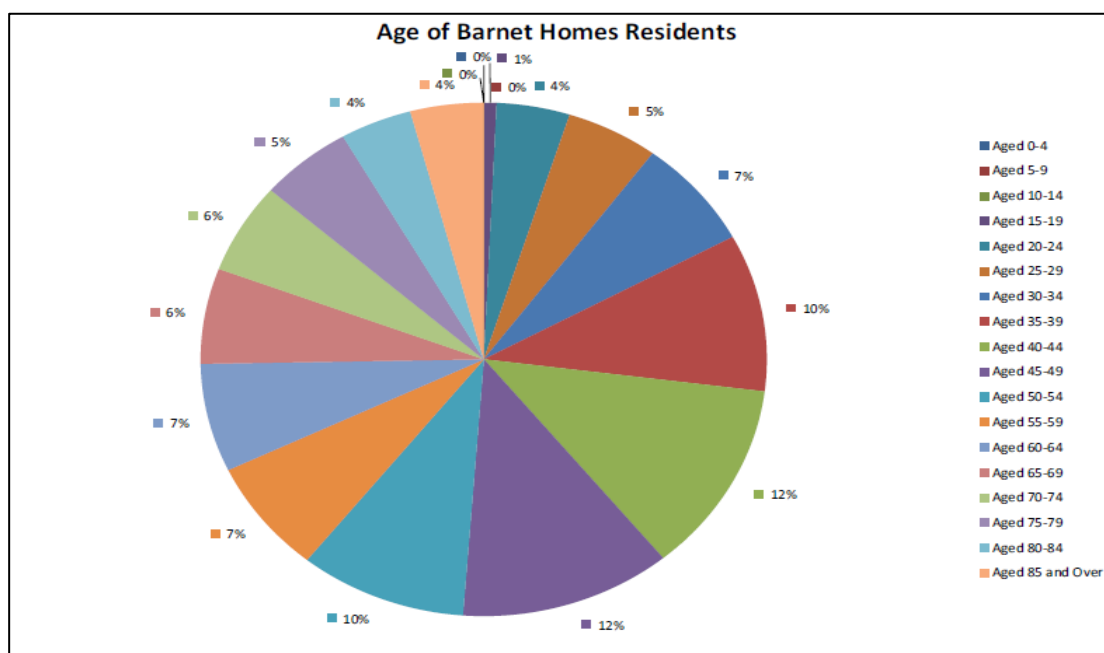
This can also be seen in the wider category splits

Ethnicity April 2001	BH All	LBB	London	England
Asian	8.2%	12.4%	12.1%	4.6%
Black	18.0%	5.9%	10.9%	2.3%
Mixed	2.7%	3.0%	3.2%	1.4%
White	58.6%	74.1%	71.2%	91.0%
Other	12.5%	4.6%	2.7%	0.8%
Total	100%	100%	100%	100%



1.2.5 The age of Barnet Homes' residents (main tenancy holders) is shown in the chart below. 12% of the main tenancy holders are between 40-44 years of age, and 45-49 years (12%), followed by ages 35-39 (10%). Barnet Homes' data shows a larger proportion of 40+ Age Group, because the data is for main tenants who are all over 18 years of age. The LBB, London and England profile contains all age groups under 18. 32% of Barnet Homes' Residents are 60 or over.

Age All Persons (Jul 2009) Summary	BH All	LBB	London	England
Under 40	27.0%	55.2%	59.2%	51.0%
40-60	40.9%	26.0%	25.2%	26.8%
60+	32.1%	18.6%	15.7%	22.2%
Total	100.0%	99.8%	100.1%	100.0%



1.2.6 The table below shows a breakdown of Barnet Homes' properties across the variety of wards with the Borough.

Ward	Number of Households Sep11	%
Brunswick Park Ward	164	1.5%
Burnt Oak Ward	1558	14.6%
Childs Hill Ward	431	4.0%
Colindale Ward	1298	12.1%
Coppetts Ward	617	5.8%
East Barnet Ward	413	3.9%
East Finchley Ward	660	6.2%
Edgware Ward	536	5.0%
Finchley Church End Ward	183	1.7%
Garden Suburb Ward	29	0.3%
Golders Green Ward	399	3.7%
Hale Ward	522	4.9%
Hendon Ward	471	4.4%

Ward	Number of Households Sep11	%
High Barnet Ward	136	1.3%
Mill Hill Ward	301	2.8%
Oakleigh Ward	231	2.2%
Totteridge Ward	179	1.7%
Underhill Ward	1194	11.2%
West Finchley Ward	159	1.5%
West Hendon Ward	873	8.2%
Woodhouse Ward	344	3.2%
Total	10698	100.0%

Ethnicity April 2001	BH All	LBB	London	England
Asian	8.2%	12.4%	12.1%	4.6%
Black	18.0%	5.9%	10.9%	2.3%
Mixed	2.7%	3.0%	3.2%	1.4%
White	58.6%	74.1%	71.2%	91.0%
Other	12.5%	4.6%	2.7%	0.8%
Total	100%	100%	100%	100%

Ethnicity April 2001	BH All	LBB	London	England
All People	100.0%	100.0%	100.0%	100.0%
White: British	49.1%	59.9%	59.8%	87.0%
White: Irish	3.8%	3.4%	3.1%	1.3%
White: Other White	5.7%	10.8%	8.3%	2.7%
Mixed: White and Black Caribbean	0.8%	0.5%	1.0%	0.5%
Mixed: White and Black African	0.8%	0.5%	0.5%	0.2%
Mixed: White and Asian	0.4%	1.0%	0.8%	0.4%
Mixed: Other Mixed	0.7%	1.0%	0.9%	0.3%
Asian or Asian British: Indian	3.7%	8.6%	6.1%	2.1%
Asian or Asian British: Pakistani	0.8%	1.3%	2.0%	1.4%
Asian or Asian British: Bangladeshi	0.7%	0.5%	2.1%	0.6%
Asian or Asian British: Other Asian	3.0%	2.0%	1.9%	0.5%
Black or Black British: Caribbean	2.6%	1.3%	4.8%	1.1%
Black or Black British: African	11.8%	4.3%	5.3%	1.0%
Black or Black British: Other Black	3.6%	0.3%	0.8%	0.2%
Chinese or other ethnic group: Chinese	0.7%	2.0%	1.1%	0.4%
Other ethnic group	11.8%	2.6%	1.6%	0.4%

Faith (updated Nov 2004)	BH All	LBB	London	England
All People	100.0%	100.0%	100.0%	100.0%
People stating religion as: Christian	29.4%	47.3%	58.2%	71.7%
People stating religion as: Buddhist	0.4%	1.1%	0.8%	0.3%
People stating religion as: Hindu	1.5%	6.7%	4.1%	1.1%
People stating religion as: Jewish	0.8%	14.8%	2.1%	0.5%
People stating religion as: Muslim	7.8%	6.2%	8.5%	3.1%
People stating religion as: Sikh	0.1%	0.4%	1.5%	0.7%
People stating religion as: Other religions	3.3%	1.0%	0.5%	0.3%
People stating religion as: No religion	8.8%	12.8%	15.8%	14.6%
People stating religion as: Religion not stated	47.9%	9.7%	8.7%	7.7%

Age All Persons (Jul 2009 estimate)	H All	BB	London	England
All Ages	100.0%	100.0%	100.0%	100.0%
Aged 0-4	0.0%	7.1%	7.3%	6.2%
Aged 5-9	0.0%	6.1%	5.7%	5.5%
Aged 10-14	0.0%	5.8%	5.3%	5.8%
Aged 15-19	0.8%	5.6%	5.5%	6.4%
Aged 20-24	4.1%	6.0%	7.3%	6.9%
Aged 25-29	5.3%	8.1%	9.6%	6.8%
Aged 30-34	6.9%	8.3%	9.8%	6.3%
Aged 35-39	9.9%	8.2%	8.7%	7.1%
Aged 40-44	12.1%	8.0%	8.2%	7.6%
Aged 45-49	12.1%	7.0%	6.9%	7.2%
Aged 50-54	9.6%	5.9%	5.5%	6.2%
Aged 55-59	7.2%	5.1%	4.6%	5.8%
Aged 60-64	6.8%	4.9%	4.2%	6.0%
Aged 65-69	6.0%	3.5%	3.1%	4.5%
Aged 70-74	5.7%	3.1%	2.8%	3.9%
Aged 75-79	5.3%	2.8%	2.3%	3.2%
Aged 80-84	4.1%	2.1%	1.7%	2.4%
Aged 85 and Over	4.2%	2.2%	1.6%	2.2%

Age All Persons (Jul 2009 estimate) Summary	BH All	LBB	London	England
Under 40	27.0%	55.2%	59.2%	51.0%
40-60	40.9%	26.0%	25.2%	26.8%
60+	32.1%	18.6%	15.7%	22.2%
Total	100.0%	99.8%	100.1%	100.0%

Economic Status	BH All	LBB	London	England
All people aged 16-74 (Apr 2001)	-	100.0%	100.0%	100.0%
Large employers and higher managerial occupations	-	4.3%	4.4%	3.5%
Higher professional occupations	-	9.7%	7.7%	5.1%
Lower managerial and professional occupations	-	23.7%	22.2%	18.7%
Intermediate occupations	-	9.8%	10.2%	9.5%
Small employers and own account workers	-	8.1%	6.4%	7.0%
Lower supervisory and technical occupations	-	3.8%	5.0%	7.1%
Semi-routine occupations	-	7.6%	9.0%	11.7%
Routine occupations	-	4.2%	5.8%	9.0%
Never worked	-	3.7%	4.7%	2.7%
Long-term unemployed	-	1.0%	1.4%	1.0%
Full-time students	-	9.7%	9.0%	7.0%
Not classifiable for other reasons	-	14.2%	14.2%	17.7%


Going the extra mile

Delivering great services
at great value



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Passing on careers
advice at a Barnet
Homes employment
and training day.

Foreword

The successful completion of our Decent Homes programme is a good opportunity to reflect on our achievements and assess how we can best meet the challenges ahead.

We are enormously proud of having delivered our £185million Decent Homes investment programme on time and to budget, making improvements to more than 8,000 homes.

This is more than just improving the fabric of buildings. It is also about building the fabric of a better society – from older people enjoying a warmer home, to thousands of children being given a better start in life.

Yet we have always recognised that our company is about much more than Decent Homes.

By taking a business-like approach to social housing, we have a good track record of developing professional expertise, delivering high quality services and offering good value for money. We believe this provides us with the foundation to grow as an organisation.

Plans to attract new business, particularly our plans to take over additional services from Barnet Council, will help us to ride out the challenges of the national squeeze on public spending.

At the same time, by making best use of resources, creating stronger links with other organisations and empowering communities to do more for themselves, we believe it is possible to achieve more for less, ensuring residents receive improved services while making year-on-year spending reductions.

Over the next two years we will build on our record of:

- Substantial efficiencies. By applying a business focus to social housing, we have managed to cut our operating costs by 15 per cent while retaining good customer satisfaction. But we know we must now go further, and more radical savings solutions must be found
- Successful partnership working. We are currently procuring for ten-year contracts for our maintenance services. This process is crucial to the future quality and value of our services
- Excellent relationship with our sole shareholder, Barnet Council. This will help us to realise our plans for taking over management of some adult social care services, along with other housing services currently delivered directly by Barnet Council. The addition of these services will ensure the company's future viability and success

- Involving and empowering our residents. From having a Barnet Homes leaseholder as Board Chair, to establishing a resident-led scrutiny group, we have long recognised that co-regulation is the best way of ensuring we provide services that meet the needs and wishes of our residents
- Maintaining our properties to a good quality standard. We must ensure we invest our reduced resources in the most cost effective and beneficial way both on our regeneration estates and other council homes across Barnet
- Developing a good quality and committed workforce. We must ensure we have the right people with the right skills and resources to continue to raise the quality of our services to our residents.

The financial challenges ahead are significant but not insurmountable. We are positive about the opportunities for self-financing offered by the government's review of the Housing Revenue Account, and would welcome the opportunity to involve residents still further in determining how we prioritise investment.

This Business Plan sets out how we will achieve more for less, and continue to build our reputation as an excellent landlord and innovative organisation over the next two years.



Tracey Lees

Tracey Lees,
Chief Executive



Vi Britchfield

Vi Britchfield,
Chair of the Board



Star jumping at one of our first Love where you live events at the Fosters Estate, Hendon – encouraging residents to take pride in their neighbourhood.

Introduction

Our Business Plan sets out our main projects and objectives up to 2013.

Our vision

Great service, delivered at great value, that makes a positive difference to people, homes and communities.

The plan is a path of direction, not a detailed action plan. It will be used to inform action plans to be drawn up and delivered by service areas within Barnet Homes.

These individual plans, and our future Business Plans, will in turn be predicated on the following:

- Clarity over the future of the Housing Revenue Account, and a detailed assessment of the implications of an alternative self-financing system
- More details from the government about the possibility of setting rents for new tenants at 80 per cent of market rates, and a decision on how this might be applied in Barnet
- The government's Localism Bill, including changes to security of tenure and flexible tenancies
- The impact of reforms to the benefits system on the ability of tenants to sustain their tenancies, and extra support they may require

- Progress on regeneration projects at our four priority estates
- Ensuring continued alignment with Barnet Council's corporate priorities and business plans, in support of its One Barnet vision
- The outcome of ongoing discussions with the council about the possibility of Barnet Homes managing its housing needs and resources services, and some adult social care services.

In light of the current uncertainty over these important issues, we have set a two-year timescale to this Business Plan. Our previous Business Plans have extended over a five year period.

The successful delivery of our vision will require:

- Understanding our **residents** and their priorities
- Delivering the right **services** at the right quality
- Ensuring we have the right **people** in place to deliver these services in the most effective way
- Offering **financial value** in all that we do, achieving efficiencies and attracting new business
- Working with partner organisations and residents to make efficiency savings and long-term improvements to wider **communities**.



Riffat and Waheed Butt with their severely disabled daughter Zoha, who is enjoying a better quality of life thanks to Barnet Homes adaptations to their West Hendon home.

What our residents say about our services	2008 (STATUS)	2010	London Avg (2008)
Tenants happy with overall service	71%	73%	68%
Tenants happy with repairs service	70%	68%	66%
Tenants who felt staff were helpful	78%	83%	73%
Leaseholders happy with overall service	31%	40%	37%
Leaseholders happy with repairs service	30%	33%	33%
Leaseholders who felt staff were helpful	51%	59%	48%

To measure the success of this plan we have set these targets:

- Improve tenant satisfaction to 76% by 2012
- Improve leaseholder satisfaction with overall services to 44% by 2012.

Residents

We pride ourselves on our good customer care, reflecting the diverse needs of our residents. We are a listening organisation that involves our residents in all that we do.

Aim 1: We will have a clear understanding of our residents, including their needs and priorities

- We will carry out regular surveys of residents so that we have comprehensive information about the people we are serving, their priorities and their satisfaction with the quality of services
- We will keep existing information about our customers up to date by sending out profiling questionnaires with all appropriate correspondence, with a clear explanation of why we are doing this
- We will encourage more residents to join the 3,000 people already on our Viewpoint system, so that they can be consulted on the issues that matter to them.

Aim 2: Residents will receive useful and timely information about Barnet Homes and our services in the format they want

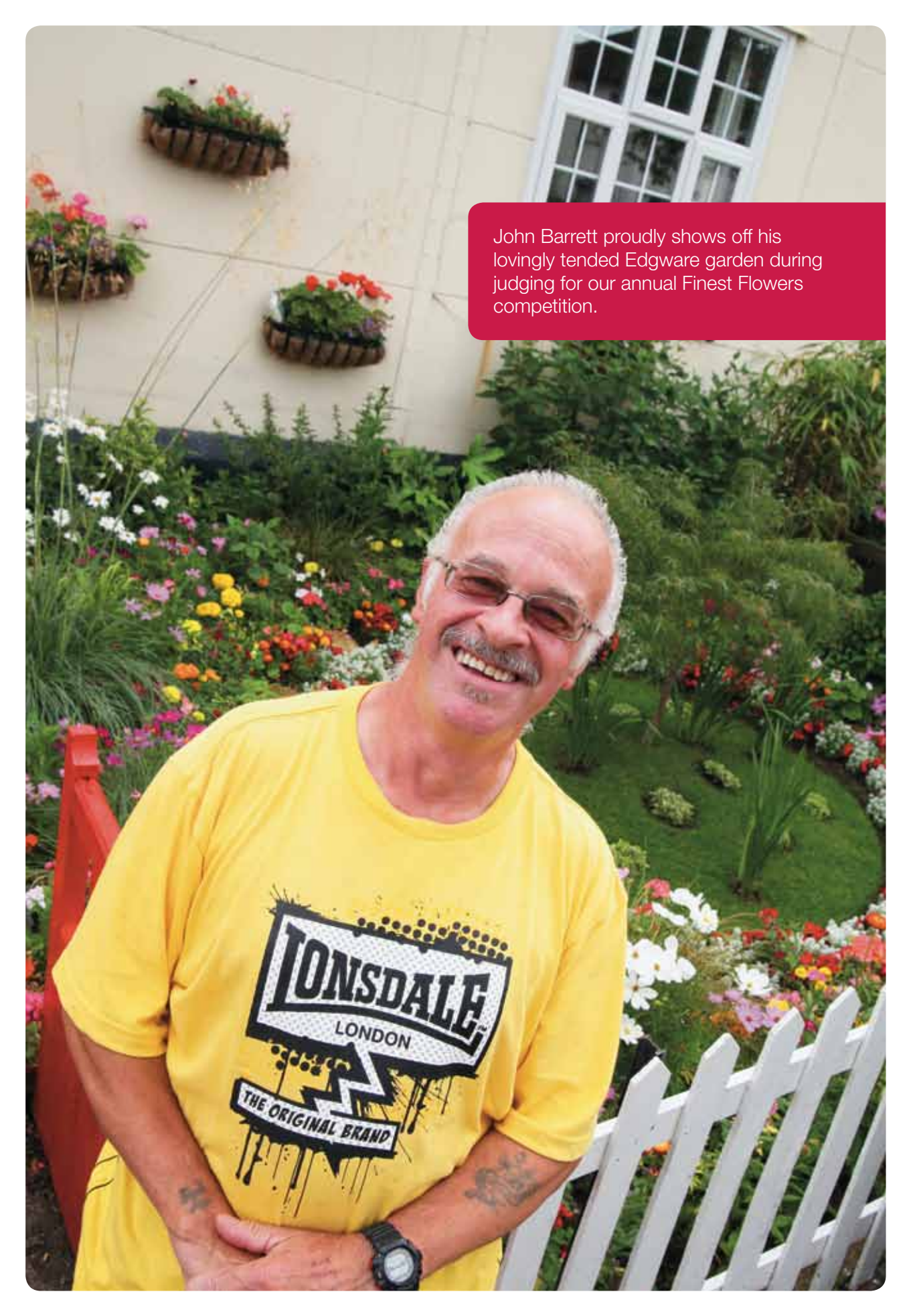
- We will carry out further improvements to our website, involving residents, to make information more accessible and to enable more online transactions
- We will work with residents to quality check our standard letters and other outgoing correspondence
- We will actively encourage residents to sign up to email and texting services as a cost-effective alternative to receiving printed correspondence.

Aim 3: Our residents will be given the tools to scrutinise our performance and drive change

- We will further develop the scrutiny role of our resident Performance Advisory Group. The group will also take responsibility for drafting our Annual Report to residents and leading a review of our complaints process
- We will promote our 20 new service standards and encourage residents to hold us to account if we fail to meet these standards
- We will encourage residents to submit ideas for service improvements and efficiencies through a dedicated area of our website, alongside promotion in our athome newsletter and other communications channels
- We will continue to hold Hub meetings across the borough and attract new residents through strong promotion. Our managers and key staff will be attending Hub meetings to answer residents' questions.

Key project

We will further develop the scrutiny role of our residents' Performance Advisory Group. The group will also take responsibility for drafting our Annual Report to residents and leading a review of our complaints process.

A photograph of John Barrett, a smiling man with glasses and a mustache, wearing a yellow t-shirt. He is standing in a lush garden with various flowers and plants. In the background, there is a white building with a window and three hanging flower baskets. A white picket fence is visible in the foreground. A red text box in the upper right corner contains the following text:

John Barrett proudly shows off his lovingly tended Edgware garden during judging for our annual Finest Flowers competition.



Services

Delivering excellent services with reduced resources is Barnet Homes' biggest challenge. It is crucial that we concentrate our efforts on services that will have the biggest possible benefit to residents, and that we challenge our working practices to deliver these services in the most efficient way possible.

Aim 1: All of our residents will be able to live in safe homes with modern facilities

- We will oversee the delivery of a £9.5million refurbishment programme at three tower blocks in Granville Road, taking almost 200 properties to beyond the Decent Homes standard
- We will prioritise our investment spending on making safety improvements in line with legislation, and on vital work to replace failing elements of properties
- We will undertake a major programme of fire safety works using a risk-based approach
- We will agree a new home quality standard with residents following the completion of our Decent Homes programme and use this to inform our forward investment plan
- We will support our partner Village Heating to deliver a 3-star gas service with which will give cost savings and maintain our excellent gas safety record.

Aim 2: All of the 15,000 homes managed by Barnet Homes will be well maintained

- We will achieve high quality ongoing maintenance of our stock at the best possible value for money through our procurement of ten-year maintenance contracts, starting in April 2012
- We will involve residents at every stage of the procurement process, including ongoing monitoring of the contracts once in place

- We will complete a review of repairs at void properties, creating a more efficient system that can be delivered at better value for money and that will improve resident satisfaction with newly-let homes
- We will focus on improving satisfaction with our repairs service by prioritising areas of dissatisfaction in our investment programme
- We will work with Barnet Council, its regeneration partners and residents to review our plans for ongoing maintenance and investment in regeneration properties, and keep residents up to date with developments.

Aim 3: Leaseholders will receive improved services at better value for money

- We will introduce a key leaseholder scheme, through which leaseholders will agree to become liaison points between Barnet Homes and other leaseholders on issues such as communal repairs and service charges
- Through improved forward planning, we will oversee year-on-year reductions in variations between estimate and actual service charges
- Through targeted promotion, we will encourage more leaseholders to make use of our online Service Charges Direct system.

Aim 4: Residents will receive appropriate and targeted support to help them sustain their tenancies and live independently

- We will carry out focus group sessions with residents identified as most at risk of arrears to determine causes and agree action plans
- We will promote the use of direct debit through targeted campaigns to tenants
- We will encourage more tenants to take advantage of credit unions through prominent information on our website and through *athome*
- We will offer an enhanced housing management service at all of our sheltered housing schemes following Barnet Council's approval of plans to reconfigure housing and support options for older people. We will work with the council to ensure older residents continue to receive appropriate levels of care and support through its proposed sheltered plus schemes.

Aim 5: We will re-let empty properties more quickly to new tenants

- We will support Barnet Council in delivering its new allocations policy. This will enable those in housing need to find more suitable housing of their choice more quickly, and our work will include agreeing with residents a variable void standard to help with tackling hard-to-let properties
- Subject to government permission, we will offer assured shorthold tenancies at empty regeneration properties on the Grahame Park Estate. This will minimise lost rent and open up hard-to-let stock to new temporary tenants.

Key projects

- We will achieve high quality ongoing maintenance of our stock at the best possible value for money through our procurement of ten-year maintenance contracts, starting in April 2012
- We will work with Barnet Council to review sheltered housing provision with the aim of continuing to provide high-quality services to older residents
- We will continue to support Barnet Council in delivering the outcomes of its systems review of allocations and lettings and will agree with residents a variable void standard to help with tackling hard-to-let properties.



The future vision for tower blocks at the Granville Road Estate, Childs Hill, following our biggest ever redevelopment project

People

Our staff are our greatest asset. We can only deliver excellent services if we also have a positive, innovative and committed workforce.

What our staff say about us	2007	2010	2010 Benchmark
I am proud to work for Barnet Homes	75%	76%	73%
In my opinion this organisation is committed to customer satisfaction	<i>comparable question not asked</i>	89%	84%
My work gives me a feeling of personal accomplishment	69%	75%	75%
I am treated with fairness and respect	75%	81%	77%



Barnet Homes staff in discussions at a 'See it, sort it' event on the importance of good quality customer care.

Aim 1: We will have the right people in place to deliver high quality services to our customers

- We will develop a clear talent management and succession plan to encourage the most talented members of staff to develop in our employment
- We will encourage and develop staff with the right attitude and skills for delivering good customer service
- We will offer learning and development opportunities to staff that meet the needs of the Barnet Homes business and encourage personal growth
- We will further embed our new leadership structure to make better use of synergies between teams and improve information sharing across the company to deliver better customer service.

2. We will give members of staff the tools and support they need to do their job to the best of their ability

- We will develop a new intranet site to improve internal communications and enable a system of 'self-service' for day-to-day information and forms
- We will seek new office accommodation that offers good value for money and remains accessible to our residents
- We will continue to roll out and develop mobile working to enable staff to access and update information on site, and encourage more flexible working patterns that suit both our customers and our staff
- Working with staff we will review and refresh our corporate values

- We will involve staff in developing our business by encouraging suggestions and ideas for innovation through 'Dragon's Den'-style events in front of senior managers
- Non-frontline staff will attend resident events to meet tenants and leaseholders and build on their understanding of the communities we serve
- We will develop a major IT strategy to include a review of our integrated housing management software and implementation of a dedicated Customer Relationship Management system.

Key projects

- We will seek new office accommodation that offers good value for money and remains accessible to our residents
- We will continue to roll out and develop mobile working to enable staff to access and update information on site, and encourage more flexible working patterns that suit both our customers and our staff
- We will develop a major IT strategy to include a review of our integrated housing management software and implementation of a dedicated Customer Relationship Management system.

Finance

The national squeeze on public spending means we must make year-on-year savings throughout the duration of this Parliament. If we are to achieve more for less, we must ensure we make the best possible use of our reduced resources and attract new business to the organisation.

Aim 1: We will offer value for money in all that we do

- We will take full advantage of the government's proposed replacement of the Housing Revenue Account with a system of self-financing, working with residents to ensure we invest rental income where it is most needed and in a cost-effective way
- We will develop a programme of systems thinking reviews for identified areas of our business where early intervention will improve services for residents and achieve efficiencies
- We will consult and involve residents in our budget setting process to ensure our priorities reflect residents' priorities
- Our selection process for ten-year contracts covering all of our maintenance services from 2012 will have value for money at its core
- By offering appropriate support and good quality services to residents, we will build on our record levels of income collection for both rents and service charges.

Aim 2: We will attract new business to Barnet Homes to enable organisational growth

- We will work with Barnet Council on developing a business case for bringing some adult social care services structure into a new organisation which incorporates Barnet Homes
- We will work with Barnet Council to consider whether Barnet Homes should manage housing needs and resources services
- We will develop proposals for offering our bulk waste service on a commercial basis to other organisations
- We will launch a marketing campaign for our Assist emergency alarm services, including our lone worker monitoring system, to encourage sign-up from more non-Barnet Homes residents and other organisations
- We will offer our services as a successful managing agent to other registered social landlords, both in and outside Barnet, to take over the management of more properties
- We will explore opportunities to work more closely with partners and other ALMOs
- We will explore options for replacing our current offer of decoration vouchers to new tenants.

Key projects

- We will work with Barnet Council to take on some adult social care services
- We will work with Barnet Council to consider whether Barnet Homes should manage housing needs and resources services
- A programme of systems thinking reviews of our services.

Income and expenditure	2011/12
Income	£'000
Management Fees	18,984
Repairs & maintenance	8,050
Other income	434
Use of reserves	0
Total income	27,468
Expenditure	£'000
Management	14,189
Operational costs	3,420
Repairs & maintenance	8,145
Contingency/ contribution to reserves	1,714
Total expenditure	27,468

The budget for 2012/13 will be developed and agreed with the Council as part of the 30-year self-financing plan to be introduced following HRA reform implementation in April 2012.

Residents vote on their priority areas for spending at a budget special meeting of our quarterly Hub.



Communities

We want residents to take pride in both their homes and their neighbourhoods, so creating thriving communities.

Aim 1: We will work with partner organisations to combine our efforts on improving neighbourhoods and communities

- Through our “Feeling the Squeeze?” campaign, we will seek to offer job, training and apprenticeship opportunities to our residents wherever possible, and encourage our contractors and partner organisations to do likewise
- We will work with Jobcentre Plus to support the creation of jobs clubs, giving residents a network of support and advice as they seek to find long-term employment
- We will support Barnet Council’s Prototyping initiative by encouraging community-led support and self-help for new tenants, capturing and addressing their needs through early interventions, and reducing long-term public sector service pressure and costs
- We will continue to work with partners such as Barnet Council, Barnet Police, Barnet Community Projects, Barnet Football Club, Nutmeg, Catch 22, and the Barnet Play Association on a wide range of projects to benefit the community and encourage involvement. We will jointly evaluate the impact of projects and campaigns
- We will work with Community Barnet to offer opportunities for staff, members of the community and residents to work together.

Aim 2: We will encourage residents to become more involved in their local neighbourhood and effect improvements

- We will give encouragement and help to residents interested in establishing residents’ associations, and support them to build local scrutiny through estate inspections, mystery shopping and reporting to the Performance Advisory Group
- By offering pro-active advice, support and encouragement, we will help other individuals and groups successfully complete projects that will make a positive difference to their neighbourhood or community.

Key project

We will support the work of a new charitable furniture recycling project, Barnet Furniture Centre. This will benefit the wider community as well as many Barnet Homes residents by offering good quality furniture at discounted rates, new jobs and work experience opportunities for people with special needs and reduce waste disposal to landfill through recycling.





Turning the tables: Staff at a new charity, the Barnet Furniture Centre, set up by Barnet Homes to cut waste and offer good quality used furniture at an affordable price.

- We will evaluate the success of our first 'local offer' to review the frequency of caretaking at residents' request. If successful, we will consult residents on further local offers to benefit individual neighbourhoods
- We will hold further 'Love where you live' days to encourage residents to help Barnet Homes staff in carrying out long-term environmental improvements on targeted estates
- We will recognise and reward those residents who have improved the environment of their estates and the wellbeing of other residents through our annual Finest Flowers competition and Resident Awards, and promote these awards to inspire others
- We will continue to invest in employment and training programmes for residents and offer accredited Chartered Institute of Housing training in-house.

Aim 3. We will provide or support other services with wider community benefits

- We will support the work of a new charitable furniture recycling project, Barnet Furniture Centre. This will benefit the wider community as well as many Barnet Homes residents by offering good quality furniture at discounted rates, new jobs and work experience opportunities for people with special needs and reduce waste disposal to landfill through recycling
- We will encourage non-Barnet Homes residents and organisations to sign up to our Assist emergency alarm service and lone worker monitoring scheme through a dedicated promotional campaign
- We will support residents with projects they wish to introduce in their community by making applications to the National Lottery and other funding sources, or helping them to make their own applications.



Klaus Laivenieks shows off his skills at a new mobile skate park for the borough, part funded through a grant from our Youth Engagement Panel.

For more information visit:

www.barnethomes.org

or phone **0800 3895225**

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Barnet Homes Ltd is a company controlled by the London Borough of Barnet

Design and artwork Dogstar Design Ltd www.dogstardesign.co.uk April 2011



THE BARNET GROUP RISK REGISTER

November 2011

RISKS											RISK MANAGEMENT					
Process / Objective / Goal	Risk Identified	Potential Impact	Value Impact (if known)	Risk Area	Risk Appetite	IMPACT ANALYSIS					Current Risk Management Control	EFFECTIVENESS				
						Financial Impact	Public Relations Impact	Total Impact	Probability	GROSS RISK		Strength of Control	Next Steps/Action	Owner	Timelines	NET RISK
Barnet Homes	Relationship with LBB	SLA - Some areas of poor service and lack of clarity on costs causing impact on BH Performance and business plan		Reputation	L	M	M	M	H	H	1/4 monitoring of slas, charges and services. Inconsistent approach to management driven by different SLA owners	L	Further work is needed with LBB on costs/ open book approach and efficiency targets set for 2012/13 SLAs Outsourcing opportunities exist with the focus on the NSO and CSO and Barnet Homes must ensure it is actively involved in the specification of these areas	Gary Pliskin	Jan 2012	M
Barnet Homes	Regeneration schemes	Programme slippage causing investment and service issues		Reputation	L	M	M	M	H	H	Attend regeneration meetings, ongoing review of slippage impact alongside asset plans and 30 year business model	L	Implementing AST pilot proposal for hard to let voids.Improving our stock information on what needs to be done to regeneration estates to keep them safe through physical validation. Developing alternative and innovative options through the HRA review settlement. Developing a resilience and succession plan for the Grahame Park District Heating system that enables it to be more able to withstand leaks and anticipates when they system will become non viable through loss of properties it serves	Derek Rust	Apr 2012	M
Barnet Homes	Partnerships	Lack of robust clienting arrangements leading to poor service and/or increased costs		Continuity of Service	L	H	M	H	M	H	Ongoing management of existing contractors being maintained, regular client review meetings	M	Post Decent Homes procurement is being supported by an experienced external consultant. New R&M contract negotiations are still in progress with tougher contract provisions to protect BH interests. Lean voids review started to established leaner procedures and improve performance on voids and customer satisfaction. BH Investment Panel used to monitor partners performance.	Derek Rust	Apr 2012	H
Barnet Homes	Governance	Lack of succession plans lead to loss of continuity and governance issues		Regulation	Z	L	M	L	M	M	Discussions held with the Board during 2011, awaiting finalisation of governance arrangements for The Barnet Group	M	Further skills review is needed. PAG provides an excellent pool of future resident board candidates. A succession plan is needed for the Chair.	Troy Henshall	Jan 2012	M
Barnet Homes	Pensions	Cessation deficit on Connaughts pension not reclaimed by LBB leading to claim against Barnet Homes		Financial	L	H	L	M	M	M	Awaiting outcome of LBB claim, legal advice and records kept show claim on Barnet Homes could be defended.	H	Actuarial calculation requested from LBB pension Fund Administrators. LBB's Legal Services are pursuing recovery from KPMG (Connaught's administrators). When information has been ascertained an internal audit will be commissioned. This has been notified to the performance bond holder for the Connaught contract as a potential future claim (bond cover is £600k in total)	Troy Henshall	Apr 2012	M
Your Choice	Failure to retain all or majority of existing customers	Loss of income, viability of schemes and/or business threatened		Financial	L	H	H	H	M	H	Communication and consultation underway with service users & carers	M	Ongoing dialogue and reinforcement of service improvements, cost reduction programme	Amanda Jackson	Apr 2013	H
Your Choice	Failure to meet new business targets	Loss of income, viability of schemes and/or business threatened		Financial	L	H	M	H	L	M	None	L	New business opportunities to be persued, monitor availability and success	Amanda Jackson	Apr 2013	M
Your Choice	Unable to drive efficiencies out of Your Choice	Pricing not competitive		Financial	L	M	M	M	M	M	None	L	Timetable review for 2012/13 financial year, deliver quick wins and programme further efficiencies	Amanda Jackson	Apr 2013	H
Your Choice	Commissioning model changes	Relationship affected, loss of contracts/opportunities		Continuity of Service	L	L	H	M	M	M	Ongoing dialogue with commissioner and awareness of sector changes	M	Include in client meetings to ensure aware of future changes	Amanda Jackson	Apr 2013	M
The Barnet Group	Both LBB & The Barnet Group are not clear on how the clienting role will operate	Lack of clarity affects relationships/service delivery		Continuity of Service	L	L	H	M	H	M	Working to existing arrangements between LBB & Barnet Homes	M	Work with LBB officers to develop cohesive approach to The Barnet Group	Tracey Lees	Oct 2012	M
Your Choice	Contract length not long enough to enable change and realise benefits	Decision taken to change service before all benefits/justification realised		Continuity of Service	L	L	H	M	H	M	Agreed 4+1 but queries have arisen as contract 3+2, activities planned to deliver over three year period	M	clarify contract length with LBB, minimum length needed is 4+1. Ensure success criteria within specification is robust and deliverable	Amanda Jackson	Apr 2013	M
The Barnet Group	Public sector strikes	Morale and service delivery affected		Continuity of Service	L	M	H	H	H	H	Continued dialogue and support with employees. Exceptions apply to key service areas	M	Continue to work with staff and await outcome of negotiations between the government and unions	Tracey Lees	Apr 2012	H
Your Choice	Individual scheme/services failure	Individual schemes/services are unable to recover their costs		Continuity of Service	L	H	H	H	M	H	Limited understanding of accurate costs/revenue via individual services/schemes	L	Create scheme viability models and run scenarios/option appraisals. Close down schemes/services that cannot support themselves financially longer term	Amanda Jackson	Apr 2013	H

Benefit	How will we measure the benefit?	Baseline measurement	Target metric/measure of success?	Future measurement timeline	Who will benefit affect?
Increase income and additional income workstreams	Percentage new income (£)	2012/13 Budget	7% increase in revenue for 2012/13 budget	19% increase across contract period	Your Choice
Services are financially viable within a competitive environment	Balance sheet, market comparisons	2012/13 Budget	Charges are comparable to local competitors	Charges are comparable to local competitors	LBB
Savings generated through reduced corporate and support costs (£1.2m potentially non-cashable savings)	Outturn information showing percentage of total expenditure on corporate and support service costs, value of SLAs	2012/13 Budget	6% cap met	6% cap met	LBB
Reduction in costs to LBB for the longer term	Outturn information, contracts, SLAs, corporate costs	2012/13 Budget	Meet budget, business case targets	Meet budget, business case targets	LBB
Maintaining or improving the quality of the services delivered	Customer satisfaction, achievement of individual outcomes as stated in Support Plans	01/02/2012	Increase in satisfaction/outcomes	Repeated annually over term of contract with yearly increases	Service users, carers and Your Choice
Social care service users <u>can</u> buy the services directly from the LATC (they cannot purchase in-house services)	Monitoring to confirm effective and efficient systems in place to ensure individuals can purchase LATC services	01/04/2013	% of customers purchasing services direct, in line with specification	% of customers purchasing services direct, in line with specification	Service users, carers and Your Choice
Service users at the heart of the LATC governance arrangements, co-producing the design and delivery of services	Service user/carer representation at Board level, Business plans are co-produced.	01/02/2012	Increase in involvement opportunities, more users and carers involved. Measure of satisfaction with opportunities and outcomes	Repeated annually over term of contract with yearly increases	Service users, carers and Your Choice
Flexibility and ability to respond to a changing market	Customer satisfaction, take up of LATC services, activity data	01/04/2013	Feedback from Commissioner? How is this measurable	Feedback from Commissioner? How is this measurable	Your Choice
Realise potential to reach a wider group of service users	Percentage increase of 'new' service users accessing LATC services	01/04/2012	7% increase in revenue for 2012/13 budget	19% increase across contract period	Your Choice

Appendix B

Private company limited by shares

Articles of Association

of

The Barnet Group Limited

Model Articles

- 1 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles (the **Model Articles**), shall apply to the Company save in so far as they are excluded or varied hereby and such Model Articles (save as so excluded or varied) together with the following articles shall be the articles of association of the Company. References to **these articles** shall be to the following articles as amended from time to time together with such Model Articles as apply to the Company.

Objects clause

- 2 The Company's objects are unrestricted.
- 3 Notwithstanding article 2, the Company shall not, without the prior written consent of the London Borough of Barnet:
 - 3.1 permit the registration (upon subscription or transfer) of any person as a member of the Company;
 - 3.2 change the nature of the Company's business from [that of a holding company] or commence any new business which is not ancillary or incidental to such business;
 - 3.3 form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not);
 - 3.4 amalgamate or merge with any other company or business undertaking;
 - 3.5 declare or pay any dividend; or
 - 3.6 establish or amend any pension scheme.

Unanimous decisions

- 4 A decision of the directors which takes the form of a resolution in writing may consist of several copies each signed by one or more eligible directors. Article 8 of the Model Articles shall be modified accordingly.

Calling a directors' meeting

- 5 A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the Company to that effect. Where a director gives such notice to the Company after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it. Article 9(4) of the Model Articles shall be modified accordingly.
- 6 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is. Article 10(3) of the Model Articles shall not apply to the Company.

Quorum for directors' meetings

- 7 The quorum for the transaction of business of the directors shall be such number as is equal to one half of the number of directors then in office unless there is a sole director, in which event, the sole director shall constitute a quorum. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Article 11(2) of the Model Articles shall be modified accordingly.

Conflicts of interest

- 8 Provided that a director has disclosed his interest in an actual or proposed transaction or arrangement with the Company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the Company for any benefit which he derives under or in consequence of any such transaction or arrangement. Article 14 of the Model Articles shall be modified accordingly.

