

**MEETING**

**CABINET RESOURCES COMMITTEE**

**DATE AND TIME**

**THURSDAY, 18 OCTOBER 2012**

**AT 6.00 PM**

***PLEASE NOTE START TIME***

**VENUE**

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

**TO: MEMBERS OF CABINET RESOURCES COMMITTEE (Quorum 3)**

Chairman: Councillor Daniel Thomas (Chairman)

**Councillors**

Richard Cornelius  
Tom Davey

Andrew Harper  
Sachin Rajput

Robert Rams

**You are requested to attend the above meeting for which an agenda is attached.**

**Aysen Giritli – Head of Governance**

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**CORPORATE GOVERNANCE DIRECTORATE**

## ORDER OF BUSINESS

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1.	Minutes	
2.	Absence of Members	
3.	Declarations of Members' Personal and Prejudicial Interests	
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18.	Award of the Contract for the Replacement of Cremators at Hendon Cemetery and Crematorium		297 - 302
19.	<p>Motion to Exclude the Press and Public</p> <p>That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act (as amended):</p> <p>EXEMPT AGENDA <span style="float: right;">Exemption Category</span></p>		
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## **FACILITIES FOR PEOPLE WITH DISABILITIES**

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AGENDA ITEM 5

<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	18 October 2012
<b>Subject</b>	<b>Re-shaping Day Opportunities for Older People in Barnet: Implementation Plan for the Neighbourhood Model and Procurement of Later Life Planners and Practical Support Services</b>
<b>Report of Summary</b>	Cabinet Member for Adults  Cabinet Resources Committee is asked to approve the implementation plan for the neighbourhood model, to be delivered by existing providers via a lead provider framework; and approve the commencement of procurement for Later Life Planners and Practical Support services.

Officer Contributors	Helen Coombes Interim Head of Transformation
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix 1 Update on the Equality Action Plan Appendix 2 Case Brown v Secretary of State
Contact for Further Information:	Caroline Chant, Joint Commissioner Older People and Physical Sensory Impairment, Adult Social Care and Health/North Central London NHS. Tel: 07931 777298 Email: caroline.chant@barnet.gov.uk

## **RECOMMENDATIONS**

- 1.1 That Cabinet Resources Committee agree the implementation plan and timescales developed with local providers for implementation for the neighbourhood model:
- 1.2 That the Barnet Provider Group (BPG) led by Age-UK Barnet be commissioned to operate a neighbourhood service for an initial 3 years (option to extend to 5) for £550,000 per year prior to competitive procurement of a new contract to commence at the end of the period.
- 1.3 That the requirements of Contract Procedure Rule 6 and Table 6-1 be waived in relation to the neighbourhood model as set out in paragraph 6.2 (below)
- 1.4 That Cabinet Resources Committee approve the commencement of competitive procurement for Later Life Planners and Practical Support Services, to start on the 1 October 2012 for commencement of services by 1 April 2013, for £215,000 per year.
- 1.5 That Cabinet Resources Committee gives full consideration to the Equalities Plan at Appendix 1.

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee 22 July 2008 (Decision item 11) approved changes to voluntary sector commissioning arrangements.
- 2.2 Cabinet Resources Committee, 8 December 2009 (decision item 7) approved the strategic document 'Looking after Yourself – a prevention framework for Barnet' as the basis for the commissioning of preventative services by Adult Social Care and Health.
- 2.3 Cabinet Resources Committee, 24 May 2011 (decision item 6) - approved the Estates Strategy 2011-2015 and corresponding action plan. This includes, among other targets, to complete a public sector /community assets plan in the Borough and develop the longer-term strategy with action plan to co-locate and manage community assets more effectively with our partners.
- 2.4 Cabinet 17 July 2012 (decision item 11) agreed the older adults day opportunities model; instructed the Cabinet member for Adults to develop in partnership with local providers of older adults services an implementation plan for CRC; agreed to add £150,000 to the older adults prevention funding to support the neighbourhood model.

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

- 3.1 The Joint Strategic Needs Assessment for Barnet has identified that the population of people aged 65 and over is set to increase by 21% over the next 10 years, and for the 90 plus age group to increase by 55% whilst at the same time resources to the Council to meet the needs of Barnet's residents are set to decrease in line with the Government's Comprehensive Spending Review.
- 3.2 Barnet's draft Health and Well Being Strategy (HWBS) has two overarching aims: 'Keeping Well' a strong belief in 'prevention is better than cure' and 'Keeping Independent'. Barnet's voluntary sector has a key role to play, building resilience in families, the community and neighbourhoods. Together with the Ageing Well, the new model for older adults day services will improve access to information and advice on a range of health and well being services, will assist to develop mutual support between citizens and increase inclusion, and develop neighbourhood and community based support networks for older people.
- 3.3 The new model for day opportunities, will also support the Corporate Plan objective 'Supporting residents to be healthy and live independent lives' in particular the aim to 'work with community groups and service providers to develop mutual support'
- 3.4 The Council's Estates Strategy 2011 – 2015 includes a target to complete a public sector community assets plan in the borough and develop the longer term strategy with an action plan to co-locate and manage community assets more effectively with the council's partners. This reflects the approach required for the neighbourhood model, and indeed the Ageing Well programme; where the aim is to have venues open to all, accessible and flexible, with a brokering service to link services and opportunities to venues.

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

- 4.1 Commissioning neighbourhood services with the Barnet Provider Group (BPG) using a lead provider model is recommended in order to mitigate a number of risks
- 4.2 The proposed arrangement will result in a partnership between Barnet Council and the BPG to provide these services from the 1<sup>st</sup> April 2013 This partnership will ensure a smooth transition from existing services to the neighbourhood model by creating the conditions for service continuity; and minimising the potential risk of loss of a substantial number of volunteers. It will offer potential efficiencies of scale by reducing overhead and building costs and mitigating risks of duplication and/or gaps in services.

- 4.3 The BPG lead provider model, will have Age UK Barnet as the lead contractor and the model also offers efficiencies in contract management for the council. The BPG would be underpinned by a memorandum of understanding between the participants, with a management committee established to oversee the ongoing provision of the neighbourhood model. In addition the BPG is considering the election of an independent chair to facilitate the partnership in recognition that collaborative working to deliver a contract is a new way of working for many of the voluntary sector.
- 4.4 The council has long standing relationships with many of the funded voluntary organisations providing support to older people; they are delivering services of considerable value to Barnet's population of older people. Engagement and consultation with providers has shaped the proposed services and commissioning future provision through the existing provider group, will create the conditions for integrated working between the partners. It is expected that in the lead provider model Age UK Barnet will put in place sub contracts or other partnerships to maintain the skills and experience of the existing providers and to minimise risks of discontinuity in service delivery in the transition between old and new contracts.
- 4.5 There is a risk that entering into a partnership contract to commission and or provide neighbourhood services directly with the BPG could result in challenge (s) being brought against the council. This risk has been mitigated by requiring the provider group to undertake a process since the last cabinet report that has enabled the council to test the strength of the provider proposal and also putting in additional support to all of the existing provider groups to ensure that they understand the nature of the relationship between individual organisations and Age UK Barnet in a lead provider model. As the BPG includes both local and national providers of services to older people, it reflects the majority of the known market who potentially would have responded to a competitive process. All the organisations are 'not for profit' voluntary sector organisations, some of which have historically had a very small grant from the council. Some of these organisations are run entirely through volunteers with no paid staff.
- 4.6 The risk has also been mitigated in view of the specialist nature of the service, the fact that Providers approached the council with their 'offer', the provider group self selected the lead provider as Age UK Barnet, the council provided a 'critical friend' who was available to meet with individual organisations (in particular the smaller and minority organisations) to facilitate discussions within the group and to provide additional clarification on the expectations of the Council. The 'offer' is entirely based on the model, which has been in development over the past 2 years with the Older Adults Partnership Board, and was the subject of the formal consultation. The fact that following the formal consultation the providers approached the council does indeed fit with the Big Society model. In addition each organisation was provided with



a commissioning 'relationship' manager to ensure that both staff and members of the respective management committees fully understood all the implications, particularly of wider market implications to inform decision making.

- 4.7 A letter has been sent to all providers asking them to confirm that their individual organisation has been able to participate in the process; that they understand the implications and have signed up to the BPG with Age UK Barnet as the lead contractor. All of the organisations apart from one have now confirmed their participation and on going dialogue is continuing with the one remaining organisation. Age UK Barnet have provided documentary evidence that they have got agreement from all but one provider and again continue to be in dialogue with this organisation.
- 4.8 As the model is a demand led model, based on identified needs in each neighbourhood albeit within the framework of a specification, if in a certain neighbourhood sufficient interest is expressed by older people in a specific service, then BPG will need to either look within their existing group of providers to see if they can meet that need or source another provider and sub contract with them. Thus at any point an additional sub contractor can be added if required to meet a need. This is in line with our lead contractor approach for home and community support where the same model applies.
- 4.9 Significant risks are identified if the council proceeds directly to competitive procurement before it has sufficiently tested the proposed model. The proposals for the neighbourhood model have been worked up in consultation with providers and users and following consideration of best practice elsewhere. Whilst there are a variety of 'neighbourhood models' elsewhere the different conditions prevailing in Barnet, and the planned alignment with Ageing Well will mean that the Barnet model is relatively untested. Shaping the voluntary sector market into a new model, maximising relationships between different voluntary sector organisations to enable sharing that can lead to efficiencies and migrating to a new neighbourhood model can only take place over a medium to long term time span. To create the conditions for the successful implementation of a new service it is advantageous for the council to use well-established and respected providers who are trusted by service users and the substantial number of volunteers who provide their services.
- 4.10 The existing volunteers have been recruited by specific named providers; the risk that these volunteers would cease their contribution if an entirely new neighbourhood provider was introduced is mitigated through the approach recommended. The length of the contract proposed would allow sufficient time for different elements of the BPG to respond to locally driven need in neighbourhoods for existing and new volunteers to align themselves to a neighbourhood offer rather than a provider identity. The 3-year term proposed would allow

sufficient time to review the model on a 'rolling evaluation' basis, and continue to refine and develop the specification in consultation with the people using it. National evidence and experience documents the challenge of shifting the voluntary sector, a number of who do not have paid staff, into a new model which involved working together, sharing buildings and back office resources etc. Having a voluntary sector 10 year strategy is not unheard of, given the neighbourhood model represents a big change to both staff and volunteers; if we lose substantial numbers of volunteers the service cannot operate.

- 4.11 The risk that the partnership will not offer Value For Money would be mitigated by the following intended actions:
- i. The council's requirements for the services will be specified to define the objectives and deliverables over the 3-year period of the partnership.
  - ii. The contract will be outcomes focused with well-defined indicators of success and include clear and enforceable accountabilities for performance and provision for early termination.
  - iii. This will be measured using performance indicators, benchmarking against similar services and ensuring best practice is continually reviewed and adopted.
- 4.12 Volunteers aligned to the existing providers offer significant added social value in addition to the investment made via the contract from the council. The neighbourhood model implementation is dependent on this additional social value remaining in place to meet the increasing levels of demand from older people within neighbourhoods.
- 4.11 There is a, further, risk in terms of a potential challenge relating to the identification of Age UK Barnet as the 'Lead Provider'. The carrying out of the full procurement will go some way towards mitigating this risk.
- 4.13 In terms of contract management, the approach would be exactly the same as that for our lead providers and they will be measured against a detailed outcome specification.

## **5. EQUALITY AND DIVERSITY ISSUES**

- 5.1 The public sector equality duty in the Equality Act came into force on 5 April 2011. Pursuant to section 149 of the Act, the council has a public sector obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation.
- 5.2 The recommendations within this report follow Cabinet's decision on 17 July 2012 which agreed the Older Adults Day Opportunities Model and

instructed the Cabinet Member for Adults to develop in partnership with local providers of Older Adults services an implementation plan for the Older Adults Day Opportunities Strategy for consideration by Cabinet Resources Committee.

5.3 This report deals with the implementation of the Equality Action Plan, which is contained in Appendix 1. This includes delivery of the action points, any new issues arising out of the processes since Cabinet in July 2012 and to ensure that provision is made for future equality considerations when implementing CRC's decision arising out of this meeting.

5.4 The following table deals with each action point highlighted in Appendix 1:

Equality issue	Due regard given?
Whether a group or individual has been excluded from taking part in developing Neighbour-hood services	Detailed arrangements are proposed as regards the administration of the Neighbourhood model. The operation of services will however reach a far wider group of organisations and individuals. An initial task of the BPG Steering Group will be to undertake a mapping exercise of all organisations in the borough carrying out day services for older people and also map all types of protected groups that may not currently be catered for.
Whether the provider led model with Age UK Barnet at the helm has excluded other contracted organisations or individuals from a protected group.	<p>In taking a decision to accept the BPG's proposals and the officer recommendations, the question must be asked whether due regard was given to the equalities duties under s149 of the Equalities Act and evidence should be shown.</p> <p>The issue of whether other contracted organisations have had the opportunity to object to the proposed arrangements or put themselves forward as lead providers has been dealt with by issuing a questionnaire to existing providers. All but one organisation have responded confirming their agreement to work under these arrangements.</p>
Equalities duties within draft service specifications for Neighbourhood Services, Later Life Planners; Handyperson and Home from Hospital services and Care & Activity Model	<p>To date, a high level draft service specification for Neighbourhood Services and summary specifications for Later Life Planners, Handyperson and Home from Hospital services have been drafted with a generic equalities section relating to all services. Each individual full specification will then contain equalities issues specific to that service.</p> <p>Generic equality duties included relate to accessibility; ethnic / cultural / religious specific services; gender / sexuality specific services; and services for people on low income.</p>

	<p>A specific section deals with finding non-contracted organisations and places an obligation on the Lead Provider to ensure at the outset that all protected groups and all cultural groups in Barnet are represented by carrying out a mapping exercise.</p>
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## **6. USE OF RESOURCES IMPLICATIONS (Financial, Procurement, Performance and Value for Money, Staffing, IT, Sustainability)**

- 6.1 The neighbourhood service which is being commissioned initially for 3 years currently has an annual base budget of £550,000. The total contract value for the 3 years is £1.65M, each organisation will receive a share of this money dependent on the services they provide. The procurement for Later Life Planners and Practical Support Services, to start on the 1 October 2012 and the contract to commence on the 1st April 2013, currently has a budget of £215,000. These are both currently funded from the prevention budget in the Adult Social Care and Health budget (including section 256 budgets for the additional £150,000 for neighbourhood services agreed at Cabinet on the 17<sup>th</sup> July 2012. As part of the voluntary sector Medium Term Financial Savings, the voluntary sector has already received a cut in their funding. The size of the contract is based on these amounts plus some additional monies to extend the offer through a neighbourhood model due to rising numbers and demand from older people.
- 6.2 In relation to the neighbourhood model the Council's Contract Procedure rules provide that contracts of the values indicated in paragraph 6.3 should be awarded following a tender process or other approved route. In considering the recommendation 1.2 to waive this requirement the Committee must be satisfied that the waiver would fall within one or more criteria specified in Paragraph 5.8 of the Contract Procedure Rules.
- i. The nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable: or
  - ii. The contract is for works, supplies or services that are required in circumstances of extreme urgency that could not have been reasonably foreseen; or
  - iii. The circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or
  - iv. There are other circumstances which are genuinely exceptional
- 6.3 The services to be provided under the neighbourhood model represent a justifiable departure from the Contract Procedure Rules for a number of reasons as set out under the risk management section 4, and referenced in recommendations 1.2 and 1.3.

- 6.4 The nature of the market was investigated; evidence was obtained from 9 London Boroughs, and 4 other local authorities, about 100 organisations were written to and a market event was held. Based on the results of these investigations and investigations was that there was a potential market but it was immature.
- 6.5 Essentially, the partnership will ensure a smooth transition from existing services to the neighbourhood model by creating the conditions for service continuity, and retaining the local knowledge and experience. The arrangement will also minimise the potential loss of substantial numbers of volunteers, who are aligned to the existing providers. The combined provider group have a resource of up to 2000 volunteers, who form the backbone of the services provided to older people. The replacement of existing organisation by a new group can result in the loss of volunteers who are not prepared to continue volunteering. This would place at risk the neighbourhood model and risk a reduced offer to older people.
- 6.6 The council is committed to improving opportunities for social capital, and stabilisation of the voluntary sector. The proposed route meets these commitments as described in the first and fourth point above
- 6.7 Together with the Ageing Well programme the service will allow for increasing use of social capital to reduce providers' dependency on council funding through effective use of volunteers and encouragement of peer support groups. The service will also contribute to managing assets more effectively, through supporting the work on the community assets plan as described in section 7 below.
- 6.8 A number of measures will be put in place to ensure value for money is obtained from the neighbourhood model, and that volunteers are retained. These include working closely with the BPG to establish a specification which will specify required staffing levels, indicative activities to take place in each neighbourhood, and numbers of service users anticipated. A baseline measurement will be created using data from existing activities, and this can be used to monitor progress.
- 6.9 Following the market testing exercise on the 15<sup>th</sup> August 2012 described in paragraph 9.16 below and in reference to recommendation 1.3 the Committee is asked to approve the commencement of competitive procurement for Later Life Planners and Practical support services to commence 1 April 2013.

## **7. PROPERTY AND ESTATES**

- 7.1 The Council's Estates Strategy 2011–2015 includes a target to complete a public sector community assets plan in the borough and develop the longer term strategy with an action plan to co-locate and manage community assets more effectively with the council's partners.

- 7.2 Two elements of work are being undertaken within the Council which relate to the delivery of community buildings:
- i. As part of the Estates Strategy discussed at Cabinet Resources Committee on 24 May 2011, council-owned community buildings are undergoing a programme of compliance. This programme is expected to end during November and will inform the forthcoming Community Buildings Strategy.
  - ii. Cabinet at its meeting in November 2012 will consider the new Community Rights to Challenge, Bid and Buy, further considering the use of community assets within the context of the Localism Act, and a decision will be made at that meeting.
- 7.3 The Council owns and controls a number of the buildings in use by providers currently delivering day opportunities services. Some may become surplus to requirements as part of the reconfiguration, whilst new premises may need to be sourced in additional locations in order to meet the requirements of the neighbourhood model.
- 7.4 In order to assist with the reconfiguration of these services and drive the neighbourhood agenda forward, whilst these programmes of work complete, Adult Social Care and Health will work jointly with the sector and with corporate colleagues to actively look at options. This will include seeking out opportunities for sharing and supporting full use of premises and in doing so, aiming to reduce cost, minimise risk and achieve ongoing sustainability of services.
- 7.5 Using £10,000 of non-recurrent funding available through Barnet's Ageing Well Programme, it is proposed that the following actions take place:
- i. In conjunction with individual providers, undertake an audit of all premises currently in use delivering existing day opportunities provision.
  - ii. In conjunction with the provider group, actively consider the premises required to deliver the neighbourhood specification. As well as council-owned community buildings, the following should also be actively considered where appropriate:
    - a) Council operational properties, for example meeting rooms and similar spaces identified via the recent Libraries Review
    - b) What could be considered community assets within Council's housing stock, for example communal rooms within sheltered housing
    - c) Health assets
    - d) Other non Council-owned community assets
    - e) Private assets

- iii. Actively source and negotiate terms for the delivery of the neighbourhood specification, seeking out opportunities for sharing where possible.
  - iv. Deliver a premises plan linking to the delivery of the overall implementation of the neighbourhood model.
  - v. In conjunction with individual providers, provide signposting and support in relation to premises which may enable related but non-Council funded activity to be delivered.
- 7.6 Additional premises opportunities may be derived from which others may benefit, for example the recommissioning of Mental Health Day Opportunities or the delivery of Barnet's Ageing Well programme. This work therefore should be undertaken in conjunction with CommUNITY Barnet and the wider provider sector, and contribute to the overall delivery of the Council's Community Building's Strategy.

## **8. LEGAL ISSUES**

- 8.1 The services to be commissioned fall under Annexe B of Schedule 3 to The Public Contracts Regulations 2006 (as amended). This means that the award of the contract to Age UK Barnet is not subject to the full EU tendering rules but is subject to Parts 1 (General provisions), 8, (Reports, Notices, Confidentiality, Communication, Sub-Contracting, Public Service Bodies); Part 9 (Applications to the Court).
- 8.2 In addition, the move to a 'Lead Provider' arrangement is capable of constituting a 'new contract' subject to the Treaty provisions of transparency, fairness and non-discrimination.
- 8.3 The Council has carried out Equality Impact Assessments on the proposals and in doing so has had due regard to the goals set out in the equalities/ discrimination legislation as set out above.
- 8.4 Equality Impact Assessments have been completed for each of the proposals and developed in the light of responses from the public, voluntary sector and service users of day centres and this demonstrates a commitment to ensure that due regard is given to effect of proposals on all groups with protected characteristics as set out in the EIA. The feedback from consultation has informed the areas of focus of future discussion with service providers and users.
- 8.5 The council is required to have due regard to goals set out in the Equality Act 2010 particularly s149 which sets out the public sector equality duty which came into force on 5 April 2011. The general duty on public bodies states that a public authority must, in the exercise of its functions, have due regard to the need to:

- i. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- ii. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- iii. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.6 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- i. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- ii. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- iii. encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

8.7 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- i. tackle prejudice, and
- ii. promote understanding

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

8.8 The relevant protected characteristics are:-

- i. age;
- ii. disability;
- iii. gender reassignment;
- iv. pregnancy and maternity;
- v. race;
- vi. religion or belief;
- vii. sex;
- viii. sexual orientation.
- ix. It also covers marriage and civil partnership with regard to eliminating discrimination.



- 8.9 'Due regard' as required by legislation is more than 'regard'; it requires more than simply giving consideration to the issue of disability, race or gender, the law requires a rigorous and open minded approach.
- 8.10 There are also statutory Codes of Practice issued by the Equalities and Human Rights Commission
- 8.11 The Equality and Human Rights Commission guidance has stated that the essence of the new duty remains the same, to have due regard to achieve the three general duty aims. It also states, amongst other matters that public authorities should:
- i. have an adequate evidence base for decision making and to consider what engagement needs to be undertaken with people who have an interest in tackling discrimination, advancing equality and fostering good relations
  - ii. analyse the effect of a policy or practice on equality
- 8.12 The Council is following the Codes and taking the guidance into consideration in formulating its proposals for consideration by Cabinet.
- 8.13 The Council will keep under review whether in developing the new services these statutory duties are relevant.
- 8.14 Attached to this report (Appendix 2) are guidelines laid down by the Court in the case of R (OTA Brown) v Secretary of State for Work and Pensions [2008] 3158 (Admin) which also gives decision makers some additional guidance when considering their equality duties.
- 8.15 As a matter of public law the Council is required to put out to consultation, the proposals for changes to the groups affected by those changes. The consultation must be undertaken at a time whilst the proposals are in a formative stage and give sufficient reasons for the proposals and sufficient time for consultation to allow those consulted to be able to give a considered response. The results of that consultation must be taken into account when the final decision is made. The council has been in compliance with this requirement and has worked through the proposals with a group of providers and users.

## **9. CONSTITUTIONAL POWERS**

- 9.1 The Council Constitution Part 3, Responsibility for Functions, states in paragraph 3.6 the functions of the Cabinet Resources Committee.

## **10. BACKGROUND**

10.1 Prior to the Cabinet meeting on the 17<sup>th</sup> July 2012 a proposal was received from the Barnet Day Services Provider group (providers contracted with the council to provide day opportunities) requesting that Cabinet consider that a new contract for day services be allocated to existing providers working together. They proposed that one member of the group would be the contracting organisation but the group as a whole would provide services.

10.2 Cabinet responded in July by instructing the Cabinet Member for Adults to develop, in partnership with local providers, an implementation plan for the Older Adults Day Opportunities strategy for consideration by Cabinet Resources Committee (CRC). Cabinet also agreed the four models for delivering future day opportunities in Barnet, with the intention that they will begin operating from 1 April 2013. This section describes what work has been done with providers to develop the neighbourhood model and the implementation plan, and describes the market-testing event held on 15 August 2012.

### **10.3 Older Adult Provider Group and the Neighbourhood Model**

A meeting was arranged by council officers on the 23 July 2012 in order to provide a briefing on the outcome of the Cabinet meeting, next steps and some group work to test the viability of the proposal submitted by the Barnet Provider Group (BPG) as described above. 22 organisational representatives attended along with 2 representatives from the Barnet Older People's Assembly. Council officers explained that the BPG had been invited to develop their offer to Cabinet and present this to a stakeholder panel on the 1<sup>st</sup> August. During that meeting there was a general consensus from organisations present, including the largest ones, that Age UK Barnet should fulfil the role of lead provider.

10.4 In order to support the providers group to develop their proposals a 'critical friend' role was implemented. This has been undertaken by the Council's Carers Lead. In addition each provider has been allocated a commissioning manager to work with each provider to address their own specific issues and questions until the end of September 2012. A draft specification for the neighbourhood model was shared with the provider group on 26 July 2012.

10.5 The testing of the neighbourhood model took place on the 1st August and then a further presentation was made on the 6<sup>th</sup> August 2012. On these two days a stakeholder panel, which consisted of commissioners, service user and Older Adults Assembly Group members, evaluated their presentation and had the opportunity to ask questions of the Barnet Older Adults Provider Group. The Stakeholder panel met together following the presentations and agreed that the

BPG proposals were viable, and should be further worked up for presentation to CRC in September 2012.

10.6 The council has written to all contracted providers asking them for confirmation that they have signed up to the BPG proposal and that they have had sufficient information to help them make the decision. All existing provider organisations have confirmed that they wish to be part of the new model, apart from one organisation with which ongoing dialogue and discussion is taking place.

#### 10.7 **Summary of OA Provider Group Proposals**

As described above, existing providers, led by Age UK Barnet presented their proposals for a neighbourhood model to the stakeholder panel on two occasions and in addition a final meeting chaired by the Co Chair of the Older Adults Partnership Board and the Cabinet Lead for Adults. Final membership of the Barnet Provider Group (BPG) will be decided by early October 2012 following confirmation from the council that the provider proposal can be progressed. A management committee, with an independent chair, consisting of representation from each group will oversee service delivery

10.8 The Barnet Provider Group has strong representation across the ethnic and cultural spectrum which will ensure the whole community is involved in the service changes. The BPG will draw up and agree a Memorandum of Understanding based on the existing Carers hub model. The target is to have this signed by the end of October 2012. Sub contracts will be based on the Centre for Independent Living model, as already agreed by the Council.

10.9 Barnet Provider Group (BPG) are articulating a vision where the neighbourhood model aims to rebuild or re-connect individuals with community support networks that may have been disrupted or have disappeared through a recent move from home into supported living, re-location from another area, a lengthy hospital stay, recent disability or life limiting condition, loss of family support or a life long partner, or any other factor that may have left an individual feeling lonely, isolated, and vulnerable.

10.10 The BPG will work closely with the Older Adults Partnership Board (OAPB) to enable them to identify those support services that are of most value to communities. BPG will map out current service provision. Together with the user group, service users and providers, it will review current provision to ascertain if it is fit for purpose taking into account community requirements and identify core services that communities want and need.

10.11 Together with the councils Insight Team, the neighbourhood areas are being drawn up. It is proposed that these are based on ward boundaries; and that there will be 7 neighbourhood areas.

10.12 BPG have articulated the benefits of their proposals, which include the fact that no one provider could undertake this alone, the considerable benefits of pooling resources (IT, staff, central services, premises) and of course the immense strength of combining 2000 volunteers across the borough in a co-ordinated way.

#### 10.13 **Next steps – Neighbourhood Model**

Subject to Cabinet Resources Committee's approval on the 18<sup>th</sup> October 12 the provider partnership group led by Age UK Barnet will be tasked with undertaking the following further work for completion by the 1st December 2012:

- i. A worked up detailed operational specification for the neighbourhood model, including schedules of indicative staffing and activities, designed to deliver the outcomes defined in the high level neighbourhood model specification within the funding envelope.
- ii. A detailed transition plan
- iii. Arrangements for transfers of existing contracts into the new arrangement by April 2013, with the lead contract held by Age UK
- iv. Transitional arrangements for any existing providers who have decided not to participate in the new arrangements, as they will not be able to rely on council funding after April 2013 to fund their services [
- v. Joint communication plans so that people who use services are clear about the offer available in neighbourhoods

#### 10.14 **Later Life Planners, Handy Person and Home from Hospital**

The Later Life Planners model will be integrally linked to the Neighbourhood Model. They will also be contributing to the NHS Health Checks initiative to ensure that an environment exists that includes health checks as a matter of priority to enable people to plan for their later life. It will be an integral part of the Later Life Planners service not only to make access available to the Health Check service, but promote this service to its clients to ensure as many older people as possible take advantage of this service. Further opportunities for integration will be developed during the first year.

10.15 There are a significant number of self-funders within Barnet and work is underway to develop a 'Barnet Offer' so that self-funders are able to access advice. The Later Life Planners service will be in a position to work closely with any future chosen provider of this service.

10.16 A market event was advertised for the 15 August 2012 and relevant draft specifications were published on the web. This was attended by 15 people representing 11 organisations. It is therefore recommended that there was sufficient interest for the procurement of Later Life and Practical Support services to commence from the 19th October 2012

#### 10.17 **Fremantle Trust**

A new day services specification for the Fremantle Trust has been drafted and is currently subject to negotiation. This is due to be concluded by 30<sup>th</sup> September 2012. This service will support the most frail and vulnerable older people to retain their independence and minimise the risk of their admission to long term care, using an enablement model. The service development will include a more flexible approach with greater service user involvement, outreach services, closer links with the local community and a menu of priced activities so that service users can purchase particular activities using their Personal Budget. There is a requirement on Fremantle to work with the Neighbourhood Model providers and Later Life planners to ensure that older people and their carers are aware and able to access the widest range of information, advice and local support.

#### 10.18 **The Proposal**

If recommendation 1.2 is approved this will mean the following approach will be implemented

- The BPG led by Age-UK Barnet be commissioned to operate a neighbourhood service for an initial 3 years (option to extend to 5) prior to competitive procurement of a new contract to commence at the end of the period.
- The proposed services would be subject to a detailed specification and performance framework setting out the council's requirements.
- That approval is given for the commencement of competitive procurement for Later Life Planners and Practical Support Services, to start on the 1 October 2012 for commencement of services by 1 April 2013.

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

## 10.20 Neighbourhood Model

End October 2012	CRC decision
Mid November 2012	Steering group established with independent chair Memorandum of understanding agreed and signed
End October 2012 to end January 2013	Mapping existing services and community asset audit
November to December 2012	Joint work between council and providers with service users to identify alternative provision
Mid November 2012	Neighbourhoods identified and agreed
End November 2012	Community Care assessments completed
Mid November 2012	Providers to submit to the council: <ul style="list-style-type: none"> <li>i A worked up detailed operational specification for the neighbourhood model, including schedules of indicative staffing and activities, designed to deliver the outcomes defined in the high level neighbourhood model specification (already sent) within the funding envelope.</li> <li>ii A detailed transition plan</li> <li>iii Arrangements for transfers of existing contracts into the new arrangement by April 2013, with the lead contract held by Age UK Barnet</li> <li>iv Transitional arrangements for any existing providers who have decided not to participate in the new arrangements, as they will not be able to rely on council funding after April 2013 to fund their services</li> <li>v Joint communication plans so people who use services are clear about the offer available in neighbourhoods</li> </ul>
December 2012	Agree and sign contract with Lead provider for 1 <sup>st</sup> April 2013 commencement
To mid January 2013	Pilot of neighbourhood in 1 to 2 areas
End January 2013	Evaluate pilot
January 2013	Completion of Services design
End January 2013	Agreement which Providers will sub contract
1 <sup>st</sup> April 2013	New contract commences Delivery starts

## 10.21 Later Life Planners and Practical Support services

End September 2012	CRC decision
5 <sup>th</sup> November 2012	Tenders/Quotes sought
24 December 2012	Receipt of tenders/quotes
To early February 2013	Interviews and evaluation
March 2013	CRC approval sought

## 11 LIST OF BACKGROUND PAPERS

11.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>MC/JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>LC/TE</b>

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## **Appendix 1**

### **Implementing the Equality Action Plan**

#### **1. Introduction**

- 1.1. The Equalities Action Plan (EAP) from the Cabinet report of 17 July 2012 has been used as the basis for consideration in this report. The EAPs general statement was: 'The majority of the issues raised in Equality Assessment will be dealt with when the specifications for the new services are drawn up. Additionally, comments made within the consultation document will be incorporated'.
- 1.2. This report aims to assess the work done on the service specifications to date and update Cabinet Resources Committee on the relevant equalities issues that it needs to have due regard to.

#### **2. Neighbourhood Services**

- 2.1 At Cabinet on the 17th July 2012, it was agreed that an implementation plan for the Older Adults neighbourhood model should be developed with existing providers and taken back to the Cabinet Resources Committee no later than the 30th September 2012. An additional funding resource of £150,000 was allocated to this model.
- 2.2 Following this decision providers were invited to a further meeting on the 23<sup>rd</sup> July to discuss how this implementation plan would be developed and more detail could be obtained about an existing provider led proposal to deliver the neighbourhood model. This proposal described a lead provider model and other providers entering into sub contract arrangements from April 2013 to deliver the neighbourhood model.
- 2.3 A number of further meetings took place where presentations of the Providers' proposals were put to a panel of officers, users and representative groups. The proposals were measured against a set of criteria; which included assessment of the groups' current position, governance and quality arrangements, how the needs of the diverse communities in Barnet will be met, how the draft specification will be met.

### **3. Equalities Assessment of above arrangements**

#### Choice of Lead Provider

- 3.1 Age UK Barnet, as Chair of the Older Adults Service Providers' group, volunteered to put forward a proposal to the council on the delivery of neighbourhood services at a workshop held on 11 June 2012. As these proposals were not fully developed, they were not referred to in any detail within the Cabinet report.
- 3.2 Following Cabinet's decision on 17 July 2012, officers confirmed at a meeting on the 23 July 2012, how the council intended to take the Neighbourhood model forward, including expanding and consolidating the providers' proposals.
- 3.3 At this meeting, Age UK Barnet put itself up to lead this process and no other provider objected to this or put up an alternative nomination. However, following this meeting, one organisation, Barnet African Caribbean Association wrote to Age UK Barnet expressing its concern about the way in which it is intended to procure this contract as there had been no tender process.
- 3.4 A letter and questionnaire was sent to all current contracted providers on 8 August 2012 seeking confirmation that they have or have not signed up to the provider led proposal (see below) and that they have had sufficient information to understand what this might mean for their organisation.
- 3.5 The provider led proposal that has been presented to the council is as follows:
  - i. Existing contracted providers have agreed to work in partnership with each other, and with Age UK Barnet as the lead provider to deliver neighbourhood services from April 2013. This means that all council funding for the neighbourhood model will be provided through a contractual relationship with Age UK Barnet, who will then enter into sub contract arrangements with existing contracted organisations for an element of this contract;
  - ii. Age UK Barnet are the lead provider, and will have in place a memorandum of understanding with other organisations, with a steering group established to implement and manage the neighbourhood model;
  - iii. The management group will manage the transition plan with the support of the council but existing separate funding to providers will terminate in April 2013;

- iv. Individual management committees of provider organisations have agreed to sign up to the memorandum of agreement that will be put in place between the organisations and agreed for Age UK Barnet to be the lead provider and will each have a vote on the management committee overseeing the contract implementation.
- 3.6 The outcome of this exercise is as follows. Responses, verbal and/or written have been received from all organisations and no objections have been received to date, but one organisation has decided not to be part of the BPG. Of those organisations that have not responded, some have given verbal assurances to Age UK Barnet, but formal written responses are being sought for the Council.

**Panel members to hear Neighbourhood model proposals**

- 3.7 The panel members consisted of council officers; user representatives from Anand Day Centre, Barnet Asian Women's Association and Barnet Older Adults Assembly.

**Critical Friend**

- 3.8 A senior council officer acted as 'critical friend' to the Providers' group and individual groups. This involved giving assistance to the group on the presentation but more importantly, the minority ethnic groups were able to discuss their concerns and be advised on these.

**4. Equalities duties within draft service specifications for Neighbourhood Services, Later Life Planners; Handyperson and Home from Hospital services and Care & Activity Model**

- 4.1 A high level draft service specification for Neighbourhood Services and summary specifications for Later Life Planners, Handyperson and Home from Hospital services were drafted with a generic equalities section relating to all services (summarised below). Each individual specification will then contain equalities issues specific to that service. Generic equality duties include:

4.2 Accessibility

- i Availability and accessibility of schemes to everyone in the borough – particularly those not easily engaged with
- ii Schemes are accessible and inclusive to people with all types and degrees of disability whether these are provided separately or facilitated within general / mixed groups
- iii Emphasis on outreach work to reach those people with disabilities that do not normally engage in day opportunities, ensuring the necessary transport arrangements are available. Where someone does not wish to attend a centre, interests of isolated older people,

particularly those with disabilities should be ascertained and activities arranged to suit their particular needs.

- iv The need for the Lead Provider to organise or enhance existing travel facilities for older people has been specified.
- 4.3 Ethnic / cultural / religious specific services
- i. Activities are culturally sensitive; ethnically diverse and in accordance with religious beliefs. Staff and volunteers are available with language skills and cultural knowledge for all the main minority ethnic groups
  - ii. The Lead Provider is expected to work with existing BME providers and volunteers to facilitate borough-wide provision for BME communities which meet cultural, language and religious needs and wherever possible, the ethos and identity of established organisations should be retained within the financial envelope.
- 4.4 Gender / sexuality specific services
- i. Schemes are 'equal not the same', i.e. there is provision of gender specific services or those geared towards a particular sexuality, depending on their needs and preferences
  - ii. Any new service will be encouraged to employ female operatives, not only for equality in employment but also to cater for those older women who are nervous about allowing men into their homes.
- 4.5 Finding non-contracted organisations
- i. The Neighbourhood model gives Providers the opportunity to expand their expertise to cater for a larger group of older people, particularly where existing provision is lacking. The specification requires the Lead Provider to ensure that wherever possible, activities for all communities as well as provision for those with disabilities is arranged in all parts of the borough.
  - ii. To ensure service providers who are currently not funded by the council are included in the Neighbourhood services, the Lead Provider will at the outset ensure that all protected groups and all cultural groups in Barnet are represented by carrying out a mapping exercise
- 4.6 Services for people on low income
- i. Services should be affordable and as more locally based services would reduce travel costs; people could pay for services that interest them individually rather than a ready-made one on offer.
- 4.7 Addressing potential inequality in the Care & Activity model
- i. There may be inequality within the Care and Activity model between those assessed with FACS critical / substantial and those with lesser

needs. For older people, particularly with disabilities who have low or moderate needs, a range of alternative services should be on offer.

## **5. Market testing event**

- 5.1 A market testing event was organised for 15 August 2012. Invitees were local and national organisations and individuals who had shown interest in bidding for services if they were to be advertised following the 27 September 2012 Cabinet meeting.
- 5.2 Attendees included 15 people representing 11 organisations.
- 5.3 One potential issue was that the original invitation to participate in market testing in June 2012 included the Neighbourhood model which was removed subsequent to the Cabinet decision and this may have reduced the level of interest from the wider market as the contract value is reduced.

## **6. Equalities duties within full service specifications**

- 6.1 Following the proposals from the current service providers on the delivery of Neighbourhood Services and the market testing event on Later Life Planners, Handypersons and Home from Hospital services, full service specifications have been drawn up for all services.
- 6.2 These include and have expanded on the equality duties covered within the draft specifications.

## **7. Implementation of CRC's decision**

### Agrees provider-led Neighbourhood model

- 7.1 Contract monitoring obligations will apply; in particular ensuring equality duties under section 4 are being met.

### Agrees Later Life Planners, Handypersons, Home from Hospital services

- 7.2 Competitive tender ensuring equality duties under section 4 are being met.

## 8. Issues from consultation

Respondents were asked to consider if they thought there would be a negative impact on any of the equality groups and if so, did they have any ideas about what could be done to improve this?

<b>Later Life Planners</b>	<b>Included in specification?</b>
Any costs involved must be affordable	Yes
Life planners require knowledge of specific services for groups	Skills and training to be included in detailed spec
Help minorities to integrate	To be included in detailed spec
More personal approach required	To be included in detailed spec
Specific services for ethnic minorities	Requirements for availability of services by ethnic minorities to be included in spec
Provide transport	Yes
<b>Neighbourhood Services</b>	
Separate provision for cultural needs	Yes
Any costs should be affordable	Yes
Provide access for all	Yes
Provide transport	Included in specification, to be developed
Improve disabled access to centres	Yes
Provision for dietary needs	Yes
<b>Practical Support</b>	
Any costs involved must be affordable	Yes
Services must be appropriate to cultural backgrounds/beliefs	Yes
Ensure people feel safe when receiving in-home services	Yes
<b>Care &amp; Activity</b>	
Educate people as to what services are available	Yes, to be developed
Work more closely with the voluntary sector	Yes
<b>Separate Services for groups</b>	
Older people with dementia	Yes
Older people from black and ethnic	Yes

minorities	
Older people with chronic illness / disabilities	Yes some services e.g. for stroke survivors but generally these groups can access other services
People with mental health issues	Yes (separate service)
Women	Yes
People with mobility problems	No – not separate but accessible services specified
People with learning difficulties	Yes (separate service)
Older people who are lonely	Yes
People with hearing difficulties	No – not separate but accessible services specified
People with eyesight problems	No – not separate but accessible services specified
Epileptic people	No – not separate but accessible services specified
People with a history of violence	Nothing specific but people with challenging behaviour can access certain services.
Bereaved people	Yes
People in debt	Yes
<b>Any other ways that you think the council and service providers could improve day services for older people</b>	
Fund existing voluntary services/charities	Yes
Provide and maintain funds	No
Maintain/increase amount of day care centres	Yes
Improve transport facilities for old people	Yes – to be developed
Simple forms/questionnaires	Yes
More advertising/provide information of services available	Yes
Information should be provided in a variety of languages/formats	Yes
Make regular contact with older people	Yes
Recognise individual needs	Yes
Wider range of day centre activities	Yes

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## Appendix 2

**Guidelines laid down by the Court in the case of R (OTA Brown) v Secretary of State for Work and Pensions [2008] 3158 (Admin) which also gives decision makers some additional guidance when considering their equality duties.**

Firstly, those in the public authority who have to take decisions that do or might affect (disabled) people **must be made aware of their duty to have “due regard”** to the identified goals... Thus, an incomplete or erroneous appreciation of the duties will mean that “due regard” has not been given to them...

Secondly, the “due regard” duty **must be fulfilled before and at the time that a particular policy that will or might affect (disabled) people is being considered by the public authority in question.** It involves a conscious approach and state of mind... Attempts to justify a decision as being consistent with the exercise of the duty when it was not, in fact, considered before the decision, are not enough to discharge the duty...

Thirdly, the duty **must be exercised in substance, with rigour and with an open mind.** The duty has to be integrated within the discharge of the public functions of the authority. It is not a question of “ticking boxes”...

Fourthly, the duty imposed on public authorities that are subject to the section 49A(1) duty is **a non-delegable duty.** The duty will always remain on the public authority charged with it. In practice another body may actually carry out practical steps to fulfil a policy stated by a public authority that is charged with the section 49A(1) duty. In those circumstances the duty to have “due regard” to the needs identified will only be fulfilled by the relevant public authority if (i) it appoints a third party that is capable of fulfilling the “due regard” duty and is willing to do so; and (ii) the public authority maintains a proper supervision over the third party to ensure it carries out its “due regard” duty...

Fifthly, and obviously, **the duty is a continuing one.**

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Meeting	Cabinet Resources Committee
Date	27 September 2012
<b>Subject</b>	<b>Barnet Centre for Independent Living – Extension of contract to deliver a Peer Support Brokerage service (previously branded Advantage Agent Service)</b>
Report of Summary	Cabinet Member for Adults  This report seeks authority to extend the contract with Barnet Centre for Independent Living to provide Peer Support Brokerage services to bring the contract in line with the recommissioning timetable for User Controlled Information, Advice and Advocacy services

Officer Contributors	Rachel Williamson, Adult Social Care and Health
Status (public or exempt)	Public
Wards Affected	N/A
Key Decision	No
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix – Equality Analysis; Information, Advice, Advocacy and Brokerage Services
Contact for Further Information:	Rachel Williamson, Commissioning Team, Adult Social Care and Health, 0208 359 7298

## **1 RECOMMENDATIONS**

- 1.1 That the Committee authorise a waiver of Contract Procedure Rules to allow the contract with Barnet Centre for Independent Living, for delivery of a Peer Support Brokerage service (previously branded as Advantage Agent Service) to be extended from 31 December 2012 until 31 March 2014

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 22 July 2008 (Decision item 11) - approved changes to voluntary sector commissioning arrangements.
- 2.2 Cabinet Resources Committee, 8 December 2009 (Decision item 7) - approved the strategic document 'Looking after Yourself – a prevention framework for Barnet' as the basis for the commissioning of preventative services by Adult Social Services.
- 2.3 Cabinet Resources Committee, 13 January 2011 (Decision item 11) - approved a waiver of paragraph 5.6.2 of the Contract Procedure Rules to allow the entry into interim funding agreements for prevention services commissioned by the Council's Adult Social Services subject to a maximum duration of two years.
- 2.4 Cabinet Member for Adults Delegated Powers Report No1209, 17 November 2010 – waived Contract Procedure Rules to authorise Barnet Centre for Independent Living as a single source supplier for the Advantage Agent service.
- 2.5 Director Adult Social Care and Health Delegated Powers Report No 1313, 4 April 2011 – authorised the entry into contract with the Barnet Centre for Independent Living to provide the Advantage Agent service between April 2011 and December 2012 at a cost of £341,564.
- 2.6 Cabinet Resources Committee, 28 July 2011, (Decision item10)- waived Contract Procedure Rules to authorise the commissioning of Barnet Centre for Independent Living to provide information, advice and advocacy services for a maximum period of two years.

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

- 3.1 Better services with less money- Barnet have taken up the recent opportunity to bid for an additional year of funding for the Right to Control trailblazer. A decision on allocation of funding will be made by Parliament and is expected in November 2012. The 'Right to Control' brings together assessment, planning and review processes for seven funding streams and promotes independence for adults with care and support needs in the Borough.. Right to Control is a partnership project between the Council, local offices of the Job Centre Plus and the Barnet Centre for Independent Living. It consequently embodies the 'One Barnet approach'. It introduces a more efficient business model, which may deliver cashable efficiencies. The service focuses support around the customer to achieve a better customer experience and better value for money through commissioning services differently and through service transformation.

The service contributes to managing resources and assets effectively and sustainably across the public sector

- 3.2 Sharing opportunities and sharing responsibilities- The service together with the User Controlled Information, Advice and Advocacy service supports the implementation of the 'My Support, My Choice' vision for personalisation in Adult Social Care and Health by developing a market place which is able to respond to people self-directing their support through a personal budget and by increasing the control disabled people have over the support they receive from the state. The service will allow for increasing use of social capital to reduce providers' dependency on Council funding for example through effective deployment of volunteering and by enabling service users to set up sustainable peer support groups
- 3.3 New relationship with citizens- Barnet Centre for Independent Living is a User Led Organisation able to take forward the new relationship through its role as a hub provider of a range of core support for disabled people, including peer support, support planning and brokerage that demonstrate user influence and delivers user controlled services.

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

- 4.1 The opportunity to become a Right to Control trailblazer site was hotly contested nationally. One of the key requirements of successful bids was evidence that disabled people, and user-led organisations, were partners in the bidding process and would be central to the development and delivery of the new Right. The success of Barnet's partnership bid was, in part, dependent upon our close working with Barnet Centre for Independent Living (BCIL). A key element of this was the proposal that they run a peer mentoring and support brokerage service, entitled the 'Advantage Agent' service initially and subsequently and currently the 'Peer Support Brokerage service'.
- 4.2 In bidding for the Right to Control monies, a commitment was made on behalf of the Council that the Advantage Agent service would be delivered by Barnet Centre for Independent Living. The bid for additional funding was considered on the basis of evaluation of the current arrangements for independent support planning and brokerage and the co—production that has taken place between BCIL and the other Right to Control partners. Office for Disability Issues (ODI) recognised that BCIL Peer Support Brokers offer customers real choice and control over how their support is planned, by giving them the option to be supported by brokers who have lived experience of disability and are independent of the council/ JobCentrePlus (JCP). Over 150 customers have benefited from this service over the past year.
- 4.3 BCIL has already been commissioned by the Council to provide User Controlled Information, Advice and Advocacy services ("IAA"). It is highly desirable that IAA and brokerage services are provided within a single integrated service in order to enable flexible use of resources to meet future needs. The Council with CommUNITY Barnet and the voluntary sector have actively supported development of BCIL, leading to its constitution as a community interest company in Autumn 2010 so that the borough has a cross client group User Led Organisation.

- 4.4 Good quality IAA and brokerage delivered through a user-led organisation are a core part of specialist provision for people with disabilities, frailties or other long-term conditions, and a key element in maximising take-up of the Right to Control and use of personal budgets by people eligible to receive funding for social care and support. Ready access to timely IAA services also enables people with low and medium-level needs to stay independent, preventing escalation of needs and dependencies
- 4.5 Commissioning the provision under aligned arrangements with BCIL is recommended in order to mitigate risks arising from the budgetary reduction approved by Cabinet in February 2011. It offers potential efficiencies of scale by reducing overhead costs and mitigating risks of duplication and/or gaps between services that would occur if the reduced budget were spread across several smaller contracts. It also offers efficiencies in contract management for the Council.
- 4.6 There is a risk that extending the contract for Peer Support Brokerage services with BCIL could result in challenge(s) being brought against the council. The risk is assessed as being low in view of the specialist nature of the relevant services.
- 4.7 At the same time, there are significant risks if the Council proceeds directly to competitive procurement before it has sufficiently tested the Peer Support Brokerage model. The limited term of the extension would provide sufficient time for BCIL to continue to pilot the services and for the Council to review its performance, refine or reshape the service specification and complete a competitive procurement to let a new contract on expiry of the contract with BCIL. This extension period will focus on;
- Develop the “best practice” elements of our model that really make a difference to disabled people;
  - Building a robust evidence base to inform local and national roll-out; and
  - Embedding the approach so that it is sustainable in the long term and consistent across service areas.
- 4.8 The risk that the recommended contract with BCIL by way of an extension to 31 March 2014 would not offer best value for money would be mitigated by the following intended actions:
- The Council’s requirements for the services will be re-specified to define the objectives and deliverables to be achieved over the period of the contract.
  - For example, in 2012-13 there will be contract variation to
    - move to a cost and volume contract- to provide an incentive for Care Services Delivery and BCIL to deliver target numbers of support plans
    - BCIL to provide Direct Payment advice- to improve the customer journey and trial independent Direct Payment advice models
    - To include a Payment by Results method of payment (e.g. 10%)- to provide an incentive for BCIL to deliver target number of support plans. To trial personalised models of brokerage based on disaggregated funding as found elsewhere in the market

- The contract is outcomes focused with well-defined indicators of success and include clear and enforceable accountabilities for performance and provision for unconditional early termination.
- The contract will be for a limited period (December 2012- March 2014), with competitive procurement being undertaken in 2013.

## **5 EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Equality Act 2010 came into force on 5 April 2011. Pursuant to section 149 of the Act, the council has a public sector obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation.
- 5.2 The provision of user-led information, advice and advocacy and brokerage services strengthens the ability of disabled people to control their lives as they become better informed and supported to make their voice heard. Improving access to information and inter-personal support will increase individuals' ability to exercise choice. Consequently, the commissioning is intended to have a very positive equalities impact. Initial equality impact assessment of the proposed pilot service model and implementation arrangements have been completed and circulated as part of the 28 July 2011 Cabinet Resource Committee paper. The assessment at this stage indicates a positive effect overall and will be updated in the light of the outcomes achieved during the first year of operation (monitoring is occurring quarterly and re-evaluation due April 2013).
- 5.3 Having one contract for a pan-disability service will ensure that there is fair access to support across all groups including carers, and that needs can be matched efficiently with resources.
- 5.4 The Council's Equalities policy will inform evaluation of providers' proposals. The contract for the new services will include explicit requirements fully covering the Council's duties under equalities legislation.
- 5.5 The contract will require providers to have a high standard of equitable behaviours. This includes compliance with Equal Opportunities Legislation, operating an equal opportunities policy, observing Codes of Practice issued by the Commission for Equality and Human Rights, and giving appropriate consideration to each customer's race, nationality, cultural or ethnic background, marital status, age, gender, religion, sexual orientation and disabilities.

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

### **6.1 Finance Implications**

- 6.1.1 The contract value for the contract extension for the period 31<sup>st</sup> December 2012 – 31<sup>st</sup> March 2014 is £205,000. The annual value of the contract is £164,000

- 6.1.2 Barnet have replied to the Office of Disability Issues to request an additional year of funding for the Right to Control trailblazer. A decision on allocation of funding will be made by Parliament and is expected in November 2012
- 6.1.3 The Right to Control partners in Barnet welcome the proposal to extend the trailblazer for a further year and have agreed in principle to an extension, subject to funding being made available and further negotiation of a contract variation.
- 6.1.4 The extension will enable us to:
- Develop the “best practice” elements of our model that really make a difference to disabled people;
  - Build a robust evidence base to inform local and national roll-out; and
  - Embed the approach so that it is sustainable in the long term and consistent across service areas.

6.1.5 The Council is requesting the following from the ODI to fund this work:

**Provisional Costings for ODI: Extension of Right to Control**

	<b>Resource</b>	<b>Amount</b>	<b>Comments</b>
<b>Support Planning</b>	Peer Support Brokerage services- extension of 12 months	£164,000	<i>Spend as per current BCIL contract</i>
<b>Total requested from ODI</b>	<b>Total extension of Right to Control</b>	<b>£450,000</b>	

6.1.6 The project budget for the commissioning of the contract extension is £210,773.42. In the case that ODI funding is available this will be used with the additional monies from Integration of Health and Social Care Section 256 funding. If the ODI funding isn't available then Integration of Health and Social Care Section 256 funding will be used for the full amount. These two scenarios are expressed below;

Income		
Scenario A	£164,000	Grant monies from the Office for Disability Issues
	£41,000	Grant monies Integration of Health and Social Care Section 256 funding
Scenario B	£205,000	Grant monies Integration of Health and Social Care Section 256 funding

6.1.7 It should be noted that none of the monies budgeted for this service come from the Council's revenue base budget.

6.2 Procurement implications

- 6.2.1 In Delegated Powers Report 1313, the Director Adult Social Care and Health authorised the entry into contract with the Barnet Centre for Independent Living to provide the Advantage Agent service between April 2011 and December 2012, at a cost of £341,564.
- 6.2.2 Contract extensions are dealt with in paragraph 5.6 of the Council's Contract Procedure Rules (“CPR's”), which provides:



“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 having had regard to the following:

i. If initial contract was subject to EU tender procedure that the extension option was declared within the OJEU notice; acceptance report (Delegated Powers Report/Cabinet Resources Committee Report) and the contract includes extension clauses

ii. If initial contract value was subject to sub EU threshold procedure (Barnet tender/ quotation process) the extension does not take the value past EU threshold”

6.2.3 Acceptance thresholds for contract extensions are as set out in Table 5-2 of the CPR's. Contract extensions in excess of £173,934 must be authorised by the Cabinet Resources Committee.

6.2.4 In addition to the value of the proposed extension, as the initial contract with BCIL was not based on a competitive tender or quotation the extension does not come within the provisions of paragraph 5.6 of the CPR's. Accordingly a waiver of CPR's is now sought. Paragraph 5.8 of the CPR's provides that except in situations of urgency or emergency the CPR's may only be waived on the decision of Cabinet Resource Committee:

“and only where that Committee is satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:

5.8.1 the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or

5.8.2 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

5.8.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or

5.8.4 there are other circumstances which are genuinely exceptional”

6.2.5 Waiver of the Contract Procedure Rules is being sought on the basis of exceptional circumstances: the time which it would take to carry out a full procurement, and in view of the re-commissioning timetables of User Controlled Information, Advice and Advocacy services and Peer Support Brokerage to ensure consistency of provision, a streamlined customer journey

and best value for money. The services to be provided under the recommended contracts represent specialist models of provision that have not yet been fully tested. The Council is therefore not yet in a position to proceed to competitive procurement but it must nevertheless procure new contracts to ensure continuity of provision for disabled people when existing contracts expire on 30 December 2012. These circumstances are consistent with the criteria at 5.8.1 and 5.8.4 of the Contract Procedure Rules.

## **7 LEGAL ISSUES**

- 7.1 The services that were commissioned will fall under Annexe B of Schedule 3 to The Public Contracts Regulations 2006 (as amended). This means that the procurement was not subject to the full EU tendering rules.
- 7.2 Appropriate legal documentation will need to be drawn up and executed to vary and extend the existing contract.

