

**MEETING**

**POLICY AND RESOURCES COMMITTEE**

**DATE AND TIME**

**TUESDAY 5TH SEPTEMBER, 2017**

**AT 7.00 PM**

**VENUE**

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

**TO: MEMBERS OF POLICY AND RESOURCES COMMITTEE (Quorum 3)**

Chairman: Councillor Richard Cornelius  
Vice Chairman: Councillor Daniel Thomas BA (Hons)

Dean Cohen  
Tom Davey  
Paul Edwards  
Anthony Finn

David Longstaff  
Sachin Rajput  
Barry Rawlings  
Alison Moore

Ross Houston  
Alon Or-bach

**Substitute Members**

Melvin Cohen  
Alan Schneiderman

Geof Cooke  
Mark Shooter

Arjun Mittra  
Reuben Thompstone

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is 31 August at 10AM. Requests must be submitted to Kirstin Lambert; 02083592177 [kirstin.lambert@barnet.gov.uk](mailto:kirstin.lambert@barnet.gov.uk)

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

**Andrew Charlwood – Head of Governance**

Governance Service contact: Kirstin Lambert; 02083592177 [kirstin.lambert@barnet.gov.uk](mailto: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 last meeting	5 - 12
2.	Absence of Members	
3.	Declaration of Members' Disclosable Pecuniary interests and Non Pecuniary interests (If any)	
4.	Report of the Monitoring Officer (if any)	
5.	Public Questions and Comments (if any)	
6.	Members' Items (if any)	
7.	Capital Programme Update	13 - 46
8.	The Barnet Group - Creation of a new legal entity	47 - 54
9.	Committee Forward Work Programme	55 - 60
10.	Any other item(s) the Chairman decides are urgent	
11.	Motion to Exclude the Press and Public	
12.	Exempt Appendix 1- Lettings Agency Model Business Case	61 - 82
13.	Any other exempt item(s) the Chairman decides are urgent	

### FACILITIES FOR PEOPLE WITH DISABILITIES

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# Decisions of the Policy and Resources Committee

27 June 2017

Members Present:-

AGENDA ITEM 1

Councillor Richard Cornelius (Chairman)  
Councillor Daniel Thomas (Vice-Chairman)

Councillor Dean Cohen	Councillor Alison Moore
Councillor Tom Davey	Councillor Alon Or-Bach
Councillor Paul Edwards	Councillor Sachin Rajput
Councillor Anthony Finn	Councillor Barry Rawlings
Councillor Ross Houston	Councillor David Longstaff

Also in attendance  
Councillor Helena Hart

## 1. MINUTES OF LAST MEETING

**RESOLVED** – that the minutes of the meeting on 16 May 2017 be agreed as a correct record

## 2. ABSENCE OF MEMBERS

None.

## 3. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY)

Councillor Ross Houston declared a non-pecuniary interest in item in item 7 – The Barnet Group Business Plan, as he is a member of the Barnet Group Board.

## 4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

## 5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

None.

## 6. MEMBERS' ITEMS (IF ANY)

None.

## 7. THE BARNET GROUP BUSINESS PLAN

The Committee considered the report.

The Committee requested officers provide an update at a future meeting on progress to lobby central government to recover funding allocated from the HRA towards fire safety work.

On the recommendations in the report being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – that the Committee approve the Business Plan attached as appendix A.**

The Committee then agreed to vary the order of business to consider Business Planning 2017-20 as the last agenda item, as it had an exempt Appendix.

**8. BUSINESS RATES - REVALUATION SUPPORT, A NEW DISCRETIONARY RATE RELIEF SCHEME**

The Committee considered the report on Business Rates – Revaluation Support, a new discretionary rate relief scheme. The Chairman noted officers had recommended amendments to the wording of the recommendations in the report as follows:

- 1. That the draft policy is approved for consultation.**
- 2. That the Committee agree that the Deputy Chief Executive be authorised to make further amendments and to implement the policy in conjunction with the chairman of the committee having regard to the consultation and any further guidance from central government.**

The amendments were duly agreed.

The Committee requested to receive a progress report at an appropriate time (e.g. September – December 2017), to provide an update on the impact of the rate relief scheme and where it has been most effective.