Authorisation of directors' conflicts of interest

- 9 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 10 Authorisation of a matter under article 9 shall be effective only if:
- 10.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;

- 10.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the **Interested Directors**); and
- 10.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 11 Unless otherwise determined by the directors (excluding the Interested Directors), any authorisation of a matter under article 9 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 12 Any authorisation of a matter under article 9 shall be on such terms and/or conditions as the directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the Interested Directors) pursuant to any such authorisation.
- 13 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the member who appointed him as a director of the Company and no authorisation under article 9 shall be necessary in respect of any such interest.
- 14 If a director receives or has received any information otherwise than by virtue of his position as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- 14.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or
- 14.2 use or apply any such information in connection with the performance of his duties as a director;
- provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the directors under article 9.
- 15 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under article 9 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Appointment and removal of directors

- 16 Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.
- 17 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the Company may at any time and from time to time:
- 17.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or
- 17.2 remove any director from office.

Every such appointment or removal shall be effected by notice in writing to the Company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

- 18 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

Termination of a director's appointment

- 19 Notwithstanding any other provision of these articles, a person ceases to be a director as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

Appointment and removal of alternate directors

- 20 Any director (the **appointor**) may appoint as an alternate any other director, or any other natural person to:
- 20.1 exercise that director's powers; and
- 20.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The notice must identify the proposed alternate and, in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

Rights and responsibilities of alternate directors

- 21 An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor. Alternate directors are deemed for all purposes to be directors, are liable for their own acts and omissions,

are subject to the same restrictions as their appointors, and are not deemed to be agents of or for their appointors. A person who is an alternate director but not a director may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and may sign a written resolution (but only if it is not signed or to be signed by that person's appointor). No alternate may be counted as more than one director for such purposes.

- 22 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

Termination of alternate directorship

- 23 An alternate director's appointment as an alternate terminates:
- 23.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 23.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the terminate of the appointor's appointment as a director;
- 23.3 on the death of the alternate's appointor; or
- 23.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

Company secretary

- 24 The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

Nil- or partly-paid shares permitted

- 25 Article 21 of the Model Articles shall not apply to the Company. If the Company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the Company and form part of these articles as if the text of such provisions was set out in full in these articles.

Allotment of shares

- 26 Any allotment of equity securities (as defined in Section 560 of the 2006 Act) by the Company may only be made where approved by a special resolution of the members.

Share certificates

- 27 Every share certificate must specify the amount paid up on the shares to which it relates. Article 24(2)(c) of the Model Articles shall not apply to the Company.

Share transfers

- 28 The instrument of transfer of any share taken on formation of the Company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

Calculation of dividends

- 29 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:
- 29.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- 29.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. Article 30 of the Model Articles shall be modified accordingly.

Appropriation of capitalised sums

- 30 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

Proceedings at general meetings

- 31 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given to all the members of the Company. Article 41(5) of the Model Articles shall be modified accordingly.

Poll votes

- 32 A poll may be demanded by any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation. Article 44(2)(c) of the Model Articles shall be modified accordingly.
- 33 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made. Article 44(3) of the Model Articles shall not apply to the Company.

Proxies and corporate representatives

- 34 The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the Company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

Written resolutions

- 35 A proposed written resolution of the members of the Company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the 2006 Act).

Means of communication to be used

- 36 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 36.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 36.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 36.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 36.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 37 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the 2006 Act.

Indemnity

- 38 The Company may indemnify any relevant officer out of the assets of the Company from and against any loss, liability or expense incurred by him or them in relation to the Company (including any liability incurred in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)) **provided that this**

article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the 2006 Act. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the 2006 Act and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled. Article 52 of the Model Articles shall not apply to the Company.

- 39 To the extent permitted by, and subject to the restrictions in, the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the 2006 Act, or to enable him to avoid incurring such expenditure.
- 40 Without prejudice to the provisions of Article 53 of the Model Articles, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the Company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.
- 41 In these articles:
- 41.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- 41.2 **relevant officer** means any current or former director, alternate director, secretary or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)), other than any person (whether an officer or not) engaged by the Company (or associated company) as an auditor, to the extent he acts as an auditor.

Appendix C

Private company limited by shares

Articles of Association

of

Your Choice (Barnet) Limited

Model Articles

- 1 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles (the **Model Articles**), shall apply to the Company save in so far as they are excluded or varied hereby and such Model Articles (save as so excluded or varied) together with the following articles shall be the articles of association of the Company. References to **these articles** shall be to the following articles as amended from time to time together with such Model Articles as apply to the Company.

Objects clause

- 2 The Company's objects are unrestricted.
- 3 Notwithstanding article 2, the Company shall not, without the prior written consent of [The Barnet Group Limited (company number []):
- 3.1 permit the registration (upon subscription or transfer) of any person as a member of the Company;
- 3.2 change the nature of the Company's business from [the provision of adult social care services] or commence any new business which is not ancillary or incidental to such business;
- 3.3 form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not);
- 3.4 amalgamate or merge with any other company or business undertaking;
- 3.5 declare or pay any dividend; or
- 3.6 establish or amend any pension scheme.

Unanimous decisions

- 4 A decision of the directors which takes the form of a resolution in writing may consist of several copies each signed by one or more eligible directors. Article 8 of the Model Articles shall be modified accordingly.

Calling a directors' meeting

- 5 A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the Company to that effect. Where a director gives such notice to the Company after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it. Article 9(4) of the Model Articles shall be modified accordingly.
- 6 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is. Article 10(3) of the Model Articles shall not apply to the Company.

Quorum for directors' meetings

- 7 The quorum for the transaction of business of the directors shall be such number as is equal to one half of the number of directors then in office unless there is a sole director, in which event, the sole director shall constitute a quorum. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Article 11(2) of the Model Articles shall be modified accordingly.

Conflicts of interest

- 8 Provided that a director has disclosed his interest in an actual or proposed transaction or arrangement with the Company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the Company for any benefit which he derives under or in consequence of any such transaction or arrangement. Article 14 of the Model Articles shall be modified accordingly.

Authorisation of directors' conflicts of interest

- 9 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 10 Authorisation of a matter under article 9 shall be effective only if:
- 10.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;

- 10.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the **Interested Directors**); and
- 10.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 11 Unless otherwise determined by the directors (excluding the Interested Directors), any authorisation of a matter under article 9 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 12 Any authorisation of a matter under article 9 shall be on such terms and/or conditions as the directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the Interested Directors) pursuant to any such authorisation.
- 13 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the member who appointed him as a director of the Company and no authorisation under article 9 shall be necessary in respect of any such interest.
- 14 If a director receives or has received any information otherwise than by virtue of his position as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- 14.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or
- 14.2 use or apply any such information in connection with the performance of his duties as a director;
- provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the directors under article 9.
- 15 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under article 9 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Appointment and removal of directors

- 16 Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.
- 17 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the Company may at any time and from time to time:
- 17.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or
- 17.2 remove any director from office.

Every such appointment or removal shall be effected by notice in writing to the Company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

- 18 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

Termination of a director's appointment

- 19 Notwithstanding any other provision of these articles, a person ceases to be a director as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

Appointment and removal of alternate directors

- 20 Any director (the **appointor**) may appoint as an alternate any other director, or any other natural person to:
- 20.1 exercise that director's powers; and
- 20.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The notice must identify the proposed alternate and, in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

Rights and responsibilities of alternate directors

- 21 An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor. Alternate directors are deemed for all purposes to be directors, are liable for their own acts and omissions,

are subject to the same restrictions as their appointors, and are not deemed to be agents of or for their appointors. A person who is an alternate director but not a director may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and may sign a written resolution (but only if it is not signed or to be signed by that person's appointor). No alternate may be counted as more than one director for such purposes.

- 22 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

Termination of alternate directorship

- 23 An alternate director's appointment as an alternate terminates:
- 23.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 23.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the terminate of the appointor's appointment as a director;
- 23.3 on the death of the alternate's appointor; or
- 23.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

Company secretary

- 24 The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

Nil- or partly-paid shares permitted

- 25 Article 21 of the Model Articles shall not apply to the Company. If the Company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the Company and form part of these articles as if the text of such provisions was set out in full in these articles.

Allotment of shares

- 26 Any allotment of equity securities (as defined in Section 560 of the 2006 Act) by the Company may only be made where approved by a special resolution of the members.

Share certificates

- 27 Every share certificate must specify the amount paid up on the shares to which it relates. Article 24(2)(c) of the Model Articles shall not apply to the Company.

Share transfers

- 28 The instrument of transfer of any share taken on formation of the Company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

Calculation of dividends

- 29 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:
- 29.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- 29.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. Article 30 of the Model Articles shall be modified accordingly.

Appropriation of capitalised sums

- 30 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

Proceedings at general meetings

- 31 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given to all the members of the Company. Article 41(5) of the Model Articles shall be modified accordingly.

Poll votes

- 32 A poll may be demanded by any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation. Article 44(2)(c) of the Model Articles shall be modified accordingly.
- 33 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made. Article 44(3) of the Model Articles shall not apply to the Company.

Proxies and corporate representatives

- 34 The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the Company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

Written resolutions

- 35 A proposed written resolution of the members of the Company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the 2006 Act).

Means of communication to be used

- 36 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 36.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 36.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 36.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 36.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 37 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the 2006 Act.

Indemnity

- 38 The Company may indemnify any relevant officer out of the assets of the Company from and against any loss, liability or expense incurred by him or them in relation to the Company (including any liability incurred in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)) **provided that** this

article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the 2006 Act. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the 2006 Act and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled. Article 52 of the Model Articles shall not apply to the Company.

- 39 To the extent permitted by, and subject to the restrictions in, the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the 2006 Act, or to enable him to avoid incurring such expenditure.
- 40 Without prejudice to the provisions of Article 53 of the Model Articles, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the Company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.
- 41 In these articles:
- 41.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- 41.2 **relevant officer** means any current or former director, alternate director, secretary or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)), other than any person (whether an officer or not) engaged by the Company (or associated company) as an auditor, to the extent he acts as an auditor.

Appendix D

Private company limited by shares

Articles of Association

of

Barnet First Limited

Model Articles

- 1 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles (the **Model Articles**), shall apply to the Company save in so far as they are excluded or varied hereby and such Model Articles (save as so excluded or varied) together with the following articles shall be the articles of association of the Company. References to **these articles** shall be to the following articles as amended from time to time together with such Model Articles as apply to the Company.

Objects clause

- 2 The Company's objects are unrestricted.
- 3 Notwithstanding article 2, the Company shall not, without the prior written consent of TheBarnetGroup Limited:
- 3.1 permit the registration (upon subscription or transfer) of any person as a member of the Company;
- 3.2 change the nature of the Company's business from the provision of adult social care services or commence any new business which is not ancillary or incidental to such business;
- 3.3 form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not);
- 3.4 amalgamate or merge with any other company or business undertaking;
- 3.5 declare or pay any dividend; or
- 3.6 establish or amend any pension scheme.

Unanimous decisions

- 4 A decision of the directors which takes the form of a resolution in writing may consist of several copies each signed by one or more eligible directors. Article 8 of the Model Articles shall be modified accordingly.

Calling a directors' meeting

- 5 A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the Company to that effect. Where a director gives such notice to the Company after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it. Article 9(4) of the Model Articles shall be modified accordingly.
- 6 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is. Article 10(3) of the Model Articles shall not apply to the Company.

Quorum for directors' meetings

- 7 The quorum for the transaction of business of the directors shall be such number as is equal to one half of the number of directors then in office unless there is a sole director, in which event, the sole director shall constitute a quorum. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Article 11(2) of the Model Articles shall be modified accordingly.

Conflicts of interest

- 8 Provided that a director has disclosed his interest in an actual or proposed transaction or arrangement with the Company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the Company for any benefit which he derives under or in consequence of any such transaction or arrangement. Article 14 of the Model Articles shall be modified accordingly.

Authorisation of directors' conflicts of interest

- 9 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 10 Authorisation of a matter under article 9 shall be effective only if:
- 10.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;
- 10.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the **Interested Directors**); and
- 10.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

- 11 Unless otherwise determined by the directors (excluding the Interested Directors), any authorisation of a matter under article 9 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 12 Any authorisation of a matter under article 9 shall be on such terms and/or conditions as the directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the Interested Directors) pursuant to any such authorisation.
- 13 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the member who appointed him as a director of the Company and no authorisation under article 9 shall be necessary in respect of any such interest.
- 14 If a director receives or has received any information otherwise than by virtue of his position as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- 14.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or
- 14.2 use or apply any such information in connection with the performance of his duties as a director;
- provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the directors under article 9.
- 15 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under article 9 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Appointment and removal of directors

- 16 Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.
- 17 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the Company may at any time and from time to time:
- 17.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or

- 17.2 remove any director from office.

Every such appointment or removal shall be effected by notice in writing to the Company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

- 18 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

Termination of a director's appointment

- 19 Notwithstanding any other provision of these articles, a person ceases to be a director as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

Appointment and removal of alternate directors

- 20 Any director (the **appointor**) may appoint as an alternate any other director, or any other natural person to:

- 20.1 exercise that director's powers; and

- 20.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The notice must identify the proposed alternate and, in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

Rights and responsibilities of alternate directors

- 21 An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor. Alternate directors are deemed for all purposes to be directors, are liable for their own acts and omissions, are subject to the same restrictions as their appointors, and are not deemed to be agents of or for their appointors. A person who is an alternate director but not a director may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and may sign a written resolution (but only if it is not signed or to be signed by that person's appointor). No alternate may be counted as more than one director for such purposes.

- 22 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

Termination of alternate directorship

- 23 An alternate director's appointment as an alternate terminates:
- 23.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 23.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the terminate of the appointor's appointment as a director;
- 23.3 on the death of the alternate's appointor; or
- 23.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

Company secretary

- 24 The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

Nil- or partly-paid shares permitted

- 25 Article 21 of the Model Articles shall not apply to the Company. If the Company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the Company and form part of these articles as if the text of such provisions was set out in full in these articles.

Allotment of shares

- 26 Any allotment of equity securities (as defined in Section 560 of the 2006 Act) by the Company may only be made where approved by a special resolution of the members.

Share certificates

- 27 Every share certificate must specify the amount paid up on the shares to which it relates. Article 24(2)(c) of the Model Articles shall not apply to the Company.

Share transfers

- 28 The instrument of transfer of any share taken on formation of the Company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

Calculation of dividends

- 29 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:

- 29.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- 29.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. Article 30 of the Model Articles shall be modified accordingly.

Appropriation of capitalised sums

- 30 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

Proceedings at general meetings

- 31 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given to all the members of the Company. Article 41(5) of the Model Articles shall be modified accordingly.

Poll votes

- 32 A poll may be demanded by any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation. Article 44(2)(c) of the Model Articles shall be modified accordingly.
- 33 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made. Article 44(3) of the Model Articles shall not apply to the Company.

Proxies and corporate representatives

- 34 The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the Company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

Written resolutions

- 35 A proposed written resolution of the members of the Company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the 2006 Act).

Means of communication to be used

- 36 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

- 36.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 36.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 36.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 36.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 37 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the 2006 Act.

Indemnity

- 38 The Company may indemnify any relevant officer out of the assets of the Company from and against any loss, liability or expense incurred by him or them in relation to the Company (including any liability incurred in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)) **provided that** this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the 2006 Act. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the 2006 Act and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled. Article 52 of the Model Articles shall not apply to the Company.
- 39 To the extent permitted by, and subject to the restrictions in, the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the 2006 Act, or to enable him to avoid incurring such expenditure.
- 40 Without prejudice to the provisions of Article 53 of the Model Articles, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the Company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of

duty or breach of trust or any other liability which may lawfully be insured against by the Company.

41 In these articles:

41.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

41.2 **relevant officer** means any current or former director, alternate director, secretary or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)), other than any person (whether an officer or not) engaged by the Company (or associated company) as an auditor, to the extent he acts as an auditor.

Appendix E

Adult Social Services Equality Impact Assessment (EIA)

Questionnaire

Please refer to the guidance before completing this form.

1. Details of function, policy, procedure or service:	
Title of what is being assessed: More Choices Project	
Is it a function, policy, procedure or service? Project affecting Adult Social Services	
Department and Section: Adult Social Services	
Date assessment completed: Ongoing – v1.0 (15/10/10), v2.0 (16/03/11), v2.1 (13/11/11)	
2. Names and roles of officers completing this assessment:	
Lead officer	Amanda Jackson
Stakeholder groups	
Representative from internal stakeholders	Jane Surtees, Maggie Goff, Rachael Lindsay, Simon Meredith, Richard Harrison
Representative from external stakeholders	
ASSD Equalities Network rep	Rachel Williamson, Andrew Serlin, Julie Pal
Performance Management rep	Mathew Kendall
HR rep (for employment related issues)	Cynthia Scott-Carnegie
3. Full description of function, policy, procedure or service:	
<p>Please describe the aims and objectives of the function, policy, procedure or service <i>Please include - why is it needed, what are the outcomes to be achieved, who is it aimed at? Who is likely to benefit? How have needs based on race, gender, disability, age, religion/belief, sexual orientation or carers been taken account of? Identify the ways people can find out about and benefit from the proposals. Consider any processes they need to go through or criteria that we apply to determine eligibility.</i></p> <p>The More Choices Project will change the way people receive Adult Social Services to enable service users to have more choice and control over their own support. This is part of the national Personalisation Agenda and therefore all councils are making these changes to ensure people can get the social care support that best meets their needs.</p> <p>The change to social care support means service users will have Personal Budget to spend on their social care support to buy Adult Social Services instead of the council providing the services in-house. The service user will be in control of their Personal Budget which may be spent in a way which they could not have done before including the purchase of support services from alternative providers. Everyone who receives support from Barnet Council will</p>	

have a Personal Budget by December 2011.

“A Vision for Adult Social Care: Capable Communities and Active Citizens” (Department of Health, 16 Nov 2010) states ‘The increased use of personal budgets **preferably as a direct payment** (to all eligible people), alongside people funding their own care, will be a **catalyst for change**. People will demand the services they want to meet their needs, creating truly person-centred services. **These will be delivered by organisations**, including social enterprises and mutuals, that can respond to the demands of their communities.” Consequently, continuing to deliver services in-house would not be in accordance with the Government vision. There would also be a risk in oversupply of in-house services and potential loss of revenue due to Government policy which stipulates direct payments cannot be spent on social care services that are directly provided by a local authority. Changing how social care services are run will help people to have more choice and independence when they spend their Personal Budget. The law states that people cannot use their Personal Budgets to buy services that are run by the council therefore we need to change the way that these services are run so that people can use them with their Personal Budget. To do this, the More Choices project is investigating the creation of a Local Authority Trading Company. If this does not happen, people with a Personal Budget will not be able to use services that are now run by Barnet Council

A number of services will be affected by the change (see list below). This Equalities Impact Assessment considers the impact on service users who attend these services, their carers and the staff who work in these teams. Recent snapshot data has been collected to understand the profile of the staff and service users at these services. This data is used to inform answers to the equalities questions below.

Learning Disability Services

- Rosa Morison
- Flower Lane Autism Service
- Valley Way Respite Service
- Barnet Supported Living
- CommunitySpace

Physical and Sensory Impairment Disability Services

- Barnet Independent living Services

Please note the initial proposal included The Network (Day Service for people with Mental Health problems) but a decision taken by the Mental Health Partnership Management Group on 4 February 2011 made the decision to take it out of scope for transfer to the Local Authority Trading Company (LATC) and it will therefore remain managed by BEH-MHT on behalf of the council.

A **Business Support Team** which provides back office support to all of the in-scope services is also due to transfer to the Local Authority Trading Company.

There is a commitment to ensure services continue to provide the same high-quality provision

and retain staff who work in them. There will be a change to the delivery vehicle that runs the service. Service users will begin purchasing services with their Personal Budgets, directly from the provider, as they would with all other support.

The set up of the company is the first building block to establishing truly personalised services. In the future. These services may change if people want to use their Personal Budget to buy different kinds of support. If not enough people choose to use these services, there is a chance that they could stop running. However, if lots of people want to use them, changes can be made to make them better.

This project is part of the One Barnet programme that the Council is running. This includes activities to support people to live independently and to make Barnet a good place to live.

- There was consultation with service users, carers and staff during January and February 2011 where they asked for assurances that there would not be widescale changes to the services
- Cabinet approved the decision in April 2011, to work towards setting up an LATC.
- The Local Authority Trading will begin operation in February 2012, subject to CRC decision.
- The company will go live with a full staff TUPE transfer.

A communications and engagement plan has identified the various needs of groups such as easy read for people with learning disabilities and also provides a roadmap for service user (including carers and families), staff and union consultation.

The Equalities Impact Assessment will be an iterative process with reviews at each critical project milestone and will become more specific as the solution becomes clearer. These stages are:

- Stage 2 - Assessment (alongside the full Business Case)
- Stage 3 - Implementation (LATC set up)
- Stage 4 - Project Closure (Handover to the LATC for BAU)

It should be noted that there are significant differences for each of the in-house services that may have a bearing on the equalities impacts of the changes. As way of introduction some details about each service are included below

Barnet Independent Living Service

- Barnet Independent Living Service offers a range of support for Barnet residents with a physical or sensory impairment. From April 2009, this service replaced the previous day services based at Flightways Resource Centre.
- The new service forms a partnership between Adult Social Services staff (Barnet Independent Living Team) and the user led organisation BDISC (Barnet Disability and Independence Steering Committee). It provides a wide range of services from peer support to preparation for employment; and aims to improve peoples' quality of life and enable them to maximise their potential to live independently.
- Support is provided under three broad categories; employment and training, rehabilitation and enablement and promoting independence. Referrals for support from the Adult Social Services Barnet Independent Living Team will need to have been assessed by a Care manager under the Fair Access to Care Services (FACS) criteria to qualify for the service
- Individuals who require information and advice or would like to access social or self help activities through BDISC can talk to the BDISC directly.

- The service has developed particular models of peer support to respond to individual needs. This is working well
- BILS working across communities, FACs eligible and lower level needs. Staff report that it is important that it retains equality of access.
- There are fears that personal budgets will decrease the amount of resources input.
- 'Drop-in' is an important part of the service
- Some clients have been using the service for up to 20 years

Learning Disability Services

- The Learning Disability Services include the widest range of services; composed of day opportunities, residential care, crisis and respite care, supported living, community access and business support services.
- A number of people with a learning disability have taken up paid work tasters and work experience in the service. These individuals may have been supported to apply for jobs and received on the job support.
- A numbers of people receiving support from CommunitySpacealready have a Personal Budget.
- A number of other local authorities purchase places in day services and respite
- Some people may have 1:1 support funded through their care package, this is additional to normal costs for settings
- There is some therapy input in settings from external consultants
- Different types of service will have different hourly rates.
- Supported Living links housing and support. There is an option if someone receives a direct payment to choose their own support, however this risks the sustainability of the current model of support.
- There is a crisis bed is available at Valley Way in cases of carer breakdown, or emergencies. It is allocated on the basis of need and until more permanent housing is found. This is a core cost to the service.
- Some day services are currently nearing capacity, there no specific emergency allocation.
- A number of service users at Rosa Morrison and one service user at Valley Way are funded by Continuing Healthcare funding

All services report particular issues around;

- Unpredictability of support requirements. Need for sliding scale of support & resource in order to meet needs.
- A number of services provide enablement services. These services are not chargeable.

4. How are the equality strands affected? Please detail the effects on each equality strand, and any mitigating action you have taken so far

Equality Strand	Affected?	Explain how affected	What action has been taken already to mitigate this?
1. Age	Yes <input checked="" type="checkbox"/> / No	Service Users	Service Users

	<input type="checkbox"/>	<p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs, including some that may relate to their age. This may have a positive impact on meeting equality obligations.</p> <p>It is recognised as we move to a more consumer led model; services could be subject to change if demand decreases.</p> <p>Service user data has reflected older service user age profile with a low numbers of service users under 30 on average. There are fewer younger people. This could be because they are accessing a wider range of services rather than day centre provisions.</p> <p>Although there is evidence however of a larger group of young people in Transition to adulthood with more complex and challenging needs who may choose the services in the future, this change will disproportionately affect older people using the services.</p> <p>Many of the day centre users have used services for some time and become accustomed to this routine. They may find any subsequent change more difficult.</p> <p>The DoH (2008) evaluation of Individual Budget pilots found</p>	<p>Ongoing communication and support through the change will be very important.</p> <p>There will be further consultation and support for any business related changes.</p> <p>Requirements for future support for service users will be included in the contract with the future service provider (which will be at least 99% council owned), including additional support for those who need it to participate in Self Directed Support</p> <p>Staff</p> <p>Individual contract review to ensure all are up to date and consistent with the TUPE transfer.</p> <p>Pensions will remain unchanged as the LATC has been accepted into the LGPS</p> <p>There are no planned HR policy changes relating to age.</p> <p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>
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		<p>that satisfaction was lowest amongst older people and that a substantial proportion of older people found taking control of their care 'a burden'.</p> <p>Staff</p> <p>The in-house services workforce is on average older than the rest of the department's workforce – in particular there are 13 in-house employees aged 65 or over.</p>	
2. Disability	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p>Service Users</p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p>It is recognised as we move to a more consumer led model; services could be subject to change if demand decreases.</p> <p>We have not, to date, mapped the numbers of people with a personal budget using the in-house services. Some people will not currently receive a Personal Budget and therefore the planned Support Planning and Resource Allocation process may result in changes for individuals.</p> <p>In order to ensure that the different needs of the groups involved are met (i.e. people with physical or learning disabilities, or with mental health problems, there must be a level of expertise</p>	<p>Service Users</p> <p>There is a stream of work to understand the costs to an individual for attending each of the services and also current and future access to individual budgets for service users. It is important that any issues of eligibility or affordability are understood as soon as possible.</p> <p>Staff</p> <p>As above (section 1)</p> <p>Data indicates that remaining Barnet staff will be less diverse due to the transfer of Adult Social Services listed in section 3. The Local Authority workforce profile should reflect the profile of the local population. This issue should continue to be monitored through the HR data collection. It may be that targeted work should be undertaken to address this issue in the future.</p> <p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>

		<p>within the LATC to ensure that appropriate skills and knowledge of staff who deliver services can be supported</p> <p>Staff</p> <p>Although a similar percentage of people are recorded as having a disability in the in-house services as in the rest of the ASSD workforce, the in-house services do employ 39% of Barnet disabled workers. The transfer of these services could have an implication in terms of how the public view our treatment of disabled employees.</p> <p>Within these services peer support is an important model of service delivery and policies to encourage people with a disability to apply for posts are being developed. For example, through use of accessible recruitment process and use of in-work Access to Work support.</p> <p>Service managers have recognised that the staff data does not reflect their understanding of the workforce. There is known to be an underreporting of disability, especially mental ill health.</p>	
3. Gender reassignment	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p>Service users</p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>

		<p>may have a positive impact on meeting equality obligations.</p> <p>Staff</p> <p>This data is not currently collected by HR however, HR policies relating to this equality strand will be transferred.</p>	
<p>4. Pregnancy and maternity</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p>Service users</p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p>Staff</p> <p>As this is just a transfer of existing operations the direct impact is none based on the assumption staff terms and conditions are transferred across to the new delivery vehicle.</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>
<p>5. Race / Ethnicity</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p>Service Users</p> <p>Using the data available (subject to gaps and potential errors), there appears to be:</p> <p><u>Learning disabilities service</u></p> <p>31% of users belong to a BME group – 10% are Black/Black British, 16% are Asian/Asian British</p> <p><u>BILS</u></p> <p>39% from a BME group – though again categories used may cause some errors</p>	<p>Service Users</p> <p>Monitor and revisit when drawing up SLA.</p> <p>Ensure service user data is kept up to date on databases. Service user feedback should be coded alongside demographic data to unpick whether there are any issues or concerns among any particular demographic group.</p>

		<p>There will be a need to maintain culturally appropriate services and communications will be made available in alternative formats (upon request)</p> <p>Staff</p> <p>47% of the workforce affected belong to a Black or Minority Ethnic group. This compares to 39% amongst Adult Social Services staff overall, but 72% amongst adult social care providers. So there is a high representation of BME employees amongst the staff to be affected. 35% of the workforce is Black or Black British. This compares to only 23% amongst the wider Adult Social Services workforce</p> <p>There will be an attempt to retain the diversity of the workforce through contract clauses to enable future recruitment of a representative workforce.</p>	<p>Staff</p> <p>Revisit when SLA</p> <p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>
6. Religion or belief	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p>Service Users</p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations.</p> <p>Staff</p> <p>There are significant data gaps.</p>	<p>Service Users</p> <p>Monitor and revisit when drawing up SLA.</p> <p>Staff</p> <p>HR policy to be maintained by new provider post transfer</p> <p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>

		Barnet HR policies are to be maintained post transfer to prevent any negative impact.	
7. Gender / sex	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p>Service Users</p> <p>As this is just a transfer of existing operations the direct impact is none. However, the implementation of the personalisation agenda should increase choice and control for individuals. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. This may have a positive impact on meeting equality obligations. For example where service prefer single sex support or activities.</p> <p><u>Learning disabilities service</u></p> <p>49% of service users are female</p> <p><u>BILS</u></p> <p>53% of service users are female</p> <p>Staff</p> <p>76% of the staff affected are female. This is in line with the rest of the Adult Social Services workforce. Amongst the wider social care market, a higher proportion of women are employed in provider organisations.</p> <p>This change will disproportionately affect female employees.</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>
8. Sexual orientation	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	<p>Service Users</p> <p>This data is not currently collected however; the new delivery vehicle will need to consider service user feedback, including the feedback from the</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>

		<p>'Get Aware' event (2009)</p> <p>Staff</p> <p>There will be no impact. There will be a continuation of Barnet policies and procedures to recognise implicit discrimination.</p>	
<p>9. Marital Status</p>	<p>Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/></p>	<p>Service Users</p> <p>New service provider will need to consider any service user feedback, including the feedback from the 'Get Aware' event (2009)</p> <p>Staff</p> <p>There will be no impact. There will be a continuation of Barnet policies and procedures relating to civil, conjugal and common law partnerships to recognise implicit discrimination.</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p>
<p>10. Carers (discriminated by association)</p>	<p>Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/></p>	<p>Service Users</p> <p>Carers of those attending day centres may be involved in an individual's support planning process, attendance at a day centre may also offer respite to a family carer.</p> <p>Therefore communication and engagement activities will include carers and family carers.</p> <p>Staff</p> <p>Barnet staff who are also carers may be affected. The flexible working policy will be retained post service transfer.</p>	<p>Both Groups</p> <p>The impact of the transfer will continue to be revisited to ensure there are no unreasonable adverse effects</p> <p>Communication and support during consultation and engagement.</p> <p>There will be further consultation and support for any business related changes.</p>

5. What are the number, types and severity of disabilities in play in this case?

Service users

The Social Services database (SWIFT) do not currently record disability categories, although the department is considering how this information might be collected and stored in the future.

There is information held on client files that relates to any particular disabilities or health conditions. This is likely to be defined by diagnosis rather than self definition.

The Diversity Monitoring form used by Barnet Adult Social Services asks for demographic profile including type of disability. This allows for feedback to be analysed along demographic profiles where numbers are large enough to be statistically significant.

All the people who use the in-house service will have, at some point, received an assessment that judged the individual to be eligible for support under the Fair Access To Care (FACS criteria). This is based on an assessment of risk (and need) rather than disability. Over the years eligibility criteria and interpretation of these criteria has changed. We currently use Eligibility Criteria for Adult Social Care criteria (substantial and critical risk) and the Care Programme Approach in mental health services.

The assessment will lead to a calculation of an indicative budget for the amount of money required to purchase support at the level of need. In most cases this will be sufficient to buy the support required. In a few instances. Because of extreme complexity of needs, the indicative budget may not cover the full cost of provision. The indicative budget is calculated according to a Resource Allocation System (RAS) which has been created to produce fair budget for the vast majority of service users. Where the budget calculated does not appear to meet the needs, there may be exceptions made through the Resources Panels in the ASCH department responsible for the care management. The social worker or care manager will work closely with the individual, and their carer where appropriate.

Very broadly, the numbers of people with a disability defined by LBB care groupings is as follows;

49 people using BILS with Physical and Sensory Impairment recorded on SWIFT.
There are 230 people using the in house Learning Disability services (recorded locally), however some people may use more than one service which is not reflected in the numbers.

Staff

Based on staff HR files, the following information is available on % of staff defining themselves as having a disability.

DISABILITY		
	All in-house services	Rest of ASSD
Yes	2%	3%
No	95%	95%
Not recorded	1%	2%

There is currently no information available about the severity of the disability, although line managers should have an understanding of this as part of the workplace assessment process.

Service managers have recognised that the staff data does not reflect their understanding of the workforce. There is known to be an underreporting of disability, especially mental ill health however, it is noted that staff are at liberty to decide whether or not to disclose information of their disability and severity.

During the change process that was part of the Care Model development project in Adults Social Services, staff were asked in a separate exercise whether they had a disability and required any support with managing the process. A number of people who had not previously disclosed did following this exercise and were given personalised support as a result where required.

6. What are the actions that could reduce the impact on people with disability?

The council has policies and procedures in place to promote equality of opportunity and eliminate discrimination on the bases of disability and these will need to be maintained and included in the delivery vehicle contract.

There will be targeted and accessible communications to keep people informed (e.g. easy read/ different formats). Information will be made accessible through channels listed in section 12. There will be support for service users during the period of change – e.g. support from a keyworker with Self Directed Support.

Staff Terms and Conditions such as “reasonable adjustments’ in the workplace according to disability will be will be transferred and maintained.

The People and Culture work stream and consultation will support staff issues in addition to informing and receiving feedback from the unions.

7. What will be the impact of delivery of any proposals on satisfaction ratings amongst different groups of residents

The process of change or the result of change may result in different satisfaction ratings amongst groups of residents. There may be changes amongst those who use the services particularly as the brand of the LATC is currently unknown. Therefore it is difficult to anticipate the impact of the proposal on Barnet’s reputation. However, this will be monitored and measured by staff surveys, SLA clause for LATC (staff survey) and the Place survey (external residents’ feedback).

Feedback from DoH (2008) evaluation of Individual Budget pilots found the following;

- People using Individual Budgets were more likely to feel in control of their lives than people receiving conventional social care support.
- Satisfaction varied between client groups and as highest among mental health service users and physically disabled people, and lowest among older people.
- A substantial proportion of older people felt that taking control of their support was a 'burden'.

However, Department of Health officials pointed out that the evaluation period ran from November 2005 to December 2007, and that things had improved since in the pilot areas. In particular, they have argued, the concerns of older people about individual budgets have abated and take-up has improved.

8. How does the proposal enhance Barnet's reputation as a good place to work and live?

Brand is currently unknown. Barnet's reputation could be better or worse as a result of the change. This will be monitored and measured by staff surveys, SLA clause for LATC (staff survey) and the Place survey (external residents feedback).

The Communications plan addresses key stakeholder groups and will be used as a tool to control reputation changes.

9. How will members of Barnet's diverse communities feel more confident about the council and the manner in which it conducts its business?

Individual budgets – Increasing choice and control

The implementation of the personalisation agenda will provide eligible people with the opportunity to increase choice and control over purchased services, whether council managed or otherwise provided. As individuals who do not already have a Personal Budget go through the support planning process and gain an individual allocation they may choose support that is more appropriate for their individual preferences and/or needs. The council would anticipate that this would have a positive impact and support its obligation to meet its statutory equality duties.

Direct payments, personal budgets and, to a lesser extent, individual budgets are at the core of the government's aim of personalising adult social care services around the needs of users. Through the [Putting People First initiative](#) and most recently 'Think Local, Act Personal (2011)' councils will be expected to significantly increase the number of people receiving direct payments and roll out a system of personal budgets for all users of adult social care, from 2008-11. In the long-term all users should have a personal budget from which to pay for their social care services, apart from in emergencies.

Putting People First is the culmination of a policy process that began in 2005, with the adult social care green paper, *Independence, Well-being and Choice*, and was developed through the 2006 health and social care white paper *Our Health, Our Care, Our Say*. The Department of Health is driving the Putting People First initiative, but scepticism remains among practitioners and social care leaders about the impact of personalisation on social workers' roles, on levels of risk carried by service users and about whether councils will be adequately resourced to deliver reform.

The implications of personalisation have been discussed at all of the Partnership Boards. In addition some of the themes were explored in a consultation on strategic proposals developed in the Care Model Development project. Between 5 September and 14 November 2008, the London Borough of Barnet facilitated a public discussion that included a questionnaire and an open debate on 2 October 2008.

The response was summarised in a public report available on request. The three main themes

were as follows;

- a) People had a very balanced view of the advantages and disadvantages of Personal Budgets. Many people reaffirmed the belief that it would help make people more independent and give them more control and choice over their support. Common concerns about the budgets centred on the new risks they introduce for things to go wrong – either because managing them is too stressful for individuals or carers, or that the people managing them fail to cope with the responsibility and make poor care management or financial decisions. Again, the debate showed that people needed more detail before they could be fully comfortable with the idea.
- b) The discussion about the risk related to choice showed that people thought that this was a real issue that needs to be managed. The most common suggestions for managing such risks centred around 3 points: a) ensuring that all parties involved are actively engaged in the process of assessing risk, b) making sure that cases are reviewed regularly, c) ensuring that advice is always available if people start feeling that something is going wrong.
- c) People were open to the idea of groups other than the council supporting people to plan their care. The perceived benefits of this were that it increased people's independence, choice and control. By contrast, the perceived risks focussed on those people involved having insufficient expertise to assist people needing social services effectively. A very wide range of groups were put forward as having the ability to get involved in this process. The most commonly mentioned ones were family, friends, 3rd sector organisations, and health professionals.

Transfer of Council activity to a Local Authority Trading Company

The London Borough of Barnet commissioned a Lessons Learned report from PriceWaterHouse Coopers of previous service outsourcings.

This recognised the following 'The majority of outsourcing arrangements reviewed as part of this work are delivering effective, and in many cases, high levels of services. Whilst many of the deals were procured some years ago, through standard procurement processes and within relatively traditional delivery vehicles, a number of lessons learned have been identified. These lessons should be used to inform the design, procurement and client side management of any new delivery vehicles, considered as part of the future shape project.'

In order that the council feels more confident about the Council and the way it does its business PWC recommended that the following 6 criteria are applied to any future transfers

1. To recognise the need and purpose for partnerships by establishing what successful working arrangements are. This will mean that the Council and its partner(s) acknowledge:

- the principal barriers to successful partnership working,
- there is a mutual understanding of those areas of activity where Partners can achieve some goals by working independently of each other and
- that both sides build customer satisfaction at the heart of the purpose of the venture.

2. To develop clarity and realism of purpose by ensuring that the partnership has a clear vision, shared values and objectives underpinned by agreed service principles.

- clearly defined joint aims and objectives (which are realistic)
- clearly defined service outcomes.

3. To ensure commitment and ownership by:

- demonstrating clear commitment to Partnership working from the most senior levels of the organisation,
- employing widespread ownership of the Partnership across and within all Partner organisations and
- Ensuring that working outside of the Partnership is discouraged and dealt with.

4. To develop and maintain trust by being clear about the way the Partnership is structured and recognises and values each Partners contribution.

- benefits derived from the Partnership must be fairly distributed among all Partners
- levels of trust within the Partnership must be high
- shared risk taking.

5. To develop clear and robust partnering arrangements by:

- being clear as to what financial resources each Partner brings to the Partnership,
- that resources that each Partner brings to the Partnership are understood and appreciated
- that each Partner's area of responsibility is clear and understood with strong lines of accountability for the performance of the Partnership as a whole and
- The Partnership's principal focus is on process, outcomes and innovation.

6. To monitor, measure and learn by ensuring that each Partner has clear success criteria in terms of both service goals and the Partnership itself. The Partnership must:

- have strong monitoring and management arrangements
- clear and robust structure that enables the Partnership's aims, objectives and working arrangements to be reconsidered and, where necessary, revised in the light of monitoring and review findings but also changing customer and delivery requirements.

