

MEETING

CABINET RESOURCES COMMITTEE

DATE AND TIME

THURSDAY 18TH JULY, 2013

AT 7.30 PM (OR AT THE CONCLUSION OF THE PRECEDING CABINET MEETING)

VENUE

HENDON TOWN HALL, THE BURROUGHS, NW4 4BG

TO: MEMBERS OF CABINET RESOURCES COMMITTEE (Quorum 3)

Chairman: Councillor Daniel Thomas BA (Hons) (Chairman),

Councillors

Richard Cornelius
Tom Davey

David Longstaff
Sachin Rajput

Robert Rams

Substitute Members

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

Andrew Nathan – Head of Governance

Governance Services contact: Kirstin Lambert 020 8359 2177 kirstin.lambert@barnet.gov.uk

Media Relations contact: Sue Cocker 020 8359 7039

ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of the Previous Meeting	
2.	Absence of Members	
3.	Declarations of Members' Disclosable Pecuniary Interests and Non-Pecuniary Interests	
4.	Public Question Time (if any)	
	Report of the Cabinet Minister for Resources and Performance	
5.	Treasury Management Outturn for Year Ended 31 March 2013	1 - 16
	Report of the Cabinet Member for Education, Children and Families	
6.	Family Services and Education and Skills Delivery Units Contract and Procurement Activity	17 - 34
	Reports of the Council Member for Adults	
7.	Integrated Adults Health and Social Care arrangements	35 - 44
8.	Authorisation of Entry into contract for Residential Care services For an Adult Client	Removed from agenda
9.	Any other item(s) that the Chairman decides are urgent	
10.	Motion to Exclude the Press and Public	
	That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt information as defined in Category 3 of Paragraph 9 of Part 1 of Schedule 12A of the Act (as amended)	

11.	Authorisation of Entry into contract for Residential Care Services For an Adult Client	Removed from agenda
12.	Any other exempt item(s) that the Chairman decides are urgent	

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AGENDA ITEM 5

Meeting	Cabinet Resources Committee
Date	18 July 2013
Subject	Treasury Management Outturn for Year Ended 31 March 2013
Report of	Deputy Leader of the Council / Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity for year ended 31 March 2013.

Officer Contributors	John Hooton - Deputy Chief Operating Officer Iain Millar – Head of Treasury and Pensions. NSCSO
Status (public or exempt)	Public
Wards Affected	Not applicable
Key Decision	No
For decision by	Cabinet Resources Committee
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix A – Money Market Data and PWLB Rates Appendix B – Deposits as at 31 March 2013 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 year ended 31 March 2013 be noted and**
- 1.2 That the Committee note the Council's response to continuing market uncertainty which is set out in section 9.1.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet (20 February 2012) Decision Item 6 - Treasury Management Strategy 2012/13.
- 2.2 Council (6 March 2012) Decision item 9 – Report of Cabinet 20 February 2012 – Council Budget and Council Tax 2012/13 was approved.
- 2.3 Cabinet Resources Committee (20 June 2012) Decision item 10 - Treasury Management Outturn for the year ended 31 March 2012.
- 2.4 Cabinet Resources Committee (18 October 2012) Decision item 11 - Treasury Management Outturn for the quarter ended 30 June 2012.
- 2.5 Cabinet Resources Committee (17 December 2012) Decision item 6- Treasury Management Outturn for the quarter ended 30 September 2012.
- 2.6 Council (6 March 2013) Decision item 10 – Treasury Management Strategy 2013/14.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the delivery and achievement of the Council's priorities and targets as set out in the Corporate Plan The TMS is committed to employing suitable performance measurement techniques, within the context of effective risk management .Adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital and treasury resources are maximised.

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; and 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 services, taking account of its public sector equality 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 31 March 2013 was £304.08m, with no change from the position as at 31 March 2012. The average cost of borrowing was 3.89 per cent. New borrowing of £102.58m was taken on 28th March 2012 to finance the Council Housing reform settlement at an average cost of 3.36 per cent. No new borrowing was taken during the year and no debt was repaid.
- 6.3 Investment deposits are managed internally. At 31 March 2013, deposits outstanding amounted to £186.777m (adjusted for Icelandic deposits), achieving an average rate of return of 0.50 per cent (adjusted for Icelandic deposits) against a benchmark of 0.50 per cent. Four Icelandic deposits totalling £27.4m (but partially repaid) are outside the TMS, as approved on 6 March 2012. A list of deposits outstanding as at year end 31 March 2013 is attached as Appendix B. Investment Interest received was £1.165m.
- 6.4 The benchmark is the average 7-day LIBID rate 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.
- 6.5 In response to market uncertainty the Council has restricted its investment criteria which impacted on investment performance as short term money market rates remained at low levels through out the year.

- 6.6 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 Constitution - Financial Regulations (Part 1 – Financial Management, Section 4.6) states:
- (1) The Council adopts the key recommendations contained in “ The Prudential Code for Capital Finance in Local Authorities – fully revised second edition, (CIPFA 2009) “Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes, (CIPFA 2009) and any subsequent good practice recommended by CIPFA.
 - (2) Adherence to Prudential Code: The Council adopts the key recommendations of CIPFA’s Treasury Management in the Public Services Code of Practice as described in Section 4 of that code.
 - (3) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.
 - (4) The Chief Finance Officer (section 151 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.
 - (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 Part 3 - Responsibilities for Functions, Section 4.6 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. The TMS 2013-14 was approved by Council on 6 March 2013 and the revised strategy applied with immediate effect.

The TMS is under constant review to reflect market conditions and the financing requirements of the Council. Given current market uncertainty, officers have ensured that the following principles have been embedded in treasury management practice:

- i) 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;
- ii) Money Market Funds (MMF) have been used since October 2011. These are cash investments in highly liquid financial instruments with the highest credit rating. Arlingclose have recommended that MMF investments are restricted to 10 per cent of the Council's total cash, in any one MMF. Investments must be diversified between a minimum of two funds and exposure limited to 0.5 per cent of each MMF's total funds under management.
- iii) The Debt Management Office is used when other permitted counterparties reach their group investment limits.

9.1.3 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.

9.1.4 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: to note also, that as a result of considerable stabilisation and in some cases improvement in credit

metrics, the revised treasury strategy for 2013/14 has extended the maximum duration to 2 years, albeit that Arlingclose apply maximum recommended duration of deposits for different banks depending on risk assessment.

- 9.1.5 The ratings agencies had a busy year, with a number of rating actions on global institutions. None of the long-term ratings of the banks on the Council's lending list were downgraded to below the Council's minimum A-/A3 credit rating threshold in the year, so there was no suspension or temporary removal of any financial institution on the Council's lending list.

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.
- 9.2.2. The latest indications are that the Council will recover an amount in excess of the principal deposited in Iceland.
- 9.2.3. **Glitnir** – in March 2012, approximately 82p/£ was recovered from a mixture of Sterling, Euro and US Dollar payments. The Euro and USD amounts were converted via a spot rate into GBP. The remaining 18 per cent remains held in Icelandic Krona. To date the Council has received £10.97 from the Glitnir Winding-up Board with a further £2.5 million held in escrow in Icelandic Krona.
- 9.2.4. **Landsbanki** –. Approximately 43 per cent has been recovered to date, via a mixture of Euro, US Dollars and Sterling payments. 2 per cent remains held in Icelandic Krona, and this amount is expected to rise to 18 per cent. Regular payments are expected every December, until December 2019. 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.
- 9.2.5. 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.

9.3 Economic Background

- 9.3.1 The global outlook stabilised mainly due to central banks maintaining low interest rates and expansionary monetary policy for an extended period. Equity market assets recovered sharply with the FTSE 100 registering a 9.1 per cent increase over the year. This was despite economic growth in G-7 nations being either muted or disappointing.

- 9.3.2 In the UK the economy shrank in the first, second and fourth quarters of calendar 2012. It was the impressive 0.9 per cent growth in the third quarter, aided by the summer Olympic Games, which allowed growth to register 0.2 per cent over the calendar year 2012. The expected boost to net trade from the fall in the value of sterling did not materialise, but raised the price of imports, especially low margin goods such as food and energy. Avoiding a 'triple-dip' recession became contingent on upbeat services sector surveys translating into sufficient economic activity to overhaul contractions in the struggling manufacturing and construction sectors.
- 9.3.3 Household financial conditions and purchasing power were constrained as wage growth remained subdued at 1.2 per cent and was outstripped by inflation. Annual CPI dipped below 3 per cent, falling to 2.4 per cent in June before ticking up to 2.8 per cent in February 2013. Higher food and energy prices and higher transport costs were some of the principal contributors to inflation remaining above the Bank of England's 2 per cent CPI target.
- 9.3.4 The lack of growth and the fall in inflation were persuasive enough for the Bank of England to maintain the Bank Rate at 0.5 per cent and also sanction additional £50 billion asset purchases (QE) in July, taking total QE to £375 billion. The possibility of a rate cut was discussed at some of Bank's Monetary Policy Committee meetings, but was not implemented as the potential drawbacks outweighed the benefits of a reduction in the Bank Rate. In the March Budget the Bank's policy was revised to include the 2 per cent CPI inflation remit alongside the flexibility to commit to intermediate targets.
- 9.3.5 The resilience of the labour market, with the ILO unemployment rate falling to 7.8 per cent, was the main surprise given the challenging economic backdrop. Many of the gains in employment were through an increase in self-employment and part time working.
- 9.3.6 The Chancellor largely stuck to his fiscal plans with the austerity drive extending into 2018. In March the Office for Budgetary Responsibility (OBR) halved its forecast growth in 2013 to 0.6 per cent which then resulted in the lowering of the forecast for tax revenues and an increase in the budget deficit. The government is now expected to borrow an additional £146bn and sees gross debt rising above 100 per cent of GDP by 2015-16. The fall in debt as a percentage of GDP, which the coalition had targeted for 2015-16, was pushed two years beyond this horizon. With the national debt metrics out of kilter with a triple-A rating, it was not surprising that the UK's sovereign rating was downgraded by Moody's to Aa1. The AAA status was maintained by Fitch and S&P, albeit with a Rating Watch Negative and with a Negative Outlook respectively.