On the recommendations as amended being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED –**

1. That the draft policy is approved for consultation.
2. That the Committee agree that the Deputy Chief Executive be authorised to make further amendments and to implement the policy in conjunction with the chairman of the committee, having regard to the consultation and any further central government guidance.

**9. DRAFT GREEN INFRASTRUCTURE SPD**

The Committee considered the report.

On the recommendations in the report being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED –**

1. That the Committee notes the contents of the draft Supplementary Planning Document (SPD) attached at Appendix A.
2. That the Committee approves the draft SPD as the basis for public consultation.

**10. PUBLIC HEALTH SERVICE ARRANGEMENTS FROM APRIL 2018**

The Committee considered the report.

Councillor Helena Hart spoke on this item, having provided notice to the Chairman in advance of the meeting.

Following discussion the Leader moved that recommendation 3 be amended to add the words “and affordable” following “effective” and add “or joint” after “stand alone”, with the revised recommendation to read:

**“Grants delegated authority to the Strategic Director for Adults, Communities and Health to liaise with Harrow and approve a new structure for Barnet’s public health team, in order to create a stable, effective and affordable stand-alone or joint public health service for Barnet.”**

This was duly seconded and agreed by the Committee.

On the recommendations 1, 2 and 4 in the report and amended recommendation 3 being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – That the Committee**

1. **Notes the progress report on the closure of the shared public health service with the London Borough of Harrow; the implementation of a stand-alone public health service and the financial implications of this; and continuing discussions with potential partner organisations within the North Central London region footprint.**
2. **Approves the proposed approach to closing down the shared public health service with the London Borough of Harrow and Barnet offering roles to the staff within the teams where appropriate, and implementing a stand-alone public health service.**
3. **Grants delegated authority to the Strategic Director for Adults, Communities and Health to liaise with Harrow and approve a new structure for Barnet’s public health team, in order to create a stable, effective and affordable stand-alone or joint public health service for Barnet.**
4. **Agrees to end the delegation of the public health function to Harrow when the contract expires.**

**11. DISABLED PERSONS FREEDOM PASS REVIEW**

The Committee considered the report.

On the recommendations as amended being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – that the Committee notes the results of the progress made on the Disabled Persons Freedom Pass.**

**12. ANNUAL EQUALITIES REPORT 2016-17**

The Committee considered the report.



On the recommendations as amended being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – that the Committee approve the Annual Equalities Report 2016/17 for publication on the council website.**

### **13. MONITORING THE IMPACT OF BREXIT**

The Committee considered the report.

Councillor Barry Rawlings and Councillor Alison Moore noted it would be useful to include information from local strategic partners in Health for the future in order to understand the impact on the Health and Care sector.

Councillor Tom Davey moved that the committee receive reports on the Impact of Brexit on an annual basis rather than six monthly, unless there should be anything material to report. This was seconded by Councillor Daniel Thomas.

On the motion of Councillor Tom Davey being put to the vote the votes were declared as follows:

For	7
Against	5
Abstain	0
Absent	0

The motion was declared carried.

On the recommendation in the report being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – That the committee**

- 1. Note the performance of the indicators set out in this report.**
- 2. Receive reports on the Impact of Brexit on an annual basis, unless there should be anything material to report.**

#### 14. COMMITTEE FORWARD WORK PROGRAMME

The Committee noted that the following amendments would be made to the programme:

- An update report at an appropriate time on progress with lobbying central government to recover funding allocated from the HRA towards fire safety work.
- A progress report on the Business rates discretionary rate relief scheme at an appropriate time (e.g. September – December 2017), to provide an update on the impact of the rate relief scheme and where it has been most effective.
- Schedule reports on the Impact of Brexit to an annual basis.

#### 15. BUSINESS PLANNING 2017-20

The Committee considered the report and supplemental report.

The Director of Finance noted that there was a typographical error in paragraph 1.6.4 of the report, and that the figure of (1,415) be applied to contingency funds and not to Street Scene. The Director of Finance also noted that Appendix C and the capital programme had been amended following the decision of the Housing Committee on 26 June 2017 to add £10m from the Housing Revenue Account (HRA) business plan towards fire safety enhancement work.