It is important that any consultation considers monitoring against different demographic characteristics. Coding will unpick whether there are any issues or concerns among any particular demographic group

10. What measures and methods have been designed to monitor the application of the policy or service, the achievement of intended outcomes and the identification of any unintended or adverse impact? *Include information about the groups of people affected by this proposal. Include how frequently will the monitoring be conducted and who will be made aware of the analysis and outcomes? Include these measures in the Equality Improvement Plan (section 14)*

Please refer to engagement and communications plans for:

- Service Users, Carers and Parents
- Staff and Trade unions

For further information contact: Richard Harrison, Project Manager 020 8359 2109

Please also see section 14

11. How will the new proposals enable the council to promote good relations between different communities? *Include whether proposals bring different groups of people together, does the proposal have the potential to lead to resentment between different groups of people and how might you be able to compensate for perceptions of differential treatment or whether implications are explained.*

As this is just a transfer of existing operations there will be no real change directly impacting upon communities. However, we are confident that the implementation of the personalisation agenda will increase choice and control for individuals to purchase more inclusive activities. There will be opportunities for the LATC to respond to market ensuring services are ones which service users can and want to buy.

12. How have residents with different needs been consulted on the anticipated impact of this proposal? How have any comments influenced the final proposal? *Please include information about any prior consultation on the proposal been undertaken, and any dissatisfaction with it from a particular section of the community.*

There are planned activities to consult residents and service users in the communications and engagement plan. These include consultation days, 1:1 communication, newsletters (including Easy Read), CommUNITY Barnet website, Barnet First and the Barnet council website.

A series of engagement events were held between January – February 2011. Staff, service users, carers, families, Trade Unions and members of the Learning Disability and Physical & Sensory Impairment Partnership Boards were also invited to attend. The events were also published on the commUNITY Barnet website. The feedback from the events have been built into the business case where appropriate. All feedback from the events are listed in appendix 4 of the business case.

Weekly messages are cascaded from the project sponsor to service managers and staff. Project team meetings were held monthly initially and increased to weekly as the project intensified. They included all respective service managers and a Staff Panel convenes every 6 weeks. The staff panel is chaired by the In House Service Manager and facilitated by the project manager to engage in two way communication with staff representatives from each service.

As part of the TUPE consultation, the Service Manager has held briefings in each service and met each member of staff for a 1:1 meeting.

A full newsletter for all stakeholders is planned towards the launch date.

The communication channels and approach to consultation has been revisited for each critical milestone to ensure this is fit for purpose. Feedback from service users also inform as to their preferred method of communication.

13. Decision:

<p>No Impact</p> <p><input type="checkbox"/></p>	<p>Positive Impact</p> <p><input type="checkbox"/></p>	<p>Neutral Impact</p> <p><input checked="" type="checkbox"/></p>	<p>Negative Impact or Impact Not Known¹</p> <p><input type="checkbox"/></p>
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¹ 'Impact Not Known' – tick this box if there is no up-to-date data or information to show the effects or outcomes of the function, policy, procedure or service on all of the equality strands.

14. Equality Improvement Plan

Please list all the equality objectives, actions and targets that result from the Equality Impact Assessment (continue on separate sheets as necessary). These now need to be included in the relevant service plan for mainstreaming and performance management purposes.

Equality Objective	Action	Target	Officer responsible	By when	Status
Service users and carers and staff in the in-house services understand the changes and feel supported through the change	Implement Communications plan	Written communication sent to all service users and carers.	Project manager with support from Adults SMT.	Beginning October 2010 and ongoing throughout the project lifecycle as per communications and engagement plan.	Completed
SLA with future Local Authority Trading Company, reflects current policy regarding equalities duties and provision of appropriate services	Include appropriate contract clauses in SLA Consult with service reps and staff on the draft SLA	Add consultation and review activities to the 'More Choices' project plan	Commissioning Manager ASCH	November 2011	On-going
Support individuals disproportionately affected by proposals, for example where Individual Budgets do not cover the cost of the service or eligibility criteria exclude individuals	Find out costs of in-house services	Include within detailed analysis of the business case.	Project Manager	November 2010	Completed
	Monitor current and future access to individual budgets. Put in place plans to support individuals with the changes Raise as an issue with Care Services Delivery	Raise issue with Care Services Delivery for support in place. Impact of change is managed and where possible, minimised	Service Manager / Commissioning Team	July 2011	Completed
Lessons are learnt from roll out of personal budgets elsewhere, to ensure that those who will find the change the most difficult are supported	To be included in analysis - considering risk of support not being available	Benchmark with other local authorities for inclusion within Full Business Case analysis.	Project Manager	December 2010	Completed

Equality Objective	Action	Target	Officer responsible	By when	Status
Lessons are learnt from outsourcing initiatives elsewhere, for example the PWC Lessons Learnt report to ensure that Barnet's diverse communities have confidence in the way that Barnet does business	To be included in analysis.	Inclusion within the Full Business Case	Project manager	November 2010	Completed
Equalities considerations are key throughout the project as plans become clearer	Review Equalities Impact Assessment and plan at key points during the project as plans	Review activities are added to the 'More Choices' project plan at key points and managed by the Service Manager.	Service Manager	November 2011	Completed
Lessons are learnt from the experience of Direct Payments and personalisation in Barnet	Add learning from Direct Payments and personalisation	Add information to second iteration of the EIA	Service Manager	November 2010	Initial comments added, see section 9
Lesson are learnt from staff changes as part of the Care Model Development project around managing change	Add learning from Care Model Development project around managing change	Add information to second iteration of the EIA	Service Manager	November 2010	Initial comments added, see section 5

1st Authorised signature (Lead Officer)	2nd Authorised Signature (Member of SMT)
Date:	Date:

Document Control

Document Owner	Kate Kennally, Director of Adult Social Care and Health
Contact Details	richard.harrison@barnet.gov.uk
Document location	Wisdom URL / file-path TBC

Version Control

Version	Details of update	Author	Issue date	Status
0.1	Initial draft for comment	Richard Harrison / Rachel Williamson	30/09/10	Draft
0.2	Incorporation of statistics	Richard Harrison / Rachel Williamson	12/10/10	Draft
1.0	Approval from Adult Social Services Senior Management Team and Equalities Network	N/A	19/10/10	Approved
1.1	Updated to reflect current position and progress.	Richard Harrison / Rachel Williamson	18/02/11	Draft
1.2	Updated to reflect the removal of PSI (The Network)	Richard Harrison / Andrew Serlin	22/02/11	Draft
1.3	Inclusion of additional narrative for Community Space and Agatha House	Jane Surtees	15/03/11	Draft
2.0	Approval from Service Manager for Learning Disabilities	N/A	16/03/11	Approved
2.1	Updates to reflect current position and progress	Amanda Jackson	13/11/11	Draft

Appendix F

One Barnet Programmes – Employee Equality Impact Assessment (Adult In-House)

One Barnet Programme Name: More Choices (Adults In-House)

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

Project Sponsor:	Kate Kennally, Director of Adult Social Care and Health
EIA Owner:	Cynthia Scott-Carnegie, Lead HR Business Partner
Date process started:	17 September 2010
Date process ended:	On-going
Last Updated:	25 November 2011
This EIA is being undertaken because it is:	<input checked="" type="checkbox"/> outlined within the equality scheme relevance assessment table <input checked="" type="checkbox"/> part of a project proposal submission to the programme management board <input type="checkbox"/> a result of organisation change <input type="checkbox"/> other – please specify:

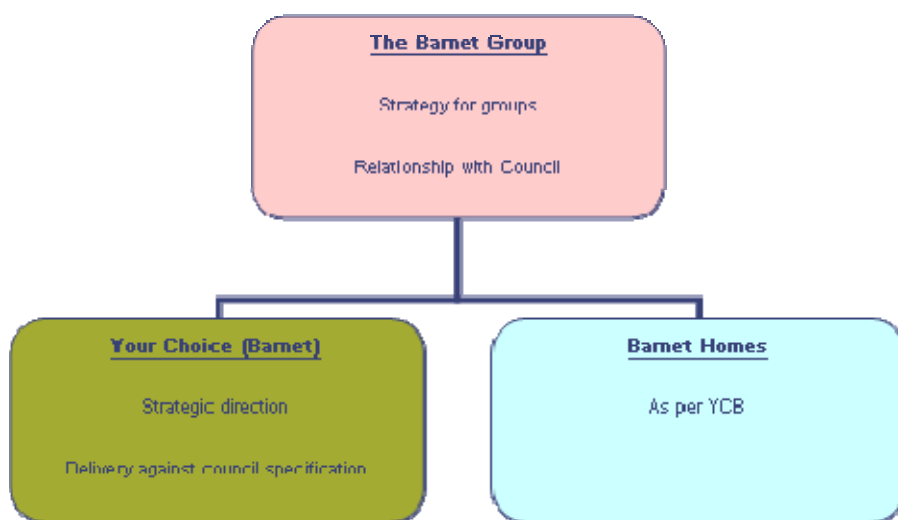
EIA Contents

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

1. Introduction

The Local Trading Company (LATC) will be a company wholly owned by the London Borough of Barnet and employees will be transferred in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). Regulations.

The London Borough of Barnet (the Council) is in the process of establishing a LATC which will adopt the structure set out in the diagram below: with The Barnet Group Ltd. as parent company to Your Choice (Barnet) Ltd. and Barnet Homes. Your Choice (Barnet) will be responsible for the provision of learning disability and physical and sensory disability services. Barnet Homes is the Council's arms length management organisation (ALMO) which is responsible for the management of the Council's housing stock. This is an innovative venture that will establish a new relationship with citizens in the borough whilst providing a more flexible and efficient service.



With a planned go-live date of 1st February 2012, there will be one Chair for all three organisations and individual Board members for each Board. On the Your Choice Board there will be a Service User and a Carer Board member.

There is a Resident Board Member already on the Barnet Homes Board. Barnet Homes was created as an arms-length management organisation (ALMO) in 2004 to manage the borough's 15,000 council homes on behalf of Barnet Council. That includes responsibility for repairs and maintenance, major works, caretaking, voids and lettings and offering support to residents to help them live independently. It is committed to offering great service at great value to its residents and prides itself in involving residents in all that it does.

Aims and Objectives LATC

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

- better services with less money;
- sharing opportunities, sharing responsibilities; and
- a successful London suburb.

The overarching aim of the One Barnet programme is:

- to become a citizen centred organisation

To be delivered through the adoption of three key principles:

- *a new relationship with citizens*
 - service users and their carers will have choice and control over the services they buy to meet their individual needs and be supported and encouraged to do this
 - service users and carers will be able to take an active role in the governance of the LATC and influence the design of services
 - through greater flexibility in the way individual needs can be met, service users and carers will be encouraged to self help
 - build a richer understanding of service user preferences and aspirations to inform the design of services and help shape the market
- *a one public sector approach*
 - develop collaborative leadership with Barnet Homes and use the synergy of skills and experience to take a more strategic and commercial approach to service development
 - identify opportunities with Barnet Homes and the wider public sector to provide integrated support and a more seamless customer experience to enable people to live as independently in the community as possible, for example joint housing and specialist support and advice for adults with mental health needs
 - target opportunities to collaborate with Barnet Homes and the wider public sector on tackling strategic issues with a community focus, such as worklessness, through the LATC's role in supporting people to access employment and volunteering opportunities
- *a relentless drive for efficiency*
 - Freedom and flexibility to respond more swiftly to changes in service demand and the market, particularly as there are many unknowns about how the market will change and purchasing patterns inherent with personalisation
 - An opportunity for the council to focus on its strategic commissioning role

- Maximise opportunities to work with and commission from alternative private, public and voluntary sector partners to lower costs
- Operating within the wider competitive market, the services will have a sharper focus on lowering costs to deliver value for money to its customers which will include the Council.
- Services will have greater flexibility than within the Council to trade services and invest revenue in service development
- Being a wholly Council company allows for surplus or dividend to be paid back to LBB

The aim of the proposal to implement a LATC is aligned within the One Barnet objective of “a new relationship with citizens”. Changing the way the council is structured to provide Adult Social Services will promote choice and independence for residents. This is a strategic fit with the personalisation agenda to roll out personal budgets and direct payments.

This enabler for citizens will empower service users to select the services they require from the open market and by implementing an LATC we will ensure the council can compete in the free market and continue to offer Adult In—House Services registered by the Care Quality Commission rated as ‘Excellent’ or ‘Good’. In turn this will leave the council free to focus on becoming a commissioner of Adult Social Services as the core business of the authority thus providing a relentless drive for efficiency with the services which remain in-house.

It is not anticipated that there will be any material changes in location of staff so this would not result in any equality impact.

1.2 Description of the critical milestones

The staff EIA data was presented to the General Functions committee on 30 June 2011. Since the 30 June 2011 the Council has agreed the following:

- A TUPE Plus agreement that protects employees terms and conditions unchanged for one year.
- coordinated and delivered several briefings on TUPE, responded to employees questions on and placed a TUPE FAQ on the intranet
- Employees 1-2-1 consultations nearly completed and all relevant issues managed through the Service Manager, Project Sponsor, HR and the LATC Shadow Board.
- Engaged with the Trade Unions to review the content of the Business Case and consider responses.
 - Conducted due diligence.
 - Consulted with affected staff (formal) and service users on the change.

- Considered consultation responses and take a decision on the proposed changes in light of responses.
- Agreed contract management and governance arrangements
- Implemented the change; LATC formation and TUPE transfer of staff

- Trade Unions

The Council will provide the Service Provider with details of the Trade Union and Employee Relations Framework and the Service Provider agrees to consider it and discuss how it can be utilised in setting up a comparable framework between any recognised trade unions and the Service Provider. The Service Provider agrees to provide access and facilities, where practicable, to recognised trade unions at its premises. The Council agrees to allow the Service Provider to claim some of the costs incurred by agreed trade union release time from normal duties from the Council's

- The final employee data will be transferred post (1st February 201).

1.3 Key Stakeholders

All service users, families, carers and affected staff working at the following Adult In-House Services:

- **Learning Disability (LD) Services**
 - Rosa Morison
 - Flower Lane Autism Service
 - Community Space
 - Valley Way
 - Barnet Supported Living Service including Agatha House
 - Community Support Team
 - Business Development Unit

- **Physical and Sensory Impairment Services**
 - Barnet Independent living Services

- Barnet Homes

- Adult Social Services Directorate

- All Partner Organisations
Such as Mental Health Trust, NHS Barnet (including the Barnet Learning Disability partnership board)

- Third Sector Agencies
Advocates such as Mencap, Barnet Peoples Choice, LD Parliament representatives

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

2.1 Project Initiation: Identification of staff scope

Only staff whose job role has a direct impact as a result of this change was included in this consultation. This staff group was identified by service managers within Adult Social Services (AdSS), HR business partner and project manager.

This has been based solely on the positions within the establishment. On 4 February 2011 a decision was taken by the Mental Health Partnership Management Group to remove the Network from scope for transfer to the LATC. No equalities issues are expected.

2.2 Conclusion of Cabinet Resources Committee

The CRC approved the business case which sets out the case for change including financial and non-financial benefits. CRC approval enables the set up of a local authority trading company structure, incorporating Barnet Homes and the transitioning of services. This phase requires due regard to governance, diligence and contracts between the council and the LATC. This revised EIA has been prepared for the General Functions Committee (GFC) for consideration of the staffing implications of this proposal.

2.3 Trade Union Engagement arising from TUPE consultation

Consultation has been conducted with all affected staff in compliance with the Councils Managing Organisational Change Policy. Due to the nature of the services, there will be separate briefings.

Employees were offered 1:1 meetings with their respective managers to discuss the proposal and raised any concerns and respond to the consultation directly or through their line manager. All issues raised during the consultations were considered on an individual basis with their manager to look for a suitable resolution.

All consultation responses were collated by the Service Manager, reported to HR and the Sponsor and Senior User (Director and Deputy Director of the affected services). No equalities issues, other than any raised addressed during the consultation period were reported.

2.4 Point of transfer to the LATC

The conclusion of TUPE consultation and implementation of the change for the Adults In-House staff to transfer to the Your Choice, LATC incorporating Barnet Homes there will be sufficient lead time to put in place any bridging arrangements and to deal with any issues raised on consultation. Management support will be offered to those staff who request it and

it is expected that all equality issues (those raised in consultation) will have been resolved prior to the change taking place. Within the Confidentiality Agreement and Due Diligence the Council will encourage staff to disclose their disability in order to allow the new employer to take steps to make any reasonable adjustments. The Council will not pass on equality data unless specified by the individual.

2.4 Point of transfer to the LATC

Management support will be offered to those staff who requests it and it is expected that any issues (those raised during consultation) will have been resolved prior to the transfer 1st February.

3. Monitoring Summary

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

Some of these protected characteristics have changed since the outset data so the data has been revised accordingly.

Critical Milestones

** data withheld to prevent identification as less than 10 employees

		Outset data LBB data (Sep 2011)		Outset data Adults data (Sep 2011)		Final CRC Report on (Nov 2011)		Post-Transfer Review (April 2012)	
		No.	%	No.	% of LBB outset data	No.	% of LBB outset data	No.	% of LBB outset data
Number of employees		3,652		188	5%	172	4.7%		
Gender	Female	2,286	63%	147	78.2%	131	76.2%		
	Male	1,366	37 %	41	21.8%	41	71%		
Date of Birth (age)	1996-1986	160	4%	**	**	**	**		
	1985-1976	751	21%	22	12%	26	15%		
	1975-1966	955	26%	60	32%	54	31%		
	1965-1951	1,526	42%	80	43%	68	40%		
	1950-1941	242	7%	15	8%	13	8%		
	1940 and earlier	18	0.5%	**	**	**	**		
Ethnic Group									
	White								
	British	1,807	49%	86	46%	79	46%		
	Irish	114	3%	**	**	**	**		
	Other White	252	7%	14	7%	13	7.5%		

	Mixed White and Black Caribbean White and Black African White and Asian White – Turkish Cypriot White – Greek Cypriot Other Mixed	0 0 22 18 40 59	0% 0% 1% 0.5% 1% 2%	0 0 ** ** ** **	0 0 ** ** ** **	0 0 ** ** ** **	0 0 ** ** ** **		
	Asian and Asian British Indian Pakistani Bangladeshi Other Asian	234 36 26 61	6% 1% 1% 2%	11 ** 0 **	6% ** 0 **	** ** 0 **	** ** 0 **		
	Black or Black British Caribbean African Other Black	215 333 37	6% 9% 1%	17 36 **	9% 19% **	16 37 **	9% 21% **		
	Chinese or Other Ethnic Group Chinese Other Ethnic Group	20 63	1% 2%	** **	** **	** **	** **		
	Blank	315	9%	**	**	**	3%		
Disability									
	Hearing (such as: deaf, partially deaf or hard of hearing)	7	0.2%	**	**	**	**		
	Learning difficulties (such as dyslexia)	14	0.4%	**	**	**	**		
	Mental illness (substantial and lasting more than a year)	5	0.1%	0	**	0			
	Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)	3	0.08%	0	**	0			
	Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or diabetes)	11	0.3%	0	**	0			
	Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)	8	0.2%	0	**	0			
	Other disability	9	0.25%	0	**	0			
	Blank	3,595	98.4%	182	97%	167	98%		
Religion or Belief									
	Christian	1,713	46.9%	97	52%	89	52%		
	Buddhist	17	0.5%	0	**	0			
	Agnostic	44	1.2%	*	*	*	*		
	Atheist	58	1.6%	*	*	*	*		

	Humanist	9	0.2%	*	*	*	*		
	Hindu	199	5.4%	12	6.4%	10	4%		
	Jewish	116	3.2%	*	*	*	*		
	Muslim	145	4%	*	*	*	*		
	Jain	15	0.4%	0	**	0			
	Sikh	16	0.4%	0	**	0			
	Baha'i	1	0%	0	**	0			
	Other religions	121	3.3%	*	*	*	*		
	No religion	592	16%	24	12.8%	23	13.4%		
	Not stated	254	7%	*	*	*	*		
	No response on faith	303	8%	26	14%	25	14.5%		
	No form returned	49	1.3%	*	*				
Sexual Orientation									
	Heterosexual	2,429	67%	111	59%	100	23.8%		
	Bisexual	15	0.4%	*	*	*	*		
	Lesbian / Gay	43	1%	*	*	*	*		
	Prefer not to say	773	21%	64	34%	61	35.5%		
	Blank	392	11%	*	*	*	*		
Marriage and civil partnership									
	Married	1,141	31%	65	35%	57	24%		
	Single	913	25%	58	31%	25	32%		
	Widowed	20	1%	*	*	*	*		
	Divorced	101	3%	*	*	*	*		
	In civil partnership	7	0.2%	0	**				
	Co-habiting	40	1%	*	*	*	*		
	Separated	13	0.4%	*	*	*	*		
	Not stated	1,417	39%	46	24.5%	44	26%		
Relevant and related grievances									
	Formal	0	0%	0	0%				
	Upheld	0	0%	0	0%				
	Dismissed	0	0%	0	0%				

3.2 Evidence

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

N/A

Evidence gap

N/A

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

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

other potential factors:

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

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

- Milestone 1 - Outset
- Milestone 2 – Business Case Validation (Due Diligence)
- Milestone 3 – Post-Transfer Review

4.1.1 Milestone 1 - Outset

The EIA data was reviewed in conjunction with the LATC business case to ensure that the proposed solution identified does not have any adverse impact on the staff in scope for transfer.

4.1.2 Milestone 2 - Business Case Validation (Due Diligence)

Under the Due Diligence (stage 2 data) staff personnel file notes will be transferred after the 1st February.

4.1.2 Milestone 3 – Post-Transfer Review

The Barnet Group - Your Choice will continue to update, and review the EIA data post transfer to assess the potential impacts if any on staff in scope.

4.2 Actions Proposed

4.2.1 Milestone 1 - Outset

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

When you compare the ratio of female: male staff between (a) LBB 63%: 37% and (b) the staff in scope: 76. %:24% there is a slight difference.

The lower number of males in scope can be explained by the possible nature of the service, which traditionally attracts female workers and when recruit replacements we will endeavour

more male workers.

4.2.2 Milestone 2 – Business Case Validation (Due Diligence)

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

4.2.2 Milestone 3 – Post-Transfer Review

Were there any unexpected equalities impacts that you did not identify at the previous stages?
How will the learning be captured?
None

Business Scrutiny:

This table summarises the main activities in preparation of transfer on 1st February 2012.

Table 1

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

Milestone Description	Programme Office	Trade Unions – appropriate TU for Project	CDG	DPR - Delegated Powers Report	GFC – General Functions Committee
<i>Milestone 1 - Outset</i>	Date	14 April 2011	26 April 2011	date	30 June 2011
<i>Milestone 2 – Business Case Validation (Due Diligence) data transfer</i>	9 Jan 2012	28 Nov 2011	06 Dec 2011	14 Dec 2011	16 Jan 2012
<i>Milestone 3 – Post-Transfer Review</i>	1 Feb 2012	9 Jan 2112	date	date	date

Appendix G

Response to Unison Trade Union Interim Critique of the Adults In-House Business Plan for CDG 6 December 2012

Summary

A copy of the LATC Business Plan v4 was shared with Trade Unions on an embargoed basis on 21 November 2011.

On 23 November, the Project Manager and Project Sponsor met with representatives from UNISON and GMB to answer questions on the Business Plan. The Trade Unions have considered this document and Unison provided an Interim Critique on 29 November 2011. It is noted that no response was received from GMB.

Unison have set out their top five key issues summarised are follows:

1. Commercial Approach to further commercialise services.
2. Omission of staffing implications for future service changes
3. Omission of staffing, management and cost for monitoring service performance and compliance with contracts and agreements.
4. Omission of service users and potential users in the Equality Impact Assessment.
5. Achievement of Benefits

The Trade Union comments are outlined below with responses addressed in turn and set out below. It is noted some issues raised will be subject to negotiations between the council and TheBarnetGroup LTD such as contract negotiations.

Issue 1

The commercial language, the adoption of a holding company model, bidding strategy, branding and the alliance with Capita, demonstrate the intention plans to further commercialise services. The strategy to encourage further transfer of Council services and a growth strategy to deliver “substantial external new business opportunity” within 18 months of transfer indicates expansionist intent. However, the document is inconsistent in its understanding of the market, for example, it makes reference to a ‘pseudo market’ and a ‘free market’, which are quite different in practice. We believe this commercial approach could have considerable negative impacts on services, service users and staff.

Response

The inhouse services currently delivered by Adult Social Care and Health already operate within a commercial environment where the majority of social care is delivered by a range of providers – third sector providers, user led organisations and independent sector providers. The future of the current in-house services is dependent upon them operating in the wider social care market place to respond to the needs of disabled people using their personal budget. The establishment of Your Choice Barnet as set out in the business plan will support the in-house services to grow and thrive in the future. This business plan clearly sets out the measures of success for each of the services – full utilisation of the capacity of current services; integrating the in-house services with other Barnet Homes services where it makes sense to do so and exploring new opportunities in the third and fourth years of the contract. The business plan sets out a sustainable model for Your Choice Barnet providing the necessary financial sustainability for the in-house services for the first two years of operation to allow the new trading company to consolidate and develop the services without having a negative impact on services, users and staff.

Issue 2

Given that the skills, experience and commitment of staff are vitally important in these services, there is little reference to them in the business plan, other than a standard TUPE transfer. The potential move to seven-day operation at Flower Lane and Rosa Morison is devoid of staffing implications.

Response

The successful establishment of TheBarnetGroup LTD is dependent on the skills, experience and commitment of the staff working across Barnet Homes and Your Choice (Barnet) Limited and this is made clear in the business plan. For example section 3.15 talks specifically about the importance of engagement and culture change in the day to day operations of Your Choice Barnet. Any changes regarding expanded operating patterns will be taken in full consultation with staff. TheBarnetGroup LTD will continue to work closely with trade unions in considering any staffing related issues as discussed in the TUPE consultation meetings. Staff have been involved in the development of the business plan and a successful whole service away day was held between Barnet Homes and the in-house staff in December 2011 to identify opportunities going forward in 2012.

Issue 3

The governance arrangements are weak with only a passing reference to contract management and monitoring – “regularized formal contract monitoring” (para 3.43) and “a series of contracts and management agreements” (para 5.1). There is no recognition of the staffing, management and cost for the Council and the Barnet Group of monitoring service performance and compliance with contracts and agreements. This is a major omission given Barnet Council’s poor record of auditing, monitoring and scrutinizing contracts.

Response

The business case agreed by Cabinet Resources Committee in May 2011 included within the financial modelling, resourcing for the ‘client side’ (contracting, and monitoring) and a framework for contract management and performance management has been developed.

TheBarnetGroup will be required to submit monthly reports that will be monitored by the Council. These reports will be used to flag any concerns with performance that will need to be covered in the contract management meetings between the Council and TheBarnetGroup.

Adult Social Care and Health will have monthly contract management meetings with TheBarnetGroup to focus on the Your Choice Barnet contract. Initially these meetings will be focused on ensuring a smooth transition for the services transferring and to make sure the reporting is providing the required information. These meetings will review monthly performance and identify operational issues that need addressing to ensure that the outcomes and outputs specified in the performance framework can be delivered. From Adult Social care and Health, the meetings will be attended by the Contract Manager, Heads of Service (Disabilities) and Senior Procurement Officer.

There will be quarterly joint Adult Social Care and Health and Environment, Planning and Regeneration contract management meetings with the TheBarnetGroup to review Your Choice Barnet and Barnet Homes contracts. These meetings will monitor the performance of both contracts ensuring any issues and risks identified are being properly managed. This will include the financial position of the services to understand what impact this could have on the provider or council.

Alongside regular contract management meetings there will be six monthly service reviews that will include the Council visiting the services and speaking to staff, service users, carers and other key stakeholders. Service Reviews will result in a Review Report and if required an agreed Service Improvement Plan.

Complimenting the contract management arrangements are the six monthly partnership meetings between the Directors of Adult Social Care and Health and Environment, Planning and Regeneration with TheBarnetGroup

Issue 4

The Equality Impact Assessment, excluding the repetition of the One Barnet objectives in the introduction, refers only to staff - service users and potential users are completely ignored.

Response

The Employee Impact Assessment report attached as appendix E is only concerned with staffing issues and not service users. A separate Community Impact Assessment attached as appendix D sets out the impact to the community including service users and potential service users. The Community Impact Assessment concluded 'Neutral Impact'.

Issue 5

The vast bulk of the benefits could have been achieved by an in-house service. The options appraisal and earlier business case claim of synergy with Barnet Homes is shown to be false in para 3.26.

Response

The benefits set out in the business plan could not have been achieved in house as the way Council management of in-house services operates does not support direct payments being used to fund the services.

The potential cost of the Council doing nothing and retaining the services in-house, is based on a 'double funding' risk attributable to covering both the fixed costs of the in-house services but also committing funding for personal budgets which could be spent elsewhere. This is because service users cannot directly purchase services from the Council. Over a four year period this 'double fund' cost could have equated to £3.8M. To mitigate these rising costs, the Council would need to significantly reduce the in-house service costs and/or close the services, which the option appraisal activity in June 2010 concluded is not a viable option.

Although there will be no financial gain to the Council during the first year, it is estimated that over the first four years the Council will gain £560,000. Your Choice Barnet (YCB) will be making surpluses from Year 1, which will be distributed to the Council in the form of dividends.

In addition, the business plan sets out aspirations of TheBarnetGroup LTD to provide new services in the future such as ASSIST telecare which could benefit adult social care service users who are also council housing residents as set out in paragraph 4.3.1 of the business case and paragraph 4.4 of the business plan.

Further synergies are also achieved through the LATC by enabling collaborative leadership which provides benefit by learning from Barnet Homes experience and skills as being an arms length organisation since 2004. This experience has already proved valuable during validation of the

original business case which was conducted jointly by Barnet Homes and the Council.

The high level options appraisal states in paragraph 1.5 that housing and adult social care will be grouped together and considered as a whole and the creation of the LATC is the first step of this process. TheBarnetGroup LTD will develop using a phased approach as set out in section 3.12 of the business plan outlining the key milestones to be achieved over the first 18 months to optimise, refine and transform the business.

Since November there has been greater clarity on support services that will be “bought” by YCB from the Council. These include IT, HR, payroll, and adhoc legal services. Other support will be purchased from Barnet Homes. These support services, as well as management support, will be specified clearly, and directed towards where it is needed. In addition we are now sure the VAT implications of setting up YCB are much more favourable than envisaged in the original Business Case presented to Cabinet Resources Committee in May.

Appendix H

Response to GMB Trade Union Interim Critique of the Adults In-House Business Plan for CDG 6 December 2012



GMB Response to 'The Barnet Group' High level Business plan



Recommendations;

That the following points are noted and the move of Adult Social Care Services to 'The Barnet Group' LATC is reconsidered.

1. **Question:** *Comments made in attached previous responses still remain a major concern of the GMB;*



Barnet Adults



GMB Interim



jointtradeunionInteri

Options Appraisal.pdf Response to Business m reportFINAL.pdf

Response: A formal response has been provided to the previous trade union critiques which were appended to the Cabinet Resources Committee Report dated 24 May 2011. There has been open dialogue through regular TUPE consultation meetings and it is noted the process began early to ensure the Trade Unions had further opportunity to raise concerns through this forum. Further Trade Union responses have been formally provided in May and June 2011 in response to letters received from the Unison regional office.

2. **Question:** *As previously raised LATC's are still a new and relatively unknown entity in regard to their ability to provide efficiencies and maintain quality of services. This concern is heightened because as this report says what the service will look like in one or two years time is still very much unknown. Paragraph 1.3 states that this business plan is still "not fully developed – draft and subject to change." It is now getting very late in the day so when will the business plan be complete? Paragraph 4 describes how a lot of the future scoping of the work carried out by the LATC will be worked on during the first year. How then can the projected profits be rationalised with so much still unknown?*

Response: The business plan for go live is completed and is included in the information being submitted to the Cabinet Resources Committee. The main aspects of the plan are final and sets out very clearly the respective objectives and milestones for the Group and its companies and in section seven the financial pressures are defined.

The assumptions used within the plan for efficiencies and growth are realistic as they are based on existing knowledge and expert analysis of the marketplace. TheBarnetGroup LTD will in the first year of operation undertake a Strategic Review of the business to identify any further efficiencies and opportunities for further development.

3. **Question:** *The council has offered what it has called 'TUPE PLUS' to staff involved in any transfer around the One Barnet Programme. The GMB welcomes some of the measures suggested in this offer, however elsewhere we have made it clear that we do not feel this gives our members enough protection. One area of concern is the offer to protect Terms and Conditions for 1 year post transfer. First we do not believe this is long enough but in addition it has come to light that this 'protection' will not protect staff from redundancies in the first year, or subsequently.*

Paragraph 3.8 refers to Barnet Homes increasing the number of support staff. Where will these come from? Para's 3.18 3.19 and 3.20 refer to efficiencies and restructures. Obviously this will be of concern to our members as they may now believe their jobs are safe for the first year due to the statement that T's and C's will be protected. This section also suggests 'adjustments to policies' within the first 8 months. How does this fit with the proposed protection?

Response: Under the TUPE transfer commitments the Council has written into the contract that Your Choice will not vary the terms and conditions of employment of any Transferring Employee for the first 12 months immediately following the transfer date.

If Your Choice seeks to vary the terms and conditions of employment of any transferring Employee after the expiry of 12 months following the transfer date, it is then required to comply with its consultation obligations as the employer of the transferring employees and conduct all reasonable negotiations with any recognised trade unions.

The practical effect of this is that transferring employees have contractual assurance about their terms and conditions in that first year in a way that is not available to LBB employees. Thereafter any changes to terms and conditions would need to be negotiated in the same way that the Council is required to do when it seeks to change T&Cs.

Should Your Choice propose to make redundancies then it would need to comply with the same legal obligations as is applicable to LBB, so there is no lessening of protection.

4. **Question:** *The GMB have concern over what will happen should the LATC fail. One of the initial driving forces behind the move to an outside organisation was to enable users to use Direct Payments to buy the services. Should the LATC collapse or become unsustainable the project group have suggested the service could return in-house¹ use. However it is difficult to understand, given the nature of Direct Payments how this could work. Any users who have transferred their budget into the Direct Payment scheme would no longer be able to buy the services. This would be a major issue for them as users but also to Barnet in being able to provide a service. Other justifications for moving to the LATC are unconvincing. This report and previous ones have said that the LATC will enable users from other boroughs to use the service, but this is already happening as described in paragraph 3.27 and 4.11.*

The majority of the proposed improvements to individual centres that are described during section 4 are improvements that could be made while retaining the service in-house.

Response: The response to the Trade Union question provided on 7 September remains. "The Council will remain as the provider of last resort for all social care provision that it commissions on behalf of service users. In the extremely unlikely event that this event occurs, the Council would discuss with all service users what their options were if they were on a direct payment. For those that are and wish to continue attending Council run service, they would need to have their personal budget as a managed allocation allowing the Council to commission the in house services on their behalf. Their direct payment for this service would therefore cease."

Services currently provided out of borough are those directly commissioned by neighbouring boroughs. The implementation of TheBarnetGroup will enable out of borough service users with direct payments and self funders to purchase services directly from the LATC as will be the case for any direct payment service users within the borough. There have been enquiries over recent years from Direct Payments users from other local authority areas. Had we been able to trade with individuals this would have meant additional income for the services which would in turn have enabled some of the service development discussed in the Business Plan.

The service improvements and benefits set out in the business plan could not have been achieved and realised in house as the way the council operates does not support direct payments.

The benefits of exploring the synergies with Barnet Homes' services are also included in the plan. In the group structure as proposed there will be flexibility to work together to provide joined-up services for people who are currently using the services of both organisations, as

well as potentially diversifying the support available to customers of each. The detail is planned to be explored in the scoping work in Year One with the ultimate outcome of that together the organisation will offer greater opportunities than individually.

5. **Question:** *There is still no detail on how the contract will be monitored. This report shows little insight into what monitoring will be occurring or when this will happen. Barnet's history of contract monitoring is poor and yet at this late stage there still seems to be little detail on how this will change with the LATC.*

Response: The contract includes the agreed arrangements for contract management and a performance framework.

TheBarnetGroup will be required to submit monthly reports that will be monitored by the council. These reports will be used to flag any concerns with performance that will need to be covered in the contract management meetings between the council and TheBarnetGroup.

Adult Social Care and Health will have monthly contract management meetings with TheBarnetGroup to focus on the Your Choice Barnet contract. Initially these meetings will be focused on ensuring a smooth transition for the services transferring and to make sure the reporting is providing the required information. These meetings will review monthly performance and identify operational issues that need addressing to ensure that the outcomes and outputs specified in the performance framework can be delivered. From Adult Social care and Health, the meetings will be attended by the Contract Manager, Heads of Service (Disabilities), Senior Procurement Officer and if required a Transformation Lead.

There will be quarterly joint Adult Social Care and Health and Environment, Planning and Regeneration contract management meetings with the TheBarnetGroup to review Your Choice Barnet and Barnet Homes contracts. These meetings will monitor the performance of both contracts ensuring any issues and risks identified are being properly managed. This will include the financial position of the services to understand what impact this could have on the provider or council.

Alongside regular contract management meetings there will be six monthly service reviews that will include the council visiting the services and speaking to staff, service users, carers and other key stakeholders. Service Reviews will result in a Review Report and if required an agreed Service Improvement Plan.

Complimenting the contract management arrangements are the six monthly partnership meetings between the Directors of Adult Social

Care and Health and Environment, Planning and Regeneration with
TheBarnetGroup CEO and Chair.

Appendix I

Transfer of Council assets to Your Choice (Barnet) Limited

As part of the implementation of TheBarnetGroup, a number of assets are to transfer to Your Choice (Barnet), including PC's and furniture. Each item has a value however, is not great enough to feature on the Council or Your Choice (Barnet) asset registers.

It is therefore considered prudent to include the transferring assets in the Your Choice (Barnet) opening balance sheet as depreciating fixed assets, and represented by a long term loan from the Council. The estimated value is £67k for IT equipment, and £43k for furniture and fittings. Inventories of both IT and non IT related assets are set out below.