## **8 CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

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

## **9 BACKGROUND INFORMATION**

- 9.1 The Council's Information, Advice, Advocacy and Brokerage strategy has been revised following wide consultation which ended in May 2011. The new strategy takes account of the feedback received, that people are looking for information, advice, advocacy and brokerage that are geared to the special needs of disabled people and carers rather than to those of Barnet's general population to be served by the Council's proposed Customer Services Organisation.
- 9.2 It is highly desirable that IAA and brokerage services are provided within a single integrated service in order to enable flexible use of resources to meet future needs.
- 9.3 A specialist information, advice, advocacy and brokerage service for disabled people and carers will enable:
- Choice and control - individual service users and carers are empowered to make informed decisions about their lives;
  - Prevention - individuals are supported to plan for their lives and anticipate their health and social care needs;
  - Social capital - individuals understand and make best use of the resources available to them;

- Market management - information about needs and demand stimulates a competitive consumer-led market.
- 9.4 For the Council the creation of the Centre for Independent Living embodies a commitment to a new relationship with citizens; a user led organisation responsible for the design and delivery of social care services, providing social value in line with the 'Big Society' agenda. The offer will include signposting and support for individuals both eligible and ineligible for social services, with special regard to those who are self-directing and self-funding their support. It will close the gap for those ineligible for or less willing to engage with statutory services; it will support disabled people to lead more independent lives and it will provide the links with statutory and safeguarding services where required.
- 9.5 In 2010 the Barnet Centre for Independent Living (BCIL) organisation, facilitated by CommUNITYBarnet was constituted as a Community Interest Company that is 100% user led. Establishing user led organisations to lead on information, advice and support planning, continues to be a key national Government policy of the Office for Disability Issues who in May 2011 launched a national programme to support the development of strong and sustainable user led organisations. The work that Barnet Council has been doing in developing the BCIL has been identified as an example of good practice by the ODI. In maximising use of volunteers and harnessing the expertise of the people who use services to provide peer support, Barnet Centre for Independent Living offers 'added value' to delivery of contract outputs and outcomes.
- 9.6 Through its User Controlled Information, Advice and Advocacy contract BCIL has worked with local organisations to form partnership and sub-contracting relationships. Many local voluntary organisations are members of BCIL. The Council has had long-standing relationships with many of the funded voluntary organisations and many are delivering services of considerable value to Barnet residents and has consulted with them during 2011 on how best to achieve the budget savings for the voluntary sector and on the Information, Advice, Advocacy and Brokerage Strategy. Continuing to commission provision through BCIL would ensure continuity of the conditions for integrated working between specialist organisations and across the different customer groups for whom the services are intended.
- 9.7 It is recommended that BCIL be commissioned to extend the Peer Support Brokerage service until 31 March 2014. During 2013 there will be market testing and competitive procurement of a new contract to commence at the end of the period.
- 9.8 The service will continue to be subject to a detailed specification and performance framework setting out the Council's requirements. Performance would be appraised against the following measures of success:
- The services are chosen by a majority of people looking for support.
  - The services enable achievement of Barnet's performance targets on the number of people taking up individual budgets and self-directing their support.
  - The services achieve high satisfaction ratings on the effectiveness of their support to both personal budget holders and self-funders.
  - The services are able to evidence that they have prevented needs from escalating and reduced requirements for statutory interventions

- 9.9 The risk that the recommended partnership with BCIL by way of a contract extension would not offer best value for money would be mitigated by the following intended actions:
- The Council's requirements for the services will be re-specified to define the objectives and deliverables to be achieved over the period of the contract.
  - For example, in 2012-13 there will be contract variation to
    - move to a cost and volume contract- to provide an incentive for Care Services Delivery and BCIL to deliver target numbers of support plans
    - BCIL to provide Direct Payment advice- to improve the customer journey and trial independent Direct Payment advice models
    - To include a Payment by Results method of payment (e.g. 10%)- to provide an incentive for BCIL to deliver target number of support plans. To trial personalised models of brokerage based on disaggregated funding as found elsewhere in the market
  - The contract is outcomes focused with well-defined indicators of success and include clear and enforceable accountabilities for performance and provision for unconditional early termination.
  - The contract will be for a limited period (December 2012- March 2014), with competitive procurement being undertaken in 2013.
- 9.10 The key milestones for User Controlled Information Advice Advocacy Services would apply to the recommissioning of Peer Support Brokerage as follows;
- Dec 2012 Contract extension and negotiation of contract variation
- Jan - Mar 2013 Review of performance and requirements for amendment of service models.
- Apr - Jun 2013 Market testing and finalisation of steady state service specifications.
- Jul - Dec 2013 Invitation of competitive tenders and selection of new contractor/s.
- Jan - Mar 2014 Service mobilisation and transition planning.
- April 2014 Commencement of new contract.

## 10 LIST OF BACKGROUND PAPERS

### 10.1 Equality Analysis; User Controlled Information, Advice, Advocacy Services

<b>Cleared by Finance (Officer's initials)</b>	<b>JH/MC</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>

Directorate: Adult Social Services  
Service Area: Strategic Commissioning Team  
Proposed saving: No additional savings

Description of change to service:

Updated EqA September 2012 to accompany Cabinet Resources Committee, 27<sup>th</sup> September 2012. The report requests that the Committee **authorise a waiver of Contract Procedure Rules to allow the contract with Barnet Centre for Independent Living, for delivery of a Peer Support Brokerage service (previously branded as Advantage Agent Service) to be extended from 31 December 2012 until 31 March 2014**

Barnet have taken up the recent opportunity to bid for an additional year of funding for the Right to Control trailblazer to fund the Peer Support Brokerage service. A decision on allocation of funding will be made by Parliament and is expected in November 2012.

This brings the recommissioning timetable for Peer Support Brokerage in line with the timetable for User Controlled Information, Advice, Advocacy services (also provided by Barnet Centre for Independent Living).

It is highly desirable that IAA and brokerage services are provided within a single integrated service in order to enable flexible use of resources to meet future needs. The waiver of the Contract Procedure Rules is being sought on the basis of exceptional circumstances: the time which it would take to carry out a full procurement, and in view of the re-commissioning timetables of User Controlled Information, Advice and Advocacy services and Peer Support Brokerage to ensure consistency of provision, a streamlined customer journey and best value for money. The services to be provided under the recommended contracts represent specialist models of provision that have not yet been fully tested. The Council is therefore not yet in a position to proceed to competitive procurement but it must nevertheless procure new contracts to ensure continuity of provision for disabled people when existing contracts expire on 30 December 2012.

The initial EqA of BCIL Information, Advice and Advocacy services was completed in July 2011 and attached to Cabinet Resources Committee, 28 July 2011, (Decision item10). This waived Contract Procedure Rules to authorise the commissioning of Barnet Centre for Independent Living to provide information, advice and advocacy services for a maximum period of two years.

The reduction of one-third in funding for prevention services provided by voluntary sector organisations, was the subject of an Equalities impact assessment in November 2010. This EIA considers the proposal to procure of the provision of information, advice, advocacy and brokerage services from Barnet Centre for Independent Living until March 2014.

Assessing the equality impact	Examples of evidence	Equality Impact of change in service model for information, advice, advocacy and brokerage services
<p>Are there <b>differential</b> service outcomes for different communities? If so, what <b>measures</b> will be put in place to re-dress these differences?</p>	<ol style="list-style-type: none"> <li>1. What is the information source used by the author to measure service outcomes e.g Place Survey or performance indicators</li> <li>2. Has the information been segmented for different groups of people</li> <li>3. What does the data reveal</li> <li>4. Are there any comments/concerns relating to the data</li> <li>5. If there are concerns, how will these be resolved</li> <li>6. Does the policy help to redress any differences</li> </ol>	<p>1 Information sources used in the preparation of this EIA include The Barnet Story, service level data collected through the 2010 Voluntary Sector Review and consultation feedback</p> <p>2 There is generally satisfactory segmentation on the basis of age, gender, ethnicity and type of disability, although not consistently across all datasets, and there is limited data available concerning faith, sexuality and other categories.</p> <p>3 The proposed approach brings the recommissioning timetable for Peer Support Brokerage in line with the timetable for User Controlled Information, Advice, Advocacy services (also provided by Barnet Centre for Independent Living). The initial User Controlled Information, Advice and Advocacy contract was recommended in order to mitigate risks arising from the budgetary reduction approved by Cabinet in February 2011. The contract replaced contracts with a number of voluntary sector organisations that expired on 31.3.2012. We have information about the number of people currently using these services but cannot identify whether individuals are using more than one of the services. Overall there were 8100 information and advice enquiries, 200 individuals using non-statutory advocacy and 250 people using group information and advocacy sessions.</p> <p>It is highly desirable that IAA and brokerage services are provided within a single integrated service in order to enable flexible use of resources to meet future needs.</p> <p>The waiver of the Contract Procedure Rules is being sought on the basis of exceptional circumstances: the time which it would take to carry out a full procurement, and in view of the re-commissioning timetables of User Controlled Information, Advice and Advocacy services and Peer Support Brokerage to ensure consistency of provision, a streamlined customer journey and best value for money.</p> <p>Bringing re-commissioning activities in line for Information, advice, advocacy and brokerage will enable efficiencies of scale by reducing overhead costs and mitigating risks of duplication and/or gaps between services that would occur if the reduced budget were spread across several smaller contracts. It also offers efficiencies in contract management for the council. As an approach it will therefore reduce the impact of budget reduction on front line services delivered to disabled and frail individuals.</p> <p>Procurement of the contract with Barnet Centre for Independent Living (BCIL) will enable IAA services to be provided by a user-led organisation. The Council with CommUNITY Barnet and the voluntary sector has actively supported development of BCIL and its constitution as a community interest company in Autumn 2010.</p> <p>Information, Advice and Advocacy and brokerage delivered</p>

		<p>through a user-led organisation improves the relevance and quality of a core part of the council's specialist provision for people with disabilities, frailty or other long-term conditions. This is a key provision in maximising take-up of the Right to Control and use of personal budgets by people eligible to receive funding for social care and support. Ready access to timely IAA services also enables people with low and medium-level needs to stay independent, preventing escalation of needs and dependencies</p> <p>4 Although the data is not all of uniform quality, it is consistent in demonstrating that programmes, as intended, target Barnet's most vulnerable populations and assist in preventing or reducing dependencies on more expensive social care and health interventions.</p> <p>5 The specification adopts a more uniform approach across client groups with 'one front door' for people with disabilities or frailties rather than previous care group specific approaches.</p> <p>Service proposals must satisfy that they are;</p> <ul style="list-style-type: none"> <li>• responsive to any particular communication needs or support needs that result from disability or frailty. This includes needs relating to their mental health</li> <li>• that the service can demonstrate they have the expertise and specialisms to be able to respond to queries that relate to a particular disability or issue relating to frailty. This includes understanding the statutory services that people with particular disabilities come into contact with</li> <li>• can demonstrate that users are able to give feedback that has a direct impact on the configuration of services</li> </ul> <p>An additional mitigating action is that the specification has a larger focus on peer support than previously. This should mean people benefit from more personalised services that acknowledge any particular needs resulting from a particular disability or frailty.</p> <p>6 The approaches summarised in 5 above would achieve offer a positive mitigation to the risks arising from the budgetary reduction approved by Cabinet in February 2011.</p>
<p>Will the delivery of any proposed new services or functions <b>change satisfaction</b> ratings amongst different groups of residents'?</p>	<ul style="list-style-type: none"> <li>• Satisfaction levels are to be used as a proxy measure of equalities impact or measuring equalities risk</li> <li>• Have any references been made to the satisfaction rates of different groups of people. If not authors need to offer an explanation.</li> </ul>	<p>Information for the voluntary sector has not been collated but sampling suggests high levels of satisfaction amongst engaged clients. Generally satisfaction is higher amongst people with older people and people with a learning disability than younger people and people with mental ill-health.</p> <p>Early consultation feedback is reflected in the final question. However this does suggest some areas where dissatisfaction may arise. It suggests concerns about a single provider restricting consumer choice and a lack of specialist focus adversely impacting particular groups.</p> <p>The council response to consultation feedback reflected that this approach does not preclude any specialist focus and the lead provider would have the scope to sub contract or build relationships with existing providers. It was suggested by one</p>

		<p>respondent that reducing the number of providers will have a negative impact on client choice. However this service can seek to maintain choice by building close working relationships with alternative providers and offering a variety of service options (for example peer support). Regular review points will ensure the provider can address any arising issues.</p> <p>The EIA concerning the budget concluded that substantial funding reductions of the level proposed would mean that fewer people would be able to access support, and they would probably wait longer to receive support, and may receive less of it. This would be reflected in lower satisfaction levels among the populations that the programmes are intended to serve, including those who would be unable to access services in the future and those who received a lower level of service than is available at present. However this distinct proposal does not further impact satisfaction ratings.</p>
Does the proposal <b>change</b> Barnet's reputation as a good place to work and live?	<ul style="list-style-type: none"> <li>Whilst this is a subjective point – all proposals should aim to enhance the borough's reputation. The response to this supports the next two relating to the cohesive feel of the borough .</li> </ul>	<p>There is scope to demonstrate efficiency and better vfm in the medium term through recommissioning. Improving coordination and reducing back office costs is an explicit aim of the new contract and will be achieved through having one lead provider and encouraging providers to work in partnership.</p> <p>It will be difficult for clients to distinguish these positive steps from the implementation of budget reductions likely to adversely affect Barnet's reputation. Reductions in funding support for vulnerable people generally and older and disabled people in particular are likely to generate significant negative publicity locally and nationally.</p>
Will members of Barnet's diverse communities feel <b>more confident</b> about the council and the manner in which it conducts its business?	<ul style="list-style-type: none"> <li>Results from the Place Survey relating to National Indicators 1-5 are a good source of information</li> </ul>	<p>There is scope to demonstrate efficiency and better vfm in the medium term through recommissioning. Improving coordination and reducing back office costs is an explicit aim of the contract and will be achieved through having one lead provider and encouraging providers to work in partnership. Refreshing the service specification in conjunction with providers and people who use the services will help to ensure that the service is relevant and of most use to disabled people, older people and their carers.</p> <p>It will be difficult for people to distinguish these positive steps from the implementation of budget reductions likely to adversely affect Barnet's reputation. Negative views are most likely to be held by those people particularly affected, including older people and disabled people but also their families and friends and those involved more widely in generating social capital such as Barnet's substantial volunteer population</p>
<b>How</b> will the new proposals enable the council to promote <b>good relations</b> between different communities?	<ul style="list-style-type: none"> <li>Authors need to consider this question in light of the proposal being made in the paper</li> </ul>	<p>Through regular communication with disabled people, older people and their carers our intention is to achieve a shared rationale for future funding distribution that balances the needs of different groups, that maximises generic commissioning and that mitigates risks of conflict between communities and their representatives</p> <p>Alignment with Barnet Centre for Independent Living will help to foster greater understanding between different groups of disabled people, older people and their carers. As a hub for this community it is hoped that they can become a key strategic</p>



<p><b>How</b> have residents with different needs been consulted on the anticipated impact of this proposal? How have any comments <b>influenced</b> the final proposal?</p>	<ul style="list-style-type: none"> <li>• Consultation is an important point of any proposal. This consideration is important as it one of the areas that the council is most likely to be challenged over.</li> <li>• How has the consultation been used to inform the policy's development</li> </ul>	<p>partner in debating local issues and representing the user voice.</p> <p><b>Ongoing activities</b>  In 2012 BCIL have actively recruited interested people to become members of BCIL. As a User Led Organisation BCIL will use members to co-design, co-deliver, co-manage and co-review services. They have had some initial member events in 2012 and will deliver a plan for user control in Autumn 2012 as part of their IAAB contract.</p> <p><b>Completed activities</b>  The Council ran an advisory group during the 2011/12. This recruited representatives from the partnership boards, independent individuals who use services and representatives from provider organisations. This group met until early 2012. The group advised on implementation of the IAAB strategy as well as the procurement of the new service.</p> <p>A formal consultation on the Information, advice, advocacy and brokerage strategy ran from March 25 to May 6 2011. The strategy and a summary were made available online or in hard copy upon request. An easy read version was produced. The consultation was publicised widely through networks and provider organisations. Presentations were made at Partnership Boards and at Provider Networks where requested. A majority of boards took an active interest in the strategy reflecting the importance of information and inter-personal support to the Choice and Independence agenda in Health and Social Care.</p> <p>Four formal responses were received to the consultation. This reflects the broad acceptance of the principles of the strategy discussed through presentations to networks. A number of groups stated that they did not intend to make a formal submission. The majority of questions following the presentations concerned the next steps and in particular the steps for procurement.</p> <p>A summary of responses is available on request. However concerns focused on the role of BCIL and its lack of experience. This response suggested an alternative lead provider but did not demonstrate how the user voice would directly configure services.</p> <p>One response was concerned about the impact of having one provider on user choice. However it does not comment specifically about how a generic provider could ensure it meets specific needs (for example for a culturally specific provider) through use of resources, for example development of a specialism within the service delivery or through sub contracting arrangements.</p> <p>Two responses were concerned about losing specific mental health provision. However awarding the contract to the BCIL does not preclude having a service with a specialist mental health focus should this be found to be appropriate.</p> <p>Some of the responses to the consultation on 'Proposals for Re-commissioning Prevention Services' Summary of Responses which ran from November 4 to March 31 2011 are relevant as they consider this sector. A summary of these views is included</p>
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		<p>in section B. In general, responses supported working in partnership with other organisations and with Barnet Centre for Independent Living.</p> <p><b>As stated above it is officer's views that overall the proposals has a positive equalities impact representing the best way to</b> mitigate risks arising from the budgetary reduction approved by Cabinet in February 2011.</p> <p>This EIA highlights how the council and the provider can work together to ensure that a user focused and flexible approach mitigate any concerns through service planning or quickly address issues should they arise. Through regular communication with the channels established with providers it is officers' intention to achieve a shared rationale for future funding distribution that balances the needs of different groups, that maximises generic commissioning and that mitigates risks of conflict between communities and their representatives</p>
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## Equality Improvement Plan

Please list all the equality objectives, actions and targets that result from the Equality Analysis (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
Plan for User Control ensures membership is representative of Barnet's diverse communities	User contract monitoring meeting to ensure Plan for User Control incorporates equalities considerations	Equalities discussed with provider as part of review of Plan for User Control	Commissioning manager and BCIL	Autumn 2012
Demographic profile of clients and satisfaction amongst different groups are key performance measures for contracts	Use contract monitoring meeting to review client profile and satisfaction against resident population	Client profile is representative of Barnet's diverse communities and any differences in satisfaction ratings amongst communities are addressed	Commissioning manager and BCIL	Quarterly

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<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	18 October 2012
<b>Subject</b>	<b>Granville Road, NW2, New Housing Development</b>
<b>Report of</b>	Leader of Council / Deputy Leader of the Council and Cabinet Member for Resources and Performance / Cabinet Member for Housing
<b>Summary</b>	To report on the competitive dialogue process to procure a development partner to redevelop lands on the Granville Road estate, and to seek approval to appoint the Council's development partner.

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<b>Officer Contributors</b>	Lucy Shomali, Assistant Director of Strategic Planning and Regeneration  Nicola Bird, Housing Development Partnership Manager, Strategic Planning and Regeneration  Susan Lowe, Procurement Manager, Corporate Procurement Team, Commercial Services  Susan Hunter, Regeneration Officer, Strategic Planning and Regeneration
<b>Status (public or exempt)</b>	Public (with separate exempt report)
<b>Wards affected</b>	Childs Hill
<b>Enclosures</b>	Appendix 1 – Granville Road Boundary Map Appendix 2 – Evaluation Criteria Appendix 3 – Key Provisions (Bidder A and Bidder C)
<b>For decision by</b>	Cabinet Resources Committee
<b>Function of</b>	Executive
<b>Reason for urgency / exemption from call-in</b>	Not applicable

## **1. RECOMMENDATION**

- 1.1 That in exercise of the Council's general power of competence under Section 1 of Chapter 1 of the Localism Act 2011, and the other statutory powers referred to in the Legal Issues Section of this report and all other relevant powers, authority be granted to:**
- 1.1.1 appoint Mulalley/One Housing Consortium comprising of Mulalley & Co Limited, CHA Ventures Limited and, as guarantor with CHA Ventures Limited, Sherrygreen Limited (Bidder B) (as detailed in the Exempt Report) as the Council's preferred development partner to take forward their Option 1 for the Granville Road, NW2, New Housing Development Scheme.**
- 1.1.2 approve the selection of the Countryside/Metropolitan Housing Consortium comprising of Countryside Properties (UK) Limited and Metropolitan Housing Partnership and, as guarantor, Countryside Properties plc (Bidder C) as detailed in the Exempt report to be the Council's reserve development partner for the Granville Road, NW2 New Housing Development Scheme**
- 1.2 That authority be delegated to the Deputy Chief Executive in consultation with the Leader of the Council to finalise any outstanding matters and the New Housing Development Agreement for the Granville Road Estate, NW2 and any other related legal agreements with Bidder B (or with Bidder C if in their opinion it is not feasible to reach a timely agreement on outstanding matters with Bidder B).**
- 1.3 That the Council shall enter into the New Housing Development Agreement for the Granville Road Estate, NW2 and any other related legal agreements with Bidder B (or Bidder C if applicable under paragraph 1.2) subject to the Deputy Chief Executive being satisfied as to the terms of such agreements and the Acting Head of Legal, or authorised delegate, being satisfied as to the form of such agreements.**
- 1.4 That authority be delegated to the Deputy Chief Executive in consultation with the Acting Head of Legal to decide whether:**
- (a) to rely upon one or more of the General Housing Consents 2012; or**
- (b) subject to the authorisation of the full Council to make a specific application for the consent of the Secretary of State for Communities and Local Government for the Council to dispose of land to Bidder B (or Bidder C if applicable under paragraph 1.2) in the Granville Road, NW2 development site which it holds under Part II of the Housing Act 1985.**
- 1.5 That authority be delegated to the Deputy Chief Executive in consultation with the Acting Head of Legal to decide whether:**
- (a) the Council is not required to seek the consent of the Secretary of State for Communities and Local Government; or**
- (b) to rely on the General Consent (Circular 06/03: The Local Government Act 1972 general disposal consent (England) 2003); or**

**(c) to make a specific application to the Secretary of State for his consent;**

**for the Council to dispose of land to Bidder B (or Bidder C if applicable under paragraph 1.2) in the Granville Road, NW2 development site which it holds other than under Part II of the Housing Act 1985.**

**1.6 That authority be delegated to the Deputy Chief Executive in consultation with the Acting Head of Legal to decide whether:**

**(a) Council is providing financial assistance in respect of the new housing development at Granville Road, NW2 as described in Section 24 of the Local Government Act 1988; and if so whether:**

**(i) to rely on one or more of the general consents under Section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) 2010; or**

**(ii) to make a specific application to the Secretary of State for his consent under Sections 25 and 26 of the Local Government Act 1988;**

**in connection with the proposed new housing development at Granville Road, NW2.**

**1.7 That authorisation be given (granted) to the Interim Director for Planning, Environment and Regeneration to notify secure tenants affected by the proposed new housing development of Granville Road, NW2 and enable the same to make representations to the Council in accordance with the requirements of Part V of schedule 2 of the Housing Act 1985.**

**1.8 That authority is delegated to the Interim Director for Planning, Environment and Regeneration in consultation with the Leader of the Council to consider any representations made by secure tenants received under the process set out in paragraph 1.7, and if as a consequence of such representations, she believes it appropriate, to seek relevant changes to the proposed new housing development at Granville Road, NW2.**

**1.9 That approval is given to make of discretionary payments for home loss and disturbance payments, to secure tenants who transfer from the Beech Court to alternative accommodation to facilitate redevelopment.**

**1.10 That, subject to undertaking the actions required under paragraphs 1.7 and 1.8 authority is delegated to the Interim Director for Planning, Environment and Regeneration to apply for the Secretary of State's approval for the proposed new build housing development and disposal of identified land at the Granville Road Estate, NW2 for the purposes of ground 10 A in Part II of Schedule 2 of the Housing Act 1985.**

**1.11 That, subject to the prior grant of the planning permission for the regeneration of the Granville Road, NW2 development area ("Development Area"), the appropriate Chief Officers be authorised to (1) advertise the Council's intention of appropriating open space lands within the**

**Development Area pursuant to Section 122(2A) of Local Government Act 1972 and to report to a future meeting of the Committee if any representations are made and (2) subject to any relevant consents of the Secretary of States being obtained, to appropriate to planning purposes, the Housing land in the Development Area and any land held for any other purpose of the Council, within the Development Area, prior to the disposal of such lands.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 31 October 2007 (Decision Item 11) – approved in principle the sale of the specified lands on Granville Road estate, NW2 for residential development to fund works required to the tower blocks subject to marketing and tendering.
- 2.2 Cabinet, 23 January 2008 (Decision Item 7) – approved the Planning Brief for the Granville Road Estate, NW2 which included retention of the three taller tower blocks for major refurbishment and improvement assisted by unlocking new build potential on adjoining under-used land to provide new homes as part of a wider Estate regeneration scheme.
- 2.3 Cabinet Resources Committee, 5 March 2009 (Decision Item 10) – approved the demolition of Garth House and connected buildings following a fire in 2008.
- 2.4 Cabinet Resources Committee, 23 April 2009 (Decision Item 6) – approved an initial allocation of £1 million of Growth Area Funding if necessary, to assist the financial business case for the refurbishment of the three tower blocks and the wider regeneration on the Granville Road Estate, NW2.
- 2.5 Cabinet Housing and Regeneration Committee, 27 May 2009 (Decision Item 7) – Informed members on Local Asset Backed Vehicles (LABV) model and how this may assist the Council in providing innovative funding solutions to delivering housing regeneration at locations such as Granville Road Estate, NW2.
- 2.6 Cabinet Resources Committee, 30 July 2009 (Decision item 18) – approved the formal acceptance of the award of funding of £7.011 million from the London Development Agency allocated from the London Mayor’s Targeted Funding Stream to improve the three tower blocks and upgrade 179 homes on the Granville Road Estate, NW2 and to undertake a parallel process for the wider estate regeneration and related procurement process.
- 2.7 Cabinet, 21 October 2009 (Decision item 10) – approved
  - (i) that officers invite expressions of interest on the options for progression of the regeneration;
  - (ii) the commencement of a formal procurement and market testing of the options;
  - (iii) officers procure the production of a masterplan to guide the development and regeneration of the wider estate; and
  - (iv) that officers report back to Cabinet or Cabinet Resources Committee to commence phase 2 of the wider regeneration in accordance with the chosen financial and procurement model.



- 2.8 Cabinet, 21 October 2009 (Decision item 8) – approved the plans for implementing the Future Shape programme which sets out three key priorities being a new relationship with citizens, a one public sector approach and a relentless drive for efficiency whilst seeking to deliver new innovative models of funding and service delivery.
- 2.9 Cabinet Resources Committee, 23 February 2010 (Decision item 14) – approved
- (i) the commencement of the process to develop a Local Asset Backed Vehicle;
  - (ii) a formal LABV Board be constituted with Officers tasked with reporting back to CRC on the detail of the forming and operating of such a vehicle;
  - (iii) to undertake soft market testing with the potential to refine the LABV concept to a Barnet specific product; and
  - (iv) procure appropriate professional advisers to assist the Council in this process.
- 2.10 Cabinet, 12 April 2010 (Decision item 9) – approved the Barnet Housing Strategy and
- (i) to explore the Private Rented Sector Initiative, in 2010/11 linked to Future Shape;
  - (ii) following such exploration, to develop further the Business Case for establishing a Barnet Private Rented Sector Initiative vehicle for future presentation to Cabinet; and
  - (iii) to appoint relevant external advisors to advise on the Private Rented Sector Initiative and the Council's proposed participation in such a vehicle, and authority be given to the relevant Cabinet Member, through Delegated Powers, to approve external advisors.
- 2.11 Cabinet Resources Committee, 17 June 2010 (Agenda Item 9): Resolved –
- (i) That having regard to the business case for Phase 2 of the regeneration of the Granville Road estate, NW2:
    - (a) That the Director of Planning Housing and Regeneration be authorised to seek a development partner through a competitive tender to enter into a joint venture to take forward Phase 2 of the regeneration of the Granville Road Estate, NW2;
    - (b) That the Director of Planning, Housing and Regeneration be authorised to approve through delegated powers, the appointment of any further external consultants, in accordance with the Council's Contract Procurement Rules to support the tender and contractual arrangements for the establishment of a joint venture agreement / local delivery vehicle for Granville Road, NW2; and
    - (c) To authorise spend up to a maximum of £500,000 towards legal and consultancy services to support the tender arrangements required for the establishment of a joint venture agreement or other delivery vehicle for Granville Road.

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

- 3.1 The regeneration of the Granville Road Estate, NW2 contributes to the delivery of the Corporate Plan 2012-2013 priority of a 'successful London Suburb' and the One Barnet - A Sustainable Community Strategy 2010-20. Strategic

objectives under the above include to deliver sustainable housing growth, to support strong and cohesive communities and to ensure residents continue to feel that Barnet is a place where people from different communities get on together including through effective management of our regeneration programmes.

- 3.2 The Granville Road Estate, NW2 Regeneration also supports the corporate priority of 'sharing opportunities, sharing responsibilities'. The new development will offer more choice by providing a number of different housing options such as shared equity, shared ownership etc to residents and those in the wider community.
- 3.3 The Granville Road Estate Planning Brief adopted by Cabinet, and issued on 23 January 2008 also outlines a vision for a high quality successful and sustainable community including well designed new homes. It sets out key principles and opportunities for new housing development in keeping with the character of the area

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

- 4.1 There is a risk that should the Council not give approval to Bidder B as the Council's preferred development partner and Bidder C as the reserve development partner the Council will suffer reputational damage.

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

- 5.1 Barnet is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough's priority housing estates and where financially necessary to assist this by bringing sites to the market for residential use. This will benefit all sections of society and Barnet's diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.

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

##### **Finance**

- 6.1.1 Between 2008 and 2012, the Council has spent approximately £334,000 on consultancy fees. This includes work that was required to de-risk the scheme and make it more attractive to potential private sector partners.
- 6.1.2 The Council appointed external consultants Buro Happold and CB Richard Ellis to provide due diligence support and specialist advice during the Competitive Dialogue process. Trowers and Hamblins were later appointed to provide independent legal advice. The Council spent approximately £269,000 on consultant fees to support the marketing and the Competitive Dialogue process up to August 2012. Further fees are likely to be incurred for services received between August 2012 and April 2013 until the contracts are signed.
- 6.1.3 Where possible we have used in-house resources to minimise costs and external fees on this process. The Council's planning, highways, finance and procurement departments have provided key input throughout this process.

- 6.1.4 The costs of procurement and related consultancies have been budgeted through the Housing Revenue Account (HRA) and the recharging of these costs at £350,000 will be included in any Principal Development Agreement. If these costs cannot be recovered, this will be funded from the HRA budget.
- 6.1.5 Bidders were asked to make an allowance within their business models for the recovery of historical costs. The Committee are referred to the Exempt Report for more details.
- 6.1.6 Homeloss and Disturbance payments will be paid to all the secure tenants that are required to move from Beech Court, NW2. The amount payable will be in accordance with the amounts stated in the Land Compensation Act 1973. Bidders were asked to make an allowance of £100,000 within their business case to cover these costs.

### **The Procurement Process**

- 6.2.1 Following Cabinet Resources Committee's decision on 17 June 2010 to procure a delivery partner for the scheme using the Competitive Dialogue procedure an OJEU notice was released on 23 November 2010, OJEU Competitive Dialogue Service notice, 2010/S 227-347396. The notice identified the procurement process to be undertaken together with specifying the Council's intention to seek a development partner for the scheme. Expressions of Interest were received which facilitated the release of Pre-Qualification Questionnaires (PQQ) and a Memorandum of Information (MOI). The MOI provided detailed information on the scheme, and set out the parameters for the Competitive Dialogue in summary.
- 6.2.2. The Council received PQQ submissions from 17 bidders. The PQQs were evaluated in accordance with the evaluation criteria published in the OJEU notice: Company Information 5%, Technical Resources & References 50%, Finance 30%, Health & Safety 5%, Environmental Issues 10%. This criteria was utilised to shortlist the number of candidates to enter the first dialogue stage.
- 6.2.3. Following the evaluation of the PQQ submissions, the Council identified 6 bidders for first dialogue stage (please refer to Exempt Report for bidder detail). All bidders, successful and unsuccessful, were notified of the PQQ evaluation outcome.
- 6.2.4 The six successful bidders identified were invited to participate in Invitation to Submit Outline Solutions (ISOS) on 10 May 2011. This second stage of the process allowed the Council to evaluate the potential bidders' ability and commitment to finding an innovated and viable solution to the scheme. Potential bidders were invited to develop mini proposals which covered three fundamental areas, (1) urban design, (2) financial arrangements, and (3) working in partnership issues.
- 6.2.5 The Council also re-emphasised the core principles for the scheme:
- High quality housing design employing sustainable construction techniques
  - Improvements to the environment and public realm
  - A coherent sense of place

- An integrated balanced community providing an appropriate range of different housing types
- Improved access from the neighbourhood to the surrounding area
- Appropriate parking for existing and new residents

6.2.6 The Council provided a range of information to the bidders to support preparation of their submission and ensure transparency across the bids on information used. This included Geo-technical and Geo-environmental surveys which had been produced by Buro Happold, Planning Brief, Design Guidance

6.2.7 The following evaluation criteria was applied to the ISOS stage to support shortlisting to the second stage of dialogue:

<b>Invitation to Submit Outline Solutions (ISOS)</b>	<b>Overall % Weighting</b>
Urban Design Issues	30
Financial Issues	35
Working in Partnership	35
<b>Total</b>	<b>100</b>

6.2.8 Information days were organised for each bidder, these provided the bidder with an opportunity to raise questions, seek clarifications and receive additional information about the scheme. These days were led by the Regeneration Service, to provide transparency to the process. Points of clarification were noted by the Council to facilitate effective release of information with responses released to the bidders.

6.2.9 The ISOS stage concluded on 10 May 2011 with bidder submissions. The submissions were evaluated in accordance with the published ISOS criteria which identified the short-listing of three successful bidders, (please refer to Exempt Report for ISOS bidder evaluation detail). All bidders, successful and unsuccessful were notified of the outcome and unsuccessful bidders were offered a debrief opportunity, all unsuccessful bidders took up the opportunity of a meeting.

6.2.10 The three successful bidders were invited to participate in the second dialogue stage, within this procurement process, referred to as Invitation To Participate in Dialogue (ITPD). This term was used for this procurement and is interchangeable with the second phase dialogue term, Invitation to Submit Dialogue Submission (ISDS). The ITPD stage commenced on 3<sup>rd</sup> July 2011 with the 3 successful bidders, Bidder A, B and C taking part in detailed meetings which included requirements of the development partner, registered provider and the commercial delivery of project. This stage provided bidders with the opportunity to develop their understanding of the scheme and further develop their ISOS submission proposals. Bidders were provided with the Council's feedback from the earlier stages to support the refinement of their proposals. The ITPD stage included the requirement to produce financial modelling utilising a set financial model to support evaluation by the Council.

6.2.11 The Council outlined its key priorities for the delivery of the regeneration, and each bidder was required to demonstrate the following points in their submissions:

(1) Deliverability – Commencing the project within reasonable time following the finalisation of the legal agreements.

(2) Public Realm - That a high quality public realm will be provided which will connect the current estate to its surroundings

(3) Urban Design and Architecture - That a high quality of design and materials can be achieved for the new development which will be appropriate to the site's suburban setting.

(4) A financial transaction basis that will enable Barnet to achieve optimal value for money in the short, medium and long term.

(5) A partnership basis that will enable good residential development

6.2.12 The following evaluation criteria was applied to the ITPD and (Invitation to Final Tender) IFT stage:

<b>Invitation to Participate in Dialogue (ITPD)</b>	<b>Overall % Weighting</b>
Planning and Design	45
- Development mix (5%) - Urban Design (70%) - Transport (5%) - Community Provision (15%) - Environment (5%)	
Financial Offer to the Council	45
Delivery Structure and Legal	10
<b>Total</b>	<b>100</b>

6.2.13 ITPD submission deadline was 24 November 2011. The submissions were then evaluated which resulted in the Council arranging further clarification dialogue meetings prior to confirmation of close of dialogue. Close of dialogue was confirmed on 23 May 2012.

6.2.14 The close of dialogue was immediately followed by Invitation to Final Tender (IFT). The IFT submission deadline being 12 noon, 8 June 2012. The period between IFT submission and this recommendation report has enabled evaluation of the bid submissions received.

6.2.15 The procurement process undertaken was in accordance with the Council's Contract Procedure Rules, Table 5.1; Public Contracts Regulation 2006 and EU Directive 2004.18 utilising most economical advantageous tender (MEAT) evaluation principles.

6.2.16 The key proposals from the bidders are outlined in Appendix 3 and their evaluation scores are shown in Appendix 2.

## **Property**

6.3.1 The Council will retain the freehold for the majority of the land within the red line attached as Appendix 1 but will be granting a 999 year lease on various parcels

of land within the red line for residential development. This will be subject to various consents. The land comprising of the houses that are proposed will be transferred on practical completion of the houses to the development partner or the registered provider (as appropriate) on a freehold basis.

- 6.3.2 The improved homes in the tower blocks at Granville Point, Harpenmead Point, Templewood Point, Nant Court and Mountfield will continue to be owned by the Council and managed by Barnet Homes (subject to individual leasehold acquisitions). Arrangements for designated parking and use of amenity space for the retained homes have also been agreed.
- 6.3.3 The land required to deliver the new housing development at Granville Road Estate, NW2 and which is within the Council's ownership is to be transferred in accordance with the terms which are set out in the Exempt Report.

## **7. LEGAL ISSUES**

- 7.1 Section 1 of Chapter 1 of the Localism Act 2011 was brought into force by the Communities and Local Government Department by means of *Localism Act 2011 (Commencement No.3) Order 2012*. This legislation provides local authorities with a broad power to do anything that individuals may do subject to any specific restrictions on local authorities contained in legislation. This legislation empowers the Council to enter into the arrangements proposed by this report.
- 7.2 The Council has the power to dispose of land held for housing purposes under Section 32 of the Housing Act 1985. Further the Council has the power to dispose of land which is not held for housing purposes under Section 123 of the Local Government Act 1972. It should be noted that an option to dispose is also a disposal for the purposes of these Acts.
- 7.3 The Secretary of State has set out general disposal consents for both housing and non-housing land. If the terms of the disposal of land at Granville Road Estate, NW2 complies with the relevant general consents there would be no legal reason to seek a specific consent from the Secretary of State. However, there may still be commercial reasons for making a written request for his consent.
- 7.4 Section 123 of the Local Government Act 1972 permits the Council to dispose of (most types of non-housing) land without the Secretary of State's consent providing that this is done for not less than the best consideration that could reasonably be obtained. If this is to be relied on the Council will have to achieve and evidence this.
- 7.5 The General Consent (Circular 06/03: The Local Government Act 1972 general disposal consent (England) 2003) gives the Secretary of State's consent to the disposal of (most types of non-housing) land where the consideration received is less than the best which could be reasonably obtained providing that the 'undervalue' is £2 million or less and that the disposal is likely to contribute to the social, economic or environmental well-being of residents and/or the local authority's area. The latter condition which is similar to the former 'well-being' power (previously section 2 of the Local Government Act 2000). To rely on this General Consent this condition must be met and the Council will have to evidence that any undervalue in the disposal is £2 million or less.

- 7.6 Notwithstanding the above, many developers request that local authorities make specific applications to the Secretary of State for his consent in order to remove any uncertainty about a local authority's ability to transfer land. In any event, the Council will have to obtain the specific consent of the Secretary of state, where required.
- 7.8 If an application for specific consent to dispose of housing land is made to the Secretary of State then the full Council must authorise such an application under Article 4.02(b) of the Council's constitution and paragraph 4(5) of the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended).
- 7.9 The Council may require consent from the Secretary of State for Communities and Local Government under Section 25 of the Local Government Act 1988. This consent from the Secretary of State is required under Section 24 of that Act where a local authority is providing financial assistance for the purpose of amongst other things the construction of accommodation which is intended to be privately let as housing accommodation. This includes affordable homes let by registered providers.
- 7.10 The Development Agreement for the Granville Road Estate, NW2 has been drafted to enable the Council to obtain the Secretaries' of State consent following execution/signature of that agreement as a condition precedent.
- 7.11 Though the Council anticipates the willing co-operation of tenants living in Beech Court, it may need to rely upon Ground 10A of Schedule 2 of the Housing Act 1985 (Ground 10A) to obtain possession of existing homes in order to enable the development to proceed. Ground 10A permits a local authority to obtain possession orders to enable a redevelopment to proceed which has been approved by the Secretary of State in accordance with Part V of Schedule 2 (Part V) of the Housing Act 1985.
- 7.12 The Secretary of State will only provide his approval under Part V where the local authority serves written notice on the affected secure tenants stating:
- (a) the main features of the scheme;
  - (b) that the local authority intends to apply to the Secretary of State for his approval of the scheme;
  - (c) the legal effect of such approval in particular the ability of the local authority to rely on Ground 10A in possession proceedings.
- 7.13 Part V requires a local authority to allow the secure tenants to make representations to it about the proposal. The period for consultation must be no less than 28 days from the date of the notice provided to tenants.
- 7.14 Prior to making the application to the Secretary of State the local authority must consider the representations made to it by the secure tenants.
- 7.15 It was not possible to commence Part V consultation before the Council had selected a preferred development partner with a preferred scheme.
- 7.16 The Council has the power to appropriate land which it owns from one of its functions to another, if, the said land is no longer required for the purpose for which it is held. This power is contained in Section 122 of the Local

Government Act 1972. Section 2(A) of Section 122 of the Local Government Act 1972 provides that, if the land to be appropriated consists of or forms part of Open Space Land, then, the requirement to advertise the proposed appropriation for two consecutive weeks in a newspaper circulating in the area must be complied with. The Local Authority must also consider any representations or objections that it receives.

- 7.17 The key legal terms of the proposed arrangements with the preferred bidder or the reserve bidder are set out in the accompanying Exempt Report.
- 7.18 Section 32 of the Land Compensation Act 1973(LCA 1973) empowers the Council to make payments corresponding to statutory home loss payments, to qualifying homeowners and qualifying secure tenants (as defined by the LCA 1973) who are in a position such that their properties could be acquired by the Council under Compulsory Purchase Order Legislation or, in the case of secure tenants, their properties can be recovered by the Council under Ground 10 a of Schedule 2 to the Housing Act 1985.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Council Constitution, Part 3, Responsibility for Functions – paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters related to buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 Council Constitution, Contract Procedure Rules – paragraph 6 above details the procurement process followed in identifying a development partner for the Granville Road Regeneration Scheme. All provisions contained within the Contract Procedure Rules were complied with during the procurement process.
- 8.3 Council Constitution, Management of Real Estate, Property and Land - all provisions of the rules relating to the management of real estate, property and land have been complied with in reaching this decision'

## **9. BACKGROUND INFORMATION**

### **Regeneration Progress**

- 9.1 The Granville Road Estate, NW2 is situated at the southern end of the Borough within Childs Hill Ward. This 1960s social housing estate is typical of its type and time resulting from clearance of traditional terraced streets within an area which is characterised by low rise suburban housing. It consists of three tall tower blocks, Templewood Point, Harpenmead Point and Granville Point, as well as three lower rise blocks Nant Court, Mountfield and Beech Court. Garth House, a sheltered housing block on the estate was severely damaged by fire on 5 October 2008 and has now been demolished. The estate is overwhelmingly single tenure social housing. The three tower blocks contain 179 properties with 44 owned by leaseholders. The quality of the estate is generally poor; reflective of the problems of 1960s council estate developments and subsequent need for upgrade and improvement in the estate environment. The majority of the improvements required to the tower blocks were not covered by the Council's Decent Homes Programme.



- 9.2 In October 2007, the Cabinet Resources Committee approved the regeneration of the estate, in principle, by upgrading the existing tower blocks, including over-cladding to improve their thermal performance and appearance as well as the sale of surplus land on the estate for development to contribute to the regeneration. Also, the public amenity space in the resulting development would be improved.
- 9.3 In April 2009, the Council received confirmation that a bid the Council had made to the London Development Agency (LDA) was successful and funding of £7,013,000 was awarded for 2010/11 to contribute towards the costs of the improvement works to the tower blocks. In order to comply with the funding criteria, it was necessary to commence with the over-cladding contract in 2010/11. Therefore, it was agreed to progress the regeneration in two phases as reported and approved by Cabinet Resources Committee in July 2009 to accept the funding and proceed with the procurement of the tower block improvement works. The contract for the works to the tower blocks was awarded to Apollo and completed in May 2012. Alongside this decent homes improvement works were also undertaken at Nant Court and Mountfield.
- 9.4 The Council has ensured that the quality and external design of the improvements to the existing tower blocks is closely aligned with the emerging wider estates regeneration and the new build homes.
- 9.5 Phase 2 of the estate regeneration involved an assessment of the opportunities to improve the quality of the public amenity space and to provide additional homes with improved tenure choice on the estate. Although some of the landscaping is of reasonable quality, the estate includes large areas of under-utilised and unstructured land including garage courts, undefined parking, unused amenity space, pram sheds and vacant land as a result of the aforementioned demolition of Garth House and Community Hall. Beech Court was identified as a site suitable for redevelopment. In addition, the estate does not offer a range of housing types or tenure options. It is not well integrated into the surrounding neighbourhood, and does little to enhance Childs Hill as an attractive residential location. However, there is potential to radically improve the estate and transform it into a desirable residential location for all tenures.
- 9.6 The vision and underlying objectives for the estate regeneration includes the following:
- to create a cohesive sense of place;
  - promotion of the supply of market, intermediate and affordable housing;
  - achieve an integrated balanced community;
  - deliver high quality design employing sustainable construction techniques;
  - bring improvements to the public amenity space;
  - enhance the local economy;
  - reinforce local identity; and
  - meet local demand for housing.

In order to progress Granville Road, NW2 Phase 2 alongside Phase 1 and also to capture the market interest, CRC agreed on 17 June 2010 to go out to tender to seek a partner to take forward the regeneration of the estate. The approach taken was through Competitive Dialogue and described in paragraph 6.2.

- 9.7 Commercial Services and Corporate Procurement Team were engaged to provide guidance and support to the Regeneration Team in the delivery of a competitive

dialogue procedure which had been identified as appropriate for the selection of a partner for the delivery of new homes at Granville Road Estate, NW2. The project group also has representatives from Corporate Finance. The Council's legal interests were represented by Trowers and Hamlins and commercial interests by the CBRE Group.

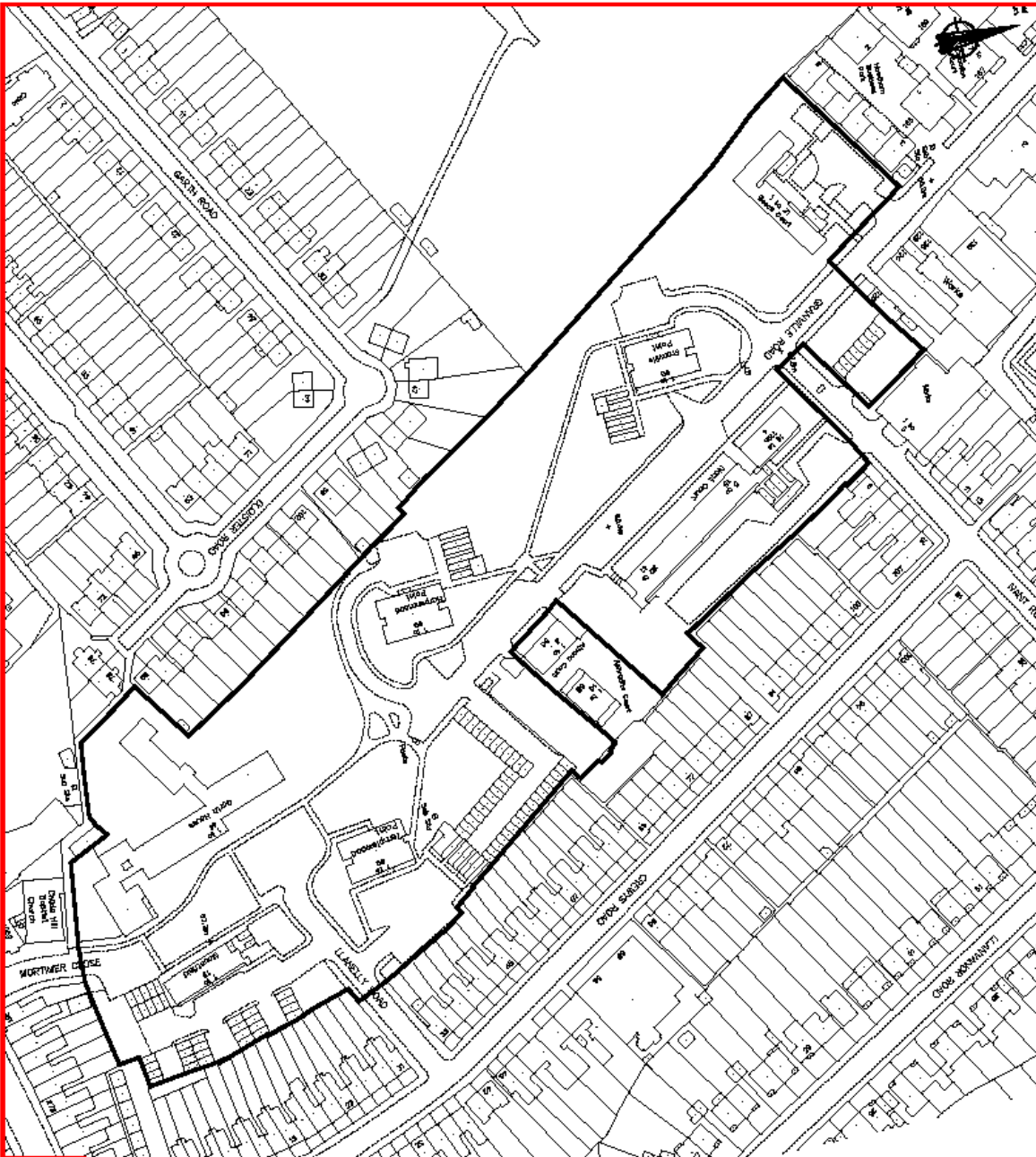
- 9.8 The Competitive Dialogue process imposes confidentiality between bid proposals which has minimised the level of resident involvement during the procurement exercise. Residents were sent a newsheet in December 2011 updating them on where the Council were in the selection of a development partner.

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

- 10.1 The background papers relevant to this report are as follows;
- The Invitation to Submit Outline Solutions (ISOS)
  - The Invitation to Participate in Dialogue (ITPD)
  - Invitation to Final Tender (IFT)
- 10.2 Any persons wishing to inspect the background papers should contact Susan Hunter on 020 8359 4255.

Legal – TE  
CFO – MC/JH

APPENDIX 1 – Granville Road, NW2 Boundary Map



NOTES:

*This printed document is not valid for use as evidence of the contents of the documents it refers to. It is a copy of the documents as they appear on the computer screen. It is not a true and correct copy of the documents. It is not a true and correct copy of the documents. It is not a true and correct copy of the documents.*

Revision	Description	Date

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**SCHEME:**  
GRANVILLE ROAD HOUSING ESTATE,  
CRICKLEWOOD, NW2

**TITLE:**  
GRANVILLE ROAD DEVELOPMENT  
DISPOSAL MAP

Scale:	1:1250	Date:	18/01/12
Drawn:	A.E.B.	Checked:	B.H.
Drawn by:	23/798/9		

**APPENDIX 2**

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A - PLANNING AND DESIGN (45%)</b>							
<b>Development Mix and Phasing (2.25% of total)</b>	5	2.25%	1.80	2.25%	1.80	2.25%	1.35
(a) Number of houses (and %)							
(b) Number of family homes (and %)							
(c) Total number of homes and unit sizes							
(d) Number of affordable homes							
<b>A1 Design Related Issues</b>							
<b>Design (31.5% of total)</b>							
(a) Does the scale and character fit the suburban setting?	5	2.25%	1.80	2.25%	1.80	2.25%	1.80
(b) Do the proposals adequately respond to the retained tower blocks	5	2.25%	1.35	2.25%	1.35	2.25%	0.45
(c) Does the proposed street pattern create a well-structured layout which fits in and connects the surrounding area?	5	2.25%	2.25	2.25%	2.25	2.25%	1.35
(d) Does the scheme design make positive use of topology, landscape and aspect?	5	2.25%	1.35	2.25%	2.25	2.25%	1.35
(e) Does the scheme adequately provide for public open space and play provision which the residents can use?	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(f) Does the scheme provide adequate private/communal amenity space for the existing and new residents?	5	2.25%	1.80	2.25%	1.80	2.25%	1.35
(g) Do the proposals include adequate car parking which is integrated and supports the urban design objectives of the building layout?	5	2.25%	0.90	2.25%	1.80	2.25%	2.25

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
(h) Are Streets, car parks and spaces overlooked to improve security	5	2.25%	1.80	2.25%	1.80	2.25%	1.80
(i) Do the proposed pedestrian and cycles route connect to the surrounding area?	5	2.25%	1.35	2.25%	1.35	2.25%	1.35
(j) Have the buildings been designed to suit the location and urban design aspirations?	5	2.25%	2.25	2.25%	2.25	2.25%	2.25
(k) Does the scheme provide for adequate internal space standards?	5	2.25%	2.25	2.25%	2.25	2.25%	2.25
(l) Is the scheme designed to Lifetime Homes standards?	5	2.25%	1.35	2.25%	1.35	2.25%	1.35
(m) How many units are capable of adaptation for wheelchair users (10% minimum requirement)?	5	2.25%	2.25	2.25%	2.25	2.25%	2.25
(n) Is the scheme designed to meet Secure by Design?	5	2.25%	2.25	2.25%	2.25	2.25%	2.25
<b>A2 Technical Information - Movement, Highways and Infrastructure (2.25% of total)</b>							
(a) Extent of proposals, including for the highway layout as well as those for behavioural change and sustainable transport choices (including specifying which roads will be adopted)	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(b) Effectiveness of mode share and enforceability of travel related targets							
(c) Proposed Financial regime and mitigation package (s106 / s278) for delivering the Transport Strategy							

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
(d) Quantification and understanding of transport impacts, proposed mitigation incorporated into the scheme proposals, to include highways, cyclists and pedestrians (see below for buses)							
(e) Is the car parking well integrated to support the urban design and appropriate to the streetscape and building design?							
(f) Are there sufficient car parking places to support the proposed new neighbourhood and existing homes							
(g) What provision is made for affordable car parking for affordable units?							
<b>A3 Environmental (2.25% of total)</b>							
(a) What Code for Sustainable Homes level is being achieved (min. level 4)?	5	0.90%	0.9	0.90%	0.9	0.9	0.90%
(b) Other features to minimise environmental impact in particular i. Reduction in loading from new development on existing sewers and water courses ii. Reduction in water use iii. Reduction in energy use iv. Reduction in embodied energy v. Use of recycled materials	5	1.35%	1.35	1.35%	1.35	1.35	1.35%

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A4 Community &amp; Other Benefits (6.75% of total)</b>							
<b>A.4.1 Affordable Housing</b>							
(a) Types and range of intermediate affordable units	5	1.35%	0.81	1.35%	1.35	1.35%	1.35
(b) Proposed commuted sum							
(c) Partnership arrangements in place							
<b>A.4.2 Contribution to local employment initiatives and locally appointed apprenticeships</b>							
(a) What commitment will the developer give to employing local Barnet residents	5	1.35%	1.35	1.35%	1.35	1.35%	1.35
(b) How many local residents to be appointed as apprenticeships to work initially on Granville Road							
<b>A.4.3 Third Party Acquisitions</b>							
(a) What is the developer's experience/track record on managing similar processes.	5	0.17%	0.10	0.17%	0.17	0.17%	0.10
(b) Will the developer request a CPO?	5	0.17%	0.00	0.17%	0.17	0.17%	0.17
(c) Will the developer take responsibility for managing the process?	5	0.17%	0.17	0.17%	0.17	0.17%	0.17
(d) Will the developer be offering equity exchange	5	0.17%	0.10	0.17%	0.17	0.17%	0.17

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A.4.5 Estate Management</b>							
(a)What arrangements is the developer be making to managing the public realm and amenity space	5	1.69%	1.35	1.69%	1.69	1.69%	1.69
(b) How will services charges be calculated and charged across units types and tenures?	5	1.69%	1.69	1.69%	1.69	1.69%	1.69
<b>(A) PLANNING AND DESIGN TOTAL</b>	130						
<b>Weighted (A)</b>		<b>%Total</b>	40.28	<b>%Total</b>	47.16	<b>%Total</b>	43.04
<b>B) DELIVERY STRUCTURE AND LEGAL ( 10%)</b>		<b>10%</b>	6	<b>10%</b>	8	<b>10%</b>	8
The extent to which Bidders' proposed amendments or issues with the draft legal documentation expose the Council to greater risk. The assessment will take into account: (a) the extent to which the proposals depart from the draft legal documentation and/or materially transfer risk which is not justified by the solution being put forward by the Bidder; (b) the extent to which proposals depart from those dialogued with the Council; (c) the extent of fine-tuning required to finalise the draft legal documentation; (d) whether the draft legal documentation is consistent with the service delivery, technical, financial and commercial proposals	5						
<b>(B) DELIVERY STRUCTURE AND LEGAL TOTAL</b>	5						
<b>Weighted (B)</b>		<b>% Total</b>	6.00	<b>% Total</b>	8	<b>% Total</b>	8



EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>C) FINANCIAL OFFER TO THE COUNCIL (45%)</b>							
(a) Return to Council (NPV)	5	13.5%	8.10	13.5%	8.10	13.5%	10.80
(b) Developer's approach to the redevelopment of Beech Court	5	2.25%	0.90	2.25%	1.35	2.25%	1.35
(c) How robust/deliverable are the developer's financial assumptions	5	4.5%	2.70	4.5%	2.70	4.5%	2.70
(d) Developer's approach to profit share and risk	5	11.25%	4.50	11.25%	6.75	11.25%	6.75
(e) Cost of public realm	5	2.25%	1.35	.25%	1.80	2.25%	1.35
(f) Developer's approach and treatment of affordable housing	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(g) Is the developer's approach innovative and capable of generating further savings and/or income streams for the Council	5	4.5%	1.80	4.5%	1.80	4.5%	1.80
(h) Optimism Bias Assessment	5	4.5%	2.70	4.5%	2.70	4.5%	2.70
<b>(C) FINANCIAL OFFER TO THE COUNCIL TOTAL</b>	40						
<b>Weighted (C)</b>		<b>% Total</b>	23.40	<b>% Total</b>	27.00	<b>% Total</b>	28.80
<b>GRAND TOTAL</b>	175						
	<b>100%</b>	<b>% TOTAL</b>	<b>69.68</b>	<b>% TOTAL</b>	<b>82.16</b>	<b>% TOTAL</b>	<b>79.84</b>

## **APPENDIX 3**

### **Granville Road, NW2 New Housing Development – Competitive Dialogue**

#### **Key provisions common to all bidders**

1. Parties – Bidder B proposes to set up a special purpose vehicle (SPU) to undertake the project – this will be a separate limited liability partnership which will enter into the Agreement with the Council and will be jointly owned by the developer and the registered provider (RP). Bidder A and C propose that the developer and a registered provider (RP) will be parties to the Agreement with the Council. The RP will be the owner of the new affordable shared ownership homes. Under the bids the RP will be the owner of the new affordable shared ownership homes. All bidders have put forward a guarantor (s) which will be party to the Agreement.
2. Phasing – All bidders propose to carry out the regeneration on a phased roll on basis.
3. New Homes – both bidders are required to provide a minimum of 30% affordable shared ownership homes. A minimum 70% homes are to be for private sale. All bidders are to include a high proportion of family homes which include houses. Bidder A proposes 50% of the homes to be houses, Bidder B proposes 36% of the homes to be houses and Bidder C 24% of the homes to be houses.
4. The only homes to be demolished are those at Beech Court. The remaining homes will continue to be owned by the Council (subject to leasehold acquisitions) and managed by Barnet Homes.
5. Employment and Skills – all bidders will offer Apprenticeships, Construction Training Initiative and facilitate the employment of local people during the construction period.
6. Regeneration Objectives – all bidders commit to achieving a deliverable scheme, creating a neighbourhood with a high quality of design, public realm and integration with the surrounding community and the existing homes to be retained.
7. Parking – Each home will have access to parking the costs of which will be included in the purchase price for each home. For the existing residents, there will be designated parking offering improved design and increased provision for the existing residents on the estate.
8. Costs - The costs of the regeneration will generally be the responsibility of the Bidder.
9. Planning Consent – all Bidders will be required to make a planning application for the scheme.
10. Estate Management – all bidders will need to ensure that there is a joined up approach to estate management with Barnet Homes who are responsible for the management of the homes owned by Council both during and after the construction of the new homes.
11. Resident involvement – Both Bidders are required to work with residents to create a resident organisation for the Granville Road Estate, NW2 which would represent residents and involve them in the regeneration of the Granville Road Estate, NW2.