Councillor Richard Cornelius moved that recommendation six be amended to clarify that savings from the Re management fee prepayment funds be allocated to the Children Education Libraries and Safeguarding Committee and the Environment Committee, with the decision to be made by the relevant chief officer in consultation with the relevant Chairman and reported retrospectively to the relevant committee. This was duly seconded and agreed.

A separate vote was taken on recommendations 1, 2 and 3, recommendations 4 and 5, and recommendation 6.

On recommendations 1, 2 and 3 being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

On recommendations 4 and 5 being put to the vote the votes were declared as follows:

For	7
Against	0
Abstain	5
Absent	0

On recommendation 6 as amended being put to the vote the votes were declared as follows:

For	12
Against	0
Abstain	0
Absent	0

**RESOLVED – That the Committee**

1. **Notes the Medium Term Financial Strategy (MTFS) to 2020, as approved in February 2017, set out at appendix A and the assumptions underpinning this in para 1.3.3;**
2. **Notes the distribution of savings across Theme Committees for the period 2017-20, which have previously been agreed, and the process to confirm delivery and achievement of these savings during the autumn, ahead of a draft budget report being presented to Policy and Resources Committee in December 2017, as set out in section 1.4;**
3. **Notes the process to begin to plan further ahead, through to 2025, with further reports to Committee in December 2017 and June 2018, as shown in section 1.5;**
4. **Approves the budget amendments in respect of 2017/18 as shown in section 1.6;**
5. **Approves the amendments to the current capital programme as shown in section 1.7;**
6. **Accepts the Re management fee prepayment proposal as set out in sections 1.6.11-16, with funding to be allocated to the Children Education Libraries and Safeguarding Committee and the Environment Committee, with the decision to be made by the relevant Chief Officer in consultation with the relevant Chairman and reported retrospectively to the relevant committee**

**16. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

There were none.

**17. MOTION TO EXCLUDE THE PRESS AND PUBLIC**

The Chairman informed the Committee and the public gallery that the meeting would now be held in private to hear exempt papers. The room was subsequently cleared.

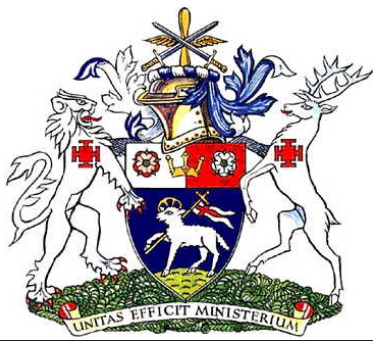
**18. BUSINESS PLANNING 2017-2020 (EXEMPT)**

**RESOLVED - that the information contained in the exempt report be noted.**

**19. ANY OTHER EXEMPT ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

There were none.

The meeting finished at 8.19 pm



**Policy and Resources Committee**  
**5<sup>th</sup> September 2017**

<b>Title</b>	<b>Capital Programme Update</b>
<b>Report of</b>	Director of Resources (S151 officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	Appendix A – Additions, deletions, slippage, accelerated spend Appendix B – Updated Capital Programme
<b>Officer Contact Details</b>	Paul Clarke Head of Finance 0208 359 2800 <a href="mailto:Paul.Clarke@Barnet.gov.uk">Paul.Clarke@Barnet.gov.uk</a>

**Summary**

This report outlines the Council’s capital strategy and proposed expenditure and income budgets from 2017/18 to 2019/20 and outlines future years’ strategy for refreshing the capital programme to 2025.

This report details proposed changes to the programme and provides an update on key issues which may affect the programme in the future.

The paper seeks approval from the Committee to:

- a) Update the capital programme
- b) Authorise the Section 151 officer to explore cheaper borrowing options

**Recommendations**

**The report recommends the Committee:**

- 1. Approves the additions, deletions, slippage, accelerated spend in relation to the 2017/18 capital programme displayed in Appendix A**
- 2. Approves the additions to the capital programme described in paragraph 1.6.9**
- 3. Notes the potential future required amendments to the capital programme outlined in paragraph 1.6.10**
- 4. Notes the proposed method of refreshing the Capital Programme through to 2025 as outlined in Section 1.7 of this report.**
- 5. Notes the Capital financing strategy as outlined in Section 1.8 of this report.**
- 6. The Section 151 officer of the Council be authorised to investigate more favourable borrowing options than the PWLB as outlined in paragraph 1.8.6**