		Life in years	Depreciation
IT equipment	67,000.00	3	22,333.33
Furn & fixtures	43,000.00	5	8,600.00

Part A – Non IT related assets

Barnet Independent Living Service

Internal

2 kilns
4 overhead tracking hoists
1 safe
1 office chair (turbo charged)
1 set of physio walking rails
2 physio beds
2 mobile hoists
1 oven
1 gas hob
1 freezer

External

2 wheelie bins (the big aluminium ones)
1 The entrance barrier
1 The entrance gates
1 Garden trellis

Rosa Morison

Disabled Toilet Upstairs

1 Bathroom Hoist

Laundry

1 Miele Washing Machine
1 Miele Dryer

Stair Case

2 Evac chairs

Kitchen

2 Heater Trolleys
1 Cooker & Hob – Moorwood Vulcan
1 Steamer – Moorwood Vulcan
1 Steriliser – Comenda
2 Stainless steel sink units
1 Stainless steel work unit
1 Blender – waring pro
1 Fridge Freezer – Delfield
1 Fridge – Delfield
1 Fridge – Foster
1 professional blender – kenwood
1 Industrial Microwave – Sharp

Sensory Room

1 Vibrating Beanbag

- 1 Bubble Tube
- 1 Fan light
- 1 Projector
- 1 Tracking hoist
- 1 Fibre optic lights
- 1 Floor mats

Music Room

- 1 Opti Music system
- 1 Rompa beanbag
- 1 Light system
- 1 Piano
- 1 Tracking hoist

Art Room

- 1 Tracking Hoist
- 1 Adjustable table

Sitting Room

- 1 sofa
- 1 Tracking hoist

Main area

- 2 Gate trainers
- 2 mobile hoists
- 3 adjustable tables

Therapy Room

- 6 Wedge beanbags
- 2 tracking hoists
- Standing frame
- 2 bambach chairs
- 6 floor mats
- 1 Rumpa beanbag

Garden

- 3 Wooden Bench's
- 1 Garden Shed

Downstairs bathrooms

- 3 Changing tables
- 3 Tracking hoists
- 3 Turntables
- 1 Commode

Hydrotherapy Pool

- 1 Changing Table
- 1 Tracking Hoist
- 1 Hydro Spa Pool
- 1 Pool covers

1 Filter System

Agatha House

1 Tracking Hoist in Bedsit 3

Harold Court

2 Brown leather Sofas (new bought recently)

Quartz Court

1 Hotpoint Iced Diamond Fridge Freezer (new bought recently)

Sept Court

2 Brown leather Sofas (brought last year)

1 Duke Box – PERF GRAND 100

Valley Way

1 Miele Dishwasher (brought this year)

6 tracking hoists – all bedrooms

1 Bathroom Hoist – upstairs bathroom

1 Manual Hoist

The Space

1 Safe in General Office

1 Foster Professional Fridge 2007

1 Foster Professional Freezer 2007

1 Indesit Larder Freezer approx.2 years old.

1 Klix Vending Machine

1 Oven M Line Plus (old) Industrial

1 Oven (Professional)Masterchef 2007

1 Steamer Oven 2007 (Moorwood Vulcan)

2 Stainless Steel counters

1 Stainless Steel Hot Cabinet

Flower Lane Centre

2 Light Projectors (Sensory Room)

1 Garden Shed

1 Sharp Photocopier

2 Hotpoint Domestic Larder Freezers

1 Delfield Professional Large Larder Fridge

1 Hobart Food mixer Professional

2 Moorwood Vulcan Ovens 2006

1 Stainless Steel Serving Hot Cabinet/Counter/Storage with serving dishes

2 Large stainless steel counters.

Part B – IT related assets

Learning Disability Services

Total: 67 computers including (tablet PCs)

Setting	Location	Description	Tag no. Yes/No	Tag no.	Serial No.	VPN Fob No.	MFD Buttons
Business Support Team		Laptop	Yes	LBB32799	CNU619XG1R	206104708	
		Docking Station	No				
		Monitor	No				
		Mouse	No				
		Mobile	No				
		VPN	No				
		Laptop	Yes	LBB24021		206104307	
		Mobile	No				
		VPN	No				
		Laptop	Yes	LBB200676		206104721	
		Mobile	No				
		VPN	No				
		Laptop	Yes	LBB32782		206104714	
		Mobile	No				
		VPN	No				
	Office Jasper Court	Computer	Yes	LBB24021			

		Monitor	No				
		Keyboard	No				
		Mouse	No				
		Printer	No		CND89780BR		
Flower Lane Centre	Reception	Computer	Yes	LBB100577			
		Printer	Yes	HR3759			
		Monitor Elonex	No		621 031000600		
		Telephone	No				
		Keyboard	No		BY24710602		
		Mouse 3000	No				
Flower Lane Centre	Seniors' Office	Computer	Yes	LBB100790			
		Computer	Yes	LBB100791			
		Monitor Touch Screen	No		P19BH		
		Monitor	Yes	LBB30789			
		Printer	No		Laserjet 2420		
		Compaq Keyboard	No		BC35B0BQRUWE0R		
		Compaq keyboard	No		B28860LBUMK718		
		2 Compaq Mouse	No				
		Telephone	No				
		Telephone	No				
Flower Lane Centre	Manager's Office	Computer	Yes	LBB100788			
		Monitor	Yes	LBB25565			

		Computer	Yes	LBB100578			
		Monitor	Yes	LBB30834			
		Printer	Yes	HR3760			
		2 HP mouse	No				
		HP Keyboard	No		06H10400059D		
		HP Keyboard	No		BC35B0BQRUWDAJ		
		Telephone	No				
		Telephone	No				
Flower Lane Centre		Mobile phone	No				
Flower Lane Centre	Computer Room	Computer	Yes	LBB100789			
		Computer	Yes	LBB100794			
		Computer	Yes	LBB100664			
		Monitor	Yes	LBB25812			
		2 xTouch Screen Monitor	No				
		Printer Laserjet	No		P3005N		
		Keyboard	No		BC35B0BQRUWE0		
		Keyboard	No		BC35B0BQRV0NN0		
		Keyboard	No		BC35B0BQRUWDAD		
		3 x HP Mouse	No				
CommunitySpace	Manager's Office	Computer	Yes	LBB100800			
		Monitor	No		Elonex		
		Printer Lexmark	No		X1180		

		telephone	No		B93B90LQRTX55T		
		keyboard	No				
		mouse	No				
CommunitySpace	Staff Room	Computer	Yes	LBB37108	00164642906B		
		Monitor	Yes	LBB37107			
		Telephone	No.				
	Activity Room	Telephone					
	Computer Room	Telephone	No				
	Kitchen	Telephone	No				
CommunitySpace	General Office	Computer	No	LBB3691 LBB31208	Elonex Flatron TVMS0007520 ZCA395401090 ZCA395401058		
		monitor	No				
		Computer	Yes				
		Monitor	Yes				
		Mouse	No				
		Mouse	No				
		Keyboard	No				
		Keyboard Elonex	No				
		Telephone	No				
		Telephone	No				
CommunitySpace		MFD Button	No				Yes
		Tablet Awaiting delivery					
		Mobile	No				

		VPN Fob	No			206104358	
		MFD Button	No				Yes
		VPN Fob Awaiting delivery					
		Tablet Awaiting delivery					
		Mobile	No				
		MFD Button	No				Yes
		Mobile					
		VPN Fob Awaiting delivery					
		MFD Button	No				Yes
		Mobile	No				
		Tablet Awaiting delivery					
		VPN Fob	No			206104352	
		MFD Button	No				Yes
		Mobile	No				
		VPN Fob Awaiting delivery					
		Tablet Awaiting delivery					
		MFD Button	No				Yes
		Mobile	No				
		VPN Fob Awaiting delivery					
		Tablet Awaiting delivery					
		MFD Button	No				Yes
		Mobile	No				

		Tablet Awaiting delivery VPN Fob	No			206104354	
		MFD Button Mobile Tablet Awaiting delivery VPN Fob	No No No			206104353	Yes
		MFD Button Mobile VPN Fob Awaiting delivery Tablet Awaiting delivery	No No				Yes
		MFD Button Mobile Tablet Awaiting delivery VPN Fob	No No No			206104355	Yes
		MFD Button Mobile Tablet Awaiting delivery	No No				Yes
		MFD Button Mobile VPN Fob Awaiting delivery Tablet Awaiting delivery	No No				Yes
		MFD Button	No				Yes

		Mobile	No				
		Tablet Awaiting delivery					
		VPN Fob	No			206104357	
	Spare	Tablet	Yes	LBB25580	BC35B0EVBVU627	206104738	
		Docking Station	Yes	LBB27776			
		Broadband BT	No				
		Extra Battery	Yes	LBB28564			
		Monitor	Yes	LBB25885			
		Keyboard	Yes				
		VPN Fob	No				
		Mouse	No				
		Multi Lug (surge protection)	No				
		Mobile	No				
		Tablet	Yes	LBB25634	DC369A 434821-031uk	206104723	
		Spare Battery	No				
		Docking Station	Yes	LBB27500			
		Monitor	Yes	LBB27474			
		Mouse	No				
		Keyboard	No				
		VPN Fob	No				
		Mobile	No				
		Tablet	Yes	LBB25513			

		Docking station	Yes	LBB27501			
		Broadband BT	No				
		Monitor	Yes	LBB26515			
		Keyboard	No		BC35BLEVBVU6MH		
		Mouse	No				
		VPN Fob	No			206104749	
		Mobile	No				
		Tablet	Yes	LBB25667			
		Monitor	Yes	LBB28484			
		Docking Station	Yes	LBB27503			
		Broadband BT	No				
		Keyboard	No		35B0EVBVU6KN		
		Mouse	No				
		Multi Lug (surge protector)	No				
		VPN Fob	No			206104676	
		Mobile	No				
		Tablet	Yes	LBB25549			
		Docking Station	No	LBB28122			
		Broadband BT	No				
		Monitor	Yes	LBB26509			
		Keyboard	No				
		Mouse	No				

		Multi Lug (surge protector)	No				
		VPN Fob	No			206104735	
		Mobile	No				
		VPN Fob	No			206104746	
		Tablet	Yes	LBB27161			
		VPN Fob	No				
		Mobile	No				
		Tablet	Yes	LBB25668			
		Docking Station	No	LBB27808			
		Broadband BT	No				
		Extra Battery	Yes	LBB28563			
		Monitor	Yes	LBB27480			
		Keyboard	No		BC35B0EVBVU5WP		
		Mouse	No				
		Multi Lug (surge protector)	No				
		VPN Fob	No			206104704	
		Mobile	No				
		Tablet	Yes	LBB25504			
		VPN Fob	No			206104739	
		Mobile	No				
		Tablet	Yes	LBB25643			
		Monitor	Yes	LBB25982			

		Docking Station	Yes	LBB27448	BC35B0EUBVY44W	206104743	
		Keyboard	No				
		VPN Fob	No				
		Broadband BT	No				
		Mouse	No				
		Mobile	No				
		Tablet	Yes	LBB40553		206104736	
		Docking Station	Yes	LBB40608			
		Broadband BT	No				
		Monitor	Yes	LBB27774			
		VPN Fob	No				
		Mobile	No				
Rosa Morrison	Main Office	Computer	Yes	LBB235911	BC3250GVBWB4X8		
		Computer	Yes	LBB23909			
		Monitor		LBB23617			
		Monitor		LBB24429			
		Keyboard	No				
		Keyboard	No				
		Mouse	No				
		Mouse	No				
		Printer	Yes	LBB23622			
		Printer	Yes	LBB23625			

		Phone	Yes	LBB23615			
		Phone	Yes	LBB23619			
Rosa Morrison	Managers Office	Docking Station	Yes	LBB37374			
		Phone	Yes	LBB23629			
		Mouse					
		Tablet	Yes	LBB37310			
		VPN Fob	No				
		Monitor	Yes	LBB37311			
Rosa morrison	Computer Room	Computer	Yes	LBB23906			
		Computer	Yes	LBB201434			
		Computer	Yes	LBB23624			
		Computer	Yes	HP1538			
		Computer	Yes	HP3771			
		Computer	Yes	HP2156			
		Computer	Yes	HP3770			
		Computer	Yes	LBB23628			
		Computer	No				
		Computer	No				
		Phone	Yes	LBB23626			
		Printer	No		TH0C8E71K2		
		Printer	No				
		Printer	No				

		Keyboard	No		BC3250FJ6WDIJY		
		Keyboard	No				
		Keyboard	No				
		Keyboard	No				
		Keyboard	No				
		Mouse	No				
		Mouse	No				
	Kitchen	Phone	Yes	LBB23634			
September Court	Main Office	Laptop	Yes	LBB24062			
		New Printer	No		CNH5P58196		
		Computer	Yes	HP3149			
		Keyboard	No		820-000212		
		Monitor	No		149CL26SB480		
		Mouse	No				
		Broadband BT	No		420611081534		
Quartz Court	Main Office	Laptop	Yes	LBB24065			
	Managers Office	Broadband BT	No		230811062110		
		Printer	No		hp deskjet 6980		
		Computer	Yes	LBB23809			
		Monitor	Yes	LBB23608			
		Keyboard	No				
		Mouse	No				

Barnet Supported Living		Telephone	No				
		FOB	No			G620322	
		Telephone	No				
		FOB	No				
		Laptop	Yes				
		Telephone	No				
		FOB	No				
		Telephone	No				
		FOB	No				
		Telephone	No				
		FOB	No				
		Telephone	No				
		FOB	No				
		Telephone	No				
		FOB	No				
		Telephone	No				
		FOB	No				
		Mobile	No				
		Mobile	No				
		Mobile	No				
		sleep in mobile	No				
	Leadbeaters	Mobile	No				
	September Court	Mobile	No				
		Mobile	No				
		Mobile	No				

	Quartz Court	Mobile	No				
		Mobile	No				
		Mobile	No				
		Mobile	No				
		Mobile	No				
Agatha House	Main Office	Computer	Yes	LBB38729	LA1905wg		
		Monitor HP Compaq	No				
		Mouse	No				
		Keyboard	No		BATH0HVBVD2H5		
		Computer	Yes	LBB38728			
		Monitor	Yes	LBB38730	BATHA0HVBVD2B1		
		Keyboard	No				
		Mouse	No				
		Lexmark Fax Machine/Printer	No		X7350		
Agatha House	On Call Room	Computer	Yes	LBB100781			
		Monitor	No	HPL1706			
		Keyboard	No		B93B90LQRTX52S		
		Printer	Yes	LBB38732			
		Computer	Yes	HP2445			
		Keyboard	Yes	HK1297			
		Monitor	Yes	HS2445			
		Mouse	No		HCA24724224		

Harold Court	Main Office	Monitor Keyboard Cordless Desktop Computer Printer Wireless Connection Laptop	No No Yes No No Yes	 HP3945 LBB24063	HPL1706 EX110 MY97R2J17Q BT2700HGV		
Barnet Supported		VPN Fob VPN Fob VPN Fob VPN Fob VPN Fob VPN Fob VPN Fob VPN Fob			G678322 G678323 G678324 G678325 G678326 G678327 G678328 G678329		
Valley Way	Main Office	Laptop Computer Computer Computer Keyboard Keyboard	Yes Yes Yes Yes No Yes	LBB26455 LBB23910 HP3737 LBB200672 HK3737	 BATHA0JVBZ18PI		

		Keyboard	Yes				
		Monitor	No		ETLA209002741008323800		
		Monitor	Yes	HS 3737			
		Monitor Acer LCD	No		501705488		
		3 x Mouse	No				
		Computer/Monitor for Sus	No		Inclusive One Touch PC W055861401		
		Keyboard - Kensington	No		1024B003941		
		Canon Printer	No		LR10 5000 i-Sensys		
NLBP		Blackberry	Yes	LBB29713			
		Tablet	Yes	LBB26277LT		205066044	1
		Tablet	Yes	LBB37745- LT			1
		Cisco Phone	Yes	LBB30122			
		Cisco Phone					
		Mouse x2	No				
		Keyboards x2	No				
		Docking Stations x2	No				
		Monitors x2	No				

Barnet Independent Living Service

Total: 9 computers (including tablet PCs)

Description	Tag no. Yes/No	Tag no.	Serial No.	Software	Telephone No.	Mobile Number	VPN Fob No.	MFD Buttons
LBB Computer Screen	Yes	LBB29436	CND7211720	Microsoft Office Word, Excel, Access, Powerpoint, Sap, Landesk, Outlook Express, Adobe 8, Symantec Antivirus, Citrix, Internet Explorer, Roxio, Intel Management and security,				
				Sap Business Exploer, Winzip, Lightscribe Disk Labelling, Microsoft Windows XP Operating Sytem Professional, Soundmax Control Panel, Graphic Accelerator driver				
LBB Tower	Yes	LBB24969	CZC74165CX					
LBB Phone	No	No	FCH094288YU	Cisco Systems 7940G	0208 359 ****	No	No	No
USB Mouse	No	No	C050801223	Not required				
Keyboard	Yes	HP2270	No.	Not required				

Phone/ Mobile	No				0208 359****	07717 4288***	205065805	No
Tablet	Yes	LBB26299						
Monitor	Yes	LBB32539						
Monitor	Yes	LBB31104						
Printer	Yes	HR2271						
Laptop	Yes	LBB24035						
Laptop	Yes	LBB24979						
Laptop	Yes	LBB24034						
Phone/ Mobile			FCH09428CMG		0208 359****	07985 158***		
LBB Computer Screen	No		CNK5481BPJ					
Keyboard	No		B9BB90HUB562NL					
				Microsoft Office Word, Excel, Access, Powerpoint, Sap, Landesk, Outlook Express, Adobe 8, Symantec Antivirus, Citrix, Internet Explorer, Roxio, Intel Management and security,				

				Sap Business Exploer, Winzip, Lightscribe Disk Labelling, Microsoft Windows XP Operating Sytem Professional, Soundmax Control Panel, Graphic Accelerator driver				
				including HP device status alters, quick time, VNC, Outlook Migration				
Mouse	No		F93AA0N35816X1					
Tower	No		HUB5500DZ2					
Mobile Phone	No					0782 44833***		
Mobile Phone	No					0782 44833***		
Archive pc Tower	No		8626HVR70951	Office 2000				
Archive pc Mouse	No		0000 20387					
Archive pc keyboard	No							
Archive pc screen	No		605AF19KF					
Archive pc printer	No		NLBB529197					
Physio Phone	No				0208 359****			
Alram	No				0208			

Room Phone					359****			
Phone	No		INM0630B515		0208 359****			
Phone	No		FCH09428DCX		0208 359****			
Phone	No		FCH09468P4Z		0208 359****			
Phone	No		FCH09478D37		0208 359****			
Phone	No							
Phone	No				0208 359****			
Phone			FCH09428CN5		0208 359****			
Phone								
Phone	Yes		FCH0947830F		0208 359****			
Keyboard			BC3250CPV3CLC					
Screen	Yes	LBB24298						
Tower	Yes		CZC74165DC	Microsoft Office Word, Excel, Access, Powerpoint, Sap, Landesk, Outlook Express, Adobe 8, Symantec Antivirus, Citrix, Internet Explorer, Roxio, Intel Management and security,				

				Sap Business Exploer, Winzip, Lightscribe Disk Labelling, Microsoft Windows XP Business Operating Sytem Professional, Soundmax Control Panel, Graphic Accelerator driver				
Small Office Tower	Yes	LBB201428						
				software as above including microsoft outlook and outlook express, realtech audio manager				
small Office screen	No	CNK5450XFN						
small office keyboard	yes	CK1265	CT:BOB950B39FJ4BW					
staff office screen 1	yes	LBB29041	CND6172NFQ					
staff office tower 1	yes	LBB100922	CNCZ201K4M					
staff office Keyboard 1	yes	LK1447	B139A0WBU1P2K4					

staff office mouse 1				Microsoft Office Word, Excel, Access, Powerpoint, Sap, Landesk, Outlook Express, Adobe 8, Symantec Antivirus, Citrix, Internet Explorer, Roxio, Intel Management and security,				
software				Sap Business Exploer, Winzip, Lightscribe Disk Labelling, Microsoft Windows XP Business Operating Sytem Professional, Soundmax Control Panel, Graphic Accelerator driver				
staff office phone 2			F13490N58IOIVHO		Ext 17048			
Phone 1			FCH09478352		EXT 12062			
Screen 1	yes	LBB29009						
Screen 2	yes	LBB29180	CNT72800G4					
Phone 2			FCH09428363		Ext 12066			
Keyboard			B93B90LVBTJOK					
				Software as above microsoft office including extreme graphics				

Tower			CZC42808TY					
Staff office computer 2 tower		LBB24073	KCZC8102447					
staff office computer 2 screen			CNK54818PF					
staff office computer 2 mouse								
Keyboard computer 2			B93B90AVB564XL					
screen		LBB29022	CNN7278053					
Tower		HP5331	HUB5500DZD					
keyboard			5KKB3705011					
software				as above including microsoft office and my app configure file				
Mouse			FB7330AN3VMOWGS					
Phone/ Mobile			FCH09478EHN		0208 359****	07852 126***		

Appendix J

Council Indemnities

The Barnet Group will indemnify the directors of all boards for, The Barnet Group, Your Choice (Barnet) and Barnet Homes. This will be provided under one policy in the name of the Barnet Group by Zurich Mutual noting all Directors and Officers and to allow for future developments.

An excerpt of the relevant section of the policy is set out below.

Trustee and Trust Fund Indemnity

Total Premium: £2,693.84

Limit of Indemnity

£1,000,000

The Limit of Indemnity applies to all claims in the aggregate in any one period of insurance.

Limit of Indemnity – Pollution Defence Costs

10% of Limit of Indemnity above

Excess

£nil in respect of each Insured Person.

£500 in respect of Reimbursement or criminal and malicious acts.

Retroactive Date (Prior & Pending Litigation)

Inception

Insured Persons

Any person who is, was, or will be a director, trustee, committee member or member of the Proposer's governing body or any of its sub-committees.

Notes

1. Claims Made

This insurance will only apply in respect of claims first made against the Proposer and first notified to the Company during the Period of Insurance.

2. Prior or Pending Litigation

Claims involving litigation initiated prior to or pending at the Retroactive Date (see above) are excluded.

3. Premium basis and Renewal

The premium is based on declared (or estimated) annual turnover of £28,966,000. When the policy is renewed the premium will vary according to any revised annual turnover figure declared on the renewal declaration form.

4. Policy form

Cover is based on the Company's standard Insight Trustee & Trust Fund Indemnity Policy (copy available on request)

5. Proposal form

Cover will not commence, and the terms quoted will not be confirmed until a proposal form has been received and accepted by the Company. Once the proposal has been reviewed the original terms will either be confirmed or revised terms quoted. In the event of original terms being confirmed the premium will be charged pro rata from the date of acceptance by the Company for the remainder of the Period of Insurance.

If agreed by the Company cover may be backdated to the date on which the cover was requested to commence (the Originally Requested Inception Date subject to payment by the Proposer of 10% of the agreed annual premium for each month or part month in respect of which cover would otherwise have been provided from the Originally Requested Inception Date. This will be subject to no known claims or known circumstances that might give rise to any claim.

AGENDA ITEM:6 Pages nos. 164 - 177

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Future of Housing Services in Barnet
Report of	Cabinet Member for Housing
Summary	An options appraisal to identify the most beneficial option for the future provision of Housing Services has been undertaken under the One Barnet Framework. At the same time, a business case to support the recommended option has been developed. This report reviews the recommended option and business case for consideration by CRC.

Officer Contributors	Pam Wharfe, Acting Director of Environment, Planning and Regeneration Cathy Osborn, Interim Head of Housing Paul Shipway, Head of Strategy and Performance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Annex 1 – The Options Appraisal Annex 2 – The Business Case Annex 3 – Response from Unions
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	To achieve the agreed timetable, it is requested that this report is exempt from call in on grounds of urgency. The report will be presented at pre-decision Scrutiny stage at the Business Management Overview & Scrutiny Committee on 9 January 2012.

Contact for further information: Paul Shipway, Head of Strategy and Performance, 020 8359 4924, paul.shipway@barnet.gov.uk

1. RECOMMENDATION

- 1.1 That Cabinet Resources Committee approves the Future of Housing Services Business Case in order that the council can proceed with transferring the Housing Service to Barnet Homes.**
- 1.2 That Cabinet Resources Committee authorise the Interim Director of Environment, Planning and Regeneration to implement the transfer of the Housing Service to Barnet Homes.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet approved the establishment of an arms length (housing) management organisation (ALMO), Barnet Homes, on 19 January 2004 (Decision Item 8).
- 2.2.1 The Housing Strategy was agreed by Cabinet on 12 April 2010 (Decision Item 8) and included the following:

The Council views Barnet Homes as a potential vehicle for providing additional services on its behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme

- 2.3 Cabinet 29 November 2010 (Decision Item 8) resolved:
 - 1. That approval be granted for work to be done to develop a full business case, supporting the findings of the high level options appraisal, which recommended the transfer of Adult Social Services in house provision and staff to a newly established Local Authority Trading Company (LATC) and, subject to legal constraint, incorporating Barnet Homes.
 - 2. That a report be brought to Cabinet on the viability of the recommendation when the full business has been completed.
- 2.4 Cabinet 14 September 2011 (decision item 6) resolved that the Interim Director of Environment, Planning and Regeneration be authorised to proceed with a full options appraisal and development of a detailed business case for the future delivery of the Council's housing service. The outcome of the options appraisal and the business case will be reported to Cabinet Resources Committee for final approval.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Ensuring that the Council is able to cater for the housing needs and aspirations of residents, is a key element of meeting the Corporate Plan priority of *Successful London Suburb*.
- 3.2 This proposal supports the Corporate Plan priority of *Sharing Opportunities, Sharing Responsibilities* by providing assistance for those who are most in need and supporting young people and households whose circumstances have improved, to be independent.
- 3.3 Under the Corporate Plan priority *Better Services with Less Money*, bringing housing services delivered by the Council and Barnet Homes together has the potential to realise efficiencies through economies of scale and integrated management arrangements, whilst customers would benefit from a single provider incorporating Barnet Homes' track

record in providing customer focused services and high quality resident involvement. Additional service improvements would be delivered by having a more integrated approach to the delivery of housing related services, whilst enabling the Council to focus more on becoming a strategic commissioning organisation in line with One Barnet objectives.

4. RISK MANAGEMENT ISSUES

4.1 Key risks and mitigating actions are set out in section 7.1 of the attached Business Case (Annex 2), and are summarised below:

- A poorly designed or structured business case leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate management agreement or failure to keep pace with legislative changes.
- Inadequately designed output specifications within a revised management agreement could lead to Barnet Homes not delivering the expected service. This would leave the council open to increased costs as a result of increased requirements for temporary accommodation. It would also lead to a damaged reputation and a likely reduction in satisfaction levels and increase in appeals and complaints
- Possible dip in performance of collection rates of rent and procurement rates of private sector accommodation over the period of staff transfer due to uncertainty caused by change. This would impact the income generated from this service and increase costs from increased requirements for temporary accommodation and a reduction in service to the customer.
- Changes imposed by central government, such as future government savings targets or funding reductions, or changes to legislation (e.g. welfare reform) adversely affect the project's ability to deliver its benefits.
- Central government funding decreases significantly during the life of the contract or there are significant changes to homelessness or housing legislation and/or Temporary Accommodation subsidy rules.
- There are a limited number of functions expressed in the Order which must remain the responsibility of the Council and these legal requirements will be reflected in the service specification.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 The Housing service deals with a client group that is more diverse than the population of Barnet as a whole, as shown in the following table:

Ethnic Origin	Total	%	Barnet Population as a whole
White	970	43%	68%
Black	488	21%	8%
Asian	299	13%	15%
Other	514	23%	6%
Chinese	13	1%	3%

- 5.2 An initial risk assessment was carried out for each of the options being considered through the options appraisal. This identified low to medium risks for retaining the service in house and transferring it to Barnet Homes, with higher risks for the outsourcing option.
- 5.3 It was concluded that as the recommended option to transfer the service to Barnet Homes carried no significant risk that a full Equalities Impact Assessment will not be required. However, an equalities action plan will be developed as part of any implementation of the recommended option, to ensure that the equalities risks identified are addressed. A copy of the Equalities Assessment carried out in relation to service users is attached as Appendix C to the Business Case.
- 5.4 It is recognised that the transfer of the Housing Services is likely to have an impact upon staff. This impact will be monitored through the completion and update of an Employee Equalities Impact Assessment; this is attached as Appendix D to the Business Case.
- 5.5 The council will continue throughout the process to assess the impact of the change in regard to the protected characteristics. It is important to understand the effect change will have on staff and what the council can do to minimise any impact.
- 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**
- 6.1 Approach**
The recommendation from the options appraisal is that a business case is produced for the transfer of the Council's Housing Needs and Resource services to Barnet Homes. The approach taken has been to analyse current delivery costs and then determine the financial benefits associated with the merging of the service with Barnet Homes.
- 6.2 MTFS**
The approach taken is to start with a baseline of the requirement to make savings of £400K in 2012/13 in the Council's general fund housing services, based on the Medium Term Financial Strategy (MTFS). The outline business case has considered the extent to which the merged organisation could make these savings whilst protecting customer services.
- 6.3 Baseline Costs**
The project has established the current service cost, assessed the potential for the service to improve, and articulated the financial case. The cost of the service has been adjusted to reflect the areas of the service that are out of scope.
- 6.4 The areas out of scope include those DRS functions which will transfer to the new strategic partner. This includes the housing regeneration function and elements of the housing policy function and complaints.
- 6.5 The table below shows the 2011/12 budgeted costs for each of the General Fund and Housing Revenue Account services within scope.

Table 1: Summary of Costs

2011/12 General Fund housing budget (LBB service)	2011/12 Housing Revenue account housing budget (LBB service)	Total LBB retained housing budget
£3,168,000	£1,370,900	£4,538,900

The above services have been examined in detail to ascertain potential areas for savings.

- 6.6 The roles that will need to remain with the Council to provide an effective retained client function have also been considered. This will include resources to provide a clear strategic direction for the housing service, effectively direct the use of resources within the HRA business plan, and to drive performance improvement. At this stage it is not envisaged that this would add to the costs of the current client function, although it may require some adjustment in roles and responsibilities. Consideration will be given to an increase in client costs of around 2.5% to strengthen this function further if required on further analysis.

6.7 Potential Savings – Posts

The employee cost within the above services is £1.9m for the General Fund services and just over £1.2m for the HRA services. Many of the staff are engaged on both General Fund and HRA services and the split for accounting purposes is mostly 60:40. Because many of the posts are charged to both the General Fund and the HRA, savings to the General Fund will also have an impact on the HRA. These savings in posts are estimated to be £365k for the General Fund and £205k for the HRA. The potential for savings in staffing costs is summarised in the table below. Most of the posts identified are currently vacant, and it is expected that current vacancies at Barnet Homes will facilitate the full savings identified to be achieved.

Table 2: Savings in Posts.

General Fund	Staffing	Saving	%
Head of Service and Accommodation and Resources	703,600	243,000	35%
Advice and Assessment	1,205,300	122,000	10%
Total GF	1,908,900	365,000	19%
HRA	1,221,800	205,000	17%

- 6.8 The costs remaining in the Head of Service budget will cover the client management role. The LBB client management functions for Barnet Homes and TheBarnetGroup are still to be determined but it is expected the cost will equate to the current client management functions supplemented with the remaining head of service budget.

6.9 Potential Savings - Supplies and Services

The Supplies and Services budgets for the General Fund and the HRA have also been examined and it is considered that in 2012/13 a sum of £31k can be saved from the General Fund, and £2.2k can be saved from the HRA.

Table 3: Savings in Supplies and Services

	Supplies and Services	Saving	%
General Fund	1,914,560	31,000	1.6%
HRA	105,430	2,200	2.1%

6.10 Potential Savings - Reduction in Void Costs

There are 33 General Fund hostel units that are used by those needing temporary accommodation. The transfer of the Temporary Accommodation function to BH could result in these properties being re-let after 2 weeks, instead of the current 3, resulting in additional income of approximately £4k per annum. There will also be a quicker turnaround of HRA properties when void. The current turnaround time for these properties when void is 5 weeks, but it is considered this could be reduced to 4 weeks. This would result in additional income to the HRA of £59,400 per annum.

6.11 Conclusion – financial benefits

To conclude, it is anticipated that £400k of general fund savings can be delivered as a result of the measures identified above, with corresponding savings in the HRA of nearly £267k. These can be summarised as follows:

Table 4: Recommended Savings:

General Fund	2012/13
Staff Savings	365,000
Supplies and Services	31,000
Temporary Accom. Void Loss	4,000
Total	400,000
HRA	
Staff Savings	205,000
Supplies and Services	2,200
Void Loss	59,400
Total	266,600

As the table above shows, these savings will be made against a base year of 2012/13.

6.12 Future savings

The key savings from transferring services to Barnet Homes will materialise in the first year, 2012/13, enabling the savings target within the MTFs to be achieved. However it is envisaged that small additional savings will be achieved also from 2013/14 and work will be done with Barnet Homes to agree how these efficiencies are delivered in later years. These savings relate to the transferred services only. Barnet Homes will also be required to deliver efficiency savings from its existing management fee for landlord services which will be shown in the HRA business plan.

Table 5: Future Savings:

5 Year Savings					
General Fund	2012/13	2013/14	2014/15	2015/16	2016/17
Staff Savings	365,000	30,880	30,260	29,660	29,060
Supplies and Services	31,000	30,000	25,000	20,000	15,000
Temp. Accommodation Void Loss	4,000				
Total	400,000	60,880	55,260	49,660	44,060

6.13 Project Costs

There is a sum of £50k earmarked within the One-Barnet budget to cover the costs of carrying out this project. It is likely that the total project costs can be contained within this budget.

6.14 Staffing Issues

The process of outsourcing will involve the Transfer of Undertaking and Protection of Employment [TUPE] Regulations and the London Borough of Barnet and its partners will comply with all of their TUPE obligations, plus any other obligations which are extant at that time. The London Borough of Barnet has also committed to enhancing the TUPE terms as set out below.

- all employees in services moving to a new employer will be able to continue their membership of the Local Government Pension Scheme uninterrupted and unchanged
- local union recognition will be protected for staff moved to external suppliers
- terms and conditions of staff transferred will be protected for the first year after leaving the council's employment
- any changes to terms and conditions after that first year will have to be negotiated with the appropriate trade union.

6.15 Barnet Homes' significant experience and success in establishing the ALMO will provide a vital platform of knowledge about how to engage with staff to take the new structure forward and to provide a transparent and seamless transfer for service users. In preparation the Council has already undertaken staff engagement and this will continue throughout the transition period to ensure the best possible foundations to enable success.

6.16 The Council will continue to meet all its statutory and contractual obligations with regard to change and its impact upon the Council's staff. In the context of the One Barnet Programme, this means that all internal restructures will be managed in compliance with the Council's Managing Organisational Change Procedure and where the change results in a staff transfer, the Council will meet all of its statutory obligations under TUPE.

6.17 The whole of the retained Housing Service, which is divided into two areas, Advice and Assessment and Accommodation and Resources, is in scope to TUPE transfer:

A summary of the staff numbers in each area is set out below:

Service Area	Establishment
Advice and Assessment	47 posts (FTE)
Accommodation and Resources	37 posts (FTE)

- 6.18 The decision whether to TUPE transfer in scope staff will be taken by General Functions Committee on 16th January 2012.

7. LEGAL ISSUES

- 7.1 Legal advice has been given by the external Legal Advisors to the One Barnet Programme regarding the validity of the proposal for the housing (advice and assessment and accommodation and resources) services ('the Services') to be delivered by Barnet Homes Ltd, a subsidiary to the newly formed TheBarnetGroup LATC, without having to engage in a full EU Procurement exercise, on the basis of the Teckal exemption.
- 7.2 In order for the Teckal exemption to apply, the Council will need to demonstrate that it has satisfied the two-pronged test relating to 'control' and 'essential activity' established by the European Court. In essence, this means that the Council must exercise control, in the sense of exercising decisive influence over the company and secondly, the company must provide the majority of its services to the Council, with other activities being non material.
- 7.3 That advice noted that the Council could not rely on the Teckal exemption if it contracts directly with Barnet Homes, as it would fail the first Teckal test, as it would not directly control the contracting party. The Council can however, rely on the Teckal exemption if it contracts with the Barnet Group Limited to deliver the additional functions. The Barnet Group Limited will subsequently need to enter a sub-contract with Barnet Homes in order for the services to be delivered.
- 7.4 Legal advice has also been sought from the external Legal Advisors specifically in relation to whether it would be lawful for the proposed Services to be contracted out to TheBarnet Group LTD. Under section 70 of the Deregulation and Contracting Out Act 1994 (the 1994 Act), the Secretary of State may by order provide that a relevant function can be exercised by any person as the order specifies, for or on behalf of the local authority whose function it is.
- 7.5 The Secretary of State has made a number of orders under section 70 of the 1994 Act in relation to the contracting out of the exercise of some, but not all, local authority functions and powers. The Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996/3205 (the Order) makes provision to allow the Council to authorise TheBarnetGroup LTD to exercise a wide variety of functions including the allocation of housing accommodation, homelessness and other related activities. The Council are confident that they have the power to contract out the exercise of these functions to TheBarnetGroup LTD.
- 7.6 The service specification will be drafted to ensure that the maximum amount of functions will be contracted out to TheBarnetGroup LTD, whilst taking account of the restrictions as set out in the Order and as explained in the risk mitigation section of this report.
- 7.7 In order to put into effect the delivery of the Services by Barnet Homes, the Council will need to enter into an agreement with TheBarnetGroup Limited, this can be achieved either by; (i) reviewing and varying the Management Agreement for the management of the Council's Housing Stock by Barnet Homes to include the Services; or (ii) entering into a separate agreement with TheBarnetGroup Limited for the delivery of the Services. The

appropriate agreement will also need to be put into place between TheBarnetGroup Limited and Barnet Homes, in order to sub-contract their obligations to Barnet Homes. The Council's external Legal advisors have confirmed that the Services are within both Barnet Homes and TheBarnetGroup Limited's Articles of Association and therefore no further alterations will need to be made to either companies' Articles.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3 – Responsibility for Functions – Section 3 – Responsibilities of the Executive, sets out the functions delegated to CRC, including: "Approval of schemes not in performance management plans but not outside the Council's budget or policy framework."
- 8.2 As the decision as requested of the Committee affects all wards of the borough, this is classified as 'key' and would thus normally be liable to call-in to the Business Management Overview and Scrutiny Committee (OSC).
- 8.3 The Overview and Scrutiny Rules in the Council's Constitution (section 16) provide that where the delay involved in call-in would seriously prejudice the Council's or the public's interests the decision may be regarded as urgent and exempted from call-in.
- 8.4 Before a decision can be exempted in this way the chairman of the Business Management OSC must be consulted and must agree that the decision is reasonable in the circumstances and urgent and may therefore be exempted from call-in.
- 8.5 The decisions to approve the business case for the Future of the Housing Service is considered to be urgent as the delay involved in awaiting any call-in to the Business Management Overview and Scrutiny Committee whose next meeting is not due to take place until 5 March 2012, would mean that the project would fail to achieve its agreed timescales. The decision is therefore regarded as urgent and an exemption from the call-in process has been sought from the Chairman of the Business Management Overview & Scrutiny Committee. In accordance with paragraph 16.8 of the Overview and Scrutiny Procedure Rules, this decision will be reported to the next available meeting of the Council (24th January 2012).
- 8.6 The full report is due to be considered as pre-decision Scrutiny at the Business Management Overview & Scrutiny Committee meeting of 9th January 2012.

9. BACKGROUND INFORMATION

- 9.1 An options appraisal has been completed (attached as Annex 1) to consider the best way of delivering housing services currently provided by the council which include the following key functions:
 - Providing Housing Advice and Assistance
 - Homelessness Prevention
 - Assessment of Housing Needs
 - Allocation of social housing
 - Procurement of temporary accommodation
 - Management of council owned hostels
 - Rent collection for temporary accommodation

- 9.2 As the council has already decided to set up an local authority trading company (LATC) that will include the council's arms length management organisation (ALMO)Barnet Homes, the options appraisal did not consider whether the management and maintenance of council homes carried out by the ALMO should be brought back in house. The three options that the options appraisal considered were therefore:
- Retain in house Provision - Service continues to be provided by the Council, with required reductions in budgets and service improvements led by existing management team.
 - Outsource the Housing Service - New external service provider sought through a competitive tendering process, with services provided to the council's specified requirements.
 - Transfer the Housing Service to the council's ALMO - Existing staff would be transferred to the Barnet Homes
- 9.3 In addition to delivering the wider One Barnet objective of providing a citizen centred approach to service delivery, the main purpose of the options appraisal was to identify the best way of maintaining and improving the housing service in the context of the need to reduce public expenditure.
- 9.4 The options appraisal concluded that the best option for improving the service whilst reducing costs is to transfer the housing service to Barnet Homes as this will provide the opportunity to take advantage of economies of scale whilst also delivering a more joined up housing service for customers provided by a single housing focused organisation.
- 9.5 A business case has been developed (attached as Annex 2) to identify the potential financial and non financial benefits of transferring the Housing Service to Barnet Homes. At a strategic level, a decision to extend the responsibilities of Barnet Homes fits with the council's Housing Strategy recognition of Barnet Homes as a key partner and will provide a stronger link between the demand for council homes and the supply and management of those homes. Other key non financial benefits identified include:
- Better access to homes for customers in housing needs
 - An improved customer journey from needing a home to being housed
 - Improved performance including the re-letting of empty properties
 - The resolution of issues through a single housing focussed organisation
 - Improved ability to share customer insight and other intelligence to improve services and inform strategic direction
 - A joined up housing service that will work more effectively with other public sector and third sector organisations
 - Potential to take advantage of the economies of scale and improved capacity to deliver service improvements
 - Anticipates the operation of the council's draft Tenancy Strategy by bringing together housing assessment and tenancy management staff in one organisation.
- 9.6 The business case identifies financial benefits which could be delivered by transferring the housing service to Barnet Homes, including the requirement to reduce the cost of the service by £400k in line with the council's General Fund budget proposals for 2012/13.
- 9.7 The recommendation from the business case is that the council proceeds with transferring the housing service to Barnet Homes. It is anticipated that this process can be completed by April 2012.

- 9.8 The trade unions have been given the opportunity to comment on the options appraisal and business case, a copy of their submission with council response added is attached at Annex 3

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal – CM (Trowers)
CFO – MC

Annex 1

Options Appraisal – Future Delivery of the Housing Service

Future of the Housing Service – Options Appraisal

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Future of the Housing Service – Options Appraisal

Executive Summary

1.1. Introduction

This options appraisal is concerned with identifying the best future delivery option for the Council's Housing Service in order to realise the potential benefits of the One Barnet Programme.

This future delivery option must support the aim of the One Barnet Programme to deliver a Council that is focussed on the needs of its customers.

1.2. Objectives

Our overarching aim for the One Barnet programme is to deliver a citizen centred council - we believe that our residents deserve high levels of customer service from their council.

The aim of this options appraisal is to identify the best option for maintaining and improving the housing services provided by the council within the context of reducing public expenditure.

1.3. Methodology

The methodology used for the appraisal involved:

- Identification of aims and objectives to be delivered
- Analysis of cost and performance
- Consideration of the viability of potential delivery options
- Recommendation of preferred options for future delivery of the service

1.4. Performance of Services

The analysis of cost and performance data indicates there is scope to reduce costs whilst maintaining and improving service delivery, and that there is a need to improve IT systems used by the service.