12. Residents – both bidders are required to keep residents informed as to the progress of the development programme and to generally use its reasonable endeavours to co-operate with the Council in delivering the regeneration.
13. Council Tenants at Beech Court - The Council will be responsible for decanting the existing tenants at Beech Court and securing them alternative accommodation.
14. Existing Leaseholders at Beech Court – Both Bidders would be responsible for buying back properties from leaseholders at Beech Court in accordance with offer terms agreed with the Council. These include a shared equity offer to resident leaseholders who wish to acquire a new home in Granville Road, NW2.
15. It is envisaged that the complete regeneration of Granville Road Estate, NW2 could take up to five years.
16. Site Safety – All bidders will be required to maintain an office on the site during the construction phases and until completion. All Bidders will be responsible for site safety and security during both demolition and construction works and for ensuring that no known deleterious materials are used in the construction. They will be required to minimise disruption to the existing residents on both Granville Road Estate, NW2 and the surrounding roads. Both the Bidder and its main building sub-contractor are required to comply with a works procedure which governs issues such as noise, pollution and disruption during the period of the regeneration.

**Nicola Bird**  
**London Borough of Barnet**

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<b>Meeting</b>	<b>Cabinet Resources Committee</b>
<b>Date</b>	<b>18 October 2012</b>
<b>Subject</b>	<b>The Sale of the Freehold Interest in the Former Watling Boys Club Dryfield Road Burnt Oak HA8 9JU</b>
<b>Report of</b>	<b>Cabinet Member for Resources &amp; Performance</b>
<b>Summary</b>	Approval to sell the freehold interest in the former Watling Boys Club on Dryfield Road to Turnhold Properties Limited

Officer Contributors	Judith Ellis – Valuation Manager Richard Malinowski – Principal Valuer
Status (public or exempt)	Public with separate exempt report
Wards Affected	Hale Ward
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	Plan of site and photograph
Contact for Further Information:	Judith Ellis, Valuation Manager, <a href="mailto:judith.ellis@barnet.gov.uk">judith.ellis (Valuation Team)@barnet.gov.uk</a> ; Richard Malinowski, Principal Valuer, <a href="mailto:richard.malinowski@barnet.gov.uk">richard.malinowski@barnet.gov.uk</a>

## **1. RECOMMENDATIONS**

- 1.1 That the Cabinet Resources Committee take into account the information contained in the public and the exempt reports and agree that authority be given to complete the sale of the Council's freehold interest in this site to Turnhold Properties Limited.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee 28 March 2011 (Agenda Item 10) resolved that the site of the Former Watling Boys Club in Dryfield Road be sold to Greencourt Property Group Ltd, the bidder making the highest unconditional offer.
- 2.2 The Committee also resolved that if the bid failed to be completed within the time frame set out in the report, then the second highest unconditional offer made by Fairview New Homes Ltd should be considered.
- 2.3 Business Management Overview and Scrutiny Sub-Committee Meeting (Overview and Scrutiny Meeting) 11 April 2011(Agenda Item 6) call- in of Cabinet Resources Committee decision. The Sub-Committee decided not to refer the above matter back to the Cabinet Resources Committee for reconsideration - Decision item no 10.
- 2.4 Officer under Delegated Powers (DPR 1428) in Consultation with Cabinet Member on the 23 September 2011 approved the sale to Fairview New Homes Ltd.

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

- 3.1 Under the Corporate priority 'Better Services with Less Money', the Council has committed to 'Better use Council assets'.
- 3.2 The Corporate Plan commits the Council to delivering better services with less money. A key principle of the medium term financial strategy is to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. This proposal does this by producing a capital receipt and reducing maintenance costs for empty properties.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 There are no policy considerations and officers do not anticipate significant levels of public concern. If the Council does not proceed with this sale, an empty building attracts the obvious detrimental nuisances such as vandalism and arson. To offset the risks of squatters and further vandalism, Property Services have installed fencing around the building but this has been breached on a number of occasions involving additional repairing costs.

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

- 5.1 The property was widely marketed such that it was open to any category of persons to submit a bid, irrespective of race, sex, disability, sexual orientation, marital status, transgender, age, religion or religious belief. Further, the Council's Equalities Policy takes account of the Council's statutory duty to promote equal opportunities and to eliminate discrimination and inequality amongst persons of different race, gender and disability. The proposed disposal has been evaluated against the principles in the Equalities Policy and no adverse implications for any, specific, equalities group has been identified.

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

- 6.1 The costs of securing the site and maintaining the integrity of the building are being met from the allocated budget for properties pending disposal within the Commercial Service budgets. There are no procurement, performance and value for money, staffing, IT or sustainability implications.
- 6.2 The property has been fully marketed and recommending accepting the highest unconditional bidder will ensure compliance with Section 123 of the Local Government Act 1972, the requirements of which are set out in paragraph 7.1.

## **7. LEGAL ISSUES**

- 7.1 In disposing of the property in reliance on subsection 2 of Section 123 of the Local Government Act 1972, the Council has a statutory duty to obtain best consideration; 'Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained'. It is the view of the Valuation Manager that, subject to any later bid, the disposal in accordance with the recommendation will achieve this requirement
- 7.2 As the proposed disposal is a pure land transaction, it is exempt from European Procurement rules.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 The Council's Constitution in Part 4, Council Procedure Rules, Management of Real Estate, Property and Land, states in paragraph 19 that all recommendations for approval of the sale price and other terms of disposal must contain a statement from the Chief Valuer or, if appointed, from suitably qualified external agents that the Council will obtain the best price which can reasonably be obtained or that there is approval through the General Consent

or that the consent of the office of the Deputy Prime Minister has been obtained or will be sought to enable the disposal of the property to proceed as recommended.

## **9. BACKGROUND INFORMATION**

- 9.1 The Cabinet Resources Committee on 28 March 2011 approved the sale of the property to Greencourt Property Group, the bidder that made the highest unconditional offer. The Legal Department were instructed to prepare a draft contract and transfer. However in June Council officers were contacted by Greencourt and were advised that they would be withdrawing their offer.
- 9.2 Council Officers then contacted Fairview New Homes Ltd, the bidder that had made the second highest unconditional offer to establish whether they were still interested in proceeding. Fairview submitted an offer approximately £150,000 lower than their original offer and a sale was approved. Again the legal department were instructed but in January 2012. Officers were informed that Fairview were unwilling to proceed with their offer.
- 9.3 In the meantime Turnhold Properties Ltd, who had once been the highest bidder, conditional on obtaining planning consent, came forward with a proposal to take over the scheme proposed by Fairview. Turnhold, who had been in regular contact continually, indicated a willingness to proceed either on a conditional or unconditional basis. Following Fairview's withdrawal, a letter with two proposals was submitted to the Council and both offers are set out in the accompanying Exempt report. There is a significant difference between the two offers, one being unconditional and the other subject to planning. Following discussions with the planners, officers concluded that the concept scheme submitted had the potential for obtaining planning consent. Discussions have since taken place between Turnhold and the planners and further information on planning is provided in the Exempt report. Under the circumstances approval is being sought for a sale to Turnhold on the basis of the conditional offer subject to planning.

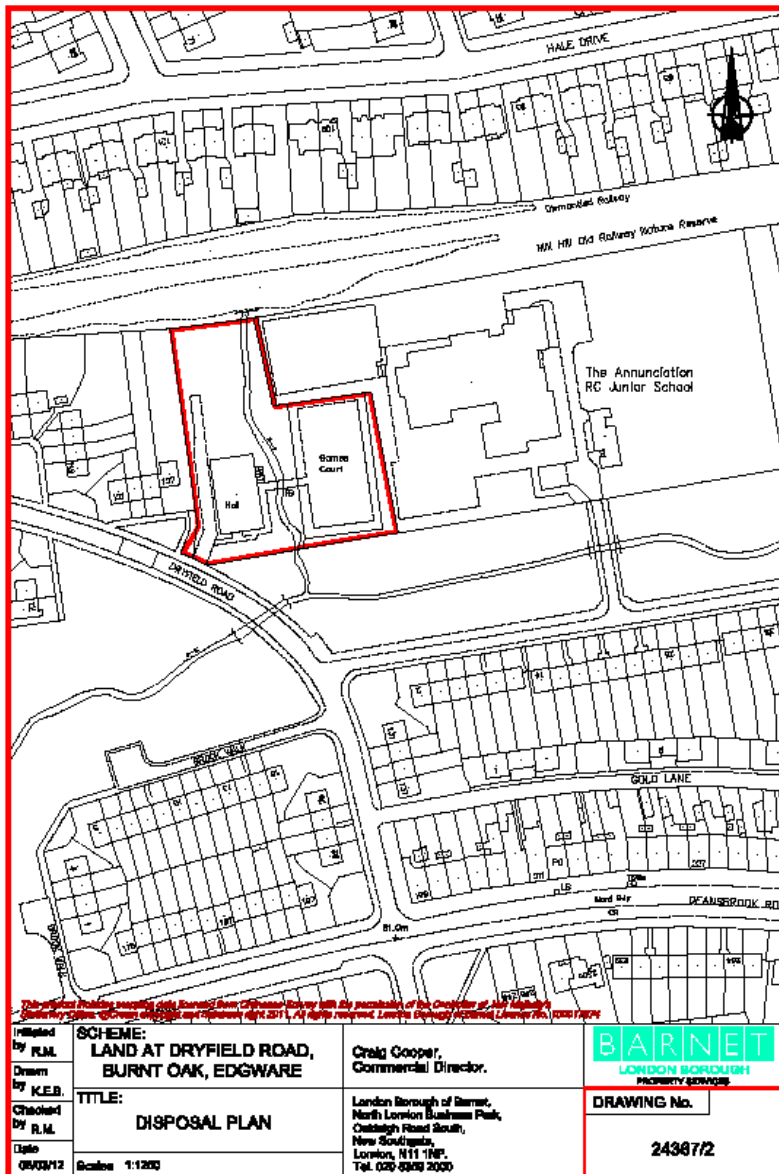
## **10. LIST OF BACKGROUND PAPERS**

- 10.1 Council's Estates Strategy 2011-2015

<b>Cleared by Finance (Officer's initials)</b>	<b>MC</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>JKK</b>



# Appendix – Site Plan



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Initiated by R.M. Drawn by K.E.B. Checked by R.M. Date 09/09/12	<b>SCHEME:</b> <b>LAND AT DRYFIELD ROAD,          BURNT OAK, EDGWARE</b>  <b>TITLE:</b> <b>DISPOSAL PLAN</b>	<b>Craig Cooper,</b> Commercial Director.  London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NP. Tel: 020 8988 2000	  <b>DRAWING No.</b>  <b>24367/2</b>
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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Watling Avenue Car Park and Adjacent Land and Properties</b>
Report of	Cabinet Member for Resources & Performance
Summary	The sale of the Freehold interest in Watling Avenue Car Park, adjacent vacant land and properties at 41 Barnfield Road, 49 & 51 Watling Avenue and 85 to 91 Watling Avenue to Tesco Stores for the development of a retail scheme as described in the report.

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Officer Contributors	Judith Ellis – Valuation Manager Richard Malinowski – Principal Valuer
Status (public or exempt)	Public with exempt report
Wards Affected	Burnt Oak
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	Appendix – Outline Transfer Plan
Contact for Further Information:	Judith Ellis, Valuation Manager, <a href="mailto:judith.ellis (Valuation Team)@barnet.gov.uk">judith.ellis (Valuation Team)@barnet.gov.uk</a> ; Richard Malinowski, Principal Valuer, <a href="mailto:richard.malinowski@barnet.gov.uk">richard.malinowski@barnet.gov.uk</a>

## **1. RECOMMENDATIONS**

- 1.1 That the Cabinet Resources Committee accepts the conditional offer from Tesco Stores Limited to acquire the freehold interest of the Watling Avenue Car Park and other adjoining lands and properties as detailed in this and the exempt report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Policy and Implementation Committee of 29 March 2000, item 13. Approval was given to entering into a conditional contract with Lidl UK GmbH for the disposal and development of part of the Watling Car Park site.
- 2.2 Cabinet Resources Committee 24 July 2003 – noted that because of flood plain issues Lidl could not develop an economically viable scheme on the land and therefore the committee agreed to the rescission of the contract.
- 2.3 Cabinet Resources Committee 30 March 2006 – considered a proposal by St James Investments to acquire the Council's land-holdings and to redevelop a Tesco store, with other retail and housing. The Committee agreed to the appointment of consultant valuers to advise the Council upon the development costs and to value of the Council's properties.
- 2.4 Delegated Powers Report 121 (SDU/DP/14/06) 12 October 2006 – reporting the appointment of Donaldsons to advise the Council on the scheme costs and purchase price proposed by St James Investments for the acquisition of the Watling car park and adjacent lands.
- 2.5 Cabinet Resources Committee Report 31 October 2007 approved the sale of the freehold to St James Investments for a redevelopment scheme involving Tesco Stores Limited.

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

- 3.1 Under the Corporate priority 'Better Services with Less Money', the Council has committed to 'Better use Council assets'.
- 3.2 The Council's Estates Strategy 2011-2015 sets out the council's commitment to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. The recommendation supports this, by producing a capital receipt for the Council in line with this.
- 3.3 The recommendation aligns with the Council's objectives for investment in and regeneration of the Borough's Town Centres as set out in the Council's Local Development Framework.

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

- 4.1 A large part of the land is within the Silk Stream flood plain involving extensive flood alleviation works and this has resulted in the failure of previous development proposals on viability grounds. The proposals from Tesco involve a £3.383 million flood alleviation scheme which reduces the site's potential development land value. Nevertheless Tesco believe that they can carry out the necessary infrastructure and flood alleviation works to deliver a viable scheme. It is anticipated that the flood alleviation works which will be subject to approval of the Environment Agency will require the creation of a flood storage area in Montrose Park. This will require advertising under section 123 of the Local Government Act.
- 4.2 Whilst other potential interest is identifiable, basically the other major supermarkets or developers working with them, the site has not been extensively marketed. A detailed investigation of the flood alleviation and infrastructure works would have been required from an early stage together with continuing viability appraisals and no party would risk incurring such expenditure merely on speculation. Tesco have been involved from an early stage and have already carried out extensive investigations and obtained reliable estimates for the construction works. In addition the acquisition of a number of adjoining properties is required to improve the vehicular and pedestrian access to the site and to deliver a viable scheme. Previous attempts to secure a disposal have been unsuccessful and in order to provide a realistic prospect of delivery, a negotiated disposal has been conducted. It is possible that unsolicited expressions of interest or offers could still be received from other developers or supermarkets but it is unlikely that any of these will be based upon any in-depth analysis of the site and its infrastructure difficulties. It is considered that the successful disposal and development of this site will be most likely achieved by pursuing the proposal submitted.
- 4.3 Tesco have proposed a contract conditional upon the grant of planning permission and the acquisition of other adjoining property interests. Furthermore they need to develop a cost effective solution for flood alleviation that is acceptable to the Environment Agency and the contract can be terminated and the deposit re-paid if any of these conditions are not achieved. This will result in time constraints in the agreement in order for Tesco to satisfy these conditions.
- 4.4 The Planning Process will require a number of issues to be considered in detail including impact on surrounding town centres of the quantum of new retail floor space proposed, potential to re-provide or else relocate the existing market as part of the proposed scheme, and opportunities to enhance the vitality and viability of the wider Burnt Oak Town Centre through redevelopment of the site.
- 4.5 Prior to the contract becoming unconditional or being terminated, the Council will continue to use the market and car park and receive the income generated.

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

- 5.1 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.
- 5.2 The proposal has been considered and will not give rise to any issues under the Council's Equalities Policy and does not compromise the Council in meeting its statutory equalities duties.

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

- 6.1 It is anticipated that a capital receipt will be receivable by this Council although the current rent receivable for the builders yard, leasehold interest along Watling Avenue and the market will cease. Likewise the income from the car park will cease. Details of the estimated capital receipt are referred to in the exempt report and the District Valuer's valuation report.
- 6.2 There will be a loss of rent totalling £30,152 pa as follows:

41 Barnfield Road £21,000 pa  
Watling Avenue Market £9,000 pa  
49 Watling Avenue £20 pa  
51 Watling Avenue £20 pa  
85-91 Watling Avenue £112 pa

## **7. LEGAL ISSUES**

- 7.1 Section 123 of the Local Government Act 1972 provides that a (a) Council may dispose of land held by them in any manner they wish but in doing so, the Council must obtain best consideration for the land and can only do otherwise with the consent of the Secretary of State or in cases of a short tenancy (i.e less than 7 years).
- 7.2 By Local Government Act 1972: General Disposal Consent (England) 2003, the Secretary of States provides Councils with general consent to dispose of a land otherwise than by way of a short tenancy, where, (a) the Council considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the promotion or improvement of economic wellbeing; social well-being; environmental well-being of the whole or any part of its area, or of all or any persons resident or present in its area; and (b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

- 7.3 Section 123 of the Local Government Act 1972, places a duty on the Council to advertise the disposal of land that consists of or form part of an open space for two consecutive weeks in a newspaper circulating in the area in which the land is situated, and to consider any objections to the proposed disposal which may be made by the residents of the area.
- 7.4 A valuation has been undertaken by an independent third party (The DVS Valuation Office Agency) and the report has confirmed that the agreed price and terms are the best consideration reasonably obtainable. The DVS report contains commercially confidential information, and is attached to the Exempt Report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution, Part 3, Responsibility for Functions - paragraph 3.6 states the functions of the Cabinet Resources Committee which includes all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 The Council's Constitution in Part 4, Council Procedure Rules, Management of Real Estate, Property and Land, states in paragraph 19 that all recommendations for approval of the sale price and other terms of disposal must contain a statement from the Chief Valuer or, if appointed, from suitably qualified external agents that the Council will obtain the best price which can reasonably be obtained or that there is approval through the General Consent or that the consent of the office of the Deputy Prime Minister has been obtained or will be sought to enable the disposal of the property to proceed as recommended.

## **9. BACKGROUND INFORMATION**

- 9.1 The Council have been pursuing the redevelopment of the Watling Avenue Car Park for a number of years. However the location of the site in the flood plain has resulted in the failure of previous negotiations being realised.
- 9.2 Tesco proposals comprise a mixed use development of a retail food store of approx 7,000sqm gross external area, 6 shop units totalling approx 950 sq m, 24 residential units, 281 car spaces for the store and 34 for the residential. The development of the site will involve the possible realignment of the Silk Stream flood relief measures in Montrose Park. In essence a flood water collection area. The number of residential units may change as a result of further discussions with Planning and the Environment Agency particularly as the Environment Agency have concerns over the potential loss of an ecology strip adjacent to the stream. Such a scheme will bring investment to Burnt Oak Town Centre, providing additional retail floor space and a number of residential units which will enhance the town centre's viability. In addition it would relieve other Council holdings in the vicinity from flood risks, and in particular the site of the former Child Guidance Centre in East Road located on the other side of the Silk Stream which has been marketed recently.
- 9.3 The Council's land to be acquired by Tesco is shown edged red on the attached plan. The plan may have to be amended to reflect any Environment

Agency requirements relating to the Silk Stream re-alignment. The property addresses, together with details of existing leaseholds, are set out in the schedule attached to the exempt report. Tesco have already acquired a number of properties or have negotiated purchase options and will be negotiating the acquisition of the various leasehold interests in the Council's land from the tenants.

- 9.4 Tesco have had preliminary discussions with Planners and the Environment Agency. Thus the proposal will be subject to Environment Agency approval and planning permission being achieved, which will be considered through the statutory process.
- 9.5 The site is identified within the Unitary Development Plan's Schedule of Proposals for uses including: a new large food store incorporating the retention of a market; housing; office with storage and distribution as subsidiary uses; and other appropriate town centre uses. It is also located within the defined Watling Estate Conservation Area. The Core Strategy identifies the protection of the existing market at Burnt Oak as an important part of the town centre's retail offerings.
- 9.6 Details of the proposed Flood Alleviation Scheme are available as a background paper and the proposal will be the subject of a separate report. The scheme involves the possible re-alignment of the Silk Stream and the creation of a flood water collection area within Montrose Park. The flood storage area only comes into operation when flood levels in the water course are high enough to spill into the storage area. It has been calculated that the flood storage area will be fully flooded once in every 100 years. For the remainder of the time the park will remain suitable for games and other recreational uses, and it is anticipated that the levelling of certain areas will improve the playing surface of the pitches. The attached plans show the realignment of the stream however it appears the Environmental Agency has raised concerns over the loss of ecology strip that realigning the stream may entail and so this proposal is still subject to review.
- 9.7 In order to provide an opportunity to enhance and regenerate this area of Burnt Oak it is recommended that this proposal is approved and contracts are entered into which will allow Tesco to proceed with their planning application and if successful will lead to a significant development in the area.

## 10. LIST OF BACKGROUND PAPERS

- 10.1 Preliminary Transfer Plan
- 10.2 Entec Technical Note November 2009 with recommendations for the Flood Alleviation Scheme including plans and sections of the Flooding Collection proposals for Montrose Park
- 10.3 Council's Estates Strategy 2011-2015

<b>Cleared by Finance (Officer's initials)</b>	<b>MC/JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>PD</b>





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<b>Meeting</b>	<b>Cabinet Resources Committee</b>
<b>Date</b>	<b>27 September 2012</b>
<b>Subject</b>	<b>99 Year Lease of Land and Garages to the Rear of 7 Victoria Avenue Finchley, N3</b>
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	Authority is sought to proceed with the grant of a 99 year lease to the Rocking Horse Nursery for a capital premium payment of £50,000 for the land and garages to the rear of 7 Victoria Avenue, Finchley, N3

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Officer Contributors	Ashley Wright – Valuer (Property Services)
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Finchley Church End
Key Decision	No
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Drawing No. 24206 – Garages at Victoria Avenue, Finchley N3
Contact for further information:	Ashley Wright, Valuer, Property Services, Tel: 020 8359 7362 <a href="mailto:ashley.wright@barnet.gov.uk">ashley.wright@barnet.gov.uk</a>

## **1. RECOMMENDATIONS**

- 1.1 **That the Council grant a 99 year lease to the Rocking Horse Nursery for a capital premium of £50,000 for the area shown edged in red on drawing no.24206 comprising land and garages to the rear of 7 Victoria Avenue, Finchley N3.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None

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

- 3.1 The corporate plan 2012-13 commits the Council to delivering 'Better services with less money'. A key principle of the medium term financial strategy is to continually review the use of Council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. The granting of this lease will support the HRA capital programme.
- 3.2 The Council's Estates Strategy 2011-2015 commits the Council to 'providing sustainable, value for money solutions, to enabling high quality service delivery and community activity, at every stage of the property and assets life cycle.' In granting a 99 year lease of the land to the rear of 7 Victoria Avenue, the Council would be driving achievement for the Estates Strategy, contributing to a financially sustainable property portfolio and holding only those assets that are required to deliver the functions driven by our corporate priorities and proactively pursuing opportunities to release and recycle capital and revenue into these priorities.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The site currently has two garages on it. The garages have no doors and have fallen into disrepair, attracting large numbers of vermin and cats. This is having a detrimental effect on the adjoining properties to the site. The Rocking Horse Nursery have complained that the site attracting vermin and cats has posed health and safety issues for the children who play in the adjacent garden. Additionally, an individual who leases one of the privately adjoining garages has raised similar concerns about the current condition of the site.
- 4.2 The freehold value of the property needs to be considered as an asset within the ownership of the council although the land to be leased is not currently used by 7 Victoria Avenue. The impact of a long lease being granted on this land should be minimal on the overall value of the property. The existing garden (without the land and garages) measures approximately 20 metres in length and 10 metres in width. There is, however, an element of risk that in the event of any future disposal of 7 Victoria Avenue the value achievable in the open market could be affected.

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

- 5.1 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected

characteristic and those without. The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; Sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

- 5.2 The council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough. By granting this 99 year lease to a nursery, the borough will benefit from having an expanded pre-school education facility.
- 5.3 It is not considered that the proposal will give rise to any issues under the council's Equalities policies and does not compromise the council in meeting its statutory equalities duties.

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

- 6.1 There are no procurement, performance and value for money, staffing, IT or sustainability implications. The property implications are set out in paragraph 9 below.
- 6.2 The financial implications are considered in the exempt report.

## **7. LEGAL ISSUES**

- 7.1 The London Borough of Barnet holds the freehold title of 7 Victoria Avenue which is registered in the council's ownership under title MX304647. Section 123 of the Local Government Act 1972 allows the council to dispose of land in any manner it wishes. However, the ability to dispose of land is not unfettered. Section 123 of the 1972 Act requires the council to dispose of land at the best price reasonably obtainable. This is with the exception of gaining consent of the Secretary of State under the Local Government Act 1972 general disposal consent (England) 2003.
- 7.2 The site is held for housing purposes under Part II of the Housing Act 1985. Section 32 of the 1985 Act provides that a local authority may dispose of land held by them for the purposes of Part II in any manner, but only with the consent of the Secretary of State.
- 7.3 The General Consent for the Disposal of Part II Land 2005 provides local authorities with scope for flexibility without the need to obtain the Secretary of State's specific consent under Section 32 of that Act.
- 7.4 The Legal Department will be instructed to prepare the lease in accordance with signed heads of terms agreed between the parties.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution – Part 3 Responsibility for Functions – Section 3.6 Functions of the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 Constitution, Part 4, 'Management of Real Estate, Property and Land' - Rule 1 - The 'Property Review Process' requires properties to be considered in the context of the

Corporate Plan and Service Key Priorities and their ability to deliver continuing value for money for the council.

- 8.3 Constitution, Part 4, 'Management of Real Estate, Property and Land' - Rule 2 - Provides that where property is no longer required by the Council then the procedures set out in the remainder of the Rules will be followed for the disposal of the property.
- 8.4 Constitution, Part 4, 'Management of Real Estate, Property and Land' - Rule 18 - Provides that upon a disposal by private treaty the Director or designated officer shall be responsible for:-
- (i) Taking all necessary steps to determine the level of potential interest from prospective purchasers and to identify any parties who might wish to purchase the property.
  - (ii) Determining how the negotiations for each potential disposal by private treaty are to be conducted and setting the process out in writing.
  - (iii) Ensuring that full and reasonably contemporaneous records are made of all negotiations and that those records are appropriately stored either by hard copy or electronic means.
  - (iv) Upon the conclusion of negotiations reporting the results to the relevant body or Cabinet Member for consideration or where it is appropriate to do so for consultation with the Cabinet Member
  - (v) Ensuring that full enquiry is made as to the identity of the recommended purchaser and that the relevant information is clearly set out in the report referred to in (iv) above.

## **9. BACKGROUND INFORMATION**

- 9.1 The London Borough of Barnet holds the registered freehold title in the site including the hostel building at 7 Victoria Avenue. There are no legal restrictions affecting the disposal of the leasehold interest in the land. A right of way is reserved in the title of 7 Victoria Avenue to pass and re-pass between 1 Victoria Avenue and 3 Victoria Avenue along a passageway which leads directly to the site. This provides vehicles with a means to access the site directly.
- 9.2 The site measures a total of 150 square metres. On the site are two garages- a single garage (3.5 x 6 metres) and a double garage (4.5 x 6 metres). The garages had previously been licensed to an individual in the 1990s on an annual rolling agreement. For over ten years they have remained unmaintained with no formal agreement regulating their use. Two disused cars were present in the garages for a number of years; however, these were removed in early 2010. This prompted a review of the use of these garages.
- 9.3 Following consideration on future options for the garages and the site, it was decided to pursue the possibility of a short term letting to generate some income. In January 2011 expressions of interest were invited for leasing the garages for up to 10 years. The rental being sought was £1000 per annum for the larger garage and £800 per annum for the smaller garage. Any agreement was to factor in lessee costs of refurbishment (door replacement, making the property wind and water tight and clearance/fumigation). It was anticipated that a large rent free period would need to be offered in order to justify these costs. This period was estimated to be around 5 years (half the length of the lease on offer).

- 9.4 The period of marketing generated a small degree of interest. However, enquiries as to the freehold sale of the site were far more common than those relating to the letting. Following advice from the council's Asset Management team that the garages should be demolished given the risk that they posed from a health and safety perspective, marketing for a lease of the garages was put on hold in March 2011.
- 9.5 Following legal confirmation that there were no other rights affecting the land, it was decided that the site should be marketed for a freehold sale. A sale would remove the council's management obligations and provide financial support for the HRA capital programme. Having contacted a number of prospective purchasers who had previously made contact over the possibility of a sale, freehold bids were submitted for the site. The uses that were being proposed were varied and, following a further meeting between Property Services, Housing and Regeneration, it was decided that a 99 year lease should be offered to ensure that a greater degree of control would be maintained over the site instead of an outright sale of the freehold interest.
- 9.6 The council's website was updated to reflect the fact that offers for a 99 year lease were now being considered. In addition, the property was marketed in 2 local newspapers as well as the details being sent out to the contacts on the Property services enquiry database. Therefore a full marketing exercise has taken place over a period of more than 2 months.
- 9.7 The Rocking Horse Nursery submitted their bid of £50,000 for the 99 year lease within this marketing period. They are the occupiers of 5 Victoria Avenue which is the adjacent property. They propose to demolish the garages and build an additional classroom on the site which will have access from the rear of their garden. The Planning department has indicated that planning consent is likely to be granted for the proposed use. The strength of the Rocking Horse Nursery bid is that they have offered the highest amount of money and will not require the use of the access road to the rear as their only means of accessing the site. This will also minimise disturbance to local residents whose properties adjoin this route. Based on the aforementioned factors, I am recommending that authority is sought to proceed with this bid.
- 9.8 Details of the offers received are detailed in the accompanying exempt report.

## 10. LIST OF BACKGROUND PAPERS

10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>JK</b>

# Plan



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Initiated by <b>A.W.</b>	<b>SCHEME:</b> <b>GARAGES AT VICTORIA AVENUE</b> <b>FINCHLEY, N3</b>	Craig Cooper, Commercial Director.	
Drawn by <b>K.E.B.</b>	<b>TITLE:</b> <b>LOCATION PLAN</b>	London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NF. Tel. 020 8309 2000	
Checked by <b>A.W.</b>	Scale 1:1250		
Date <b>08/11/10</b>			



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 AGENDA ITEM 11
 

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Treasury Management Outturn for Quarter Ended 30 June 2012</b>
Report of	Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity for quarter ended 30 June 2012.
Officer Contributors	John Hooton – Assistant Director of Strategic Finance Iain Millar – Head of Treasury and Pensions
Status (public or exempt)	Public
Wards Affected	N/A
Key Decision	No
Reason for urgency / exemption from call-in	Cabinet Resources Committee
Function of	Executive
Enclosures	Appendix A – Money Market and PWLB Rates Appendix B – Deposits as at 30 June 2012 with Credit Ratings Appendix C – Compliance with Prudential Indicators
Contact for Further Information:	Iain Millar, Head of Treasury and Pensions, 020 8359 7126

## **1 RECOMMENDATIONS**

**1.1 That the Treasury Management activity and position for the first quarter ended 30 June 2012 be noted.**

**1.2 That the Committee notes the Council's response to continuing market uncertainty which is set out in sections 9.1.4 and 9.5.**

## **2. RELEVANT PREVIOUS DECISIONS**

2.1 Cabinet Resources Committee 28 February 2012 (Decision item 10) Treasury Management Outturn for the quarter ended 30 June 2012.

2.2 Council 6 March 2012, (Decision item 10) – Treasury Management Strategy 2012/13.

2.3 Cabinet Resources Committee 20 June 2012 (Decision item 10) Treasury Management Outturn for the year ended 31 March 2012.

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

3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council's corporate priority for 2012-2013, 'Better services with less money', through the strategic objective "manage resources and assets effectively and sustainably across the public sector in Barnet". The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

## **4. RISK MANAGEMENT ISSUES**

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

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

5.1 Under the Equality Act 2010, the council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment;

pregnancy and maternity, race, religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

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

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

- 6.1 The purpose of the treasury function is to maximise the Council's budget for investment return and minimise interest costs in accordance with the risk strategy set out in the TMS.

- 6.2 The total value of long term loans as at 30 June 2012 was £304.08m. The average cost of borrowing was 3.89%. New borrowing of £102.58m was taken on 28<sup>th</sup> March 2012 to finance the Council Housing reform settlement at an average cost of 3.36%. No new borrowing was taken during the first quarter.

- 6.3 At 30 June 2012, deposits outstanding amounted to £209.0m (including £3.144m of Icelandic impairments), achieving an average rate of return of 0.74% (adjusted for Icelandic deposits) against a benchmark of 0.59%. A list of deposits outstanding and counterparty credit ratings as at quarter end 30 June 2012 is attached as Appendix B.

- 6.4 In response to market uncertainty the Council has further restricted its investment criteria which impacted on investment performance as short term money market rates remained at low levels through out the year.

- 6.5 The wider financial implications for the Council are dealt with in section 9 of this report.

## **7. LEGAL ISSUES**

- 7.1 The Council is under a fiduciary duty to the taxpayer, to ensure that public funds and assets are managed in a prudent manner. The monitoring of treasury management activity would ensure that the Council meets its fiduciary duty to the taxpayer as far as the management of funds is concerned. Other legal issues are addressed in the body of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Financial Regulations (Part 1, Section 7) within the Council Constitution state:

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

8.2 Constitution - Responsibilities for Functions, Section 3.6 states that a function of the Cabinet Resources Committee is to "consider reports on Treasury Management Strategy and activity, including creating and maintaining a Treasury Management Policy Statement."

## **9. BACKGROUND INFORMATION**

### **9.1 Treasury Management Strategy**

- 9.1.1 The Council's timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy (TMS).
- 9.1.2 The TMS 2012/13 was approved by Cabinet on 20 February 2012 and by Council on 6 March 2012.
- 9.1.3 The TMS is under constant review to reflect market conditions and the financing requirements of the Council. The Council's treasury advisers, Arlingclose, have recommended reducing maximum duration for new investments from 365 days to 3 months for approved UK, Australian, Canadian and US banks and no new investment in European banks. The following points relate to the operational overlay being applied to the Council's strategy:

- i) Given current market uncertainty, officers have followed an even more cautious strategy than has been recommended by Arlingclose for new investments. The Council's investments are temporarily restricted to 14 days duration. Any investment proposed beyond 14 days must be approved by the Deputy Chief Executive.;
- ii) Tightening counterparty criteria. Treasury Officers are restricted to investing only with UK, Canadian and Australian institutions who meet the required minimum credit rating in accordance with the treasury management strategy;
- iii) Since October 2011, Money Market Funds(MMF) have been used cash investments in highly liquid financial instruments with the highest credit rating Arlingclose have recommended that MMF investments are restricted to 10% of the Council's total cash (previously 15%), in any one MMF. Investments must be diversified between a minimum of two funds and exposure limited to 0.5% of each MMF's total funds under management. These deposits have high credit ratings and are highly liquid, but due to general concerns within markets, the Council has reduced its overall exposure to this class of deposit to £17 million in total split between two funds; and
- iv) The Debt Management Office will be used when other permitted counterparties reach their group investment limits.

9.1.4 The 2012-2013 TMS counterparty criteria was amended to allow investment with UK banks which have systemic importance to the global banking system. This allows new investment with the main UK clearing banks which had previously been removed from the counterparty list because of their credit rating downgrading. Investment continues to be subject to an operational overlay to manage credit risk. There are limits on investment duration and the counterparty list is restricted to the key banks and subject to regular review.

9.1.5 Restrictions on duration of investment and exclusions from the counterparty list are expected to be a temporary measure. This report therefore asks the Committee to note the continued cautious approach to the current investment strategy.

## **9.2 Icelandic Bank Deposits**

9.2.1 On 28 October 2011, the Supreme Court of Iceland upheld the District Court judgment for the test cases that local authorities' claims are deposits that qualify in full for priority in the bank administrations. Securing priority creditor status means that authorities with deposits in Glitnir are set to recover 100 per cent of their money, whilst those with deposits in Landisbanki are estimated to recover 94.8 per cent. These decisions are now final and there is no further right of appeal.

9.2.2. The Council has impaired £3.133 million in its accounts against Icelandic Bank losses. The latest indications are that the Council will recover an amount in excess of the principal deposited in Iceland. Most of the recoverable deposits and interest due will be paid from escrow accounts in Icelandic and Norwegian Kroner, Euros, and US Dollars. Fluctuations in currency rates against sterling since 2009 is likely to result in a potential shortfall on the deposits and interest expected to be returned to the Council. The potential shortfall can be met from within the existing risk reserve. To date the Council has received £10.97 from the Glitnir Winding-up Board with a further £2.5 million held in escrow. For Landsbanki, the partial distribution is £6.8 million. A further £9.3 million is due to the Council with further partial distributions expected each year until 2018 as and when the administrators realise assets.

### 9.3 Economic Background

9.3.1 **Growth:** UK GDP contracted by 0.3% in the first calendar quarter of 2012 and by 0.4% in the second quarter though much of second quarter fall could be attributed to the additional bank holiday for the Diamond Jubilee and the US economy grew slowly, reflecting the difficult economic conditions faced by businesses and consumers domestically and globally. Businesses were more inclined to take defensive strategies involving cost cutting rather than increasing capital spending. Financial conditions facing households continued to be weak as wage growth remained subdued and was, for much of the period, outstripped by inflation.

9.3.2 **Inflation:** Inflation slowly began to fall Annual CPI dipped below 3% for the first time in two and half years in May and fell to the lowest level since November 2009 in June, with a reading of 2.4%. It ticked up marginally to 2.5% by August. Although the recent rise in commodity prices has been worrying, the rise in oil and food prices – the latter mainly due to poor weather-related yields - are well below the spikes of 2010-11.

9.3.3 **Employment / Consumer Confidence:** Employment rose by 236,000 in the three months to July and the employment rate was at its highest since the three months to April 2009. The ILO unemployment rate fell 0.1% on the quarter to 8.1%. Whilst the effect of the Olympics undoubtedly played a part, despite its temporary nature, the underlying data pointed to a more resilient and optimistic outlook for the economy.

9.3.4 **Monetary Policy:** The lack of growth and the fall in inflation were persuasive enough for the Bank of England to sanction £50 billion asset purchases (QE) in July, taking total QE to £375 billion. The possibility of a rate cut from the current level of 0.5% was discussed at the Bank's Monetary Policy Committee meetings in June and July; however reference to it was subsequently dropped suggesting that this policy option will not be considered for the immediate future. The

government's Funding for Lending (FLS) initiative, intended to lower banks' funding costs, commenced in August. The Bank of England will assess its effects in easing the flow of credit before committing to further policy action.

- 9.3.5 The US Federal Reserve extended quantitative easing through 'Operation Twist', in which it buys longer-dated bonds with the proceeds of shorter-dated US Treasuries. Poor employment data for August preceded the Fed further easing monetary policy at its September meeting; The Fed committed to purchasing \$40 billion of agency mortgage-backed securities each month until the outlook for the labour market improves "substantially." The Fed also pledged to keep interest rates low until mid-2015
- 9.3.6 The European Central Bank lowered its deposit rate to 0% from 0.25% to encourage banks to provide credit into the Euro economy rather than keeping balances in the central bank's overnight deposit facility. Bank's funding costs remained high not least due to the capital requirements imposed by regulators. Banks were embroiled in the scandal to manipulate LIBOR rates during the abnormal trading conditions at the height of the 2007-2008 crises.
- 9.3.7 In Greece the formation of a pro euro alliance after a second election, avoided an exit from the Euro. The Region suffered further stress when Italian and Spanish government borrowing costs rose sharply and Spain was also forced to seek a bailout for its domestic banks. The European Central Bank responded with the announcement in September of its Outright Monetary Transactions (OMT) facility which allows the ECB to buy unlimited amounts of 1-3 year sovereign bonds provided the sovereign(s) first asks for such assistance and adheres to the strict conditionality attached to such purchases.
- 9.3.8 **Gilt Yields and Money Market Rates:** Gilt yields fell sharply raising the prospect that very short-dated yields could turn negative. 2-year yields fell to 0.06%, 5-year yields to 0.48% and 10-year yields to 1.45%. Despite the likelihood the DMO would revise up its gilt issuance for 2012/13, there were several gilt-supportive factors: the Bank of England's continued purchases of gilts under an extended QE programme; investors preferring the safer haven of UK government bonds to those of European sovereigns; the coalition's commitment to fiscal discipline by sticking to its "plan A" for deficit reduction; large scale purchases by banks to comply with the FSA's liquidity buffer requirements; and general risk aversion against a weak economic backdrop. PWLB borrowing rates fell commensurately (the Board maintained the +0.90% margin above the equivalent gilt yield for new borrowing).
- 9.3.9 Money market rates fell over the period by between 0.2% to 0.6% for 1-12 month maturities. Continued low gilt yields during the quarter means that Public Works Loan Board (PWLB) borrowing rates remain at close

to historically low rates PWLB remained an attractive source of borrowing though the use of internal resources in lieu of borrowing continues to be the most effective means of funding capital expenditure for the Council. The TMS will be kept under review specifically in terms of market conditions, benchmarks and yield.

## 9.4 Debt Management

9.4.1 The total value of long term loans as at 30 June 2012 was £304.08m. There has been no external borrowing in the financial year to date. The average total cost of borrowing for the quarter ending 30 June 2012 was 3.89%.

9.4.2 Given the significant cuts to local government funding putting pressure on Council finances, the decision was taken to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant (just over 3%). The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments. The latest advice from Arlingclose is that there is no benefit from taking new long term debt while borrowing costs are forecast to remain at current levels.

9.4.3 The Council's long term debt position to the end of the quarter ended 30 June 2012 was as follows:

	31 March 2012		30 June 2012	
	Principal	Principal	Principal	Average Rate
PWLB	£139.00m	£139.00m	£139.00m	4.19%
Market	£ 62.50m	£ 62.50m	£ 62.50m	3.91%
Total	£201.50m	£201.50m	£201.50m	4.10%
PWLB HRA self-financing	£102.58m	£102.58m	£102.58m	3.36%
Total	£304.08m	£304.08m	£304.08m	3.89%

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

9.4.5 In order to comply with accounting standards for financial instruments, some of the market loans in the debt portfolio have been recalculated on an effective interest rate basis as opposed to being calculated on an amortised cost basis. The total value of loans in question before re-



measurement was £9.5m; an additional charge of £0.36m was added to the carrying value of these loans

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

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

9.4.8 Alternative Sources: The decision to offer a reduced PWLB rate is cheaper than the forecast costs of borrowing from capital markets.

## **9.5 Investment Performance**

9.5.1 The DCLG's revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield. Security of capital remained the Authority's main investment objective. This was maintained by following and complying with the counterparty policy as out in the TMS 2012/13.

9.5.2 Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A (- across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; Gross Domestic Product (GDP) of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

9.5.3 Deposits are managed internally. At 30 June 2012, deposits outstanding amounted to £209m, (£3.144m being Icelandic impairments), achieving an average rate of return of 0.74% (adjusted for Icelandic deposits) against a benchmark of 0.59%. Four Icelandic deposits totalling £27.4m (but partially repaid) are outside the TMS as approved on 6 March 2012. A list of deposits outstanding and counterparty credit ratings as at quarter end 31 December 2011 is attached as Appendix B.

9.5.4 The benchmark is the average 7-day LIBID rate is provided by the authority's treasury advisors Arlingclose. The LIBID rate or London Interbank Bid Rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

## **9.6 Prudential Indicators**

9.6.1 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of its indebted status. This is a statutory limit which should not be breached. The Council's Authorised Limit (also known as the Affordable Borrowing Limit) was set and approved at £465.248 million.

- 9.6.2 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included with the Authorised Limit. The Council's Operational Boundary for 2012/2013 was set and approved at £450.218million
- 9.6.3 During the quarter end to 30 June 2012 there were no breaches of the Authorised Limit and the Operational Boundary.
- 9.6.4 Further details of compliance with prudential indicators are contained in Appendix C.

## 9.7 Compliance

- 9.7.1 The current 2012/2013 TMS was approved by Council on 6 March 2012. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.
- 9.7.3 All Deposits placed during the quarter ended 30 June 2012 were compliant with the TMS as approved on 6 March 2012.
- 9.7.4 Treasury management procedures are monitored and reviewed in light of CIPFA guidance and current market conditions.

## 9.8 Outlook for Q3 2012

- 9.9.1 Financial markets continue to remain extremely nervous and are suffering from extreme changes in sentiment. economic growth remains elusive. Tight credit conditions and weak earnings growth are constraining consumer and corporate spending. The outlook is for official interest rates to remain low for an extended period, as shown below.

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Official Bank Rate													
Upside risk				0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

## 10. SUMMARY

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

The proposed changes to counterparty credit criteria are set out in the 2012-2013 Treasury Management Strategy.

**11. LIST OF BACKGROUND PAPERS**

11.1 None.

<b>Cleared by Finance (Officer's initials)</b>	<b>MC</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>TE</b>

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## Appendix A - Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year and rather than those in the tables below

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

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2012	0.50	0.55	0.55	0.61	1.00	1.33	1.84	1.22	1.30	1.59
30/04/2012	0.50	0.50	0.65	0.60	0.99	1.32	1.84	1.35	1.43	1.68
31/05/2012	0.50	0.48	0.65	0.57	0.97	1.30	1.82	1.20	1.20	1.34
30/06/2012	0.50	0.50	0.50	0.55	0.83	1.13	1.65	0.96	0.99	1.25
<b>Average</b>	<b>0.50</b>	<b>0.50</b>	<b>0.59</b>	<b>0.59</b>	<b>0.96</b>	<b>1.28</b>	<b>1.80</b>	<b>1.20</b>	<b>1.25</b>	<b>1.47</b>
<b>Maximum</b>	<b>0.50</b>	<b>0.55</b>	<b>0.65</b>	<b>0.61</b>	<b>1.00</b>	<b>1.33</b>	<b>1.84</b>	<b>1.38</b>	<b>1.45</b>	<b>1.72</b>
<b>Minimum</b>	<b>0.50</b>	<b>0.47</b>	<b>0.47</b>	<b>0.55</b>	<b>0.83</b>	<b>1.13</b>	<b>1.65</b>	<b>0.88</b>	<b>0.89</b>	<b>1.11</b>
<b>Spread</b>	<b>0.00</b>	<b>0.08</b>	<b>0.18</b>	<b>0.06</b>	<b>0.17</b>	<b>0.20</b>	<b>0.19</b>	<b>0.50</b>	<b>0.56</b>	<b>0.61</b>

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

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	1.29	2.07	3.25	4.22	4.43	4.46	4.41
30/04/2012	166/12	1.31	2.09	3.15	4.13	4.38	4.42	4.39
31/05/2012	210/12	1.19	1.76	2.74	3.79	4.13	4.19	4.16
29/06/2012	248/12	1.20	1.84	2.83	3.79	4.11	4.19	4.16
	<b>Low</b>	<b>1.13</b>	<b>1.67</b>	<b>2.58</b>	<b>3.61</b>	<b>3.94</b>	<b>4.00</b>	<b>3.96</b>
	<b>Average</b>	<b>1.24</b>	<b>1.92</b>	<b>2.95</b>	<b>3.93</b>	<b>4.23</b>	<b>4.28</b>	<b>4.24</b>
	<b>High</b>	<b>1.33</b>	<b>2.15</b>	<b>3.28</b>	<b>4.23</b>	<b>4.45</b>	<b>4.47</b>	<b>4.43</b>

**Table 3: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans**

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	1.56	2.14	3.29	3.91	4.23	4.38
30/04/2012	166/12	1.60	2.15	3.19	3.81	4.14	4.31
31/05/2012	210/12	1.37	1.81	2.78	3.41	3.81	4.03
29/06/2012	248/12	1.41	1.89	2.87	3.45	3.80	4.01
	<b>Low</b>	<b>1.31</b>	<b>1.71</b>	<b>2.62</b>	<b>3.24</b>	<b>3.63</b>	<b>3.84</b>
	<b>Average</b>	<b>1.47</b>	<b>1.98</b>	<b>2.99</b>	<b>3.59</b>	<b>3.94</b>	<b>4.14</b>
	<b>High</b>	<b>1.64</b>	<b>2.21</b>	<b>3.32</b>	<b>3.94</b>	<b>4.24</b>	<b>4.39</b>

**Table 4: PWLB Variable Rates**

	<b>1-M Rate</b>	<b>3-M Rate</b>	<b>6-M Rate</b>	<b>1-M Rate</b>	<b>3-M Rate</b>	<b>6-M Rate</b>
	<b>Pre-CSR</b>	<b>Pre-CSR</b>	<b>Pre-CSR</b>	<b>Post- CSR</b>	<b>Post- CSR</b>	<b>Post- CSR</b>
02/04/2012	0.59	0.60	0.62	1.49	1.50	1.52
30/04/2012	0.58	0.60	0.62	1.48	1.50	1.52
31/05/2012	0.58	0.58	0.58	1.48	1.48	1.48
29/06/2012	0.58	0.57	0.56	1.48	1.47	1.46
<b>Low</b>	0.57	0.56	0.55	1.47	1.46	1.45
<b>Average</b>	0.61	0.62	0.63	1.51	1.52	1.53
<b>High</b>	0.90	0.90	0.90	1.55	1.57	1.60

## Appendix B – Deposits as at 30 June 2012 with Credit Ratings

### DEPOSITS OUTSTANDING AS AT 30 JUNE 2012 FOR LB BARNET

Deal Number	Counter Party	Start Date	Maturity Date	Rate of Interest %	Principal Outstanding	Fitch Rating			Moody's Rating			S&P Ratings			
						L Term	S Term	Indiv	Support	L Term	S Term	Fin Stgth	L Term	S Term	Fin Stgth
2000011382	GREATER LONDON AUTHORITY	08-Jun-12	10-Sep-12	0.50	<u>25,000,000</u>	AAA				Aaa			AAA		
	<b>UK Banks &amp; Building Societies</b>														
2000010373	BANK OF SCOTLAND BARCLAYS COMMERCIAL	11-Apr-12	11-Jul-12	1.40	25,000,000	A	F1	1		A2	P-1	D+	A	A-1	
2000010527	BANK ROYAL BANK OF SCOTLAND	11-Feb-10	CALL A/C	0.45	25,000,000	A	F1	a	1	A2	P-1	C-	A+	A-1	
2000011371	ROYAL BANK OF SCOTLAND	10-Apr-12	10-Jun-12	0.94	16,000,000	A	F1	bbb	1	A3	P-2	D+	A	A-1	
2000011372	ROYAL BANK OF SCOTLAND	11-Apr-12	11-Jul-12	0.94	7,300,000	A	F1	bbb	1	A3	P-2	D+	A	A-1	
2000011382	NATIONWIDE BUILDING SOCIETY	10-Apr-12	10-Jul-12	0.98	16,500,000	A+	F1	a+	1	A2	P-1	C-	A+	A-1	
2000011383	NATIONWIDE BUILDING SOCIETY	21-Jun-12	21-Sep-12	0.60	8,500,000	A+	F1	a+	1	A2	P-1	C-	A+	A-1	
2000011378	CO-OPERATIVE Bank	30-Jun-12	overnight reserve	0.56	16,096,000	A-	F2	a-	3	A3	P-2	C-			
					<u>114,396,000</u>										
	<b>Money Market Funds</b>														
2000011238	PRIME RATE CAPITAL	10-Apr-12	on call	0.91	10,000,000	AAA				Aaa			AAA		

2000011284	MANAGEMENT GOLDMAN SACHS ASSET MANAGEMENT	09-Dec-11	on call	0.78	7,000,000	AAA	Aaa	AAA
					<u>17,000,000</u>			
	<b>Non UK Banks &amp; UK Building Societies</b>							
	AUSTRALIA & NEW ZEALAND	22-May-12	22-Aug-12	0.61	15,000,000	AA-	F1+ aa-	AA- A-1+
2000011381	BANKING GRP LTD							
	BANK OF NOVA	22-Jun-12	24-Sep-12	0.30	11,500,000	AA-	F1+ aa-	AA- A-1+
2000011384	SCOTIA COMMONWEALTH BANK OF							
	AUSTRALIA	16-Apr-12	16-Jul-12	0.70	22,300,000	AA-	F1+ aa-	AA- A-1+
					<u>48,800,000</u>			
	<b>Investments outside TMS</b>			<b>0.74</b>				
	<b>Icelandic Banks</b>							
	GLITNER BANK (ICELAND)		Frozen		2,496,904			
	LANDISBANKI ISLANDS H.F.		Frozen		6,921,287			
					<u>9,418,191</u>			
	<b>TOTAL VALUE OF INVESTMENTS AS AT 30 JUNE 2012</b>							<b>212,117,287</b>
	<b>LESS ICELANDIC</b>							<b>-3,144,410</b>



**IMPAIRMENT AS AT 31  
MARCH 2012**

**208,972,877**

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## Appendix C: Prudential Indicator Compliance

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

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

	Limits for 2012/13 %
<b>Upper Limit for Fixed Rate Exposure</b>	100
Compliance with Limits:	Yes
<b>Upper Limit for Variable Rate Exposure</b>	40
Compliance with Limits:	Yes

### Maturity Structure of Fixed Rate Borrowing

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

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/6/12	% Fixed Rate Borrowing as at 30/6/12	Compliance with Set Limits?
Under 12 months	0	50		0	N/A
12 months and within 24 months	0	50	0	0	N/A
24 months and within 5 years	0	75		0	N/A
5 years and within 10 years	0	75	0	0%	N/A
10 years and above	0	100	304,080,000	100%	Yes

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Quarter 1 Monitoring 2012/13</b>
Report of	Cabinet Member for Resources and Performance
Summary	To consider the Quarter 1 Monitoring 2012/13 report and instruct officers to take appropriate action.
Officer Contributors	Maria G. Christofi – Assistant Director, Financial Services Catherine Peters – Head of Finance, Closing & Monitoring Antony Russell – Finance Manager, Closing & Monitoring
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Performance Report Appendix B – Revenue Monitoring Directorate Appendix C – Capital Programme Adjustments Appendix D – Capital Monitoring Analysis Appendix E – Virements Requiring Member Approval Appendix F – One Barnet Budgeted Projections Appendix G – Corporate Risk Register
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information:	Catherine Peters, Head of Finance, Closing & Monitoring, 020 8359 7142

## **1. RECOMMENDATIONS**

- 1.1 That Directors take appropriate action to ensure costs are kept within budget and income targets are met. (Paragraph 9.1.2)**
- 1.2 That Directors take appropriate action to improve performance against those corporate performance, Human Resources (HR), project, and risk measures where quarter one performance remains a challenge (Sections 9.3, 9.14, and Appendix A).**
- 1.3 That the following virements for this financial year and on-going be approved:**
- **£0.023m is requested within the Environment, Planning & Regeneration Directorate to re-align the budget across Traffic Development to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the service's budget. (Paragraph 9.4.1)**
  - **£0.005m is requested within the Environment, Planning & Regeneration Directorate to re-align the Highways income budget to ensure it reflects the costs and nature of this service provision. There is a nil impact on the service's budget. (Paragraph 9.4.1)**
  - **£0.654m is requested to re-align employee insurance budgets within the Environment, Planning & Regeneration Directorate to reflect current staffing structures. There is a nil impact on the service's budget. (Paragraph 9.4.1)**
  - **£0.631m is requested within the Environment, Planning & Regeneration Directorate to re-align the Highways Inspection/Maintenance budgets. There is a nil impact on the service's budget. (Paragraph 9.4.1)**
  - **£0.171m is requested within the Chief Executive Directorate for 2012/13 (£0.187m full year effect from 2013/14 onwards) to re-align the budget across Customer Services to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the service's budget. (Paragraph 9.4.1)**
  - **£0.722m is requested as part of the customer services transformation programme for 2012/13 (£0.963 full year effect for 2013/14 onwards) to transfer a number of functions, and the associated budgets, from the Revenues & Benefits Service into the Customer Services team. (Paragraph 9.4.1)**
- 1.4 That the following transfer from contingency for this financial year and on-going be approved:**
- **£0.500m on-going transfer from Contingency to Environment, Planning and Regeneration for 2012/13 and future years to fund pressures on planning and building control income. (Paragraph 9.5.1)**
- 1.5 That the following transfers from contingency for inflation for this financial year and on-going be approved (Paragraph 9.5.2):**
- **£1.311m for Adult Social Care**
  - **£0.014 for Chief Executive**
  - **£0.502m for Children's Service**
  - **£0.329m for Commercial Services**
  - **£0.747m for Environment, Planning and Regeneration**
- 1.6 That the Agency Costs for the first quarter be noted. (Paragraph 9.6.1)**

- 1.7 That the write off of debts for:**
- **Council Tax of £0.206m; and**
  - **Business Rates debts of £0.839m approved under the Chief Finance Officer's authority be noted. (Paragraphs 9.7.2)**
- 1.8 That Directors ensure that those capital projects in their services are managed closely to ensure they are delivered within budget and in accordance with the agreed timeframe. (Paragraph 9.8.1)**
- 1.9 That the proposed 2012/13 capital additions/deletions totalling £1.423m and slippage of £1.970m as set out in Table 5 and Appendix C and the related funding implications summarised in table 6 be approved.**
- 1.10 That the proposed 2013/14 capital additions/deletions totalling £0.894m and related funding implications as set out in table 7 and appendix C be approved.**
- 1.11 That the Corporate Risk Register at Appendix G be noted.**
- 1.12 That the following proposed drawdowns from the Transformation Reserves are approved:**
- **£0.627m to fund the increased costs of Wave 1 Projects. (Paragraph 9.13.1)**
  - **£0.227m to fund the development of Strategic Outline Case for the Early Intervention Project. (Paragraph 9.13.3)**
  - **£0.232m to fund the development of Outline Business Case for the Strategic Review of Sports and Physical Activity. (Paragraph 9.13.4)**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Council, 6 March 2012 (Decision item 4.1.1) – approved the Council Budget and Council Tax 2012/2013.**
- 2.2 Cabinet Resources Committee, 20 June 2012 (Decision item 9) – approved the Outturn Report 2011/12.**

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

- 3.1 Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.**
- 3.2 Relevant Council strategies and policies include the following:**
- **Corporate Plan 2012-13;**
  - **Medium Term Financial Strategy;**
  - **Treasury Management Strategy;**
  - **Debt Management Strategy;**
  - **Insurance Strategy;**
  - **Risk Management Strategy; and**
  - **Capital, Assets and Property Strategy.**

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The revised forecast level of balances needs to be considered in light of the risk identified in 4.2 below.
- 4.2 Various projects within the Council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other Council priorities will be required.