- 9.3.7 The Government's Funding for Lending (FLS) initiative commenced in August which gave banks access to cheaper funding on the basis that it would then result in them passing this advantage to the wider economy. There was an improvement in the flow of credit to mortgagees, but was still below expectation for SMEs.
- 9.3.8 The big four banks in the UK – Barclays, RBS, Lloyds and HSBC – and several other global institutions including JP Morgan, Citibank, Rabobank, UBS, Credit Suisse and Deutsche came under investigation in the Libor rigging scandal which led to fines by and settlements with UK and US regulators. Banks' share prices recovered after the initial setback when the news first hit the headlines.
- 9.3.9 **Europe:** The Euro region suffered a further period of stress when Italian and Spanish government borrowing costs rose sharply and Spain was also forced to officially seek a bailout for its domestic banks. Markets were becalmed after the ECB's declaration that it would do whatever it takes to stabilise the Eurozone and the central bank's announcement in September of its Outright Monetary Transactions (OMT) facility, buying time for the necessary fiscal adjustments required. Neither the Italian elections which resulted in political gridlock nor the poorly-managed bailout of Cyprus which necessitated 'bailing-in' non-guaranteed depositors proved sufficient for a market downturn. Growth was hindered by the rebalancing processes under way in Euroland economies, most of which contracted in Q4 2012.
- 9.3.10 **US:** 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. The Federal Reserve shifted policy to focus on the jobless rate with a pledge to keep rates low until unemployment falls below 6.5 per cent. The country's extended fiscal and debt ceiling negotiations remained unresolved.
- 9.3.11 Gilt yields ended the year lower than the start in April. By September the 2-year gilt yield had fallen to 0.06 per cent, raising the prospect that short-dated yields could turn negative. 10-year yields fell by nearly 0.5 per cent ending the year at 1.72%. The reduction was less pronounced at the longer end; 30-year yields ended the year at 3.11 per cent, around 25bp lower than in April. 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 quantitative easing programme; purchases by banks, insurance companies and pension funds driven by capital requirements and the preference for safe harbour government bonds.
- 9.3.12 One direct consequence of the Funding for Lending Scheme was the sharp drop in rates at which banks borrowed from local government. 3-month, 6-month and 12-month Libid rates which were 1 per cent, 1.33 per cent and 1.84 per cent at the beginning of the financial year fell to 0.44 per cent, 0.51 per cent and 0.75 per cent respectively.

9.4 Debt Management

9.4.1 The total value of long term loans as at 31 March 2013 was £304.08m. There was no external borrowing in the financial year. The average total cost of borrowing for the quarter ending 31 December 2012 was 3.89 per cent. Money Market data and Public Works Loan Board (PWLB) rates are attached at Appendix A.

9.4.2 The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns is significant (over 3 per cent). 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.

9.4.3 The Council's long term debt position to the year ended 31 March 2013 was as follows:

	31 March 2012		31 March 2013	
	Principal	Average Rate	Principal	Average Rate
PWLB	£139.00m	4.19%	£139.00m	4.19%
Market	£ 62.50m	3.91%	£ 62.50m	3.91%
Total	£201.50m	4.10%	£201.50m	4.10%
PWLB HRA	£102.58m	3.36%	£102.58m	3.36%
self-financing				
Total	£304.08m		£304.08m	

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 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.

9.4.6 The Council successfully qualified for borrowing at the 'Certainty Rate', following the submission of the Certainty Rate form to Central Government, which included details of the capital expenditure and borrowing plans for the authority over the next three years. PWLB borrowing from 1st November 2012 will be undertaken at a 20bps reduction from the standard rate (certainty rate is approximately gilt plus 80bps).

9.4.7 In the Autumn Statement of 5th December 2012, the anticipated 'Scrutiny Rate' for PWLB borrowing was rebadged as the 'Project Rate'. It has been set at 40bps below standard PWLB rates, and therefore 20bps below the Certainty Rate, and will be introduced in November 2013. The amount offered at this discounted rate will be capped at £1.5bn (outside London) and is linked to single projects identified by Local Enterprise Partnerships (LEPs). At the current time, the announcement referred only to English authorities as being eligible.

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 and revised by the adoption of TMS 13/14 in March 2013.

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 Investment deposits are managed internally. At 31 March 2013, deposits outstanding amounted to £18.0 million excluding Icelandic deposits), achieving an average rate of return of 0.50 per cent (adjusted for Icelandic deposits) against a benchmark of 0.50 per cent. A list of deposits outstanding as at year end March 2013 is attached as Appendix B.

9.5.4 The benchmark, 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.

9.5.5 **Safe Custody Arrangements:** The Council set up a custody account with King and Shaxton in November 2012. By opening a custody account, the Council now has access to more approved investment instruments, as outlined in the 2012/13 Treasury Management Strategy to further diversify the investment portfolio. Investment instruments requiring a custodian facility include Treasury Bills, Certificates of Deposit, Gilts, Corporate Bonds and Supranational Bonds. By establishing custody arrangements, the Council is better-placed to consider the use of alternative investment instruments in response to evolving credit conditions.

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 year ended 31 March 2013 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 2012/2013 TMS was approved by Council on 6 March 2012. and revised when the Council adopted the 2013/14 TMS on 6 March 2013. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.
- 9.7.2 All Deposits placed during the year ended 31 March 2013 were compliant with the TMS as approved on 6 March 2012. Deposits placed after 6 March 2013 were compliant with the TMS 13/14 as approved on that date.
- 9.7.3 Treasury management procedures are monitored and reviewed in light of CIPFA guidance and current market conditions.

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 financial year 2012/13. 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.

11. LIST OF BACKGROUND PAPERS

- 11.1 None.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	PJ

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	1.24	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
31/07/2012	0.50	0.50	0.65	0.45	0.63	0.92	1.43	0.76	0.77	1.02
31/08/2012	0.50	0.50	0.52	0.40	0.57	0.81	1.23	0.75	0.78	1.03
30/09/2012	0.50	0.25	0.52	0.40	0.47	0.66	0.95	0.70	0.76	1.00
31/10/2012	0.50	0.25	0.44	0.40	0.44	0.55	0.82	0.69	0.77	1.05
30/11/2012	0.50	0.25	0.30	0.40	0.44	0.54	0.80	0.73	0.80	1.05
31/12/2012	0.50	0.25	0.43	0.40	0.44	0.54	0.80	0.69	0.76	1.00
31/01/2013	0.50	0.42	0.43	0.40	0.44	0.54	0.80	0.73	0.86	
29/02/2013	0.50	0.41	0.42	0.40	0.44	0.54	0.80	0.59	0.69	1.19
31/03/2013	0.50	0.40	0.40	0.40	0.44	0.51	0.75	0.59	0.68	1.72
										0.95
Minimum	0.50	0.25	0.30	0.40	0.44	0.51	0.75	0.55	0.65	0.77

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	1.2	1.84	2.83	3.79	4.11	4.19	4.16
31/07/2012	292/12	1.01	1.57	2.58	3.6	3.97	4.07	4.05
31/08/2012	336/12	1.07	1.62	2.61	3.62	4.05	4.14	4.11
28/09/2012	376/12	1.15	1.67	2.64	3.71	4.12	4.2	4.14
28/10/2012	422/12	1.19	1.82	2.82	3.81	4.17	4.25	4.19
30/11/2012	466/12	1.22	1.81	2.74	3.74	4.1	4.16	4.11
31/12/2012	504/12	1.22	1.89	2.83	3.82	4.18	4.25	4.21
31/01/2013	044/13	1.26	2.06	3.1	4.06	4.37	4.43	4.4
28/02/2013	084/13	1.16	1.91	3.04	4.04	4.36	4.43	4.4
28/03/2013	124/13	1.13	1.75	2.84	3.87	4.18	4.25	4.22
	Low	1.01	1.57	2.58	3.60	3.97	4.07	4.05
	Average	1.18	1.84	2.86	3.86	4.20	4.26	4.23
	High	1.31	2.09	3.25	4.22	4.43	4.46	4.41