## **1. WHY THIS REPORT IS NEEDED**

### **1.1 Executive Summary**

- 1.1.1 The Council has developed a significant, long-term capital strategy. This report includes the detail of this up to 2019/20 to clearly show the full quantum of expenditure commitments during this period. This is to ensure that the benefits the Council intends to deliver through the programme are financially viable in the long-term.
- 1.1.2 Section 1.2 of the report provides details on the policy context within which the programme is constructed and the aims and objectives it is designed to deliver. The report further sets out, in section 1.7 the processes which establish the principles to be followed in order to further plan the Councils capital programme to 2025.
- 1.1.3 The Council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). This supports the strategic aims of the Council, as defined in its Corporate Plan, with its corporate priorities of Delivering quality services; Responsible growth, regeneration and investment; Building resilience in residents & managing demand; Transforming local services and Promoting community engagement, facilitating independence & building community capacity. Capital proposals are considered within the Council's overall medium to long term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects in the revenue budget setting process.

- 1.1.4 The capital programme will deliver a wide range of benefits to the borough, including:
- new improved leisure, libraries and education facilities, as well as enterprise space and improved public realm;
  - 320 new affordable homes are planned on Council land by 2020;
  - improved public spaces, transport and other infrastructure to ensure the continued growth and its character as an outer borough of the world's greatest city;
  - improved public realm and pedestrian environment to accommodate safe and efficient travel in the borough;
  - well-maintained, efficiently managed infrastructure, allowing residents and businesses to enjoy clean, high quality roads.
- 1.1.5 The report includes a summary overview of current budgets with Appendix B containing a detailed breakdown of the programme by service. The report also includes an analysis of the changes in the programme from that approved in March 2017.
- 1.1.6 The changes from the currently approved 2017/18 to 2019/20 General Fund programme are detailed in paragraph 1.4.3. Overall, a net £125.667m would be added to the programme if all recommendations within this report are approved.
- 1.1.7 In addition, some projects have been reprofiled, for a variety of reasons including variances in the anticipated timings in the design process, completion of acquisition/land assembly stages, obtaining planning permission and starting on-site construction. These changes have no net impact on the overall cost of the programme.
- 1.1.8 The proposed budget is fully funded, but this depends on the schemes being delivered on time, within budget and capital receipts being generated as anticipated. Any increases in expenditure or reductions in external funding will need to be managed by the service areas and either contained within the project or funded from elsewhere within the relevant service.

## **1.2 Policy Context**

- 1.2.1 Barnet's five strategic priorities set out in the council's Corporate Plan are; delivering quality services; responsible growth, regeneration and investment; building resilience in residents and managing demand; transforming local services; and promoting community engagement, facilitating independence and building community capacity.

- 1.2.2 The new priority of delivering quality services was introduced for 2017/18. The council has ambitious plans and this priority is around ensuring that despite the challenges faced, the quality of the local services is not compromised. This means getting the basics right and focussing on the services that matter most to our residents, such as keeping our neighbourhoods clean and safe and ensuring our roads and pavements are well looked after.
- 1.2.3 The council continues to use the proceeds of growth to invest in the borough's critical infrastructure. The capital investment programme totals £834 million to 2020 and examples of where this will be spent are highways improvements, community hubs, and early education and childcare places to ensure that Barnet remains a great place to live, work, and study. Local regeneration schemes will also bring new jobs to the borough, and the council is working with partners to ensure the right support is in place to allow our residents to access these opportunities.
- 1.2.4 With London and Barnet set to continue growing, the increasing population and changing demographics will place more and more pressure on local services. A key part of our strategy is to redesign our services to reduce demand so that our resources can be targeted at those most in need.
- 1.2.5 In order to meet our priority outcomes we are considering the case for delivering differently in all of our services. This involves working effectively with partners and co-locating services to allow targeted support. Transforming the way we work also includes how we work internally, and a core part of this is the office move to Colindale which will make the council more accessible by bringing us closer to the community, support the regeneration in the west of the borough, and reduce the amount spent on accommodation.
- 1.2.6 We are actively working with communities to help them take more responsibility for their local areas and to empower and equip residents to do more for themselves as our funding decreases, thereby reducing dependence on our services. The council has a Community Participation Strategy in place to support this priority.