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

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

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

- 6.1 Robust budget and performance monitoring plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.
- 6.2 Use of Resources implications are covered within Section 9 of the body of the report and in the attached appendices.
- 6.3 The projected overspend of £2.738m is forecast to reduce General Fund balances from £15.780m to £13.042m. The General Fund balances are therefore forecast to fall below the recommended target level of £15m. Service recovery plans should be aiming to ameliorate any significant budget variances and bring the forecast level of balances back up to the recommended level.

## **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.
- 7.3 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. With respect to a) the 'protected characteristics' also include marriage and civil partnership.



## 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 2012/13 Revenue Monitoring

9.1.1 Table 1 below provides a summary of the 2012/13 outturn analysis compared to the revised budget position. As at the end of Quarter 1 the actual net General Fund spend was £88.772m. This represents 32% of the revised budget. The position for the end of the year has been forecast and it is currently anticipated that this will be an overspend of £2.738m. A breakdown of revenue monitoring by each service directorate is set out in Appendix B.

**Table 1: 2012/13 Revenue Quarter 1 Analysis – Summary**

Description	Original Budget £'000	Revised Budget as at 30/06/12 £'000	Forecast Outturn as at 30/06/12 £'000	Forecast Outturn Variation as at 30/06/12 £'000	2011/12 Outturn £'000	Performance			
						Green	Green Amber	Red Amber	Red
Adult Social Care	95,815	95,733	95,734	1	98,896	5	1	-	-
Central Expenses	63,143	61,549	61,549	-	59,345	-	-	-	-
Chief Executive	16,131	16,949	17,299	350	10,819	2	-	1	2
Childrens Services (net of DSG)	57,701	57,614	57,616	2	56,423	1	3	-	1
Commercial Services	14,363	14,162	14,860	698	15,851	3	1	-	-
Corporate Governance	5,859	5,800	5,807	7	5,678	-	-	-	1
Deputy Chief Executive	5,505	6,130	6,130	-	12,987	1	2	-	4
Environment, Planning & Regeneration	22,472	23,011	24,691	1,680	25,601	5	-	1	3
<b>Total 2010/11 General Fund Forecast</b>	<b>280,989</b>	<b>280,948</b>	<b>283,686</b>	<b>2,738</b>	<b>285,600</b>	<b>17</b>	<b>7</b>	<b>2</b>	<b>11</b>
Allocations agreed from GF Balances	-	-	-	-	-	-	-	-	-
General Fund Balances as at 01/04/12	-	-	-	(15,780)	-	-	-	-	-
<b>Projected General Fund Balances (excluding schools balances) at 31/03/13</b>	-	-	-	<b>(13,042)</b>	-	-	-	-	-

Description	Original Budget £'000	Revised Budget as at 30/06/12 £'000	Forecast Outturn as at 30/06/12 £'000	Forecast Outturn Variation as at £'000
Housing Revenue Account	-	-	(3,172)	(3,172)

9.1.2 Directors are reminded that they are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that

Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within their total budget available.

## **9.2 Commentary about Revenue Outturn**

9.2.1 The Council's overall position has declined since setting the Budget. The quarter 1 forecast has resulted in a projected overspend of £2.738m. The Council's forecast level of balances have fallen below the recommended level of £15m, and are currently projected to be £13.042m. Service recovery plans should be aiming to ameliorate any significant budget variances and bring the forecast level of balances back up to the recommended level.

9.2.2 Specific areas for concern are in the Chief Executive, Commercial Services, and Environment, Planning and Regeneration Directorates.

9.2.3 The Chief Executive Directorate is forecasting an overspend of £0.350m which includes the following movements:

- Assistant Chief Executive Service are forecasting an overspend of £0.073m as a result of less income than anticipated.
- Library Services are projecting an overspend of £0.100m due to higher than anticipated staffing costs.
- A Customer Services and Registration overspend of £0.150m due to some delays in programme implementation.

9.2.4 The forecast overspend in Commercial Services of £0.698m is primarily due to the following:

- Property services and asset management have forecast an overspend of £0.739m which is due to overspends on business rates (assessments are currently being reviewed); high security costs and also some shortfall in income.

9.2.5 The forecast overspend in Environment, Planning & Regeneration of £1.680m is due to the following:

- The Special Parking account has a projected overspend of £1.220m. Parking recovery plans are being developed and initial steps have been taken for the introduction of discounted parking vouchers for sale through retailers.
- Car park income has been affected by the impacts of the recession and this has resulted in a forecast overspend of £0.604m. Tariffs are being reduced in September to increase usage and credit card machines are to be introduced into car parks in the winter.
- A shortfall is projected on professional fee income and there is early pressure on responsive highways repairs resulting in a forecast overspend of £0.311m.
- Recycling income projection has been reduced due to lower prices being received for aluminium and plastics. In addition there is cost pressure from contract inflation. This has resulted in a forecast overspend of £0.268m
- A delay in the implementation of the Central Management System (CMS) has resulted in a forecast overspend of £0.225m.
- The overspends are being managed by higher than expected income of £0.313m, staff vacancies of £0.230m, a Street scene/waste vehicle leases forecast underspend of £0.154m and a Housing forecast underspend of £0.313m.

The figures above are as at the end of June 2012 position, they do not however reflect the anticipated impact of the Parking recovery plan, which has been put in place by the Directorate and is expected to improve the outturn position by approximately £1.02m.

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

9.2.7 Of the £13.301m of savings that the council needed to deliver as part of the 2012/13 budget setting process, £1.937m are still being identified as high risk. The remainder have been implemented or are on course to being implemented in line with original timescales. For the high risk savings, alternative proposals or action plans are being developed by services.

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

Service	Service area	Savings Type	Description of saving	2012/13 £'000
Adult Social Care	Across Services	Efficiencies	Efficiencies through joint procurement with the NHS for Continuing Health Care.	(200)
Chief Executive	Libraries	Efficiencies	Implementation of RFID self-service in all sites (for book loans and issues).	(60)
Chief Executive	Libraries	Efficiencies	Shared services partnership. To consider options to work with another local authority, including a review of the home and mobile library service, schools library service, and provision of online resources.	(25)
Chief Executive	Libraries	Efficiencies	Delivery of library strategy - cessation of LBB run library within Hampstead Garden	(85)
Chief Executive	Libraries	Efficiencies	Creation of new landmark library in Arts Depot.	(100)
Chief Executive	Libraries	Income	Increasing fees and charges, using vending machines, selling merchandise.	(20)
Chief Executive	Revenues and Benefits	Efficiencies	R&B restructure for 2012/13.	(35)
Chief Executive	Revenues and Benefits	Efficiencies	R&B restructure for 2012/13 Reductions in staffing budget as a result of assorted initiatives re customer self service and other strategic proposals for new service delivery.	(265)
Commercial Services	IS	Efficiencies	Further review of contracts and supplier costs on consolidation (IS).	(20)
Commercial Services	IS	Efficiencies	IS Transformation - Reduced supplier costs.	(95)
Commercial Services	IS	Efficiencies	IS Transformation - Reduced software licensing costs.	(76)
Commercial Services	Procurement	Efficiencies	Review of Council contracts.	(440)
Commercial Services	Estates	Efficiencies	Reduction in costs of maintaining properties pending sale.	(120)
Commercial Services	Estates - Mill Hill depot	Efficiencies	Savings in Facilities Management and Security from relocation of depot.	(10)
Commercial Services	Estates - Property Services	Efficiencies	Property Services - increased charging to services and projects	(10)
Commercial Services	Estates - Public offices	Income	Office consolidation	(170)
Environment, Planning & Regeneration	Highways	Service Reductions	Reprofiling the new column installation programme for street lighting and investing the saving in new technology to include energy measures which will reduce energy consumption.	(200)
Environment, Planning & Regeneration	Revenue Income Optimisation	Income	Charging for parking in the boroughs 7 remaining free car parks.	(6)
<b>Total</b>				<b>(1,937)</b>

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

9.3.1 There are 50 CPIs in the 2011-13 Corporate Plan. In quarter 1, 38 of these reported data. Of these, 47.4% of targets were met (18 targets rated green) and 52.6% were missed (20 targets rated red, red-amber or green amber) in quarter 1. This is compared to quarter 4 where 44% were met and 56% were not met.

9.3.2 Key performance issues in quarter one are:

- There has been an increase in the amount of time spent by households in **emergency accommodation** from 25.8 to 26.8 weeks.
- Satisfaction with **face to face** customer services is low, with 63.1% of customers asked saying they are satisfied with the service they received.
- The corporate indicator for **complaints** is red, with 63.4% of all complaints responded to within policy guidelines against a target of 80%.
- 17.2% of staff have not had their individual end of year performance reviews completed against a target of 0%. Nearly 25% of staff have not had their objectives for 2012/13 completed and signed off against a corporate target of 0%.
- Overall **Staff absence** levels remain above the target of 6 days at 7.5 days over the last 12 months.
- Performance within **Customer Services** is below the target with 63.4% of calls answered in 20 seconds against a target of 75%.
- There was small reduction in the **recycling** rate from 34.8% to 33.6%, against a target of 36.7%.
- 76.7% of **FOIs** are responded to within the allocated timescale. This represents a small improvement in FOI performance since quarter 1, but performance remains below the corporate target of 90%.

9.3.3 A summary of performance against corporate priorities can be found in Appendix A. Detailed performance reports for each council directorate are published on the council's website: [http://www.barnet.gov.uk/info/930240/service\\_performance/324/service\\_performance](http://www.barnet.gov.uk/info/930240/service_performance/324/service_performance).

### 9.4 **Virements**

9.4.1 In accordance with the financial regulations the following virements require member approval (Recommendation 1.3) and are detailed further in Appendix E:

- £0.023m is requested within the Environment, Planning & Regeneration Directorate to re-align the budget across Traffic Development to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the service's budget.
- £0.005m is requested within the Environment, Planning & Regeneration Directorate to re-align the Highways income budget to ensure it reflects the costs and nature of this service provision. There is a nil impact on the service's budget.
- £0.654m is requested to re-align employee insurance budgets within the Environment, Planning & Regeneration Directorate to reflect current staffing structures. There is a nil impact on the service's budget.
- £0.631m is requested within the Environment, Planning & Regeneration Directorate to re-align the Highways Inspection/Maintenance budgets. There is a nil impact on the service's budget.
- £0.171m is requested within the Chief Executive Directorate for 2012/13 (£0.187m full year effect from 2013/14 onwards) to re-align the budget across Customer Services to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the service's budget.
- £0.722m is requested as part of the customer services transformation programme for 2012/13 (£0.963 full year effect for 2013/14 onwards) to transfer a number of functions, and the associated budgets, from the Revenues & Benefits Service into the Customer Services team.

## 9.5 Movements to and from Contingency

9.5.1 The Environment, Planning and Regeneration directorate are requesting a base budget transfer for 2012/13 and future years of £0.500m from contingency to fund pressures on planning and building control income due to the tough economic conditions currently experienced in the housing market (Recommendation 1.4).

9.5.2 Table 3 details the on-going inflation requests submitted by services (Recommendation 1.5). The inflation for Commercial Services relates to rates. Environment, Planning and Regeneration is due to the Street Lighting PFI contract, recycling, rates and highways responsive maintenance. Chief Executive's also relates to rates. Adults Social Services and Children's Services are due to contracts.

**Table 3: Inflation per service area**

Service	Inflation £'000
Adult Social Care	1,311
Chief Executives	14
Childrens Services	502
Commercial Services	329
Environment, Planning & Regeneration	747
<b>Total</b>	<b>2,903</b>

## 9.6 Agency Costs

9.6.1 The table below details all agency staff costs incurred for quarter 1 of 2012/13.

**Table 4: Agency Costs to 30 June 2012**

Service	2011/12	2012/13 Quarter 1		
	Total Agency & Consultants expenditure £'000	Agency Spend £'000	Consultants Spend £'000	Total Agency and Consultants Expenditure* £'000
Adult Social Care	1,980	584	41	625
Chief Executive	1,884	434	132	566
Childrens Services	10,542	669	662	1,331
Commercial Services**	4,294	526	453	979
Corporate Governance	423	100	1	101
Deputy Chief Executive	2,547	199	27	226
Environment, Planning & Regeneration	5,424	448	83	531
<b>Totals</b>	<b>27,094</b>	<b>2,960</b>	<b>1,399</b>	<b>4,359</b>

\* Data as at 30th June 2012 includes revenue (£2.816m) and capital spend (£1.543m)

\*\*Commercial includes "One Barnet" project expenditure £0.170m (Agency) and £0.446m (Consultants) for 12/13.

## 9.7 Write off of debt under Chief Finance officer's Authority

9.7.1 The constitution gives the Chief Finance Officer the authority, as an Executive function, to write-off individual debts up to £5,000, subject to discussion with the Assistant Director – Legal and through DPR. This action is then reported retrospectively to Cabinet Resources Committee.

9.7.2 The amount written off for Council Tax and Business Rates is £0.206m and £0.839m respectively.

## 9.8 2012/13 Capital Programme Monitoring

9.8.1 Directors are reminded they need to continue to ensure that capital projects are closely managed during 2012/13 to ensure that they are delivered within budget and in accordance with the agreed timeframe.

## 9.9 2012/13 Capital Monitoring Analysis

9.9.1 Table 5 gives a summary of the 2012/13 capital programme. The capital monitoring summary and scheme details by service directorate is set out in Appendix D.

**Table 5: 2012/13 Capital Quarter 1 Analysis – Summary**

Service	2012/13 Latest Approved Budget £'000	Additions/ Deletions recommended to Sept CRC £000	Slippage / Accelerated Spend recommended to Sept CRC £'000	2012/13 Budget (including Sept CRC) £'000	Forecast to year-end £'000	Variance from Revised Budget £'000
Adult Social Care	1,658	37	-	1,695	1,695	37
Central Expenses	2,178	-	-	2,178	2,178	-
Chief Executive	3,983	-	-	3,983	3,983	-
Childrens Services	51,010	1,337	-	52,347	52,347	1,337
Commercial Services	18,523	(75)	-	18,448	18,448	(75)
Corporate Governance	29	-	-	29	29	-
Deputy Chief Executive	-	-	-	-	-	-
Environment, Planning & Regeneration	24,321	124	(1,970)	22,475	22,475	(1,846)
<b>General Fund Programme</b>	<b>101,702</b>	<b>1,423</b>	<b>(1,970)</b>	<b>101,155</b>	<b>101,155</b>	<b>(547)</b>
HRA Capital	21,440	-	-	21,440	21,440	-
<b>Total Capital Programme</b>	<b>123,142</b>	<b>1,423</b>	<b>(1,970)</b>	<b>122,595</b>	<b>122,595</b>	<b>(547)</b>

## 9.10 Proposed changes to the 2012/13 Capital Programme

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

**Table 6: 2012/13 Capital Funding Changes**

Service	Grants £'000	S106 / Other £'000	Capital Receipts £'000	Revenue £'000	Borrowing £'000	Total £'000
Adult Social Care	-	-	37	-	-	37
Central Expenses	-	-	-	-	-	-
Chief Executive	-	-	-	-	-	-
Childrens Services	-	-	38	1,299	-	1,337
Commercial Services	-	-	(75)	-	-	(75)
Corporate Governance	-	-	-	-	-	-
Deputy Chief Executive	-	-	-	-	-	-
Environment, Planning & Regeneration	(1,411)	132	(190)	-	(377)	(1,846)
<b>General Fund Programme</b>	<b>(1,411)</b>	<b>132</b>	<b>(190)</b>	<b>1,299</b>	<b>(377)</b>	<b>(547)</b>
HRA Capital	-	-	-	-	-	-
<b>Total Capital Programme</b>	<b>(1,411)</b>	<b>132</b>	<b>(190)</b>	<b>1,299</b>	<b>(377)</b>	<b>(547)</b>



#### 9.10.2 The main changes relate to:-

- Children's service capital programme additions for the Dedicated Schools Grant (DSG) as agreed at the schools forum in Feb 2012 for Oakleigh 14 – 19 SEN (£0.880m), IS capital for Swift in Children's service (£0.218m) and the Menorah Foundation primary places (£0.100m).
- Additions for Swift in Adults (£0.037m) and deletions in Commercial services (£0.075m)
- Additions to the Disabled Facilities Grant Mandatory (£1.243)m
- The programmes with slippage are; The Waste programme (£1.270m) and the General fund regeneration for Mill Hill (£0.700m). This spend is planned to be incurred in future years and has been re-profiled appropriately.

#### 9.11 **Proposed changes to the 2013/14 Capital Programme**

9.11.1 Appendix C gives details of the proposed changes to the Capital Programme for 2013/14. These additions/deletions are within the Environment, Planning and Regeneration service for the Outer London Fund. Table 7 shows the related funding implications.

**Table 7: 2013/14 Capital Funding Changes**

Service	Grants £'000	S106 / Other £'000	Capital Receipts £'000	Revenue £'000	Borrowing £'000	Total £'000
Environment, Planning & Regeneration	655	26	-	-	213	894

#### 9.12 **Corporate Risk Register**

9.12.1 The Corporate Risk Register is a summary of the main risks that the Council faces and describes the Control Actions put in place to mitigate these risks. The Corporate Risk Register can be found as Appendix G to this report.

#### 9.13 **One Barnet programme**

9.13.1 Appendix F details the latest budgeted figures for each project currently in the One Barnet Programme. The total budget for Wave 1 Projects is £9.220m. To date, £7.275m has been spent, of which £0.914m has been spent in 2012/13 (the remainder was spent in 2010/11 and 2011/12). The total projected spend for the projects through to 2014/15 is £9.847m. This would result in an overspend of £0.627m. Cabinet Resources Committee are asked to approve an additional drawdown of £0.627m from the Transformation Reserve to fund the increased costs of the Wave 1 Projects (Recommendation 1.12).

9.13.2 The additional cost of the programme is driven by the timescales for the NSCSO and DRS projects, with contract start for these now expected to be in April and May 2013 respectively. Current projections show that there are combined savings over and above those in the Medium Term Financial Strategy (MTFS) from the NSCSO and DRS projects. The DRS procurement is an innovative contract that requires sufficient legal advice to ensure that the contract is robust and will deliver the best value for money for the Council.

9.13.3 Cabinet Resources Committee are asked to approve the drawdown of £0.227m from the Transformation Reserve, within 2012/13 to fund the development of Strategic Outline Case for the Early Intervention Project (Recommendation 1.12).

9.13.4 The forecasted funding required to fund the development of Outline Business Case for the Strategic Review of Sports and Physical Activity is £0.232m and Cabinet Resources Committee is asked to approve the drawdown of this from the Transformation Reserve within 2012/13 (Recommendation 1.12).

9.13.5 A key contract supporting the work of the One Barnet programme is the 'Implementation Partner' contract. This was awarded to Agilisys (working with iMPower) for a 3 year period through to November 2013.<sup>1</sup> This contract has provided the council with access to the wide range of specialisms required to run a complex organisational change programme, such as commercial and business case expertise.

9.13.6 The 'One Barnet Framework'<sup>2</sup> specified that *"the number and complexity of projects will evolve as benefits are realised and the scope of further work needed to deliver the programme objectives becomes clearer."* This has been the case, and this has been reflected in a broad range of work being commissioned through the Implementation Partner contract. Cabinet Resources Committee are advised that this has amounted to £3.9 million of work to date (figures as of 3<sup>rd</sup> August, 2012). To date, the Council has committed to £5.6m of further work as a result of future business cases.

9.13.7 Through this broad input into the One Barnet programme, the Implementation Partner has played a key role in the successful achievement of the programme's benefits. The programme is currently on track to deliver c.£111 million in savings, which exceeds the original forecast of £103 million. The programme is also on track to deliver the large majority of its non-financial benefits. As of July 2012, 93% of the programme's 115 identified benefits had either been delivered, were on track for delivery without requiring significant corrective action. On this basis, it can be clearly shown that the contract is delivering positive outcomes for the Council in line with expectations when it was awarded. Consequently, it is perceived to be providing good value for money.

#### **9.14 Key projects, including One Barnet programme**

9.14.1 In quarter 1 there are a total of 56 projects, five of which are reporting as red and in the case of one, no information has been submitted to Corporate Project Assurance. The projects rated as red are listed below:-

1. Depot Relocation – Commercial Service
2. SOC Eye Maps Replacement – Commercial Service (IS)
3. Blesses Dominic Temporary Accommodation – Children's Service
4. Summerside Primary FSU Refurbishment – Children's Service

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

10.1 None.

<b>Cleared by Finance (Officer's initials)</b>	<b>MC / JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>

<sup>1</sup> Delegated Powers Report serial no. 1134.

<sup>2</sup> Approved by Cabinet, 29 November 2010, Decision 6.



**Performance Report: Quarter One 2012-13**

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# 1. Corporate performance overview

## 1.1 Corporate performance dashboard

The methodology for calculating these health ratings is explained in section 3 of this report.

Directorate	Corporate Plan performance	Revenue budget actual variance £'000	Capital actual variance £'000	MTB	HR/People	Key project rating
Adult Social Care and Health	5.5	1	37	4.5	-3	1
Children's Service	1.5	2	1,337	0.5	-4	22
Environment, Planning & Regeneration	1.5	1,680	(1,846)	-3	-4	6.5
Commercial Services	3.5	698	(75)	-0.5	0	-2.5
Deputy Chief Executive's Service	-2	-	-	3.5	0	3.5
Chief Executive's Service (incl. Customer Services & Libraries)	-1	350	-	-3.5	-4.5	1
Corporate Governance	-1	7	-	4	0	n/a
Central Expenses	n/a	-	-	n/a	n/a	n/a
<b>Totals<sup>2</sup></b>	<b>1</b>	<b>2,738</b>	<b>(547)</b>	<b>1</b>	<b>-5.5</b>	<b>3</b>

<sup>2</sup> Organisational totals are based on a simple sum of overall RAG ratings for each service, where each colour is given a number e.g. green equals 1, red equals -1 as set out in Section 3.

## 2. Whole council summary tables

### 2.1 Key finance indicators

Indicator	2012/13 (Position at 31/06/12)	2011/12 (Position at 31/03/12)	Achieved /Trend
<b>1 Revenue Expenditure</b>			
(a) Balances and Reserves:			
(i) General Fund Balance	£'m 12.89	15.78	
(ii) HRA Balances	£'m 7.81	7.81	
(iii) School Balances	£'m 15.09	15.09	
(b) Performance against Budget: Variations:			
(i) Overspends	£'m 4.91	9.39	
(ii) Underspends	£'m 2.02	10.03	
<b>2 Capital Expenditure</b>			
(i) Total Slippage	£'m 1.97	72.59	
<b>3 Debt Management</b>			
(i) Total Debt Outstanding over 30 days	£'m 7.5	4.97	
(i) Total Debt Outstanding over 12 months	£'m 1.51	1.54	
(iii) Council Tax - % paid	% 30.14	96	
<b>4 Creditor Payment Performance</b>			
(i) % of Creditors paid within 30 days	% 97.9	98.5	

### 2.2 Revenue budget – corporate overview

See Monitoring report

## 2.3 Capital budget – corporate overview

See Monitoring report

## 2.4 Corporate Plan performance - corporate overview

Directorate	Total no. of Corp Plan indicators	RAG ratings				Positive/neutral DoT	Negative DoT	No. of indicators expected to report data in Q1
		Green	Green amber	Red amber	Red			
Adult Social Care and Health	7	5	1	0	0	6	0	6
Children's Services	11	1	3	0	1	4	1	5
Environment , Planning & Regeneration	10	5	0	1	3	3	6	9
Commercial Service	4	3	1	0	0	2	0	4*
Deputy Chief Executive	10	2	2	0	4	3	1	8
Chief Executive's Service	7	2	0	2	1	2	1	5**
Corporate Governance	1	0	0	0	1	1	0	1
<b>Total</b>	<b>50</b>	<b>18</b> (47.4%)	<b>7</b> (18.4%)	<b>3</b> (5.4%)	<b>10</b> (26.3%)	<b>21</b>	<b>9</b>	<b>38</b>

## 2.5 Human Resource/People performance - corporate overview

# Appendix A

## Key corporate HR targets and indicators

Performance Indicator	Period covered	Target	Amber criteria	Q1 Actual (No.)	Q1 Actual % of total	Q1 (numerator/denominator)	Target Variance	Q1 DoT	Benchmarking
<b>Attendance</b>									
Average number of absence days per employee (Rolling year)	July 11 - June 12	6	6 - 6.5	7.5	N/A	19811.88/2657.29	-24.3%	▲ 3.2%	10.1 days (CIPFA, All Members & other Unitary Authorities 2011)
Average number of absence days per employee this quarter (target is seasonally adjusted)	April 12 - June 12	1.34	1.35 - 1.47	1.5	N/A	3771.83/2492.26	-12.9%	▲ 20.4%	2.25 days (CIPFA, All Members & other Unitary Authorities 2011)
% managers submitting a monthly absence return	April 12 - June 12	100%	>90%	377	89.1%	377/423	10.9%	▼ 3.0%	N/A : measure applicable to LBB only
<b>Performance Review</b>									
% performance reviews completed and agreed for eligible staff only	April 11 - March 12	100%	>90%	1972	82.8%	1972/2383	17.2%	▲ 30.1%	86% (CIPFA, All Members & other Unitary Authorities 2011)
% objectives set for eligible staff only	April 12 - March 13	100%	>90%	1688	74.6%	1688/2263	25.4%	▼ 7.7%	N/A : measure applicable to LBB only
<b>Cost</b>									
Variance of total payroll to budget	April 12 - June 12	29,349,454	+/-5%	29,222,544	-0.4%	29222544/29349454	-0.4%	▼ 233.1%	N/A : measure applicable to LBB only
Management Indicator	Period covered	Q1 Actual (No.)	Q1 Actual % of total	Q1 (numerator/denominator)	DoT Q1 %	Benchmarking			
<b>Diversity Data</b>									
Percentage of top 5% earners that are female	As at 30 June 2012	73	49.0%	73/143	▼ 4.6%	Women in leadership posts 49.9% (CIPFA, All Members & other Unitary Authorities 2011)			
Number of BME employees as % of total employees	As at 30 June 2012	842	32.1%	842/2623	▼ 1.8%	Black and Minority Ethnic local population 33.1% (State of the Borough June 2011)			

# Appendix A

<b>Number of declared disabled staff as % of total employees</b>	As at 30 June 2012	78	2.8%	78/2748	▲ 5.2%	2.33% (CIPFA, All Members & other Unitary Authorities 2011)
<b>Employee Relations</b>						
<b>High Risk - Employee Relations cases as % of total cases</b>	As at 30 June 2012	10	11.5%	10/87	▲ 66.6%	N/A : measure applicable to LBB only

## 2.6 Staff numbers by service

As at 30 June 2012

	ESTABLISHED POSITIONS AS FTE		EMPLOYEES COVERING ESTABLISHED POSITIONS AS FTE			MSP RESOURCE AS HEADCOUNT		NON MSP RESOURCE AS Headcount			AVAILABLE CASUAL RESOURCE AS FTE	
	Total Established Positions (FTE)*	Occupied (FTE)	Permanent	Fixed Term, Temporary, Seasonal	TOTAL	TOTAL	Resource paid in the quarter	Consultants paid in the quarter	TOTAL	Total		
Chief Executive	403.74	334.89	300.83	32.66	333.49	45	1	0	1	4.00		
Adult Social Services	405.87	290.78	261.80	19.54	281.34	64	2	8	10	11.00		
Children's Service	965.53	843.52	665.43	148.01	813.44	73	24	5	29	282.66		
Corporate Governance	88.69	71.94	62.96	10.00	72.96	6	3	1	4	1.00		
Deputy Chief Executive Service	221.20	171.28	128.00	39.24	167.24	37	5	4	9	7.00		
Commercial Services	166.08	137.49	111.49	22.00	133.49	29	6	1	7	0.00		
Environment, Planning & Regen.	949.05	665.88	619.22	50.86	670.07	160	1	16	17	82.00		
<b>Total</b>	<b>3,200.16</b>	<b>2,515.78</b>	<b>2,149.71</b>	<b>322.31</b>	<b>2,472.02</b>	<b>414</b>	<b>42</b>	<b>35</b>	<b>77</b>	<b>387.66</b>		

**2.7 Key projects – corporate overview**

Service Area	Red Status	Amber Status	Green Status	Nil Return/Not enough information provided
Adult Social Services	0	0	1	0
Chief Executive's Office	0	0	1	0
Children's Services	2	2	25	0
Commercial Services	2	1	0	0
Deputy Chief Executive including One Barnet	0	5	6	0
Environment, Planning & Regeneration	1	1	8	1
<b>Totals</b>	<b>5</b>	<b>9</b>	<b>41</b>	<b>1</b>

For Quarter, 1 projects will be reported against the service area responsible for delivery; previously they have been reported against the service of the Project Manager. The exception to this will be One Barnet Projects, which will all be reported against DCE.

This quarter there are a total of 56 projects, five of which are reporting as red and in the case of one, no information has been submitted to Corporate Project Assurance. The projects rated as red are listed below:-

1. Depot Relocation – Commercial Service
2. SOC Eye Maps Replacement – Commercial Service (IS)
3. Blesses Dominic Temporary Accommodation – Children's Service
4. Summerside Primary FSU Refurbishment – Children's Service

The project where no information has been provided is the Highways Master Plan/Flood Risk Alleviation Project in EPR.

### 3. Methodology for traffic light ratings

#### 3.1 Thresholds for awarding directorate-level health rating traffic lights

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

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

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

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

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

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

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



## Appendix A

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

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

Whilst initial traffic lights will be based on this objective criterion, they may subsequently be changed through discussion between Directorates and the Performance team, based on the individual circumstances and prospects for each target. Where this has occurred it will be clearly stated in the report with the reasons given.

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

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

In addition to the above criteria, Any performance indicator that is less than 10% off target and has a positive direction of travel will automatically qualify to be amber rated. Both of the following criteria need to be met if a service is to have a red-rated performance indicator amended to either a green-amber or a red-amber:

**For an indicator to be rated as Green amber:**

1. No more than 5% off target, and;
2. A positive direction of travel

**For an indicator to be rated as Red amber:**

1. Between >5% and no more than 10% off target, and;
2. Positive direction of travel or negative direction of travel not in excess of 2.5% (if the service has a clear story and improvement activity in place)

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## Adult Social Care

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
Care Services - Learning Disabilities	33,878	34,645	34,901	256	Work is ongoing to manage demand and there are some negotiations still ongoing with providers to reduce costs.
Care Services - Mental Health	7,114	6,489	6,572	83	Overspend is due to an increase in residential clients placements due to an increase in autism diagnosis.
Care Services - Older Adults - Physical Disabilities	42,288	42,757	42,943	186	Recovery plan in place to look at pressure in PSI
Transformation & Resources	3,855	3,513	3,392	(121)	Underspend is due to saving on interim joint Director with Children's Service
Strategic Commissioning & Supply Management	8,741	8,390	7,987	(403)	Savings on housing related support which will be re-directed towards lower level preventative services.
Government Grant Income	(61)	(61)	(61)	-	
<b>Total</b>	<b>95,815</b>	<b>95,733</b>	<b>95,734</b>	<b>1</b>	

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

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

## Central Expenses

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
Corporate Subscriptions	314	314	314	-	
Levies	27,831	27,632	27,632	-	
Central Contingency	9,275	8,129	8,129	-	
Rate Relief	433	433	433	-	
Capital Financing	19,469	19,220	19,220	-	
Early Retirement costs	5,004	5,004	5,004	-	
FRS17 Adjustment	-	-	-	-	
Car Leasing	2	2	2	-	
Corporate Fees & Charges	799	799	799	-	
Miscellaneous Finance	16	16	16	-	
CDC DRM	-	-	-	-	
<b>Total</b>	<b>63,143</b>	<b>61,549</b>	<b>61,549</b>	<b>-</b>	

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

- 0 cost centres over £100,000
- 0 cost centres over £50,000 where the cost centre's gross budget is less than £1m
- No Actions needed to ensure that these overspends or underspends are not realised.

## Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
Strategic Directors	552	467	465	(2)	
Assistant Chief Executive Service	2,133	2,282	2,355	73	Less income than anticipated
Grants	548	782	811	29	Pressure on CAB Contract
Library Services	5,368	5,351	5,451	100	pressure due to underfunding of staffing budgets as many staff on top of scale rather than mid-point
Revenues and Benefits	6,510	6,510	6,510	-	
Customer Services & Registration	1,020	1,557	1,707	150	There have been some delays in programme implementation. Reviews are being undertaken to identify other ways in which this saving can be delivered.
<b>Total</b>	<b>16,131</b>	<b>16,949</b>	<b>17,299</b>	<b>350</b>	

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

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

## Childrens Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
<b>CHILDREN'S SERVICE - GENERAL FUND</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Management Team	1,779	781	772	(9)	
Social Care Division					
Social Care Management	2,685	2,612	2,566	(46)	
Children In Care	19,919	20,297	20,370	73	Demand management work is ongoing in this area as well as work with providers to reduce costs and contain inflation.
Children In Need	4,114	4,383	4,399	16	
Schools & Learning	2,125	2,104	2,088	(16)	
Safeguarding, Partnerships & Prevention					
Safeguarding	1,084	1,236	1,239	3	
Early Intervention & Prevention (BRSI)	8,907	9,059	9,036	(23)	Underspend due to delay in decision on timing of service provision of Troubled Families.
Integrated Youth & Play Services	4,212	4,215	4,223	8	
Access to Learning & Complex Needs	10,825	10,796	10,781	(15)	
Other Children's Service Budgets (including PPP & Schools Funding)	2,051	2,131	2,142	11	
Schools Direct Management	-	-	-	-	
<b>Total (excluding SDM)</b>	<b>57,701</b>	<b>57,614</b>	<b>57,616</b>	<b>2</b>	

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

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

## Commercial Services

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Corporate Programmes & Consultancy	807	880	774	(106)	Underspend due to staff vacancies
Property Services & Asset Management	7,503	7,429	8,168	739	Overspend relates to business rates (assessments are currently being reviewed); high security costs and also some shortfall on income. A contingency bid for inflation has been made and is under consideration
Corporate Procurement	(257)	(299)	(305)	(6)	
Information Systems	6,310	6,152	6,223	71	£80k contingency bid for contract uplift being considered
One Barnet Programme	-	-	-	-	
<b>Total</b>	<b>14,363</b>	<b>14,162</b>	<b>14,860</b>	<b>698</b>	

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

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

## Corporate Governance

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Legal Services	1,750	1,778	1,792	14	
Democratic Services	654	662	677	15	
Members	1,591	1,588	1,492	(96)	Due an under spend on members allowances and a vacant post
Corporate Anti Fraud Team	722	722	730	8	
Elections	421	421	507	86	Due to over spend on canvassing costs and a shortfall in grant claim received for the referendum
Civil Protection	175	175	184	9	
Performance and Organisation Development	230	222	241	19	
Corporate Governance Directors	316	232	183	(49)	Underspend on salaries
Leaders Office	10	10	10	0	
Insurance	(10)	(10)	(9)	1	
<b>Total</b>	<b>5,859</b>	<b>5,800</b>	<b>5,807</b>	<b>7</b>	

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

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

## Deputy Chief Executive

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Finance	3,557	3,881	3,881	-	
Human Resources	1,948	2,249	2,249	-	
<b>Total</b>	<b>5,505</b>	<b>6,130</b>	<b>6,130</b>	<b>-</b>	

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

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

## Environment, Planning &amp; Regeneration

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
Land Charges	(964)	(964)	(1,007)	(43)	Higher than expected income
Environmental Health/ Cem & Crem	1,238	1,238	1,119	(119)	Higher than expected income in Cem & Crem
Planning	478	478	428	(50)	Saving on running costs
Strategy (Planning & Housing)	634	634	635	1	
Building Control	(665)	(665)	(762)	(97)	Salaries and running cost lower than expected.
Housing	3,623	3,623	3,310	(313)	214k pressure on cost of short term TA being offset by saving in sub-regional budgets.
Regeneration Service	(225)	(225)	(336)	(111)	Higher than expected rental income on PSL Regen buybacks
Management and performance	1,311	1,311	1,420	109	Staffing Pressure
Highways Inspection/Maintenance	2,265	2,475	2,786	311	Adverse variance due to a shortfall projected on professional fee income and early pressure on responsive highways repairs.
Highways income budgets incl. NRSWA	(897)	(897)	(889)	8	
Greenspaces	4,869	4,869	4,933	64	£49k pressure due to £32k reduced income from events due to weather conditions, £17k due to allotment transfer.
Cleansing	4,087	4,087	3,987	(100)	Underspend due to reduced staffing costs and pro-active management of agency staff
Refuse (domestic and trade waste)	3,271	3,271	3,271	-	
Parking	(979)	(979)	(375)	604	Car park income has been affected by the impacts of the recession and this has resulted in a forecast overspend of £0.604m. Tariffs are being reduced in September to increase usage and credit card machines are to be introduced into car parks in the winter.
Transport	(165)	(165)	(319)	(154)	Savings on street scene and waste vehicle leases
Recycling	3,384	3,384	3,652	268	Recycling income projection has been reduced due to lower prices being received for aluminium and plastics. In addition there is cost pressure from contract inflation.
Street Lighting	5,800	5,800	6,025	225	Delay in the implementation of the Central Management System (CMS)
Community Safety	211	211	171	(40)	Vacancy
Community Protection	1,229	1,229	1,127	(102)	Vacancies and secondments
Leisure	863	1,363	1,362	(1)	
WOM	-	-	-	-	
<b>Environment, Planning &amp; Regeneration</b>	<b>29,368</b>	<b>30,078</b>	<b>30,538</b>	<b>460</b>	
<b>Special Parking Account</b>	<b>(6,896)</b>	<b>(7,067)</b>	<b>(5,847)</b>	<b>1,220</b>	Parking recovery plans are being developed and initial steps have been taken for the introduction of discounted parking vouchers for sale through retailers.
<b>Environment, Planning &amp; Regeneration Total (inc S</b>	<b>22,472</b>	<b>23,011</b>	<b>24,691</b>	<b>1,680</b>	

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

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

## Dedicated Schools' Grant

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
<b>CHILDREN'S SERVICE - DSG</b>					
SEN Placements, Recoupment & Therapies	0	0		0	
Pupil Referral Unit	0	0		0	
Centrally Retained	27,635	31,190	31,190	-	
ISB	223,014	181,828	181,828	-	
DSG & LSC Grant	(250,781)	(213,110)	(213,110)	-	
<b>Total</b>	<b>(132)</b>	<b>(92)</b>	<b>(92)</b>	<b>-</b>	

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

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

## Housing Revenue Account

Description	Variations				Comments
	Original Budget	Budget V1	Forecast 2012/13	Variation	
	£'000	£'000	£'000	£'000	
<b>Housing Revenue Account</b>					
LBB Retained	1,543	238	140	(98)	Underspend on salaries and running costs
HRA Regeneration	1,126	1,126	1,029	(97)	More costs recoverable from developers than expected
HRA Other Income and Expenditure (net)	(4,458)	(3,153)	(6,123)	(2,970)	Lower than budgeted interest rate payable on external loans and higher than anticipated rental income from lower void loss rate and higher than budgeted stock numbers
Support Service recharges				0	
Interest on Balances	(80)	(80)	(88)	(8)	
HRA Surplus/Deficit for the year	1,869	1,869	1,870	1	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(3,172)</b>	<b>(3,172)</b>	

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

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

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## 2012/13 Capital Programme Adjustments

Service	Year	Capital Programme	Funding Type	if Additions/ Deletions £'000	if Slippage/ Accelerated Spend £'000	Explanation for request
Adult Social Care	2012/13	SWIFT	Capital Receipt	37		Budget transferred from Commercial Swift programme
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	(40)		Reprofiling money from urgent primary places - permanent expansions unallocated to Compton School
Childrens Services	2012/13	Compton	Borrowing	40		Reprofiling money from urgent primary places - permanent expansions unallocated to Compton School
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	(440)		Reprofiling money from urgent primary places - permanent expansions unallocated to Oakleigh school
Childrens Services	2012/13	Targeted Capital 14-19 SEN	Borrowing	440		Allocating money from urgent primary places - permanent expansions unallocated to Oakleigh school
Childrens Services	2012/13	Targeted Capital 14-19 SEN	Revenue	440		Addition of £440k from 2011/12 DSG underspend as agreed at 01/02/2012 Schools Forum meeting to Oakleigh school
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	(2,000)		Allocating money from urgent primary places - permanent expansions unallocated to Martin Primary
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	2,000		Allocating money from urgent primary places - permanent expansions unallocated to Martin Primary
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	(100)		Allocating money from urgent primary places - permanent expansions unallocated to Menorah Foundation
Childrens Services	2012/13	Urgent primary places - permanent expansions	Borrowing	100		Allocating money from urgent primary places - permanent expansions unallocated to Menorah Foundation
Childrens Services	2012/13	SWIFT replacement	Capital Receipt	38		Addition to Children's Service capital programme from IS capital programme
Childrens Services	2012/13	SWIFT replacement	Revenue	180		Addition to Children's Service capital programme from revenue contribution
Childrens Services	2012/13	Urgent primary places - permanent expansions	Revenue	679		Addition of £679k from 2011/12 DSG underspend as agreed at 12/07/2012 Schools Forum meeting to Permanent expansions unallocated
Childrens Services	2012/13	Summerside Modular Classroom	Capital Receipt	220		Allocating money from urgent primary places - temporary expansions unallocated to Summerside
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(220)		Allocating money from urgent primary places - temporary expansions unallocated to Summerside
Childrens Services	2012/13	Underhill infants Classroom	Capital Receipt	220		Allocating money from urgent primary places - temporary expansions unallocated to Underhill
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(220)		Allocating money from urgent primary places - temporary expansions unallocated to Underhill
Childrens Services	2012/13	Brunswick Park - refurb ICT suite	Capital Receipt	50		Allocating money from urgent primary places - temporary expansions unallocated to Brunswick Park
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(50)		Allocating money from urgent primary places - temporary expansions unallocated to Brunswick Park
Childrens Services	2012/13	Coppetts Wood - 2 modular classrooms	Capital Receipt	225		Allocating money from urgent primary places - temporary expansions unallocated to Coppetts Wood
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(225)		Allocating money from urgent primary places - temporary expansions unallocated to Coppetts Wood
Childrens Services	2012/13	Martin - refurb ICT suite	Capital Receipt	50		Allocating money from urgent primary places - temporary expansions unallocated to Martin Primary
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(50)		Allocating money from urgent primary places - temporary expansions unallocated to Martin Primary
Childrens Services	2012/13	Moss Hall Jr - refurb library	Capital Receipt	70		Allocating money from urgent primary places - temporary expansions unallocated to Moss Hall Jr
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(70)		Allocating money from urgent primary places - temporary expansions unallocated to Moss Hall Jr
Childrens Services	2012/13	Queenswell Infants - modular classroom	Capital Receipt	160		Allocating money from urgent primary places - temporary expansions unallocated to Queensweel infants
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(160)		Allocating money from urgent primary places - temporary expansions unallocated to Queensweel infants
Childrens Services	2012/13	St Catherines - modular classroom	Capital Receipt	210		Allocating money from urgent primary places - temporary expansions unallocated to St Catherine's
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(210)		Allocating money from urgent primary places - temporary expansions unallocated to St Catherine's
Childrens Services	2012/13	St Theresa's - modular classroom	Capital Receipt	168		Allocating money from urgent primary places - temporary expansions unallocated to St Theresa's
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(168)		Allocating money from urgent primary places - temporary expansions unallocated to St Theresa's
Childrens Services	2012/13	Holly Park - internal remodelling	Capital Receipt	25		Allocating money from urgent primary places - temporary expansions unallocated to St Theresa's
Childrens Services	2012/13	Urgent primary places - temporary expansions	Capital Receipt	(25)		Allocating money from urgent primary places - temporary expansions unallocated to St Theresa's
Childrens Services	2012/13	Modernisation 2012/13 unallocated	Grant	(2,821)		Allocating money from Modernisation 2012/13 unallocated to various projects
Childrens Services	2012/13	Modernisation 2012/13 building: Edgware Infants roof and gutters	Grant	220		Allocating money from Modernisation 2012/13 unallocated to Edgware infants roof & gutters
Childrens Services	2012/13	Modernisation 2012/13 building: Moss Hall Infant and Junior roof Phase 2	Grant	150		Allocating money from Modernisation 2012/13 unallocated to Moss Hall infant & junior
Childrens Services	2012/13	Modernisation 2012/13 building: Bell Lane roof Phase 2	Grant	100		Allocating money from Modernisation 2012/13 unallocated to Bell lane roof phase 2
Childrens Services	2012/13	Modernisation 2012/13 building: Tudor roof phase 3	Grant	80		Allocating money from Modernisation 2012/13 unallocated to Tudor roof phase 3
Childrens Services	2012/13	Modernisation 2012/13 electrical: Friern Barnet Rewire and Electrical Upgrade Phase 2	Grant	300		Allocating money from Modernisation 2012/13 unallocated to Friern Barnet Rewire and Electrical Upgrade Phase 2
Childrens Services	2012/13	Modernisation 2012/13 electrical: Brookland Infant and Junior Rewire and Electrical	Grant	125		Allocating money from Modernisation 2012/13 unallocated to Brookland Infant and Junior Rewire and Electrical Upgrade Phase 2
Childrens Services	2012/13	Modernisation 2012/13 electrical: Summerside Primary - Rewire design and tender, Electrical	Grant	100		Allocating money from Modernisation 2012/13 unallocated to Summerside Primary - Rewire design and tender, Electrical upgrade
Childrens Services	2012/13	Modernisation 2012/13 mechanical: Claremont (Jr side) - Boiler Plant replacement	Grant	70		Allocating money from Modernisation 2012/13 unallocated to Claremont (Jr side) - Boiler Plant replacement
Childrens Services	2012/13	Modernisation 2012/13 mechanical: Deansbrook Jr - Boiler Plant replacement	Grant	90		Allocating money from Modernisation 2012/13 unallocated to Deansbrook Jr - Boiler Plant replacement
Childrens Services	2012/13	Modernisation 2012/13 mechanical: Hollickwood (Inf Block) - Boiler Plant	Grant	70		Allocating money from Modernisation 2012/13 unallocated to Hollickwood (Inf Block) - Boiler Plant replacement
Childrens Services	2012/13	Modernisation 2012/13 mechanical: Manorside (Nursery) - Boiler Plant and heating	Grant	80		Allocating money from Modernisation 2012/13 unallocated to Manorside (Nursery) - Boiler Plant and heating replacement
Childrens Services	2012/13	Modernisation 2012/13 kitchen: Hollickwood	Grant	140		Allocating money from Modernisation 2012/13 unallocated to Hollickwood
Childrens Services	2012/13	Modernisation 2012/13 suitability: Danegrove Winsor Drive - replace mobiles	Grant	100		Allocating money from Modernisation 2012/13 unallocated to Danegrove Winsor Drive - replace mobiles
Childrens Services	2012/13	Modernisation 2012/13 suitability: Summerside Mobile - FSU	Grant	815		Allocating money from Modernisation 2012/13 unallocated to Summerside Mobile - FSU
Childrens Services	2012/13	Modernisation 2012/13: Emergency reactive works	Grant	164		Allocating money from Modernisation 2012/13 unallocated to Emergency reactive works
Childrens Services	2012/13	35 Gervais Rd - Caretakers House	Grant	8		Allocating money from Modernisation 2012/13 unallocated to 35 Gervais Rd - Caretakers House
Childrens Services	2012/13	Modernisation 2012/13: Children's centre maintenance & risk management	Grant	209		Allocating money from Modernisation 2012/13 unallocated to Children's centre maintenance & risk management
Commercial Services	2012/13	Electronic Social Care Records (ESCR)	Borrowing	0		Incorporated into one project
Commercial Services	2012/13	Corporate IM Platform	Borrowing	0		Incorporated into one project
Commercial Services	2012/13	SWIFT	Capital Receipt	(75)		Budget transferring to Adult Swift programme
Commercial Services	2012/13	Business System Disaster Recovery	Capital Receipt	(32)		Incorporated into one project

## 2012/13 Capital Programme Adjustments (continued)

Service	Year	Capital Programme	Funding Type	if Additions/ Deletions £'000	if Slippage/ Accelerated Spend £'000	Explanation for request
Commercial Services	2012/13	IS Refresh	Capital Receipt	32		Incorporated into one project
Commercial Services	2012/13	Electronic Documents and Records Management System (EDRM)	Capital Receipt	0		Incorporated into one project
Commercial Services	2012/13	Corporate IM Platform	Capital Receipt	0		Incorporated into one project
Environment, Planning and Regeneration	2012/13	Disabled Facilities Grant - Mandatory	Capital Receipt	(14)		DIG Discretionary Grant stopped therefore remaining budget to be moved to DFG Mandatory
Environment, Planning and Regeneration	2012/13	Disabled Facilities Grant - Discretionary	Capital Receipt	14		DFG Discretionary Grant stopped therefore remaining budget to be moved to DFG Mandatory
Environment, Planning and Regeneration	2012/13	Disabled Facilities Grant - Discretionary	Capital Receipt	1,230		Additional funding allocation
Environment, Planning and Regeneration	2012/13	HRA - Regeneration	MRA	(47)		Budget Realignment to over over spend on HRA Procurement & Mobilisation
Environment, Planning and Regeneration	2012/13	HRA - Procurement & Mobilisation	MRA	47		Budget Realignment to over over spend on HRA Procurement & Mobilisation
Environment, Planning and Regeneration	2012/13	Corridors, Neighbourhoods and Supporting Measures	Grant	(5)		Realign budgets. Nil overall effect
Environment, Planning and Regeneration	2012/13	Structural Maintenance of Bridges	Grant	5		Realign budgets. Nil overall effect
Environment, Planning and Regeneration	2012/13	Corridors, Neighbourhoods and Supporting Measures	Grant	(46)		Reduction in the TfL Programme
Environment, Planning and Regeneration	2012/13	Footway Reconstruction	Borrowing	1		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Footway Reconstruction	Borrowing	16		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Aerodrome Road - additional pedestrian facilities	Borrowing	5		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Carriageway and Footways	Borrowing	(17)		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Carriageway and Footways	Borrowing	(5)		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Carriageway and Footways	Borrowing	(16)		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2012/13 Programme	Borrowing	4		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2012/13 Programme	Borrowing	12		Re-Align programme category
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2010/11 Programme	s106	(117)		Action taken to tidy up budget lines
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2010/11 Programme	Capital Receipt	(26)		Action taken to tidy up budget lines
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2012/13 Programme	s106	117		Action taken to tidy up budget lines
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2012/13 Programme	Capital Receipt	25		Action taken to tidy up budget lines
Environment, Planning and Regeneration	2012/13	Road Traffic Act - Controlled Parking Zones - 2009/10 Programme	Capital Receipt	0		Action taken to tidy up budget lines
Environment, Planning and Regeneration	2012/13	Mill Hill East	Borrowing		(550)	Project delays there for budget slipped to 2013-14
Environment, Planning and Regeneration	2012/13	Mill Hill East	Capital Receipt		(150)	Project delays there for budget slipped to 2013-14
Environment, Planning and Regeneration	2012/13	Waste	Capital Receipt		(1,270)	Spend now profiled to be completed in April 2013
Environment, Planning and Regeneration	2012/13	Outer London Fund - Edgware	Grant	(266)		Delete as Programme did not get approved from GLA
Environment, Planning and Regeneration	2012/13	Outer London Fund - North Finchley	Grant	(722)		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - North Finchley	Borrowing	75		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - North Finchley	Grant	95		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - Cricklewood	Grant	(522)		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - Cricklewood	Borrowing	98		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - Cricklewood	s106	132		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2012/13	Outer London Fund - Cricklewood	Grant	50		Realignment of Outer London Fund - Cricklewood Budget and Funding
				1,423	(1,970)	



**2013/14 Capital Programme Adjustments**

Service	Year	Capital Programme	Funding Type	if Additions/ Deletions £'000	if Slippage/ Accelerated Spend £'000	Explanation for request
Environment, Planning and Regeneration	2013/14	Outer London Fund - North Finchley	Grant	572		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - North Finchley	Borrowing	75		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - North Finchley	Grant	95		Realignment of Outer London Fund - North Finchley Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Cricklewood	Grant	91		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Cricklewood	Borrowing	138		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Cricklewood	s106	26		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Cricklewood	Grant	38		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Cricklewood	Grant	50		Realignment of Outer London Fund - Cricklewood Budget and Funding
Environment, Planning and Regeneration	2013/14	Outer London Fund - Edgware	Grant	(191)		Programme did not get approved from GLA
				<b>894</b>	-	

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Service	2012/13 Latest Approved Budget £'000	Additions/ (Deletions) recommended to September CRC £'000	(Slippage) / Accelerated Spend recommended to September CRC £'000	2012/13 Budget £'000	Forecast to year-end £'000	Variance from Approved Budget £'000	% slippage of 2012/13 Approved Budget %
Mental Health and Adults Personal Social Services Allocations	1,658	37	-	1,695	1,695	37	-
<b>Adult Social Care &amp; Health</b>	<b>1,658</b>	<b>37</b>	-	<b>1,695</b>	<b>1,695</b>	<b>37</b>	-
Capitalised Redundancies	2,178	-	-	2,178	2,178	-	-
<b>Central Expenses</b>	<b>2,178</b>	-	-	<b>2,178</b>	<b>2,178</b>	-	-
Chief Executive Services	3,983	-	-	3,983	3,983	-	-
<b>Chief Executive Services</b>	<b>3,983</b>	-	-	<b>3,983</b>	<b>3,983</b>	-	-
Schools Access Initiatives	25	-	-	25	25	-	-
Schools Modernisation & Access Improvement Programmes	5,366	-	-	5,366	5,366	-	-
Urgent Primary Places	631	1,398	-	2,029	2,029	1,398	-
Temporary Expansions - Allocated	4,605	(1,398)	-	3,207	3,207	(1,398)	-
Other Temporary Expansions	1,408	-	-	1,408	1,408	-	-
Broadfields	2,000	-	-	2,000	2,000	-	-
Mill Hill East	10,582	-	-	10,582	10,582	-	-
Orion Primary/ blessed Dominic	2,000	-	-	2,000	2,000	-	-
Moss hall Infants and Juniors	1,500	-	-	1,500	1,500	-	-
Brunswick Park	1,500	100	-	1,600	1,600	100	-
Menorah Foundation	3,000	-	-	3,000	3,000	-	-
St Mary's and St Johns	1	2,000	-	2,001	2,001	2,000	-
Other Permanent Expansions - Allocated	6,395	(1,901)	-	4,494	4,494	(1,901)	-
Unallocated	153	-	-	153	153	-	-
Surestart Programme	2	-	-	2	2	-	-
Major School Rebuild Total	1,406	-	-	1,406	1,406	-	-
Primary Schools Capital Investment Programme	1,177	-	-	1,177	1,177	-	-
East Barnet Schools Rebuild	6,000	40	-	6,040	6,040	40	-
General Schools Organisations	3,259	1,098	-	4,357	4,357	1,098	-
Other Schemes	51,010	1,337	-	52,347	52,347	1,337	-
<b>Children's Service</b>	<b>(798)</b>	-	-	<b>(798)</b>	<b>(798)</b>	-	-
Capital Schemes Managed by Schools	(798)	-	-	(798)	(798)	-	-
<b>Capital Schemes Managed by Schools</b>	<b>18,523</b>	<b>(75)</b>	-	<b>18,448</b>	<b>18,448</b>	<b>(75)</b>	-
Commercial Services	18,523	(75)	-	18,448	18,448	(75)	-
<b>Commercial Services</b>	<b>29</b>	<b>(75)</b>	-	<b>18,448</b>	<b>18,448</b>	<b>(75)</b>	-
Corporate Governance Projects	29	-	-	29	29	-	-
<b>Corporate Governance</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>29</b>	<b>-</b>	<b>-</b>
Deputy Chief Executive Services	-	-	-	-	-	-	-
<b>Deputy Chief Executive Services</b>	<b>461</b>	<b>-</b>	<b>-</b>	<b>461</b>	<b>461</b>	<b>-</b>	<b>-</b>
CCTV	715	-	-	715	715	-	-
Greenspaces & Leisure	7,132	(16)	-	7,116	7,117	(16)	-
Highways - non-TfL	6,584	(47)	-	6,537	6,537	(47)	-
Highways - TfL	489	16	-	505	504	16	-
Parking	1,410	-	(1,270)	140	140	(1,270)	(90%)
Waste	4,230	-	-	4,230	4,230	-	-
Housing Association Programme	1,790	1,230	(700)	3,020	3,020	1,230	(17%)
General Fund Regeneration	-	-	-	-	-	-	-
Disabled Facilities Projects	1,510	-	-	1,510	1,510	-	-
Housing Management System	-	-	-	-	-	-	-
Other Projects	24,321	124	(1,970)	22,475	22,475	(1,846)	(8%)
<b>Environment, Planning and Regeneration</b>	<b>101,702</b>	<b>1,423</b>	<b>(1,970)</b>	<b>101,155</b>	<b>101,155</b>	<b>(547)</b>	<b>(2%)</b>
<b>General Fund Programme</b>	<b>21,440</b>	<b>-</b>	<b>-</b>	<b>21,440</b>	<b>21,440</b>	<b>-</b>	<b>-</b>
HRA Capital	123,142	1,423	(1,970)	122,595	122,595	(547)	(2%)
<b>Total Capital Programme*</b>							

\*Excludes Capital Schemes Managed by Schools

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### Virements Requiring Member Approval

A virement for £0.023m is requested within the Environment, Planning and Regeneration Directorate to realign the budget across Traffic Development to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the services budgets, but it affects recharge and employee codes.