Appendix B: DEPOSITS OUTSTANDING AS AT 31 MARCH 2013 FOR LONDON BOROUGH OF BARNET

Deal Number	Counter Party	Start Date	Maturity Date	Rate of Interest %	Principal Outstanding
					£
2000011404	Peterborough City Council	25/10/2012	25/10/2013	0.42	5,000,000
2000011421	BIRMINGHAM CITY COUNCIL	19/03/2013	19/12/2013	0.5	5,000,000
2000011422	Doncaster Metropolitan Borough Council	22/03/2013	23/03/2015	0.76	2,000,000
2000011424	SALFORD CITY COUNCIL	22/03/2013	21/03/2014	0.53	5,000,000
					17,000,000
	UK Banks & Building Societies				
2000010341	BANK OF SCOTLAND	09-Sep-12	CALL A/C	0.75	20,000,000
2000010411	BANK OF SCOTLAND	19-Dec-12	19-Jun-13	1.00	5,000,000
2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	CALL A/C	0.45	5,000,000
2000011414	NATIONWIDE BUILDING SOCIETY	10-Jan-13	10-Apr-13	0.48	16,500,000
2000011408	NATIONWIDE BUILDING SOCIETY	30-Nov-12	31-May-13	0.62	8,500,000
2000011409	STANDARD CHARTERED BANK	05-Dec-12	05-Jun-13	0.49	10,000,000
2000011419	STANDARD CHARTERED BANK	19-Feb-13	19-Aug-13	0.44	15,000,000
2000010417	ROYAL BANK OF SCOTLAND	22-Jan-13	22-Jul-13	0.48	15,000,000
2000010418	ROYAL BANK OF SCOTLAND	07-Feb-13	31-Jul-13	0.48	10,000,000
2000011378	CO-OPERATIVE Bank	28-Mar-13	overnight reserve	0.56	9,777,000
					114,777,000
	Non UK Banks & UK Building Societies				

2000011420	AUSTRALIA & NEW ZEALAND BANKING GRP LTD	22-Feb-13	22-Aug-13	0.46	15,000,000
2000011416	AUSTRALIA & NEW ZEALAND BANKING GRP LTD	16-Jan-13	16-Apr-13	0.40	10,000,000
2000011423	COMMONWEALTH BANK OF AUSTRALIA	21-Mar-13	21-Jun-13	0.40	15,000,000
2000011415	BANK OF NOVA SCOTIA	14-Jan-13	15-Apr-13	0.40	15,000,000
					55,000,000
			Average rate of return	0.50	186,777,000

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 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	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	Lower Limit %	Upper Limit %	Actual Fixed Rate Borrowing as at 31/12/13	% Fixed Rate Borrowing as at 30/12/13	Compliance with Set Limits?
Under 12 months	0	50	0	0	N/A
12 months and within 24 months	0	50	0	0	N/A
24 months and within 5 years	0	75	0	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 July 2013
Subject	Family Services and Education and Skills Delivery Units Contract and Procurement Activity
Report of	Cabinet Member for Education
Summary	<p>Family Services and Education and Skills Delivery Units are currently undertaking large amounts of work in relation to commissioning and procurement and are reviewing the contracts held by the services, with an aim to improve service quality and ensure value for money and cost efficiencies. As set out in the Contract Procedure Rules requirements, this report seeks the relevant authority to undertake procurement processes, authority to enter into new contracts and also makes applications for waivers of the Contract Procedure Rules where application of these rules prevents or inhibits the delivery or continuity of service.</p> <p>This report:</p> <ul style="list-style-type: none">i) seeks extension of contracts with two providers of Independent Reviewing Officer servicesii) seeks extension of a contract for the provision of a Client Caseload Information Systemiii) seeks waivers from relevant Contract Procedure Rules to enable i) and ii)iv) seeks authority for the Council to enter into contracts with five providers of social care placementsv) seeks authorisation to undertake a competitive tender process for Short Breaks provision during 2013/14vi) seeks authorisation for additional expenditure on an early intervention system and an e-finance systemvii) seeks authorisation for expenditure to deliver additional case management and e-finance capability for educational servicesviii) seeks authorisation to deliver additional case management and e-finance capability for the two year old offerix) seeks authorisation to vary the contract with Tribal to include additional functionality as requiredx) seeks authorisation to purchase licenses for Statistical Product and Service Solutions (SPSS)

Officer Contributors	<p>Elaine Tuck, Head of Service Commissioning and Business Improvement, Children's Service</p> <p>Teresa Devito, Interim Head of Safeguarding and Quality Assurance, Children's Service</p> <p>Flo Armstrong, Head of Youth and Community, Children's Service</p> <p>Lindsey Hyde, Commissioner, Children's Service</p> <p>Joe Gillam, Commissioner, Children's Service</p> <p>Jody Nason, Business Support Manager, Family Support and Early Intervention</p>
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	None
Contact for Further Information:	Elaine.tuck@barnet.gov.uk

1. RECOMMENDATIONS

That the Committee:

- 1.1 authorise the extension of contracts with two providers of Independent Reviewing Officer services, as set out in paragraph 6.6, and authorise waivers of Contract Procedure Rules to enable this**
- 1.2 authorise that the contract with Careervision for the provision of a Client Caseload Information System is extended until 31 March 2014 up to the value of £40,000, with authorisation for a further 6 month extension if required up to the value of a further £30,000, and agree to vary the contract as needed to incorporate the requirements of Raising Participation age duties, and authorise waivers of Contract Procedure Rules to enable this**
- 1.3 authorise that the Council enter into contracts with five providers of social care placements as set out in paragraph 6.8 for a period of 12 months, with authorisation for a 6 month extension, if required, to enable sufficient time to develop suitable alternative arrangements**
- 1.4 authorise that a competitive tender process is undertaken for Short Breaks provision during 2013/14, with contracts to commence on 1 April 2014, up to the value of £3,500,000 over 3 years**
- 1.5 authorise additional expenditure up to a total of £200,000 over a five year period on an early intervention system, and of up to a total of £218,000 over a five year period on an e-finance system**
- 1.6 authorise expenditure of up to £350,000 for up to a five year period to deliver additional case management and e-finance capability for educational services, subject to the availability of funding being confirmed as set out in paragraph 6.10, and, as outlined in paragraph 9.6, to involve a single tender action subject to confirmation from the Commercial lead, or an alternative procurement route should this not prove possible.**
- 1.7 authorise expenditure of up to £50,000 for up to a five year period to deliver additional case management and e-finance capability for the two year old offer as set out in this report**
- 1.8 subject to 1.6 to 1.7 above, agree to vary the contract with Tribal to include additional functionality as required**
- 1.9 authorise the purchase of licenses for Statistical Product and Service Solutions (SPSS) each year and related training up to £30,000 over three years**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 21 June 2013, Director Delegated Powers Report, 2085, Decision to extend the contract with CL Hudson Independent Ltd for a period of 8 months to the value of £10,000 for the provision of IRO services**
- 2.2 18 April 2013, Cabinet Resources Committee, Children's Service Contract Arrangements and Extensions, authorised the extension of contract with 10 organisations to provide short breaks for disabled children and young people**
- 2.3 7 November 2012, Cabinet Resources Committee, Contract Procurement Plan, Agenda Item 7, approved provision of specialist chairs and independent reviewing**

officers for safeguarding meetings and other activities, to the value of £100,000 to be procured during the 2013/14 year.

- 2.4 Cabinet Resources Committee on 7 November 2012 agreed the Contract Procurement Plan, including £88,000 in relation to eCAF (early intervention system), and £160,000 in relation to an e-finance system.
- 2.5 7 November 2011, Cabinet Resources Committee, Children and Young People's Short Breaks Contract Awards authorised the award of contracts to 10 organisations to provide short breaks for disabled children and young people
- 2.6 19 June 2009, Director Delegated Powers Report, 839, authorised that Barnet, alongside Haringey, Enfield and Waltham Forest, appoint Careervision as the provider of the Client Caseload Information System (CCIS)

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Safeguarding is a key priority across the Council and partners and is reflected in strategic partnership goals, including the Corporate Plan 2013-16. The provision of Independent Reviewing Officer (IRO) services supports the Corporate Plan outcome to create better life chances for children and young people across the borough. The provision of IRO services supports the Children and Young People Plan 2013-16 priority to protect children at risk of harm and support them to achieve their potential. This also supports the priority to ensure services are integrated to support young people as they transition to adulthood.
- 3.2 The Corporate Plan 2013-16 includes the strategic objective to support families and individuals that need it, promoting independence, learning and well-being. The provision of a Client Caseload Information System (CCIS) supports both this strategic objective and the Corporate Plan outcome to create better life chances for children and young people across the borough. The provision of a Client Caseload Information System supports the Children and Young People Plan 2013-16 priority to offer opportunities for engagement and support, recognising the needs of the individual and supporting them to achieve. This also supports the priority to ensure services are integrated to support young people as they transition to adulthood.
- 3.3 Providing services to vulnerable children, young people and their families is a key priority across the council and its partners. The Corporate Plan 2013-16 includes the strategic objective to support families and individuals that need it, promoting independence, learning and well-being. The provision of social care placements to children and young people in care supports both this strategic objective and the Corporate Plan outcome to create better life chances for children and young people across the borough. Provision of social care placements that meet the needs of children in care also supports the Children and Young People Plan 2013-16 priority to protect children at risk of harm and support them to achieve their potential.
- 3.4 The Corporate Plan 2013-16 includes the strategic objective to support families and individuals that need it, promoting independence, learning and well-being. The provision of short breaks supports both this strategic objective and the outcome to create better life chances for children and young people across the borough. Short breaks services also support the Children and Young People Plan 2013-16 priority to enable those with Special Educational Needs, Learning Difficulties and complex needs to achieve their potential.
- 3.5 Ensuring appropriate e-finance and case management systems are in place for educational services, including Educational Psychology, Early Years childcare and Special Educational Needs will enable the Council to better understand its customers and manage their data, supporting the Corporate Priority 2013-16 'Support families and individuals that need it – promoting independence, learning and well-being'. This will also contribute to the Children and Young People Plan 2013-2016 objective

'Targeted, personalised support for those most at risk of not achieving their potential, helping to reduce inequalities'.