1.5. Potential Benefits

The expected benefits from delivering the housing service differently all link to the One Barnet programme aim to create a customer centred council:

- Increased customer satisfaction
- Save residents' and partners' time when interacting with the Council
- Greater choice and control for residents and customers
- Increased quality of services
- Increased value for money

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- Financial savings

1.6. Recommendations

The recommendation from this options appraisal is that a business case is produced for the transfer of the Council's Housing Service to Barnet Homes.

Future of the Housing Service – Options Appraisal

1. Introduction

The One Barnet Programme is the Council's response to address several drivers for change that have been identified:

- The anticipated financial pressures resulting from the global recession will bring the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £47m over the next three years, and our public sector partners face challenges of a similar scale. There are other predicted pressures which would require us to make savings of £53m.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The aim of the One Barnet programme is to create a citizen-centred council which ensures that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The council believes that this is best delivered through the adoption of the three key principles of the programme.

A new relationship with citizens - Enabling residents to access information and support and to do more for themselves

A one public sector approach - Working together in a more joined up way with our public sector partners to deliver better services

A relentless drive for efficiency - Delivering more choice for better value

2.1 The Housing Service

Overview

In 2004, the Council set up an arms length management organisation, Barnet Homes, to manage and maintain the Council's housing stock and to implement the Decent Homes £189m investment programme. The Council continued to provide housing advice and homelessness services itself, along with the allocation of social housing in the borough, including

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homes managed by Barnet Homes, and the management of temporary accommodation.

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

Pressures

A saving of £400k in the general fund for 2012/2013 has been identified as the Housing Service's contribution to the council's wider drive to reduce its expenditure. As the service is partially funded through the Housing Revenue Account, efficiencies that can be found in general fund costs will also have a beneficial impact on the Housing Revenue Account, releasing additional resources for improved and additional affordable housing. The expectation is that further savings will be delivered beyond 2012/13 as part of the Council's ongoing and relentless drive for efficiency.

As well as the pressure of reducing public expenditure, the Housing Service also faces a significant increase in the demand for its services due to the impact of changes to the welfare benefits system. Reductions in Local Housing Allowances mean that 4700 households currently residing in the private rented sector and receiving housing benefit will face a reduction in the financial assistance they receive from January 2012 onwards; this is likely to result in some increases in the number of people approaching the council for assistance where landlords decide not to accept a lower rent payment.

In addition, the LHA changes combined with a very competitive London housing market have already seen a significant reduction in the number of properties available to homeless households in the private rented sector. We need to take proactive action to increase the numbers of properties that these households can access in the private and social housing sectors.

Future ambitions for the service

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the

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establishment of outsourced Development and Regulatory Services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer centric approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on helping those clients who need support, with the development of more facilities for self help for those that are more able, including the development of web based services
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

2.2 Methodology

In summary the options appraisal methodology has involved:

- identification of aims and objectives to be delivered
- analysis of cost and performance of services
- identification of potential alternative delivery options
- development of evaluation themes against which to score each potential delivery option
- consideration of the viability of these options
- recommendation of preferred options for future delivery of the services

The detailed methodology can be found in Appendix A.

3 Options Appraisal

This options appraisal is concerned with identifying the best future delivery option for the Housing Services provided by the Council to realise the potential benefits identified as part of the One Barnet programme.

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3.1 Aims and Objectives

In accordance with One Barnet principles, all services, regardless of the type of customer, should be aiming to deliver the best possible service focussed around their customers needs.

It is important to understand that in the context of the Housing Service our customers will include some of our most vulnerable residents as well as private sector landlords, internal council services and other public sector partners, for example housing associations.

The following table sets out how the aims and objectives of the options appraisal align with the One Barnet Principles:

Aims and Objectives	One Barnet Principle
<ul style="list-style-type: none">• be designed and delivered around customers' needs• provide the best possible customer experience• Prevent homelessness by providing accurate and accessible information enabling customers to help themselves.• A fully embedded holistic approach to ensure that the customers find the service easy to use• An improved connection between the demand for homes and the supply of homes	A new relationship with citizens
<ul style="list-style-type: none">• be in a position to support the requirements of all public sector partners and drive better multi-agency working• be flexible and therefore able to rapidly respond to changing demands	A one public sector approach
<ul style="list-style-type: none">• operate as efficiently as possible to both minimise the cost of the service and minimise the cost to customers of accessing the service• be innovative and take advantage of evolving technology, thinking and practice• maximise the value the Council achieves from all its assets (capital and revenue) e.g. void turnaround time• safeguard the Council's position to maintain its reputation and comply with its legal responsibilities• Improved procurement of private sector homes to meet the demand for housing• Efficiencies achieved through further systems thinking work to drive out wasteful activity• Efficiencies achieved through reduced back office costs	A relentless drive for efficiency

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3.2 Scope

The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels held in the general fund and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

The following table sets out in more detail the number of staff working in the Housing Service and the key activities that they undertake:

	Post	FTE	Key Activities
Advice & Assessment	Housing Managers	2	<ul style="list-style-type: none"> • Housing Advice • Holistic Assessments/Banding • Nomination to properties • Mediation • Domestic Violence • Medical Assessments
	Housing Needs Team Leaders	7	
	Housing Needs Officers	31	
	Discretionary Housing Payment Officer	1	
	Youth Mediation Officer	1	
	Sanctuary Officer	1	
	Medical Assessment Team Leader	1	
	Senior Medical Assessment Officers	2	
	Housing appeals manager	1	
	Total	47	
Accommodation and Resources	Housing Manager	1	<ul style="list-style-type: none"> • Supply Management • Allocation of properties • Procurement of temporary accommodation • Procurement of private rented accommodation • Management of temporary accommodation <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL • Rent Collection <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL ○ Annexes/B&B
	Team Leader (Supply)	2	
	Team Leader (Property Manager)	2	
	Housing Supply Officer	10	
	Property Management Officer	13	
	Surveyor	1	
	Out of Borough Officer	1	
	Landlord Liaison Officer	1	
	BLH Manager	1	
	BLH Caretaker	2	
	TA Occupancy officer	1	
	Housing Benefit Officer	2	
	Temporary Accommodation Reduction Co-ordinator	1	
	Project Officer	1	
	Members Liaison Officer	1	
	Total	40	

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	Grand Total	87	

3.3 Options to be considered

The Council's Housing Strategy sets out that *"the council views Barnet Homes as a potential vehicle for providing additional services on its behalf, as well as extending its role as a provider of housing related services, and we will explore options for progressing this through the Future Shape programme"*.

The Council has already decided to proceed with setting up a Local Authority Trading Company (LATC), which will incorporate Barnet Homes, and has embarked on a wider programme of externalisation of services.

In view of this, the three options that will be considered for the future delivery of the Council's retained Housing Service will be:

- Retain in house Provision
- Outsource Housing Service
- Transfer Housing Services to Barnet Homes

These are described in more detail in appendix A.2.2.

3.4 Costs

It is important to understand the costs of the service in the context of the council's overall budgets. It is very difficult to compare costs reliably with other boroughs because there is no common format for reporting these in the public domain. We have therefore developed our understanding of potential benefits through an analysis of current budgets. The figures in the tables below show the baseline position for 2011/2012.

Summary	2011/12
----------------	----------------

General Fund	(budget)
Employees	1,908,900
Employee Related Costs	62,750
Premises	875,430
Transport	26,920
Supplies and Services	1,914,560
Third Party Payments	5,053,520
Recharges	-498,420
Gross Expenditure (excl Capital and Secondary recharges)	9,343,660
Income	-6,175,660
Net Expenditure	3,168,000

HRA	(budget)
Employees	1, 221,800
Employee Related Costs	11,200
Premises	
Transport	4,930
Supplies and Services	105,430
Third Party Payments	
Transfer Payments	27,540
Gross Expenditure (excl Capital and Secondary recharges)	1,370,900
Income	0
Net Expenditure	1,370,900

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3.5 Performance

Key performance data for the service that can readily be benchmarked is available for key activities, including homelessness, temporary accommodation, void relet times and rent collection.

Homelessness acceptances: Barnet has the largest population amongst London Boroughs so the performance of the service has been compared with the rest of the Capital by looking at the number of acceptances as a % of overall population. This shows that whilst homelessness acceptances have fallen in line with the rest of London up to 2010/11, since they have now started to increase again, linked to a reduction in our ability to procure private rented homes. When compared to the rest of London, Barnet's performance ranks just outside of top quartile performance at 9 out of 33 boroughs.

Caseload management: Although performance on Homelessness acceptances has been acceptable, there is an issue with an increasing backlog of cases pending a decision on their application. Analysis shows a steadily increasing number of cases where a homelessness decision is pending which has increased from 320 in May 2011 to 378 by November 2011.

Prevention on homelessness will continue to be a priority, with potential added pressure due to the economic situation, and the combined pressures of high market demand for private sector accommodation and changes to welfare benefits.

Households in temporary accommodation: Data shows that Barnet has a relatively high number of households in temporary accommodation. Taking population size into account, Barnet ranks 25 out of all London boroughs for both the use of temporary accommodation and the use of short term emergency accommodation. However, many of these are in longer term solutions, including 1044 on the Council's regeneration estates. The Council's view is that having such a high number of people in temporary accommodation is a necessary impact of our wider regeneration programme, and that many of these households are in longer term housing solutions which following the Localism Act would not be considered as temporary homes in the future. The key focus should be reducing the use of short term temporary accommodation including bed and breakfast and nightly purchased accommodation.

Our priority is the support that people get during their period in temporary accommodation, to enable them to move into a permanent home. A review of the implementation of the lean review of housing services has indicated that this is the point in the customer journey where more work needs to be done to transform the service and improve services to customers. For example, a number of cases have been identified where households have been staying in expensive nightly purchased

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accommodation since before the lean review, and subsequently have only recently been picked up by the service for an holistic assessment to secure a more permanent solution.

In addition, for many of those in temporary accommodation with an element of council management (excluding properties on the regeneration estates), aside from rent collection there is very little additional support of the kind that people living in permanent affordable homes benefit from.

Void Relet Times: Our figures show that performance on re-letting empty properties for permanent accommodation during the last five years has reduced significantly whilst in other London boroughs it has been improving. In 2009/10 void times increased from 29 days to 52 days, representing one of the worst performances in London. At present responsibility for void relet times is shared between Barnet Homes and the Council. Whilst some work has been done with the Council and with Barnet Homes to address this, including a reconfiguration of the Housing Needs service and a new allocations scheme, and a lean systems review led by Barnet Homes, the step change in performance hoped for has not materialised. Latest figures for September 2011 show that void times had reduced to 32 days.

With pressures on budgets and a constrained supply of private sector homes, it is important that the council makes maximum use of the potential of the homes it manages to provide homes and generate income.

Procurement of Private Rented Sector Homes: It is essential that if we are to meet housing demand in the borough that we are able to secure access to privately rented properties for our clients. From 2005 there was a steady increase in the number of clients placed directly in the private rented sector, so that in 2008/9 and 2009/10 more than 700 people were housed in this manner, more than in the combined social housing sectors in Barnet. However, as the market has become more competitive this number has fallen significantly, and since April 2011 supply has fallen further due to reductions in local housing allowances.

We need to design our service to ensure we can take a proactive approach to procurement, that we can effectively manage the Council's legal and financial risks in this area, and that we can remain competitive in our access to the private rented sector. From a strategic perspective, this issue will need to be addressed to take advantage of provisions in the Localism Act which will allow local authorities to discharge homelessness duty into the private rented sector.

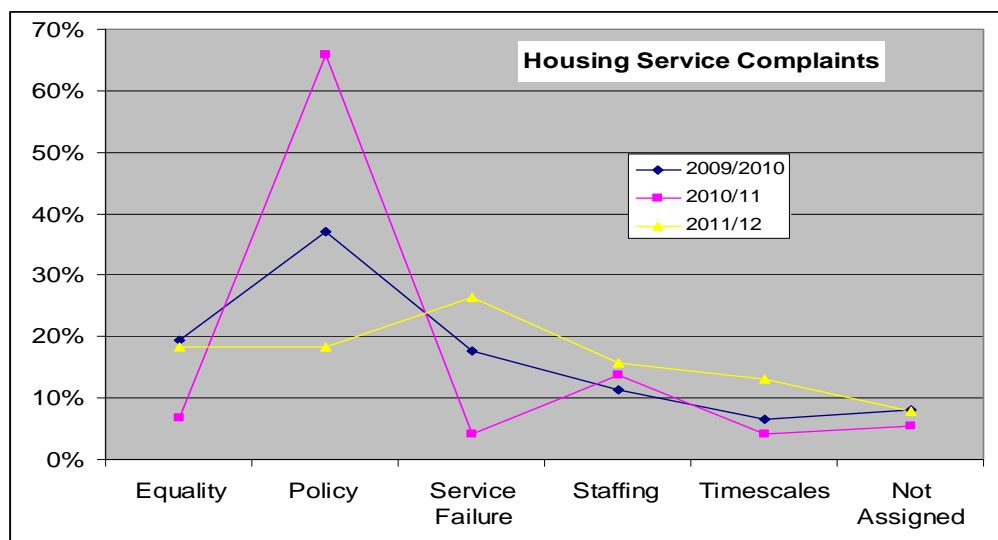
Income Collection: The Housing Service is responsible for collecting income for temporary accommodation managed by the Council and short term emergency accommodation. The amount due each year is in the

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region of £7.5m, out of a total council rent roll of £64m including all properties managed by the Council and Barnet Homes.

Collection rates on the annual debit raised have been consistently above 97% for temporary accommodation, although in 2010/11 this fell to 94.8% due to disruption associated with the introduction of a new housing benefit computer system. At the end of March 2011, current account temporary accommodation arrears stood at £428k and had fallen to £213k by September 2011.

Complaints: The Council's retained Housing Service typically receives about 6 complaints a month and responds to 70% of these within the council's stipulated time limit of 10 working days. This compares with Barnet Homes who deal with a much higher volume of complaints but typically respond to close to 100% of these within 10 working days. The following chart shows that there has been a dramatic fall in complaints about council policy since April 2011, although complaints about service failure have increased:



This may reflect the impact of the new allocations scheme, combined with initial teething problems with the way it operates

3.6 Information Technology

An audit of information systems used by the Housing Service has been undertaken, which has identified a number of issues:

- In common with Barnet Homes, the main database used by the Housing Service is Saffron. The version of Saffron used by the Housing Service is highly bespoke and changes to it are difficult to implement as a result. In addition, the system is now out of date and needs replacement with a modern system

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- The housing service relies heavily on document imaging rather than paper files, and there are a number of problems with the Wisdom system that is used for this
- Because of the limitation of Saffron, a number of local Access databases are used, and there are issues arising with this around data integrity and integration.
- A stand alone property portfolio database is used to allocate available properties, and this does not integrate with Saffron or Wisdom

The Housing Service has now adopted the use of tablet PCs and docking stations, although there has been no implementation of hot-desking as elsewhere in the Council. This provides some potential in the future for reducing office costs.

It is clear that a strategy is needed to provide modern and integrated IT systems that will help to deliver a more efficient and responsive service, and better quality data about performance and customers.

3.7 Customer Feedback

Recent complaints data (from April 2011) suggests that the main concerns of customers are service failures (26%), equalities (18%), policy (18%) and staffing (16%). The main work areas that complaints are received for are housing advice (32%), homelessness (29%) and allocation of properties (16%)

A major consultation exercise was carried out in the autumn of 2010 on the Council's proposals to introduce a new allocations scheme. This exercise provided useful general feedback about the Housing Service. Customers of the service told us that their preference was for a service that was open and honest about what the council is able to do to help them.

Further customer feedback will be sought to inform the implementation of any solution.

3.8 Findings

A great deal of work has been undertaken already to reshape the Housing Service to focus it on the needs of the customer. This includes reconfiguring the service so that housing applicants receive a more holistic service and the adoption of a new allocations scheme.

This approach has been largely successful, but still requires some bedding in to ensure that service failures are minimised and caseloads effectively managed.

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More work is required to ensure that customer focus is maintained; the response times on complaints and issues with caseload management provide an indication that this is not always achieved.

Performance on void turnaround times remains problematic, and there is still more to be done to ensure that demand for homes is effectively and efficiently matched with the supply of accommodation, and these are key areas where we would expect to see an improvement in any future service delivery option.

On the accommodation and resources side of the service, performance is very good on income collection, with the main areas for improvement being the procurement of new supply in the private rented sector in an increasingly challenging environment.

There is scope to reduce the costs of the service through better matching of the demand for accommodation with the supply of homes, which would help to improve caseload management and wasteful activity associated with not resolving cases quickly.

3.9 What does this mean?

A great deal of service improvement has been delivered through the systems thinking work that was undertaken in 2010, and any option for future service delivery will need to build on this.

The ethos of developing a holistic and integrated service for the customer is well established, and there is scope for carrying this forwards into the way that clients and available properties are matched. A more integrated approach to this should improve void turnaround times for the Council and its housing association partners. There is scope for improving the services provided to customers to reduce service failures and improve response times to complaints and times for assessment of cases.

It is essential that the procurement of properties is maximised if homelessness is to be minimised in an increasingly challenging environment, with a combination of welfare reform and a highly competitive market making it more difficult for the council to find landlords who will take low income tenants who depend on benefits.

3.10 Change Required

Analysis of data about the housing service enables the potential for improvement to be assessed. This analysis has identified that there are six key areas in which improvement is possible or required.

Improvement area Assessment criteria	
Customer focus	Is the service designed and delivering around the requirements of its customers?

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Cost	How much does the service cost against comparators? Can we reduce costs to available budgets while maintaining service quality?
Performance	How well does the service perform against comparators and customer requirements?
Systems maturity	How well do IT systems support the effective delivery of the service?
Service maturity	How established is the service and how mature is its operating model?
Staff capability	To what extent staff across the service have all the required skills and knowledge to deliver a high quality service?

Each of these were identified as a key evaluation theme and a weighting agreed by the project team (see 3.12 below), including service leads. The scoring, took account of the evidence that shows that the Housing Service has developed an approach which puts the customer at the centre of service delivery, but that there is still work to be done to fully embed changes that have been implemented following a systems thinking review last year to ensure that a high level of service delivery is achieved.

On this basis, a solution is sought that will reduce costs whilst maintaining and improving service delivery, and that has capacity to address the need for improving IT systems.

3.11 Evaluation

The options appraisal has used a five stage approach to evaluate potential options for future delivery:

1. Identify key evaluation themes to assess the services against (for detail see section A.2.1)
2. Identify the potential delivery options for these services (for detail see section A.2.2)
3. Identify how well the delivery option can be expected to deliver against that theme for that service on a scale of 1 to 5
4. Based on the requirements of the service apply a percentage weighting to each theme indicating the level of importance – a higher percentage weighting indicates higher importance
5. Calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

3.12 Evaluation Theme Weightings

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

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Improvement Area	Linked Themes	Explanation
Customer focus	<ul style="list-style-type: none"> - Service Transformation - Pace - Flexibility 	Where services are not designed around the needs of their customer the service transformation, pace and flexibility themes will be given higher importance.
Cost	<ul style="list-style-type: none"> - Price - Income generation 	A higher weighting will be applied where cost reduction or increased income generation is important.
Performance	<ul style="list-style-type: none"> - Performance 	A higher weighting will be applied where improved performance is important.
Systems maturity	<ul style="list-style-type: none"> - Investment - Service Transformation 	Where systems are immature a greater level of importance will be placed on the investment and service transformation themes.
Service maturity	<ul style="list-style-type: none"> - Service Transformation - Pace 	Where the service is immature a greater level of importance will be placed on the service transformation and pace themes.
Staff capability	<ul style="list-style-type: none"> - Investment - Service Transformation 	Where there are identified gaps in staff capability investment is required to train staff, with service transformation essential to realise the benefits of this improved staff capability through working in different ways.

The weightings against each evaluation theme are identified in the table below:

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Objective	Theme	Considerations	Weighting %
A relentless drive for efficiency	Price	<ul style="list-style-type: none"> The medium to long-term delivery cost of the service The delivery cost of the service in the short-term 	21%
	Investment	<ul style="list-style-type: none"> The ability of the option to provide investment into the service The cost to Barnet Council of investment in the service 	3%
	Income generation	<ul style="list-style-type: none"> The ability to generate increased income 	13%
	Pace	<ul style="list-style-type: none"> How quickly will benefits be realised and aims and objectives for the delivery of the service be met How long will it take to implement How long will it take to deliver transformational change 	18%
A One Barnet approach	Flexibility	<ul style="list-style-type: none"> The potential to adapt and change the service in line with changes in requirements of the service due to One Barnet future requirements, changing legislation etc The potential to quickly adapt and change the capacity of the service in response to major incidents and fluctuating demand An option that has a high ability to provide services for local partner organisations to promote joint-working and economies of scale 	18%
A new relationship with citizens	Performance	<ul style="list-style-type: none"> The potential to increase performance against current benchmarks of performance The potential to improve the citizen experience and satisfaction levels 	11%
	Service transformation	<ul style="list-style-type: none"> The ability to transform the service to put the customer at the heart of service delivery The ability to bring and maintain creativity and innovation to service delivery 	16%

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3.13 Evaluation Scores

Theme	Weighting	In House		Outsource		Transfer to Barnet Homes	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Price	21%	2	0.42	3	0.63	4	0.84
Investment	3%	2	0.06	4	0.12	3	0.09
Income generation	13%	2	0.26	2	0.26	3	0.39
Pace	18%	2	0.36	2	0.36	4	0.72
Flexibility	18%	2	0.36	2	0.36	3	0.54
Performance	11%	2	0.22	3	0.33	4	0.44
Service transformation	16%	2.5	0.4	3	0.48	3	0.48
Total Score	100%		2.08		2.54		3.5

3.14 Benefits

This options appraisal has identified that in order to address the areas for improvement (identified in section 3.4) the Housing Service needs to be delivered differently. The potential benefits to the council's customers of delivering these services differently are identified in the table below:

Benefit	Outcomes
Increased customer satisfaction	<ul style="list-style-type: none"> Services delivered differently, designed around the requirements of the customer
Save customers' and partners' time when interacting with the council	<ul style="list-style-type: none"> Better customer service processes, including effective use of technology Improved customer focus Customer's needs met more promptly with effective advice and prevention of homelessness and increased access to suitable accommodation
Greater choice and control for residents and customers	<ul style="list-style-type: none"> Effective use of technology to deliver services Increased availability of suitable accommodation in the social and private sectors
Increased quality of services	<ul style="list-style-type: none"> Higher-performing service that delivers what customers require Effective use of technology to support efficient service delivery and management decision-making Developing the skills and knowledge of staff
Increased value for money	<ul style="list-style-type: none"> Higher-performing service that ensures every pound is spent effectively

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	<ul style="list-style-type: none">• Effective use of technology to support efficient service delivery and management decision-making• Higher performing service that maximises the collection of income due
Financial savings	<ul style="list-style-type: none">• Reduced cost of delivering housing services

3.15 Conclusions

The scoring identified a transfer to Barnet Homes as the highest scoring option. The rationale for the scoring results is set out in appendix B1.

4. Recommendations

The recommendation from this options appraisal is that a business case is produced for the transfer of the council's housing service to Barnet Homes.

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Appendix A. Options Appraisal Methodology

A.1. Process

The options appraisal has:

1. Identified its aims and objectives
2. Analysed the relative costs and performance:
 - captured data and base-lined performance, cost and quality
 - analysed data and compared to available benchmarking information
 - identified what is required to deliver the service's aims and objectives
 - assessed potential benefits that can be achieved by the service meeting its aims and objectives
3. Evaluated potential options for future delivery of the service against a set of themes (section A.2 explains the approach to evaluation in more detail). It is important to understand that this options appraisal presents high-level indicative figures based on the information available at the time of writing and that any anticipated benefits have been expressed in qualitative terms. The purpose of the business case is to develop, subsequent to the options appraisal:
 - A detailed baseline of the cost of delivering the services currently
 - Models for the cost of delivering the preferred option
 - Quantified potential financial and non-financial benefits to be realised by delivering the preferred option

A.2. Approach to evaluation

The options appraisal has used a five stage approach to evaluate potential options for future delivery:

1. Identify key evaluation themes to assess the service against (for detail see section A.2.1)
2. Identify the potential delivery options for the service (for detail see section A.2.2)
3. Identify how well the delivery option can be expected to deliver against that theme for the service on a scale of 1 to 5
4. Based on the requirements of the service apply a percentage weighting to each theme indicating the level of importance – a higher percentage weighting indicates higher importance
5. By service calculate a total score for each delivery option – the preferred delivery option(s) being the one with the highest total score

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A.2.1 Evaluation Themes

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

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

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A.2.2 Potential Delivery Options

The following table describes the three delivery options that have been considered during the evaluation exercise in this options appraisal. A further table in Appendix C then outlines the strengths, weaknesses and impact on staff of each potential delivery option.

Delivery Option	Description
Retain in house Provision	Service continues to be provided by the Council, with required reductions in budgets and service improvements led by existing management team.
Outsource Housing Service	New external service provider sought through a competitive tendering process, with services provided to the council's specified requirements. This could involve the transfer of the service to a Housing Association or a private contractor.
Transfer Housing Services to Barnet Homes	Barnet Homes are an arms length management company established in 2004 to deliver investment in the Council's housing stock through the Decent Homes programme. Barnet Homes is wholly owned by the Council and are co-located with the Housing Service at Barnet House in Whetstone. The Council is in the process of establishing a Local Authority Trading Company (LATC), which will be wholly owned by the Council and will include Barnet Homes.

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A.3. Governance

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

		Role
Project Sponsors:	Kate Kennally - Director of Adult Social Care and Health	Lead project sponsor
	Pam Wharfe- Acting Director for Environment, Planning and Regeneration	Directorate project sponsor
Project Team	Paul Shipway - Head of Strategy and Performance	Project Manager
	Cathy Osborn – Interim Head of Housing	Senior service user
	Roger Robbin-Coker – Housing Manager	Service Transformation Manager
	David Walton - Interim Finance Manager	Finance lead
	Anne Gonzalez - Strategy & Business Improvement Manager	Project Support
	Manjit Lall - HR Business Partner	HR Business partner
	James Henderson - One Barnet Communications Officer	Communications and engagement

The options appraisal will be presented to Cabinet Resources Committee for final approval.

The process for development of this options appraisal has been discussed with Trade Unions on a number of occasions through its development. An embargoed version of an earlier draft of this document was given to the Trade Unions and a critique received from one of them. This critique and a commentary on it, responding to the points raised will be submitted along with this report to CRC.

Staff were briefed on the proposed recommendations of the options appraisal via briefings in October, November and December 2011.

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Appendix B. Evaluation matrix

B.1. Scores

The scores in the table below have been used to score how well each of the evaluation themes will be delivered by each Potential Service Delivery Option. Scores are on a scale of 1 to 5 - a high score indicating the option will deliver well against the theme.

Theme	Rationale
Price	The high weighting of 21% awarded to Price is high because of the need to make savings in the General Fund. These will have a beneficial result on the HRA (which with reforms to the HRA, would provide funds to invest in housing). The in-house option received the lowest score as it was considered that it could not provide the savings required without a major impact on the customers.
Investment	The service is not looking for upfront investment and so weighting is low at 3%. Although IT systems need upgrading there is some money available which could be released to upgrade Saffron. It was considered that this could be done with a more co-ordinated approach under the Barnet Homes option, given that the council already shares the Saffron system with them. The outsourcing option scored more highly because it would possibly provide more investment but this is not a driver.
Income Generation	Income generation, with a weighting of 13%, is about tackling void loss and improving income in both permanent and TA properties. The high demand for private rented properties means we need a proactive approach that minimises costs to the public purse. Unlocking the voids process is a task that requires collaboration between the Housing Service and Barnet Homes. Currently, there is a disconnect in the process between property and customer and it is anticipated that moving the Housing Service to Barnet Homes would facilitate the task of unlocking the voids process.
Pace	Pace has a high weighting of 18% as it is important to implement the preferred option quickly. The in-house option provides no additional impetus to generate further performance improvement or to manage cost reductions. Outsourcing would involve a lengthy OJEU procurement. The Barnet Homes option could be implemented quickly given the procurement requirements for a company that is wholly owned by the Council and as a mature, housing focused organisation it should be able to get up to produce change more quickly.
Flexibility	Flexibility also has a high weighting of 18% as there are changes in the external market, such as the welfare benefit regime, that must be addressed. It is thought that by transferring the Housing Service to one housing focussed organisation, with strong links to the Council this will put the service in a stronger position to face external change. It is also considered that an outsourced option would not have the required flexibility because of a rigid contractual arrangement.
Performance	Apart from rent collection, high external demand means that pressures are increasing that impact on performance within the Housing Service, increasing case loads and length of time for decision making. Income performance on TA rent collection by the Housing Service is good but we need to increase the supply of private rented properties. Barnet Homes has a good track record

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	on performance and has been subject to two inspections by the Audit Commission and was awarded two stars (good). Complaint response times within target are close to 100% in Barnet Homes and the organisation has a good record of analysing complaints to drive through improvements. With the outsource option improved performance could be delivered through contract management arrangements. Under the Barnet Homes option, the close links to the Council under the management agreement, could be used to drive performance improvement in line with council objectives.
Service Transformation	Service Transformation has a weighting of 16%. Embedding and building on the lean systems review is essential. The view is that the customer experience would be better if there was one single housing focussed organisation delivering the service. The in-house option scored lower than either outsourcing or Barnet Homes because the service transformation following the lean systems review is not yet fully embedded. The evidence suggests that there is not much of a market for outsourcing services such as housing needs and therefore it was difficult to project service transformation in this area with confidence.
Total Scores	In-house: 14.5 Outsourcing: 19 Transfer to Barnet Homes: 24
Total Weighted Scores	In-house: 2.08 Outsourcing: 2.54 Transfer to Barnet Homes: 3.5

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Appendix C. Assessment of strengths of potential delivery options

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

Delivery Option	Strengths	Weaknesses
Retain in house Provision	<ul style="list-style-type: none"> • No procurement required 	<ul style="list-style-type: none"> • More difficult to achieve efficiencies though economies of scale and reduced back office costs • Handoffs remain in place
Outsource	<ul style="list-style-type: none"> • Reduced back office costs • Introduction of more commercial approach to business 	<ul style="list-style-type: none"> • Lengthy and expensive procurement process required • Risks associated with loss of direct control • Potential loss of democratic accountability • Lack of established market for provision of homelessness and housing advice services
Transfer Housing Services to Barnet Homes	<ul style="list-style-type: none"> • Economies of scale including reduced back office costs • Fewer hand offs • No procurement required • Can be implemented quickly • Track record of Barnet Homes in delivering services and customer focus • Better focus of core business and customers • Council retains some control as sole shareholder • Democratic Accountability • Strong partnership working • Any financial benefits stay with the Council 	<ul style="list-style-type: none"> • Risk that the Council will not manage the relationship with Barnet Homes Board effectively to ensure the council's priorities are delivered • Risk that Barnet Homes may not have capacity to extend its role

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Appendix D. Assessment of Impact on Staff of potential delivery options

The table below outlines the perceived impact on staff of each potential delivery option. Under any of the following delivery models there will be the potential for staff reductions due to the economic climate.

Delivery Option	Impact on Staff
Retain in house Provision	<ul style="list-style-type: none"> • Staff would remain as local authority employees on their existing terms and conditions • Opportunities for further service transformation would be limited • Potential reduction in staffing requirement and service reductions resulting in tougher working environment • Limited investment opportunity for employee training and development, asset and systems update
Outsource	<ul style="list-style-type: none"> • Staff would be transferred to a private sector partner, employees would transfer on their existing terms and conditions under TUPE • Potential reduction in staffing requirements more likely to be delivered whilst maintaining service levels • More opportunity for investment in employee training and development, asset and systems update • Ability to share knowledge and best practise • Some elements of the service may be delivered from another location potentially meaning staff may be given the option to relocate • Development opportunities may be available due to working for a large service provider • Staff should gain access to a wider pool of expertise and external insight • Potential reduction in staffing requirement due to economies of scale and transformation
Transfer Housing Services to Barnet Homes	<ul style="list-style-type: none"> • Staff would transfer to Barnet homes on their existing terms and conditions under TUPE • Staff will be working for an organisation wholly owned by the Council • Potential reduction in staffing requirements more likely to be delivered whilst maintaining service levels • More opportunity for investment in employee training and development, asset and systems update due to greater economies of scale • Staff to gain access to a wider pool of expertise working for a larger organisation that specialises in housing • Ability to share knowledge and best practise • Development opportunities may be available due to working for a large service provider

Annex 2

Future delivery of the Housing Service – Outline Business Case

Future delivery of the Housing Service – Outline Business Case

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1. Executive Summary

1.1 Introduction

This business case has three key aims

- To identify the non financial benefits the Council would hope to achieve
- To demonstrate the financial savings and how these are profiled over five years
- To test the deliverability of the recommendation from the options appraisal of the housing service to transfer the Council's housing service to Barnet Homes

1.2 Strategic fit

Following the establishment of Barnet Homes in 2004, to deliver the Council's landlord services and decent homes programme, the Council continued to provide housing advice and assessment services in house, as well as the provision and management of temporary accommodation. The retained housing service faces significant pressures, both from public sector expenditure reductions, and from an external market that is increasing the pressure on homelessness and the shortage of accommodation.

The Council's wider ambitions for its housing service need to be seen in the context of the One Barnet approach, which includes the establishment of a Local Authority Trading Company, incorporating Barnet Homes.

The options appraisal has identified the potential to improve services for the customer in a single housing focussed organisation (Barnet Homes) that would strengthen links between property and customer, reducing void times and improving the support offered to customers throughout their housing journey.

1.3 Scope

The scope of services includes advice and assessment which deals with the demand for housing assistance, and property and resources, which deals with the supply of accommodation.

1.4 Benefits case

Strategic and non financial benefits identified include:

- Alignment with the Council's housing strategy that recognises Barnet Homes as a key partner in the delivery of housing services

- A stronger link between customer and property focussed services
- Building on the service improvements introduced by the housing service and embedding these improvements in a single housing focussed organisation.
- Using the specialist skills of the advice and assessment service to support existing tenants and new housing applicants
- A combined housing management service providing consistent quality to temporary and permanent housing tenants

Benefits for staff include enhanced opportunities for career development in a single housing focussed organisation

Financial benefits include

- The ability to deliver the required general fund savings of £400K while minimising the impact on the customer through synergies with services delivered by Barnet Homes
- A corresponding saving in the HRA as a result of jointly funded posts, that will deliver additional resources for affordable housing and regeneration
- A reduction in void turnaround times through a more efficient process in a single organisation, increasing income to both the general fund and the HRA.

1.5 Client management

It is not envisaged that the transfer of services to Barnet Homes will increase the resources required for an effective client function. However, the organisation and location of these services (some of which are currently in service for the DRS project) will require review to address the need for strong performance management. Part of this review will also need to consider the resources the Council will need to address changes in housing revenue account finance, with the need to manage a self-financed business plan from April 2012. The Council will need to provide strong leadership to ensure it is in a strong position to take advantage of opportunities from the new housing revenue account self financing system and to manage associated risks. The council will also need to consider how the housing client function can be integrated with proposals for the client function for the One Barnet Group generally.

1.6 Conclusion

It is anticipated that more than £400K of general fund savings can be delivered by the transfer of housing services to Barnet Homes. Corresponding savings will also be generated in the HRA and opportunities are identified to make further savings over time from reductions in support costs. Non financial benefits, from the

establishment of a single housing focused organisation are also anticipated that will improve services to customers.

1.7 Constraints, dependencies and risk

These have been identified as part of the business case, and mitigating actions established. This will be monitored and developed through the implementation period.

1.8 Procurement and project plan

The procurement strategy enables the Council to rely on the Teckal exemption without the requirement for a full OJEU procurement exercise. This will increase the ability of the Council to implement the option by April 2012.

2. Introduction

The One Barnet Programme is the council's response to address several drivers for change that have been identified:

- The anticipated financial pressures resulting from the global recession will bring the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £47m over the next three years, and our public sector partners face challenges of a similar scale. There are other predicted pressures which would require us to make savings of £53m.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The aim of the One Barnet programme is to create a citizen-centred council which ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The council believes that this is best delivered through the adoption of the three key principles of the programme.

- **A new relationship with citizens** - Enabling residents to access information and support and to do more for themselves
- **A one public sector approach** - Working together in a more joined up way with our public sector partners to deliver better services
- **A relentless drive for efficiency** - Delivering more choice for better value

3. The purpose of the business case

The business case has three key aims:

- To identify the non-financial benefits the council expects to achieve through the proposed new delivery method for these services to the council, staff and customers
- To articulate a robust baseline and the scale of the financial case across the service to demonstrate the financial savings against the individual service area involved and how the

combined savings are then profiled over a five year combined service.

- This business case builds upon the findings and recommendations contained within the options appraisal that accompanies this document. The appraisal has reviewed the current service levels and potential future delivery options of the retained council housing service which includes advice and assessment and accommodation and resources. It has recommended a transfer of the council retained service to Barnet Homes to deliver the services going forward. This initial outline business case is intended to test the deliverability of the proposal recommended in the options appraisal. It will be developed further subject to the decision taken to proceed. By definition, this business case is a dynamic document, and as such will be updated at appropriate points in time over the next 3 months.

4. Strategic Fit

In 2004, the council set up an arms length management organisation, Barnet Homes, to manage and maintain the council's housing stock and to implement the Decent Homes £189m investment programme. The council continued to provide housing advice and homelessness services itself, along with the allocation of social housing in the borough, including homes managed by Barnet Homes, and the management of some temporary accommodation.

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

Pressures

A saving of £400k in the general fund for 2012/2013 has been identified as the Housing Service's contribution to the council's wider drive to reduce its expenditure. As the service is partially funded through the Housing Revenue Account, efficiencies that can be found in general fund costs will also have a beneficial impact on the Housing Revenue Account, releasing additional resources for improved and additional affordable housing. The business case explores how these savings can

be identified, and how further savings will be delivered beyond 2012/13 as part of the Council's ongoing and relentless drive for efficiency.

As well as the pressure of reducing public expenditure, the Housing Service also faces a significant increase in the demand for its services due to the impact of changes to the welfare benefits system. Reductions in Local Housing Allowances mean that 4700 households currently residing in the private rented sector and receiving housing benefit will face a reduction in the help they receive from January 2012 onwards, and we anticipate an increase in the number of people approaching the council for housing advice as a result of this.

In addition, the LHA changes combined with a very competitive London housing market have already seen a significant reduction in the number of properties available to homeless households in the private rented sector. We need to take proactive action to increase the numbers of properties that these households can access in the private and social housing sectors.

Future ambitions for the service

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the establishment of outsourced development and regulatory services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer driven approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on enabling those clients who need support, to find solutions to their housing needs.
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

5. Scope

The scope of services is set out in section 2 of Appendix 1 of the options appraisal. In summary The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

All services within scope are currently delivered in-house and current budgets and employee numbers are summarised below. Fuller detail on the services is set out in the options appraisal.

It should be noted that within the service that there are a number of contracts and leases with external third parties including

Contract	Description	Contractor
Removals & Storage	Removals & Storage service	JA Steel & Sons Ltd
Housing Advice	Independent Housing Advice	Threshold Ltd
Foundation	Single Person Private Sector Tenancy Scheme	Threshold Ltd
Money Advice Service	Mortgage Rescue Scheme	Citizens Advice Bureau
MAPPAs	Multi-Agency Public Protection Arrangements	London Probation Service
Private Sector Leasing	Leases with private landlords to provide temporary accommodation	A number of individual suppliers

These arrangements would need to be novated to the new supplier (Barnet Homes).

It should be noted that through the development of the detailed business case, the final scope may exclude some aspects of the service for practical, commercial or legal reasons.

6. Benefits case

The benefits sought by the project align with the council's strategic One Barnet objectives. The key benefits for change are set out below.

6.1 Strategic benefits

The Council's current Housing Strategy was agreed by Cabinet on 12 April 2010, and identified the following core objectives:

- Increasing housing supply
- Improving the condition and sustainability of the existing housing stock
- Promoting mixed communities
- Maximising the options for home ownership
- Housing related support options that maximise the independence of residents
- Excellent value services that exceed residents expectations

The strategy recognised Barnet Homes as a key partner in the delivery of the Council's housing objectives.

It is thought that the transfer of the council's remaining retained housing functions to Barnet Homes will deliver strategic benefits through providing a stronger link between customer and property focussed services. A great deal of service improvement has been delivered in the retained service, improving the customer journey from the point at which they approach the Council for assistance, to the point at which they find permanent accommodation. It is thought that by combining the service of advice and assessment with the service that manages the majority of social housing accommodation in the borough customers will receive better support for a longer period in their journey.