Cost Centre	Account Group	Amount £'000
10623 Safer Routes	Supplies & Services	(13.462)
10648 Parking Design	Customer Client	(7.500)
11218 Developmnt & Control	Transport	(0.480)
11218 Developmnt & Control	Recharges	(0.350)
11218 Developmnt & Control	Recharges	(0.300)
11218 Developmnt & Control	Supplies & Services	(0.290)
11218 Developmnt & Control	Employee Related	(0.250)
10623 Safer Routes	Recharges	(0.200)
10623 Safer Routes	Transport	(0.150)
10623 Safer Routes	Recharges	(0.150)
11218 Developmnt & Control	Supplies & Services	(0.100)
11218 Developmnt & Control	Employee Related	(0.100)
10648 Parking Design	Employee Related	0.100
10648 Parking Design	Supplies & Services	0.100
10648 Parking Design	Transport	0.150
10648 Parking Design	Recharges	0.150
10648 Parking Design	Recharges	0.200
10648 Parking Design	Employee Related	0.250
10648 Parking Design	Supplies & Services	0.290
10648 Parking Design	Recharges	0.300
10648 Parking Design	Recharges	0.350
10648 Parking Design	Transport	0.480
11218 Developmnt & Control	Customer Client	7.500
10648 Parking Design	Supplies & Services	13.462
<b>TOTAL</b>		-

A virement is requested for £0.005m within the Environment, Planning and Regeneration Directorate to realign the Highways Income budget to ensure it reflects the costs and nature of this service provision. There is a nil impact on the services budgets, but it affects recharge and employee codes.

Cost Centre	Account Group	Amount £'000
10618 Highways Other	Transport	(2.400)
10618 Highways Other	Transport	(0.800)
10618 Highways Other	Recharges	(0.760)
10618 Highways Other	Supplies & Services	(0.220)
10618 Highways Other	Employee Related	(0.170)
10618 Highways Other	Recharges	(0.170)
10618 Highways Other	Recharges	(0.110)
10618 Highways Other	Employee Related	(0.100)
10618 Highways Other	Recharges	(0.020)
11209 Strategic Costs	Recharges	0.020
10648 Parking Design	Employee Related	0.100
10648 Parking Design	Recharges	0.110
10648 Parking Design	Employee Related	0.170
10648 Parking Design	Recharges	0.170
10648 Parking Design	Supplies & Services	0.220
10648 Parking Design	Recharges	0.760
10631 N.R.S.W.A.	Transport	0.800
10631 N.R.S.W.A.	Transport	2.400
<b>TOTAL</b>		-

A virement for £0.654m is requested to re-align employee insurance budgets within the Environment, Planning and Regeneration Directorate to reflect current staffing structures. There is a nil impact on the services budgets.

Cost Centre	Account Group	Amount £'000
10618 Highways Other	Employee Related	(649.930)
11200 E&T Directors	Employee Related	(1.750)
10638 Traffic Management	Employee Related	(0.450)
11120 CPG Technical Supp	Employee Related	(0.360)
10623 Safer Routes	Employee Related	(0.330)
10654 Trade Waste	Employee Related	(0.270)
11097 Rechargeable Works	Employee Related	(0.260)
10619 Drainage (Gully Cleansing)	Employee Related	(0.180)
10624 School Crossing Patrol	Employee Related	(0.150)
10633 Rechargeable Works	Employee Related	(0.040)
11031 Cophall Stadium	Employee Related	(0.020)
11032 Fitness For Life	Employee Related	0.660
10939 HM-Stand-by	Employee Related	2.260
10996 SSCF	Employee Related	2.800
10021 Safer Communities	Employee Related	4.010
10938 HM-Winter Maintenance	Employee Related	4.630
10775 ES-SEN Transp	Employee Related	4.920
10583 Drug & Alcohol Team	Employee Related	5.000
10771 ES-Transport Oheads	Employee Related	5.130
10941 HM-Sign Erection	Employee Related	6.920
11208 Street Lighting Other	Employee Related	7.300
11324 Asset Management	Employee Related	9.790
10656 Recycling	Employee Related	11.000
10674 Trading Stds & Licng	Employee Related	11.700
10617 Highways&Design Management & Performance	Employee Related	14.170
10635 Road Structural Planned	Employee Related	14.510
10653 PIT	Employee Related	17.200
10664 Highways Maintenance-Responsive	Employee Related	17.310
10890 Road Structural Responsive	Employee Related	18.630
10631 R.A.S.W.A.	Employee Related	22.800
10632 Private Works Reinstatement	Employee Related	23.150
10648 Parking Design	Employee Related	23.880
10776 ES-Comctran	Employee Related	24.200
10651 CCTV	Employee Related	27.410
10764 Parks & Open Spaces	Employee Related	80.310
10655 Domestic Refuse	Employee Related	144.560
10652 Street Cleansing	Employee Related	149.490
TOTAL		-

A virement for £0.631m is requested within the Environment, Planning and Regeneration Directorate to realign the Highways Inspection/Maintenance budgets. There is a nil overall effect within the cost centres.

Cost Centre	Account Group	Amount £'000
10941 HM-Sign Erection	Recharges	(228.930)
10939 HM-Stand-by	Recharges	(100.597)
10664 Highways Maintenance Responsive	Transport	(85.350)
10941 HM-Sign Erection	Customer Client	(60.000)
10664 Highways Maintenance Responsive	Support Services	(49.800)
10664 Highways Maintenance Responsive	Transport	(33.070)
10939 HM-Stand-by	Transport	(12.700)
10941 HM-Sign Erection	Recharges	(10.460)
10941 HM-Sign Erection	Transport	(10.300)
10941 HM-Sign Erection	Support Services	(10.210)
10939 HM-Stand-by	Support Services	(10.200)
10939 HM-Stand-by	Transport	(10.050)
10939 HM-Stand-by	Recharges	(5.050)
10941 HM-Sign Erection	Recharges	(2.300)
10664 Highways Maintenance Responsive	Transport	(0.920)
10941 HM-Sign Erection	Premises	(0.280)
10941 HM-Sign Erection	Support Services	(0.240)
10941 HM-Sign Erection	Support Services	(0.140)
10664 Highways Maintenance Responsive	Support Services	(0.050)
10941 HM-Sign Erection	Support Services	(0.050)
10939 HM-Stand-by	Support Services	(0.048)
10664 Highways Maintenance Responsive	Premises	0.020
10939 HM-Stand-by	Support Services	0.048
10664 Highways Maintenance Responsive	Support Services	0.050
10941 HM-Sign Erection	Support Services	0.080
10941 HM-Sign Erection	Recharges	0.250
10664 Highways Maintenance Responsive	Recharges	1.500
10939 HM-Stand-by	Recharges	10.050
10941 HM-Sign Erection	Recharges	10.300
10941 HM-Sign Erection	Support Services	23.350
10664 Highways Maintenance Responsive	Recharges	33.070
10939 HM-Stand-by	Support Services	39.237
10664 Highways Maintenance Responsive	Support Services	49.200
10664 Highways Maintenance Responsive	Recharges	85.350
10939 HM-Stand-by	Customer Client	89.310
10941 HM-Sign Erection	Customer Client	288.930
<b>TOTAL</b>		-

A virement for £0.171m is requested within the Chief Executive Directorate for 2012/13 (£0.187m full year effect from 2013/14 onwards) to re-align the budget across Customer Services to ensure the budgets reflect the costs and nature of this service provision. There is a nil impact on the service's budget.

Cost Centre	Account Group	2012/13 amount (part year) £'000	2013/14 onwards (full year) £'000
11052 Customer Services	Supplies & Services	-171	-187
11052 Customer Services	Employee Related	171	187
TOTAL		-	-

A virement for £0.722m is requested as part of the customer services transformation programme for 2012/13 (£0.963 full year effect for 2013/14 onwards). As part of this programme a number of functions are transferring from the Revenues & Benefits Service into the Customer Services team and the budgets associated with these functions need to be transferred into the customer services team.

Cost Centre	Account Group	2012/13 amount (part year) £'000	2013/14 onwards (full year) £'000
11014 Local Taxation	Employee Related	-280	-373
10022 Housing Benefits Admin	Employee Related	-442	-590
11052 Customer Services	Employee Related	722	963
TOTAL		-	-



## Appendix F – One Barnet Budgeted Projections

Wave 1 Projects	Total Budget	2010/11	2011/12	2012/13		2013/14	2014/15	Total Projected Spend	Variance
		Outturn	Outturn	Actual to Date	Projected outturn	Projected outturn	Projected outturn		
<b>Closed Projects</b>									
E-Recruitment	40,000	40,000	-	-	-	-	-	40,000	0
Procurement Project	70,058	70,058	-	-	-	-	-	70,058	0
Prototyping Project	77,129	77,129	-	-	-	-	-	77,129	0
Revenue & Income Optimisation	197,662	197,662	-	-	-	-	-	197,662	0
Your Choice Barnet	553,156	163,279	313,895	79,492	79,492	-	-	556,666	3,510
Housing Project	87,966	-	23,750	63,175	63,175	-	-	86,925	(1,041)
Parking Procurement	170,537	29,159	113,085	22,354	22,354	-	-	164,599	(5,938)
Rapid Improvement Project	22,000	18,500	3,500	-	-	-	-	22,000	0
SAP Optimisation	375,533	174,375	127,147	60,000	80,000	-	-	381,522	5,989
<b>Open Projects</b>									
Community Coaches	70,000	-	42,186	19,281	19,281	-	-	61,467	(8,533)
Com Budgets, Childrens Projects	247,493	39,386	29,749	-	-	-	-	69,136	(178,357)
Customer Service Organisation Transformation	543,113	236,379	309,351	-	2,618	-	-	543,112	(0)
Development & Regulatory Services	1,744,019	319,493	701,617	165,038	1,302,976	159,282	-	2,483,368	739,348
Legal Services	140,000	-	54,639	107,136	111,885	-	-	166,524	26,524
Libraries	148,181	60,000	54,003	34,178	34,178	-	-	148,181	0
New Support & Customer Services Organisation	1,654,439	307,446	641,733	195,902	1,108,110	47,446	-	2,104,735	450,296
Passenger Transport	209,566	57,966	111,602	12,385	93,393	-	-	262,961	53,395
Programme Management	2,411,433	450,919	1,593,258	157,288	367,256	-	-	2,411,433	(0)
Right to Control	-	-	-	-	-	-	-	-	0
Contingency	458,132	-	-	-	-	-	-	-	(458,132)
<b>Total</b>	<b>9,220,416</b>	<b>2,241,753</b>	<b>4,119,515</b>	<b>913,611</b>	<b>3,279,482</b>	<b>206,728</b>	<b>-</b>	<b>9,847,477</b>	<b>627,061</b>

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# Appendix G

## Corporate Risk Register

The following diagram highlights where those risks as determined in the workshop presently sit within the headings of strategic, operational, hazard and financial.



SCORE		IMPACT				
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
5 Almost Certain	0	0	0	0	0	0
4 Likely	0	0	0	5	0	0
3 Possible	0	1	6	4	0	0
2 Unlikely	0	0	0	0	0	0
1 Rare	0	0	0	0	0	0

Risk Commentary – the majority of risks are considered strategic and these correlate with being highly rated for impact and probability along with financial risks which is mostly due to the sector and economic climate. A number of risks are due to the changing nature of the council which requires management over the period of transition to ensure that the corporate objectives are realised.

## Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
<p>People – there may not be in place the capacity within the council to deliver the change agenda, business as usual and manage the transition to the new corporate structure.</p> <p>Cause: timings of the corporate restructure may mean that the right people are not in place to lead through the period of change and transition</p> <p>Consequence: Business as usual may suffer and impact on the customer experience or overall financial management or corporate governance.</p>	<p>Major 4</p> <p>Possible 3</p> <p>Medium-High 12</p>	<p><b>Preventative:</b> Restructure Project Board. Transition plans for moving to new provider. Develop Organisation Development Strategy</p> <p><b>Detective:</b> Performance Management Framework to identify areas of concern, in particular 'managing the business' indices Regular Senior Management Team meetings for each Directorate One Barnet Programme – management of transition plans for escalation to the Board.</p>	Treat	<p>Quarterly</p> <p>Moderate 3</p> <p>Possible 3</p>	<p>Medium-High 9</p>
<p>Welfare and Benefit Reform – there is a risk that government policy may have unintended consequences set in the wider context of service reductions and social change. Likelihood that there will be direct operational increases from implementing a new system, potential for cost pressures from central government to local government, and there may be a transfer of costs from one council to another.</p> <p>Cause: Central Government has committed to a programme of</p>	<p>Major 4</p> <p>Possible 3</p> <p>Medium-High 12</p>	<p><b>Preventative:</b> Welfare Reform Programme in place to determine impact and to determine the design of the new scheme in place to deliver welfare and benefit reform. Development of Council Tax support scheme - partnership working to determine Barnet public sector response building on existing forms such as community coaches and NEEETs</p> <p><b>Detective:</b> Performance indicators in place to determine impact on housing and social care demand, NEEETs</p>	Treat	<p>Quarterly</p> <p>Moderate 3</p> <p>Possible 3</p>	<p>Medium-High 9</p>

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
<p>welfare reform, aiming to simplify the benefits systems, create the right incentives to get more people into work, protect the most vulnerable, and deliver fairness to tax payers and to those claiming benefits</p> <p>Consequence: potential to negatively affect those economically disadvantaged within the community.</p>		<p><i>Development of an implementation plan to monitor</i></p>			
<p>Financial Resilience – given the slow recovery of the economy there is a risk of key concerns over delivering savings over the next few years and managing to deliver services at the highest standards over such uncertainty.</p> <p>Cause: further cuts to local government funding in 2012/13 and there have been discussions of an additional Spending Review possibly in the Autumn of 2012/13.</p> <p>Consequence: Erosion of financial reserve position or non delivery of key services to the vulnerable.</p>	<p>Major 4</p> <p>Possible 3</p> <p>Medium High 12</p>	<p><b>Preventative:</b> Financial and Business Planning cycle including risk assessments of saving plans</p> <p><b>Detective:</b> Budget monitoring and financial management standards being adhered to. Recovery plans and alternative options reviewed in areas with overspends. Value for money indicators in use across the business. Monitoring delivery of Medium Term Financial Strategy</p>	<p>Tolerate</p>	<p>Quarterly</p> <p>Major 4</p> <p>Possible 3</p>	<p>Medium High 12</p>

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
<p>Treasury – there is a risk due to the potential break up of the Euro and associated defaults could leave banks around the world exposed to bad debt. The council will need to ensure prudent investments over this period to prevent funds and associated interest being at risk.</p> <p>Cause: Creditworthiness of banks continues to be a concern due to global economic uncertainty and the Eurozone crisis</p> <p>Consequence: Loss of funds if there are not adequate safeguards in place to review investments.</p>	Major 4	<p><b>Preventative:</b> Approved Treasury Management Strategy with appropriate sign off of deposits by senior management.</p> <p><b>Detective:</b> Compliance checks on application of strategy, continual monitoring of deposits and proactive assessment and amendment of lending lists in light of changing circumstances</p>	Treat	Quarterly	Major 4
	Likely 4		High 16	Possible 3	Medium-High 12
<p>Failure to plan for population increase – the borough is set to grow in population and there is a risk that there may not be enough social infrastructure (schools, older people homes), physical and green spaces, and affordable housing available in line with demand. If the growth is not fed into sufficiently into plans there is the risk that some directorates may not be able to provide services to offset demand pressures in other directorates.</p> <p>Cause: Population increase and</p>	Major 4	<p><b>Preventative:</b> Development of Pupil Placed Planning Strategy linked effectively with the Regeneration Programme Demand Management, prevention and intervention into troubled families (Wave 2 projects)</p> <p><b>Detective:</b> Regeneration Board, performance indicators for new homes, Investment Appraisal Board for school expansions</p>	Treat	Quarterly	Major 4
	Likely 4		High 16	Possible 3	Medium-High 12

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
people living longer. Consequence: More demand for public services over a period in declining government funding.					
Information Management – there is a risk of non compliance with data protection legislation and information security policies without practical responses to transferring information between providers and the council. Cause: Changes to the ways in which services are provided require more interchange of information with external bodies. Consequence: potential information security or data protection breaches if policies are not strictly complied with leading to reputational damage and potential fines from ICO.	Moderate 3	<b>Preventative:</b> Information Management Strategy; E-learning package on information management Communication of policies and procedures <b>Detective:</b> Information Governance Board providing oversight and direction IM implementation plan Delivery Unit Governance Groups in place within services to monitor compliance Effective programme management in place Data-flow analysis and redefining standards by learning	Treat	Quarterly	Moderate 3
Commercial Relationships – there is a risk that centralisation and compliance work distracts focus from supply chain management and category management across the council for delivery of key savings over the short to medium term.	Major 4	<b>Preventative:</b> medium term procurement strategy Delivery of Procurement Controls and Monitoring Action Plan to ensure compliance with basic procurement rules. <b>Detective:</b> Data for category spend	Treat	Quarterly	Moderate 3
	Medium-High 9				Unlikely 2
	Possible 3				Unlikely 2
	High 16				Medium-low 6
	Likely 4				Medium-low 6

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
Cause: As the focus of procurement has been compliance resources have not been balanced in terms of delivery of category management and ensuring understanding of contract management after the procurement exercise.  Consequence: Failure to understand the data and to make future savings from better commercial relationships.		per Directorate reviewed and acted upon Centralisation of procurement specialists to act as key supplier relationship managers (SRMs) across the business.			
Asset Management – there is a risk that there is not a common understanding of the current state and size of council and community owned assets.  Cause: there has been a lack of an integrated Asset management System due to a lack of data on properly held.  Consequence: Asset management planning may not be well integrated within business planning processes leading to poor use of resources.	Moderate 3	<p><b>Preventative:</b> Asset Management Strategy development</p> <p><b>Detective:</b> Developing a list of council and community based assets, including any compliance issues. Implementation of Estates Strategy Action Plan Establish corporate asset management system</p>	Treat	Quarterly	Possible 3
	Medium-High 9		Medium-Low 6		



# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
Waste Management and Sustainability – without consideration of alternative ways of improving recycling and changing behaviours around sustainability there is a risk that costs will escalate in the future and delivery of services at the current quality will not be possible leading to declining customer satisfaction.	Major 4 Likely 4 High 16	<b>Preventative:</b> Strategic Outline Business Case for Street Scene considering alternative ways of delivery NWLA partnership  <b>Detective:</b> Performance Indicators for recycling and customer satisfaction. Waste Project Board for oversight of delivery of plan One Barnet Programme Management	Treat	Quarterly	Major 4 Possible 3 Medium-High 12
Cause: Growth and changes in government regulations and law require change to waste management and sustainability.  Consequence: Increased costs due to penalties attracted where minimum recycling rates not achieved and where rubbish sent to landfill. Without appropriate ownership of responsibility for environmental matters and easy access to methods of recycling there may be an adverse affect on the environment and standards of living.	Moderate 3 Possible 3 High 9		Treat	Quarterly	Moderate 3 Unlikely 2 Medium-Low 6
Health Integration – local health organisations and social care have agreed to work on a single integration programme for commissioning and service change		<b>Preventative:</b> Strategic Outline Business Case for Health and Social Care Integration and investment priorities outlining commitment of NHS organisations	Treat	Quarterly	

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
<p>from October 2012. Without clear evidence that demonstrates the measurable return on investment for integration with social care and the timescale for benefit realisation, there is a risk that partner organisations may be unwilling to commit to support and invest in integration projects where they do not see a rapid and/or proportionate return on their investment for their own organisation.</p> <p>Cause: Resourcing constraints and are expected to impact local NHS organisations that are undergoing major transitions now and during the next 12 months.</p> <p>Consequence: Without appropriate partnership commitment the opportunities from integration of health and social care may not be realised such as the ability to improve the health and wellbeing of the Barnet community; and appropriate care and support to support and facilitate good outcomes; &amp; improved management of demographic change</p>		<p>and Barnet Council to provide resources to support the delivery of social care and health integration initiatives and the investment of Section 256 monies.</p> <p>NHS and Social Care integration summit agreed the benefits of a single programme approach to integration in the borough, July 2012. Programme initiation October 2012</p> <p><b>Detective: Health and Well-Being Board oversight</b>  <i>Building local insight through the piloting and evaluation of integration initiatives prior to a large scale commitment or long-term investment decision. Also definition of benefits measurement will be an essential component of integration project development and delivery. Creation of concordat detailing principles of engagement, investment and benefits realisation to be signed by all NHS and social care organisations in the programme.</i>  <i>Programme management approach through One Barnet to ensure that the mix of benefits</i></p>			

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
		across the portfolio of projects are fairly distributed at programme level. Engagement and Communications workshop HR engagement			
New Public Health Statutory Responsibilities - Local Authorities will have a new statutory responsibilities for health improvement, health protection and the provision of public health advice and information to local NHS Commissioners from April 2013 as part of the changes to the health and social care system enacted in the new Health and Social Care Act. The new responsibilities will be funded by a ring-fenced grant which will be based on historical actual outturn spend and will not be confirmed by the Department of Health until December 2012. A project is being implemented jointly with NHS NCL to prepare for the transfer of designated public health functions, contracts and staff to the Local Authority.	Major 4	<p><b>Preventative</b> – Barnet Council is seeking to increase the capacity and capability of public health staff and resources, spread financial and operational risk and achieve economies of scale through the establishment of a shared specialist Public Health Service and single Director of Public Health with Harrow Council. This will also open up opportunities for greater public health contract efficiencies and scope for the joint commissioning of public health provider services. Barnet Council has representation on the London Councils forum and is lobbying for a fair funding settlement through a range of formal and informal channels including Department of Health, NCL Cluster, NHS London Public Health Programme and the Local Government Association.</p> <p><b>Detective</b> – Joint NCL and Barnet Council Public Health Transition</p>	Treat	Quarterly	Likely 4
			High 16		
Cause - There is a risk of insufficient funding and specialist public health staff resources for the					

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
Local Authority to discharge its statutory Public Health responsibilities. There is an identified £1.4m shortfall between the expected funding requirement and the likely public health ring-fenced grant allocation settlement. The historical level of investment public health in Barnet is substantially lower than other parts of London and is well below the national average.	High	Board including representation from NCL Finance, Public Health, Barnet CCG and the regional Health Protection Unit. The Project Board meets monthly. Direct input into the preparation and validation of NCL Public Health financial information. Review of monthly NCL public health financial reporting during the transition year (2012/13). Memorandum of Understanding with NCL Cluster to support the safe transfer of public health functions to the Local Authority.			High
<u>Consequence</u> – The Local Authority will be unable to discharge its new statutory public health commitments and will have insufficient resources to fulfil its corporate local strategic priorities for public health improvement and health protection.					
Fraud – there is a risk that monies or assets may be fraudulently gained by individuals internal or external to the council over the period of change or austerity.	Medium-Low 6	<b>Preventative work:</b> fraud awareness training delivered through e-learning, appropriate design of control by management to prevent fraud.  <b>Deterrent:</b> publication of any fraudsters convicted and prosecuted by the Council  <b>Detective:</b> Proactive fraud plan in place for 2012-13 to identify	Tolerate	Quarterly	Medium-Low 6
Cause: In periods of austerity it is inherent in any organisation, particularly within government agencies, that they are targeted by fraudsters either external or internal.					
	Minor 2				Minor 2
	Possible 3				Possible 3
	Medium-Low 6				Medium-Low 6

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
Consequence: funds may fraudulently leave the council and in the event that the fraud is not detected may not be recovered.		<p>weaknesses in control to mitigate the risk of fraud; controls designed by management to detect fraud or error within their key systems.</p> <p>Regular review of fraud cases and consideration of the application of controls.</p>			
<p>Failure to engage properly with Residents.</p> <p>Cause: A full understanding of resident's and their involvement in their communities may not be reflected in services approach to business planning; or on building how residents would like to be involved further in their communities.</p> <p>Consequences: reputational damage and the potential to make policy that does not reflect the needs of residents</p>	Moderate 3	<p><b>Preventative:</b> Finance and Business Planning – feeding consultations into service design.</p> <p>Governance: development of participatory/ward budget to enable ward leaders to engage with community groups/leaders and the voluntary sector on improving neighbourhoods/wards.</p> <p>Social media – alternative methods of engaging with residents to be explored through future updates to the website.</p> <p><b>Detective:</b> Common understanding of the citizen engagement within the Council through review of complaints data analysis and prior consultations. Performance indicators for customer satisfaction and</p>	Treat	Quarterly	Moderate 3
	Medium-High 9		Unlikely 2	Medium-Low 6	

## Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
		<i>customer care.</i>			
Partnerships – there is a risk that our relationships with key partners with schools, NHS, police may not work effectively to achieve joint outcomes for local people.  Cause: Immature partnership framework that is yet to endure a test of the strength of the relationships.  Consequence: without clear focus on outcomes partnerships want to achieve the benefits of working collaboratively will not be realised and there could be duplication of efforts or gaps in discharging statutory responsibilities.	Moderate 3	<b>Preventative:</b> Overarching Partnership Strategy. Partnership Framework  <b>Detective:</b> Partnership Delivery Boards monitoring delivery of partnership outcomes.	Treat	Quarterly	Unlikely 2  Moderate 3
As DRS and NSCSO wave 1 projects move towards finalisation there are risks around selection of the provider and the mobilisation period with potential for delay and business continuity over that time.  Cause: The stage in the	Major 4	<b>Preventative:</b> Selection panels in place for the assessment of final bids. Training and development for panel members to ensure process is adhered to.  Transition plan in place to move to new provider through senior	Treat	Weekly	Possible 3  Moderate 3
	Medium-High 9				Medium-low 6
	Medium-High 12				Medium-High 9

# Appendix G

Risk	Current Assessment Impact Probability Rating	Control Actions	Risk Status	Board Assurance (timing)	Target Assessment Impact Probability Rating
<p>procurement process requires capacity and leadership to ensure smooth transition.</p> <p>Consequence: Business as usual may suffer or delays occur if the process is not controlled well over the selection and mobilisation process.</p>		<p>management restructure process.</p> <p><b>Detective:</b> Transition Board in place monitoring delivery of plans, escalating issues as appropriate.</p>			
<p>There is a risk in the new organisational structure that the Council may not have the capacity to manage contracts effectively.</p> <p>Cause: change in the model for management contracts post finalisation of major outsourcing of DRS and NSCSO services within scope.</p> <p>Consequence: contract managers may not be in place and with sufficient knowledge of the new working arrangements to ensure delivery of Key Performance Indicators from April onwards.</p>	<p>Moderate 3</p> <p>Possible 3</p> <p>Medium High 9</p>	<p><b>Preventative:</b> Appointment of contract managers. Embedding central/devolved approach to contract management Sufficient lead in period until go-live of April 13.</p> <p><b>Detective:</b> Transition Board and Project Board in place monitoring requirements of the new organisation  New Head of Commercial in place and instigating change.</p>	Treat	Monthly	<p>Minor 2</p> <p>Possible 3</p> <p>Medium Low 6</p>

## Appendix G

### **For Information:**

For completeness purposes, when comparing from quarter 4 2011-12 to quarter 1 2012-13 the following risks were transferred to their respective Directorates or Programmes for monitoring at that level:

- ORG 0019 Street Lighting PFI contract – the level of risk has been mitigated partially to offset any larger impact across the business
- ORG0001 Transformation – effective governance arrangements are in place and operating as intended. Risks are now included above for the new structure and finalisation of the One Barnet wave 1 two major outsourcings.
- ORG0004 – Governance risks has been subdivided into People and Fraud to be specific around cultural and inherent risks across the organisation in periods of change
- ORG0017 – Localism Act – the project board has devised a plan that is being successfully managed. The Board is therefore empowered to manage the risk on behalf of Directors.
- ORG0018 – Business Continuity around the Olympics has been successfully managed and therefore Directors are asked to manage individual risks around business continuity as normal, with emphasis placed on co-ordination of IT and Accommodation plans.



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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Information Systems – Logica SAP Services for The Barnet Group</b>
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	The report seeks the waiver of relevant rules within the Council's Contract Procedure Rules to enable additional purchases to be made in 2012/13, in the sum of £100,000, for services provided for The Barnet Group with Logica, the Council's Managed Service for SAP provider.

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Officer Contributors	Andrew Gee, Head of Information Systems Service Delivery
Status (public or exempt)	Public
Wards affected	All
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	None

Contact for further information:

Andrew Gee, Head of IS Service Delivery, ext. 3362

## **1. RECOMMENDATION**

- 1.1 That, in response to identified One Barnet change projects, the Committee authorise a waiver of Contract Procedure Rules to enable purchases to be made with Logica, who currently provide the Council with Managed Services for SAP, for The Barnet Group up to a value of £100,000 to the annual contract of £1.2m. The annual contract due to expire July 2013 with this additional work being concluded by 1 April 2013.**

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 The hardware underpinning the SAP ERP system was procured with the SAP Software as part of the Modernising the Way we Work (MWW) programme undertaken by the council in 2004.
- 2.2 The Council procured the Managed Service for SAP with Logica on 1 April 2006, following novation of the Prime Contract dated 1 February 2000.
- 2.3 On 1 February 2010 the Council extended the Logica Managed Service contract for 3 years.
- 2.4 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) - resolved: the variation of the existing contract with Logica, the current SAP managed service provider, to replace the current obsolescent hardware provision including the one off cost of a hardware refresh of £200,000 and an estimated annual cost for 2012/13 of £1.2 million, which has been allocated through the Council's Financial Forward Plan.

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

- 3.1 The aim of the suggested recommendation to spend is to ensure that Information Services (IS) does not hinder or impede the Council's 'One Barnet' objectives. Therefore, IS require authorisation to procure infrastructure services to cover the period between now and until any new service provider agreement is fully executed.
- 3.2 The regularisation and extension of contracts, going forward, will progress with priority as per the Council's Corporate Plan: Better services with less money – through efficient procurement and contract management, including reduction of administration costs associated with placements.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Following the transfer of Housing Needs Resources to The Barnet Group in April 2012, there is a need to implement the SAP SRM (Supplier Relationship Management) for The Barnet Group. A temporary facility for processing payments has been agreed by the S151 Officer but is not sustainable under council data management policies.
- 4.2 If the spend, identified in this report, is not approved, the Council:
- will be exposed to continuing to process data against council data management policies.

- 4.3 SAP services cannot be procured outside the existing Logica contract for the council whilst the council continues to provide SAP services for Barnet Homes under the management contract.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

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

- 6.1 The annual SAP Managed Service contract with Logica expires in July 2013.
- 6.2 The annual SAP Managed Service contract for 2012/13 has a value of £1.2m.
- 6.3 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) approved spend with Logica in addition to the Managed Service contract for 2012/13 is:

	Contract spend
Hardware Refresh	£200,000

- 6.4 The total spend on the SAP Managed Service contract with Logica for the last three years is:

Year	Contract spend
2010/11 (includes Licence Flex costs)	£1,287,407.86
2011/12	£961,412.37
2012/13 to date	£1,030,361.31
	<b>£3,279,181.54</b>

6.5 The following additional spend with Logica for The Barnet Group SAP SRM provision:

	Project / authorisations	Estimated Total spend
SAP SRM implementation	The Barnet Group	£100,000

6.6 There are no issues related to Staffing and Property

6.7 The Council provides SAP services to The Barnet Group under contract until 01 April 2013.

## **7. LEGAL ISSUES**

7.1 The Treaty provisions of equal treatment, fairness and non-discrimination must be complied with, by the council, in carrying out its functions and in exercising its powers.

7.2 With respect to the council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one of more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, below.

## **8. CONSTITUTIONAL POWERS**

8.1 Constitution, Part 3, Section 3.6 details the functions of the Cabinet Resources Committee. Section 5.8 of the Contract Procedure Rules provides that the Committee has the power to waive the provisions of the Contract Procedure Rules where the Committee is 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 the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or

8.2.3 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.

8.2 A waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, in view of the complex nature of the contracts which require regularisation the time which it would take to carry out full procurement process(es); and the impending externalisation of NSCSO to an private partner.

## **9. BACKGROUND INFORMATION**

9.1 In April 2012, the council's Housing Needs Resources service transferred to The Barnet Group under the One Barnet programme.

- 9.2 The Council provides IT services, including SAP, under a service contract which expires on 1 April 2013.
- 9.3 The Barnet Group requested that the Council continue to provide data processing services in SAP for the Housing Needs Resources service. This was approved by the S151 officer on a temporary basis until a decision on extending SAP services was taken by Barnet Homes.
- 9.4 In June 2012, The Barnet Group requested that the council procure SAP SRM services for them to process housing payments.
- 9.5 The implementation of the SRM service will incur £100,000 in 2012/13.
- 9.6 The cost is to be met by the council Housing budget.

**10. LIST OF BACKGROUND PAPERS**

- 10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>AT/MC/JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Information Systems – Infrastructure Managed Service Contract</b>
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	The report seeks waiver of relevant rules within the Council's Contract Procedure Rules to enable additional purchases to be made in 2012/13, in the sum of £710,000, with 2e2 UK Limited the Council's Managed Service for IT Infrastructure provider.

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Officer Contributors	Andrew Gee, Head of Information Systems Service Delivery
Status (public or exempt)	Public
Wards affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Contact for further information:	
Andrew Gee, Head of IS Service Delivery, ext. 3362	

## **1. RECOMMENDATIONS**

- 1.1 That, in response to identified Council risks and One Barnet change projects, the Committee authorise a waiver of Contract Procedure Rules to enable purchases to be made with 2e2 UK Limited, the council's Managed Service for IT Infrastructure provider, the additional annual cost for 2012/13 being £710,000. The annual contract cost of £836,000 and is due to expire 21 June 2013.

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 2nd November 2009, (Decision Item 13) - resolved that the IT Infrastructure Managed Services contract with 2e2 UK Limited be renegotiated and extended from 20 June 2010 for a period up to three years.
- 2.2 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.
- 2.3 Audit Committee 8 December 2011, (Decision Item 10) - resolved to note the progress that management has made in implementing the agreed actions against the Procurement Controls and Monitoring Action Plan.
- 2.3 Cabinet Resources Committee, 28 February 2012, (Decision Item 12) - resolved the regularisation of the existing contractual arrangement with 2e2 for the provision of WISDOM support up to the end of the existing managed service support contract with 2e2 in June 2013. This has an annual cost of £56,000 (includes supplier RPI uplift).
- 2.4 Cabinet Resources Committee, 28 February 2012, (Decision Item 12) - resolved the variation of the council's managed service support contract with 2e2 in order to include, within the contract, the provision of support for the WISDOM software.
- 2.5 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) - resolved to authorise: (i) the variation of the existing contract between the Council and 2e2, who currently provide the council with a managed service for infrastructure, including authorisation of additional expenditure associated with the Telephone Technology Refresh Project, and Infrastructure Refresh Activity (cost £350,000); and (ii) to spend £18,000 to provide a Contract Management E-Learning module for staff.

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

- 3.1 The aim of the suggested recommendation to spend is to ensure that Information Services (IS) does not hinder or impede the Council's 'One Barnet' objectives. Therefore, IS require authorisation to procure infrastructure services to deliver identified One Barnet projects and corporate risk mitigation.
- 3.2 The regularisation and extension of contracts, going forward, will progress with priority as per the Council's Corporate Plan: Better services with less money – through efficient procurement and contract management, including reduction of administration costs associated with placements.



#### 4. RISK MANAGEMENT ISSUES

- 4.1 If the spend, identified in this report, is not approved, the Council:
- will be exposed to continuing data loss risk (back ups),
  - may lose compliance for secure data transfer between public services,
  - may not deliver optimum One Barnet solutions for data connectivity
  - may be unable to deliver NHS connectivity within ASCH transformation initiatives,
  - will continue to be exposed to business continuity risks.
- 4.2 Unless the option to authorise spend with 2e2 is exercised the Council will need to carry out costly tendering processes before April 2013, resulting in arrangements that may not deliver best value for money.

#### 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

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

- 6.1 The annual Managed Support contract with 2e2 expires on 21 June 2013.
- 6.2 The annual Managed Service contract for 2012/13 has a value of £836,000
- 6.3 Cabinet Resources Committee's approved spend with 2e2 in addition to the Managed Service Contract for 2012/13 is:

	Contract spend
Wisdom Support	£56,000
IPT and Infrastructure Refresh	£350,000
E-learning	£18,000

6.4 Total spend since 2005 with 2e2, and including capital costs associated with approved IT Infrastructure projects is:

	Contract spend
2006/07	£939,147.72
2007/08	£1,585,718.07
2008/09	£1,670,963.66
2009/10	£1,634,043.32
2010/11	£1,066,401.60
2011/12	£1,465,039.16
2012/13	£667,071.94
	<b>£9,028,385.47</b>

6.5 The following spend with 2e2 UK Limited is anticipated for the following projects identified prior to the NSCSO transfer to date:

	Estimated total spend
Data Back Up improvements	£300,000
GCSx / PCI / PSN / N3 compliance	£10,000
Telephony changes	£50,000
Transport service network changes	£10,000
Public Health programme	£20,000
NHS N3 network link	£10,000
Shared Case records	£10,000
Business Continuity	£300,000
<b>Total additional 2e2 spend</b>	<b>£710,000</b>

6.6 There are no issues related to Staffing and Property.

## 7. LEGAL ISSUES

7.1 In the event that the lifetime values of the contract dealt with within this report, exceeds the, relevant, European Threshold, the Public Contracts Regulations 2006 (as amended) will apply. Any non-compliance with the Regulations carries a risk of legal challenge and the imposition of sanctions if successful.

7.2 The aggregate value of additional spend against the 2e2 contract has a value above the, relevant, EU threshold. It is considered that reliance may be placed upon Regulation 14 of the Public Contracts Regulations 2006 (as amended), which implement the European Directive into domestic legislation. Regulation 14 enables a Contracting Authority to

negotiate a contract with a particular supplier, without the publication of a contract notice, when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the public contract may be awarded only to a particular economic operator.

- 7.3 The Treaty provisions of equal treatment, fairness and non-discrimination must be complied with, by the council, in carrying out its functions and in exercising its powers.
- 7.4 With respect to the council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one or more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, below.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution, Part 3, Section 3.6 details the functions of the Cabinet Resources Committee. Section 5.8 of the Contract Procedure Rules provides that the Committee has the power to waive the provisions of the Contract Procedure Rules where the Committee is 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 the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or
  - 8.2.3 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.
- 8.2 A waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, in view of the complex nature of the contract which requires regularisation the time which it would take to carry out full procurement process(es); and the impending externalisation of NSCSO to an private partner.
- 8.3 As the aggregated value of the contract spend is above £500k, under Article 13 of the council constitution, this is a Key Decision.

## **9. BACKGROUND INFORMATION**

- 9.1 A number of critical and short-term change projects underway within the Council, require changes to IT services currently managed by 2e2 under the Managed Services contract. These changes are outside the contracted provision and will incur cost from 2e2. The alternative to tender for these changed services will not provide best-value for the council and could add risk to the council IT infrastructure.
- 9.2 The Council has a current Medium / High risk (12) on the capability to restore IT services following the loss of the NLBP data centre. A full disaster recovery solution is specified for delivery under the One Barnet NSCSO process, for anticipated delivery within 12 months of award. CDG and IGC have approved £300k expenditure to enhance off-site

data back ups to enable restoration of data at a Business Continuity site. The solution must integrate with Managed Service solutions currently in-situ.

- 9.3 A Business Continuity suite has been identified in Barnet House, and requires IT infrastructure to enable council service continuity. The work will require enhancements to current IT Managed Services currently delivered by 2e2 (£300k)
- 9.4 Council IT must be compliant with standards for data transfer through public service networks (GCSx, PSN, N3) and must be compliant with card payment standards (PCI). Maintenance of these compliance standards requires changes and improvements to Managed Services (firewalls, data comms links). (£10k)
- 9.5 One Barnet change projects (Customer Services and Transport) require IT changes. These IT changes are required within the Managed Service. (£60k)
- 9.6 The Adults Transformation programme, including integration with Public Health services, and NHS initiatives requires further data exchanges to be implemented, requiring changes to the IT Managed Service. (£40k)

## 10. LIST OF BACKGROUND PAPERS

10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>AT/MC/JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Sport and Physical Activity Review – Strategic Outline Case</b>
Report of	Cabinet Member for Customer Access and Partnerships
Summary	This report sets out the strategic outline case for a review of sport and physical activity provision within the borough

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Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	Appendix 1 – Sport and physical activity Review Strategic Outline Case
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## **1. RECOMMENDATIONS**

- 1.1 That the Committee approves the work to undertake an Outline Business Case including an Options Appraisal on the future of sport and physical activity provision across the borough.**
- 1.2 That the Outline Business Case on the future of sport and physical activity provision returns to Cabinet Resources Committee for approval prior to implementation.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 9 September 2002 (Decision 8) – agreed to award preferred Partner Status to Greenwich Leisure Ltd (GLL) to manage and operate the Council's leisure centre facilities; and approval to negotiate and finalise the contract.
- 2.2 The Leader of the Council approved by means of delegated powers report on 31 December 2002 that the partnership with GLL should commence on 1 January 2003 and that the necessary financial and budgetary provisions be made.
- 2.3 Cabinet, 6 May 2008 (Decision item 5) – approved the establishment of the Future Shape of the Organisation<sup>1</sup>.
- 2.4 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.
- 2.5 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.

- 2.6 Cabinet, 21 October 2009 (Decision item 8) – approved plans to implement the Future Shape programme.
- 2.7 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.

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

- 2.8 The financial statements for 2009/10, agreed by the Audit Committee on 21 September 2010 (Decision item 9), established a Transformation Reserve to meet the costs of the Future Shape programme.
- 2.9 Cabinet, 29 November 2010 (Decision item 5) – approved the Sustainable Communities Strategy.
- 2.10 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.
- 2.11 Cabinet, 22 February 2011 (Decision 6), Council 1 March 2011 (Decision 9)- agreed budget reductions to the leisure centres contract to facilitate a zero cost provision following contract review
- 2.12 Cabinet Resources Committee 28 July 2011 (Decision 5), Approval for the movement of £0.500m from Contingency to Environment & Operations for 2011/12 as a one off transfer to fund the Leisure budget pressure.
- 2.13 Cabinet, 20 February 2012 (Decision 6), recommended to Council the approval of the creation of five new ‘Strategic Reviews’ as part of Business Planning for 2012/13 to 2014/15.
- 2.14 Council, 6 March 2012 (Decision 9), approved the Cabinet’s recommendation of 20 February (cf paragraph 2.5, above).

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

- 3.1 The three priority outcomes set out in the 2012/13 Corporate Plan are:
- better services with less money;
  - sharing opportunities, sharing responsibilities;
  - a successful London suburb.

The three principles that underpin these priorities and the Corporate Transformation programme are:

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

- 3.2 The Sport and Physical Activity Review project is being taken forward through the Corporate Transformation programme and the recommendations in this strategic outline case fit within the principles above. In line with these principles the project will involve the following:

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

- develop a new deal with citizens to increase community ownership of sport and physical activity provision;
- enable citizens to take an active role in managing their personal health and well-being;
- support and re-engage citizens to ensure they play a positive role in society.

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



- engage a wide range of stakeholders across the sport and physical activity sector to develop a sustainable strategy;
- provide strategic vision to enable commercial and third sector sport and physical activity providers to drive provision.

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

- develop opportunities through the health and well-being agenda to effectively target provision;
- ensure resources across the partnership are used efficiently to minimise duplication of effort;
- be innovative and take advantage of evolving technology, thinking and practice.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Risks associated with the delivery of this project are managed and reported in accordance with corporate risk and project management processes and will also be reported through existing democratic processes.
- 4.2 Key risks associated with the implementation and enhancements of the strategy are highlighted in the Strategic Outline Case (SOC) along with the respective mitigating actions. These risks will be updated in the options appraisal that will return to Cabinet Resources Committee later in the year.

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

- 5.1 The Council and all other organisations exercising public functions on its behalf are required under the Equality Act 2010, to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 Comprehensive user and employee equalities impact assessments will be carried out and revisited at each phase of the process and the results taken into account in arriving at a decision with respect to changes in the provision of sport and physical activity services within the borough. If the outcomes of the review have implications on staff then the findings of the council's Employee Equality Assessment will be presented to General Functions Committee.
- 5.3 The strategic review of sport and physical activity must incorporate a well-designed insight, consultation and engagement programme, to identify and understand the varied needs of the diverse communities and user groups within the borough. Officers will ensure that consultation events and activities are established as required. In addition, the appropriate equality impact assessments will be completed and included in the decision-making process.

- 5.4 The effects of the proposals upon all groups, protected by equalities legislation, including the disabled and those from minority ethnic groups, will be evaluated and taken into account in arriving at any decisions about the provision of sport and physical activity services. It is essential that a comprehensive equalities impact assessment is completed with respect to all options presented by the strategic review. The corporate plan sets out a commitment that major policies, functions and activities should be assessed for their equalities risks.
- 5.5 The strategic review will also need to link in with the Joint Strategic Needs Assessment (JSNA) for health in the borough. The JSNA identifies that there are differentials in health outcomes between various communities and therefore any equalities review will also need to take these impacts into account.

## **6. USE OF RESOURCES IMPLICATIONS**

- 6.1 The 2012/13 Leisure Service budget is £1.363m for the year. Most of this expenditure is in respect of the GLL contract which runs until December 2017 with a total commitment of £7.14m.
- 6.2 The Council's Medium Term Financial Strategy (MTFS) has an agreed saving for the Leisure Service of £967,000 from 2014/15 onwards. The SOC explores the options to deliver potential for savings in this area.
- 6.3 The 2012/13 Youth Service Positive Activities Programme budget is £134,000 for the year.
- 6.4 If the SOC is approved and an outline business case is developed, options within this document will identify costs and savings for the council in line with the budgets and agreed savings as set out above.
- 6.5 The up-front costs to deliver an outline business case and support the creation of a sport and physical activity strategy, estimated to be £198,000, will be funded from the council's transformation reserve. The project will seek to reduce costs as much as possible.
- 6.6 The Council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon our staff. In the context of Corporate Transformation Programme this means that all internal re-structures will be managed in compliance with the Council's Managing Organisational Change Procedure. Where the change results in a TUPE transfer the Council will meet all of its statutory obligations but it will not provide any enhancement over and above that provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006, Code of Practice and Best Value Authorities Staff Transfers (Pensions) Direction. All matters relating to staffing and requiring a decision must be referred to the General Functions Committee for approval.

## **7. LEGAL ISSUES**

- 7.1 Data Protection Act 1998 considerations in relation to Information sharing. This will be relevant should the outline business case recommend a procurement phase.
- 7.2 The Council will also need to consider and comply with its Contract Procedure Rules.
- 7.3 Subject to legal advice, the renegotiation of the Leisure Centres Contract is likely to require the consent of the contractor, in absence of which the Council is likely to be bound by the terms and conditions contained within the existing contractual agreement.
- 7.4 The Strategic Outline Case identifies a potential option for the Council is to transfer or dispose of relevant assets. In the event that the Council elects to proceed to dispose or otherwise part with possession of an asset, it will be necessary for the Council to comply with any relevant legislation, including for example Local Government Act 1972 s123 (Disposal of Land by principal councils) and obtaining where necessary any consent or special consent to the disposal from the Secretary of State. In addition it will be necessary to follow the procedures set out within the Constitution including Part 4 – Management of Real Estate, Property and Land and obtaining the necessary authorisation.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Council Constitution, 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 Constitution Article 13 13.03 (Type of Decision) – a “key decision” means an executive decision which is likely: - a) to involve expenditure or savings in excess of £500,000 as well as otherwise being, significant having regard to the council’s budget for the service or function to which the decision relates; b) to be significant in terms of its effect on communities living or working in an area comprising two or more wards in the borough. In accordance with section 38 of the Local Government Act 2000, in determining the meaning of “significant” regard shall be had to any guidance for the time being issued by the Secretary of State.

## **9. BACKGROUND INFORMATION**

- 9.1 The SOC explores strategic options and outcomes required to support public health and well-being, and to inform a new ambition and strategy for sport and physical activity. This case looks at sport and physical activity opportunities and so extends far beyond the future of leisure centres in Barnet. It explores and articulates the opportunities for traditional sport and physical activity services, other parts of the council (such as Greenspaces), and partners to achieve a whole range of positive outcomes for citizens. This SOC develops potential options that justify further exploration and considers all cost implications, both capital and revenue. This will be covered in detail at the Outline Business Case (OBC) stage.

9.2 The desired project outcomes for the Sport and Physical Activity Review which have been developed during the SOC are highlighted below.

- Improving levels of physical activity within LB Barnet, particularly in targeted areas for both adults and children, leading to improvements in health outcomes and general well-being. These will be defined in consultation with the public health agenda.
- Improved opportunities and access to sport and physical activity activities for individuals of all ages and abilities seeking to take more responsibility for their health and well-being.
- Optimised opportunities to improve the sport and physical activity landscape through planning gain and improvements to public realm, to be achieved via better intelligence on identifying need, supply, and demand of facilities and provision.
- Ownership of a partnership-based sport and physical activity strategy by external partners, including schools; local businesses; major employers; community organisations; and commercial and amateur sports clubs, creating a network of organisations that promotes enablement, well-being and active lifestyles through a more coordinated approach to provision.
- Defining the most appropriate governance arrangements to support the council and key stakeholders delivering the sport and physical activity component of the health and well-being agenda.
- Reductions in direct expenditure by LB Barnet on provision and services that could be provided through alternative sport and physical activity provision, traditional and non-traditional approaches and partnerships.

9.3 There are a number of projects currently being considered as part of the Council's corporate change programme. They include Early Intervention, Community Safety, Health and Social Care Integration and the Sport and Physical Activity Review. These projects interlink with the corporate strategy through the focus on early intervention and community safety. The Sport and Physical Activity Review project has the potential to draw together a number of common threads found across these reviews, as the physical activity enabled by attractive sport and physical activity opportunities is both a key component of public health, can be used to promote community cohesion, and can act to divert people from anti-social behaviour and crime.

9.4 Physical activity levels within the borough are poor. Barnet is currently ranked 23rd out of 33 London boroughs for levels of adult physical activity according to the Sport England Active People Survey (5 Oct 2010). Physical activity levels of school children in Barnet are below the national average, with particular concerns relating to some faith schools and areas of deprivation.

9.5 Co-ordinated sport and physical activity has a constructive role to play in social cohesion. Whilst there is some targeted provision within the Youth Service, focused on activities which divert young people from negative behaviour and actions, there is an opportunity to review this in a more strategic way linking with our partners and the community safety agenda.

9.6 The Council's role is to provide a governance structure to support the contribution sport and physical activity can make and engage key sector partners to maximise the potential for partnership working. By articulating the

need and desired outcomes, the council provides leadership, support and facilitation. There is a need to ensure there is appropriate engagement of all groups to meet its objectives. This can be embodied in the partnership for health provision. The Health and Well-being Board provides the framework in which the Council can set, design and govern desired health outcomes. A thriving sport and physical activity community can maximise the potential impact on the health and well-being of the population.

9.7 Given this context, it is now appropriate to consider sport and physical activity as a key social outcome in the context of the extended health agenda and the changing council role. By understanding sport and physical activity in this way, we will enable community partnerships to provide and improved positive public health outcomes as well as increased community cohesion and safety within Barnet. Partners will be provided with a framework to work together to meet the key objectives of Barnet in shaping the sport and physical activity landscape.

9.8 There are a number of strategic options open to the council:

1. Divest and exit
2. Maintain spend but use resources differently
3. Cost reduction
4. Invest to save
5. Invest in new capital infrastructure

It is recommended that the fifth option above – Invest in new capital infrastructure – is not explored further due to the high levels of financial risk and lack of affordability. The remaining four strategic options are recommended to be taken forward for further exploration in the OBC stage.

9.9 The outline business case for the Sport and Physical Activity Review will engage with key stakeholders to establish with greater accuracy the costs and benefits, both financial and non-financial to the council, partners and residents.

## 10. LIST OF BACKGROUND PAPERS

10.1 None

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## Appendix

# Project Brief including Strategic Outline Case (SOC): Sport and Physical Activity Review

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## 1. Introduction

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### 1.1 Aims of the Strategic Outline Case (SOC)

This SOC explores strategic options and outcomes required to support public health and well-being, and to inform a new ambition for sport and physical activity. High level options compatible with this emerging ambition will be set out and proposed for more detailed exploration in the Outline Business Case (OBC).

This case looks at sport and physical activity opportunities and so extends far beyond the future of leisure centres in Barnet. It explores and articulates the opportunities for traditional leisure services, other parts of the council (such as Greenspaces), and partners to achieve a whole range of positive outcomes for citizens. This SOC develops potential options that justify further exploration and considers all cost implications, both capital and revenue. This will be covered in detail at the OBC stage.