4. RISK MANAGEMENT ISSUES

Independent Reviewing Officers

4.1 The provision of Independent Reviewing Officers (IRO) is a statutory requirement. If the council were to cease to provide this service, it would be in breach of its statutory duties and there would be a risk to looked after children that they would not receive the support they require to voice their views and opinions. It is appropriate for this provision to be delivered through a mixed arrangement of in house employees and external providers who are used when permanent staff are not available. There would be significant risks if the IRO contracts detailed in this report were not extended. It would be detrimental to children in care for there to be a change of IRO at this point in time. A child's IRO advocates for the child and provides stability to their experience in care and is a statutory function.

Client Caseload Information System

4.2 Barnet currently receives its Client Caseload Information System (CCIS) from Careervision, as part of a consortium arrangement with Barnet, Haringey, Enfield and Waltham Forest. This consortium arrangement may not continue beyond the current contract end date of 31 August 2013. Therefore, Barnet is seeking authority to extend and vary its contract directly with Careervision. There is a risk of cost increase if the consortium does not continue. However, Barnet will seek to negotiate costs with the provider to maintain or lower the cost. As this service provider is already providing the service, there are no identified risks associated with the extension of the contract. The contract will continue to be monitored during the extension period to ensure quality and value for money are achieved.

Social care placement providers

4.3 The Council has a duty to ensure sufficient accommodation to meet the needs of children in its care. If the Council did not enter into contracts with the social care placement providers identified in this report, it would risk not being able to fully meet the needs of all children in care.

Short breaks

4.4 The current contracts for short breaks provision will expire on 31 March 2014 and failure to re-commission this service and undertake a new procurement process will lead to the disruption of short break services for the families using the services. This could lead to additional stress for families with the potential risk of family breakdown and the need for significantly more costly services such as accommodation and social work intervention.

The Council has a statutory duty under the Breaks for Carers of Disabled Children Regulations 2011 to provide short breaks. There is the likelihood that the Council will be in breach of the statutory duty if there is any break in provision of or failure to provide the services. It will also put the Council at potential risk of judicial review and damage to its reputation both locally and nationally.

In order to mitigate these risks, it is recommended that authority is given to undertake a procurement process for short breaks services, with new contracts to commence from 1 April 2014.

IS systems: Tribal, e-finance systems and SPSS

4.5 If the Council keeps paper-based records, rather than an electronic case management system, and does not work in a more joined up way there is a risk that it will be unable to undertake better interactive planning, commissioning and delivery of services and will lead to inefficiencies and leave the Council unable to share information across different teams working with the same families. Extending the existing Tribal case management system will help to mitigate against this risk.

There is a statutory duty to administer the two year old offer of 15 hours free educational entitlement for eligible two year olds. Currently this is administered to approximately 20% of Barnet's population, but it is due to increase as the eligibility criteria has widened. If the Council does not have an appropriate system in place to administer this there is a risk that entitlements will not be processed in a timely way, with a consequent reputational risk for the Council.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under current Equalities legislation the Council and all other organisations exercising public functions on its behalf are required, when exercising such functions, to have due regard to the need to: i) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited under the Equality Act 2010; ii) advance equality of opportunity between those with a protected characteristic and those without; iii) 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 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.
- 5.3 Having 'due regard' means: (i) consciously thinking about the three aims as part of the decision-making process; (ii) that an incomplete or erroneous appreciation of the duties will mean that due regard has not been given to them; and (iii) that the duty must be exercised in substance, with rigour and with an open mind.
- 5.4 This duty, also, applies to a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty. This includes any organisation contracted by a local authority to provide services on its behalf.
- 5.5 The Independent Reviewing Officer (IRO) providers included in this report are able to meet the needs of children from diverse backgrounds. Each has extensive knowledge of working with families and children from minority ethnic backgrounds. They also have the expertise working with children who have special educational needs. The IRO providers are able to challenge any poor practice, and contribute to the development of policy and best practice by leading on and project managing specific work streams in relation to specialist areas of practice and to oversee the implementation of recommendations and monitoring of outcomes. The IRO providers are able to ensure the implementation of the Council's Equalities Policies in relation to all aspects of service delivery and employment and to promote and implement departmental policies, procedures, practices principles and quality standards.
- 5.6 CCIS represents the key system in monitoring, recording and tracking young people that supports the service in delivering on its commitments. The CCIS enables the Youth Service to carry out a detailed analysis of the needs of young people in the borough, based on monitoring and outcomes data and disaggregated to understand the needs of different groups, focussing on race, gender, faith and those with learning difficulties and disabilities. In sum, the above will enable the Youth Service to be more effective in targeting its support to those who need it most.

- 5.7 Alere Care, Care Afloat, Advanced Child Care, Vitality Fostering and Footsteps a Path to Change deliver social care services to children and young people of all faiths and cultures and are committed to ensuring that there is equality of service provision to all to enable this cohort of young people to have a supported and positive transition into adulthood. The ongoing monitoring arrangements with these providers ensure that the service provision meets the diverse needs of Barnet's children and young people.
- 5.8 Short Break services support a diverse population of disabled children and young people with a wide range of physical and learning disabilities, sensory impairments, Autistic Spectrum Conditions and complex health needs including life limiting conditions. A thorough needs assessment will be undertaken prior to a tender process commencing which will provide up to date insight into the needs of Barnet's children and young people. The services to be commissioned will be based on this needs assessment to ensure that the needs of Barnet's children and young people are met, in line with the Council's statutory duties, to support them to achieve positive outcomes.
- 5.9 The services provided by educational psychologists, the Special Educational Needs team, the early years team and other education professionals help to meet the needs of children who require additional support. Appropriate case management systems will enable these areas to have better management and oversight of the data associated with these young people.
- 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

Procurement, Performance, Value for Money and Sustainability

Independent Reviewing Officers

- 6.1 Barnet has a mixed provision of Independent Reviewing Officers (IROs) which includes three in-house IROs, four independent external providers of IRO services and a call off contract with Aidhour. External IRO services are to be re-commissioned during 2013/14 with the aim of the Council bringing all provision of IRO services into alignment and to rationalise contracting arrangements within the Children's Service. Authorisation has already been given for IRO services to be re-commissioned during 2013/14, to enter into new contractual arrangements from 1 April 2014, as set out in paragraphs 2.1 and 2.4 of this report.

For the duration of the contract extensions sought in this report, the contracts will be regularly monitored to ensure that specified outcomes are met and that the contract represents value for money.

Client Caseload Information System

- 6.2 The procurement of Client Caseload Information System (CCIS) on behalf of Barnet has, to date, been led through the London Borough of Haringey on behalf of Barnet, Haringey, Enfield and Waltham Forest. The consortium has been preparing to re-procure the CCIS system. However, due to unforeseen circumstances within the consortium, the re-procurement of the CCIS contract has been delayed and the consortium arrangement may not continue beyond the current contract end date of 31 August 2013. Barnet is seeking authorisation to instead extend its contract directly with Careersision until 31 March 2014, with an approved option of a further 6 month extension if needed to put in place suitable alternative arrangements. A contract variation will also be undertaken for the length of the extension to meet the requirements of the Council's Raising Participation Age duties.

Social care placement providers

- 6.3 Where children cannot be placed with Barnet's own foster carers, due to the specific needs of the child, placements are sought with external agencies. The Council

currently has an approved framework agreement in place, the London Care Placements Framework, which contains a number of providers of services for Children's Social Care, covers Independent Fostering Agencies (IFA), Residential Children's Homes, and a number of Residential Family Centres. Cabinet Resources Committee has also recently (24 June 2013) given authority for Barnet to accept the West London Alliance Framework Agreement for IFA provision. Where providers on these frameworks are not able to provide a suitable placement to meet an individual child's needs, or where a decision has been taken outside of Barnet's control, for example directed by a court or a Children's Guardian, relevant authority will be sought to enter a contractual relationship with a new provider who is not part of an already approved framework. All placements are made with the appropriate due diligence and safeguarding checks are undertaken.

Short breaks

6.4 The current Short Breaks contracts were competitively tendered but these contracts expire on 31 March 2014, as set out in paragraph 9.5 of this report. The Council will be required to provide Short Breaks services beyond the end of the current contract date. To ensure the services provided meet the current needs of Barnet's children and young people, and to meet requirements of procurement regulations, it is necessary to re-commission Short Breaks provision through a competitive tendering exercise. This report seeks authority to undertake a procurement process and award contracts to commence on 1 April 2014.

IS systems: Tribal, e-finance systems and SPSS

6.5 An e-finance functionality will allow the local authority to better analyse spend on SEN placements and other services to ensure that value for money is being achieved.

Extending use of and upgrading the existing system as a single tender action will be more cost-effective than implementing a new system. In line with the Procurement Code of Practice, authority will be sought from the Commercial Lead to agree a single tender action for part of this spend relating to the existing Tribal system and for any other spend this relates to. A single tender action is necessary for technical reasons, as only Tribal has the expertise to add additional modules to the existing system, and exclusive rights, as only Tribal can do it due to patents/copyright and so on.