The specialist skills of the advice and assessment team to support customers at a critical point in their lives will be a valuable resource to Barnet Homes as it develops its services to support tenants in an increasingly challenging world of benefit reform and shortages of affordable accommodation in both the social and private housing sectors and prepares for the implementation of the council's tenancy strategy.

Customers are in temporary accommodation deserve the highest standards of management and maintenance. Barnet Homes has already demonstrated its ability to deliver excellent housing services and the combination of management expertise from them, and from the accommodation and resources section of the service currently retained by the council should create synergies that can drive efficiencies in this area, while improving standards for customers.

There has already been considerable improvement in the housing advice and assessment service through a lean systems thinking review. The implementation of this review through the accommodation and resources service is less mature and there is scope for improved service transformation using the lean principles. Barnet Homes are committed to lean systems thinking and have already started a review of the voids and lettings process. As this process involves the customer journey through the period of time when they currently receive services from the retained council service, it is thought that the merging of the services will improve the link between customers and available properties and increase a shared responsibility for reducing void times and increasing the speed at which homes are made available to people in need.

6.2 Non financial benefits

Barnet Homes will be required to provide the service in a way which meets the council's requirements in terms of non-financial benefits by being transformational. The council will expect to see means by which the services can be delivered with benefits that focus on the customer and citizen experience.

The council recognises that the way in which services are delivered is changing both internally and externally. Barnet Homes will be expected to engage with a wide range of partnership agencies in order to meet the needs of the customer, building on the approach currently taken by the in house service. It is believed that this will strengthen the links between Barnet Homes and partner agencies to the benefit of existing and new Barnet Homes customers. They will also be expected to develop a partnership approach with council staff in responding to customer needs.

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

A new relationship with citizens

The service will:

- Empower those staff delivering frontline services by ensuring they have the necessary support and tools to carry out their work. It is expected that Barnet Homes will provide in its business plan for the continued development of staff skill sets to ensure all housing service functions can run as smoothly and efficiently as possible. This will allow the front line services to focus on their core duties in supporting those most in need and in turn improving customer satisfaction
- be expected to increase its capability to help customers to prevent homelessness through effective advice and interventions
- increase the access available for housing applicants to the social and private housing sectors

- deliver a consistent, high quality experience regardless of whether tenants are in temporary or permanent accommodation provided or procured via the Council
- ensure insight and information from the customer experience is provided to the council to be used in policy reviews relating to housing, including the housing strategy and allocations framework
- enable resolution of issues through a single housing focussed organisation responsible for all Council housing services
- build customers' capability to help themselves and other household members
- provide a coherent brand, identity and ethos for housing services that builds a new relationship with the citizens of Barnet
- increase the speed and effectiveness with which customer's needs are assessed and met, reducing the need for appeals and complaints about the service.
- improve the ability to share council intelligence, and utilise provider expertise to inform strategic direction, decisions and overall service delivery.
- Allow for a greater level of co-location between different elements of the housing service, providing a more streamlined customer journey.
- Anticipates the implementation of the Council's draft tenancy strategy bringing together assessment and tenancy management staff in one organisation.

A one public sector approach

The service will:

- be developed and joined up so that public and third sector partners would be able to access provision of support and housing services for their customers through Barnet Homes due to improved clarity of responsibility and single housing focussed organisation
- become more responsive to changing citizen needs within the borough and be able to adjust service offerings accordingly
- be linked to customers' support needs met through other services provided by the Local Authority Trading Company.
- support council and local public services in joining up the customer service around the needs and life events of customers to provide a more personalised service, linked to the development of the customer service organisation

A relentless drive for efficiency

The services will:

- benefit from the experience of a large and effective housing organisation in enhancing performance whilst realising operational efficiencies

- have enhanced capacity and capability to drive improvements in the maintenance and development of council assets used to provide temporary and permanent accommodation
- be able to be delivered through a reduced FTE given the potential for economies of scale provided by an organisation carrying out similar and related functions
- be able to facilitate improved void turnaround times through process and system improvements
- provide a coherent route to direct resources for capital investment in improved IT infrastructure, funded from the existing capital programme. This will enable the merged function to facilitate early service improvement and operational development
- benefit from investment in technology, process and change management to deliver efficiencies in process management
- deliver mutual benefits from service experience, specialist skill sets and capability to access expertise, innovation and creativity in order to deliver faster service transformation
- be able to provide flexible deployment arrangements of staff that will allow customer and landlord/property issues to be resolved during an expedient time period
- benefit from new performance management systems to ensure consistency across service areas and ensure high efficiency levels of work

6.3 Benefits for staff

Given the volume of staff involved, both in the Council retained service, and at Barnet Homes it is equally important to ensure benefits that can be identified for staff in both organisations are delivered through the mobilisation period and beyond.

Although this cannot be guaranteed, the scale of housing focussed operations of Barnet Homes that will be created through this merger is likely to significantly enhance opportunities for all staff in terms of their personal and professional development.

For example, staff will potentially have:

- the opportunity to share in and enhance expertise and insight from new colleagues and best practice methodologies from a wider pool of peers in a new housing focussed organisation
- greater ability to share experience of industry standards and how they inform business practice across the complete range of housing services
- wider opportunities for personal development that could lead to promotion into a broader range of management and senior management roles in housing
- greater opportunities to attend training courses to help them develop personally and professionally, which could be furthered by the opportunity to work on varied contracts

- the opportunity to develop new professional skills that will broaden their personal skill base
- access to more developed talent management and succession planning programmes.

6.4 Financial benefits to LBB

6.4.1 Introduction

The Audit Commission said in 2008 that ‘Barnet Homes is generally delivering customer focused services, and is using partnership working to further improve services and capacity. There is a strong focus on value for money resulting in £6.7 million savings since April 2006’.

The Audit Commission went on to say “In this inspection, we found this to be an area with more strengths than weaknesses. There is a value for money culture embedded across the organisation, and there is a proactive approach to challenging the value for money of services, particularly those delivered through an SLA. The use of modern procurement methods in the decent homes and maintenance programme is embedded and using procurement consortia where appropriate. Residents are involved in procurement exercises”.

The approach taken to calculate current delivery costs and the financial benefits associated with the merging of the service with Barnet Homes is outlined in this section. It should be stressed that the financial analysis is necessarily high level at this stage and will be developed further during the mobilisation period.

The approach taken is to start with a baseline of the requirement to make savings of £400K in 2012/13 in the Council’s general fund housing services based on agreed Council budgets. The outline business case has considered the extent to which the merged organisation could make these savings whilst protecting customer services. It then goes on to explore the extent to which the generation of these savings within a merged function will deliver corresponding savings on the HRA which can be used to fund further service improvements or new affordable housing.

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

The cost of the service has been adjusted to reflect the areas of the service that are out of scope.

The areas out of scope include

- Costs and FTE associated with those DRS functions which will transfer to the new strategic partner. This includes the housing regeneration function and elements of the housing policy function and complaints.

- Costs and FTE associated with the housing element of the new customer service organisation

6.4.2 Analysis of Costs

The table below shows the 2011/12 budgeted costs for each of the General Fund and Housing Revenue Account services within scope. It can be seen that the net cost to LBB's General Fund is estimated to be £3.168m, and the costs to the Housing Revenue Account (HRA) is £1.371m.

Table 1: Summary costs

2011/12 general fund housing budget (LBB service)	2011/12 housing revenue account housing budget (LBB service)	Total LBB retained housing budget
£3,168,000	£1,370,900	£4,538,900

These costs are shown in more detail below:

Table 2: Service costs

General Fund	£
Housing Management	283,890
Housing Grant Payments	173,820
Temporary Accommodation	230,650
Homeless Person	0
Housing Resources	47,120
Homelessness Grant	598,540
Community Centre	3,390
Rent Deposit Scheme	158,900
Private Sector Leasing	(45,880)
BLH	351,310
Accom & Lettings	282,840
Housing Needs	1,083,420
Total	3,168,000
HRA	
Housing Resources	207,720
Housing Management	84,780
Housing Needs	689,910
Temp Accom	197,310
Accom & Lettings	191,180
Total	1,370,900

The above services have been examined in detail to ascertain potential areas for savings. The employee costs, and costs relating to supplies and services have been reviewed, and the potential savings identified.

The results of this review are illustrated in the projected savings identified.

Expenditure relating to capital is excluded, as is the cost of secondary recharges which are costs recharged to cost centres that are not in the direct control of the budget holder, such as accommodation costs. These secondary recharges are excluded because their allocation can be based on specific policies rather than actual use and also many of their costs are being reviewed by other One-Barnet projects such as the NSO/CSO initiative. The value of these secondary recharges will be highlighted below.

It can be seen below that the employee costs within the above services is just under £2m for the General Fund services and £1.2m for the HRA services. This is analysed further below. Many of the staff are engaged on both General Fund and HRA services and the split for accounting purposes is 60:40.

Table 3: Expenditure Breakdown

Summary	2011/12 (budget)
General Fund	
Employees	1,908,900
Employee Related costs	62,750
Premises	875,430
Transport	26,920
Supplies and Services	1,914,560
Third Party Payments	5,053,520
Recharges (82's)	-498,420
Gross Expenditure	9,343,660
Income	-6,175,660
Net Expenditure	3,168,000

HRA	
Employees	1,221,800
Employee Related costs	11,200
Transport	4,930
Supplies and Services	105,430
Transfer Payments	27,540
Gross Expenditure	1,370,900
Income	0
Net Expenditure	1,370,900

6.4.3 Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) for the General Fund's 2012/13 budget contains a sum of £400k as the required saving from the

operational costs of the services within scope. There are currently no additional savings specified for 2013/14 and beyond, although as will be seen later further savings will be achieved by this project. Whilst the savings identified below relating to the HRA will not directly benefit the General Fund, and therefore the Council Tax payer, they will have the benefit of allowing more investment in the infrastructure. The costs relating to employees and supplies and services have been reviewed to search for potential efficiencies, looking at synergies between Barnet Homes and the Council housing service in order to minimise the impact on the quality of services delivered.

This review identifies those efficiencies that will be achieved by the transfer of these services to Barnet Homes (BH). It is considered that there are significant synergies with BH to achieve these savings, that wouldn't be available to a private sector provider.

6.4.4 Potential for improvement

The potential for savings in establishment costs in each function area is shown in the table below.

It is estimated from initial analysis that £365k can be saved from the employee budget within the General Fund, and £205k can be saved from the HRA (due to the fact that many of these posts are jointly funded between the HRA and the General Fund).

Table 4: Savings in Posts

General fund	Staffing	Saving	%
Head of Service and Accommodation and Resources	703, 600	243,000	35%
Advice and Assessment	1,205,300	122,000	10%
Total GF	1,908,900	365,000	19%
HRA	1,221,800	205,000	17%

Detailed discussions would take place with Barnet Homes during the implementation period to develop new staffing structures to deliver these savings. Reductions in FTE budgets will be targeted at vacant posts in the housing service currently retained by the council, and in the existing structures within Barnet Homes. There will also be a focus on savings at supervisory and management level. These two factors will reduce the impact on customers.

The Supplies and Services budgets for the General Fund and the HRA have also been examined. By reviewing the budgeted expenditure on subscriptions, consultancy, advertising and furniture and fittings costs, it is proposed that £31k can be saved from the General Fund, and £2.2k can be saved from the HRA.

Table 5: Savings in Supplies and Services

	Supplies and Services	Saving	%
General Fund	1,914,560	31,000	1.6%
HRA	105,430	2,200	2.1%

Reduction in Void Costs

There are 33 General Fund units that are used by those needing temporary accommodation. The weekly charge is £380 per week for these units. Each year there are approximately 10 voids and it takes 3 weeks to re-let these properties. There is therefore 30 weeks of lost rental income to LBB, equating to £11,400 lost rent per year. It is considered that the transfer of the Temporary Accommodation function to BH would result in these properties being re-let after 2 weeks which would result in additional income of approximately £4k per annum

There will also be a quicker turnaround of HRA properties when void. There are approximately 11,000 HRA units, with a 6% turnover, each costing tenants an average of £90 per week. The current turnaround time for these properties when void is 5 weeks, but it is considered this could be reduced to 4 weeks. This would result in additional income to the HRA of £59,400 per annum.

Client management

We have also considered the roles that will need to remain with the Council to provide an effective retained client function. This will include resources to provide a clear strategic direction for the housing service, effectively direct the use of resources within the HRA business plan, to drive performance improvement. At this stage it is not envisaged that this would add to the costs of the current client function, although it may require some adjustment in roles and responsibilities. The location of that function (currently in scope for DRS) may also need to be reviewed to ensure the Council retains control of the strategic direction of housing and has sufficient resources to deliver those functions that cannot be delegated (see legal section below). A proportion of the costs of the substantive post of the Interim Director of Environment, Planning and Regeneration has been retained in order to provide this leadership role.

Depending on the legal requirements, consideration will be given to retaining the housing appeals manager post within the single consolidated housing service in Barnet Homes. The council will also need to consider how the housing client function can be integrated with proposals for the client function for the One Barnet Group generally.

Consideration will be given to an increase in client costs of around 2.5% to strengthen the function further if required on further analysis.

6.4.5 Summary of Savings

The business case has identified where potential opportunities for service improvement could be delivered by Barnet Homes. The business case uses a mixture of benchmarking data (where available), feedback from the service and professional judgement to identify potential for improvement.

Table 6; Summary

Improvement rationale	Potential improvement	Total GF saving
Savings are expected to come from a reduction in supplies and services budgets by reducing costs of subscriptions, consultancy, advertising and furniture and fittings costs as a result of economies of scale with Barnet Homes	1.6% of GF supplies and services budget	£31,000
The service has identified target savings in the cost of the current head of service post, and in housing management functions (e.g. property repairs, income collection, tenancy management) due to the fact that Barnet Homes already carries out these functions.	35% of GF employee related costs to this function	£243,000
The service has identified savings in rent lost from voids as void turnaround times are improved.	0.6% increase in GF rent income	£4,000
Savings will also come from the consolidation of housing support and advice functions across the housing advice and assessment and landlord function – these savings are more modest reflecting the fact that Barnet Homes does not currently carry out many aspects of this function and therefore there is less opportunity for synergies.	10% of GF employee related costs to this function	£122,000
Total anticipated savings – General Fund		£400,000

Key assumptions:

- the savings analysis is based on savings that can be accrued during a five year period. The baseline for the model is based on the as-is staffing and performance level in these service areas
- the savings are based on benchmarking key performance indicators with other social housing organisations and assuming that Barnet

Homes will be able to improve the performance level and achieve median/upper quartile performance.

- the profile provides an early yet realistic level of benefit realisation to support the council's immediate financial challenges, and supplements this with year-on-year targets for improvement thereafter.
- the business case does not include the effects of inflation. the drivers for realising savings have been specified in the table below – detailed financial projections are set out below

6.4.6 Conclusion – financial benefits

To conclude, it is anticipated that the required £400k of general fund savings can be delivered through a combination of measures including:

- Rationalisation of temporary and permanent housing management functions and supervisory and management roles
- Reduction in rent lost from voids
- Streamlining of housing advice and support functions
- Rationalisation of procurement, HR, Finance and other central support costs over time
- Improvements in IT leading to more effective service delivery

Posts involved in the delivery of functions that will be impacted by these measures include

- Posts within the retained council housing service which are funded partly from the HRA and partly from the general fund (typically 60% general fund 40% HRA)
- Posts within the retained LBB housing service which are 100% general fund
- Posts within Barnet Homes which are 100% HRA.

Estimates of corresponding reductions in HRA functions as a result of these changes will depend to some extent on the outcome of restructuring consultation. At this stage it is estimated that savings in the general fund would generate corresponding savings of £205k in the HRA.

6.4.7 Reducing the support costs of the housing function

The support functions and costs currently recharged by the Council to the housing service are set out below. As referred to above, the services within the General Fund and the HRA that are within scope attract significant recharges that are outside the scope of front line service budget holders, and therefore can not be influenced by them. As seen in the table below the costs of these secondary recharges to the General Fund are ££694k. These recharges cover the costs of IT, Finance, Human Resources, and Accommodation etc. The mechanism for recharging follows CIPFA guidelines but it is generally accepted that there is a certain amount of subjectivity in how recharges are made, and

therefore in order to be consistent across all the One-Barnet projects a figure of 6% of gross expenditure has been used to guide total recharge costs. Using this 6% as a guide it is expected that the council could save £133k. This will not be achieved until decisions are made on cost reductions within these support services however.

Table 7: Support costs

Recharges	£		Saving (£)
General Fund	694,000		£133,000

At present Barnet Homes provides these functions to its own service in a variety of ways:

- Direct provision by BH internal teams (e.g. HR, finance)
- SLA back to the Council (e.g. IT)

In order to manage the corporate impact of the service merger on the Council's support functions, and to manage the transition in the Council of the new support organisation it is proposed that Barnet Homes is required to enter into service level agreements with the Council in the first 6 months that broadly reflect existing support functions delivered to the retained housing service. After 6 months Barnet Homes would then have the ability under the management agreement to procure these services competitively, or to decide to deliver services its self where this can be shown to be more cost effective. It is anticipated that this would deliver additional savings to the function in later years as shown in the financial projections in the table above.

Barnet Homes would be expected to explore the potential to rationalise the use of accommodation in line with the Council's approach at NLBP, with a view to realising savings in the context of the corporate review of the use of Barnet House. These savings would be quantified in the context of the review of the use of Barnet House and therefore are not included in the business case at this stage.

6.4.8 Future Savings

The key savings from transferring services to Barnet Homes will materialise in the first year, 2012/13, enabling the savings target within the MTFS to be achieved. However it is envisaged that small additional savings will be achieved also from 2013/14. A modest reduction in staffing costs of 2% of the remaining staffing costs has been included as an efficiency target. This is well within the scope of the level of efficiencies Barnet Homes has been able to deliver in the past and work will be done with Barnet Homes to agree how these efficiencies are delivered in later years. In addition the total supplies and services spend offers scope for additional savings and again a modest target has been incorporated, reflecting an efficiency target for Barnet Homes. Recent benchmarking exercises suggest that the management of voids offers

plenty of scope for improvement, and accordingly a target has been included for future years. These savings relate to the transferred services only. Barnet Homes will also be required to deliver efficiency savings from its existing management fee for landlord services which will be shown in the HRA business plan.

Table 8: 5 year savings

General Fund	2012/13	2013/14	2014/15	2015/16	2016/17
Staff Savings	365,000	30,880	30,260	29,660	29,060
Supplies and Services	31,000	30,000	25,000	20,000	15,000
Temporary Accom. Void Loss	4,000				
Total	400,000	60,880	55,260	49,660	44,060
Housing Revenue Account					
Staff Savings	205,000	20,340	19,930	19,530	19,140
Supplies and Services	2,200				
Council Dwellings - Void Loss	59,400	20,000	20,000	20,000	
Total	266,600	40,340	39,930	39,530	19,140

6.4.9 A summary of the analysis

There are good opportunities for both cost efficiencies to be made and improvements in process (e.g. voids) resulting in reductions in income loss.

Whilst a number of the in-scope services are performing well, others are performing at around the average compared to peers, and all are limited in their ability and / or capacity to achieve the levels of transformation required without further rationalisation.

Parts of the service would benefit from the introduction of professional housing expertise, procedural efficiencies, enhanced IT, and general improvements from the strengthened link between people and property that would come from an integrated housing service. In turn parts of the service contain high levels of professional expertise which would benefit Barnet Homes in developing its services, for example support related activity linked to delivering the Council's new tenancy strategy

Over a five year period financial benefits could equate to as much as £600k, net of the costs of change and those associated with the retained client function(s).

A detailed business case will be developed in line with the benefits indicated at this outline stage. This will be informed by and the

development of the potential future service transformation in discussion with staff and managers in the retained service and Barnet Homes.

These figures do not reflect potential service level reductions; in fact they represent an ability to sustain the service despite reductions in public funding and increases in demand due to the external economic climate. It should be noted that this will always be an option for with regards to non-statutory functions and evidence-based service demand that would need to be agreed with the Council in line with the terms of the management agreement.

6.4.10 Assets to be transferred

The assets associated with the staff transferring will be valued and included in the Balance Sheet of Barnet Homes. These will consist of IT equipment, peripherals, and furniture and associated fittings.

6.4.11 Taxation

The taxation position of Barnet Homes is currently under review as a consequence of the setting up of the LATC. Should Barnet Homes be subject to corporation tax, any additional profits earned as a result of the transfer of these functions could result in an additional cost.

6.5 Critical success factors

The critical success factors for the future delivery of the housing service are as follows:

- to provide a truly citizen-centred customer service that is easy to access and simple to navigate, and as a result, improve customer satisfaction
- to contribute towards and remain sustainable within the council's MTFS
- to achieve the minimum service levels embedded in the delivery plan associated with a revised management agreement, within the timescale set out in the implementation plans
- to achieve agreed delivery cost reductions in line with the benefits case
- to create successful relationships with other departments and providers supporting continuous improvement within the council and other landlords
- to meet the council's legal requirements in terms of equalities and health and safety.

7. Constraints, dependencies and risk

7.1 Constraints

Constraint	Mitigating action
-------------------	--------------------------

Quality	The overall success of the merged service will be based on the quality of output specifications established in the revised delivery plan.	Support and training is being delivered to those involved in writing and approving the output specifications. External review and challenge will also be provided as part of the approval process.
Scope	The scope of services is constrained by legal advice on those functions that can be delegated	Legal advice has been sought to confirm the scope
Time	Timescales are driven by the urgent need to identify savings for 2012/13 and to ensure the service can face the external challenges in the housing market from the impact of welfare reform.	The decision making process and mobilisation stage must fit with the council's democratic decision making process and statutory consultation timescales for staff and careful planning will be required to ensure timelines are not compromised
Budget	The council has limited funds to deliver this change	Careful resource planning and budget monitoring by the project team will reduce the risk of any increase in costs
Contract length	The current management agreement with Barnet Homes expires in 2014. A review of the case for an extension of the management agreement will need to be undertaken at an early stage, linking timescales for all housing services, and other functions to be delivered by the LATC	Legal advice will be sought on mechanisms for reviewing the current management agreement with Barnet Homes and associated consultation requirements.

7.2 Dependencies

Dependencies	Mitigating actions
The final scope of affected staff is dependent on the final scope of the DRS project	The housing services project includes members of the One Barnet Team to ensure dependencies are identified and addressed.
The establishment of the Local Authority Trading Company will involve changes in Barnet Homes, and in its management agreement with the Council. These changes need to be taken into account in considering the final shape of the management agreement for the housing	The housing services project is reported regularly to the LATC project board to ensure all dependencies are identified and addressed. Legal advice has been sought on procurement route.

Dependencies	Mitigating actions
services and the procurement route used (see below)	
The final scope of affected staff is dependent on the housing element of the CSO project	Regular updates are received from the CSO project to ensure decisions taken as part of that project are reflected in any change proposals developed for housing services and Barnet Homes.
The housing service has been restructured in April 2011 using the principles of lean thinking. A review of the implementation of this restructure is underway and may identify further scope for service efficiencies that would need to be built into the business plan for the service in Barnet Homes	This will be investigated as part of the review of the lean restructure and further improvements identified through that process incorporated as part of the mobilisation period.

7.3 Key Risks

Risks	Mitigating actions
A poorly designed or structured business case leads to the project failing to hit its objectives due to one or more of the following: a lack of a clear strategic direction, inappropriate monitoring arrangements, weak or inappropriate management agreement or failure to keep pace with legislative changes.	A detailed business case will be developed in consultation with staff at Barnet Homes and the Council to ensure savings projections are intelligently implemented, the impact on customers is minimised, and the potential for service improvement is maximised
Inadequately designed output specifications within a revised management agreement could lead to Barnet Homes not delivering the expected service. This would leave the council open to increased costs as a result of increased requirements for temporary accommodation. It would also lead to a damaged reputation and a likely reduction in satisfaction levels and increase in appeals and complaints	The implementation team includes people with experience of client management or arm's length organisations as well as external legal resource who will work to provide a robust and appropriate management agreement and client management arrangements.
Possible dip in performance of collection rates of rent and procurement rates of private sector accommodation over the period of staff transfer due to uncertainty caused by change. This would impact the income generated from this service and increase costs from increased requirements for temporary accommodation and a reduction in service to the customer.	The Council has accepted that this risk can not be reduced entirely but through the mobilisation and transition plans the level of impact will be mitigated.
Changes imposed by central	The allocated legal resource will monitor

Risks	Mitigating actions
government, such as future government savings targets or funding reductions, or changes to legislation (e.g. the Localism Act and welfare reform) adversely affect the project's ability to deliver its benefits.	legislative changes on an ongoing basis. The council's internal housing strategy section will do the same and liaise with finance to consider the impact on savings targets and funding reductions. Significant impacts will be reported to the LATC project board in the first instance and escalated to CDG where necessary. Should statutory changes occur during the mobilisation period these will form part of the discussions with Barnet Homes on implementation proposals.
Central government funding decreases significantly during the life of the contract or there are significant changes to homelessness or housing legislation and/or Temporary Accommodation subsidy rules.	Barnet Homes will be required to support the council in the delivery of the Medium Term Financial Strategy and HRA business plan. Flexibility will be built into the management agreement to ensure BH can meet the council requirements within the available budget. In practice this will work whereby if our funding levels change, there is an agreed mechanism in the management agreement for BH to respond to the authority with options for reviewing service levels, for example, to fit in with whatever budgetary envelope we have. This mechanism is already in place for landlord services.

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

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

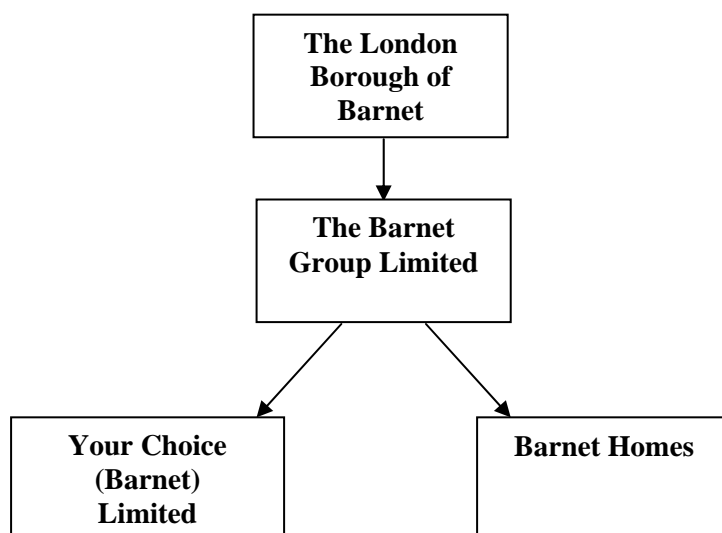
The LATC project board and the One Barnet programme board will continue to provide appropriate escalation routes.

8. Procurement and commercial approach

This section will be updated throughout the mobilisation period, as the detailed business case is developed. It will summarise the results of the commercial negotiations, for example the agreed payment model, gain / profit- share mechanisms, and risk transfer arrangements.

8.1 Procurement strategy

The procurement route for this project is determined by the Council's proposals to set up a Local Authority Trading Company and operational subsidiaries as set out below:



Legal advice has been sought on the suitable procurement route. Based on this advice it is proposed that the Council procures the housing service through the Barnet Group Limited. This would allow the Council to rely on the Teckal exemption relating to Barnet Group Limited/Barnet Homes performing the housing needs and general housing management services without a requirement for a full OJEU compliant process that would delay the realisation of savings and run counter to arrangements for the procurement of landlord related services. It will be necessary to ensure that the obligations which Barnet Group Limited takes on are fully passed down to Barnet Homes as the operating company. Otherwise, risk will sit in Barnet Group Limited, and as a holding company, it will have little room or capital to enable it to manage and defray such risk.

A procurement strategy is currently being developed for the procurement of the housing service. This document will set out key requirements, strategic considerations, and the likely sequencing of concurrent One Barnet procurement activities.

Core procurement roles and governance arrangements including a code of practice will also form part of this document.

It is important to note that there are risks associated with procuring and delivering services through an arm's length organisation and the council will need to initiate any procurement activity with due regard for these risks. In order to mitigate them the council will use the knowledge and experience of its current housing client team to assist in the development of output specifications that minimise these risks.

It is also important that the management agreement has review opportunities embedded within it, to ensure that with the passage of time, the relationship is still one that is effective for all parties. Whilst the council will clearly be entering into any long-term contractual relationship on the basis that it will run to the full term of the contract, it will need to ensure that an exit strategy is included within the management agreement.

8.2 Project plan summary

Subject to the Council's decision on the options appraisal and assuming that the Council proceeds in line with the proposals in this outline business case an indicative high level time line is set out below:

	January			February				March				April
W/C	16	23	30	6	13	20	27	5	12	19	26	2
Due Diligence												
TUPE Consultation												
Development of Business Plan												
Amend Management Agreement												

8.3 Output based specifications/delivery plan

This detailed document will summarise the housing service requirements in terms of outcomes and outputs and form part of a revised delivery plan agreed with Barnet Homes. They are scheduled to be completed in March 2012 and will be incorporated within a revised management agreement with the LATC.

Typical content includes:

- service introduction
- definitions / service terminology
- scope (function list)
- detailed service requirements (including service levels and KPIs)

8.4 Payment mechanism

The existing payment mechanism with Barnet Homes consists of a fixed management fee agreed annually with the Council.

Whilst the development of a payment mechanism for the remaining housing services will form a key part of the mobilisation stage, the following elements should be considered in order to maximise the potential of the partnership:

- fixed and variable price elements
- clear links to the achievement of agreed performance indicators

- gain-share for increased level of savings
- income-share where the services are delivered to other public and third sector partners.

8.5 Risk allocation and transfer

The ultimate aim of securing significant risk transfer to the provider is more complex in a relationship with an organisation that is wholly owned by the Council. Under these circumstances it is essential to have a clear understanding of risk ownership and management arrangements (subject to achieving value-for-money).

This will be developed as part of the negotiation of a revised management agreement and delivery plan during the mobilisation period.

8.6 Management agreement and contract length

The current management agreement with Barnet Homes for landlord services expires in 2014. This agreement will be novated to the Barnet Group as part of the establishment of the local authority trading company.

This will involve discussions about the term of agreement, in the context of an agreement between the LATC and the Council to provide the services to be delivered by Your Choice Barnet Limited.

At this stage it is proposed that the agreement length for the provision of housing services, reflects the current length for landlord services (e.g. 2014) subject to a review within 12 months of operation in order to determine:

- The effectiveness of the provision of new housing services transferred in 2012
- The effectiveness of the provision of existing landlord services over the life of the existing management agreement
- Customer consultation

Taking into account the nature of the housing service and the intention to aim for transformed services that deliver tangible cost reductions and increases in income, key considerations include the following:

- ensure that the management agreement incorporates a risk / reward mechanism that aligns the Barnet Group's strategic interests with those of the council
- ensure that the benefits are advantageous to each party and shared appropriately
- establish strong partnership governance structure, with sufficiently senior management involvement

- co-locate client and supplier management teams as soon as possible following contract award, and task this joint management team with transition planning.

Project roles

Key personnel and their roles in the project are set out below:

Role	Resource
Project sponsors	Kate Kennally Pam Wharfe
Senior service user	Cathy Osborn
Project manager	Paul Shipway
Finance lead (project team member)	David Walton
HR Business partner	Manjit Lall
Housing service transformation manager (project team member)	Roger Robbin-Coker
Legal advisor	Patricia Davila
Communications and engagement (project team member)	James Henderson

The programme governance arrangements are set out in the options appraisal and reflect the agreed arrangements for One Barnet projects. This provides a streamlined structure for decision-making and issue escalation.

8.7 Client management

The arrangements for contract management will not be exclusive to the Housing Services Project, and as such, need to be considered as part of wider One Barnet Programme activity. The council's intention to move to a strategic commissioning model dictates that strong performance management and governance of service deliverers and commissioners take place at different levels.

Most important for Housing Services is the relationships at the interface between the "customer" and "provider" roles. Performance management will need to focus on success in delivering outcomes, and move away

from more traditional contract management approaches where many performance indicators measure outputs as proxies for outcomes.

The client management of housing services also needs to consider the changes in Housing Revenue Account (HRA) reform due to take place from April 2012. This transfers responsibility for housing finance from central to local government and provides opportunities for the Council to create and retain value in its housing business plan through long term asset management in a way that has not been possible under the existing housing subsidy system.

The development of a new HRA business plan is underway as a separate, but linked project. In developing a new housing client, the ability of the Council to direct the HRA business planning process to address its housing objectives, through a variety of mechanisms will be critical to take advantage of the freedoms and flexibilities of HRA reform.

8.8 Risk management strategy

As outlined in section 7, project and procurement risks will be managed in line with the council's Corporate Risk Management Strategy and Project Management Toolkit.

8.9 Human Resources Issues

TUPE transfer

The proposed transfer of Housing Services as described in this business case will place circa 90 members of staff in scope to TUPE transfer to Barnet Homes (BH). This transfer will be a TUPE transfer as described in the TUPE Regulations 2006. In addition to the employment protections provided by the TUPE Regulations the Council's TUPE plus agreement will apply to this transfer and will form part of the contract between LBB and BH. The main protections are:

- Terms and Conditions may not be changed in the first year after transfer
- In scope employees to remain within LGPS
- Continuation of current Trade Union Representation
- A central Trade Union facility pot

Information and Consultation

A range of information and consultation mechanisms will be put in place and they will include:

- Provision of information to Trade Unions will be in line with the Council's TU Engagement Process for One Barnet Projects
- Staff Groups
- TUPE briefings for in scope employees and managers
- Consultation with Trade Unions on any proposed measures
- 1-1 consultation

Employee Equality Impact Analysis - Approach and Activities

A phased milestone approach will be taken to reviewing any equality impacts of the proposed transfer. The in scope staff have been compared against the profile of the Council at the outset of this project. This analysis shows that Housing Service has a higher proportion of female than male employees. As equality issues are either identified or raised these will be addressed on an on going basis.

Pension Issues

Transferring employees are expected to be admitted into BH LGPS. If there are any Pension Fund deficit issues these will need to be factored in.

Governance Process

The TUPE transfer of employees will be considered by the council's General Functions Committee and any relevant pension matters will be considered by the Pension Fund Committee.

8.10 Equalities

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

It is recognised that such a significant transformation of the services within scope is likely to have an impact upon staff and other stakeholders. It will be necessary to assess the equalities impact of the project on the different groups of people within the borough, as outlined in the 2011/12 Corporate Plan and work has already started towards this end.

As part of the Council's commitment to promoting equalities, the Housing Services project has carried out equalities impact assessments on both staff and customers which have gathered information about any differential impacts, potential or perceived impacts on different groups, including all of those groups covered by the Equality Act 2010. Members will be able to use this information to support them in having due regard to their duties under the Act. These considerations provide fact-specific information as well as assessing the impact of those facts on different groups of people including disabled people in Barnet.

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

The Council's equalities policy will also be followed in the management of the Mobilisation period. Barnet Homes' own equalities and diversity policies concerning employment practice and service delivery are regular

monitored by the Council in its existing client management role. The revised management agreement will include explicit requirements fully covering the council's duties under equalities legislation.

8.11 Health and Safety

Health and safety is an integral part of the Council's responsibility to its citizens, employees and service users. Through the procurement of services the Council will endeavour to ensure that workers and the public are properly protected. The council retains responsibility for third parties to carry out their responsibilities on their behalf. It is not possible to discharge these responsibilities in regards to section 3 of the Health & Safety at Work etc Act 1974.

The Council already does this through a framework with Barnet Homes to ensure compliance with all legislative requirements and standards as part of the existing management agreement. This arrangement will continue in the revised agreement with a common set of standards and expected activity. Prior to this as part of existing client management arrangements the council monitors Barnet Homes to ensure they hold the required knowledge, competencies and skills to maintain and develop the councils Health & Safety strategy in relation to the management agreement.

The Council as a commissioning body will monitor the management agreement, audit Barnet Homes, and work together with them to assess risk and review processes and procedures. Barnet Homes is already, and will continue to be assessed regularly against key performance indicators in health and safety this is to ensure that they meets the appropriate standards and regulatory requirements.

Appendix A: Existing delivery arrangements

Housing services provided by the council include the following functions:

- **Advice and Assessment** - staff in this area give advice to customers on housing issues and also assess customers who are homeless or about to become homeless on their eligibility for access to housing via the Council in the private or social housing sector.
- **Accommodation and Resources** – this area is responsible for maintaining the supply of properties from either the social rented sector or the private rented sector and the management of temporary accommodation.

A move to service delivery through Barnet Homes will provide an opportunity to deliver a single housing service to housing applicants and tenants. The expected outcomes include

- Improved void turnaround times
- Reduced costs from more efficient service
- Improved procurement of a supply of homes in the private rented sector
- Improved customer journey from initial contact with the service through to moving into their new home
- Improved standards of customer care

Key facts

Staff Numbers

	Post	FTE	Key Activities
Advice & Assessment	Housing Managers	2	<ul style="list-style-type: none"> • Housing Advice • Holistic Assessments/Banding • Nomination to properties • Mediation • Domestic Violence • Medical Assessments
	Housing Needs Team Leaders	7	
	Housing Needs Officers	31	
	Discretionary Housing Payment Officer	1	
	Youth Mediation Officer	1	
	Sanctuary Officer	1	
	Medical Assessment Team Leader	1	
	Senior Medical Assessment Officers	2	
	Housing appeals manager	1	
	Total	47	
Accommodation and Resources	Housing Manager	1	<ul style="list-style-type: none"> • Supply Management • Allocation of properties • Procurement of
	Team Leader (Supply)	2	
	Team Leader (Property Manager)	2	
	Housing Supply Officer	10	
	Property Management Officer	13	

	Surveyor	1	temporary accommodation • Procurement of private rented accommodation • Management of temporary accommodation <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL
	Out of Borough Officer	1	
	Landlord Liaison Officer	1	
	BLH Manager	1	
	BLH Caretaker	2	
	TA Occupancy officer	1	
	Housing Benefit Officer	2	
	Temporary Accommodation Reduction Co-ordinator	1	
	Project Officer	1	
	Members Liaison Officer	1	
	Total	40	• Rent Collection <ul style="list-style-type: none"> ○ Hostels ○ BLH ○ PSL ○ Annexes/B&B
	Grand Total	87	

Primary functions for the service include:

- Providing Housing Advice and Assistance
- Homelessness Prevention
- Assessment of Housing Needs
- Allocation of social housing
- Procurement of temporary accommodation
- Management of council owned hostels
- Rent collection for temporary accommodation

Approximate volumetrics for the service include:

Volumetric	2009 - 2010	2010 - 2011	2011 (April - September)
Homeless Presentations	640	855	484
Homeless Acceptances	232	251	130
Total Numbers in TA	2215	2139	2155
Total Numbers in Short-term TA	150	198	219
TA Rent Roll	£7,847, 794	£7,570,282	£3,830,221
TA Rent Collected as a percentage of Rent Roll	97.2%	94.8%	98.02%

Customer Contacts

Measure	2010 (April – September)	2011 (April – September)
Footfall at reception	6366 visits	5674 visits
Average wait time to be served	19.8 minutes	13.2 minutes

at Barnet House 2 nd floor reception		
Time spent with Housing Needs Officer (HNO)	14.7 minutes	23.1 minutes
Number of phone calls received	17,196	12,596
Average time to answer calls	90 seconds	43 seconds
Number of calls abandoned	19%	7%
Percentage of calls answered within 20 seconds	44.5%	71%
Average talk time	4 minutes 20 seconds	4 minutes 50 seconds

Appendix B: Information sources

Saffron Housing Management System
P1e Housing Returns to Department of Communities and Local Government (CLG)
Housing Strategy Statistical Appendix returns to CLG
CIPFA benchmarking data
Reception ticketing system at Barnet House
Barnet Council telephony system
Survey's of other local authorities and housing providers

Appendix C: One Barnet employee EIA – Housing Services

One Barnet Programme Name: Future of Housing Service

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

Project Sponsor:	Kate Kennally/ Pam Wharfe
EIA Owner:	Cathy Osborn
Date process started:	September 2011
Date process ended:	April 2012

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

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

1. Introduction

1.1 Aims and objectives of the OB programme

The Future of Housing Services project forms part of the One Barnet programme.