### 1.2 Desired outcomes for sport and physical activity

The desired project outcomes for the Sport and Physical Activity Review which have been developed during the SOC are highlighted below.

1. Improving levels of physical activity within LB Barnet, particularly in targeted areas for both adults and children, leading to improvements in health outcomes and general well-being. These will be defined in consultation with the public health agenda.
2. Improved opportunities and access to sport and physical activities for individuals of all ages and abilities seeking to take more responsibility for their health and well-being.
3. Optimised sport and physical activity funding through planning gain, such as Section 106, and improvements to public realm, to be achieved via better intelligence on identifying need, supply, and demand of facilities and provision.
4. Reductions in direct expenditure by LB Barnet on provision and services that could be provided through alternative sport and physical activity provision, including traditional and non-traditional approaches and partnerships.

5. Develop a partnership for sport and physical activity that allows external partners, including schools; local businesses; major employers; community organisations; and commercial and amateur sports clubs, creating a network of organisations that promotes enablement, well-being and active lifestyles through a more coordinated approach to provision.
6. Defining the most appropriate governance arrangements to support the council and key stakeholders delivering the sport and physical activity component of the health and well-being agenda.

### 1.3 Research and findings undertaken to support the SOC

In completing this SOC a number of activities have taken place. This has included: consultation and engagement with councillors, senior council officers and service leads and North Central London NHS; research into policies, strategies and current activity in sport and physical activity within the council as well as nationally; review of the existing Greenwich Leisure contract; and research into income gain through planning and grant funding. Full details can be found in Appendix 1

### 1.4 Key target dates for the Sport and Physical Activity Review

Subject to approval, the following key target dates are recommended:

Date	Key Milestone
September 2012	Sport and physical activity needs analysis and facilities mapping delivered Stakeholder engagement and public consultation activity commissioned
December 2012	Engagement and consultation activity and Options Appraisal delivered
December 2012	Outline Business Case commences
April 2013	Final Business Case completed



## 2. Strategic Context / Background

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Sport and physical activity is a component of the health, well-being and social cohesion of the community, contributing to creating a good place to live.

There are a number of projects currently being considered as part of the council's corporate change programme. They include Early Intervention and Prevention, Community Safety, Health and Social Care Integration and the Sport and Physical Activity Review

These projects interlink with the corporate strategy through the focus on early intervention, prevention and community safety. The Sport and Physical Activity Review project has the potential to draw together a number of common threads and feed into a wider strategic review of council provision as well as acting as a key enabler for the health and well-being strategy.

We have defined four key components of the strategic context:

1. sport and physical activity in Barnet
2. council role
3. provider landscape
4. outcomes.

In addition, the following partners who have an influence and impact on sport and physical activity provision in Barnet (within scope) are:

- Third sector providers
- private sector providers
- major employers
- commercial sports clubs
- amateur sports and social clubs
- community groups
- schools.

As work on the SOC has developed, it has become clear that a broader perspective is required to encompass sport and physical activity across LB Barnet. The facilities which relate to this enhanced scope can be found in Appendix 2.

### 2.1 Sport and physical activity in Barnet

Barnet is currently ranked 23<sup>rd</sup> out of 33 London boroughs for levels of adult physical activity according to the Sport England Active People Survey 5 (Oct 2010) with only 14.4% of adults participating at recommended levels. LB Barnet's neighbouring boroughs range from 10.5% (Enfield ranked 33) to 17.3% (Haringey

ranked 13)<sup>1</sup>. Physical activity levels of school children in Barnet are below the national average, with particular concerns relating to some faith schools and areas of deprivation.<sup>2</sup>

Co-ordinated sport and physical activity has a constructive role to play in social cohesion. Whilst there is some targeted provision within the Youth Service, focused on activities which divert young people from negative behaviour and actions, there is an opportunity to review this in a more strategic way, linking with our partners and the community safety agenda.

## 2.2 Council role

The council's role<sup>3</sup> is to provide a governance structure to support the contribution sport and physical activity can make and engage key sector partners to maximise the potential for partnership working. By articulating the need and desired outcomes, the council provides leadership, support and facilitation. There is a need to ensure there is appropriate engagement of all groups to meet its objectives. This can be embodied in the partnership for health provision. The Health and Well-being Board provides the framework in which the council can set, design and govern desired health outcomes. A thriving sport and physical activity community can maximise the potential impact on the health and well-being of the population.

From research undertaken in this review, there is limited evidence of specific outcomes being targeted and delivered through leisure centre provision. It appears that there are many opportunities to re-engage with GLL to ensure that their activity delivers against a range of priorities to support broader strategic outcomes. Key analysis of the current situation is as follows:

- **Limited data on performance, leading to an unclear picture on outcomes achieved.**

There is limited performance data available. This has led to a very unclear picture on outcomes achieved to date and even the outputs of the operation such as customer numbers and profiles.

- **Best practice highlights a partnership approach that should be focussed on more specific outcomes.**

The current contract specification for GLL is focused on leisure centre operations, rather than being an outcome / output based specification. Should a contract variation be possible (subject to legal advice) there is an opportunity to broaden GLL's role outside of core operations to deliver a wider range of

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<sup>1</sup> Sport England Active People Survey 5

[http://www.sportengland.org/research/active\\_people\\_survey/idoc.ashx?docid=6dff52e3-73c3-4993-9762-a079e9f71410&version=1](http://www.sportengland.org/research/active_people_survey/idoc.ashx?docid=6dff52e3-73c3-4993-9762-a079e9f71410&version=1)

<sup>2</sup> Schools Sports Partnership 2011

<sup>3</sup> The Sustainable Community Strategy 2010-2020 sets out the council's long term strategic plan

[http://www.barnet.gov.uk/info/1131/sustainable\\_community\\_strategy/173/sustainable\\_community\\_strategy](http://www.barnet.gov.uk/info/1131/sustainable_community_strategy/173/sustainable_community_strategy)

outcomes – e.g. capacity building, supporting community use in schools and special events.

- **Lack of an evidence based sport and physical activity strategy resulting in a fragmented approach to provision and stakeholder management.**

The council currently does not have an all-encompassing strategy for sport and physical activity. A typical strategy would include:

- sport and physical activity facilities
- sports development and physical activity
- open spaces
- playing pitches.

A sport and physical activity strategy would provide a clear understanding of need, the council's key priorities and approach to achieving desired outcomes. In its absence, there is a fragmented approach to provision and stakeholder management.

- **Limited strategic steer to support planning developments means that the council is not achieving all that it could.**

Due to the lack of a clearly defined strategy, planning developments do not have a clearly defined sport and physical activity requirement and as such many ad hoc developments have historically been approved – some of which are unsustainable.

- **A number of opportunities to achieve strategic outcomes are being missed.**

There is limited cross-departmental collaboration on joint initiatives and a lack of leadership to champion opportunities.

- **There is insufficient focus on early intervention and prevention.**

There is very little evidence of a coordinated approach, resulting in missed opportunities to build integrated services around citizens' needs.

- **There is insufficient coordination of strategic partners to support delivery of an overall strategy.**

There are no structures currently in place to encourage the coordinated approach to sport and physical activity. This has led to departments operating in silos and several opportunities to join up thinking and delivery have been missed.

- **The Health and Well-being Board will have a focus on public health and have identified sport and physical activity as a key contributor.**

The emerging health and well-being in Barnet - supported by the new public health outcomes framework - highlights the important role for sport and physical activity in improving health outcomes and contributing to quality of life and well-being. This project will seek to explore how this role links to emerging options and highlights the likely outcomes to be achieved from different strategic choices.

## 2.3 The provider landscape

It is important to have a clear understanding of those who provide sport and physical activity related services and what those services are.

### ▪ **GLL Leisure - background**

The 15-year contract with GLL, established in 2003, delivers mainstream indoor sports provision and swimming through five leisure facilities.

Of the five leisure facilities, the council owns the freehold of four, and one is a long lease. They are of mixed quality, with some sites nearing the end of their economic life. There is a need to better understand future asset management costs and risks in parallel to developing clarity on opportunities and options relating to asset transfer / sale or redevelopment.

The GLL contract runs until December 2017 and, through a negotiated approach, has the potential to play a focused role in addressing some key outcomes required by the council now and in the future.

### ▪ **Community use in schools**

The council has a strong track record of encouraging community use of schools on both a lettings basis as well as a more proactive community sports provision. However, a number of schools are not opening up their facilities to the wider public, or are currently constrained to do so. There is an opportunity to explore how these assets can be better utilised and to secure external funding to support improvements.

### ▪ **Parks and Open Spaces**

The council's open spaces, playing pitches, outdoor sports facilities all play a vital role in enabling and providing places for people to get active and stay healthy. However, many of these valued services are not being used to their full potential and there could be some real opportunities to make better use of the council's assets for the benefit of the community. Ensuring parks and open spaces are clean and green will help to make the local environment feel a safer more inviting place for residents. Parks and open spaces, and the associated leisure facilities, have a particularly key role as through ensuring they are places that local residents want to access and look after it can have a number of beneficial impacts on the community for a low revenue cost:

- Provide diversionary sports activities for young people to reduce the risk of them becoming involved in anti-social behaviour
- Provide diversionary sporting activities for offenders to help in reducing the risk of re-offending
- Improve the health of young people reducing the negative impact on health services
- Improve the health of elderly people reducing the support needed for health and social care.

- **Youth Service Sports Development (Positive Activities programme)**  
The youth service manages a small team supporting vulnerable young people through diversionary activity with the aim of reducing the risk of involvement in anti-social behaviour – the Positive Activities programme. The annual budget for this from 2012/13 is £134k and the scope is necessarily narrow given the target group being supported. The council's Sports Development team does seek to input into wider cross cutting work where practicable, but following recent budget reductions, their capacity is limited. There is a potential to provide diversionary sporting activities for young offenders to help in reducing the risk of re-offending as part of the Youth Offending Service
  
- **Private sector operators (eg Fitness First, Virgin Active, Powerleague)**  
There are a range of private sector leisure operators in Barnet providing access to sport and physical activity. There is an ambition from the council to enable the private sector to take on a wider role to provide for those citizens who wish to take responsibility for their own health and well-being and this will be explored further in the review.
  
- **Local sports clubs**  
Barnet's sports clubs provide many opportunities for formal and informal sports participation. There is limited engagement and support for these clubs at present and national research indicates club memberships in many sports are waning. Information on membership and opportunities to join sports clubs is fragmented and this lack of awareness may be inhibiting take up.  
  
There is also an opportunity to engage local residents further and give them a level of ownership of their locality similar to the allotment scheme. Currently the council works with local Friends Groups which are involved in cleaning up local areas and fundraising with the support of the council to deliver localised improvements. The council will look at opportunities to expand this community involvement for local groups to take greater control of facilities. These opportunities will allow local people to have greater control of the look and feel of their communities, for example a Friends Group attached to a local bowls club could identify whether a local bowls club has the most appropriate facilities or operational capacity e.g. if funding is more closely tied to membership there would be an increased emphasis on engaging the local community and broadening membership appeal. This approach could be a key enabler to forging a new relationship with citizens through the localism agenda.
  
- **Professional sports clubs (e.g. Saracens RFC)**  
The council's relationships with professional sports clubs such as Saracens has been considered as part of the SOC. Environment and Planning Committee have recently granted planning consent to Saracens RFC for their proposal at Barnet Copthall stadium. This will bring Saracens into the borough and will bring a range of new partnership opportunities.

## 2.4 Outcomes

The Corporate Plan sets out the council's strategic priorities to deliver better services with less money; sharing opportunities while sharing responsibilities to deliver a successful London suburb, linking with the Sustainable Community Strategy which sets out the ten year vision for the borough. Following consultation with senior officers in Adult Social Care and Health, Children's Service and Environment, Planning and Regeneration, a high level outcomes framework has been developed which aligns with the Corporate Plan.

Below the priority outcomes are identified and the potential for a more targeted approach is explored, along with opportunities to make better use of local resources and the energies of local communities.

### **Priority outcomes**

The priority outcomes emerging from our engagement with senior council officers are as follows:

- quality of life for residents
- older adults being able to exercise personal choice
- older adults maintaining their health and well-being
- older adults living independent and fulfilling lives
- children and young people develop good health and a healthy lifestyle
- children and young people achieve their potential
- children and young people make a positive contribution to their community.

### **Targeting priority population segments**

A decision needs to be made as to what extent investment in sport and physical activity should be targeted at specific sub-groups of Barnet's population to maximise improvement in these priority outcomes. Agreeing which groups should be targeted and which specific outcomes prioritised will need to be done at OBC stage, but some examples are provided below for illustration:

- Increased engagement and participation in community life through sport and physical activity for targeted young people and adults
- improving educational attainment through improved levels of fitness for targeted children and young people
- reducing the number of falls through increased levels of exercise and mobility
- increased emotional and mental wellbeing
- reducing the social isolation of older adults.

### **Focusing on local priorities and making use of local resources**

With the Localism agenda, place-based operational services need to be delivered locally and tailored to fit a specific area's needs, within a larger scale efficient operation. This agenda will also allow the council the opportunity to look at what further can be done to localise assets and increase community ownership of them.

Through this agenda, budgets could be provided to communities to support improvement and management of localities. These grants would only be provided to individuals or groups who would commit to fundraising or giving a number of volunteer hours to the community (in line with the 'Pledgebank' model). There is potential for the council to take on a greater enabling role – supporting communities

to take ownership of local facilities and develop sustainable opportunities for sport and physical activity that do not require council resources to run. Examples of these kinds of activity could include:

- local stewardship of parks and open spaces
- community led events and activities
- sports clubs developing and broadening their membership
- third sector organisations taking on management of assets such as day centres, playing pitches, tennis courts etc
- school partnerships in developing and supporting competitive sport (e.g. Barnet Partnership for School Sport)
- local groups supporting 'grow your own' fruit and vegetable projects
- local walking and running groups establishing themselves.

## 2.5 Summary of strategic context

Despite a great deal of good practice and effort across directorates such as Children's Service, Adult Social Care & Health and Environment, Planning & Regeneration (Greenspaces) it is recognised that the council would benefit from a more co-ordinated, strategic approach. This could lead to greatly increased opportunities to encourage, enable and support positive investment, partnerships and community ownership of sport and physical activity.

There is potential to draw together activities under a wider strategic remit across sport and physical activity provision, linking with the corporate strategy through the focus on early intervention and prevention and community safety. In considering the future delivery of these services the council will be looking at how these services can contribute to delivering better services with less money; sharing opportunities and sharing responsibilities; and being a successful London suburb.

With the development of the Health and Well-being Board and the draft Health and Well-being Strategy<sup>4</sup>, the timing of this review is helpful in supporting the council in identifying its future approach. The new Public Health Outcomes Framework<sup>5</sup> released by the Department of Health in January 2012 has identified key performance indicators linked to physical activity, obesity, use of green space, social connectedness, and diet & well-being. The impact of sport and physical activity will have a significant influence on the council's future performance in public health league tables.

To maximise the contribution sport and physical activity in its widest form can provide, there is an emerging case for developing one strategy which encompasses

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<sup>4</sup> Draft Health and Well-being Strategy was presented to the Health and Well-being Board, agenda item 4, on 22/03/2012 - <http://barnet.moderngov.co.uk/Data/Health%20&%20Well-Being%20Board/201203220900/Agenda/Document%201.pdf>

<sup>5</sup> Public Health Outcomes Framework - [www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_132358](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_132358)

the elements highlighted. This strategy would also position the council's aims and ambitions moving forward to provide a very clear narrative and direction of travel.

Six key reasons why the council should consider a new approach along with the options that are appropriate and affordable to take forward into an Outline Business Case (OBC) are explored in sections 3 and 5 respectively.

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### 3. Reasons for change

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It is now appropriate to consider sport and physical activity as a key social outcome in the context of the extended health agenda and the changing council role with the implementation of the Health and Well-being Boards and strategies. The council needs to access how disparate independent providers are organised, marshalled and supported.

This will create the definition required to enable community partnerships to provide and improve positive public health outcomes, community cohesion and supporting youth in Barnet. Partners will be provided with a framework to work together to meet the key objectives of Barnet in shaping the sport and physical activity landscape.

Building on the analysis of strategic context, six major reasons for change have emerged from the research:

1. Through a strategy focused on outcome related provision, the GLL contract has the potential to demonstrate significantly improved value in delivering a number of the council's desired outcomes.
2. Barnet residents are not sufficiently active and this is likely to have significant adverse impact on the health and wellbeing of the population.
3. Through a more co-ordinated approach, partners could better improve levels of activity in Barnet and deliver desired outcomes for the community.
4. The council is not optimising the use of its internal resources, partnerships, assets, and green spaces to enable people to take more responsibility for their health and well-being.
5. The council is missing out on opportunities to secure investment in sport and physical activity from the private sector and external partnerships because it does not have a clear evidence-based strategy.
6. The Barnet Health and Well-being Board will play an increasing role in commissioning early intervention and prevention to support a broad range of outcomes. There is a critical, integrated role for sport and physical activity to play.

Appendix 3 details and provides detailed evidence to support change.

## 4. Opportunities for financial and non-financial benefits

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The SOC has focused on exploring the potential of further annual savings in relation to:

- Leisure centres contract (£1.2m revenue per annum)
- Reviewing opportunities for income generation with Greenspaces service
- Youth sports development / diversionary activities (£0.1m revenue)

The details of this expenditure are shown below. These need to be considered in light of agreed Medium Term Financial Strategy (MTFS) savings.

### 4.1 Leisure centres contract

The current contractual commitment is £7.14m from 2012/13 to December 2017. The implications on the service impact, range of facilities and scope of services that could be provided through a reduced or varied contract need careful evaluation to support options development at OBC stage. Key areas that will be explored include:

- the health impacts on the community
- community feedback on potential closures
- equality impacts of changes to sport and physical activity provision
- the social impacts on the community and community groups
- the implications of fewer people in Barnet taking part in sport and physical activity as a consequence of any reduction in service / access.

Linked to developing options, there is potential to explore delivering a greater impact and outcomes from the existing (or a varied) contract with GLL. This could be in the form of them taking on activities which have a marked impact on physical activity levels for targeted communities and vulnerable individuals. Through a preventative approach this could deliver a far greater set of benefits for LB Barnet resulting in longer term savings.

A saving of £207k per annum will be made following the Saracens agreeing to take responsibility for Copthall Stadium under a long lease.

The OBC will seek to explore how the council can move to a zero budget contribution to leisure centre operations over time and how this can be achieved.

### 4.2 Parks and Open Spaces

The parks, open spaces and sports ground budgets are currently under review. It is not envisaged that any further significant savings can be generated other than through reduction of grounds maintenance specifications. However, opportunities for asset transfer and increased revenue generation could create opportunities to reduce revenue costs.

There is a total budgeted income for parks, open spaces and sports grounds of c£1.25m for 2012/13. Further work will need to be undertaken in the OBC stage to

establish in greater detail the opportunities for greater income generation of Greenspaces assets relevant to the Sport and Physical Activity Review.

#### **4.3 Youth services (diversionary activities)**

The Youth Service's Positive Activities programme budget is £134k per annum from 2012/13 after undergoing a major reduction in the scope of service following the cessation of funding from the Youth Sport Trust. Local schools are self-funding through the Barnet Partnership for School Sport.

This service currently focuses on vulnerable youth. As options evolve, the role of sports development will be an integral part of a number of options, particularly linked to the commissioning of early intervention and prevention.

#### **4.4 Public health services**

Public Health leadership and responsibility for health improvement and protection will transfer to local authorities from 01 April 2013. The following responsibilities will be transferred to Barnet council:

- Sexual Health services (contraception and sexual health services)
- Drug and alcohol substance misuse services
- Smoking cessation
- Children's health services (provided by school nursing service)
- Dental public health
- Health protection (emergency preparedness and plan resilience)

Responsibility for the funding and delivery of public health will remain with the NHS NCL Barnet until the formal transfer of undertakings from the 01 April 2013. The finalised local authority public health allocations will be confirmed during the autumn of 2012 in preparation for the formal TUPE transfer of public health functions and staff from 01 April 2013.

Further work will be required to establish the opportunities for service provision available to the council.

#### **4.5 Summary**

The evidence reviewed has created a compelling case to seek to explore the longer-term benefits and potential savings generated from outcomes delivered through sport and physical activity.

Subject to approval, through further exploration of options in the OBC phase, it could emerge that maintaining or increasing physical activity levels in the borough where they are currently lower than the norm could result in significant longer term financial and non-financial savings for the council. These are highlighted as follows:

#### 4.6 Financial benefits

The financial benefits that relate to exploration of savings through reduction in expenditure or savings through the Sport and Physical Activity Review can be seen in Table 6.

**Table 6: Financial Benefits**

Financial Benefit	Potential scale of benefit	Timescales
Significant reduction in the c£1.2 million annual revenue commitment to operating 5 leisure facilities under the GLL contract. (This equates to £7.14 million up to December 2017 including inflation).	This is being explored through legal advice prior to any commercial negotiations. A saving of £207k per annum will be made following the Saracens agreeing to take responsibility for Copthall Stadium under a long lease.	Any potential savings could be realised between 2013/14 and December 2017.
Greenspaces	Reviewing opportunities for income generation with Greenspaces service. Current levels of income total £1.25m. Further work will need to be undertaken in the OBC stage to establish in greater detail the opportunities for greater income generation of assets relevant to the review.	Income generation could potentially begin in 2013
Youth Service (Targeted positive activities).	£0.1m	Savings could be realised between 2013/14 dependent on the impact of the planned 2013/14 savings for the Children's Service of £1m
The extent to which savings can be made through prevention of poor health outcomes.	This could be significant but would need to be subject to further scoping and evidence based research.	Savings could be realised in the medium (3-5 years) to long term (5-10 years +).
The extent to which savings can be made through extending the time those older residents can live independently in their own homes and out of long term care.		

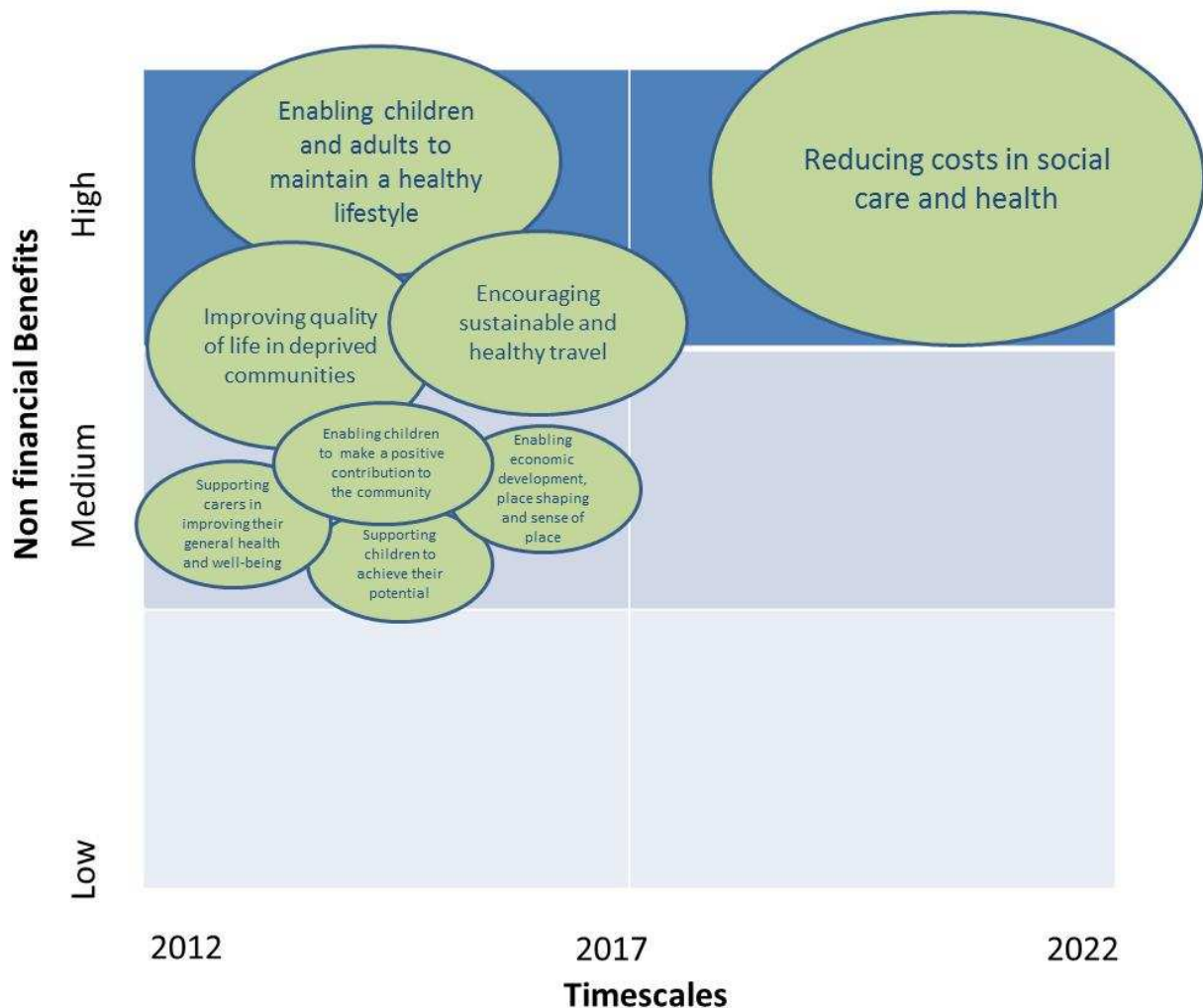
The extent to which diversionary activities can support at risk families and the resultant savings generated through preventative opportunities.		
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#### 4.7 Non-financial benefits

The extent to which non-financial benefits can be realised for each option would be explored in the OBC stage subject to approval. Many of these benefits would have an indirect impact on savings and these are highlighted where relevant.

Figure 1 shows the types of non-financial benefit (or benefit which is indirectly delivering cashable savings).

**Figure 1: Non-financial benefits**



The key non-financial benefits include

- Enabling children to maintain good health and a healthy lifestyle
- enabling adults to maintain good health and a healthy lifestyle
- reducing costs in social care
- enabling children to make a positive contribution to their community
- supporting children in achieving their potential
- supporting carers and improving their general health, mental health and well-being
- improving quality of life to those residents living in deprived communities
- encouraging sustainable and healthy travel
- enabling economic development, place shaping and sense of place.

Appendix 4 provides greater detail to support each of the benefits highlighted.

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## 5. Project Definition

The current financial landscape the council is operating in has led to Medium Term Financial Strategy (MTFS) savings with which to deliver sport, physical activity and related services. Therefore, the council must use this reduced spend in an alternative way to achieve its strategic aims though the delivery of the desired outcomes highlighted in section 1.

A number of strategic options to deliver these outcomes have emerged for the council to consider and evaluate. The impact each of these options could have on the delivery of the council's desired outcomes and the financial imperative of the current climate has been assessed in order to shortlist appropriate options that should proceed to OBC stage.

### 5.1 Strategic options

There are five broad options available to the council for the future delivery of sport and physical activity services. Within these broad options there are sub-options as set out in Table 7.

**Table 7 - Strategic Options**

<b>1. Divest and exit</b>	
<p>Seek to transfer assets, lease / sell leisure sites and withdraw from funding public sport and physical activity provision. Actively seek to encourage others to invest in sport and physical activity infrastructure.</p>	<p><b>Sub-options</b></p> <ul style="list-style-type: none"> <li>- Cease funding leisure centre operations.</li> <li>- cease funding all development activity in parks and open spaces</li> <li>- cease funding Youth Diversionary Sports Development activities</li> <li>- enable sport and physical activity investment from private and third sector</li> <li>- optimise use of existing facilities, green space and infrastructure</li> <li>- explore enabling community based local outcomes.</li> </ul>
<b>2. Maintain spend but use resources differently</b>	
<p>Continue to fund sport and physical activity to the same amount, but seek to improve the outputs and outcomes delivered.</p> <p>This could mean renegotiating a broader range of service outcomes from the leisure centres operator to optimise use of parks and open spaces, organise major events and build local capacity for sports clubs and schools. The council would</p>	<p><b>Sub-options</b></p> <ul style="list-style-type: none"> <li>- Explore enabling community based local outcomes</li> <li>- explore targeted health and wellbeing improvement outcomes</li> <li>- enable sport and physical activity investment from private and third sector</li> <li>- optimise use of existing facilities, green space and infrastructure.</li> </ul>

<p>actively seek to encourage others to invest in sport and physical activity infrastructure. Enabling locally based activity would be encouraged.</p>	
<p><b>3. Cost reduction</b></p>	
<p>Reduce investment in sport and physical activity whilst seeking to vary the outputs and outcomes delivered to optimise value for money.</p> <p>This could mean retaining some or all of the leisure centres, continuing to deliver some parks services and some youth diversionary sports development services based on cost / benefit. Enabling locally based activity would be encouraged. The council would actively seek to encourage others to invest in sport and physical activity infrastructure.</p>	<p><b>Sub-options</b></p> <ul style="list-style-type: none"> <li>- Explore enabling community based local outcomes</li> <li>- explore targeted health and wellbeing improvement outcomes</li> <li>- enable sport and physical activity investment from private and third sector</li> <li>- optimise use of existing facilities, green space and infrastructure.</li> </ul>
<p><b>4. Invest to save</b></p>	
<p>This could mean investing in a broader range of service outcomes from the leisure centres' operator and other partners to optimise use of parks and open spaces, organise major events and build local capacity for sports clubs and schools. This could also form some element of commissioning early intervention and prevention for targeted groups – e.g. falls prevention, reducing social isolation, supporting mental health etc. Enabling locality based activity would be encouraged.</p>	<p><b>Sub-options</b></p> <ul style="list-style-type: none"> <li>- Explore targeted health and wellbeing improvement outcomes</li> <li>- enable sport and physical activity investment from private and third sector</li> <li>- optimise use of existing facilities, green space and infrastructure</li> <li>- explore enabling community based local outcomes.</li> </ul>
<p><b>5. Invest in new capital infrastructure</b></p>	
<p>Invest in new capital infrastructure for sport and physical activity.</p>	<p><b>Sub-options</b></p> <ul style="list-style-type: none"> <li>- Investment in new capital infrastructure for sport and physical activity.</li> </ul> <p>In addition, this option could also include:</p> <ul style="list-style-type: none"> <li>- Increase revenue expenditure on sport and physical activity facility provision</li> <li>- increase revenue expenditure on parks and open spaces</li> <li>- increase revenue expenditure on youth diversionary activities.</li> </ul>



## 5.2 High level options – initial analysis

Options analysis will be conducted if this project moves to OBC stage. Table 8 attempts to highlight the potential impact each of the five options could have. This is clearly at a very high level and has been produced to identify any options that should be ruled out at this early stage.

**Table 8 - Initial Options Analysis**

Strategic Options	Likely impact on priority outcomes	Likely impact on outcomes for priority groups	Likely ability to increase use of community resources	Likely financial impact
<b>1. Divest and exit</b>	Deterioration	Deterioration	Uncertain	Uncertain – trade-off between revenue savings from sport and physical activity services and increased costs to other council services needs to be quantified.
<b>2. Maintain spend but use resources differently</b>	Improvement	Improvement	Improvement	Potential to lead to savings from other council services. Unlikely to meet MTFS savings.
<b>3. Cost reduction</b>	Uncertain – could be potential to do same for less	Uncertain – but potential for Improvement	Uncertain – but potential for Improvement	Likely to lead to savings in traditional sport and physical activity spend.
<b>4. Invest to save</b>	Improvement	Improvement	Improvement	Increases to sport and physical activity spend. Potential to lead to savings from other council services. Risk of not achieving MTFS savings.
<b>5. Invest</b>	Improvement	Uncertain – but strong potential for Improvement	Improvement	Capital investment required is unaffordable. Will not meet MTFS savings.

It is recommended that the fifth option above – Invest – is not explored further due to the high levels of financial risk and lack of affordability. The remaining four strategic options are recommended to be taken forward for further exploration in the OBC stage.

## 5.3 Critical path activity

To enable the four remaining options above to be explored, the following critical path activity is described below. This will provide the project with the information it will

need to assess the attractiveness, costs and benefits of the four options in the OBC phase.

There will be a requirement for some further research and activity to ensure that the information and data available to support the options analysis is robust. The outputs will enable the council to have a clear and robust rationale to support its decision making. The risks relating to not progressing with this activity are highlighted in section 7.

#### **5.4 Key dependencies**

There are a number of dependencies which influence the timing of commencement of the OBC. These are highlighted below with estimated timescales. As part of the OBC stage other public sector bodies, such as the police, will be engaged with to identify if there are any other dependencies.

##### **Leisure Contract Dependencies**

1. **The leisure centre high level development appraisals** and contract review will influence options exploring to divest in / transfer / sell or redevelop sites. A schedule of properties and income produced has been completed. Pending legal and planning observations are required in order to provide detailed valuations.
2. **Detailed condition surveys** for all five remaining sites to establish the longer term capital repairs and maintenance costs for each building have been completed. At present there is no budget allocated for these repairs and visibility on future works is very limited. This is a significant medium term risk.

##### **Sport and Physical Activity Review Strategic Dependencies**

The following dependencies have been identified which would prevent the Sport and Physical Activity Review from progressing:

1. **A sport and physical activity needs assessment and active places review** is required to underpin the Sport and Physical Activity Review and to inform a future sport and physical activity strategy. The purpose of the sport and physical activity needs assessment and active places review is to produce an analysis of existing leisure facilities and provision of active places in the borough (including playing pitches) and an assessment of existing and future demand, arising from population growth and the changing needs of its many communities.

The assessment will explore the current condition, location and sustainability of the council's sports assets and active places in scope and will support the OBC options development. This will be completed in September 2012.

2. **An Open Spaces Strategy** will evaluate the effectiveness of the existing local development framework; infrastructure delivery plan and playing space standards; appraise the present provision of open space and recreation facilities; and assess the implications of likely future development and

demographic changes on the open space requirements of the borough up to at least 2022. This will be key to supporting new developments such as Stanley Road and the five main regeneration areas, where guidance on sport and physical activity in its widest scope is very limited. If approved, a full strategy including refinements to the PPG17 Playing Pitch Strategy would take 6-9 months due to the size of the Borough.

This open spaces strategy would not directly impact on the OBC but influence the outcomes post FBC and implementation. It is recommended to be progressed subject to approval as part of the green spaces strategy work.

- 3. Public consultation** will seek to engage with the community, local interest groups and stakeholders in relation to informing the Sport and Physical Activity Review OBC and likely public response to potential options. This will be achieved through stakeholder focus groups, end user / non user questionnaires and other methodologies. If approved, this would take 3-4 months.

### **5.5 Scope of the Sport and Physical Activity Review in OBC stage**

The scope of the Sport and Physical Activity Review into the OBC stage has incorporates places where sport and physical activity take place, key council services that play a key role in commissioning or delivering services and current / future partners. The scope highlighted in section 2 reflects the proposed scope of the Sport and Physical Activity Review.

The following commercial leisure facilities fall out of the scope of the review.

- Bingo halls
- pubs and nightclubs
- restaurants
- cinemas
- theme parks
- caravan / holiday parks.

The focused scope of the Sport and Physical Activity Review options will concentrate on the four service areas directly funded by the council highlighted previously, namely:

1. Leisure contract
2. parks and open spaces
3. diversionary activity
4. public health services.

### **5.6 Constraints that will affect the project**

The OBC will be influenced by the following constraints:

- The degree to which the council can influence and vary the GLL Contract – this is a fundamental constraint which requires addressing prior to the OBC commencing as it will impact on both the new relationship with providers, partners and citizens which the council is seeking and future service efficiencies.
- The timing of consultation - timing consultation with the community and key stakeholders will be important to ensure a consistent message prior to the development of a strategy.

### **5.7 Ownership of investment planning process**

Craig Cooper, Director of Commercial Services will be responsible for investment planning.

### **5.8 Resources**

For the project to progress through an options appraisal and business case, the Corporate Change Programme will need to provide dedicated project management support and subject matter expertise. This team would deliver the project with the support of the service area managers and the Assistant Director of Children's Service, Schools and Learning, as Project Lead. Additionally there is a requirement for part-time support from Finance. Estimated project support costs are detailed in section 6.

Depending on the availability of these resources it is anticipated that an options appraisal would be completed in autumn 2012 for decision by Cabinet. Should approval be given to proceed to options appraisal, a full costing to carry out this piece of work would be drawn up for approval by the Assistant Director, Commercial Transformation, and the Deputy Chief Executive.

## 6. Project Approach

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### **Outline Business Case Preparatory Stage**

#### ***March – September***

- Sport and physical activity needs analysis and facilities mapping to identify the current provision against current and future need
- Condition surveys of the five council leisure centres

#### ***September – December 2012***

- Continuing with renegotiation with GLL if required following legal advice which has been commissioned in the SOC phase
- stakeholder and Member engagement events to seek input into the Sport and Physical Activity Review
- delivery of key outputs to support options development (see section 5).

### **Updated Outline Business Case (OBC)**

#### ***December 2012 – April 2013***

- Development of current state / baseline position / clear understanding of needs / demand.
- consultation with key stakeholders and potential partners
- development of a vision and strategy for sport and physical activity
- consideration of emerging options
- inclusion of all costs and benefits over the lifetime of the contract and/or assets.
- all cost estimates will be based on a common pricing level and will include:
  - Capital and revenue costs
  - sunk costs
  - organisational development
  - consideration of net present values, cash flow and indexation
  - consideration of VAT and tax
  - financial analysis will be accompanied by assessment of risks.

### **Approaches to be used to investigate options**

The following approaches will be used to investigate options:

- Visits and tours of other councils, leisure operations, public health organisations to explore alternative approaches to provision / delivery / partnership
- consultation with members, potential and existing partners and stakeholders
- exploring potential synergies to join up currently separate services linked to parks, schools, the arts, libraries, sport and physical activity to support health and well-being
- consultation with the public
- exploration of best practice and alternative approaches of service delivery
- consultation with neighbouring boroughs, national governing bodies of sport and Sport England (funding body)
- development of a vision for 'Active Barnet' and high level strategy based on identified needs within Barnet

- exploration of funding and partnering opportunities with key stakeholders such as Sport England, Saracens, Pentland, Middlesex University, NHS etc.

### Project resources

The Sport and Physical Activity Review Board Structure will be as follows in Table 9.

**Table 9 – Sport and Physical Activity Review Board Structure**

Key resource	Key role
<i>Craig Cooper</i>	<i>Sponsor (leads weekly meeting)</i>
<i>Mick Quigley</i>	<i>Project Lead</i>
<i>Ed Gowan</i>	<i>Assistant Director, Commercial Transformation</i>
<i>Rachel Wells</i>	<i>Assistant Director, Public Health</i>
<i>Matt Gunyon</i>	<i>Leisure Contract Manager</i>
<i>Omar Villalba</i>	<i>Project Management</i>

The OBC stage will require resources with the following skills / expertise:

- Strategic evaluation and input to lead the development of the OBC. Understanding of methodologies to support options development.
- Detailed expertise in options, their advantages and disadvantages based on learning from other projects.
- Ability to deliver clearly articulated options and evaluate robustly.
- Strong stakeholder management skills to ensure a joined up approach.
- Strong project management background to support effective delivery of OBC on time and to budget. Strong organisational skills / stakeholder management. Self-starter.
- Strong business case development skills linked to financial modelling and options appraisals.
- Expertise in analysis of outputs from pre-OBC deliverables – eg needs analysis, facility mapping, consultation findings etc.
- Research skills in securing information and data from third parties to support development of case studies / best practice examples.

In order to deliver an options appraisal and business case it is anticipated that the following resources would be required:

- Project Manager x 1 FTE
- Finance Manager x 0.25 FTE
- subject matter expert x 0.2 FTE
- work packages as detailed in tables 11 and 12

Staff costs: £98k

Work package costs: £100k (as detailed below)

Total costs: £198k

Resource is in full-time equivalent rather than people as both service and subject matter experts could comprise of more than one officer. Detailed resource planning will need to take place once the scope of the OBC stage has been confirmed.

### Project Costs for pre OBC phase – Leisure Contract and Assets Review

The following costs relate to the pre-OBC activity the council needs to prioritise prior to commencing the OBC, shown in Table 11. Some elements of this activity, such as the review of the GLL contract will have already commenced in the SOC stage.

**Table 11 – Pre OBC Costs Leisure Contract and Assets Review**

Description	Cost £k	Confirmed?	Timescales	Comment
Leisure centre high level development appraisals and contract review	20	Estimated	June– Sept 2012	Underway
Detailed condition surveys	30	Estimated	Aug – Sept 2012	Complete
Sub-total	50			

The following costs in Table 12 relate to the potential pre-OBC activity the council needs to consider following the outcome of leisure contract and assets review.

**Table 12 – Pre OBC Costs – Research and Activity**

Description	Cost £k	Confirmed?	Timescales	Comment
A sport and physical activity needs assessment and active places review	30	Estimated	May – Oct 2012	Underway
Contract negotiation Support	20	Estimated	Sept- Oct 2012	Underway
Sub-total	50			

### Project Costs for OBC phase

These costs are currently being developed and will be updated subject to the outcome of the leisure contract and assets review and need to be proportionate to the potential savings / outcomes available.

## 7. Risks

The risks identified here are **specific to the effective delivery of this work package**. The project risks are captured elsewhere and will include these risks, but be more comprehensively scoped.

If the OBC progresses, the following risks have been identified in Table 13.

**Table 13 – OBC Risks**

Risk Description	Cause of risk	Mitigation Actions / Comments
Development landscape changing	Opportunities arising (such as the Stanley Road re-development) will occur throughout the process of developing the new strategy.	Ensure that new developments that could be influenced / supported by the developing outputs from the Sport and Physical Activity Review are considered and supported as required subject to resource availability.
Inability to secure interest and buy in from external stakeholders (eg stakeholder / Member education events)	Conflicting priorities for stakeholders.  Lack of profile for the Sport and Physical Activity Review.	Project to be proactive in setting up meetings and communicating key drivers / benefits to secure attendance. Sponsor to intervene / promote as needed.
Failure to coordinate approach for Sport and Physical Activity Review with other strategic review projects	Poor communication and cooperation between projects.	Build in regular reviews of progress across all strategic review projects to identify synergies and opportunities for collaboration.  Agenda item for Project Board meetings.  Integrate into PID.
Delays in developing pre-OBC outputs – eg: - A clear approach to support ongoing contract and partnership negotiations with GLL - Leisure centre condition	Project Board may require more time to consider SOC.  Insufficient budgets available to commission the work outside of the	Commissioning of these essential outputs (and consideration of desirable outputs) has been agreed, with the exception of a public consultation, to be commissioned as part of



Risk Description	Cause of risk	Mitigation Actions / Comments
<p>surveys.</p> <ul style="list-style-type: none"> <li>- Leisure facilities development appraisals for all five remaining sites to support options development</li> <li>- A sport and physical activity needs assessment and active places review</li> <li>- Public consultation</li> <li>- An open spaces strategy focused on supporting the borough's main regeneration areas linked to detailed analysis of the existing PPG17.</li> </ul>	<p>Partnership.</p> <p>Legal advice on GLL contract is delayed / inconclusive and requires further exploration.</p>	<p>the OBC stage and an open spaces strategy, which is recommended to be progressed subject to approval as part of the green spaces strategy work.</p>
<p>Weak engagement from key internal stakeholders / directorates</p>	<p>Conflicting priorities.</p>	<p>Project to be proactive in setting up meetings and forcing issues for resolution. Sponsor to intervene as needed.</p>
<p>Lack of useful data within directorates to support review.</p>	<p>Lack of data and management information.</p>	<p>Identify information requirements early in PID and manage proactively.</p>

If the OBC does not progress, the following major risks have been identified as shown in Table 15.

**Table 14 – Risks if OBC does not progress**

Risk Description
<p>The GLL contract is not addressed between now and 2017 and the council is committed to a contract that may not represent best value and one that it cannot afford. The value of this contract between 2012/13 to 2017 is £7.14m excluding likely capital investment on essential repairs and maintenance estimated at £600k-£1 million.</p>
<p>Barnet's levels of obesity and obesity related health outcomes will continue to increase without a cross cutting strategy to reduce sedentary habits and increase levels of physical activity. This will in the medium to long-term translate to unaffordable levels of demand on long term health care costs.</p>

**Risk Description**

If the council does not establish a clear picture of the sport facility landscape across the borough to understand location and condition of existing sites, areas of need, opportunities for securing investment and gaps in provision, it will be in a poor position to:

- Secure funding from organisations such as Sport England and national governing bodies of sport
- Leverage better deals with private sector operators seeking to develop facilities within the Borough (eg private gyms, five a side centres, climbing centres, health clubs etc)
- Area action plans in existence will fail to specify what sport and physical activity provision is required and developers will be able to do the bare minimum in an area, rather than seek to add value to community developments through targeted provision of public realm and sport and physical activity facilities.
- Advise on what to incorporate in planning gain developments (the Community Infrastructure Levy) relating to public realm, playing pitches, children’s play and ‘active’ design.
- Plan for divestment in an effective way to secure commitment from other partners to take on responsibility of provision (eg schools / community associations / sports clubs).
- Single use facilities will continue to be planned and developed rather than exploring hubs with joint use and more efficient use of resources.
- Secure commissioned work from health and well-being boards / NHS, Commissioning bodies as the evidence base will be poor.
- Support schools in planning and designing the right type of community use facilities to be compatible with other provision, rather than replicating existing provision.
- Focus the efforts of partners (such as Saracens) in focusing their Corporate Social Responsibility and community development efforts in areas of the Borough that would most benefit.

This would impact most on the five regeneration schemes in terms of missed opportunities to align needs of those new communities with sport and physical activity provision. An example of this is that the replacement of Hendon Leisure Centre is planned in stage 2, but despite an increase in 5000 houses, the size of the facility will be the same, creating a shortage in supply for that communities sport and physical activity needs. Barnet cannot afford to plan for the future based on lack of a coherent approach to matching needs with provision. This increases the risk of more ‘white elephants’ in the borough such as the Graham Park all weather pitch facility.

Without progressing to OBC the range of choices available to individuals who want to take more responsibility for their own wellness and health will be reduced due to lack of effective coordination, signposting and opportunities. Links to GP’s and providers of sport and physical activity will remain fragmented with differing levels of quality.

Without an identified budget for leisure centre capital repairs to the exterior of the buildings, the council is at risk over overspending in other budget areas if it needs to respond to an urgent repair to avoid financial penalties relating to loss of income. Reputational damage is also a risk.

Without a coherent vision and strategy for sport and physical activity, future physical

**Risk Description**

provision will be ad hoc, poorly coordinated and opportunities to leverage partnerships and a greater responsibility and ownership with key stakeholders, sports clubs, schools and the community will be missed.

Opportunities to attract investment, programmes, regular special events, and support for capacity building will also be missed.

Without the council clearly redefining its future role as an enabler it is at risk of reputational damage with expectations being mismanaged at a local level. Facility closures / asset transfers will be difficult to justify without a strong set of alternative solutions and compelling alternatives.

The OBC presents an opportunity to explore the extent to which joining up a range of services could provide the council with additional savings and benefits – eg libraries, parks and open spaces, arts provision, sport and leisure facilities, services and partnerships. If it does not progress, these potential savings are unlikely to be explored robustly. Many London boroughs have been packaging up their sport and cultural services and establishing arm’s length Trusts. We would like to explore this as an option for Barnet, given the NNDR savings alone would total circa £1 million per annum.

With the development of the Health and Well-being boards, using the OBC to develop a clear strategy for sport and physical activity will be a key element of the prevention agenda and support for outcomes in health, mental health, community cohesion and supporting young people’s development. Without this, there will be less innovation and joined up thinking around how to tackle long term trends in increased costs of care and support for residents who need support and opportunities in getting more active.

Without a clear strategy around provision and access to swimming pools, local children are at risk of not being able to access swimming, thus risking increased numbers of drowning incidents and reduced water confidence.

**8. Dependencies and Relationships**

The following projects and programmes are highlighted in Table 16 outlining the respective dependencies / impacts.

**Table 16 – Dependencies / Impacts**

Project / Programme	Dependency / Impact
<p>Corporate Change Programme strategic review Early Intervention and Prevention</p>	<p>The Sport and Physical Activity Review will explore a range of potential opportunities to provide opportunities for early intervention and prevention through partnerships, programmes and the Active Barnet Strategy which will emerge from the OBC. This will focus on synergies and links to outcomes in adult social care, environment and children and young people.</p> <p>There is a strong link to public health and the joint</p>

Project / Programme	Dependency / Impact
	strategic needs assessment.
Corporate Change Programme strategic review Heath and Integration	<p>The Sport and Physical Activity Review will play a key role in providing a coherent picture of the infrastructure and capacity available to support the promotion and implementation of greater opportunities for individuals to become more physically active.</p> <p>The emphasis on increased signposting, improved information sharing and coordination of resources will be fundamental to achievement of health outcomes.</p>
Corporate Change Programme strategic review Community Safety	<p>The role the sport and physical activity plays in creating vibrant and cohesive communities will be fed into the community safety work package to ensure all opportunities for a joined up approach to empowering communities to do more for themselves is realised. Special events, unlocking the potential of using parks and open spaces for community events and activity for a key part of this.</p>
Greenspaces Strategy	<p>There will be a strong link to the outcomes of the open spaces strategy linked to influencing active design and specifying recommendations and requirements to support the Community Infrastructure Levy investment projects.</p> <p>There will be an identifiable link to parks, playing pitches and open space linked to programming more physical activity in these spaces and encouraging active transport.</p>
Localism Agenda	<p>The emerging active Barnet strategy will explore the potential to secure greater local ownership and stewardship of public space.</p>
Saracens / Barnet Copthall Stadium development	<p>The development of the new stadium will herald a real opportunity for a long term partnership with Saracens RFC within the local community. Through an active Barnet strategy, with Saracens as a key partner, opportunities can be leveraged and maximised to bring as wide a community, economic, social and sports development benefit to Barnet.</p>

Project / Programme	Dependency / Impact
Leisure centre high level development appraisals and contract review	The work proposed pre and during OBC will establish a sound understanding of leisure centre provision. The data and information needed will support any discussion to align provision with the council's strategic aims and desired outcomes.
<b>Regeneration Areas:</b> Colindale West Hendon Cricklewood Brent Cross Mill Hill East	The Sport and Physical Activity Review will support the development of a clearer sport and sport and physical activity landscape linked to need, to support future negotiations and planning of amenities, facilities and open space in the regeneration areas.

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**Appendix 1: Research and findings undertaken to support the SOC**

Activity area	Detail
Member engagement	<ul style="list-style-type: none"> <li>• Consultation with the lead Cabinet Member responsible for the Sport and Physical Activity Review – Cllr Robert Rams</li> <li>• A Member Engagement Event held on 1 February to seek views and input into the Review</li> </ul>
Officer & partner engagement	<ul style="list-style-type: none"> <li>• Consultation across all relevant Directorates with Senior Managers</li> <li>• Detailed consultation with service leads in Leisure, Greenspaces and the Youth Service including analysis of their budgets</li> <li>• Detailed consultation with senior planning and regeneration officers</li> <li>• Consultation with Andrew Burnett, Director of Public Health and his team</li> <li>• Workshops to establish the key priority outcomes required by each directorate</li> <li>• Consultation with key strategic partners who are involved in the delivery of sport and physical activity in schools, through commercial sports clubs and partnerships such as the Barnet Partnership for School Sport</li> </ul>
Research & sharing of market insight	<ul style="list-style-type: none"> <li>• Desk research to explore links and synergies to the council's policies, strategies and current activity in sport and physical activity</li> <li>• Desk research to understand the key health and well-being issues facing LB Barnet linked to understanding current physical activity levels</li> <li>• Development and exploration of case studies to explore alternative approaches to sport and physical activity being undertaken in the UK and in some cases, abroad</li> </ul>
Review of contracts & policies	<ul style="list-style-type: none"> <li>• Review of the existing Greenwich Leisure contract</li> <li>• Review of relevant local, regional and national policies and strategies</li> <li>• Analysis of the council's current approach to optimising planning gain through regeneration opportunities.</li> </ul>
Gap analysis and identification of activities needed to resolve	<ul style="list-style-type: none"> <li>• Development and refinement of briefs to support (subject to approval) future consultation, needs analysis, facility demand and supply mapping and development of an open spaces strategy.</li> </ul>

## Appendix 2 - Facilities included in the scope of the Sport and Physical Activity Review

Facilities included in the scope of the Sport and Physical Activity Review are as follows:

- Leisure centres
- parks, playing pitches and open spaces
- school sports facilities open to the public
- outdoor playing pitches and sports facilities
- allotments
- artificial turf pitches
- athletics facilities
- outdoor bowling greens
- play / sport provision for children and young people
- golf courses
- tennis courts (indoor and outdoor)
- outdoor pursuits - places to walk, run, cycle, climb etc
- fitness centres
- fitness facilities in private residential/ supported living / housing association assets
- ice rinks
- indoor bowls
- indoor tennis
- sports halls
- squash clubs
- swimming pools
- hydrotherapy pools
- gymnastics facilities
- dance facilities
- community halls (multi-use facilities)
- disability-accessible/convertible sports facilities
- day centres.



## Appendix 3 – Reasons for change

### **A3.1 - The GLL contract may not represent value for money and the council is not currently in a position to assess whether it is delivering any of the council's desired outcomes.**

#### **Reason**

Currently, the council is investing c£1.2 million per annum into the operation of five leisure facilities, some of which are not efficient to run and will be increasingly costly to maintain over time.

Evidence has highlighted that the management fee being paid may not represent value for money and that the council could seek to move to a position where it does not have to commit revenue to support universal, untargeted provision through the leisure centres, subject to further investigation. The council is currently clarifying the actual financial performance of the facilities with GLL to support future negotiations.

#### **Evidence**

Evidence from other authorities has demonstrated that, in some cases, leisure facility operations can provide the council with a management fee (e.g. Winchester City Council) rather than the council having to subsidise a facility. This can only be achieved through optimally located, energy efficient facilities that are designed to ensure financial sustainability and strong commercial performance.

The issue of capital investment is still a challenge, but the operator market is in a position to invest in return for longer term partnerships.

**Canterbury City Council** is exploring replacing or refurbishing the Kingsmead Leisure Centre to enable its entire leisure contract (five facilities) to operate at zero revenue cost for the next 15 years, with the potential of a management fee or profit share arrangement.

#### **Desired outcomes / benefits**

The longer term outcome for the council is to position itself away from universal, untargeted revenue subsidy, to a more focused commissioning approach to deliver specific outcomes for targeted communities and individuals.

### **A3.2 - Barnet residents are not sufficiently active and this is likely to have significant adverse impact on the health and wellbeing of the population.**

#### **Reason**

The majority of Barnet's adult residents' health is at risk due to their levels of physical inactivity. If not addressed, this will result in significant demands on health and adult social care costs in the longer term. Children's levels of physical activity in many parts of the Borough are worrying low and this will impact on their health, well-being and development.



## Evidence

The council is currently ranked 23<sup>rd</sup> out of 33 London boroughs for levels of adult physical activity according to the Sport England Active People Survey 5 (Oct 2010) with only 14.4% of adults participating at recommended levels. LB Barnet's neighbouring boroughs range from 10.5% (Enfield ranked 33) to 17.3% (Haringey ranked 13).

3 sessions a week (at least 12 sessions of at least moderate intensity for at least 30 minutes in the previous 28 days)	APS5 (Oct 2010 - Oct 2011)
Area name	%
<b>LONDON</b>	
<b>Richmond upon Thames</b>	24.3%
<b>Lambeth</b>	22.2%
<b>Kingston upon Thames</b>	20.1%
<b>Kensington and Chelsea</b>	19.8%
<b>Wandsworth</b>	19.4%
<b>Westminster</b>	19.4%
<b>Sutton</b>	19.0%
<b>Hammersmith and Fulham</b>	18.9%
<b>Bromley</b>	18.7%
<b>Hounslow</b>	18.1%
<b>Southwark</b>	17.9%
<b>Bexley</b>	17.4%
<b>Haringey</b>	17.3%
<b>Hackney</b>	17.0%
<b>Harrow</b>	16.9%
<b>Redbridge</b>	16.2%
<b>Islington</b>	16.2%
<b>Waltham Forest</b>	15.9%
<b>Camden</b>	15.9%
<b>Tower Hamlets</b>	15.6%
<b>Havering</b>	15.3%
<b>Lewisham</b>	14.4%
<b>Barnet</b>	14.4%
<b>Brent</b>	14.3%
<b>Croydon</b>	14.1%
<b>City of London</b>	14.1%
<b>Merton</b>	14.0%
<b>Greenwich</b>	12.7%
<b>Newham</b>	12.3%
<b>Barking and Dagenham</b>	12.3%
<b>Ealing</b>	12.1%
<b>Hillingdon</b>	10.6%
<b>Enfield</b>	10.5%

Participation and obesity levels in young people are also a concern, particularly in the West of the Borough.

The National Child Measurement Programme for Barnet shows that whilst the numbers of obese children in reception classes is starting to level at 10.49% in 06/7 to 9.2% in 08/9, for year 6 we are still seeing an increase from 17.69% in 06/07 to 18.3% 08/09.