Authorisation for a single tender action will also be sought in relation to the online ECS product developed by Northamptonshire County Council, which links with Department for Work and Pensions data to allow eligibility checking for the two year old offer without manual intervention. This is the only product of its type on the market.

Likewise, IBM are the only providers of the SPSS software and so a single tender action will be sought.

Finance

Independent Reviewing Officers

6.6 Contract extensions are sought with two external providers of Independent Reviewing Officer services as set out below.

Name of Contract	Current expenditure to date (contract period to date)	Value of extension (time period)	Total Spend including extension (total contract length)
Jon Stroud Ltd	£43,450 (3 years)	Up to £15,000 (9 months, 1 July 2013 to 31 March 2014)	£58,450 (3 years, 9 months)
K Tiplady Ltd	£24,113 (2 years)	Up to £15,000 (7 months 1 September 2013 to 31 March 2014)	£39,113 (2 years, 7 months)

These two IRO contracts are call off agreements and therefore the council is not committed to spend with these providers. Spend will be contained within existing Family Services Delivery Unit budgets.

Client Caseload Information System

6.7 This report seeks authority to extend Barnet's contract with Careervision from 1 September 2013 to 31 March 2014. The existing contract value is £155,634. The extension value is up to £40,000 to take account of the need for additional functionality. This report also seeks approval for a further 6 month extension up to the value of £30,000, if required to put in place suitable alternative arrangements. This cost will be contained within existing Family Services Delivery Unit budgets.

Social care placement providers

6.8 The table below details five providers of social care placements and semi-independent accommodation for which authority is sought to enter into contracts. Paragraph 9.4 of this report outlines the rationale for entering into contracts with each provider. These contracts are call off agreements and do not commit the Council to spend with these providers. The projected value of spend with each provider is based on the number of young people who are anticipated to require this type of provision. All spend will be contained within existing Family Services Delivery Unit budgets.

Provider name	Length of contract	Contract Value	Value of additional 6 month extension option	Contract Value if 6 month extension option exercised
Alere Care	12 months	£45,084	N/A	N/A
Care Afloat	12 months	£234,000	£117,000	£351,000
Advanced Child Care	12 months	£205,400	£102,700	£308,100
Vitality Fostering	12 months	£80,600	£40,300	£120,900
Footsteps a Path to Change	12 months	£187,200	£93,600	£280,800

This report also seeks authority to extend the contract term by 6 months, subject to satisfactory performance of the services by the provider during the initial term and at the Council's discretion, if an extension is required, to enable sufficient time to develop suitable alternative arrangements in relation to Care Afloat, Advanced Child Care, Vitality Fostering and Footsteps a Path to Change. Approval has been given by Cabinet Resources Committee on 24 June 2013 to develop a Barnet approved list or framework to provide a more coordinated approach to the provision of accommodation to young people leaving care and accommodation to children in care, to supplement the provision available through the West London Alliance Framework.

Short breaks

6.9 Authority is requested to undertake a competitive tender process for Short Breaks provision, with contracts to commence on 1 April 2014, up to the value of £3,500,000 over 3 years. This will be contained within existing budgets. This value is an upper limit based on the previous annual value of short breaks contracts. However, it is the intention of the Family Services Delivery Unit to seek to make financial savings during this tender and assessment process, while ensuring that it continues to meet its statutory duties and the needs of Barnet's children and young people.

IS systems: Tribal, e-finance systems and SPSS

6.10 *Early Intervention and prevention*

Capital funding of £200,000 is included in the capital programme.

Two year old offer

£50,000 is contained within the DSG for procurement of additional functionality for existing systems and ongoing support to enable administration of the two-year old offer.

e-finance

Capital funding of £218,000 is include in the capital programme.

Educational support systems

Authority is requested for expenditure of up to £350,000 for up to a five year period to deliver additional case management and e-finance capability, subject to the availability of funding being confirmed.

Within the £350,000 there are two elements:

- £202,000 is required to fund initial project work on the existing systems, and to procure new modules for existing case management and e-finance systems in relation to education support. £40,000 of this funding is in existing budgets within the SEN budget. The Schools Forum is due to take a decision in July 2013 on allocation of £102,000 to the project, and the Education and Skills Delivery Unit is identifying additional funding streams to secure £60,000.
- It is anticipated that £148,000 will be required for the additional support and maintenance of the new education support systems procured and this will be found from within existing budgets.

Associated project management costs and ongoing licensing fees will be contained within budgets. A phased approach to the project will be taken; project scope and expenditure will be in line with confirmed funding.

Statistical Product and Service Solutions (SPSS)

The purchase of five SPSS licences for Performance and Insight Officers, and Analysts, within the Analysis, Performance and Strategy team each year plus training will allow the team to undertake statistical testing, linear modelling, providing much more intelligent and robust data analysis to the whole Children's Service. Funding of approximately £10,000 per annum (£30,000 over three years) will be contained within existing Children's Service budgets.

Staffing, IT and Property

6.11 The Education and Skills Delivery Unit and Family Services Delivery Unit currently use the Tribal system. Additional functionality would extend the capability of the existing system.

6.12 There are no Staffing, IT or Property implications for the Council in relation to any other contracts reference in this report.

7. LEGAL ISSUES

7.1 Social Care services fall within Part B of Schedule 3 of The Public Contracts Regulations 2006 (as amended) ("the Regulations"). These Regulations implement the, relevant, European Directive into domestic law.

The procurement of Part B services are not subject to the full European procurement regime, however contracting authorities are required to comply with the Treaty on the Functioning of the European Union (formerly the EC Treaty principles) in the way they carry out procurements and also to obtain value for money. These principles apply to all procurements with a "cross-border interest", whether or not the full procurement

regime applies. The Council must act transparently, fairly and in a non discriminatory way in securing the continued provision of the service.

- 7.2 Procurement of Computer and Related Services falls within Part A of Schedule 3 of the Regulations and it will be necessary to comply with European procurement regime where the contract value exceeds the relevant EU threshold (£173,943). Where the contract value is below the threshold the Council must comply with the Treaty principles and must act transparently, fairly and in a non-discriminatory way in securing the continued provision of the service
- 7.3 The Public Contracts Regulations 2006 permit the use of the negotiated procedure without 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;
- 7.4 The arrangements for reviews for looked after children derive from the Children Act 1989 and associated regulations. The role of the IRO is specified in section 25A and 25B of the Children Act 1989 as well as in the Care Planning, Placement and Case Review (England) Regulations 2010. The statutory provisions confer a specific duty on the IRO to monitor the delivery of the care plan for the child and to address issues that may contribute to drift and delay. Achieving permanence quickly for children is a key government objective with further legal changes anticipated to support increased expectations for local authorities for example in the area of adoption. The role of the IRO is crucial to ensuring these arrangements are delivered.
- 7.5 Local authorities have existing responsibilities to support young people into education or training, which are set out in the following duties:
- Secure sufficient suitable education and training provision for all young people aged 16-19 and for those aged 19-24 with a Learning Difficulty Assessment in their area (sections 15ZA and 18A of the Education Act 1996 (as inserted by the Apprenticeships, Skills, Children and Learning Act 2009)).
 - Make available to young people aged 13-19 and to those aged 20-24 with a Learning Difficulty Assessment support that will encourage, enable or assist them to participate in education or training (Section 68 Education and Skills Act (ESA) 2008).

There are two duties placed on local authorities by Section 68 of the ESA 2008 relate to 16- and 17-year-olds. These are:

- to ensure that its functions are (so far as they are capable of being so) exercised so as to promote the effective participation in education or training of persons belonging to its area to whom Part 1 of ESA 2008 applies, with a view to ensuring that those persons fulfil the duty to participate in education or training;
 - to make arrangements to enable it to establish (so far as it is possible to do so) the identities of persons belonging to its area to whom Part 1 of ESA 2008 applies but who are failing to fulfil the duty to participate in education or training.
- 7.6 Section 9 Children and Young Persons Act 2008 inserts a new section 22G into the Children Act 1989. The new section imposes a general duty on the Council to secure that sufficient accommodation is made available for children it is looking after.
- 7.7 From 1 April 2011, under the Breaks for Carers of Disabled Children Regulations 2011, local authorities provide regulation as to the way in which Local Authorities discharge the duty owed to carers of disabled children under paragraph 6(1)(c) of Schedule 2 of the Children Act 1989 which places a duty on local authorities to *'assist individuals who provide care for disabled children to continue to do so, or to do so more effectively, by giving them breaks from caring.'*

- 7.8 Part IV, Chapter 1 (sections 312-349) and Schedules 26 and 27 of the Education Act 1996, and the Education (Special Educational Needs) (England) (Consolidation) Regulations 2001 (SI 2001/3455), contains provisions relating to local authorities statutory duty in relation to Special Educational Needs, including duty to identify and assess Special Educational Needs, including making and reviewing Special Educational Needs statements.
- 7.9 In October 2012 the Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012 set out the eligibility criteria for the first phase of the two-year-old entitlement to free early education from September 2013.
- 7.10 Additional functionality purchased for educational support systems and the two year old offer will adhere to the relevant legislation, including the Data Protection Act 1998.
- 7.11 All new contracts or contract extension will be documented in a written contract, specifying the terms and conditions for the provision of the services and executed by the parties.