### **1.3 Approved Capital Programme**

- 1.3.1 The 2017/18 Capital programme was approved at full Council on the 7<sup>th</sup> of March 2017. This meeting approved capital programme totals £834m up to 2020, funded from a combination of capital receipts, borrowing, revenue and external grant contributions. The MTFS includes provisions for future capital expenditure on council priorities through 2020.



1.3.2 The original capital programme is displayed below:

Theme Committee	2016-17	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000	£'000
Adults & Safeguarding	2,625	21,903	11,540	-	36,068
Assets, Regeneration & Growth	37,818	100,102	41,630	7,700	187,250
Children, Education, Libraries & Safeguarding	45,536	52,824	60,640	51,426	210,426
Community Leadership	208	-	-	-	208
Environment	21,906	28,652	13,932	10,430	74,920
Housing	13,123	38,409	33,866	16,141	101,539
Policy & Resources	15,366	24,999	1,000	1,000	42,365
Housing Revenue Account	39,218	77,118	36,128	28,509	180,973
<b>Total</b>	<b>175,800</b>	<b>344,007</b>	<b>198,736</b>	<b>115,206</b>	<b>833,749</b>

#### 1.4 May & June 2017 Policy and Resources Committee Approved Changes

1.4.1 A number of approved changes have occurred to the capital programme budget since its original approval in March 2017 as it has been updated to reflect individual project progression. These changes can be summarised as occurring for the following reasons:

- Final outturn at the end of 2016/17 included £40.3m of net in-year underspends that were approved to be carried forward into 2017/18;
- £8m approved acquisition to the Housing General Fund capital budget to purchase out of borough property
- £10m approved capital works within the HRA for the purpose of fire safety works as a result of the Grenfell tragedy
- Additions of £46.067m with the largest value items consisting of a revised forecast for Thameslink of £24.707m, increase in budget for the Oakleigh Depot (£4.280m) and Phase 2 of the Customer Transformation Programme (£3.913m).

1.4.2 Net changes to the originally approved capital programme are displayed below:

<b>Theme Committee</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults & Safeguarding	1,326	-	-	1,326
Assets, Regeneration & Growth	40,440	-	-	40,440
Children, Education, Libraries & Safeguarding	17,669	(100)	(100)	17,469
Community Leadership	71	-	-	71
Environment	3,978	707	110	4,795
Housing	16,539	1,192	-	17,731
Policy & Resources	5,599	3,524	120	9,243
Housing Revenue Account	12,896	410	-	13,306
<b>Total</b>	<b>98,518</b>	<b>5,733</b>	<b>130</b>	<b>104,381</b>

1.4.3 Consisting of:

	<b>£'000</b>	<b>Approval Date</b>	<b>Council / Committee</b>
Originally Approved Budget	657,949	07 Mar 2017	Council
Plus Acquisition - out of borough property	8,000	16 May 2017	P&R Cttee
Plus Additions	46,067	27 Jun 2017	P&R Cttee
Plus 2016/17 Slippage	40,313	27 Jun 2017	P&R Cttee
Plus HRA Fire Safety Works	10,000	27 Jun 2017	P&R Cttee
<b>Current Capital Programme</b>	<b>762,330</b>		

## 1.5 Current Capital programme

1.5.1 The effect of these changes is illustrated below on a year-by-year basis. Appendix B provides the full detail:

Theme Committee	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Adults & Safeguarding	23,229	11,540	-	34,769
Asset, Regeneration and Growth	140,542	41,630	7,700	189,872
Children's Education, Libraries & safeguarding	70,493	60,540	51,326	182,359
Community Leadership	71	-	-	71
Environment	32,630	14,639	10,540	57,809
Housing	54,948	35,058	16,141	106,147
Policy & Resources	30,598	4,524	1,120	36,242
Housing Revenue Account	90,014	36,538	28,509	155,061
<b>Total</b>	<b>442,525</b>	<b>204,469</b>	<b>115,336</b>	<b>762,330</b>

## 1.6 Updates to the Capital Programme

1.6.1 Any changes to the capital programme are required to be approved by Policy and Resources Committee. Appendix A shows the additions, deletions, slippage, accelerated spend in relation to the 2017/18 capital programme and associated changes to funding.