In 2008/9, 73% of children and young people aged 5-16 years old were accessing two hours of curriculum time for PE per week. This is below the national average of 81%. It also falls below the council's statistical neighbours who have achieved 83.4% on this measure.

Barnet is a religiously and ethnically diverse community with a significant number of Jewish schools that struggle to meet the 2 hour PE curriculum ambition by virtue of a reduced time allocation for the National Curriculum to accommodate faith studies. Opportunities and programmes for these children outside of school time become even more important.

The evidence shows that the council has a challenge around the transition from compulsory physical education to being motivated to choose to be physically active as a young adult.

The research also shows there has been an increase in male participation offset by a decrease in female participation, therefore girls and women in Barnet are a priority group to get more physically active.

Although the prevalence of adult obesity in Barnet is lower than the England average, estimates indicate there are over 53,800 obese men, women and children living in Barnet with just over 4,000 being morbidly obese. (Source - Barnet Obesity Strategy 2007/08-2010/11, Barnet Primary Care Trust)

Other organisations are addressing obesity through a number of innovative approaches.

**Blackburn with Darwen** had some of the lowest sport and physical activity participation rates in the North West, despite having run a range of GP referral physical activity programmes, linked to weight-management, cardio rehabilitation and diabetes.

This, combined with high smoking rates, a prevalence of mental health problems, and low life expectancy, convinced the local authority and primary care trust that a radical solution was needed.

In 2007, the council launched re:refresh in partnership with local health organisations and the primary care trust.

It began with an awareness campaign that ran in the media, online and in public buildings. Called 'Killer Facts', the campaign was designed to help local people confront their potential health problems.

Longer-term, the emphasis, however, was not on concerning people about their health but on supporting them to make healthier choices by connecting them to their local leisure centre, encouraging them to take part in healthy activities such as cycling, walking and tennis, and working with local communities in the five neighbourhood areas to help them develop their own activities.

Blackburn with Darwen has increased its adult participation in sport and physical activity three times per week by 7.5% from the 05/06 baseline of 16.3% (according to the Sport England Active People Survey), exceeding its 4% target. This was supported by a 4% increase in visits to leisure centres – equating to 12,696 extra visits per week.

**City of New York, USA** has developed innovative approaches to increasing awareness of opportunities and local sporting activity through its BeFit NYC initiative (a programme to encourage people back into exercise, supported by private sector health and fitness providers).

These initiatives are supplemented through harnessing social media such as Facebook and Twitter, signposting residents to local opportunities and encouraging them to share their activities with the wider community.

**Birmingham City Council** has established commissioning relationships with their local NHS to provide a relatively low cost per intervention solution to mass participation in increasing activity levels, with positive results. The activity is leisure, but the funding is from health.

The Primary Care Trusts negotiated with Birmingham City Council activity hours, these will enable residents to continue to access free activities, such as swimming, gym, table tennis, bowls etc. Each constituency has been given an allocation of activity hours. The amount of activity hours each of the ten constituencies have received is based on the health deprivation levels in each constituency. To date over 300,000 people have taken part through the scheme.

A 12 month independent research study identified that for every £1 spent on Be Active per annum, £21 per year total system savings (health and local authority spend) would be realised over 20 years.

The biggest benefits realised were extending quality of life and living longer. The scheme is now evolving to include weight management and smoking cessation – a suite of public health interventions to support residents.

### **Outcomes desired / benefits**

The high levels of obesity and inactivity in some communities within Barnet will create a cycle of dependency and escalating costs of intervention and treatment in the longer term if not addressed. Addressing this key reason for change through a coordinated strategy, approach and wider partnerships will be important in raising participation levels in sport and physical activity.

### **A3.3 - Through a more co-ordinated approach, partners could better improve levels of activity in Barnet and deliver desired outcomes for the community.**

#### **Reason**

The council has not enabled or encouraged other major stakeholders in the borough – such as Pentland, Middlesex University, Saracens, other major employers, the NHS - to jointly develop a strategy to encourage local people to lead healthier lifestyles. Given the pressures on workplace absences, employee well-being, the need to demonstrate corporate social responsibility and to invest time and resources back into the local community, there is a real opportunity to harness this potential.

#### **Evidence**

The SOC has identified an opportunity to use the Sport and Physical Activity Review to engage with this wider stakeholder community to establish a new partnership and shared commitment to supporting and encouraging greater levels of participation in

physical activity and sports development. This can build on the expected surge in demand following the 2012 Olympics and Paralympics.

**Warrington Borough Council** has sought to bring all its stakeholders in sport and physical activity together through an 'Active Warrington Strategy' linked to community pledges and commitments to deliver a range of activities, interventions and outcomes for the benefit of the community. This approach has harnessed commitment from partners with the council playing an enabling role rather than a traditional leading role.

The research has identified that many councils use these partnerships to enable special mass participation sporting events (fun runs / walks / major sports tournaments etc). This provides a range of social and economic benefits.

The **Great London Swim** will be taking place opposite the Excel centre in July 2012 close to the Olympic park. Last year it received 5,000 swimmers and is expected to grow to a two day 10,000 participant event. Like the **Great East Swim in Suffolk** - 45% of participants come from the local area. This presents a key opportunity to connect this to other swimming participation opportunities locally, supported by free i-phone apps which allow users to log swims against challenges.

Local businesses benefit from event related spend and this annual event starts to build a calendar of positive activities and opportunities for people to get involved in. Linked to a wider partnership across Barnet, the potential of mass participation events creates an exciting focus for partners and creates habit forming opportunities for local people to get involved in sport and physical activity.

### **Outcomes desired / benefits**

The longer term spin offs from such events show that these opportunities are proven to deliver more regular physical activity.

### **A3.4 - The council is not optimising the use of its internal resources, partnerships, assets, and green spaces to enable people to take more responsibility for their health and well-being.**

#### **Reason**

Following consultation and research, the current approach to sport and physical activity is quite fragmented and there is no unifying strategy to optimise each department or partners' role and contribution.

#### **Evidence**

There are pockets of best practice as evidenced by some of the community use operations recently transferred back to schools (Compton and Queen Elizabeth's) and in the design of some new school facilities, with community use of the building 'designed in'.

In recent years, funding reductions have resulted in programmed health and well-being activities being reduced in Barnet's parks and green spaces.

Examples of innovation such as the highly successful 'Park Run' initiative highlight the potential to make better use of the council's natural assets through volunteers and other partners.

**Suffolk County Council** has developed a low cost framework to support and enable local schools opening their facilities to the community in improving their accessibility and services. This has enabled 12 schools to access specialist support and build their capacity and confidence, enabling a sustainable future for their operations free from subsidy.

**Blue Leisure** is a private sector operator running school sports facilities for the benefit of the community on a profit share basis with a secondary school in Horley, Surrey. Blue Leisure has invested in three schools in Surrey to improve their sports facilities. Previously, other more traditional operators made a loss and withdrew. The profit share arrangement is 50% of gross profit over £20,000 paid to the school.

### **Outcomes desired / benefits**

The outcome required from addressing this key reason for change is to make better use of Barnet's built environment, green spaces, schools and community facilities, with the catalyst for activity being a broad range of partners, encouraged and supported to 'make it easier for Barnet residents to become more active, more often'.

**A3.5 - The council is missing out on opportunities to secure investment in sport and physical activity from the private sector and external partnerships because it does not have a clear evidence-based strategy.**

### **Reason 1 - Optimising planning gain**

Barnet's approach to securing investment from its major regeneration schemes into public leisure facilities and amenities has been shown to be constrained by a number of factors:

- There is no clear understanding of need, supply of existing facilities or understanding of levels of demand for various sports and physical activities

- The council is unsighted on sport and physical activity development taking place in adjacent authorities and as such is potentially missing opportunities to adopt a more collaborative approach to planning and provision
- Planners are unable to specify what an area needs in relation to new facilities and as such often allow unsustainable development or cannot ascertain the merits of planning applications from organisations such as those seeking to develop a tennis facility in Stanley Road
- Use of green spaces is ad hoc and not strategically developed. Opportunities to add value to developments through intelligent landscaping and design are often missed. This is because the council does not have an open spaces strategy.

### **Reason 2 - Accessing grant funding**

Sport England will be investing £1billion between 2012 and 2017 as part of its commitment to a sporting legacy from the 2012 Olympics in a range of initiatives which Barnet could benefit from. These include:

- Investment in supporting schools to sustainably open their facilities up to the community
- Iconic facilities – capital funding for regionally significant sporting venues, particularly those liked to private sector investment (e.g. Saracens at Barnet Copthall)
- Investment in increasing participation in universities and the community through capital investment
- Support for national governing bodies of sport seeking to invest in facilities
- Funding to encourage community sports clubs to partner with secondary schools.

### **Outcomes desired / benefits**

With significant population growth forecast over the next 20 years, the council would benefit from a clearer strategic and spatial picture of what facilities and amenities are needed by growing communities. Investment in this information would enable the council to use this data in evaluating planning applications, enabling investment into Barnet and supporting capital bids to organisations such as Sport England, who require compelling evidence to support grant applications.

**A3.6 - The Barnet Health and Well-Being Board will play an increasing role in commissioning early intervention and prevention to support a broad range of outcomes. There is a critical integrated role for sport and physical activity to play.**

## **Reason**

Public Health leadership and responsibility for health improvement and protection will transfer to local authorities from 01 April 2013. This will be accompanied by the allocation of ring-fenced budgets to the council and introduction of the Health Premium incentive.

National public health guidance is clear about the important role physical activity plays in health and well-being as evidenced by its current recommendations.

Supporting this guidance, the Department of Health has recently published the new Key Performance indicators for Public Health. The new Public Health Outcomes Framework sets out the desired outcomes for public health and how these will be measured. Sport and physical activity are key social outcomes in the context of the extended health agenda. The role of the council is changing and the implementation of the Health and Well-being Boards and strategies provide the governance to support this new role.

The outcomes reflect a focus not only on how long people live, but on how well they live at all stages of life. The second outcome focuses attention on reducing health inequalities between people, communities and areas. Using a measure of both life expectancy and healthy life expectancy will enable the use of the most reliable information available to understand the nature of health inequalities both within areas and between areas.

### **Outcome / desired benefits**

With the Barnet Health and Well-Being Board establishing itself, there is a real opportunity through the Sport and Physical Activity Review to ensure that physical activity lies at the heart of an early intervention and prevention strategy to relieve pressure on health and adult and social care costs. This would need to be as part of a long term strategy and shift from treatment to prevention.



**Appendix 4 – Non financial benefits**

Non-Financial Benefit	Supporting Information	Potential scale of benefit	Timescales
<p>Enabling children to maintain good health and a healthy lifestyle.</p>	<p>Evidence from the PESSYP Study (2009) highlighted the need for Barnet children and young people to exercise more to support their health and well-being.</p> <p>Obesity amongst young people and adults in the more deprived areas of Barnet is increasing rapidly.</p> <p>Enabling low cost or no cost places for people to be active locally.</p> <p>Encouraging better and more use of parks and open spaces by children – ‘keep on the grass.’</p> <p>The Barnet Partnership for School Sport would be an ideal partner to lead this area of work.</p>	<p>High</p>	<p>This would be subject to options being implemented following the Sport and Physical Activity Review – activity likely to commence 2013/14 subject to approval.</p>
<p>Enabling adults to maintain good health and a healthy lifestyle.</p>	<p>Over 60% of adults in Barnet take no exercise. Improvements in access, opportunities and support to enable those to change their lifestyle could have a long term impact on health costs and improve quality of life.</p> <p>Building a network of support would promote enablement, well-being and active lifestyles for the diverse community of the borough.</p> <p>Enabling low cost or no cost places for people to be active locally.</p> <p>Encouraging better and more use of parks and open spaces.</p>	<p>High</p>	<p>This would be subject to options being implemented following the Sport and Physical Activity Review and external funding from the NHS – activity likely to commence 2013/14 subject to approval.</p> <p>Indirect savings could be realised in the medium (3-5 years) to long term (5-10 years +).</p>

Non-Financial Benefit	Supporting Information	Potential scale of benefit	Timescales
	<p>Enabling people to self-direct their care through personalised budgets to invest in personalised support to meet their needs around health and well-being.</p> <p>Evidence has shown that coordinated physical activity and health programmes such as Birmingham and Blackburn deliver tangible results.</p>		
<p>Reducing costs in social care.</p>	<p>Costs in social care are rising incrementally and unless older adults can be supported in staying healthier, engaging socially and being encouraged to stay mobile; the pressure on primary care will become unsustainable.</p> <p>A coordinated strategy to support older adults would have a marked impact on long term costs.</p>	<p>High</p>	<p>Indirect Savings could be realised in the medium (3-5 years) to long term (5-10 years +) subject to approval.</p>
<p>Enabling children to make a positive contribution to their community.</p>	<p>Evidence reviewed shows that sport and physical activity can have a very positive impact on children's behaviour and ambition. As a diversionary activity it is widely accepted as a very effective tool.</p>	<p>Medium</p>	<p>This would be subject to options being implemented following the Sport and Physical Activity Review – activity likely to commence 2013/14 subject to approval.</p>
<p>Supporting children in achieving their potential.</p>	<p>Creating development pathways for children and young people in sport delivers a number of positive outcomes. This would assist Barnet's youth in achieving their full potential.</p> <p>The Barnet Partnership for School Sport would be an ideal</p>	<p>Medium</p>	<p>This would be subject to options being implemented following the Sport and Physical Activity Review – activity likely to</p>

Non-Financial Benefit	Supporting Information	Potential scale of benefit	Timescales
	partner to lead this area of work.		commence 2013/14 subject to approval.
Supporting carers and improving their general health, mental health and well-being.	Joining up work between health and social care with Sport and physical activity in order to develop a more holistic and comprehensive approach towards carers.	Medium	Indirect savings could be realised in the medium (3-5 years) to long term (5-10 years +) subject to approval.
Improving quality of life to those residents living in deprived communities.	Providing positive opportunities for social engagement, physical activity in deprived areas can make a significant impact on citizen's perceptions of 'place'.	Medium	
Encouraging sustainable and healthy travel.	Reduced car journeys, reductions in individual's carbon footprint, health improvements and reduced costs of travel for citizens.	Medium	This would be subject to options being implemented following the Sport and Physical Activity Review and external funding from the NHS – activity likely to commence 2013/14 subject to approval.
Enabling economic development, place shaping and sense of place (eg special events).	From consultation with officers in Planning and Regeneration there is a strong level of support for ensuring that the Community Infrastructure Levy funding can be better optimised through a more strategic and intelligence based approach to planning for Sport and physical activity.	Medium	This would be subject to a new Sport and physical activity Strategy incorporating an Open Spaces Strategy and other research highlighted to

Non-Financial Benefit	Supporting Information	Potential scale of benefit	Timescales
	Evidence has shown that special events have a positive impact on the local economy.		support the OBC.  Likely to commence 2013 subject to approval.

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Early Intervention and Prevention Strategic Outline Case</b>
Report of	Cabinet Member for Education, Children and Families
Summary	This report asks the Committee to approve the Strategic Outline Case, including budget to progress the development of an Outline Business Case, for the Early Intervention and Prevention project.

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Officer Contributors	Kate Kennally, Director of Adult Social Care and Health and Interim Director of Children's Service Jay Mercer, Deputy Director of Children's Service Ed Gowan, Assistant Director of One Barnet Linda Spiers, Project Manager, One Barnet
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Strategic Outline Case
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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Contact for further information: Linda Spiers, Project Manager, 020 8359 4259

## **1. RECOMMENDATIONS**

- 1.1 That Cabinet Resources Committee approves the Strategic Outline Case for the Early Intervention and Prevention project.**
- 1.2 That Cabinet Resources Committee approves the budget for this stage, as set out in paragraph 6.3.**

## **2. RELEVANT PREVIOUS DECISIONS**

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

It also approved a phased approach to delivering the Future Shape Programme and immediate consolidation of activity in the areas explored by the property, support and transact groups.
- 2.4 Cabinet, 21 October 2009 (Decision item 8) approved plans to implement the Future Shape programme – now known as One Barnet.
- 2.5 Cabinet, 20 February 2012 (Decision 6), recommended to Council the approval of the creation of five new ‘Strategic Reviews’ as part of Business Planning for 2012/13 to 2014/15.
- 2.6 Council, 6 March 2012 (Decision 9), approved the Cabinet’s recommendation of 20 February (cf paragraph 2.5, above).

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

### 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The table below shows how the project fits with the Council's corporate objectives:

Better services with less money	<ul style="list-style-type: none"> <li>• Potential for significant reductions in spend, particularly in ASCH and Children's Service, without withdrawing support for residents.</li> <li>• Intervening earlier or preventing people from spiralling towards chaos is less traumatic for individuals, communities and the public sector.</li> <li>• Supports, and does not duplicate the work done in both the safeguarding of vulnerable children and adults, and the investment in early intervention and prevention for children and families discussed in the corporate plan.</li> <li>• Should support our ability to respond to the changing needs of residents.</li> </ul>
Sharing opportunities, sharing responsibilities	<ul style="list-style-type: none"> <li>• The project places a heavy emphasis on partnership working across the public sector in the Borough. This includes the voluntary sector as well as residents and other local organisations.</li> <li>• Includes activity to support residents to live healthy and independent lives.</li> <li>• Aims to eventually support all children attending a school in Barnet.</li> </ul>
A successful London suburb	<ul style="list-style-type: none"> <li>• The project seeks to support the regeneration and development of the Borough by improving the Council's ability to undertake predictive modelling of future need.</li> </ul>

3.2 **Other Corporate Strategies and Plans**

3.3 **Barnet Children and Young People Plan**

3.4 The Children and Young People Plan 2012 Update includes a range of early intervention and preventative measures across social, physical and mental/emotional health outcomes in order to support its key priorities:

- Ensuring the safety of all Barnet's children
- Narrowing the gap for children at risk of not achieving their potential
- Preventing ill health and unhealthy lifestyles

3.5 The project will support Children's Service to achieve its plan, without duplicating the work of its core functions. In particular, workstream 2 will focus on wider outcomes for children in order to support them to achieve their full potential.

### 3.6 **Keeping Well, Keeping Independent**

3.7 The draft "Keeping Well, Keeping Independent" Strategy for Health and Wellbeing 2012-2015 aims to reduce health inequalities across the Borough by tackling both the social determinants of poorer health and the delivery of integrated health and social care services. It states that it believes that "prevention is better than cure" and aims to help people help themselves and their families to lead healthy and independent lives. The Health and Wellbeing Board is due to approve the Strategy on 4 October 2012.

3.8 The project will support the Health and Wellbeing Board to achieve its objectives by improving partnership working and information sharing in the Borough. It will also examine what can be done to support positive outcomes across all ages whilst making financial savings for Children's Service and Adult Social Care and Health (ASCH) during 2015-18.

### 3.9 **One Barnet Wave 2**

3.10 The Early Intervention and Prevention (EI&P) project forms part of the One Barnet Wave 2 programme of projects:

- Early Intervention and Prevention
- Community Safety
- Sport and Physical Activity
- Waste
- Health and Social Care Integration

3.11 The Wave 2 projects all contain some element of early intervention and prevention. For example, the Sport and Physical Activity project aims to increase levels of physical activity in the Borough, in order to improve health and wellbeing. Health and social care integration aims to develop a more rounded and effective service that will prevent issues escalating into expensive crises.

3.12 The Early Intervention and Prevention project is different from its peers in that it is the only Wave 2 project to examine the delivery of outcomes in a cross-cutting manner rather than a topic-based one. It therefore underpins the other Wave 2 projects as well as supporting the work of ASCH and Children's Services.

### 3.13 **Central Government Objectives**

3.14 The publication of a range of government reports including the reviews by Graham Allen MP into the benefits of intervening early with vulnerable



children<sup>2</sup>, the Marmot review<sup>3</sup>, and the Department of Health’s public health outcomes framework<sup>4</sup> reflect a shift in government thinking towards “prevention is cheaper and better than cure”. This is perceived to be true for both health and social care outcomes.

#### 4. RISK MANAGEMENT ISSUES

4.1 There follows a list of the open risks on the Early Intervention and Prevention strategic outline case, together with their agreed mitigations:

<b>Risk Description</b>	<b>Controls in Place</b>
Workstream 1 We cannot find any GP practices willing to take part in Workstream 1.	Project Manager to liaise with NHS NCL and arrange for locum payments to allow GPs to take part in the project.
Workstream 1 A poorly designed interaction results in no commonality of response in terms of problems or opportunities.	The framework developed for the project will be checked by the project manager and project board before it is signed off by the Operational Lead. It will be tested on teams that are not involved in the project.
Workstream 4 Data on the extent of the effect of particular assets, and how they might interact, either does not exist or cannot be easily made available. If this is so, it will not be possible to build a truly sophisticated database that would allow us to model the true value of our existing assets.	As part of the work on the strategic outline case, the project team will review whether or not academic data on the effects of assets, and how assets interact exists and can be made available.
Workstream 4 There is no database available that can be used for the toolkit, and it proves to be too expensive to develop one.	As part of the work on the strategic outline case, the project team will carry out research into current database tools in order to inform eventual recommendations for the toolkit.

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

4.3 The Early Intervention and Prevention Project Board and the One Barnet Programme Board will provide appropriate escalation routes.

<sup>2</sup> Allen, Graham MP. Early Intervention: The Next Steps. HM Government, January 2011  
Allen, Graham MP. Early Intervention: Smart Investment, Massive Savings. HM Government, July 2012

<sup>3</sup> Marmot, Michael. Fair Society, Healthy Lives. HM Government, 2011

<sup>4</sup> Department of Health. Improving outcomes and supporting transparency. A public health outcomes framework for England, 2013-2016.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Council and all other organisations exercising public functions on its behalf are required under the Equality Act 2010, to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 Any proposed programme of work resulting from this strategic outline case will be assessed for equalities impacts, according to the Council's methodology.

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

- 6.1 In order to support the Council's financial planning, the strategic outline case stage will review where early intervention and prevention initiatives could contribute to savings in Adult Social Care and Health and in Children's Service over the longer term. It will estimate what these could be.
- 6.2 It is generally accepted that the financial benefits of implementing early intervention and prevention projects tend to be longer term and do not always accrue to the organisation carrying out the work. The strategic outline case will therefore, in addition to estimating the financial benefits to the Council of particular pieces of work, look to see how they can be made financially sustainable. Where it is appropriate to do so we will seek financial commitments from partner and other organisations who will benefit from the work.
- 6.3 The budget for the production of outline business cases for the four workstreams described in the strategic outline case is as follows:

Staff costs	£36,701.36
External costs	£189,675.00
<b>Grand Total</b>	<b>£226,376.36</b>

- 6.4 The project will be funded from the Council's transformation reserve.
- 6.5 Council services that will play an active role in the strategic outline stage of the project are:

- Regeneration
- Children’s Service Early Intervention and Prevention Teams
- Adult Social Care and Health Mental Health and Enablement Teams and Commissioners
- Public Health
- The Strategy Team

6.6 The Council currently runs a number of initiatives across Adults and Children’s services around early intervention. Workstream 3 within the strategic outline case considers new approaches to early intervention. Where new solutions are demonstrated to be more effective than current provision, this data needs to be used systematically to inform budgeting and commissioning decisions over the period 2015-2018. This will require analysis of current spend and the effectiveness of this expenditure to be carried out.

## **7. LEGAL ISSUES**

7.1 None save those already referred to in the report. Specifically the equalities duties set out in s149 of the Equality Act 2010 and the requirement to have ‘due regard’ to the matters referred to.

## **8. CONSTITUTIONAL POWERS**

8.1 The Council’s Constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including “approval of schemes not in performance management plans but not outside the Council’s budget or policy framework”.

## **9 BACKGROUND INFORMATION**

### **9.1 Defining “Early Intervention and Prevention”**

9.2 Work has been undertaken to establish the Council’s definition of “early intervention and prevention” as the term is used very widely in different contexts. The agreed definition, approved by CDG, can be found in the attached strategic outline case.

### **9.3 Defining Our Aspirations**

9.4 The Council has developed its aspirations for the provision of early intervention and prevention services across the Borough as a whole. Workstream 1, the Innovation Framework, will examine current provision against these pillars and they provide the touchstone for all the other workstreams. The pillars can be found in the attached strategic outline case.

## **9.5 Review of Existing Provision**

9.6 A high level review of some of the planned and existing activity within the Borough discovered that there is an enormous amount of effort already directed at prevention with a very wide range of client groups. Much of this involves partnership working with and by the Police, Barnet Homes, ASCH, Children's Services, Schools, GPs, Public Health, Barnet Enfield and Haringey Mental Health Trust, JobCentre+, environmental services and the voluntary sector. The review's findings can be found in the attached strategic outline case, and have led to the four workstreams described within that document. The workstreams have been submitted to and approved by the One Barnet Programme Board.

## **9.7 The Project's Relationship with Existing Council Programmes of Work**

9.8 The project will not duplicate the work currently being carried out by Council departments. Instead, it will support existing programmes such as the Troubled Families teams by improving the environment in which they operate and hence help to increase the results that they can deliver.

9.9 It will build on what the Council has learnt in the setting up and delivery of the Troubled Families programme. For example, it will use the information gathered on cost avoidance to inform value for money evaluations. It will also seek to develop joint funding of new work, potentially through community budgets (although other avenues may be explored).

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

10.1 Early Intervention and Prevention Strategic Outline Case.

Legal: LC

Finance: JH/MC

## Strategic Outline Case: Early Intervention and Prevention

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<b>Author:</b>	<b>Linda Spiers</b>
<b>Date:</b>	20 August 2012
<b>Service / Dept:</b>	One Barnet Programme

### Approvals

By signing this document, the signatories below are confirming that they have fully reviewed the Project Brief and Strategic Outline Case for the Early Intervention and Prevention project and confirm their acceptance of the completed document.

Name	Role	Signature	Date
Council Directors' Group (CDG)	One Barnet Programme Board	Minutes	7 Aug 2012

## DOCUMENT CONTROL

### Version History

Version	Date	Author(s)	Summary of Changes
1.0	07/09/12	L Spiers	All comments from Project Board, Programme Board and CRC officer circulation incorporated.
1.1	17/09/12	L Spiers	Workstream 3 Objective 5 as added by Strategic Finance as part of report clearance missing from original version sent to Democratic Services.

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## Strategic Context

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### The Wider Picture

There are compelling reasons for Barnet to explore the best ways of developing early intervention and prevention provision across the borough. Reported results from national and international programmes show the potential for a significant reduction in distress for individuals and communities if problems are caught early. In addition, savings to the public sector of intervening before a problem becomes critical can be very significant.

The recent publication of a range of government reports including the reviews by Graham Allen MP into the benefits of intervening early with vulnerable children<sup>1</sup>, the Marmot review<sup>2</sup>, and the Department of Health's public health outcomes framework<sup>3</sup> reflect a shift in government thinking towards "prevention is cheaper and better than cure". This is perceived to be true for both health and social outcomes.

### Barnet's Corporate Priorities

The table below shows how improving early intervention and prevention provision within Barnet fits with the Council's corporate objectives:

<p>Better services with less money</p>	<ul style="list-style-type: none"> <li>• Potential for significant reductions in spend, particularly in Adult Social Care and Health (ASCH) and Children's Service, without withdrawing support for residents.</li> <li>• Intervening earlier or preventing people from spiralling towards chaos is less traumatic for individuals, communities and the public sector</li> <li>• Supports, and does not duplicate the work done in both the safeguarding of vulnerable children and adults, and the investment in early intervention and prevention for children and families discussed in the corporate plan.</li> <li>• Should support our ability to respond to the changing needs of residents.</li> </ul>
<p>Sharing opportunities, sharing responsibilities</p>	<ul style="list-style-type: none"> <li>• The project places a heavy emphasis on partnership working across the public sector in the borough. This includes the voluntary sector as well as residents and other local organisations.</li> <li>• Includes activity to support residents to live</li> </ul>

<sup>1</sup> Allen, Graham MP. Early Intervention: The Next Steps. HM Government, January 2011  
 Allen, Graham MP. Early Intervention: Smart Investment, Massive Savings. HM Government, July 2012

<sup>2</sup> Marmot, Michael. Fair Society, Healthy Lives. HM Government, 2011

<sup>3</sup> Department of Health. Improving outcomes and supporting transparency. A public health outcomes framework for England, 2013-2016.

	<p>healthy and independent lives</p> <ul style="list-style-type: none"> <li>• Aims to eventually support all children attending a school in Barnet</li> </ul>
A successful London suburb	<ul style="list-style-type: none"> <li>• The project seeks to support the regeneration and development of the borough by improving the council's ability to undertake predictive modelling of future need.</li> </ul>

## Other Corporate Strategies and Plans

### Barnet Children and Young People Plan

The Children and Young People Plan 2012 Update includes a range of early intervention and preventative measures across social, physical and mental/emotional health outcomes in order to support its key priorities:

- Ensuring the safety of all Barnet's children
- Narrowing the gap for children at risk of not achieving their potential
- Preventing ill health and unhealthy lifestyles

The project will support Children's Service to achieve its plan, without duplicating the work of its core functions. In particular, workstream 2 will focus on wider outcomes for children in order to support them to achieve their full potential.

### Keeping Well, Keeping Independent

The "Keeping Well, Keeping Independent" strategy for health and wellbeing 2012-2015 aims to reduce health inequalities across the borough by tackling both the social determinants of poorer health and the delivery of integrated health and social care services. It states that it believes that "prevention is better than cure" and aims to help people help themselves lead healthy and independent lives.

The project will support the Health and Wellbeing board to achieve its objectives by improving partnership working and information sharing in the borough. It will also examine what can be done to support positive outcomes across the lifespan whilst making financial savings for Children's Service and Adult Social Care and Health (ASCH) during 2015-18.

### One Barnet Wave 2

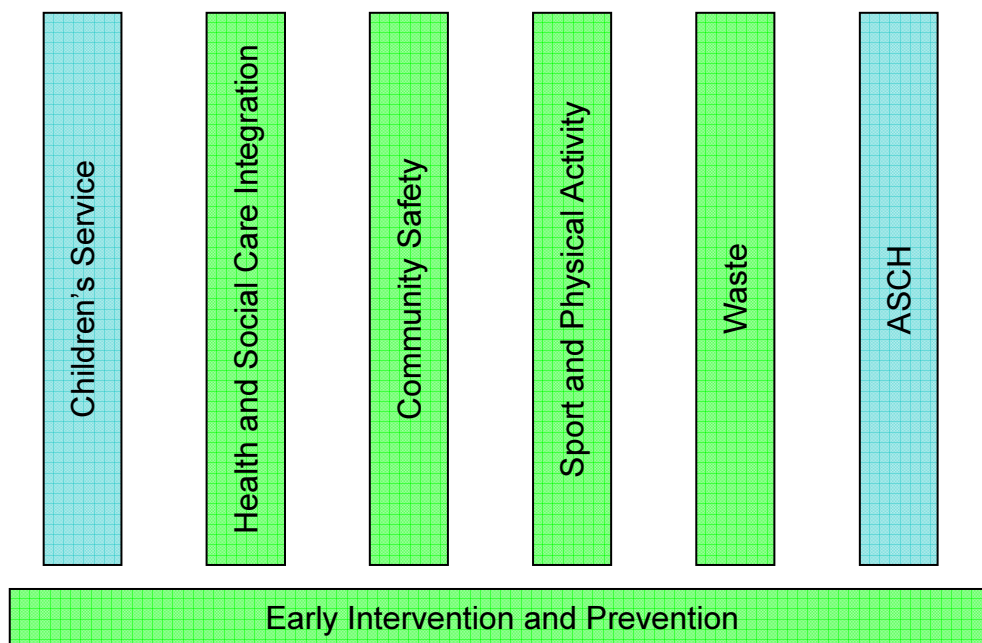
The Early Intervention and Prevention (EI&P) project forms part of the One Barnet Wave 2 programme of projects:

- Early Intervention and Prevention
- Community Safety
- Sport and Physical Activity
- Waste
- Health and Social Care Integration



The Wave 2 projects all contain some element of early intervention and prevention. For example, the Sport and Physical Activity project aims improve levels of physical activity in the borough, in order to improve health and wellbeing. Health and social care integration aims to develop a more rounded and effective service that will prevent issues escalating into expensive crises.

The Early Intervention and Prevention project is significantly different from its peers in that it is the only one of the Wave 2 projects to examine the delivery of outcomes from a cross-cutting perspective, rather than a topic-based one. It therefore underpins the other Wave 2 projects as well as supporting the work of ASCH and Children's Services.



## Rationale

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### Introduction

The strategic outline case stage has four workstreams. It is proposed that work be undertaken to establish whether or not they can be converted into a full One Barnet project. The workstreams are:

- Workstream 1: Innovation Framework
- Workstream 2: School as Local Delivery Unit
- Workstream 3: Whole of Life Outcomes
- Workstream 4: Assets and Deficits Toolkit

It is not true that all early intervention and prevention initiatives are effective. The council needs to guard against well-intentioned but badly targeted or thought through pieces of work which achieve little for individuals, communities or the public sector.

In addition, the council must avoid duplicating effective work carried out by other public bodies in order not to waste its or its partners' resources. Most successful provision involves close working with partners and this will bring its own opportunities and challenges which the project will need to explore.

The next stage of the Early Intervention and Prevention project will explore what can be done to improve and develop early intervention and prevention in the borough in an effective way with a view to developing an outline business case.

## **Defining Early Intervention and Prevention (EI&P)**

The project has a working definition of EI&P activity that can be used to determine whether or not any proposed initiative will be in scope. We reviewed EI&P documentation from a range of different agencies, and talked to practitioners from Children's Services. We have developed the concept of the "order and happiness boundary".

Broadly speaking, most of us live within an "order and happiness" boundary, in which we are reasonably content, secure and well-behaved. We cost the public sector little and pose only a small risk to ourselves or others. However, things can go wrong in our lives and we can travel across the border into chaos. As we cross the boundary and travel away from it, our lives become less structured, more risky and (for the public sector) more expensive.

An EI&P activity is anything that has as its main objective:

- **Primary** (Children's Service level 0-1): Preventing someone within the boundary travelling across it into chaos and expense (e.g. the work of children's centres, DH "don't start smoking" campaigns).
- **Secondary** (Children's Service level 2-3): Seeking to empower someone to move off the boundary away from chaos and expense and towards greater levels of order and happiness as well as lower cost to the public sector. E.g. the work of Family Focus, the Enablement service).
- **Tertiary** (Children's Service level 4): Seeking to empower someone in chaos to move across the boundary towards order and happiness as well as lower cost to the public sector. E.g. Troubled Families, open heart surgery, possibly end of life care.

## **Findings to Date**

A high level review of some of the planned and existing activity within the borough discovered that there is an enormous amount of effort already directed at prevention with a very wide range of client groups. Much of this involves partnership working with and by the Police, Barnet Homes, ASCH, Children's Services, Schools, GPs, Public Health, Barnet Enfield and Haringey Mental Health Trust, JobCentre+, environmental services and the voluntary sector.

Given that so much prevention work is multi agency, certain underlying themes emerge. We need to ensure that there is a strong *cultural commitment* to prevention across Barnet. There obviously needs to be a willingness to *work in partnership*. Lastly, high-quality *data and information flows* are critical if we want to get the most out of our prevention activity.

The review covered a wide range of providers, including LBB staff, schools, health, the Police and Barnet Homes. It emerged that, broadly, people working in prevention are culturally committed, willing to work in partnership and share data, but they perceive themselves to be hampered in their efforts by the organic nature of provision and by the patchy nature of attitudes towards partnership working, data sharing and cultural commitment across the public sector. This means that both public sector workers and citizens struggle to find the right person to help them, and information is not reaching those who need it or would find it useful.

There is also a strong belief that more could and should be delivered by universal services, and that schools could play a key role. Their managerial and strategic capacity could be harnessed to support their children and associated families to achieve positive life outcomes beyond educational attainment. The project does recognise the critical importance of a good academic education in equipping young people for adult life, and will not sacrifice that in pursuit of other outcomes.

Although we know there are some excellent initiatives in place, there is no overview of “who’s doing what”. This means it is not always clear that Barnet residents have access to best practice or even schemes that meet their real needs at the critical points in their lives.

Lastly, we do not know if we are, in all cases, commissioning and accessing the most cost-effective schemes or if we are really utilising the financial support these could bring to the council. In addition, we have no way of modelling what we might need to provide as our demographic changes.

### **Workstream 1: Innovation Framework**

Workstream 1’s hypothesis is that there are significant problems related to the “infrastructure” within which prevention activity is taking place. It will test whether or not this hypothesis is correct and/or if there are other overarching problems with the delivery of prevention, such as a major gap in provision for a proven need.

### **Workstream 2: School as Local Delivery Unit**

Workstream 2 will explore whether or not LBB can commission a broader range of outcomes for children and families from schools beyond educational attainment, in order to prevent or reduce the chances of children turning into adults with chaotic and unhealthy lives.

### **Workstream 3: Whole of Life Outcomes**

Workstream 3 will look at how LBB could support its residents to achieve positive outcomes, achievements or “states” throughout the whole of their lives by establishing the predictors and inhibitors of success in life at key life stages. It will

also seek to make significant savings for Children’s Service and ASCH in the MTFS period of 2015-2018.

### **Workstream 4: Assets and Deficits Toolkit**

Workstream 4 will develop a blueprint for an evaluation toolkit that can measure and show the borough’s assets, strengths and deficits that support or hinder residents’ achievement of positive outcomes or “states” across the course of their lives.

### **Benefits to be Achieved**

The benefits table below outlines the benefits that could be accrued if the workstreams develop into full projects.

Workstream 1	<p>The Barnet public sector works more efficiently as a “whole system”.</p> <p>This allows us to maximise the effectiveness of new and existing early intervention and prevention initiatives. This should increase their value for money.</p> <p>Partnership working, information sharing and cultural commitment to early intervention and prevention increases across all key partner organisations within the Barnet public sector</p>
Workstream 2	<p>Schools are empowered to offer financially sustainable, proven programmes that will support children to become happy, healthy and well-adjusted adults.</p> <p>Future financial burdens for the public sector caused by dysfunction or poor health are reduced.</p> <p>Earlier intervention and prevention will result in lower levels of stress for the children and their families.</p> <p>Partnership working and information sharing between schools and other key agencies will be strengthened.</p>
Workstream 3	<p>Residents continue to receive appropriate support.</p> <p>Significant savings are identified for Children’s Service and ASCH for the MTFS period 2015-18.</p>
Workstream 4	<p>LBB and its key partners are able to understand, at any point in time, the assets and deficits in the borough that help or hinder residents to achieve a happy and rewarding life.</p> <p>LBB and its key partners are able to understand what’s required to support a changing population and commission accordingly.</p> <p>Commissioned initiatives are effective in both financial and non-financial terms.</p>

### **Expected Financial Benefits**

This strategic outline case stage of the project will investigate and provide estimates of the financial benefits of implementing particular programmes of work.

We will look for programmes and activities that deliver positive financial benefits across the workstreams and expect that we will be able to deliver them. There is strong evidence that early intervention and prevention activity is more than cost effective. For example, the current MTFs shows that Children’s Service expects to save over £2m in social care costs as a result of investment in work undertaken by the Troubled Families and Family Focus teams.

The following are offered by way of illustration and are taken from *Early Intervention: The Next Steps* by Graham Allen, MP<sup>4</sup>:

<b>Programme</b>	<b>Description</b>	<b>Age of Children Involved</b>	<b>Measured examples of impact, outcomes and cost-effectiveness</b>
Reading recovery	A school-based, short-term intervention designed for children who are the lowest literacy achievers after their first year of school.	5-6 years	The benefit-to-cost ratio of delivering Reading Recovery, as part of the Every Child a Reader campaign, has been estimated in the range of around 15:1 to 17:1 over the period 2006–39. This estimate is based on a range of outcomes, including special educational needs provision, crime and health costs.
Life Skills Training	A school-based intervention aimed at developing social skills in order to prevent alcohol and substance misuse, behavioural problems and risky sexual behaviour.	9-15 years	A US economic appraisal of LST estimated the benefit-to-cost ratio of 25:1. A review of alcohol interventions by NICE noted the impact of LST on long-term drinking behaviour.  Noted outcomes include reductions in the use of tobacco, drugs and alcohol.
Functional Family Therapy	A structured family-based intervention that works to enhance protective factors and reduce risk factors in the family. It is aimed at young people displaying antisocial behaviour	10-17 years	FFT has been estimated to have a benefit-to- cost ratio of around 7.5:1 to 13:1. Clinical trials have demonstrated impacts in terms of: <ul style="list-style-type: none"> <li>• treating adolescents with conduct disorder,</li> </ul>

<sup>4</sup> Allen, Graham. *Early Intervention and Prevention: The Next Steps. An Independent Report to Her Majesty’s Government.* HM Government, January 2011.

Programme	Description	Age of Children Involved	Measured examples of impact, outcomes and cost-effectiveness
	and/or offending.		oppositional defiant disorder or disruptive behaviour disorder <ul style="list-style-type: none"> <li>• treating adolescents with alcohol and other drug misuse disorders, and who are delinquent and/or violent;</li> <li>• reducing crime; and</li> <li>• reducing likelihood of entry into the care system</li> </ul>

## Estimated Costs for this Stage

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The estimated costs for this stage are as follows. CRC is asked to approve these as its budget.

Staff costs	£36,701.36
Workpackage costs	£189,675.00
<b>Grand Total</b>	<b>£226,376.36</b>

## Project Definition

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### Resources Required for This Stage

#### Project Board

Name	Role	Description
Jay Mercer Deputy Director of Children's Service	Operational Lead	<ul style="list-style-type: none"> <li>• Key decision maker, supported by the senior users and senior suppliers</li> <li>• Ensures project achieves its objectives and delivers outputs that will realise the required benefits – i.e. is responsible for the business case</li> <li>• Ensures value for money</li> <li>• Balances the needs of the council, our partners, our residents</li> </ul>
Angela Trigg London Academy Head Teacher	Senior User (Workstream 2 only)	<ul style="list-style-type: none"> <li>• Responsible for specifying the needs of those who will use the products produced by the project: partner organisations,</li> </ul>

Andrew Burnett Director of Public Health	Senior User	internal council departments and residents in this case.
Bill Murphy Assistant Director Chief Executive's Service	Senior User	
Ed Gowan Assistant Director, One Barnet	Senior Supplier	<ul style="list-style-type: none"> <li>Responsible for ensuring the quality of products delivered by internal and external suppliers, and representing their interests where necessary.</li> </ul>
Stephen Evans Assistant Director, Strategy	Senior Supplier	
Hayley Woolard Senior Management Accountant	Senior Supplier	

## Timelines

### Workstream 1

	3 Sept	17 Sept	1 Oct	15 Oct	29 Oct	12 Nov	26 Nov	10 Dec	24 Dec	7 Jan	21 Jan	4 Feb	18 Feb
Framework developed and approved	3 Sep	17 Sept											
Interviews		18 Sept		12 Oct									
Results analysed and report drafted				15-26 Oct									
Report reviewed					27Oct 9 Nov								
Report amended and signed off					9 Nov	15 Nov							
CDG							27 Nov						
Budget and Performance OSC							6 Dec						
Cabinet Briefing							TBC						
CRC								17 Dec					



## Workstream 2

	6 Aug	20 Aug	3 Sept	17 Sept	1 Oct	15 Oct	29 Oct	12 Nov	26 Nov	10 Dec	24 Dec	7 Jan	21 Jan	4 Feb	18 Feb
Documentation and evidence review	8 Aug	21 Aug													
Outcomes agreed		22 Aug													
Programme review		23 Aug		21 Sept											
Approach developed			3 Sept			19 Oct									
Financial appraisal		27 Aug				19 Oct									
Report written						22 Oct	2 Nov								
Report reviewed by Board							8 Nov								
Report amended and signed off								15 Nov							
CDG									27 Nov						
Budget and Performance OSC									6 Dec						
Cabinet Briefing									TBC						
CRC										17 Dec					

### **Workstream 3**

The scope of this workstream has just been confirmed. The timeline will be compiled once a resource is confirmed as available but it is hoped we will be able to report on this workstream to Business Management OSC along with Workstreams 1 and 2.

### **Workstream 4**

The scope of this workstream has just been confirmed. The timeline will be compiled once the partner or partners required, and associated costs, are identified. If we need to follow the council's procurement process in order to get our partners in place it is unlikely that we will be able to report on this workstream with the others. However, we will at least report status to the member meetings in January and February 2013.

## Risks

The project will use the Corporate Programmes risk and issue management methodology.

Risks will be logged in the JCAD database.

The current risks on the project are as follows:

Rating	Risk Description	Cause/Consequence	Controls in Place
9/25	<p>Workstream 1 We cannot find any GP practices willing to take part.</p> <p>SUMMARY OF STATUS: So far, it has not been possible to find GP practices willing to take part.</p>	<p>Cause: Unknown, but potentially due to the high level of change taking place in the NHS.</p> <p>Consequence: We cannot include their point of view and understand why they may have difficulty taking part in the wider prevention agenda.</p>	<p>A meeting has been booked with NC London to see if they can help.</p> <p>If no GPs are available, the project could try to engage other primary healthcare workers such as health visitors or midwives.</p>
6/25	<p>Workstream 1 No commonality of response in terms of problems or opportunities emerges from the review.</p>	<p>Cause: EITHER agencies' issues and problems are so disparate that there is genuinely no common set of problems OR the framework is not adequate for the task.</p> <p>Consequence: Workstream 1 will close at the end of this stage.</p>	<p>The framework developed will be checked by the project manager and the board before it is signed off by the Operational Lead.</p> <p>It is not possible to mitigate against agencies' issues being genuinely disparate.</p>
5/25	<p>Workstream 2 Work will not be completed in time to report to Cabinet Briefing in January 2013, particularly if there are no obvious existing suitable programmes of work that the school wants to explore.</p>	<p>Cause: summer holidays, programme process, other work for Angela Trigg</p> <p>Consequence: This workstream may need to report separately.</p>	<p>Project manager to monitor progress closely and report any slippage.</p> <p>Angela Trigg has confirmed she has good availability over the summer but she will be managing a new build at the school.</p>
6/25	<p>Workstream 4 We are unable to find credible sources for the development of the</p>	<p>Cause: Unknown but could be due to a lack of staff, not a profitable activity, not core</p>	<p>Project Manager is arranging a meeting with the Institute for Health Equality in the</p>

<b>Rating</b>	<b>Risk Description</b>	<b>Cause/Consequence</b>	<b>Controls in Place</b>
	evaluation toolkit's blueprint.	business etc.  Consequence: Delay to this workstream.	first instance. She is liaising with the Strategy Team and other internal experts in order to identify and investigate providers.

## **Dependencies and Relationships**

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This project has a close relationship with:

- Community Safety Project
- Leisure Review
- Health and Wellbeing Strategy and associated programmes of work
- Ageing Well Strategy and associated programmes of work
- Early Intervention and Prevention Division in Children's Service
- Community Coaches
- Finchley Memorial Hospital
- Customer Service Transformation

It may develop a relationship with:

- The NSCSO provider

## **Appendix 1: Workstream Aims, Objectives and Scope**

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### **Workstream 1: Innovation Framework**

#### **Aims**

1. Identify ways in which we could significantly improve the environment within which EI&P initiatives occur across the Barnet public sector in order to give them the maximum chance of success, and in order to leverage the greatest amount of benefit from them.
2. Identify ways in which we could strengthen cultural commitment, partnership working and effective information flows between the major players in the Barnet public sector beyond those individuals and teams already involved in EI&P.
3. Identify and propose ways to fill any major or significant gaps in provision.

#### **Objectives**

1. Compile a representative sample of EI&P activity across the borough, which can be reviewed in order to establish what major problems with delivery exist. Ensure that primary, secondary and tertiary activity is represented and that the following sectors are included:
  - Health: Mental Health, Public Health and GPs or other front-line primary service
  - Education: Primary and Secondary or Academy Schools
  - Metropolitan Police
  - Voluntary sector
  - Adult Social Care and Health (ASCH) Directorate
  - Children's Directorate
  - Environmental Services
  - Housing
  - Employment
2. Develop a framework that can be used to establish an "analysable" response from diverse sectors and organisations.
3. Test the hypothesis that there are significant problems related to the "infrastructure" within which EI&P activity is taking place.
4. Establish whether there are other overarching problems with the delivery of EI&P, such as a major gap in provision for a proven need.
5. Provide a coherent analysis of the results and make appropriate recommendations for a full project, if it emerges that further work is required.

#### **Scope**

This section defines the scope of the project. It describes items that are in scope and any exclusions.

Work in scope includes:

1. The development of the framework to analyse problems with existing provision across the Barnet public sector as a whole.
2. Investigation of the possibility of grant funding any subsequent piece of work.
3. Interviewing practitioners, team managers, strategists and commissioners / senior managers (depending on the organisation) in order to elicit entrenched, pan-Barnet problems with delivery.
4. Interviews will be carried out with the following organisations on the specified pieces of work:

<b>Agency</b>	<b>Initiative</b>	<b>Interviewees</b>
ASCH and Housing 21	Enablement	H21 Front line staff ASCH & H21 Team managers ASCH Commissioners
ASCH and RSVP	RSVP Knitting Clubs Active Volunteering for Disabled People	ASCH Commissioners RSVP Front line staff and managers
Barnet Homes	Housing Officers day to day activity	Housing officers and team managers
Community Barnet	Community Parenting Consortium  Volunteer Centre	Front line staff and managers
Children's Service	Safer Families BEAM (Autism) Adolescent Resource Team	Front line staff and team managers EI&P senior manager (commissioner)
Children's Service and Homestart Barnet	2 year old offer	HSB Front line staff and team manager Children's EI&P Senior Manager (commissioner)
Secondary Education: - Totteridge Academy - The Compton	Day to day pastoral activity Support and Enrichment team at the Compton	Front line staff Head teacher
Primary Education: - Woodcroft Primary - Manorside Primary	Day to day pastoral activity	Front line staff Head teacher
JobCentre Plus, Regeneration, Renaisi, Genesis, Barnet Homes	Workfinder	Front line staff: Genesis, Barnet Homes and team managers Regeneration (commissioner)
Mental Health (ASCH with Barnet Enfield and Haringey Mental Health Trust)	The Network IAPT	Front line staff and team manager ASCH Commissioner
Metropolitan Police	Schools Unit and	Police officers and sergeant

Agency	Initiative	Interviewees
	Junior Citizen's Scheme	
GPs: - Practice 1 (TBC) - Practice 2 (TBC)	Day to day activity	GPs
Public Health	Winter Well Programme LA Staff Smoking Cessation Clinics	Front line staff and managers
Regeneration, Church of England	Stonegrove Youth Project	Front line staff Vicar of Stonegrove Regeneration (commissioner)
Chief Executive Service Insight Team	Insight	Head of Insight Business Intelligence staff

5. Analysis and reporting of the results of the interview.
6. Sufficient investigation of any potential solutions together with their high level cost benefit analyses to inform an outline business case for a subsequent project.
7. Review of problems and potential solutions against other existing workstreams within the council generally and the One Barnet programme in particular in order to see if there is already a 'fit', or if it is necessary to start a separate project.
8. An outline business case.

Exclusions include:

1. Fully or partially mapping EI&P provision across the borough.
2. The implementation of any solution. The SOC will also not try to solve any individuals' or organisation's problems "on the hoof".
3. Provision of detailed solutions or detailed cost benefit analysis.

### Approach

As the development of the framework, interview process and subsequent results analysis requires a level of business analysis skill that the council does not possess in house, the project will commission the One Barnet implementation partners, Impower and Agilisys, to carry out workstream 1 on its behalf.

## Workstream 2: School as Local Delivery Unit

### Aims

1. Identify practical and achievable ways that schools could improve the life chances of all children attending a school in Barnet.

2. Establish whether schools could be commissioned to deliver additional EI&P initiatives, aimed at children and their families, in addition to the pastoral care and support they already provide.

## **Objectives**

1. LBB has an evidence-based understanding of what wider outcomes or measures during childhood predict an ordered, happy and healthy adulthood.
2. A pilot school has been identified.
3. We have an evidenced-based list of any successful programmes targeting the wider outcomes that could be developed or delivered in Barnet with the pilot school. As part of this work we are clear what information, resources and tools schools would need to deliver such a programme or programmes.
4. If there is insufficient evidence from existing programmes of work, we have a grasp of the latest academic thinking on achieving the wider outcomes and how these findings could be turned into practical, workable programmes.
5. The “mechanics” of how such schemes could be funded and made sustainable over the longer term are described and evaluated.

## **Scope**

This section defines the scope of the project. It describes items that are in scope and any exclusions.

Work in scope includes:

1. Review of evidence on wider (non-academic) outcomes or measures during childhood. The review should include:
  - The Treasury Report on Education (2009)
  - Graham Allen’s two reports on early intervention and prevention
  - The Marmot Review (2008 + recent updates)
  - LBB Future Shape Vehicle and Assessment Report (2009)
2. Investigation into and identification of effective programmes of work (possibly international examples) targeted at significant outcomes, that could be delivered by a school. Consultation with the pilot school and others as to whether these programmes might be adapted to work in Barnet.
3. If it is established that there are no effective programmes that could work in Barnet, consultation with academics and the pilot school on whether or not the evidence gained from qualitative and quantitative experimental academic work could translate into a practical programme and how that programme might be designed.
4. A description of the options available for funding an amended or new pilot scheme.



5. Exploration with the pilot school and others of options that could fund school-led EI&P activity sustainably. This work to include at least evaluating the possible use of the payment by results mechanism and the disadvantaged pupil premium.
6. A high-level cost benefit analysis sufficient to inform an outline business case.
7. An outline business case.

Exclusions include:

1. The implementation of any solution.

## **Approach**

Workstream 2 needs thorough knowledge of the education, early intervention and prevention and academic sectors. Although the council has this expertise in house, resources do not have the capacity to undertake the intensive work required by this workstream over the next few months. It has therefore been decided to commission Impower, who have extensive experience in these areas, to undertake the work.

The pilot school will be LBB's equal partner in developing this workstream. Along with the project board it will therefore co-choose and be part of the sign off for: 1) the outcomes to focus on and 2) any programmes to develop and implement.

Beyond initial discussions and thoughts, no new delivery programme will be proposed until we are sure that there are no existing initiatives that could be adapted or implemented in the pilot school.

## **Workstream 3: Whole of Life Prevention Outcomes**

### **Aims**

1. Find ways in which LBB could support its residents to achieve positive outcomes, achievements or "states" throughout the whole of their lives, where they need help to do so.
2. Support ASCH and Children's Service to significantly reduce their spend during the MTFs period of 2015-2018.

### **Objectives**

1. Identification of critical or major predictors and inhibitors of success or failure across the lifespan at key life stages, based on available evidence.
2. An understanding of whether all of the predictors and inhibitors are supported by significant effort across Barnet and if not, where the gaps in provision are.
3. A shortlist of existing successful programmes that tackle these gaps, based on empirical evidence of financial and non-financial benefits for individuals and organisations.

4. Where no such programmes exist, LBB has workable ideas for new solutions based on sound research, design and thinking, along with the relevant contacts and projected financial and non-financial benefits for individuals and organisations.
5. This workstream should inform current provision of early intervention services in Barnet. So where new solutions are demonstrated to be more effective than current provision, this data needs to be used systematically to inform commissioning decisions over the period 2015-2018.

## **Scope**

This section defines the scope of the project. It describes items that are in scope and any exclusions.

Work in scope includes:

1. Review of the evidence to include:
  - The Treasury Report on Education (2009)
  - Graham Allen's reports on Early Intervention and Prevention
  - The Marmot Review (2008 and recent updates)
  - LBB Future Shape Vehicle and Assessment Report (2009)
  - Identification of and consultation with leading academics working in this field
  - Any other significant evidenced-based reports deemed by the Operational Lead to be relevant to this workstream
2. Review of scope of work carried out or commissioned by ASCH, Public Health, Children's Service and EPR in particular against the main predictors and inhibitors. Identification of where the gaps in provision are.
3. Identification of practical, proven options that will both save LBB significant sums and improve provision. This will be achieved through examination of existing programmes of work. Where no programmes exist discussions with leading academics should lead to proposals for new initiatives based on sound research.
4. Analysis of potential financial and non-financial benefits to individuals and to public sector organisations, particularly ASCH and Children's Service. To include the degree or proportion to which organisations are likely to benefit.
5. An outline business case.

Exclusions include:

1. A complete map of all early intervention and prevention activity in Barnet.
2. The implementation of any solution.

## **Approach**

The project intends to resource workstream 3 internally as it is likely that appropriate resources can soon be made available.

## **Workstream 4: Assets and Deficits Toolkit**

### **Aims**

1. LBB and its partners are able to understand at any point in time the assets, strengths and deficits in the borough that support or hinder residents to achieve all that they can in their lives; i.e. how well does Barnet as a totality meet the prerequisites for residents' achievement?
2. LBB and its partners are able to track the borough's progress as a whole over time against supporting its residents to achieve positive life outcomes.
3. LBB and its partners is able to model what will be required to support residents against hypothetical future scenarios, in order to improve predictive modelling and better inform commissioning across the local public sector.

### **Objectives**

1. Confirmation of what would be required to create a "whole picture" evaluation toolkit. The toolkit will be designed to measure assets, strengths and deficits in the borough that support or hinder residents' achievement of workstream 3's outcomes. The toolkit will allow us to be clear how well the borough currently supports residents against recognised prerequisites at any given point in time.
2. Confirmation of how we could measure how successful provision is against defined and agreed measures across the borough at any point in time, against financial and non-financial benefits.
3. Confirmation of how we could undertake predictive modelling of requirements given demographic changes in the borough, and achieve an understanding of how well placed the borough is to deliver against them.