The One Barnet programme is the London Borough of Barnet's strategic change programme. At its heart is one clear aim – to become a truly citizen-centric council ensuring that our residents can lead successful and independent lives. It is also the council's response to address several drivers for change that have been identified:

- The financial pressures resulting from the global recession has brought the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £53m over the next three years, and our public sector partners face challenges of a similar scale.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The council believes that the One Barnet programme is best delivered through the adoption of the three key principles:

- **A new relationship with citizens**
 - Enabling residents to access information and support and to do more for themselves
 - be designed and delivered around customers' needs
 - provide the best possible customer experience
 - enable customers to help themselves by providing accurate and accessible
- **A one public sector approach**
 - Working together in a more joined up way with our public sector partners to deliver better services

- be in a position to support the requirements of all public sector partners and drive
- better multi-agency working
- be flexible and therefore able to rapidly respond to changing demands.
- **A relentless drive for efficiency**
 - Delivering more choice for better value
 - operate as efficiently as possible to both minimise the cost of the service and minimise
 - the cost to customers of accessing the service
 - be innovative and take advantage of evolving technology, thinking and practice
 - maximise the value the council achieves from all its assets (capital and revenue) safeguard the council's position to maintain its reputation and comply with legal responsibilities

1.2 Future of Housing

The Council's wider ambition for the Housing Service needs to be seen in the context of the wider One Barnet approach, which includes the establishment of outsourced development and regulatory services (DRS), the setting up of a Local Authority Trading Company (LATC) which incorporates Barnet Homes and the delivery of some adult social services, and a new customer services organisation (CSO) and a new support organisations (NSO).

The Council has also already carried out a systems thinking review of the Housing Service which has placed the customer at the centre of the service as well as delivering a more efficient service.

Ongoing ambitions for the service:

- Further development of customer centric approach with clients guided through the service from the start to finish of their journey through the housing system.
- Housing services provided that are tailored to individual customer needs
- Housing services which provide clear but realistic choices for customers
- A focus on helping those clients who need support, with the development of more facilities for self help for those that are more able, including the development of web based services
- Better integration between the demand side of the Housing Service and the supply of properties that are available to meet this
- Maximising opportunities from the reform of housing finance to improve and increase the housing stock.

1.3 Scope of the project

The Housing Service falls into two key areas. The first of these deals with the demand for housing assistance which is met through providing advice and matching eligible clients with available properties. The second area deals with the supply of accommodation, and includes liaison with social housing providers when their properties become available for letting, procuring homes in the private rented sector, and management of some temporary accommodation, including council owned hostels held in the general fund and properties the authority has leased from private owners, and collection of rents for short term emergency temporary accommodation.

These proposals will impact upon employees and the purpose of this Equality Impact assessment is to assess proposals as they evolve to understand whether particular groups are more impacted than others and whether any mitigation can reasonably put in place.

1.4 Description of the critical milestones

- Initial EIA on staff likely to be in scope carried out – the business case and the financial model identifies those in scope and out of scope
- Final CRC report will outline the preferred option and the services in scope
- Where applicable any post-transfer review

1.3 Key Stakeholders

- In scope staff – represented by the staff group and service lead group
- Council customers – represented by the members of the advisory group, these are the service areas that use the services in scope
- Politicians – decisions regarding the progress of the project will be taken by Cabinet
- Cabinet Resources Committee
- Senior council officers – the project is sponsored by the Director of Adults Social Services and Health and Interim Director for Environment, Planning and Regeneration. The project team is lead by the Interim Head of Housing and the board comprises of senior council officers
- Trade Unions – represented by trade union staff who attend monthly meetings with the project manager, HR and project sponsor

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

2.1 Milestone 1 - Outset

This is not expected to have any impact on staff as it is purely a paper exercise to establish the size of all the services in scope.

2.2 Milestone 2 - Final CRC Report

To be determined

2.3 Milestone 3 – Post-Transfer Review

To be determined

3. Monitoring Summary

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

Critical Milestones

** data withheld to prevent identification as less than 10 employees

		Outset data LBB data (April 2011)		Outset data Housing data (Nov 2011)		Final CRC Report (Jan 2011)		Post-Transfer Review (April 2012)	
		No.	%	No.	% of LBB outset data	No.	% of LBB outset data	No.	% of LBB outset data
Number of employees		3,745		82					
Gender	Female	2,347	63%	47	57%				
	Male	1,398	37%	35	43%				
Date of Birth (age)	1996-1985	179	5%	**	**				
	1984-1975	750	20%	20	24%				
	1974-1965	957	26%	37	45%				
	1964-1951	1,555	42%	21	26%				
	1950-1941	277	7%	**	**				
	1940 and earlier	27	1%	**	**				
Ethnic Group	White								
	British	1,872	50%	22	27%				
	Irish	120	3%	**	**				
	Other White	249	7%	**	**				
	Mixed								
	White and Black Caribbean	0	0%	**	**				
	White and Black African	0	%	**	**				
	White and Asian	21	1%	**	**				
	White – Turkish Cypriot	21	1%	**	**				
	White – Greek Cypriot	38	1%	**	**				
	Other Mixed	65	2%	**	**				
	Asian and Asian British								
	Indian	230	6%	**	**				
	Pakistani	36	1%	**	**				

	Bangladeshi	28	1%	**	**				
	Other Asian	60	2%	**	**				
	Black or Black British								
	Caribbean	218	6%	**	**				
	African	333	9%	19	23%				
	Other Black	37	1%	**	**				
	Chinese or Other Ethnic Group								
	Chinese	19	1%	**	**				
	Other Ethnic Group	64	2%	**	**				
	Blank	334	9%	11	13%				
Disability									
	Hearing (such as: deaf, partially deaf or hard of hearing)	6	<1%	**	**				
	Learning difficulties (such as dyslexia)	13	<1%	**	**				
	Mental illness (substantial and lasting more than a year)	6	<1%	**	**				
	Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)	3	<1%	**	**				
	Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or diabetes)	8	<1%	**	**				
	Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)	8	<1%	**	**				
	Other disability	9	<1%	**	**				
Religion or Belief	Blank	3,692	99%	82	100%				
	Christian	1,755	47%	40	49%				
	Buddhist	17	0%	**	**				
	Agnostic	44	1%	**	**				
	Atheist	58	2%	**	**				
	Humanist	5	0%	**	**				
	Hindu	192	5%	**	**				
	Jewish	120	3%	**	**				
	Muslim	144	4%	**	**				
	Jain	16	0%	**	**				
	Sikh	17	0%	**	**				
	Baha'i	0	0%	**	**				
	Other religions	124	3%	**	**				
	No religion	613	16%	**	**				
	Not stated	275	7%	11	13%				

	No response on faith	323	9%	**	**				
	No form returned	41	1%	**	**				
Sexual Orientation									
	Heterosexual	2,461	66%	45	55%				
	Bisexual	14	0%	**	**				
	Lesbian / Gay	45	1%	**	**				
	Prefer not to say	797	21%	10	12%				
	Blank	428	11%	27	33%				
Marriage and civil partnership									
	Married	1,181	32%	21	26%				
	Single	964	26%	23	28%				
	Widowed	20	1%	**	**				
	Divorced	105	3%	**	**				
	In civil partnership	6	0%	**	**				
	Co-habiting	41	1%	**	**				
	Separated	13	0%	**	**				
	Not stated	1,415	38%	35	43%				
Relevant and related grievances									
	Formal	0	0%	**	**				
	Upheld	0	0%	**	**				
	Dismissed	0	0%	**	**				

3.2 Evidence

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

SAP provides the primary data, plus the 'local knowledge' of heads of service. They will consider the impact of the project on the following, amongst other potential factors:

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

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

Data used for employee equalities is taken from the information held in SAP at the time.

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

- Milestone 1 - Outset
- Milestone 2 - Final CRC Report
- Milestone 3 – Post-Transfer Review

4.1.1 Milestone 1 - Outset

The EIA data was reviewed in conjunction with the Options appraisal and business case to ensure that the proposed solution identified any equalities implications on staff

4.1.2 Milestone 2 – Final CRC Report

At the end of Business Case and options appraisal, one proposal will be accepted. The EIA will be reviewed in the light of the chosen solution in order to assess the potential impacts on staff in scope.

4.1.2 Milestone 3 – Post-Transfer Review

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

4.2 Actions Proposed

4.2.1 Milestone 1 - Outset

Were there any unexpected equalities impacts that you did not identify at the first stage?

How will the learning be brought forward to the next milestone?

When you compare the ratio of female:male staff between (a) LBB and (b) the Housing staff in scope identified during the outset data, there is a significant difference. LBB is split 63%:37% but Housing is 57%:43%.

The relatively high number of females within Housing is explained by historic patterns of womens' involvement in housing.

4.2.2 Milestone 2 – Final CRC Report

Were there any unexpected equalities impacts that you did not identify at the first stage?

How will the learning be brought forward to the next milestone?

TBC following CRC

4.2.2 Milestone 3 – Post-Transfer Review

Were there any unexpected equalities impacts that you did not identify at the previous stages?

How will the learning be captured?

TBC

Business Scrutiny:

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

Table 1

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

Milestone Description	Programme Office	Trade Unions – appropriate TU for Project	CDG	DPR - Delegated Powers Report	GFC – General Functions Committee
<i>Milestone 1 - Outset</i>	N/A	05 Aug 2011	19 Jul 2011	N/A	N/A
<i>Milestone 2 – Final CRC Report</i>	N/A	22 Nov 2011	06 Dec 2011	N/A	16 January 2012
<i>Milestone 3 – Post-Transfer Review</i>	TBC	TBC	TBC	TBC	TBC

Appendix D: Housing Services EIA customers

The council is considering three options for future management of the housing needs and resources functions of the housing service. The options currently being considered are:

1. Retain the service within the council
2. Transfer the service to Barnet Homes
3. Outsource the service

An equalities risk assessment has been carried out with staff representatives to identify whether any of the options present risks for customers with the protected characteristics.¹ The Council's approach is to try to determine the levels of risks to communities and to the Council, where policies will have a positive impact on some groups and where there is a risk of a potentially detrimental effect on others. A scoring system is used to help identify the level of risk and our threshold to indicate when a full equalities assessment should be carried out is 20. An example of the risk assessment undertaken is attached.

A snapshot of customer data was considered and staff involved in the assessment were also familiar with service specific data for example customers who have been victims of domestic violence. It was recognised that information from the housing management system is not complete following introduction of the new housing allocations policy, particularly in relation to customers' disabilities.

One of the considerations was that the in house option did not mean 'no change', and keeping the service in house whilst reducing costs could have a greater impact on service delivery than other options.

Two of the options – retaining in house and transferring the service to Barnet Homes were found to have low to medium equalities risks (see attached). The main risks identified with these options were:

1. Retain In house service

The group was equally divided on this option presenting a low or medium risk. It was recognised that there were high impacts but medium to low risks in most categories. The main risk identified was:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none">• A reduced service could lead to a decline in satisfaction and also in community relations	<p>The 'retain in house' option does not mean 'no change' and services may have to reduce.</p> <p>Scope for mitigation would be limited if</p>

¹ Identified in the Equality Act 2010.

	the service remained as a stand alone in house operation, due to lack of potential to take advantage of economies of scale.
--	---

2. Transfer to Barnet Homes

The majority thought that overall this was a medium risk. The main risks and mitigations identified were:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> BH providing assistance for existing (council) tenants e.g. trade down cases (it was recognised that this may be an effect of the new allocations scheme). 	Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Void turnaround is a priority for Barnet Homes and may mean that more vulnerable clients are disadvantaged by emphasis on letting turnaround. 	Priorities for BH are set by the council. Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented 	Would be addressed through management or other legal agreement requiring service standards for hostels/TA residents and general performance management of BH
<ul style="list-style-type: none"> Relationship with ASCH and other partners could deteriorate 	Potential synergies/links and possibility of better working with ASCH through LATC

3. Outsource

Outsourcing the service was found to be a high/medium risk and. The main risks and impacts identified were:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> Quality of temporary accommodation and repairs which may be seen as an area of cost reduction depending on operating models. 	Risks would transfer to the contractor and would be addressed through the service specification and contract.
<ul style="list-style-type: none"> Risk of companies closing would impact both on service delivery and the council's reputation. 	
<ul style="list-style-type: none"> Economies of scale could mean a less local focus for the service, services relying on web based information and access could exclude older people, some people with disabilities and those in temporary accommodation where BME households are over-represented. 	
<ul style="list-style-type: none"> More vulnerable people would be 	

overlooked and needs unmet.	
<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented. 	
<ul style="list-style-type: none"> Negative impact on voids and therefore on customers. 	

4. Conclusion

Outsourcing was found to have higher equalities risks than the other options and should this option be selected a full equality assessment and action plan would be required.

Whilst some risks were identified with the other options for the service (retain in house or transfer to Barnet Homes) these were not significant and should be addressed through an equalities improvement plan.

5. Example of Risk assessment template used

1. Project/Policy: Housing Options – Transfer to Barnet Homes	Date: November 2011
Summary: The housing needs service transfers to Barnet Homes.	
Evidence, information and data considered: <ul style="list-style-type: none"> Housing needs and resources customers are more diverse than the overall population of Barnet, customer data over last 12 months considered (see attached). NLSR research in to the need and aspirations of BME groups (2010) 	
2. How is this EIA being completed and roles:	
Lead officer(s)	Paul Shipway (PS) Cathy Osborn (CO)
Internal stakeholders	Staff consultation group. Project team.
Completed by:	Sue Tomlin

Key to scores (multiply):

High	Medium	Low
3	2	1

3. Risk assessment	Likelihood			Impact			Score
	H	M	L	H	M	L	
3.1 Could different communities receive different service outcomes?		X			X		4
3.2 Could this part of the new service decrease satisfaction ratings amongst different groups of residents?		X				X	2
3.3 Could this part of the new service damage Barnet's reputation as a good place to work and			X			X	1

live?							
3.4 Could this part of the new service mean that members of Barnet's diverse communities feel less confident about the council and the manner in which it conducts its business?			X			X	1
3.5 Will this new part of the service affect the council's ability to promote good relations between different communities?		X				X	2
Total							10

4. What are the main potential equalities risks?

The main potential risks are that outcomes could differ for customers and that satisfaction and relations between different communities would be affected. See further details in the table below:

Issue/Risk	Mitigation/Comments
<ul style="list-style-type: none"> BH providing assistance for existing (council) tenants e.g. trade down cases (it was recognised that this may be an effect of the new allocations scheme). 	Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Void turnaround is a priority for Barnet Homes and may mean that more vulnerable clients are disadvantaged by emphasis on letting turnaround. 	Priorities for BH are set by the council. Would be addressed through general performance management of BH
<ul style="list-style-type: none"> Some groups being treated less fairly e.g. those in temporary accommodation where BME households are over-represented 	<p>Would be addressed through management or other legal agreement requiring service standards for hostels/TA residents and general performance management of BH. BH have a developed and mature approach to embedding equalities issues throughout their organisation.</p> <p>They have a good track record on consultation and tenant involvement.</p>
<ul style="list-style-type: none"> Relationship with ASCH and other partners could deteriorate 	Potential synergies/links and possibility of better working with ASCH through LATC

5. How have customers been consulted on the anticipated impacts?

Consultation will be carried out as part of budget savings consultations.

6. How have comments influenced the final proposal?

Not applicable – but may as budget consultation takes place.

7. How will outcomes and any unintended adverse impacts be monitored?

These will be monitored through the established performance management arrangements. An equalities improvement plan will be delivered by Barnet Homes and reviewed by the council within 12 months from the transfer. Barnet Homes have their own system for equalities monitoring and the shared IT system will enable data and performance monitoring.

Proceed to full assessment: No



GMB Response to Options Appraisal – Future Delivery of the Housing Service



Recommendations;

1. That the Options Appraisal is revisited with the option of expert led in house transformation included.
2. Confirmation that at a minimum the council's current 'TUPE PLUS' option is included in the report.
3. That if any transfer occurs the full TUPE PLUS option as recommend by the joint trade unions is implemented.

After looking at the Options Appraisal the GMB have the following concerns over the methodology used and the consequent outcome;

1. Although we are glad to see that in-house was included in the options appraisal we are disappointed to see that in-house with expert led transformation is not included. This misses out a vital option for improving cost and quality of the service. Also missing is the option to bring Barnet Homes in-house.

Response : *In house expert led transformation has already taken place with a systems thinking lean review of the housing service carried out in 2010. The options appraisal highlights the fact that whilst this has led to a level of service transformation, these improvements are not yet fully embedded and more work is required to build on this.*

2. The methodology of weighting is questionable for amongst other things the following reasons. From table 3.13 it is difficult to understand the scoring for the options. For example;
 - Price - it is difficult to understand why the in-house option has scored so much lower on this option especially in relation to the option to move to Barnet Homes. As this is a company solely owned by the Council how will it be a better price than an internal transformation?
 - Investment - it is also difficult to see how it would be easier to make investment through a subsidiary company. The cost will still fall to the council in the same way as if it was kept in-house.
 - Income Generation – internal transformation could unlock the voids process. Bringing Barnet Homes back in-house could resolve the current disconnect experienced.
 - Pace – again it is difficult to understand how Barnet Homes could transform the service so much faster. An internal transformation with the use of specialist led advice could be just as fast if not quicker. The fact that Barnet Homes is also going through a change process to become part of the LATC has several possible affects on its ability to make savings quickly. As

LATC's are a new entity there is no concrete evidence that the move to this will be a success or bring the benefits the report outlines.

- Flexibility – although the GMB agree that moving to Barnet Homes would be more flexible than being outsourced to an external partner we do not believe it would make it more flexible than it currently is or could be through suitable transformation.
- Performance – this is again an unknown factor for the newly formed LATC. Expert led transformation could dramatically increase productivity.
- Service transformation – although only a very small difference it is difficult to understand the reasoning for scoring the in-house option lower than the others here.

Response: *Price – the Barnet Homes option scored higher as it was felt that the savings could be achieved within a larger housing focussed organisation (compared with the in house housing service) with a lower impact on customer services.*

Investment – the score here relates to the investment in upgraded IT systems. It was felt that under the Barnet Homes option there was a greater likelihood of achieving a successful co-ordinated and integrated housing IT system.

Pace – The in house option provides no additional impetus to increase the pace of change. The Barnet Homes option can be implemented quickly and as a mature housing focussed organisation, they have an established track record of delivering performance improvement quickly.

Flexibility – The scoring here is based on the ability of a single housing focussed organisation to adapt to future changes in the external housing market. It is also related to the arm's length nature of the relationship which provides a level of operational freedom to allow Barnet Homes flexibility.

Performance – Barnet Homes has a proven track record of performance improvement.

Service transformation – The scoring relates to the fact that the lean systems service transformation is not yet fully embedded. The view is that a single housing focussed organisation would be better placed to continue the process of improving the customer experience.

3. In Appendix C the report talks about the strengths and weaknesses of the different options. Although the GMB welcomes the honesty in regard to the weaknesses of outsourcing not seen in other One Barnet reports we have concern over the failure to list the strengths of maintaining an in-house service including those listed in the other options. For example; increased Democratic accountability, no procurement required, any financial benefits stay with the council, Economies of scale (the council is, currently, far larger than Barnet Homes).

Response :*The comments about outsourcing are made in the context of the external market for housing services and do not refer to outsourcing in general. Democratic accountability is achieved through the Council's ownership of the LATC. No procurement process is required as the Teckal exemption applies. Financial benefits would remain with the Council through a reduced management fee. Economies of scale can be found from the larger housing focus that Barnet Homes has compared with the Council as a whole.*

4. In Appendix 4 the report talks of impact on staff. The same issue of failing to list some common benefits to all options for staff. There is also no mention of TUPE Plus. Many of the benefits listed for Barnet Homes would be available in an in-house model. Fails to mention increased stress of TUPE transfer and possible stress for increased workload through efficiencies/ redundancies.

Response :*The Council's view is that the staff would benefit from working within a larger housing focused organisation in a way that would not be possible by keeping the service in house, for example sharing of expertise and associated learning, and better capacity for development and training. The Council recognises that all three options will require change, which some staff may find stressful, and is providing support through TUPE and Change and Me workshops, as well as a comprehensive communications plan.*

The process of outsourcing will involve the Transfer of Undertaking and Protection of Employment [TUPE] Regulations and the London Borough of Barnet and its partners will comply with all of their TUPE obligations, plus any other obligations which are extant at that time. The London Borough of Barnet has also committed to enhancing the TUPE terms as set out below.

- *all employees in services moving to a new employer will be able to continue their membership of the Local Government Pension Scheme uninterrupted and unchanged*
 - *local union recognition will be protected for staff moved to external suppliers*
 - *terms and conditions of staff transferred will be protected for at least one year after leaving the council's employment*
 - *any changes to terms and conditions after that first year will have to be negotiated with the appropriate trade union.*
5. As well as a loss of democratic accountability there will be a loss of transparency if the 'preferred option' is pursued.

Response :*Transparency and democratic accountability will continue through Council ownership of the LATC and Council representation on the LATC board.*

AGENDA ITEM:7

Pages nos. 178 - 181

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	General Debt, Housing Revenue and General Fund (Temporary Accommodation) Write Offs
Report of	Cabinet Member for Housing
Summary	This report proposes the write off of individual debts in excess of £5,000 arising from Temporary Accommodation rental charges during the financial year 2005.

Officer Contributors	Cathy Osborn, Interim Head of Housing Rashmikant Mandalia, Team Leader, Housing Management Team (Finance)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix "A"– Schedule listing the amount to be written off
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable
Contact for further information: Rashmikant Mandalia, Team Leader, Housing Management Team (Finance), (Planning and Regeneration), 020 8359 4805.	

1. RECOMMENDATIONS

- 1.1 That the Temporary Accommodation charges totalling £97,438.30 and detailed in the Appendix “A” to this report be written off.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee 2nd March 2011 approved write off of arrears amounting to £575,452.89 covering the period 1999 to 2004, agenda item number four.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The write-off proposal helps meet the Corporate Plan 2011-13 priority of better services with less money through meeting the strategic objective of helping managing assets and resources more effectively and sustainably.

4. RISK MANAGEMENT ISSUES

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

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 It is considered that this matter is not likely to neither have an impact on the Council's statutory duties under the Equality Act 2010 nor compromise the commitment outlined in the Council's Equality Scheme 2007/08-2010/11.

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

- 6.1 The debts proposed to be written off relate to the financial year 2005. It is important to note that the amounts to be written off are within the existing bad debt provision of £97,438.30 covering nightly purchase and hostels.
- 6.2 There are no other resource implications.

7. LEGAL ISSUES

- 7.1 The Council has a duty to its taxpayers to take steps to recover money owed to it. However, section 19 of the Limitation Act 1980 states that no action shall be brought, or distress made, to recover arrears of rent, after the expiration of six years from the date on which the arrears became due.

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 include “to write off debt”.

9. BACKGROUND INFORMATION

- 9.1 The debts which are proposed to be written off relate to charges arising from individuals or families placed in bed and breakfast accommodation and hostels as emergency accommodation during the financial year 2005.

- 9.2 The persons placed in temporary accommodation were individuals or families with low incomes who presented themselves as homeless to the Council for assistance. They were placed in emergency accommodation whilst their applications were assessed. Most individuals' income was derived from state benefits. Delays in the set up and processing of these caused knock on delays in claims for housing benefits and a consequent build up of rent arrears. Clients subsequently moved out of their accommodation without leaving a forwarding address and it has therefore proved difficult to find households from whom to recover the debts.
- 9.3 The Council has a fiduciary duty to its council taxpayers to recover monies owing to it. The Council also has a duty to act reasonably
- 9.4 Attempts to trace individuals in order to collect debts have included searches of the Council's internal housing management , Housing Benefit and Council Tax databases, enquiries made with agents, visits and minimum of five letters sent out on each cases. Having regards to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debt, with a greater number of checks being carried out in respect of larger debts. Due to the Council's updating of various Information Technology systems, it has also been very difficult to trace the movement of people where there is no access to pre-existing systems.
- 9.5 In the cases dealt with within this report and for the reasons given, it has not been possible to collect these debts. Further, as each of the debts is over six years old the Council is statute barred from bringing action. This means that the Council is legally unable to recover any monies from these individuals placed in emergency accommodation. The Limitation Act 1980 provides that when the following conditions are met then the debt cannot be pursued through the courts. The conditions are:-
- that the creditor has not taken court action;
 - that no payments have been made on the debt over the last six years; and
 - that the debtor has not written to the creditor acknowledging that it owes them money.

- 9.6 The breakdown of the debt is as follows:

Year debt was accrued	Amount £
2005	£97,438.30
Total	£97438.30

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

	<u>Nightly Purchase</u>
2005	10
Total	

	<u>Hostels</u>
2005	3
Total	

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal
CFO

APPENDIX “A” – SCHEDULE LISTING THE AMOUNT TO BE WRITTEN OFF

NIGHTLY PURCHASE

<u>RENT ACCOUNT</u>	<u>Balance</u>	<u>Account Type</u>	<u>BB END DATE</u>	<u>Reason for Write Off</u>
<u>Bed and Breakfast</u>				
152449016	£ 9,582.95	B&B	14-Feb-05	Statute Barred
153130018	£ 5,031.34	B&B	04-Apr-05	Statute Barred
153217015	£ 6,095.65	B&B	04-Apr-05	Statute Barred
155251014	£ 7,082.12	B&B	12-Apr-05	Statute Barred
170011401	£ 6,124.50	B&B	06-May-05	Statute Barred
170012187	£ 5,766.69	B&B	13-May-05	Statute Barred
154742018	£ 5,960.00	B&B	19-May-05	Statute Barred
153785016	£ 8,077.79	B&B	25-Aug-05	Statute Barred
170014280	£ 8,278.52	B&B	03-Nov-05	Statute Barred
143922014	£ 9,470.76	B&B	03-Nov-05	Statute Barred
	<u>£ 71,470.32</u>			

HOSTELS

<u>RENT ACCOUNT</u>	<u>Balance</u>	<u>Account Type</u>	<u>Hostel END DATE</u>	<u>Reason for Write Off</u>
<u>Hostels</u>				
153637011	£ 5,793.85	FTA	19-May-05	Statute Barred
153142012	£ 7,445.35	FTA	27-Feb-05	Statute Barred
170011392	£ 12,728.78	FTA	11-Sep-05	Statute Barred
	<u>£ 25,967.98</u>			

AGENDA ITEM: 8

Pages nos. 182 - 188

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Waiver of Contract Procedure Rules for the provision of Emergency Temporary Accommodation
Report of	Cabinet Member for Housing
Summary	This report seeks waiver of Contract Procedure Rules to enable the regularisation of existing appointments and the future appointments of landlords for the provision of Emergency Temporary Accommodation, , an EU Regulation Part B Service, pending incorporation of Procedure for Appointment of Landlords into the Procurement Code of Practice which is pending review and completion Spring 2012.

Officer Contributors	Nick Lowther, Homelessness Reduction Co-ordinator
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A [Emergency Temporary Accommodation Providers]
For decision by	Cabinet Resources Committee
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 the Committee waive Contract Procedure Rules as identified in section 8 (below) of the report in order to enable the regularisation of existing appointments of landlords (as identified in the, attached, Appendix) and the future appointments of landlords for the provision of Emergency Temporary Accommodation, an EU Regulation Part B Service, pending incorporation of a Procedure for Appointment of Landlords into the Procurement Code of Practice which is pending review and completion Spring 2012.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee at its meetings on 16th June 2011 and 6th September 2011 reviewed and agreed the Procurement Controls and Monitoring Plan produced following the comprehensive review of the Council's contract monitoring arrangements.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council's Corporate Plan 2011-2013 under the corporate priority 'Sharing Opportunities and Sharing Responsibilities' has a top performance target that short-term nightly purchased temporary accommodation is kept below 250 units and that there are fewer than 300 homelessness acceptances in 2011/12.
- 3.2 The regularisation of contracts and the efficient handling of emergency temporary accommodation placements will contribute to the council's key priority of 'Better services with less money' through efficient procurement and contract management.

4. RISK MANAGEMENT ISSUES

- 4.1 There is a significant reputational risk associated with failure to regularise existing contractual arrangements within the timescale presented to the Audit Committee. Waivers to the Contract Procedure Rules (CPRs) are being sought to secure authority to expedite regularisation and therefore mitigate this risk.
- 4.2 There is a risk that where the value of a contract exceeds EU thresholds, that a challenge could be made against the council. However these services are largely Part B services (of little cross-border interest) and as they are reactively, rather than proactively sourced, this risk is considered to be low.
- 4.3 If the waiver is not granted, there is a significant risk that the Housing service will be unable to meet the needs of service users in accordance with the council's statutory obligations.
- 4.4 Despite the absence of formal compliant contracts, procedures are in place to ensure the safeguarding of homeless households and also to protect the council's interests (see 9.4).

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to the Equalities Act 2010, public sector organisations have a responsibility to consider equality as part of every procurement process.

5.2 The council is also under obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the context of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

5.3 The council's Equalities Policy will also form part of the formal evaluation of all future providers' proposals. Any contracts established will include explicit requirements fully covering the council's duties under equalities legislation.

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

6.1 As at 30th November 2011 there were 259 units of emergency temporary accommodation provided by a total of 22 managing agents. The housing service is taking action to reduce the numbers in emergency accommodation in line with corporate targets.

6.2 At the end of the 2nd quarter of 2011/12, the council was forecasting a spend of £2.41m in 2011/12 on securing emergency accommodation through a number of different agents and providers. In the same period it is expected that the council will collect £2.47m in rental income from these units.

7. LEGAL ISSUES

7.1 The council's legal duties, with respect to housing homeless persons are set out in paragraph 9 below.

7.2 Services which fall within Part B of Schedule 3 to The Public Contracts Regulations 2006 (as amended) are not subject to the full EU procurement regime but must meet the Treaty principles of transparency, fairness and non discrimination. Subjecting the, relevant, service(s) to a limited amount of advertising – e.g. on the council's website – and enabling interested parties to be considered in the process is, generally, deemed to be sufficient to meet these requirements. It is considered that the provision of emergency temporary accommodation is unlikely to generate cross-border interest.

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 Rule 5.8 of the Contract Procedure Rules authorises a Cabinet Committee to waive the requirements of the CPRs if satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:

8.2.1 - the nature of the market for works to be carried out or the supplies or services to be provided has been investigated and demonstrated to be such that a departure from the requirements of the Contract Procedure Rules is justifiable; or

8.2.2 - the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

8.2.3 - the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or

8.2.4 - there are other circumstances which are genuinely exceptional

- 8.3 This report seeks waivers on the basis of 8.2.1 and 8.2.4. These waivers are sought to provide compliance with the recommendations of the Audit Committee Procurement Controls and Monitoring Plan. Compliance for Housing Service Part B Service delivery cannot be achieved without this waiver.
- 8.4 Waiver of Contract Procedure Rules
- 8.4.1 Contract Procedure Rule 5 and Table 5-1 set out the council's 'Authorisation' and 'Acceptance' Principles. Waiver of this Rule is sought, herein for the purposes identified within this report.
- 8.4.2 Contract Procedure Rule 6.4 to 6.6 and Table 6-1 set out the council's tender procedure requirements. Waiver of this Rule is sought, herein for the purposes identified within this report.
- 8.4.3 Contract Procedure Rule 6.9 to 6.15 set out requirements in relation to Framework Agreement, Approved Lists of External providers, Single Source Suppliers, Gateway Review Process and Financial Restrictions on Selection of Procedures.
- 8.4.4 Contract Procedure Rule 10.2 requires every contract to have, specified, written terms and conditions. The, relevant, management frameworks are as agreed with the two, other, local authorities who are parties to the arrangement with the, relevant, landlords.
- 8.4.5 Contract Procedure Rule 10.3.7 requires a sufficient surety (e.g. bond) to be taken where the contract is to be performed in stages or over a period of time and the cost of the contract is over £300,000, unless the Director/Head of Service, the Chief Finance Officer and the [Assistant Director – Legal] direct otherwise following the completion of a risk assessment. It is considered that the cost of, at least, one of the management frameworks with a landlord may exceed the £300,000 threshold. However, as emergency accommodation is spot purchased and occupied for short lengths of time, it is considered that a bond is not required and that the absence of a bond will not adversely impact upon the council's position in the arrangements.
- 8.4.6 Contract Procedure Rule 10.6 requires a contract to be sealed where its value exceeds £156,422, unless the Assistant Director – Legal directs otherwise. The management frameworks with, existing, landlords have been signed. It is not considered that the council's position will be disadvantaged given the short term nature of temporary accommodation arrangements. Any future management frameworks which are entered into prior to incorporation of a procedure for appointment of landlords into the Procurement Code of Practice will be dealt with in accordance with the Contract Procedure Rules and the Scheme of Delegation of the, relevant, service.
- 8.4.7 Contract Procedure Rule 10.7 provides that contracts not made under seal can be signed by the relevant Director/Head of Service, Chief Executive, Director of Corporate Governance, Assistance Director – Legal or any officer authorised by them. The existing management frameworks have been signed by the temporary accommodation Team Manager. Waiver of this Rule is sought in relation to these, existing, management frameworks. Any, further, temporary accommodation management frameworks which are entered into prior to incorporation of a procedure for appointment of landlords into the Procurement Code of Practice which is pending review and completion in Spring 2012,

will be dealt with in accordance with the Contract Procedure Rules and the Scheme of Delegation of the, relevant, service.

- 8.4.8 The waiver of the rules is required to authorise the council to regularise existing appointments and to make future appointments of landlords to provide emergency temporary accommodation, until such time as amendments to the Contract Procedure Rules are made to take account of the, particular, nature of emergency temporary accommodation.

9. BACKGROUND INFORMATION

- 9.1 Councils have a duty under the Housing Act 1996 (as amended by the Homelessness Act 2002) to assist those approaching them for housing advice and to secure accommodation for people who the Council believes to be homeless, eligible for assistance and in priority need. To meet this need, the council utilises emergency accommodation that is paid for on a nightly basis.
- 9.2 Currently, the Council works with a number of managing agents who have the capacity to provide approximately 260 units of accommodation to the Council. The accommodation is offered on licence to the Council and homeless applicants occupying the properties are granted licence agreements by the Council.
- 9.3 Since August 2011, the council has been involved in a joint procurement agreement with the London Boroughs of Haringey, Enfield and Camden. This has served both to agree set standards for accommodation and a favourable pricing agreement for the boroughs, reducing the costs of temporary accommodation. This agreement has recently been expanded to include the London Borough of Islington.
- 9.4 The Housing service adopts a verification process, similar to that of a formal tender process, for all agents providing emergency temporary accommodation. The process includes verifying proof of identity, company accounts, evidence of staff procedures including CRB checks, certificates of insurance and a signed management agreement between the provider and the council amongst others.
- 9.5 The comprehensive review of the Council's contract monitoring arrangements highlighted that contracts had been established for emergency temporary accommodation landlords but procurement visibility of appointment procedure was queried in relation to a robust audit trail.
- 9.6 Corporate Procurement Team have supported the Housing Service to develop a procedure for appointment of emergency temporary accommodation landlords. The draft procedure for appointment has been prepared by Housing Service and has been reviewed as acceptable by procurement. The draft document has been forwarded to Legal Services for their review.
- 9.7 The draft procedure for appointment of emergency temporary accommodation landlords, once concurred, will be incorporated into the Corporate Procurement Team's annual review of Contract Procedure Rules and form part of the update to the Procurement Code of Practice. The annual review will commence in January 2012 with conclusion envisaged for the end of the current financial period.
- 9.8 The adoption of the procedure for appointment of emergency temporary accommodation landlords within the Procurement Code of Practice will provide support to future audit

review and provide consistency with regard to the appointment of landlords. This service provision is subject to EU Regulations Part B Services which require good practice to be undertaken.

- 9.9 The waiver of contract procedure rules has been identified as appropriate to cover the intervening period between the comprehensive review of the Council's contract monitoring arrangements and incorporation of the procedure for appointment of emergency temporary accommodation landlords within the Procurement Code of Practice.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal –
CFO –

Appendix A - Emergency Temporary Accommodation Providers

Provider
A&G Gardner
Alasia Accommodation
Andrew James Lettings Ltd
Apex Housing Solutions
Asset Grove Ltd
Atlantic Lodge
Crestpoly Estates & First Housing
Euro Stars Lettings Ltd
Jane Thorne Housing
Kimblecrete Ltd
Limelight Properties
Manor Hostels Ltd
L C Mitsiou & Son Ltd
Moss Hall Hotel
Oakforest Properties Ltd
Omega Lettings Ltd
Seemore Lettings Ltd
Stagecoach Lettings Ltd
Stone Lodge Hotels
The Property Company
Tower Estates (Lodge) Ltd
Varosi Estates
West Lodge Ltd
Woodhouse Estates

AGENDA ITEM:	Pages nos. 189 - 196
Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	One Barnet Passenger Transport Service – SEN Framework Contract extension
Report of	Cabinet Member for Customer Access and Partnerships
Summary	This report seeks approval to extend the SEN Framework Contract expiring on 29 February 2012 for a second term to allow adequate time for the West London Alliance (WLA) to procure a region-wide collaborative framework contract for the participating boroughs (Barnet, Brent, Ealing and Hounslow)
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Officer Contributors	Kate Kennally - Director of Adult Social Care and Health Declan Hoare – Assistant Director (Highways and Transport) Environment, Planning and Regeneration Bernard McGreevy – Environment Service Manager, Environment, Planning and Regeneration Tahir Mahmood – Project Manager, Commercial Services
Status	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
Contacts for further information: Tahir Mahmood, 020 8359 7678, Bernard McGreevy, 020 8359 5100	

1. RECOMMENDATIONS

- 1.1 That the SEN Framework Contract for passenger transport, expiring on 29 February 2012, be extended for a second term for a period of 12 months and up to a maximum value of £3.042m to allow adequate time for the West London Alliance (WLA) to procure a region-wide collaborative framework contract for the most suitable provider(s) for the service to benefit both the customer and the Council.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 6 May 2008 (Decision item 5) – approved the establishment of the Future Shape of the Organisation¹.
- 2.2 Cabinet, 3 December 2008 (Decision item 5) – approved the programme structure for the next phase of the Future Shape programme and that a detailed assessment of the overall model for public service commissioning, design and delivery should be undertaken.
- 2.3 Cabinet, 6 July 2009 (Decision item 5) – approved that three principles would be adopted as the strategic basis for making future decisions:
- a new relationship with citizens
 - a one public sector approach
 - 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.

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

- 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.
- 2.10 Cabinet Resources Committee, 27 September 2011 (Decision item 16), the committee approved the recommendation 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 framework.

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, 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 potential cost savings during the financial year 2012/13, the award of the contract should take place by July 2012 for the new providers to commence service delivery from start of the school year 2012/13. In order to undertake such a complex procurement thoroughly and safely, it is usual to allow an 6 to 8 month timeframe for the procurement and reporting process from the current stage of the WLA procurement project.
- 4.3 The WLA contract procurement plan aims for the contract to be awarded in May 2012 and to have the new provider(s) delivering passenger transport services from September 2012. However, the WLA project plan has been reviewed by Barnet's Procurement Service who has advised that the implementation plan is ambitious with no contingency to allow for any delays and thus the recommendation is for Barnet to extend the current contract for 12 months to minimise the disruption to the service.
- 4.4 There is a risk that the Barnet's transport requirements will not be met by the number and type of suppliers in the procurement process. This is mitigated by the WLA planning to re-advertise the tender following the evaluation process in March 2012, if necessary, This will result in Barnet missing the September 2012 window to implement the service. The service can only be implemented at term breaks. Thus the recommendation is to allow 12 months extension of the current contract. However, the extension will only be utilised as much as necessary.
- 4.5 If this proposed extension of the current SEN transport framework agreement is not approved, the Council will be required to source the SEN Passenger Transport provision for the interim period between the current SEN Transport Framework agreement expiring on 29 February 2012 and the commencement date of the West London Alliance's SEN Passenger Transport Framework Agreement, planned for April 2012 but with the risk that could also be delayed until September 2012. As such, the council would be exposed to higher market rates and be required to undertake a mini tender process to cover this gap between the council's and the West London Alliance's contract periods.
- 4.6 Currently there is a 2 month interval between contract expiring and WLA Framework Contract award where there will be no contract in place unless this extension is allowed. Further, spot hire will also exceed the threshold which will trigger the procurement via the European procurement process.
- 4.7 The Procurement rules (the Public Contracts Regulations 2006) set out a legal framework within which contracting authorities must carry out their procurement function, this includes an extension/variation to contract, which should normally be subject to a full OJEU procurement Process. There is

therefore a risk that this second extension of the contract could be viewed as being anti-competitive by the market resulting in a complaint or a challenge. This risk is being mitigated by stressing that this extension is solely being sought to enable the Council to participate in the WLA contract procurement and ensuring that the procurement process to replace this contract is conducted in a fair way with open market competition and in accordance with the contract procedure rules and the European regulation on procurement of framework contracts

- 4.8 The WLA Transport Efficiency Programme Board is managing the programme level risks associated with the delivery of the programme and the procurement of the framework contract. 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 are supported by People Too, a specialist transport consultancy, to ensure the continuation of support to the programme. Procurement is led by officers from Brent with document and process oversight from Barnet's procurement officers to ensure compliance with our contract procedure rules and the European procurement process.
- 4.9 Barnet has senior officer level representation on the WLA Transport Efficiency Programme Board from Environment, Regeneration and Planning 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 of Highways and Transport.
- 4.10 The current Passenger Transport suppliers may not agree to a 2nd contract extension for 12 month period, due to the Passenger Transport Services competitive mini tender in August 2011 and effects of global recession and fuel increases.
- 4.11 Council may be required to negotiate enhance passenger transport rates with suppliers to attain the second contract extension.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 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.
- 5.2 The project team have considered the Council's equality and diversity policies and have concluded that the extension of the current framework contract for a further twelve months does not give rise to any concerns for staff or the residents of Barnet.