8. CONSTITUTIONAL POWERS

- 8.1 Council Contract Procedure Rules outline that any procurement that has not been authorised in the Annual Procurement Forward Plan must be authorised in accordance with Table A in Appendix 1 of the Contract Procedure Rules. Cabinet Resources Committee can authorise values of £500,000 and above.

This report seeks authority to undertake a competitive tender process for Short Breaks provision during 2013/14, with contracts to commence on 1 April 2014, up to the value of £3,500,000 over 3 years; this decision is within the acceptance level for Cabinet Resources Committee.

- 8.2 Council Contract Procedure Rules outline that acceptance of contracts in all cases is subject to budgetary provision; a compliant procurement process; and confirmation of acceptable financial status of the service provider.

This report seeks authority to enter into contracts with five providers of social care placements. These contracts are on a 'call off' basis and will be contained within existing Family Services Delivery Unit budgets. As outlined in paragraph 6.3 of this report, entering into contract with social care placements providers to meet individual children's needs (recommendation 1.3) constitutes non-procurement activity. Appropriate due diligence checks will be undertaken with each provider before entering into contract to ensure appropriate financial status of the provider organisations.

This report also seeks authority to purchase licenses for Statistical Product and Service Solutions (SPSS); this decision is within the acceptance level for Cabinet Resources Committee and a single tender action will be utilised in line with 8.10 of this report.

- 8.3 Council Contract Procedure Rules section 14.2 outlines that contracts may only be extended or varied if all of the following conditions have been met:
- the initial contract was based on a Contract Procedure Rules compliant competitive tender or quotation process;
 - the value of the extension or variation added to the value of the original contract does not exceed the original Authorisation threshold as defined in Appendix 1, Table A. (This criterion may be disapplied in respect of Placement Agreements for individuals in Social Care. Contract Procedure Rule 14.1 provides that such Placement Agreements may be varied or extended without reference to the Variation or Extension Acceptance levels and documentation set out in TABLE A, Appendix 1.;
 - the extension or variation has an approved budget allocation;

- the extension or variation is in accordance with the terms and conditions of the existing contract;
 - if the initial contract was subject to EU tender procedure, that the extension option was declared within the OJEU notice and the original Acceptance (Delegated Powers Report/Cabinet Resources Committee Report); and
 - the contract has not been extended before
- 8.4 In relation to the extensions sought in this report for Independent Reviewing Officers with Jon Stroud Ltd and K Tiplady Ltd five out of six of the above criteria are met. Acceptance thresholds for contract extensions and variations are met as set out in Table A, Appendix 1 of the Contract Procurement Rules and Cabinet Resources Committee can approve the contract extension values. However, contracts with Jon Stroud Ltd and K Tiplady Ltd have been extended before and, as such, a waiver of the Contract Procedure Rules is required.
- 8.5 Similarly, in relation to the contract variation and extension sought for the contract with Careervision, five out of six of the above criteria are met. Acceptance thresholds for contract extensions and variations are met as set out in Table A, Appendix 1 of the Contract Procurement Rules and Cabinet Resources Committee can approve the contract extension values. However, the contract with Careervision has been extended before and, as such, a waiver of the Contract Procedure Rules is required.
- 8.6 Paragraph 15.1 of the Contract Procedure Rules state that in the event that the application of these rules prevents or inhibits the delivery or continuity of service, Directors or Assistant Directors and Lead Commissioners may apply for a waiver. All applications for a waiver of these Contract Procedure Rules must be submitted to Cabinet Resources Committee specifically identifying the reason for which a waiver is sought.
- 8.7 Justification of the required waivers of the Contract Procedure Rules in relation to contracts with Jon Stroud Ltd and K Tiplady Ltd are set out clearly in paragraph 9.2 below.
- 8.8 Justification of the required waivers of the Contract Procedure Rules in relation to the contract with Careervision is set out clearly in paragraph 9.3 below.
- 8.9 In relation to the variations sought in this report for Tribal and e-finance, these are within the acceptance levels for Cabinet Resources Committee.
- 8.10 The Contract Procedure Rules outline that a single tender action is not allowed unless approved by the Commercial Lead.

9. BACKGROUND INFORMATION

- 9.1 Family Services and Education and Skills Delivery Units are currently undertaking large amounts of work in relation to commissioning and procurement and are reviewing the contracts held by the service, with an aim to improve service quality and ensure value for money and cost efficiencies. As set out in the Contract Procedure Rules requirements, this report seeks the relevant authority to undertake procurement processes, authority to enter into new contracts and also makes applications for waivers of the Contract Procedure Rules where application of these rules prevents or inhibits the delivery or continuity of service.

Independent Reviewing Officers

- 9.2 The provision of robust Independent Reviewing Officer (IRO) services ensures the scrutiny and monitoring of the delivery of services to looked after children and in particular care planning arrangements. This ensures that any obstacles to achieving good outcomes for this vulnerable group of children are identified and addressed on

an individual basis as well as via the identification of themes and patterns. The IRO forms part of the wider quality assurance function of the Safeguarding Division.

Barnet has a mixed provision of IRO's which includes three in-house IRO's, four independent external providers of IRO services and a call off contract with Aidhour. Barnet uses external providers for the following reasons:

- to ensure statutory timescales for chairing child protection conferences and child in care reviews are adhered to
- to cover urgent reviews in order to meet performance indicator deadlines
- to manage capacity for in house IROs
- to cover sickness and annual leave of in-house IRO's
- to match an IRO to a specific child on the basis of equalities requirements
- to provide a service of reviewing children when there are demands eg., big sibling groups
- to cover reviews which are out of borough and geographically closer to them which is cost effective
- they are flexible, and can be used on a 'call off' basis

In relation to the extension of contracts with Jon Stroud Ltd and K Tiplady Ltd, a waiver of the Contract Procedure Rules is justified to bring all provision of IRO services into alignment and to rationalise contracting arrangements within the Children's Service. During the 2013/14 year a procurement exercise is being undertaken in relation to external provision of IRO services. This procurement will cover IRO services currently provided by another larger IRO call off agreement which the council is currently contracting with Aidhour. This procurement will also cover the services provided by the two above mentioned external IRO providers and will aim to rationalise the number of contracts for the provision of external IRO services and to enter into a new contracts from 1 April 2014. To enable this, it is necessary to extend the current arrangements with the above mentioned external IRO providers. There would be significant risks if the IRO contracts detailed in this report were not extended. It would be detrimental to children in care for there to be a change of IRO at this point in time. A child's IRO advocates for the child and provides stability to their experience in care and is a statutory function. If the waiver is approved and the above mentioned contracts are extended, a planned transition can take place where necessary.

Client Caseload Information System (CCIS)

- 9.3 CCIS is used to track young people's participation in education or training and to identify which young people are likely to require additional support to ensure they continue in education or training post-16, as well as to ensure that the correct post-16 learning provision can be commissioned to meet the needs of these young people. This monitoring and recording of activity and non-activity is required to meet the National CCIS Management Information Requirement.

The database improves the way in which the council works with employers and training providers by ensuring all the management information in this area is up to date so that we can then match the vacancies with those young people are Not in Employment, Education or Training. Tracking is also very important for those young people who are in care, young offenders and those with special needs. This ensures that we keep close contact with these young people and work intensively with them to ensure positive outcomes. The CCIS system will also help the Council to meet the requirements of the Raising Participation Age duties, to promote young people's participation up to the age of 17 by 2013 and 18 by 2015.

In July 2009, following a tender process, Careervision was appointed as the preferred provider of the Client Caseload Information System for Barnet as part of a consortium of four Boroughs (Barnet, Haringey, Enfield and Waltham Forest). In 2012 the contract was extended for a further year and continued to be led by Haringey. Due to unforeseen circumstances within the consortium, the re-procurement of the CCIS

contract has been delayed. A waiver of the Contract Procedure Rules is justified to enable Barnet to extend their contract directly with Careersion to mitigate any risks of this provision being interrupted, while exploring suitable alternative arrangements. This contract will also be varied to ensure the requirements of the Raising Participation Age duties are met. If this contract with CCIS was not extended, Barnet's ability to target Information, Advice and Guidance to often vulnerable young people and their ability to meet Raising Participation Age requirements would be compromised.

Social care placement providers

9.4 The social care placement providers outlined below, with whom authority is sought to enter into contracts, are required to meet the needs of particular children and young people. There are some specific circumstances which have led to the need for young people to be placed with these providers, including the rights of children and young people to have their views and opinions heard in relation to where and with whom they live while they are in the Council's care.

Alere Care provide 24 hour supported accommodation within a shared house setting within the Kent area, for young people who wish to remain in the Kent area. A contractual relationship with this provider is needed to support a young person until they move on to independence.

Care Afloat is a crisis intervention placement with a possible move on plan to one of their residential settings. They provide crisis intervention, solo and shared small residential homes, floating children's home, holistic health assessment & therapy, strategic transition from secure-community, safeguarding from exploitation, education, emergency beds. All of their homes are based outside of London which offers high quality provision for those young people for whom this is beneficial.

Advanced Child Care provides placements outside of London for children for whom this is beneficial. Care and education pathways are provided for young people, enabling them to achieve good outcomes. Advanced Child Care's range of services enables looked after children to gain the skills and confidence to progress from specialist residential homes to family placements, such as fostering, or independent living.

Vitality Fostering is an Independent Fostering Agency that has carers relatively local to the Barnet area; they have carers that can care for sibling groups and young people with difficult behaviour.