### **Scope**

This section defines the scope of the project. It describes items that are in scope and any exclusions.

Work in scope includes:

1. Investigation of possible solutions for the creation of the toolkit.
2. If required, cost estimates obtained for partner input and the procurement of a supplier or suppliers, following approval of this route.
3. Development of the blueprint for the evaluation toolkit. This should include:

- An understanding of what national and local demographic data sets might form the basis of the toolkit – and how these could be harvested and kept current
- An understanding of what the critical factors determining how well the borough supports its residents are, and how they interrelate
- What tools already exist that could be adapted to form the toolkit. If there are no suitable tools, how one could be developed
- How the included data could be turned into relevant calculations, in order to inform predictive modelling and the commissioning of relevant services

4. An outline business case.

Exclusions include:

1. A complete map of all early intervention and prevention activity in Barnet.
2. Development of the toolkit.

### **Approach**

The development of the toolkit needs a thorough understanding of the major prevention outcomes across the whole of the lifespan as well as the strategic ability to create something that can be used to measure factors across the borough. We intend to talk to specialists to establish what forms the toolkit could possibly take, and the probable cost of development.

Once this is established we will seek approval to proceed.

We will look to utilise the GLA funded days for local authorities at the Institute of Health Equality, if it is possible to do so.

Resourcing the investigation, development and population of the toolkit, will be discussed with Planning, Regeneration, Strategy and Customer Services in the first instance.

<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	18 October 2012
<b>Subject</b>	<b>Future Provision of Music Service</b>
<b>Report of</b>	Director of Adult Social Care and Health and Interim Director of Children's Service
<b>Summary</b>	<p>The Music Service is a well regarded service in the Borough that is funded through grants, instrument hire and lesson fees from parents &amp; schools.</p> <p>The grant funding arrangements are changing which means that the service would be unlikely to receive further funding if current service delivery arrangements are maintained.</p> <p>This report seeks authority to commence activities for the creation of a new corporate entity and to transfer the provision of the Council's Music Service for the new entity to become Barnet's Music Hub. This will enable continued access to existing funding sources as well as new sources that are currently unavailable.</p>
<b>Officer Contributors</b>	Matt Waters, Project Manager, Corporate Programmes Ruth Murphy, Project Manager, Corporate Programmes
<b>Status (public or exempt)</b>	Public
<b>Wards affected</b>	All
<b>Enclosures</b>	Appendix 1: Music Service Full Business Case Appendix 2: Equalities Impact Assessment
<b>For decision by</b>	Cabinet Resources Committee
<b>Function of</b>	Executive
<b>Reason for urgency / exemption from call-in</b>	Not applicable
<b>Contact for further information:</b> Ruth Murphy, Project Manager ext. 7564	

## **1. RECOMMENDATION**

- 1.1 That the Director of Adult Social Care and Interim Director of Children's Service be authorised to commence activities to create a new corporate entity that is able to register as a charitable organisation and deliver Music Service activities as Barnet's Music Hub.**
- 1.2 That the Director of Adult Social Care and Interim Director of Children's Service be authorised to commence activities to transfer the provision of the Council's Music Service to the new corporate entity in 1.1.**
- 1.3 Subject to final approval by the Chief Finance Officer of the terms of such guarantee, that the Council guarantees the liabilities of the new corporate entity to the Teachers' Pension Scheme and (if so required by the administering authority of the Fund) to the Local Government Pension Scheme, initially for a three year period, and then subject to review (see section 4.5).**
- 1.4 That the Chief Finance Officer be authorised to approve the terms of the guarantee referred to in 1.3 (see section 4.6).**
- 1.5 That the Director of Children's Service or his/ her nominee will be the nominated Council member on the Board of Trustees for the new corporate entity.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None.

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

- 3.1 Better Services with Less Money - The Corporate Plan 2012-13 states that "we will continue to drive costs out of the council through transforming our internal organisation, reducing the costs of providing services and giving better value for money. 77 per cent of our savings over the next three years will be achieved through efficiency savings. We also need to innovate and embrace change in order to live within our means over the next three years and beyond. Standing still is not an option." To meet the Council's corporate priority of "Better services with less money" there is a strategic goal to keep prices affordable for all families and to utilise the Music Education Grant to ensure that all children are given the opportunity of initial free access to instrumental tuition.
- 3.2 A Successful London Suburb - The Music Service will continue to support Every School a Good School through a high quality offer of instrumental tuition, Continuing Professional Development (CPD), ensemble activity and extension activities.
- 3.3 Sharing Opportunities, Sharing Responsibilities - The new Music Service will seek to access charitable funds on behalf of the youth service to help support work with vulnerable groups of young people.

## 4. RISK MANAGEMENT ISSUES

- 4.1 The Music Service in its current form generates a surplus of £40,551, which will be an additional budget pressure for the Council and may require efficiency savings to be made elsewhere. This pressure will be contained within the Children's Service budget. In addition, any existing debts owed to the London Borough of Barnet (LBB) relating to the Music Service will not transfer to the new corporate entity. However, the new Music Service will continue to assist in the resolution of these debts.
- 4.2 There is a financial risk of the new Music Service not meeting its obligations to pay staff and services. It is noted that LBB may need to support the new company in the first year of trading while the new company realigns income to support cash flow. If this support is necessary, the amount and terms will be reported back for a decision as appropriate.
- 4.3 The service currently receives back office support from other Council areas including HR, Finance and IT. Under the current arrangement, these are provided and treated as below the line costs. The new music service may find that support costs are higher than expected due to the loss of any economies of scale. To reduce this risk, financial models have been produced based on procurement of support services as traded services from the Council on a like for like basis. This provides a known cost that can be contained. It is envisaged that the administration and accommodation costs for the service could be delivered for less. The Head of Service has made enquiries as to the cost of premises, cost of payroll and HR provision which has identified that these services would cost in the region of £30,000, including accommodation and insurance. This would inevitably enable the charge to parents to remain fair and competitive, thus increasing take up. The new entity will procure from an alternative source if it is able to identify solutions at more competitive rates than those available through the Council's traded services. It should be noted procurement decisions for the new music service will rest with the Board of Trustees. If the Music Service elects not to buy back services from the Council, this may have staffing impacts for Council support services.
- 4.4 There are two members of the Local Government Pension Scheme (LGPS) within the Music Service currently who are eligible to transfer. External legal advice, from Cobbetts Solicitors has indicated that the new Music Service will need to request admitted body status as a community admission body via a formal admission agreement, and the Pensions Committee will need to approve this request. The employer contribution rate will be 18.90% and an actuarial assessment indicated that the bond or guarantee level required is £31,000. This will remain so unless there are any staffing changes before the transfer. In addition, the actuarial assessment is based on an assumption that the transfer will be fully funded. If, the Music Service and the Council agree that the Music Service will take on part of the deficit that relates to the two staff members of the LGPS, a higher bond or guarantee level may be required. This bond or guarantee is to protect the LGPS fund against the risk that the music service charity may fail and therefore be unable to meet its liabilities to LGPS. The bond level is assessed at regular intervals (at each valuation) and can increase or decrease. It is proposed that the admission agreement will be on a "closed" basis (ie. limited to the employees transferring from the Council). It is recommended (1.3) that the Council should act as guarantor for at least an initial three-year period, for the reasons set out in 4.5 below.
- 4.5 There are 83 members of the Teachers' Pension Scheme (TPS) within the Music Service. The TPS Regulations 2010 state provision of a bond or guarantee as an absolute condition which must be met for a company to be accepted as a function provider and therefore eligible to participate in TPS. The Department for Education have confirmed that the Council will be an acceptable guarantor. The alternative is for the new

corporate entity to secure a commercial bond, but without any trading history it is expected that the costs would be prohibitive, if, indeed, it is possible for the new corporate entity to obtain cover at all under such circumstances (current market experience indicates that this may not be possible). The recommendation (1.3) is for the Council to bear the financial risk as a guarantor for an initial three-year period, which will be essential to enable the Music Service to continue to provide high quality music services locally. After this period, the new company will have built up trading history and may be able to secure an affordable bond. The precise amount of the bond or guarantee which will be required by the Department for Education is not yet known, but the experience on similar transfers in other local authority areas indicates that a figure of around three months' worth of contributions is likely. A high estimate of the equivalent figure is approximately £100,000. The actual figure is likely to be lower, taking into part-time and/ or seasonal hours.

- 4.6 The amount of the bond or guarantee must be kept under review, and must be revised when necessary. In this connection, it should be noted that it is anticipated that the new company will normally take on new teaching staff under a self-employment model, which will not result in additional liabilities to TPS.
- 4.7 The pension guarantee arrangements described above (and in particular, the amount of the guarantee for TPS) will need to be finalised through discussion with the relevant administrators of the two schemes prior to transfer. It is recommended that The Chief Finance Officer be authorised to give final approval to such arrangements on behalf of the Council.

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

- 5.1 Under the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 The service has been asked by the Department for Education (DFE) to provide a number of core entitlements for every child in order that they will have the opportunity to access high quality instrumental, singing and ensemble activities. The government recognise that the funding from these activities will come from a number of sources. With no Local Authority funding the Music Service has relied heavily on parents being able to pay for these opportunities. With the economic downturn the Music Service will need to source alternative funding routes. The demographic map of the authority has changed significantly in the past ten years and the Music Service would like to respond to these changes with a fairer offer for all children (not just those with parents who can afford to pay).
- 5.3 The proposals will provide continued access and opportunity to music tuition for those that would otherwise be unable to afford tuition.
- 5.4 An Equality Impact Assessment was carried to assess the impact of the proposal on a range of Barnet's protected groups as well as considering those on low income and



vulnerable status. This is attached as Appendix 2. The proposal is believed to be primarily beneficial to all of the current and potential users of the new Barnet Music Hub.

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

### 6.1 Finance

6.1.1 New arrangements for the funding of Music Services come into place from August 2012. Grant money that has to date been provided direct to the Music Service will now be provided to the Music Hub. The Arts Council has accepted the Music Service's bid with the expectation that the delivery model will change. If the Music Service does not implement a change in its delivery model, the service will ultimately lose its direct funding.

#### 6.1.2 Transformational/Implementation Costs

In total, the project is expected to cost **£39,500** to deliver. This has been established through investigations and lessons learned during phase 2 of the Assessment Stage and will cover Legal, HR, Project Management, Investigations and Set Up costs. The £39,500 will be contained within the funding envelope below.

Funding Source	Amount
Contained Within Existing Music Services Budget 2012/13	£15,000
Contained Within Overall Schools and Learning Division Budget 2012/13	£24,500
<b>Total</b>	<b>£39,500</b>

#### 6.1.3 Ongoing Finances

As noted in 4.1, the provision of the Music Service by a new, separate entity to the Council will result in a reduced annual income for the Council of £40,551 from 2013/14 onwards. This reduction in income will be funded from the Children's Service. For 2012/13 the expectation is that the Music Service will achieve its income target (pro-rata amount from April 2012 to the date of the transfer amounts to £30,410)

By delivering the Music Service as a separate entity, the service in its new form is expected to operate at a net surplus. This is detailed in the table below.

	MUSIC NEWCO 13/14 BASELINE	MUSIC NEWCO 14/15 BASELINE	MUSIC NEWCO 15/16 BASELINE
	Year 1 (15 months) - Annual Costs	Year 2 - Annual Costs	Year 3 - Annual Costs
<b>INCOME</b>			
Grants	-£537,988	-£458,652	-£488,652
Customer/Client Receipts	-£1,382,616	-£1,086,341	-£987,582
<b>INCOME TOTAL</b>	<b>-£1,920,604</b>	<b>-£1,544,993</b>	<b>-£1,476,234</b>
<b>EXPENDITURE</b>			
Employees	£1,649,843	£1,304,739	£1,229,066
Transport	£4,336	£3,469	£3,469
Premises	£76,250	£61,000	£61,000
Sales Related	£30,625	£24,500	£24,500
Supplies & Services	£128,718	£100,845	£99,845
<b>EXPENDITURE TOTAL</b>	<b>£1,889,772</b>	<b>£1,494,553</b>	<b>£1,417,879</b>
<b>Net EXP / (INC) TOTAL</b>	<b>-£30,832</b>	<b>-£50,440</b>	<b>-£58,355</b>

The provision of the Music Service as part of a charitable organisation will enable access to additional sources of funding that are currently unavailable under the current arrangement.

The provision of the Music Service by a new, separate entity will eliminate the Music Service's responsibility for the generation of income to support other areas of the Council. This potentially releases £40,551 per annum which can be spent on front line Music Service Provision.

Following transfer, the Music Service will become directly responsible for procurement and payment for its own support services that currently appear as "below the line" costs. The costs for these elements have been identified and incorporated into the financial models.

- 6.1.4 As set out in recommendation 1.3, the Council will act as guarantor for contributions into the Teacher's Pensions Fund and the London Borough of Barnet Pension Fund for a period of 3 years. This covers the eventuality whereby the new Music Service is unable to pay pension contributions in the event of financial distress. The maximum exposure under this arrangement is estimated to be £131k (£100k for Teacher's Pensions and £31k for LGPS).

## 6.2 Procurement

- 6.2.1 There are no procurement issues anticipated.

## 6.3 Performance & Value for Money

- 6.3.1 The Music Service is a well regarded service across the community. The proposal will provide the service with an opportunity to sustain successful delivery through continued access to existing funding sources and through access to additional funding sources that are unavailable under the current arrangement. The access to additional funds and elimination of its responsibility to fund other services will increase the service's potential to develop further and provide more for the community.

## **6.4 Staffing**

6.4.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will operate to transfer to the new Music Company all of the Council's rights, powers, duties, and liabilities (except criminal liabilities) under or in connection with the contracts of employment of the relevant staff.

6.4.2 The new music service employs the following staff:

<b>Employment Status</b>	<b>No.</b>
Fixed Term	2
Permanent	53

6.4.3 It should be noted that the Music Service currently makes use of approximately 150 casual workers.

6.4.4 Where, as anticipated in this case, any change results in a TUPE transfer the Council will meet all of its statutory obligations provided by TUPE, and under the TUPE Transfer Commitments which the Council implemented in the summer of 2011. Under TUPE, existing contractual terms and conditions are protected on transfer and, under the TUPE Transfer Commitments the Council implemented in the summer of 2011, all terms and conditions are protected for at least a year including pension provision.

6.4.5 The Council will continue to meet all of its statutory or contractual obligations with regard to change and its impact upon the Council's staff. In the context of the change, this means that all internal restructures will be managed in compliance with the Council's Managing Organisational Change procedure. The Council has recently implemented a Relocation Protocol which we would expect a new employer to adhere to if they do not have a similar way of working. It is anticipated that transferring staff who are members of the local government pension scheme operated by Barnet will remain part of that pension scheme as operated by the new Music Company and their benefits will transfer. This will afford staff the continued membership of the Local Government Pension Scheme and the Teachers Pension Scheme.

## **6.5 IT**

6.5.1 In the immediate term following transfer, IT support and hosting will be provided by the Council's Information Services department as a traded service. Associated costs for this have been incorporated into the finance section of this report.

## **6.6 Property**

6.6.1 There are no property issues to report

## **6.7 Sustainability**

6.7.1 There are no sustainability issues to report

## **7. LEGAL ISSUES**

7.1 An external Legal Advisor, Cobbetts Solicitors, has been appointed to provide support for this scheme.

- 7.2 In addition to its broad powers under Section 111 of the Local Government Act 1972, the Council has a general power of competence under Sections 1 - 4 of the Localism Act 2011 to do anything “that individuals generally may do”. In order to be satisfied that the creation of the new corporate entity described in this report is a proper exercise of this power the Council needs to be satisfied with (a) the objectives of the business (b) the investment and other resources required; any risks the business might face and how significant these risks are; and (c) the expected financial results of the business, together with any other relevant outcomes that the business is expected to achieve. This report contains material to support the Council’s assessment in each of these areas.
- 7.3 The Council must comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) with respect to the transfer of staff. Legal advice has been given by the external Legal Advisors to ensure compliance with TUPE. In addition, the Council’s HR is part of the project team for the proposed transfer of the music service.
- 7.4 Under TUPE, the new employer (the proposed new music company), takes over amongst others, all rights and obligations arising from contracts of employment (except criminal liabilities) of all employees “assigned” to the music service prior to the transfer.
- 7.5 There is a need for separate legal representation of the Council and the new entity once it is created (see paragraph 7.6). The initial appointment of Cobbetts is made by the Council to advise on structures and issues and to prepare and register the new corporate entity. Following the creation of the new entity, the new entity will have its own Legal Advisor. The Joint Legal Service will represent the Council.
- 7.6 Following the creation of the new entity and prior to transfer, Cobbetts will be representing it. The Joint Legal Service will represent the Council.
- 7.7 The legal approach will, amongst others, involve the following to ensure a successful transfer:
- Preparation and Registration of New Corporate Entity
  - Registration as a Charity
  - Business Transfer Agreement
  - Pensions, Standard LGPS Admission Agreement and Related Documents
  - Provision of Employment Advice
  - General Legal Advice including Procurement and State Aid
  - Care and Control/Legal Project Management

## **8. CONSTITUTIONAL POWERS**

- 8.1 Council Constitution, Part 3, Section 3.6 sets out the functions of the Cabinet Resources Committee, which includes approval of schemes not in performance management plans but not outside the Council's budget or policy framework
- 8.2 Council Constitution, Contract Procedure Rules – Table 5-1 stipulates that the Cabinet Resources Committee must authorise contracts with a value in excess of £500,000.

## **9. BACKGROUND INFORMATION**

- 9.1 The Music Service is a traded service of the Local Authority which brings in approximately £1.6 million per annum from grants, instrument hire and lesson fees from parents & schools. £40,551 of the income is used to fund other Council Services and the remaining income is used to fund delivery of the music service.
- 9.2 Children are currently offered an initial period of free instruction which is paid for from the music grant. After the initial period of free instruction, parents will normally book lessons for a fee. The Music Service has planned for an approximate 25% reduction in income over the next three years, partly due to reducing household income resulting in fewer children continuing lessons after the initial free period of instruction. A £128,000 reduction in parents paying for lessons has already been identified during 2011/2012.
- 9.3 In order to cater for children from families who will be unable to afford tuition, the Music Service would like to be in a position to raise charitable funds and apply for grants from other sources (including gift aiding membership fees). This is not an option under the current arrangement.
- 9.4 The government has published the National Music Plan and arrangements for the funding of Music Services. The government expects the main provider of music education services in any locality to become a music hub, responsible for brokering all grants and music education in a local area.
- 9.5 The Music Service has recently been successful in a bidding process for applications to receive "Hub Status". The acceptance by the Arts Council, means the Music Service will be eligible to receive the funding. The Arts Council expect new and creative models to be implemented for the delivery of the hubs and have accepted the bid on the basis that the service will implement a new company vehicle which allows greater access to funds and an increase in percentage income spent on front line delivery.
- 9.6 This project is now required to gain approval for a change in direction away from the current service model and implement a new model so that the Arts Council will continue to fund the service and to position the Music Service so that it is eligible to receive funding from other sources.

## **10 LIST OF BACKGROUND PAPERS**

None

Legal – POJ  
CFO – JH

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## Appendix 1

### Full Business Case: Music Service

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This Business Case is a documentation of the justification for the undertaking of the above project.

<b>Document Author</b>	Lynn Holman-Fox/ Matt Waters/ Ruth Murphy
<b>Date of Document</b>	28 September 2012
<b>Service / Dept</b>	Children's Service – Music Service
<b>Version</b>	1.12
<b>Status</b>	Final

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## 1. Introduction

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This project is required to enable the Music Service to continue receiving grant funding and sustain the high level of service that it provides the community.

The Music Service is a traded service of the Local Authority which brings in approximately £1.6 million per annum from grants, instrument hire and lesson fees from parents & schools.

The funding envelope is detailed below.

	2009-2010 Budget	2010-2011 Budget	2011-2012 Budget
<b>Expenditure</b>	£1,294,103	£1,328,163	£1,650,180
<b>Income</b>	-£1,285,896	-£1,367,257	£1,693,090
	<b>£8,207</b>	<b>-£39,094</b>	<b>-£42,906</b>

The service offers centralised Music A level courses, which are funded by schools being charged for students attending. These courses have a separate budget code (10259), from the Music Service but are part of the overall offer to the community. The centralised A level music courses are self funding. These courses are an important part of the unique progression routes that Barnet offers and are often bought into from other Local Authorities

Children are currently offered an initial period of free instruction which is paid for from the music grant. After the initial period of free instruction, parents will normally book lessons for a fee. The Music Service has planned for an approximate 25% reduction in income over the next three years, partly due to reducing household income resulting in fewer children continuing lessons after the initial free period of instruction. A £128,000 reduction in parents paying for lessons has already been identified during 2011/2012.

In order to cater for children from families who will be unable to afford tuition, the Music Service would like to be in a position to raise charitable funds and apply for grants from other sources (including gift aiding membership fees). This is not an option under the current arrangement.

A relocation of the Music Service is currently in progress; moving the service to suitable accommodation at Dollis Junior School.

The government has published the National Music Plan and arrangements for the funding of Music Services. The government expects the main provider of music education services in any locality to become a music hub, responsible for brokering all grants and music education in a local area. Funding to 2015 is detailed below.

	Music Service	Music Hub
April 2012 – July 2012	£146,461	
August 2012 – March 2013	£292,922	
April 2013 – July 2013		£379,097
August 2014 – March 2015		£385,652

The Music Service has recently been successful in a bidding process for applications to receive “Hub Status”. The acceptance by the Arts Council, means the Music Service will be eligible to receive the funding. However, this is conditional on new delivery arrangements. The Arts Council expect new and creative models to be implemented for the delivery of the hubs and have accepted the bid on the basis that the service will implement a new company vehicle which allows greater access to funds and an increase in percentage income spent on front line delivery.

This project is now required to gain approval for a change in direction away from the current service model and implement a new model so that the Arts Council will continue to fund the service.

## 2. Reasons

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### Eligibility to receive funding

New arrangements for the funding of Music Services will come into place from August 2012. Grant money that has to date been provided direct to the Music Service will now be provided to the Music Hub. The Arts Council has accepted the Music Service’s bid with the expectation that the delivery model will change. If the Music Service does not implement a change in its delivery model, the service will ultimately lose its direct funding.

In addition, a varying proportion of the surplus income generated from the service is currently used to fund other Council services outside of the Music Service. The Arts Council will now be scrutinising all Music Service budgets. Therefore while the current arrangements remain, it is likely that the Arts Council will look unfavourably on the Music Service, which could jeopardise direct funding available to the service.

### Access for all

The service has been asked by the DFE to provide a number of core entitlements for every child in order that they will have the opportunity to access high quality instrumental, singing and ensemble activities. The government recognise that the funding from these activities will come from a number of sources. With no Local Authority funding the Music Service has relied heavily on parents being able to pay for these opportunities. With the economic downturn the Music Service will need to source alternative funding routes. The demographic map of the authority has changed significantly in the past ten years and the Music Service would like to respond to these changes with a fairer offer for all children (not just those with parents who can afford to pay).

### **Value for money**

It is envisaged that the administration and accommodation costs for the service could be delivered for less. The Head of Service has made enquiries as to the cost of premises, cost of payroll and HR provision which has identified that these services would cost in the region of £30,000, including accommodation and insurance. This would inevitably enable the charge to parents to remain fair and competitive, thus increasing take up.

### **A modern web presence to help with marketing**

The current communications structure prevents the Music Service from updating the web page in a modern and youth friendly way. It is considered that this is limiting the take up and effectiveness of the services on offer. A move outside the Local Authority would provide more freedom and give the Music Service an opportunity to market their successes effectively.

## **3. Aims & Objectives**

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### **3.1 Aims**

- To enable the Music Service to continue delivering a high quality music offer to all young people on behalf of the London Borough of Barnet (with and agreed SLA).
- To improve community cohesion through targeted work with hard to engage groups of young people. This will include working closely with schools and the youth service to identify such groups and their needs.
- To allow the Music Service to reach out to a more diverse range of Barnet residents through initiatives such as the gifted and talented fund. This would allow gifted children on free school meals to receive a free individual lesson therefore providing fairer progression routes.
- To maintain a highly regarded Music Service for Barnet that Members, Residents and Officers can be proud of.
- To enable access to charitable grant giving bodies (such as John Lyons and Jack Petchey who will not fund local authority services directly), this will allow bids to access funds for extension activities including work with the youth service (which is facing cuts in funding)

### **3.2 Assessment Phase 1 Objectives**

Due to the time constraints associated with submitting the application to the Arts Council for "Hub Status" this was a primary objective and was therefore submitted ahead of the other project stages

- **Application to Arts Council** – An application to the Arts Council was required so that the Music Service can receive grant funding moving forward. This was accepted with the expectation that the Music Service would adapt its delivery model.

### 3.3 Assessment Phase 2 Objectives

Due to the time constraints associated with submitting the application to the Arts Council for “hub Status”, this project has a second phase of the Assessment Stage. This allowed for further analysis and challenge to take place after submission of the application but before the Council commits to full implementation of the scheme.

- Detailed Options Analysis (inc financial modelling, HR, Procurement)
- Detailed implementation planning
- Production of Full Business Case
- Authorisation to Proceed to Delivery

### 3.4 Delivery Objectives

- To set up the proposed vehicle of a Charitable Company Limited by guarantee considering corporate structure options
- To set up the required governance arrangements for the proposed vehicle and ensure a compliant data transfer
- To register the Charity with the Charities Commission
- To establish and deliver operations and funding arrangements
- To set up an appropriate Service Level Agreement
- To deliver required TUPE & HR arrangements
- To gain approval for LBB to act as guarantor for TPS and LGPS
- To Novate/Terminate/Establish contractual obligations and asset transfers where appropriate

## 4. Options

### 4.1 Initial Broad Strategic Options

	Advantages	Disadvantages	Implementation Cost (H,M,L)	Revenue Impact (G,A,P)	Overall Viability (G,A,P)
Do nothing	No implementation cost No project to manage	This option would mean that the Music Service may be unlikely to receive continued grant funding  If the Music Service is unsuccessful in its “Music Hub” funding bid, it will have to reduce provision or cease operations	Low	Poor	Not viable – The music service will not be able to receive the grant funding needed to deliver its services, this could result in closure of centres and negative political impact

	Advantages	Disadvantages	Implementation Cost (H,M,L)	Revenue Impact (G,A,P)	Overall Viability (G,A,P)
<b>Procure external provider</b>	<p>This option could present an opportunity to deliver service with none of the associated risks and responsibilities around staffing, accommodation etc</p> <p>There is potential for a better quality or cheaper to operate service, although this is an unknown.</p>	<p>Would not be popular with schools and parents who are happy with their existing service</p> <p>Any new provider would have no proven track record of delivering core entitlements in Barnet. Therefore, the funding application based on this model would be unlikely to succeed</p> <p>The new employer may make changes to the business for economic, technical or organisational reasons which could amount in redundancies. This option could require a high amount of expenditure to cover redundancy costs should the business fail although this liability would sit with the new employer.</p>	<p><b>Medium</b></p>	<p><b>Poor</b></p>	<p><b>Not viable – The music service will not be able to receive the grant funding needed to deliver its services, this could result in closure of centres and negative political impact</b></p>
<b>Cease delivery of service</b>	<p>This option would remove any costs, risks and responsibilities around staffing, accommodation etc</p>	<p>This option would cause a significant negative impact on the Council's reputation</p> <p>This option would create a large amount of redundancies for staff</p> <p>This option would require a high amount of expenditure to cover redundancy costs</p>	<p><b>High (Redundancy Costs would be expected to be high)</b></p> <p><b>£213,606.89 for the whole service to be made redundant.</b></p>	<p><b>Neutral</b></p>	<p><b>Not viable – The Government's National Music Plan for education states core entitlements for learning an instrument for all children. This option would not deliver against this intention. The Service is also well regarded and the negative political impact of this option is considered too severe.</b></p>

	Advantages	Disadvantages	Implementation Cost (H,M,L)	Revenue Impact (G,A,P)	Overall Viability (G,A,P)
<b>Implement new company vehicle</b>	<p>This option would provide a higher likelihood of the service receiving grant funding.</p> <p>Can achieve best value by procuring own services.</p> <p>The service will not have to pay income target to LBB. Therefore releasing funds to deliver more educational opportunities to young people.</p> <p>This option will enable access to charitable grants and gift aid to help children whose families cannot afford tuition</p>	<p>Greater responsibility for Head of Service</p> <p>The Council will need to identify alternative funding streams to fill the loss of funds created from the Music Service's income target</p> <p>If the service becomes unsuccessful, the amount of provision will need to reduce. Therefore staff hours would also be cut.</p> <p>If implementation is not managed carefully with appropriate communication plan, the project could have a negative impact on the Council's reputation.</p>	<p>Medium</p>	<p><b>Good</b></p> <p><b>The Music Service will have additional annual funds available through increase in availability of grant funding and reduced outgoings associated with the LA and accommodation</b></p>	<p><b>Viable</b></p>

The preferred broad strategic option is to implement a new company vehicle as it would satisfy the criteria for the Music Hub funding bid to the Arts Council. All other options would not provide the wide range of opportunities for children and young people in the borough that could be met by this new funding model.

## 4.2 Company Vehicle Options

	Advantages	Disadvantages	Implementation Cost (H,M,L)	Revenue Impact (G,A,P)	Overall Viability (G,A,P)
<b>Do nothing (Baseline)</b>	No implementation cost No project to manage	This option would mean that the Music Service may be unlikely to receive continued grant funding  If the Music Service is unsuccessful in its "Music Hub" funding bid, it will have to reduce provision or cease operations	Low	Poor	Not viable – The music service will not be able to receive the grant funding needed to deliver its services, this could result in closure of centres and negative political impact
<b>Charitable company limited by guarantee (Social Enterprise)</b>	Can access gift aid fees and charitable grants such as John Lyons.  Other Music Services nationally are using this model and can offer support and advice.	There is a risk of job losses if company fails. This is mitigated by the fact that 80% of the teaching staff are on variable hours contracts and a further 15% are self employed consultants. Their salary costs reduce as demand for lessons reduce.  Casual workers would not be eligible for TUPE, therefore the new company would need to engage these workers in addition to the normal TUPE process	Medium	The Music Service will have maximum availability of grant funding and reduced outgoings associated with the LA and accommodation	Viabile (Preferred Option)
<b>Wholly owned local authority trading company limited by guarantee/shares</b>	Less risk to employees.  Music Service still able to access services such as invoicing	Unable to have charitable status and therefore loss of funding  Casual workers would not be eligible for TUPE, therefore the new company would need to engage these workers in addition to the normal TUPE process	Medium	Would have an impact on Music Service revenue as unable to access charitable funds	Viabile but not best option due to lack of access to charitable funding
<b>Community Interest Company</b>	Can access gift aid fees and charitable grants such as John Lyons.  Other Music Services nationally are using this model and can offer support and advice.	Untested in other Music Services of this size and therefore unlikely to receive Arts Council funding  Casual workers would not be eligible for TUPE, therefore the new company would need to engage these workers in addition to the normal TUPE process	Medium	Unknown due to lack of tested models in other authorities. This will be investigated further	Unknown due to lack of tested models in other authorities. This will be investigated further

	Advantages	Disadvantages	Implementation Cost (H,M,L)	Revenue Impact (G,A,P)	Overall Viability (G,A,P)
Charitable company in a variety of formats such as CIO/Co-op etc.	Coop could empower staff and enable them to receive dividends	<p>Untested in other Music Services of this size</p> <p>There is a moral issue with this option as staff would be receiving dividends whereas profits should rally be put back into children learning</p> <p>Casual workers would not be eligible for TUPE, therefore the new company would need to engage these workers in addition to the normal TUPE process</p>	High	Neutral	Poor

### 4.3 Preferred Option

The preferred option is the Charitable Company limited by guarantee. This is a tried and tested model for Music Services and will allow the Music Service to access charitable funds for the purpose of providing lessons for children whose families cannot afford to pay for tuition (e.g gift aid and John Lyons funds). Advice and support is also available from other “Music Services” who operate using this model.

## 5. Expected Benefits

### Alignment to Council priorities

	Description
<b>Better Services with Less Money</b>	The Music Service will be in a position to do more for the less well off in the community. The new Music Service will aim to keep prices affordable for all families and will utilise the Music Education Grant to ensure that all children are given the opportunity of initial free access to instrumental tuition
<b>A Successful London Suburb</b>	The Music Service will continue to support Every School a Good School through a high quality offer of instrumental tuition, CPD, ensemble activity an extension activities
<b>Sharing Opportunities, Sharing Responsibilities</b>	The new Music Service will seek to access charitable funds on behalf of the youth service to help support work with vulnerable groups of young people

The new Music Service would embody the principles of the One Barnet programme in providing a better and more affordable service for the community. As a charitable trust there would be a board of trustees and a steering group which would give members of the community a voice in deciding how funds would be best utilised to reflect community needs.

### Benefits

Benefit Statement	Measurement	Classification
The new Music Service would immediately be able to link	<ul style="list-style-type: none"> <li>Increase in grant</li> </ul>	Cashable



music centre fees to gift aid funding. This would allow more children from families unable to afford tuition to have access to progression routes leading to FE courses and possible employment in the music business]	funding	
More children and young people taking part in music activity would promote social cohesion and enhance academic achievement	<ul style="list-style-type: none"> <li>The number of children learning</li> </ul>	Non-Cashable
More children and young people playing in groups and bands would enhance community cohesion	<ul style="list-style-type: none"> <li>The number of children and young people in groups, orchestras and ensembles</li> </ul>	Non Cashable

## 6. Summary of Key Risks

The following key risks have been identified at the project outset.

Ref	Risk	Mitigation Plan	Risk Owner
R001	Financial risk of the new Music Service not meeting it's obligations to pay staff and services	One of the trustees to come from the LA to scrutinise budget	Music Service
R002	Risk of the quality of lessons and ensembles reducing	PIs in the SLA with the Local Authority	Music Service
R003	Risk of public perception that the Local Authority is forcing the Music Service to change status	Press releases and interviews with Music Service staff to state this is in fact a fabulous opportunity for our young people	Local Authority
R004	As the service would be provided by a new separate entity to the Council, the new entity would be solely responsible for business continuity and successful deliver, including finances. The new entity may be unable to continue delivering without support from the Council and could therefore fail	A degree of support will be provided in the initial operating period of the new entity. However, it is accepted that the new entity will eventually become completely responsible for the service delivery	Music Service

R005	The Music Service in its current form generates a surplus of £40,551, which is used to fund other areas within the Children's Service. The proposal will create a £40,551 pressure on Children's Service budgets for future years. If the Children's Service is unable to find alternative sources to fund this pressure, the Children's Service may need to make efficiency savings elsewhere.	Children's Service
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## 7. Costs

### 7.1 Implementation Costs

In total, the project is expected to cost **£39,500** to deliver. This has been established through investigations and lessons learned during phase 2 of the Assessment Stage.

Transformation Costs	Cost
Legal Fees (LBB & New Co.)	£20,000
Actuarial Assessments	£3,000
Project Management	£10,500
VAT and Corporation Tax Advice	£1,750
Recruitment of Shadow Board	£1,500
Contingency	£2,750
<b>Total</b>	<b>£39,500</b>

### 7.2 Implementation Cost Profiling

Funding Source	Amount
Contained Within Existing Music Services Budget 2012/13	£15,000
Contained Within Overall Schools and Learning Division Budget 2012/13	£24,500
<b>Total</b>	<b>£39,500</b>

### 7.3 Ongoing Financial Modelling

	MUSIC NEWCO 13/14 BASELINE	MUSIC NEWCO 14/15 BASELINE	MUSIC NEWCO 15/16 BASELINE
	Year 1 (15 months) - Annual Costs	Year 2 - Annual Costs	Year 3 - Annual Costs
<b>INCOME</b>			
Grants	-£537,988	-£458,652	-£488,652
Customer/Client Receipts	-£1,382,616	-£1,086,341	-£987,582
<b>INCOME TOTAL</b>	<b>-£1,920,604</b>	<b>-£1,544,993</b>	<b>-£1,476,234</b>
<b>EXPENDITURE</b>			
Employees	£1,649,843	£1,304,739	£1,229,066
Transport	£4,336	£3,469	£3,469
Premises	£76,250	£61,000	£61,000
Sales Related	£30,625	£24,500	£24,500
Supplies & Services	£128,718	£100,845	£99,845
<b>EXPENDITURE TOTAL</b>	<b>£1,889,772</b>	<b>£1,494,553</b>	<b>£1,417,879</b>
<b>Net EXP / (INC) TOTAL</b>	<b>-£30,832</b>	<b>-£50,440</b>	<b>-£58,355</b>

#### Local Government Pension Scheme

There are 2 members of LGPS within the Music Service currently who are eligible to transfer. The new Music Service will apply to the pensions committee for admitted body status as a community admission body, under a "closed" admission agreement. The employer contribution rate will be 18.90% and bond or guarantee level required is £31k. This will remain so unless there are any staffing changes before the transfer. This bond or guarantee is to protect the LGPS Fund against the risk that the music service charity may fail and therefore be unable to meet its liabilities to LGPS. The bond level is assessed at regular intervals (at each valuation) and can increase or decrease. It is recommended that the Council should act as guarantor, at least for an initial three-year period, since otherwise the Music Service (as a new entity with no trading history) is likely to be unable to obtain a commercial bond, either at an affordable premium or at all.

#### Teachers' Pension Scheme

There are 83 teachers in the Teachers' Pension Scheme within the Music Service. The new Music Service will need to apply in writing for accepted function provider status, which will require provision of a bond or guarantee. A similar transfer of Northamptonshire Music Service required them to put up a bond equivalent to about 3 months' worth of pension payments. A high estimate of the equivalent figure is approximately £100,000. The actual figure is likely to be lower, taking into part-time and/ or seasonal hours.

The Department for Education has confirmed details of the application process and has provided a template guarantee, but precise details of the amount of the guarantee which would be required in this case are not yet known. It is again

proposed that the Council should act as guarantor, at least for an initial three-year period, for the reasons outlined above.

It is anticipated that the new Music Service will normally take on new teaching staff under a self-employment model, which will not result in additional liabilities to TPS.

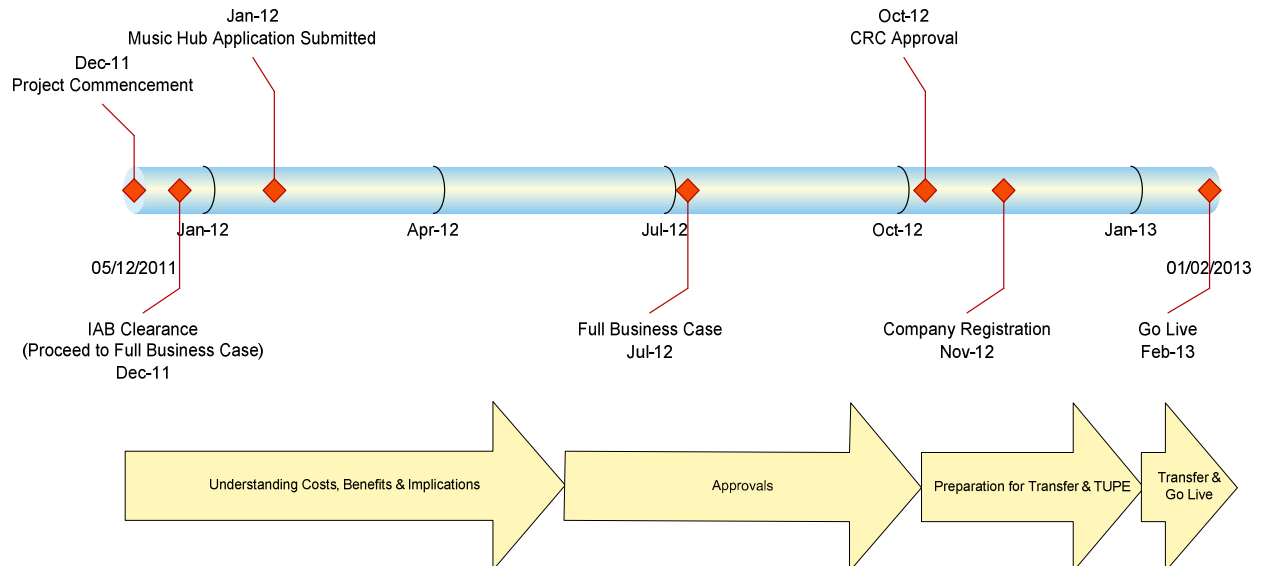
### Cash Flow Support

It is noted that LBB may need to support the new company in the first year of trading while the new company realigns income to support cash flow.

### Traded Services and Existing Below the Line Costs

The service currently receives back office support from other Council areas including HR, Finance and IT. Under the current arrangement, these are provided and treated as below the line costs. The implications of this, including whether the Music Service (as a separate entity) procures these services from the Council as a traded service, are to be included within the financial model. The Music Service in its current form generates a surplus of £40,551, which is used to fund other areas within the Children’s Service. Should the Music Service in its new form as a separate entity utilise the Council’s traded services, it is proposed that the project does not reduce existing Corporate Services budgets, however, Council income generated by the “new” Music Service should be routed to Children’s Service budgets.”

## 8. Timescale



## 9. Dependencies

The successful delivery of the project objectives is dependent upon numerous factors:

### Key internal project dependencies

The following table provides details of the projects critical dependencies on other Council projects, services or activities.

Ref	Dependent On	Nature of dependency	Level of dependency (H, M, L)	Owner
N/A	None identified at this stage	N/A	N/A	N/A

### Key external project dependencies

The following table provides details of the any external factors outside Barnet Council which may influence the project.

Ref	Dependent On	Nature of dependency	Level of dependency (H, M, L)	Owner
N/A	None identified at this stage	N/A	N/A	N/A

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## Music Service Equality Impact Assessment (EIA) Questionnaire

1. Details of function, policy, procedure or service:	
Title of what is being assessed: proposal to move the Music Service to a charitable company limited by guarantee	
Is it a function, policy, procedure or service?: Service	
Department and Section: Children's Service, Schools and Learning	
Date assessment completed: 31/08/2012	
2. Names and roles of officers completing this assessment:	
Lead officer	Lynn Holman-Fox
Stakeholder groups	Schools and settings, youth service
Representative from internal stakeholders	Music Service Senior Management Team and Administrative Staff
CS Equalities Network rep	Elaine Tuck
HR rep (for employment related issues)	
3. Full description of function, policy, procedure or service:	
<p>The Music Service currently offers:</p> <ul style="list-style-type: none"> <li>• 65 primary schools receiving free whole class instrumental and vocal tuition (2940 children)</li> <li>• 2700 children having lessons that are paid for by schools or parents</li> <li>• 892 children and young people attending 3 Music Centres and playing in bands, groups and orchestras</li> <li>• 75 Students on the 2 centralised Music A level courses</li> <li>• 11 Looked After children receiving free tuition</li> <li>• 167 children on Free School Meals receiving £50.00 per term towards the cost of their lessons</li> <li>• 72 children on Free School Meals having a free place in a Music Centre group</li> <li>• A partnership project funded by the GLA to deliver a transition programme alongside the BBC Concert Orchestra at St James Catholic High School (considered by the Paul Hamlyn foundation to be an example of best practice)</li> <li>• An Infant Music Festival – 57 schools for 2011-2012</li> <li>• A Schools Music Festival (2012– all primary schools took part)</li> <li>• Major events and concerts</li> <li>• Work with the youth service reaching vulnerable groups of young people</li> <li>• Work with other partners i.e. English Pocket Opera Company, Pavillion Opera, Bollywood Brass, Federation of Music Services, Trinity College of Music.</li> <li>• Summer university</li> </ul>	

The proposed transfer of the Music Service to a charitable company limited by guarantee will enable children and young people from families with low incomes to access music tuition. At present the Music Service receives requests for financial support from only 2.9% of the Free School Meals population. Schools have informed us this is because the families cannot afford to pay the remaining cost of the lessons

At present the Music Service supports the work of the youth service in delivering programmes to vulnerable young people – these are at present funded by the youth service. The new Music Service will seek funding to offer targeted programmes to these vulnerable young people and those at risk of offending. This could lessen the demand on the youth service budget.

The transfer will take approximately 4 months to complete – papers will be presented to Cabinet Resources Committee in October 2012 and the aim is to make the charity application in November 2012. A period of mobilisation will take place between October November 2012- December 2012 and all staff will be Tupe'd over for February 1<sup>st</sup> 2013. There are no planned redundancies

**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?
Race	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	Children and young people of all races use the music services. The proposed change will not reduce the current service being offered.	
Gender	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	Children and young people use the music services irrespective of gender. The proposed change will not reduce the current service being offered.	
Disability	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	Children and young people who have a disability that makes it difficult to participate in music services are offered additional support, such as extra staff or modifications to instruments. This would continue under the proposed new music service.	



Age	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	The service is offered to support children and young people from 0 to 19. No changes are proposed that would impact on this.	
Sexual orientation or gender reassignment	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	The service is provided to children and young people regardless of their sexual orientation or gender reassignment and the proposal would not change this.	
Religion or belief	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	The music service currently makes appropriate adjustments, for example lessons are provided in some Jewish schools during times of the day that do not conflict with Jewish studies. The proposal would not change this.	
Pregnancy/maternity (including teenage parents)	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	The music service does not currently offer services specifically targeted at teenage parents. This could change if appropriate.	
Marital status	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	The service is available to children, young people and staff regardless of marital status and this would continue.	
Those on low incomes	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	Under the proposed new model, those on low incomes who are eligible for Free school meals will get more help with the cost of instrumental lessons.	
Vulnerable groups	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	The music service is currently funded on an as and when basis to provide services to targeted groups, including NEETs and young offenders. Under the new model there could be a	

		<p>possibility of the new music service funding such programmes itself.</p> <p>Looked after children currently receive free tuition and use of instruments and this would not change under the new model.</p>	
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<p><b>5. What will be the impact of delivery of any proposals on satisfaction ratings amongst different groups of residents</b></p>
<p>86% of all Barnet schools (primary, secondary and special) currently buy into the traded music service. Over the years a number of schools have opted out of the service but have then opted in a few years later. The proposal could have a positive impact on satisfaction ratings among residents as the new model, which allows fundraising, is likely to help keep fees for tuition and so on for both schools and parents at an affordable level.</p>
<p><b>6. How does the proposal enhance Barnet's reputation as a good place to work and live?</b></p>
<p>The new charity will provide better services for less money by having a different delivery structure. It will continue to contribute to the every school agenda and will have more resources to help every child. This would help to enhance Barnet's reputation.</p>
<p><b>7. How will members of Barnet's diverse communities feel more confident about the council and the manner in which it conducts its business?</b></p>
<p>Those on low incomes are likely to feel more positive about the Council as they will have greater access to free provision under the proposed new model. School communities are likely to feel more confident about the Council as it is trying to achieve better value for money while also increasing services. The music services will have a detailed Service Level Agreement with the Local Authority to ensure that government priorities are effectively delivered using the music education grant. This will help to reassure residents that the Council is continuing to ensure music priorities are delivered.</p>
<p><b>8. 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? <i>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 13)</i></b></p>
<p>The data set that the Music Service gives to the DFE on an annual basis will be available for the Charities commission, The Local Authority, the board of trustees, the DFE and the Federation of Music Services. The music education grant has some performance measures attached.</p>
<p><b>9. How will the new proposals enable the council to promote good relations between different communities? <i>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.</i></b></p>

All children on subsidised or free lessons will be offered a free place in one of the Music Service bands, orchestras and/or choirs at music centre. This will enable social mobilisation.

**10. 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.**

The Music Service asks schools to inform on the reasons why children discontinue lessons. 82% of the replies indicate they cannot afford the cost of the lessons. The proposed new model would increase the amount of free tuition offered and help to keep fees as low as possible, which would help to address this.

Friends of Barnet Music Services (a parent teacher organisation), staff in the music service, local authority officers and local schools have been consulted on the proposal. No concerns have been expressed from service users.

**11. Decision:**

No Impact	Positive Impact	Neutral Impact	Negative Impact or Impact Not Known <sup>1</sup>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**12. Comment on decision**

It is anticipated that a new charitable company model of music service would have a positive equalities impact. The new model would allow greater flexibility and innovation so that the service would be able to offer services to more children, young people and settings. The new model would also be more cost effective which would enable more services to be offered free to children and young people on low incomes. There will be no reduction in the services offered and current good equalities and diversity practice.

<sup>1</sup> 'Impact Not Known' – tick this box if there is no up-to-date data or information to show the effects or outcomes of the function, policy, procedure or service on all of the equality strands.

### 13. 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
Ensure any inequalities are identified early and acted on.	Free School Meals data will be collected and reported to the Children's Service	A 50% increase in the first year	Lynn Holman-Fox	March 2013
Ensure effective communication with all stakeholders regarding the terms of grants.	All data sets required by the DFE to be made available to the Local Authority, trustees and schools	Disseminate data to all parties	Lynn Holman-Fox	March 2013

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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Award of the Contract for the Replacement of Cremators at Hendon Cemetery &amp; Crematorium</b>
Report of	Cabinet Member for Housing
Summary	To award the contract for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium to Facultatieve Technologies Ltd as part of the Capital Programme.

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Officer Contributors	Tahir Mahmood, Project Manager Matthew Waters, Senior Project Manager
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Mill Hill
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Rick Mason, Interim Assistant Director for Regulation and Community Safety, 020 8359 ext.7865

## **1. RECOMMENDATION**

- 1.1 That the contract for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium be awarded to Facultatieve Technologies Ltd as part of the Capital Programme.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 On 23<sup>rd</sup> April 2009, the Cabinet Resources Committee (Decision Item 12) resolved:
- (1) That a procurement review be undertaken for engagement with service providers to:
    - clarify the expenditure model (10-20 years);
    - confirm the investment necessary;
    - determine the on-going maintenance costs; and to
    - ensure best value
  - (2) Subject to the outcome of the procurement review showing that tendering the service will provide the best value for the Council:
    - (a) That Option 3 as set out in the Cabinet Resources Committee report of 23<sup>rd</sup> April 2009, of entering into a partnership contract for external investment in, and operation of, the cemetery and crematorium be approved.
    - (b) That officers be authorised to undertake a procurement process in order to identify a partner for the purposes referred to in (a) above.
    - (c) The market testing be undertaken for the future of the contract for the maintenance of redundant cemeteries and other memorials including the feasibility of including the contract for maintenance of the redundant cemeteries into the future management partnership for Hendon Cemetery and Crematorium (HCC)
- 2.2 On 27<sup>th</sup> September 2011, the Cabinet Resources Committee (Decision Item 10) resolved:
- (1) That the amount of £1,743,734 funded by capital receipts be approved as part of the Capital Programme for Phase 1 of the scheme.
  - (2) That the Director for Environment Planning & Regeneration take the necessary actions to implement Phase 1 of the scheme to replace the cremators at Hendon Cemetery & Crematorium.

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

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

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

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



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

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

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

- 4.1 The 2 cremators have now reached the end of their expected operational life and are increasingly subject to breakdowns, causing potential reputational damage and loss of income, as well as expense in carrying out repair. Failure to commence on replacement risks total breakdown of the existing cremators which could irreparably damage the business.
- 4.2 The Pollution Prevention and Control Act 1999 introduced measures to reduce mercury emissions from crematoria nationally by 50% by 31 December 2012. Individual crematoria have the option to comply with the Act by either fitting mercury abatement equipment or participate in a burden sharing scheme with other crematoria that have already done so, paying a levy per cremation to offset the non-compliance. Failure to meet legislative deadlines for installation of mercury abatement without subscription to a burden sharing scheme may lead to financial penalties and reputational damage to the council.
- 4.3 An alternative to upgrading, known as 'burden sharing' whereby crematoriums that have mercury abatement systems, can receive rebate for each cremation carried out using the system. Delays in the meeting the mercury emissions deadline as stated above will mean that Barnet will have to 'burden share' with crematoriums that will have mercury abatement systems, which will increase costs until the existing cremators are replaced.
- 4.4 Without investment in modernisation and upgrading of buildings and facilities at HCC, there is a risk of loss of business to competitors that are continuing to invest in improvement of infrastructure. The investment will support the facility's ability to maintain its position in the market.
- 4.5 The operations at Hendon Cemetery & Crematorium are currently included in the One Barnet Development and Regulatory Services (DRS) project. There is a risk that if this project is not delivered by June 2013 or a novation is not built into the contract, it may impact the commencement of the DRS project.

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

- 5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

- 5.2 Hendon Cemetery & Crematorium is a facility available to and meets the needs of all members of the community. Weekend services and unique services are provided for the Hindu and Muslim communities, which also addresses and provides a direct positive correlation between business and equality objectives of the Council. The options have been evaluated against the principles in the Equalities Policy and Equalities Scheme and there are no equalities and diversity issues relevant to this decision.
- 5.3 As part of the tendering process contractors were asked to submit a Diversity Monitoring Form and there were no areas of concern in relation to the submissions. The successful tenderer has equal opportunities policies in place which meet the Council's equalities standards.

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

- 6.1 The total contract value is £926,440 plus VAT. The total project costs, when taking into consideration fees for Construction Design Management, legal costs, planning, technical and project management costs and a contingency sum, can be contained within the budget of £1,743,734 funded by capital receipts approved as part of the Capital Programme.
- 6.2 As part of the tender process tenderers were also asked to provide a quote for the annual on-going cost of maintenance. The recommended bidder has quoted approximately £52,000 per annum which is comparable with other bids. The council has the option to accept this proposal following the completion of the works. This will be funded from the revenue of the facility. In 2010/11 the Crematorium generated income of £679,320, making a net profit of £461,565 after running costs. This represented additional income of £121,015 against 2010/11 net budget.
- 6.3 The procurement process for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium was undertaken in accordance with EU and domestic Procurement Regulations following the Open Procedure including qualification questions and method statements in response to a specification of requirements. The project was competitively tendered via the Procure4London e-tendering portal. A project team was set up involving officers from Commercial, Legal, Finance and Building Services.
- 6.4 Facultatieve Technologies Ltd is the preferred bidder as a result of a rigorous procurement process a fair and equitable evaluation method. Three bidders returned completed tenders which were evaluated according to the criteria and corresponding weightings set out in the tender pack. The award criteria were selected as 70% quality and 30% reflecting the aim of the project as set out in the project initiation document. The 3 bids were assessed and the quotes and the scores are listed below:

Company	Quote	Weighted Quality	Weighted Price	Total Score
Supplier A	£924,725	28.2%	30.0%	58.2%
Supplier B Facultatieve Technologies Ltd	£926,440	58.9%	29.9%	88.9%
Supplier C	£981,260	30.4%	28.3%	58.7%

6.5 As a result of the evaluation Facultatieve Technologies Ltd has been chosen as the recommended bidder. The identity of the other suppliers referred to in the table above is detailed in the accompanying exempt report.

6.6 There are no staffing, IT or property issues for this project.

## 7. LEGAL ISSUES

7.1 The risk of challenge has been mitigated by conducting the procurement exercise in accordance with EU and domestic procurement regulations following the Open Procedure and obtaining advice from internal Legal Advisors throughout the process.

7.2 The Council must, as soon as possible following the decision to award the contract to the service provider, notify all Tenderers of the decision and must not enter into the contract before the end of the standstill period and comply with the requirements of Regulations 32 and 32A of the Public Contracts Regulations 2006.

7.3 The service provider and the Council will execute a contract that has been approved by the Legal Advisors to regularise the delivery of the works.

## 8. CONSTITUTIONAL POWERS

8.1 Constitution Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive mandates the Cabinet Resources Committee to discharge functions in all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8.2 Section 5 of the Contract Procedure Rules mandates this decision to be taken by CRC.

## 9. BACKGROUND INFORMATION

9.1 HCC is one of five such facilities in the borough, but the only one run by L B Barnet. There is strong competition from the other sites, which are run either by other local authorities or the private sector. HCC does however have a good market share and is greatly valued by Barnet residents, with a reputation for good customer service and well maintained grounds, as well as providing weekend services.

- 9.2 As a result of the decision by Cabinet Resources Committee on 23rd April 2009, the project carried out an options appraisal and soft market testing with the major providers within the industry, which found that when considered as a standalone business, an in house delivery with the required investment would be most attractive from a financial perspective. This was followed by a further decision by Cabinet Resources Committee on 27th September 2011 which resolved that the Director for Environment Planning & Regeneration take the necessary actions for the replacement of cremators, building works, renovations and compliance with mercury abatement legislation at Hendon Cemetery & Crematorium and approved a budget of £1,743,734 funded by capital receipts. A tender process was commenced to identify and select the preferred bidders for the delivery of this part of the programme. This process is now concluded and approval is sought to award the contract to the preferred bidder.
- 9.3 Approval to award the contract will enable the replacement to commence without further delay and will ensure that the new cremators are installed as soon as possible, reducing the financial and reputational risks of frequent or catastrophic breakdowns. Further, it will allow the project to be completed by June 2013 for when the operational management of the facility will be transferred to a new provider selected via the DRS project.
- 9.4 Renovation and improvement to the buildings and site generally will provide an enhanced and more appealing customer experience for the bereaved.

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

10.1 None

Legal – PD

CFO – JH/MC

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