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

- 6.1 The SEN transport framework agreement contract extension will require the existing eight approved passenger transport contractors (Beeline, Brent Couriers, Cavendish Cars, Chequers, Elite Broadway, Metro Cars, Ladyfare Ltd, Starcars Ltd) be requested to continue to provide passenger transport under existing contract terms and financial rates for the 12 month term.
- 6.2 The projected council spend under the contract (Home to School contract no. 9501) is £3.03m including RPI increase by 5.5% in September 2011, as of November 2011 spend. The projected spend for the 12 months contract extension is estimated to be between £2.95m and up to maximum to £3.042m (estimated RPI at 5.5% as at September 2012) from 1 March 2012 to 28 Feb 2013.
- 6.3 The council's medium term financial strategy does not contain any savings that will be affected by the decision sought within this report.
- 6.4 If the framework agreement contract extension is not granted then there is the risk that the council will be in breach of relevant EU or other procurement rules as it will be required to spot-hire the required service from the market until the WLA framework is in place. The current monthly expenditure is over £150k per month.
- 6.5 Children Services and Adult Social Care and Health transport budgets will fund their respective transport provision from with existing budgets.
- 6.6 There are no staffing implications as part of these proposals.
- 6.7 There are no redundancy implications as part of these proposals.
- 6.8 No additional office space will be required.

7. LEGAL ISSUES

- 7.1 The requirements of the Council's Contract Procedure Rules are addressed within the body of the report.
- 7.2 The extension of the contracts will need to be formally documented and such documentation stored with the original contracts.

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".

- 8.2 Contract extensions are permitted, subject to compliance with the provisions of Council Constitution, Contract Procedure Rule 5.6.1 - The Acceptance thresholds for contract additions, extensions and variations, provide that:

5.6.1 In the case of an extension to a contract:

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.

- 8.3 As the SEN Transport Framework contracts have previously been extended, any further extension requires a waiver of Contract Procedure Rule 5.6.1.2.
- 8.4 The request to waive Contract Procedure Rule 5.6.1.2 is within the terms of reference of the Cabinet Resources Committee as stated in paragraph 5.8 of the Contract Procedure Rules.

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 and to extend the current SEN framework contract by 6 months to 29 February 2012 to allow adequate time to procure the most suitable provider for a new service.
- 9.2 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 detailed 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.
- 9.3 The WLA Transport Efficiency Programme included the procurement of a new region-wide framework contract for passenger transport for the participating boroughs with significant opportunity for financial savings along with service improvement by ensuring maximum utilisation of resources, economies of scale, increased buying power and shared costs. The programme plan indicated that the new framework contract would be in place by Spring 2012 coinciding with the expiry of the Barnet's current contract.
- 9.4 Due to the time taken to carry out the necessary due diligence on the WLA proposals by the participating boroughs, the WLA programme has slipped significantly with various initiatives that were planned to go live in September 2011 are now planned for April 2012. Although the WLA are still planning for

the framework contract to be in place by April 2012, the implementation and mobilisation of the transport services are not expected to go live until September 2012. Further, a review of the programme plan by Barnet's procurement team highlight risks with the timescales. In order to mitigate these risks, the recommendation is to extend our current framework by a further twelve months to allow adequate time for the WLA to procure and implement the new framework for contracted transport.

- 9.5 The project team submitted a proposal to extend the framework by twelve months in June 2011, which was put on hold until a review of the passenger transport services was carried out. A comprehensive review of the passenger transport services within Barnet and the proposal from the WLA was carried out by Edge Public Solutions during August 2011. Edge's recommendations for delivering some of the service via the WLA were accepted as they met all of the criteria. However, their recommendations 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; and
 - it would limit the opportunities to work collaboratively with other like-minded organisations and would compromise the One Barnet principles of "a one public sector approach" and "a new relationship with citizens".
- 9.6 The project team submitted a report to Cabinet Resources Committee, 27 September 2011, requesting that the Committee approve the recommendation 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 which was approved.

10. LIST OF BACKGROUND PAPERS

- 10.1 Cabinet Resources Committee report, 27 September 2011, Item 16, Transforming Passenger Transport Services

Legal: PBD

Finance: MCG

AGENDA ITEM: 10 Pages nos. 197 - 213

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Debt Management Strategy
Report of	Cabinet Member for Resources and Performance
Summary	To consider the Debt Management Strategy and instruct officers to take appropriate action.
Officer Contributors	David Rowe – Acting Income Manager Maria G. Christofi – Assistant Director, Financial Services
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Debt Management Strategy
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information: David Rowe, Head of Exchequer Services, 020 8359 7242	

1. RECOMMENDATIONS

1.1 That Cabinet Resources Committee approves the attached debt management strategy.

1.2 That officers take appropriate action to ensure that the recommendations contained within the strategy are followed to enable income targets to be achieved.

2. RELEVANT PREVIOUS DECISIONS

2.1 None

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Robust debt collection 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.

3.2 'Ensure our support services effectively serve the organisation through high quality, high value services and 'Manage resources and assets effectively and sustainably' represent two of the seven key objectives underlying the corporate priority 'Better services with less money' and the strategic objectives.

4. RISK MANAGEMENT ISSUES

4.1 Failure to approve this corporate debt management strategy may lead to debts owing to the authority not being collected in a structured, measurable way.

4.2 Elements of the debt collection process will not be measured and performance not fully achieved.

4.3 There is an increased risk of failure in identifying areas where there is slippage in performance in order that corrective action can be taken.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Successful debt collection is important to ensure resources are maximised and available to deliver equitable services to all members of the community.

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

6.1 A robust debt collection strategy plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.

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".

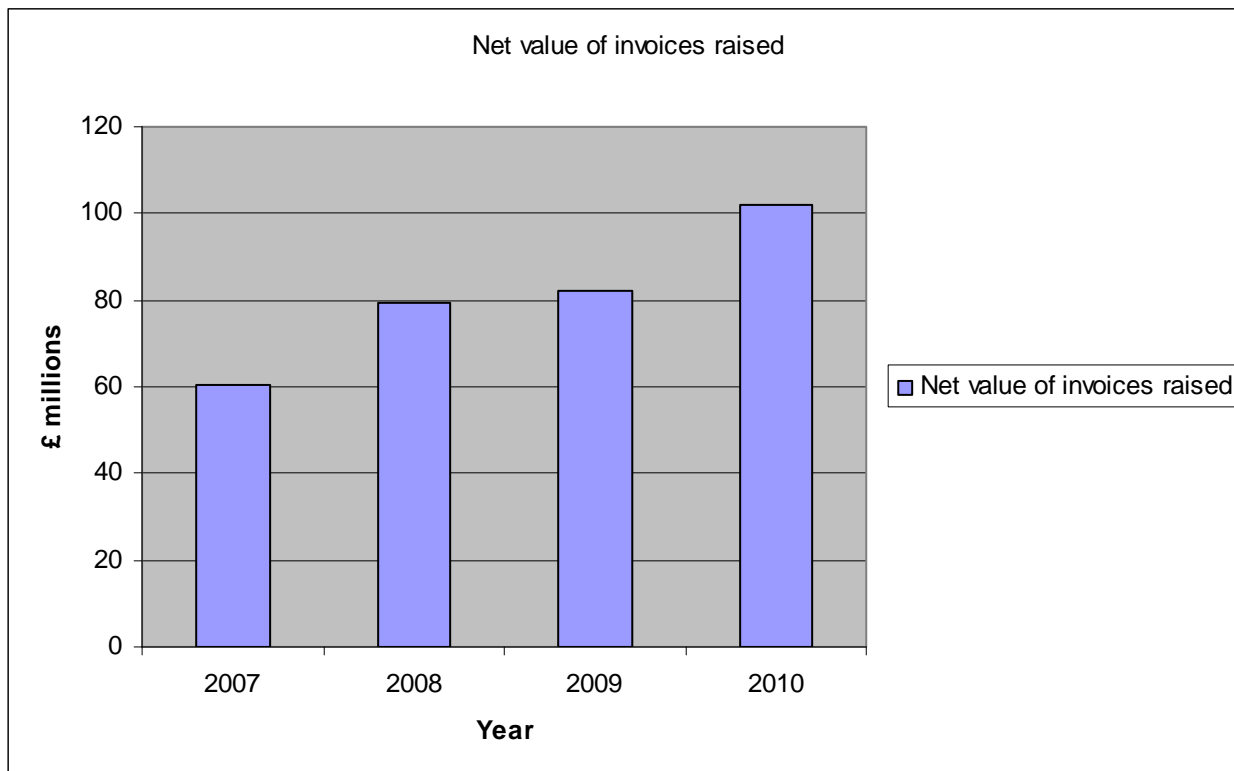
- 7.2 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as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

8. CONSTITUTIONAL POWERS

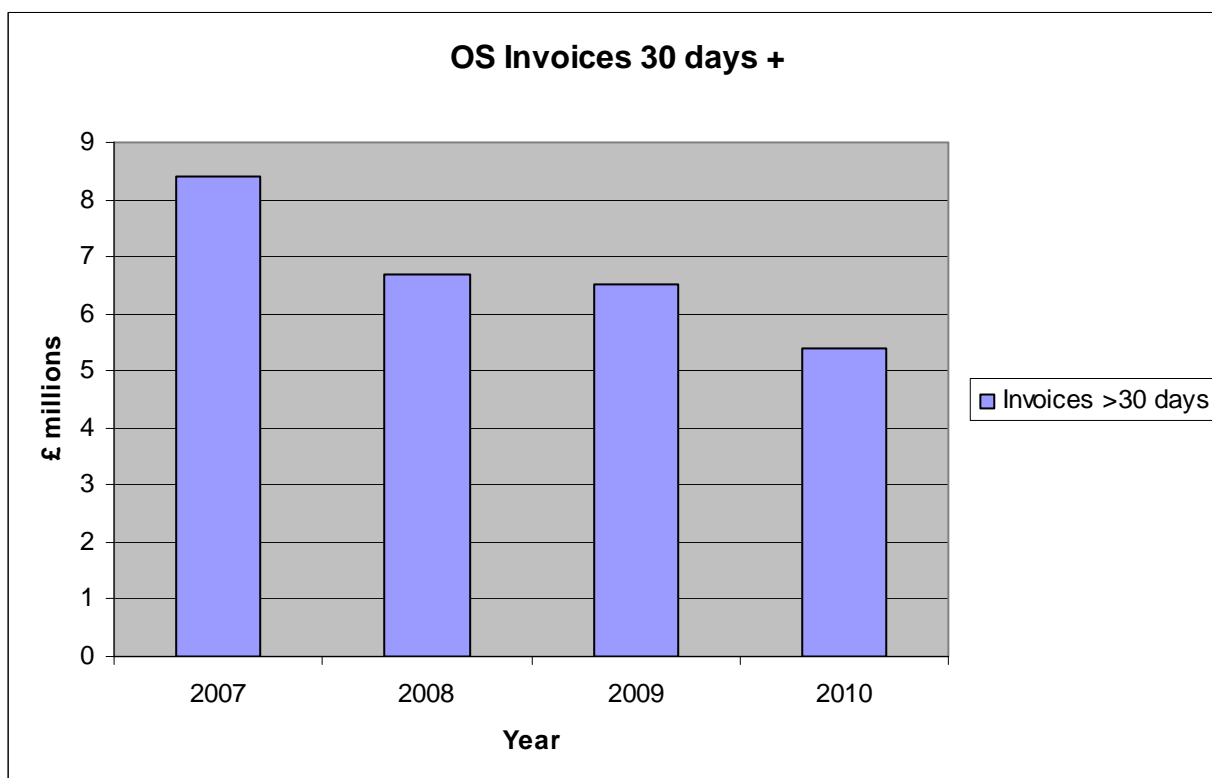
- 8.1 The Council's Constitution, in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions of the Cabinet Resources Committee including:
- (a) Monitor the trading position of appropriate Council services, carry out debt analysis and look at income sources and charging policies;
 - (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 The Council's Constitution, Part 4, Financial Regulations Part 1 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

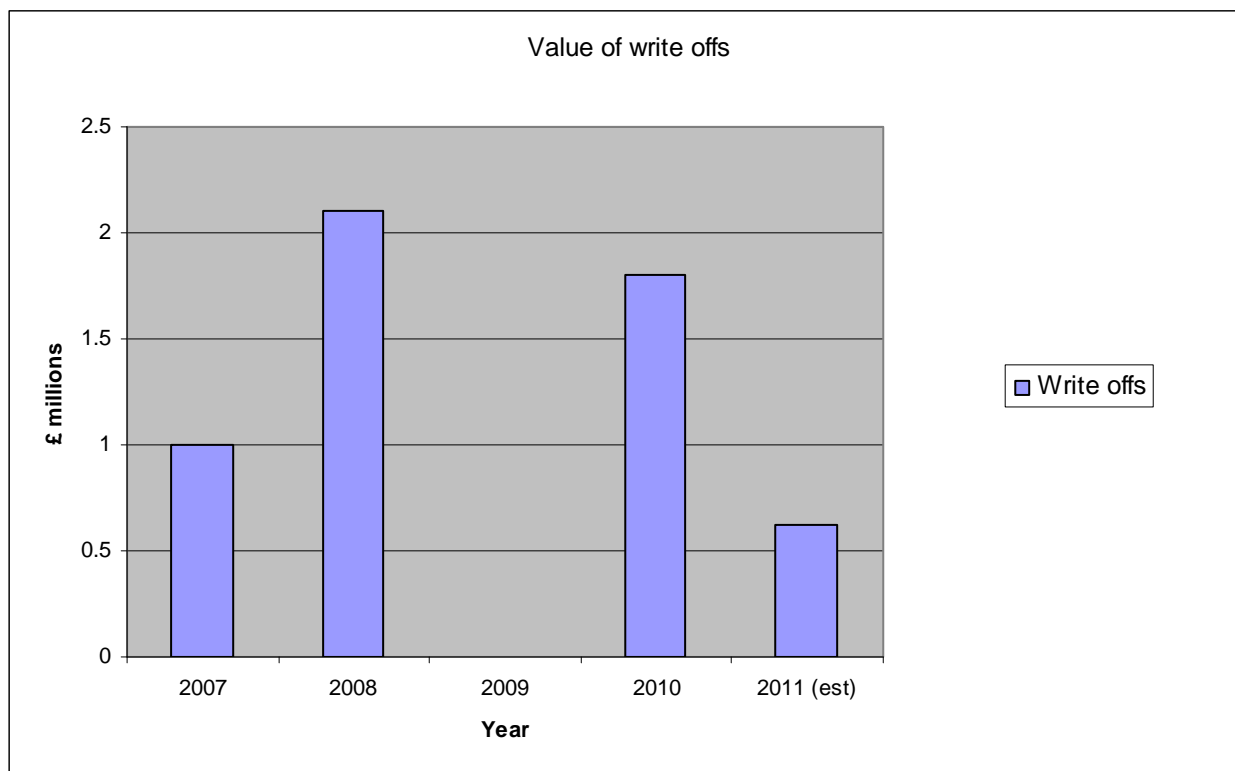
- 9.1.1 The existing 'Debt Management Policy' and the 'Income Collection and Debt Management Guidance' documents both require updating.
- 9.1.2 Both these documents contain a good deal on the how-to process but require more emphasis on the identification and measurement of performance.
- 9.1.3 Combining the best parts of these documents together with more focussed measuring will provide clear guidance on debt management within a single document.
- 9.1.4 Performance is currently measured holistically, comparing elements of the current outstanding debt with the position in the previous period.
- 9.1.5 The introduction of performance measures, in addition to those already in place, that target specific areas will provide further assurance that the key metrics in the debt collection process are being appropriately measured.
- 9.1.6 These specific local performance indicators will better enable the performance of the Accounts Receivable team to be measured and assessed.
- 9.1.7 **Current performance statistics**
- 9.1.8 The net value of invoices raised each financial year has been steadily rising with this chart indicating that between 2007 and 2010 an increase of 69% in the 'net value of invoices raised' has taken place.



9.1.6 The value of invoices remaining unpaid after 30 days has decreased in this same period indicating an improvement of 35%.



9.1.7 To maintain transparency all sundry debts that have not been collected prior to, or at the point of sale, will have an invoice raised. However, the authority has a statutory charge to provide some elements of social care regardless of whether the individual has the means to pay for this care and these and other debts that cannot be collected will be written-off.



9.1.8 An analysis of the last two full years Accounts Receivable data and how the various elements of the debt have been reconciled are shown in the table below:

		2009/10		2010/11
	£	£	£	£
Total value of invoices raised		89,172,734.53		111,745,664.56
Total value of credit notes		<u>-6,531,963.29</u>		<u>-9,465,628.42</u>
Net value of invoices raised		82,640,771.24		102,280,036.14
Less: Open items	-862,863.72		-1,729,113.78	
Write offs*	<u>-207,735.04</u>	<u>-1,070,598.70</u>	<u>-293.01</u>	<u>-1,729,406.79</u>
Value collected		<u>81,570,172.54</u>		<u>100,550,629.35</u>
		2009/10		2010/11
Current recovery percentage		98.7%		98.3%

*The items written off in 2010 contained items from all previous years of which £207735.04 related to 2009/10

9.1.9 The total value of all sundry debt brought forward from 2010 was £31.69m of which £24m related to general debtors.

9.1.10 The value of general debtors included invoices raised in March 2010 of £17.3m which was inflated compared to prior months by the inclusion of a large single debt of £4m and increased activity during the last week of the financial year when £9m of invoices were raised.

9.1.11 At December 2011 £22.91m of all sundry debt had been collected.

9.1.12 The details of the remaining balance of £8.78m are:

Debt type	Value £'000	Recovery action
Penalty charge notices	492	Warrants of execution issued for recovery by bailiffs
HB rent deposits	46	Recovery expected by year end
Regeneration projects	2146	To be recovered in-line with individual regeneration projects
Children's service	5	Provision made to return to service
Election overpayment	13	Debt recovery passed to Accounts Receivable

General debtors	2578	See recovery profile below
Empty property grant	73	Recovery expected by year end
Housing Revenue Account	<u>3426</u>	Payment due in February 2012
Balance remaining	<u>8779</u>	

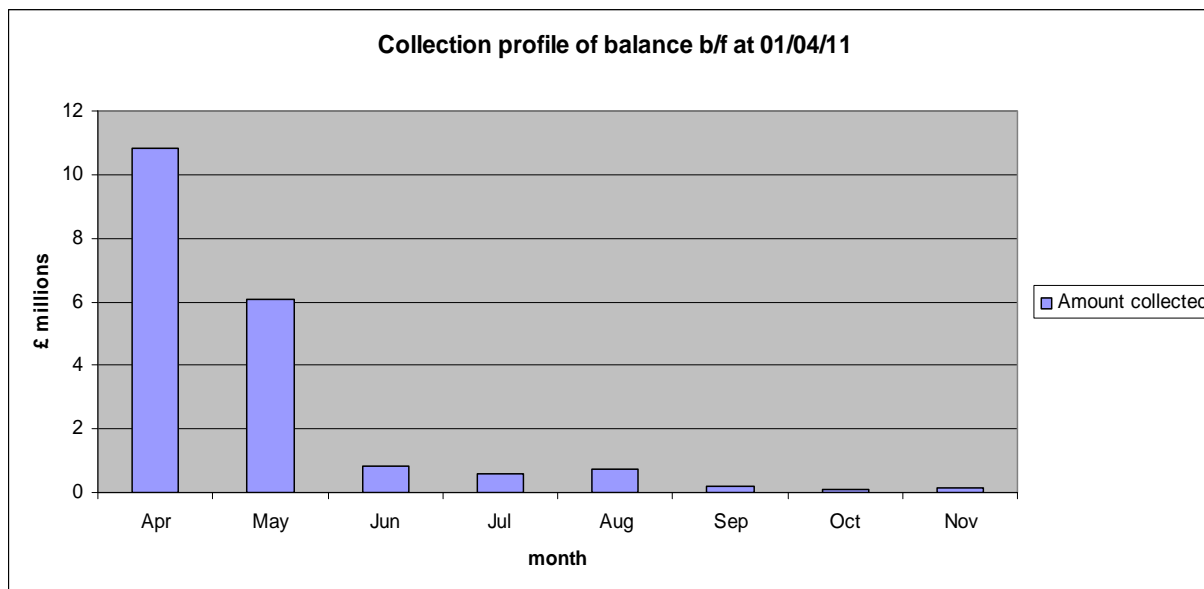
9.1.13 The value of sundry debt brought forward from 2010 and to be carried forward at year end is:

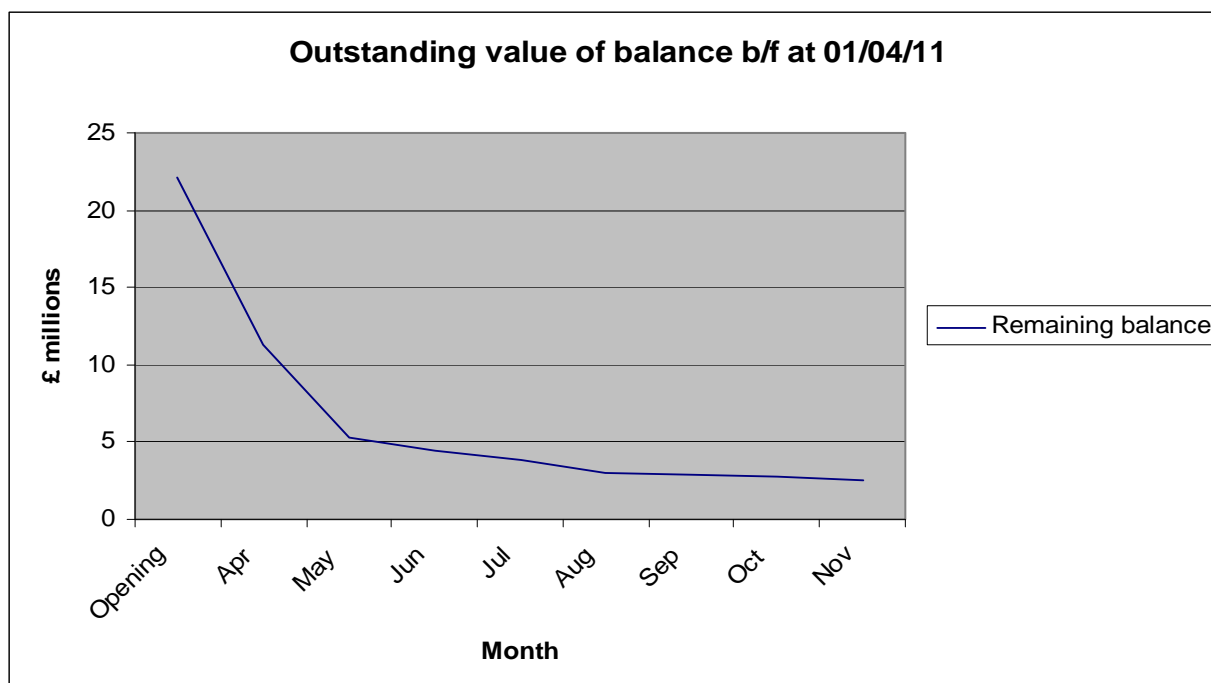
Debt type	£'000	Recovery action
Penalty charge notices	393	Estimated collection rate of 20% will raise £99k
Regeneration projects	2146	To be recovered in-line with individual regeneration projects
Additional regeneration costs	574	To be recovered in-line with individual regeneration projects
General debtors	<u>1498</u>	Estimated further recovery 430k plus 663k write off
Balance remaining	<u>4611</u>	

9.1.14 Based on current projections the carried forward balance at the end of 2011 is expected to be £24.6m, comprising of:

Debt	Value £'000
Outstanding 2010 balance b/f	4611
Balance outstanding from 2011	7000
Increased year end activity	<u>13000</u>
	<u>24611</u>

9.1.15 The largest class of debtor relates to general debt and the tables below demonstrate the typical debt recovery profile by value collected based on the brought forward general debt balance of £24m at 1 April 2011 and the balance remaining at 30 November 2011 of £2.5m.





9.2 Targets

- 9.2.1 The introduction of performance targets will enable the Council to more closely monitor the levels of debt collection and the performance of the Accounts Receivable team.
- 9.2.2 The targets enable the full range of the debt collection process to be monitored and measured, from the raising of the initial sales invoice through to the successful collection, or should the collection be unsuccessful, the write-off.
- 9.2.3 The achievement of these targets relies on all services adopting, and adhering to, the debt management strategy.
- 9.2.4 The performance targets and the benefits in achieving these are summarised below:

Target	Benefit
Invoice request to be raised in advance where possible, but no later than 7 days after the supply of the related goods or services.	If the debt is not recovered at point of sale as preferred, then the earlier that the debt is available to the collection team the greater the chance of recovery.
Invoice to be raised within 1 day of the sales order being received.	The prompt production and despatch of the invoice enables the collection process to commence.
Cheques or cash to be processed within 24 hours of receipt.	This allows the authority to benefit from increased cash flow, to concentrate on outstanding debts and not to pursue debts that have been settled.
Payment suspense items to be cleared within 3 days	As above
Aged debt KPI's	The KPI's measure and indicate where the debt recovery process can be improved, identifying where resources should be allocated.
Irrecoverable debt to be written off on a yearly basis.	Good accounting practice requires that debit balances accurately reflect realisable income.
To increase the number that pay by direct debit by 5% per annum.	Increasing the number of debtors paying by direct debit reduces collection costs and increases successful debt collection.

10. LIST OF BACKGROUND PAPERS

10.1 None.

London Borough of Barnet

Debt Management Strategy

30 September 2011

Introduction and objectives

The Council has a statutory and fiduciary responsibility to protect public funds for the benefit of all who live and work in the borough.

This document sets out the Council's policy and procedures in relation to the billing, collection and recovery of monies owed to the Council and is to be adopted across all services within the London Borough of Barnet.

The Council is responsible for the collection of local taxes but also provides a range of chargeable services. Whilst the majority of this income is collected in a timely manner, there are occasions when debtors do not make payments on time. This gives rise to a requirement to actively manage Council debt, and to set out clearly how the Council will enforce payment of monies owed.

Methods for the billing and recovery of statutory debt are defined within the relevant statute. Methods for the billing and recovery of non-statutory debt are designed to comply with best practice.

The Council's objectives in relation to debt are:

- To minimise the amount of debt held at any one time;
- To pursue all debts, ensuring that those with the means to pay actually do so;
- To provide a corporate approach to the billing, recovery and collection of debt that encompasses the following core principles and is proportional, consistent and transparent.

Core Principles

Responsibility for maximising income to the council for the services it charges for is shared by the Chief Finance Officer and Heads of Services.

The primary objective is to obtain payment in advance of services being provided. Where this is not possible, services should determine their arrangements for allowing credit in consultation with the Income Team, on behalf of the Chief Finance Officer. This document sets out arrangements for doing this.

Services are responsible for controlling the issue of credit in line with pre-determined arrangements and adhering to the arrangements for blocked customers.

Services are responsible for collecting and banking income collected in advance and for raising invoices promptly where credit has been allowed.

Consistent and transparent debt management arrangements will be applied to all sums owed to the council, with the objective of maximising income and cash flow, but taking account of the cost of collection and recovery. Arrangements for dealing with hardship are also addressed by this document.

The Central Income Team is responsible for recovering debts that have been raised by services, for advising them on debts that are uneconomic to pursue and where debts should be written-off, and for maintaining master data (client details, including blocked customer status etc.).

Provision for bad debts will be determined by the Chief Finance Officer, in conjunction with services and the Head of Revenue Services;

This document is not concerned with the Council's policy for charging for services. It is only concerned with the arrangements for collecting income on debts where the Council has made a policy decision on charging for services.

Definition of a debtor

A debtor is any body, (whether an individual or organisation), who has received goods or services from the Council, or is liable for a statutory debt, and who has not yet paid the full amount owed.

To reduce the number of debtors, service providers must attempt to obtain payment in advance or at the point of service delivery wherever possible. Invoices should only be raised where payment in advance for a service is inappropriate.

Performance management

Prompt recovery action is key in managing debt and maximising income. The Council therefore aims to:

- Regularly monitor the level and age of debt.
- Set clear targets for the recovery of debt.
- Have clear written recovery procedures.
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum recovery.
- Regularly review irrecoverable debts for write-off.

Monitoring and reporting of debt

The following table sets out the frequency and type of debt reporting, the responsibilities associated with monitoring debt levels, and responsibilities for monitoring this policy:

Type of Debt	Activity	Report to:	Responsible Officer	Frequency
Sundry	Aged Debt report	All services	Income Manager	Monthly
Sundry	Barnet Major Debtors		Income Manager	Monthly
Revenues, Benefits and NNDR	Ctax Percentage collected in year	CLG	Head of Revenues and Benefits	Yearly
All Debt	Review of Strategy	Chief Finance Officer	Income Manager	Yearly

Performance targets for debt invoicing, collection and debt recovery:

Type of Debt	Activity	Target	Responsible Officer
Sundry	Invoicing	Invoice request to be raised in advance where possible, but no later than 7 days after the supply of the related goods or services.	Income Manager
Sundry	Invoicing	Invoice to be raised within 1 day of the sales order being received.	Income manager
Sundry	Collection	Cheques or cash to be processed within 24 hours of receipt.	Income Manager
Sundry	Collection	Payment suspense items to be cleared within 3 days.	Head of Finance
Sundry	Aged Debt KPI	% of debt over 6 months but less than 1 year to be less than 3% of total debt.**	Income Manager
Sundry	Aged Debt KPI	% of debt over 1 year but less than 2 years to be less than 2% of total debt.**	Income Manager
Sundry	Aged Debt KPI	% of debt over 2 years to be less than 1% of total debt.**	Income Manager
Sundry	Aged Debt KPI	Irrecoverable debt to be written	Income Manager

		off on a yearly basis.	
Sundry	Payment method	To increase the number that pay by direct debit by 5% per annum.	Income Manager
Council Tax	To maximise the level of collection.	That 96% of 2011/12 Council Tax will be collected.	Head of Revenues and Benefits
NNDR	To maximise the level of collection.	That 96% of this years charge will be collected.	Head of Revenues and Benefits
Benefit Overpayments	To maximise the level of collection.	That at least £1m of this years debt will be collected	Head of Revenues and Benefits

** Excludes Adult residential care costs

Collection and Recovery

Except in the case of an invoice payable by instalments, or as otherwise contractually agreed, the settlement period for all invoices will be within 28 days.

After the settlement period, and where legislation permits, the Council may seek to recover interest and any costs that are legitimately due from the debtor to the Council or its agents.

Recovery action will commence no later than 14 days after the demand has fallen due. Escalations processes up to and including litigation, are to be agreed between the Income Team and the service departments.

The Council will attempt at all times to use the most appropriate and cost-effective method of debt recovery in order to maximise income.

Before enforcement action is taken, the council will utilise, correspondence and telephone contact with the debtor, visits to the debtor's home by designated Council officers, and where cost effective to do so, external collection agents as an alternative means of recovering sundry debts.

Where an external agency is utilised to assist with collection the flow of information between the Council and the agent must be in a secure electronic format.

All statutory methods of enforcement of debts shall be available for use. These include:

- Attachments of Earnings
- Warrants of Execution
- Third Party Orders
- Insolvency
- Possession proceedings

Where legally permissible, the provision of future services to the debtor will be suspended until outstanding debts are settled.

Dispute resolution

In case of a dispute all recovery action will be suspended and the dispute referred back to the originating department for resolution within one week. If no response after 1 week a reminder will be sent to the originating department for instructions. If no response after a further week the debt will be transferred back to the originating department.

A dispute is not resolved unless it meets one of the following conditions:

- The customer is correct and gets full credit
- The customer is partly correct and gets partial credit and agreed charge.
- The customer is incorrect and accepts the charge
- The customer is not correct and does not accept the situation but the service is prepared to pursue the debt

Write off procedures

3.1 Whilst the Council will make every effort to pursue debts owed by debtors, it recognizes that in some circumstances debt will become irrecoverable.

Debt may be regarded as uncollectable where:

- The debt is uneconomic to collect i.e. the cost of collection is greater than the value of the debt.
- The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
- The debtor cannot be found or communicated with despite all reasonable attempts to trace.
- The debtor is deceased and there is no likely settlement from the estate or next of kin and where there is written confirmation from the Receiver.
- Hardship, where permitted, on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.
- Insolvency where there is no likelihood of settlement and written confirmation from the Official Receiver or Administrator.

Good practice dictates that, when all methods of debt recovery have been exhausted, any debts that remain irrecoverable are written off promptly in accordance with the Council's

Constitution and Financial Regulations.

Under the Council's Constitution, the Chief Finance Officer may, subject to that officer being satisfied that all avenues to recover the funds have been investigated, write off bad debts up to the value of £5000.00

Bad debt that is to be written off and is in excess of £5000.00 must be referred to the Cabinet Resources Committee for write off.

3.2 *The CIPFA Code of Practice on Local Authority Accounting, (The Code) requires the council's statement of accounts to include sufficient provision for bad debts. This provision will be determined by the Chief Finance Officer, in consultation with the Head of Exchequer Services, the Head of Revenue Services and other Services. The External Auditor will subsequently review this provision for appropriateness.*

3.3 *Generally, the older a debt is, the greater the requirement for a bad debt provision. Provisions are always reviewed as part of closing of the accounts, but should also be reviewed on a regular basis throughout the year, and any likely requirement to increase the provision at the year end should be identified and reported through regular budget monitoring.*

Customer Care

3.4 The Council will:

Collect debts in an efficient way, taking account of personal circumstances.

Deal with debtors in a professional manner at all times treating individuals consistently and fairly and displaying courtesy and respect in accordance with departmental Customer Care directives

Provide facilities to enable customers to discuss their debts in a confidential environment offering assistance wherever possible.

All debtors seeking help due to financial difficulties will:

- Be invited to provide details of their means by listing their income and expenditure. (Evidence will be requested if necessary)
- If they have other debts owing to the Council then these will also be considered when agreeing a recovery plan.
- Be encouraged to use the money advice services available from the Citizens Advice Bureau and other debt advice providers.

Advice and assistance

The Council will seek to provide information about debt advice and potential statutory

benefits and discounts to those debtors who cannot pay.

Officers will remind debtors of the importance of paying priority debts. Priority debts include Council Tax arrears. Non-payment of Council Tax arrears can result in the seizure of debtors goods, or in the debtor being sent to prison.

Debtors who are in financial difficulty may find it beneficial to obtain specialist advice from one of the following agencies:

Citizens Advice Bureau

The Citizens Advice Bureau offer advice about simple debt problems, and will be able to refer debtors to a specialist advisor if the debt problem is complicated.

Website: <http://www.citizensadvice.org.uk>

Local branches:

New Barnet Citizens Advice Bureau 30 Station Road New Barnet Barnet Hertfordshire Tel: 0844 826 9336 Email: newbarnet@barnetcab.org.uk	Finchley Citizens Advice Bureau 23 Hendon Lane London N3 1RT Tel: 0844 826 9336 Email: finchley@barnetcab.org.uk
Grahame Park Citizens Advice Bureau The Concourse Grahame Park London NW9 5XA Tel: 0844 826 9336 Web: www.barnetcab.org.uk	Hendon Citizens Advice Bureau 40-42 Church End Hendon London NW4 4JT Tel: 0844 826 9336 Web: www.barnetcab.org.uk

3.5 Money Advice Centres

Money Advice Centres can also provide help with debt problems. Details of the nearest centres may be found by accessing the DirectGov website: www.direct.gov.uk and following the link to Community Legal Advice or by telephoning the helpline on 0845 345 4345

National Debtline

The National Debtline provides free debt management information to people living in England and Wales. Debtors can contact National Debtline by calling them on 0808 808 4000 or via their website at www.nationaldebtline.co.uk

Business Debtline

The Business Debtline provides advice for small business in England and Wales. Debtors can contact them by telephone on 0800 197 6026 or via their website: www.bdl.org.uk

AGENDA ITEM: 11

Pages nos. 214 - 217

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Dove House, Bunns Lane, Mill Hill
Report of	Cabinet Member for Resources and Performance
Summary	Authority is sought to surrender a lease held by the Council from Mind in Barnet of part of the treatment centre at Dove House in Bunns Lane and to receive the consideration noted in the exempt report

Officer Contributors	Philip Stanbridge – Principal Valuer
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Mill Hill
Enclosures	Plan no. 20421/1
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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

1. RECOMMENDATIONS

- 1.1 To surrender the Council's lease at Dove House on the terms set out below and in the exempt report.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Economic Development and Land Executive Committee of 17th July 1997 gave authority to transfer the freehold to Mind in Barnet (MiB) and take a lease back of part.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. This proposal does this by producing for the Council a lump sum, in lieu of both the notional rent and the sum due at the lease end under the 1997 agreement with MiB, and this lump sum can be set against other priorities.
- 3.2 The Regeneration Service has been consulted and this disposal does not impact any regeneration proposals.

4. RISK MANAGEMENT ISSUES

- 4.1 Failure to agree to this surrender will prevent Mind in Barnet selling their freehold interest with vacant possession and this will endanger their proposed purchase and development of a property that the Council are selling to them at 55 Christchurch Avenue.

5. EQUALITIES AND DIVERSITY ISSUES

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

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

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

7. LEGAL ISSUES

- 7.1 Under the terms of the lease strictly there is no provision made for an early surrender as opposed to an early "determination". Nevertheless the formula for calculating the lump sum has been drawn from the lease

8. CONSTITUTIONAL POWERS

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

9. BACKGROUND INFORMATION

- 9.1 The freehold of this site in Bunns Lane was sold by this Council to Mind (MiB) in Barnet in 1997 who developed the site for a mental health resource centre. The Council contributed the land, which had limited value because of planning constraints, and £50,000 of capital. In consideration Mind in Barnet granted a lease of part of the building to this Council at a peppercorn rent for 15 years which expires in January 2014.
- 9.2 The lease further provided that at its expiry the Council would have the right to receive 11% of the capital value of the land and buildings at that time. A provision was also made in the lease for the potentiality of an earlier determination at the end of the tenth year of the lease based upon an 18.4% of the value of the land and buildings. These agreed percentages have been the basis of calculating the lump sum.
- 9.3 The Children's Service occupied the leased area for a number of years as an after school facility previously known as the Flower Lane After School Club and 'STEPS' a programme for young people with disabilities. In October 2007, as a result of a rationalisation of after school provision, STEPS was transferred to Mapledown School and the leased area became vacant.
- 9.4 Attempts to let the space in the open market have been unsuccessful in part due to significant defect issues and difficulties related to the limited and shared nature of the space. The leased area is currently vacant.
- 9.5 MiB are now wishing to consolidate their activities in the Borough and have made a bid, which has been accepted, to purchase Harwood, 55 Christchurch Avenue, Finchley from this Council. In order to complete their sale MiB with vacant possession need the Council to surrender its lease and consent to the removal of a registered caution against MiBs title at the Land Registry.
- 9.6 Given that the leased area is vacant, and there are no current plans to use the space (see 9.4 above), it would seem prudent to undertake a surrender on the terms noted above and in the exempt report such that the lump sum in lieu of rent becomes payable to the Council.
- 9.7 Generally any disposal of land must comply with the provisions of Section 123 of the Local Government Act 1972 in that, except with the consent of the Secretary of State, a council shall not dispose of land under this section otherwise than for the a consideration less than the best that reasonably be obtained. The sale of Dove House by MiB has been by full exposure to the market and thus this requirement has also been satisfied in respect of the lump sum.

LIST OF BACKGROUND PAPERS

- 10.1 None.