Footsteps a Path to Change is a specialist small accommodation unit for young people who have specific, challenging behavioural difficulties, based outside of London.

Short breaks

9.5 A competitive tender process was undertaken in 2011 for Short Breaks provision and contracts were awarded to 10 organisations for the period January 2012 to March 2013. These contracts were across three lots:

- Lot 1 - Group based services - Out of school provision including weekend and holiday schemes
- Lot 2 - Overnights
- Lot 3 - Enablers (Personal assistants and buddies)

As the providers were performing well against the contracts, a further decision was taken to extend these contracts to 31 March 2014.

The Council will be required to provide Short Breaks services beyond the end of the current contract date of 31 March 2014. To ensure the services provided meet the current needs of Barnet's children and young people, and to meet requirements of

procurement regulations, it is necessary to re-commission Short Breaks provision through a competitive tendering exercise. This report seeks authority to undertake a procurement process and award contracts to commence on 1 April 2014.

Officers within Children's Service are discussing the strategic vision for short breaks commissioning in view of the changing landscape of priorities, and legislation (the Children, Services and Families Act 2010). There will be a review and assessment of need which will pull together the funding streams and the different strands of current service provision. As part of this, there will be consultation with parents, carers and children, as well as service providers, to inform new service design.

IS systems: Tribal, e-finance systems and SPSS

9.6 *Early intervention and e-finance systems*

The procurement forward plan (see previous decision detailed in paragraph 2.5 of this report) included expenditure of £88,000 in relation to eCAF (early intervention system), and £160,000 in relation to an e-finance system. As outlined in paragraph 6.10 of this report, additional funding has since been agreed to cover spend on these systems and associated project management and ongoing costs for a period of five years. As such, authority is sought for expenditure of up to £218,000 on e-finance over a five year period and of up to £200,000 on early intervention over a five year period.

An early intervention system is required to deliver an IT solution which brings together existing information in one place and eliminates the need for records to be kept in excel and access databases. An e-finance system is required to process financial transactions that are linked to clients and to allow better reporting on financial data.

Additional case management and e-finance capabilities for education support

Authority is requested for expenditure of up to £350,000 for up to a five year period to deliver additional case management and e-finance capability across education support areas. This is subject to the availability of funding being confirmed, as set out in paragraph 6.10 of this report.

The work will consist of four parts:

- work to develop and update existing modules of our current case management system for education support systems (Tribal)
- procurement of additional modules for existing system in relation to educational support
- procurement of additional modules for existing system to administer two year old offer
- extending the use of e-finance systems to cover more areas

The scope of the project will be in line with confirmed funding, and associated project management costs and ongoing licensing fees will be contained within.

In line with the Procurement Code of Practice, authority will be sought from the Commercial Lead to agree a single tender action for parts of spend relating to the existing Tribal system, and for any other relevant spend. A single tender action is necessary for technical reasons, as only Tribal has the expertise to add additional modules to the existing system, and exclusive rights, as only Tribal can do it due to patents/copyright and so on. Subject to this being agreed, authority is sought to vary the contract with Tribal to include additional functionality. If for any unforeseen reason this is not possible, an appropriate procurement process would be followed.

Two year old offer

From September 2013, there is a statutory duty to administer the two year old offer of 15 hours free educational entitlement for eligible two year olds. From September this will be administered to approximately 20% of Barnet's population, but it is due to further increase from April 2014 to approximately 2,000 places as the eligibility criteria

widen. At present settings with early years places are logged on the Tribal system, but the children accessing these places are on an access database. Checking eligibility is done manually.

In order to ensure that data on children and settings is integrated and streamlined it is necessary to purchase additional functionality that integrates with the existing system, Tribal. Following a market scoping exercise, one functionality (that of checking eligibility for the two year old offer without manual intervention) can only be purchased from Northamptonshire County Council who have developed the online ECS product that links with Department for Work and Pensions data. However, this product does not provide a database to store and retain data on eligible families or provides the facility to manage claim data from settings (of children attending a free place or facilitate a payments mechanism).

Statistical Product and Service Solutions (SPSS)

SPSS (originally, Statistical Package for the Social Sciences, later modified to read Statistical Product and Service Solutions), is a statistical package commonly used by health researchers, government, and education researchers. IBM is the only provider of this software. Five licences for Performance and Insight Officers, and Analysts, within the Analysis, Performance and Strategy team each year plus training will allow the team to undertake statistical testing, linear modelling, providing much more intelligent and robust data analysis to the whole Children's Service. For example, the package will be used to map pathways in Troubled Families, which will lead to improved understanding and evaluation of the impact of services. In Education, the team could also start to assess the impact of educational pilots. Not only will the package enable new pieces of work to be undertaken, adding value to the service, but it will also ensure that existing work can be completed more efficiently.

10. LIST OF BACKGROUND PAPERS

10.1 None

Cleared by Finance (Officer's initials)	John Hooton
Cleared by Legal (Officer's initials)	Stephen Dorian

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Meeting	Cabinet Resources Committee
Date	18 July 2013
Subject	Integrated Adults Health and Social Care arrangements
Report of	Cabinet Member for Adults
Summary	<p>This report:</p> <ul style="list-style-type: none">(i) highlights the current national and local policy direction towards greater integration of health and social care services;(ii) seeks authority to develop an overarching Section 75 National Health Services Act 2006 Agreement (Section 75 Agreement) between London Borough of Barnet and NHS Barnet Clinical Commissioning Group (CCG) for the purpose of jointly commissioning adult health and social care services under the Health and Social Care Integration Programme;(iii) seeks authority to include the current two spearhead projects (Care Homes pilot and Older People's Integrated Care service) within this Section 75 agreement;(iv) seeks delegation of authority to the Cabinet Member for Resources and Performance and the Cabinet Member for Adults to agree the full scope and financial arrangements under the Section 75 Agreement;(v) seeks delegation of approval of further amendments to the Section 75 Agreement to the Adults and Communities Director.

Officer Contributors	Thomas Fennerty
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	N/A
Contact for Further Information:	Thomas Fennerty Thomas.fennerty@barnet.gov.uk 078 2573 2966

1. RECOMMENDATIONS

- 1.1 That the Committee authorises the development of an overarching Section 75 National Health Services Act 2006 Agreement (Section 75 Agreement) between London Borough of Barnet and NHS Barnet Clinical Commissioning Group (CCG) to jointly commission adult health and social care services as part of the Health and Social Care Integration Programme, as set out in section 9 of this report.
- 1.2 That the Committee delegates authority to the Cabinet Member for Resources and Performance and the Cabinet Member for Adults to approve the full scope and financial arrangements under the Section 75 Agreement.
- 1.3 That the Committee delegates approval of further amendments to the Agreement to the Director for Adults and Communities.

2. RELEVANT PREVIOUS DECISIONS

Section 256 Decisions

- 2.1 Cabinet (20 Feb 2011) agreed to set up a Health and Wellbeing Board with powers to manage s256 for partnership working in health.
- 2.2 Cabinet Resources Committee (2 March 2011) approved criteria for allocation of funds within s256 agreement and for high level spending to be overseen by Health and Wellbeing Board. Allocations were as follows; £967,000 in 2010/11; £3.9m in 2011/12, and £3.7m in 2012/13.
- 2.3 Health & Wellbeing Board (31 May 2012) approved the Strategic Outline Case (SOC) for Health Social Care Integration (HSCI) Programme, which set out the aims of the programme and proposed using s256 funding allocations for projects.

Section 75 Decisions

- 2.4 Cabinet Resources Committee (22 April 2010) agreed payment from NHS Barnet in relation to a Section 75 pooled budget arrangement for adults with learning disabilities transferring from the Harperbury Hospital Campus.
- 2.5 Cabinet Resources Committee (13 January 2011) authorised the creation of a pooled fund for an integrated community learning disabilities service under Section 75 of the NHS Act 2006. It was also agreed that the Cabinet Member for Adults be authorised on behalf of the Council to enter into a two-year Section 75 pooled funding agreement between the London Borough of Barnet (LBB) and NHS Barnet (NHSB), subject to the legal and financial terms of the agreement being approved by the Assistant Director – Legal and the Chief Finance Officer, respectively.
- 2.6 Cabinet Resources Committee (28 July 2011) agreed that the Cabinet Member for Adults be authorised to approve the Council entering into a two-year Section 75 National Health Service Act 2006 pooled funding agreement

with NHS Barnet (NHSB), with the council acting as lead commissioner for voluntary sector prevention services, subject to the legal and financial terms of the agreement being approved by the Assistant Director – Legal and the Chief Finance Officer.

- 2.7 The Cabinet Member for Adults (1 August 2012) approved the recommendation that the Council enter into a Section 75 Agreement with Barnet, Enfield and Haringey Mental Health NHS Trust, following approval in principle from the Barnet Health and Wellbeing Board.
- 2.8 Cabinet Resources Committee (25 February 2013) authorised an extension to the Section 75 Agreement between London Borough of Barnet and NHS Barnet (or its successor body) so that the London Borough of Barnet remains the lead commissioner for Community Equipment Services. The Committee agreed that the approval of the Section 75 Agreement be delegated to the Cabinet Member for Adults under delegated powers.
- 2.9 Cabinet Resources Committee (18 April 2013) agreed to the development of an overarching Section 75 Agreement between the London Borough of Barnet and Barnet Clinical Commissioning Group for the purpose of jointly commissioning Children's services, and delegated authority to the Cabinet Member for Resources and Performance and the Cabinet Member for Education, Children and Families to agree the full scope and finances of the Section 75 Agreement.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The on-going and planned commissioning and procurement activity related to these Adults Service contracts contribute to the priorities of the Council's Corporate Plan 2013/14-15/16 by promoting 'a healthy, active, independent and informed over 55 population in the borough so that Barnet is a place that encourages and supports residents to age well'. Creation of the new Section 75 Agreement will support further health and social care integration which will help foster 'a strong partnership with the local NHS, so that families and individuals can maintain and improve their physical and mental health'.
- 3.2 Barnet's Health & Wellbeing Strategy 2012-15 aims to reduce health inequalities by focusing on how more people can 'Keep Well' and 'Keep Independent'. The development of a Section 75 Agreement and closer working relationship with NHS Barnet CCG will support the aims of this strategy to 'work in collaboration with partners in the statutory, commercial and third sectors, and with stakeholders in the community, to enhance individual and family self-reliance'. This will further support 'the delivery of safe, high-quality health and social care services, within available resources directed to providing the greatest benefit for the greatest number of people in need'.
- 3.3 The Government recently announced an aspiration for integrated health and social care services to become the norm across the country by 2018. This aspiration is underpinned by a new patient centred vision for integrated care and is supported by commitment from the key national organisations that form

part of the public sector health and social care economy. The development of an overarching Section 75 Agreement for Adults health and social care services will establish an important mechanism for jointly funding and managing integrated services that will support the Council and CCG in meeting the national aspiration set by the Government.

4. RISK MANAGEMENT ISSUES

- 4.1 Integrated commissioning has a key role to play in increasing efficiencies by reducing duplication. If integrated commissioning processes are not put in place, opportunities to achieve value for money may be lost. This could impact adversely on budgets at a time when resources need to be managed carefully.
- 4.2 The development of a Section 75 Agreement supports planning for changes at a borough level which will enable more coherent planning and resource provision. Insufficiently co-ordinated and planned services could also have an adverse impact on service users. Joined-up commissioning can help to create smoother service pathways.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under current Equalities legislation the Council and all other organisations exercising public functions on its behalf are required when doing so to have due regard to the need to:
 - i) Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between those with a protected characteristic and those without.
 - iii) 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 This duty, also, applies to a person who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty. This includes any organisation contracted by a local authority to provide services on its behalf.
- 5.3 The overarching agreement sets out both partners' responsibilities with regards to complying with the equalities legislation. Any contracts drafted will include explicit requirements fully covering the Council's duties under equalities legislation.

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

- 6.1 Considerations in the Section 75 Agreement will include the following:
- 6.1.1 Agreed aims and outcomes of the partnership including the partners' respective legal and regulatory responsibilities, and the client groups for whom the services will be delivered under the arrangement.
 - 6.1.2 The operational arrangements for managing the partnership. This will include joint performance and governance structures to manage the partnership agreement. It will encompass the resolution of disputes, conditions for renewal and termination of the partnership, provision and mechanisms for annual review, the treatment of VAT, legal issues, complaints, and risk sharing.
 - 6.1.3 The respective financial contributions and other resources provided in support of the partnership. It will also include the arrangements for financial monitoring, reporting and management of pooled, delegated or aligned budgets.
- 6.2 The overarching agreement will accommodate for, and link in with, existing governance arrangements that are being used to drive forward health and social care integration (i.e. the Health and Wellbeing Board, Health and Wellbeing Board Financial Planning Group and the Health and Social Care Integration Programme Board) and approve funding for associated projects and initiatives.
- 6.3 The Section 75 Agreement will act as an enabler for the Council and the CCG to use resources more effectively to meet residents' health and social care needs.
- 6.4 The Section 75 Agreement will cover the initiatives and services that will be delivered through the Health and Social Care Integration Programme. The programme is already delivering two projects; these are the Care Homes pilot and Older People's Integrated Care service. The table below details the funding for both of these two projects that will be covered by the agreement in the first financial year.

Financial Year	London Borough of Barnet	NHS Barnet CCG
2013/14	£543,202	£282,751

- 6.5 Please note that the value of financial contributions for forthcoming years will not be known until new projects or initiatives have been defined. The full duration of the agreement is yet to be decided.
- 6.6 The Section 75 Agreement will encompass the use of the following funding streams available to the Council and the CCG for health and social care integration initiatives and projects:

Funding stream	Origin	Value (2013/14)
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One Barnet Programme funding	LBB	£974,000
Section 256	LBB	£5,181,000
Winter Pressures Funding	LBB	Ca. £989,000
Marginal Rate Emergency Tariff	CCG	Awaiting CCG confirmation
Emergency Readmissions	CCG	Awaiting CCG confirmation

- 6.7 The value of the funding to be included within the overarching Section 75 Agreement for future financial years will be decided within the context of the programme of new initiatives, and both organisations' strategic objectives and financial considerations.
- 6.8 To ensure the good performance and value for money of services, for the duration of contracts, providers are regularly monitored to ensure that they meet the specified outcomes and represent value for money.
- 6.9 The principles for managing staffing, IT or property as part of any joint initiative or project will be set out in the overarching agreement.
- 6.10 The specific arrangements for managing these matters will be agreed individually for each project or initiative through the development of a business case and approval through existing governance arrangements for driving health and social care integration.

7. LEGAL ISSUES

- 7.1 Pursuant to Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 (the 'Regulations'), NHS bodies and local authorities can enter into partnership arrangements for the exercise of specified functions. The Regulations define the nature of the partnership arrangements. They provide for the establishment of a fund made up of contributions from the Partners out of which payments may be made towards expenditure incurred in the exercise of their functions; for the exercise by NHS bodies of local authority functions and for the exercise by local authorities of NHS functions; and require the Partners to set out the terms of the arrangements in writing. The specific objectives for implementing Section 75 Agreements are:
- (i) to facilitate a co-ordinated network of health and social care services, allowing flexibility to fill any gaps in provision;
 - (ii) to ensure the best use of resources by reducing duplication (across organisations) and achieving greater economies of scale; and
 - (iii) to enable service providers to be more responsive to the needs and view of users, without distortion by separate funding streams for different service inputs.
- 7.2 Statutory regulations and Government guidance indicates how such arrangements should be set up and emphasis is placed on good governance.

- 7.3 The overarching Section 75 Agreement covering the Health and Social Care Integration Programme will allow each specific initiative that will be jointly delivered to be governed through an arrangement most suitable to individual circumstances.

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

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 4.6 - the terms of reference of the Cabinet Resources Committee - capital and revenue finance and externalisation contracts.

9. BACKGROUND INFORMATION

Context

- 9.1 National government has long encouraged local authorities and health to work together to provide joined up care services for residents. It has recently announced an aspiration for integrated health and social care services to become the norm across the country by 2018. This aspiration is underpinned by a new patient centred vision for integrated care and is supported by commitment from the national organisations that form part of the public sector health and social care economy.
- 9.2 Local authorities and NHS clinical commissioning group are able to use Section 75 Agreements to pool, delegate or align budgets in order to deliver integrated services together or on behalf of either partner.
- 9.3 The Health and Wellbeing Board has developed a vision for health and social care integration in Barnet. The Council and the CCG, through the Health and Wellbeing Board, approved the delivery of a programme to integrate health and social care services in partnership with a range of local partners.
- 9.4 Management of this programme was delegated to a Health and Social Care Integration Programme Board comprising commissioners and providers that operate in Barnet. All member organisations have signed up to a concordat that sets out a service-user centred vision of integrated health and social care services in the Borough.
- 9.5 The Council and the CCG, as the lead commissioners, have already begun to deliver two jointly financed and managed initiatives with the approval of the Board. It is anticipated that a number of other projects will be established as part of the programme.
- 9.6 Previously the Council has entered into separate Section 75 Agreements as and when an integrated service has been established using local authority and health funding streams. As the Council and CCG move towards commissioning of a greater number of integrated services more and more agreements will need to be set up. Each agreement will require approval from both HB Public Law for

Barnet and the CCG's legal counsel, Capsticks, which has cost implications for both organisations.

Proposed approach

- 9.7 There is an opportunity for reducing both the costs and streamline the process required to develop robust arrangement for the management of these services through the use of an overarching agreement that can cover a range of jointly managed initiatives. This approach is explained below.
- 9.8 An overarching agreement will contain all the 'generic' terms that are required as part of any agreement and the principles by which services will be commissioned and managed. It will provide a platform for the Council and the CCG to robustly manage and finance new and existing integrated services.
- 9.9 It is proposed that separate (but near identical overarching agreements) will be used to cover children's services and adults services. This approach is recommended as it will allow for different approval and sign-off processes that incorporate the differing governance arrangements existing in adults and children's services. It will accommodate the different policies and strategies that each service area is subject to.
- 9.10 It should be noted that in the case of Adults this new section 75 will not replace the existing agreements that cover the Integrated Learning Disabilities Team, Learning Disabilities Campus Re-provision, the Integrated Mental Health Service, Community Equipment or Voluntary Services Commissioning within a Prevention Framework. In the future where feasible and desirable the joint commissioning of Community equipment and Voluntary Services Commissioning within a Prevention Framework may be incorporated within the overarching agreement.

10. LIST OF BACKGROUND PAPERS

10.1 None

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	SD

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