### 1.6.2 Additions

#### 1.6.3 Brent Cross further land acquisition

This addition relates to further land acquisitions as part of the Brent Cross Development project. The addition of £59.162m to the remaining scheme budget of £37.229m will allow the Council to continue to purchase properties under CPO legislation. These acquisitions will act as an investment, generating a greater return either through capital receipts, ongoing revenue income or dividends from Special Purpose Vehicles. The Council will not incur any additional external borrowing until Brent Cross North development proposals go unconditional which is anticipated in June 2018.

	<b>18/19</b>	<b>19/20</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Land Acquisitions	58,152	1,010	59,162

#### 1.6.4 Strategic Infrastructure Fund

This addition relates to the provision of the required infrastructure to support Brent Cross South. It is considered necessary to establish a Strategic Infrastructure Fund to forward fund infrastructure works that benefits a phase as a whole, rather than individual plots. It is envisaged that this fund will be used to ensure that the improvements and provision of additional leisure and sports facilities on Clitterhouse Playing Fields and Claremont Park are provided early in the development programme to the benefit of the wider community as well as the first phase scheme. This fund will be established by the council and will be repaid via commercial returns from plot development.

	<b>18/19</b>
	<b>£'000</b>
SIF Investment	23,000

#### 1.6.5 Thameslink Station

This £29.159m addition relates to land acquisitions in line with the Thameslink Station Project. It relates to the CPO3 phase of the project and will be funded by 2018/19 tranche of the DCLG Grant which totals £97m.

	<b>18/19</b>	<b>19/20</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Thameslink Station	774	28,385	29,159

#### 1.6.6 Colindale Station Works

This addition relates to the anticipated Council contribution to the cost of the Colindale Station Works. This 2017/18 amount of £2.750m is funded by CIL contributions from wider Colindale development.

#### 1.6.7 Sports and Physical Activity

The modelled costs for the schemes based on the RIBA (Royal Institute of British Architects) design stages have previously been presented to P&R,

both as part of capital programme reports and in specific reports on the construction of the new leisure centres. The RIBA stage 4 costs have now been completed. As previously reported to P&R, final cost certainty is achieved at the completion of RIBA stage 4 and construction costs may increase through RIBA stages until designs are completed. A number of factors have contributed to the requirement of an addition of £5.596m to recognise the updated and final budget of the scheme following completion of RIBA stage 4. The addition also ensures that sufficient contingency is in place to meet future unforeseen costs.

However the increase in budget is partially funded by the Council securing an additional £1.25m in external funding towards additional facilities together with an allocation of Community Infrastructure Levy funding of £0.663m which brings the net additional cost down to £3.683m. The balance will be met through prudential borrowing which is affordable based on the income from the procurement of the leisure contract. The RIBA Stage 4 costs have been subject to independent cost assurance by Gardiner and Theobald LLP and are considered to be achieving best value within the construction market place. Stage 4 completes the technical requirements which are developed in order to service the functionality and operation of the building. The construction cost increase areas from RIBA Stage 3 to Stage 4 can be attributed to:

- Normal construction price inflation
- Technical costs related to site conditions e.g. substructure
- External work areas which do not directly relate to the gross internal floor area of the facilities (e.g. roads, paths, paving and surfaces, landscaping, planting, external fixtures), necessary to meet planning requirements.
- Technical refinement of the mechanical and electrical requirements.

#### 1.6.8 Strategic Opportunities Fund

The capital programme currently includes £20m budget towards the acquisition of strategic assets when the opportunity arises. A further allocation of £6m to this fund is recommended in order to ensure the Council can take advantage of opportunities where the business case indicates a net positive contribution of economic benefits.

1.6.9 A summary of these additions is provided in the table below.

<b>Project</b>	<b>Cost £'000</b>	<b>New / Addition</b>	<b>Reason</b>	<b>Funding</b>
Brent Cross further	59,162	Addition	Further land acquisitions	Borrowing

land acquisitions				
Strategic Investment Fund	23,000	New	Wider community infrastructure	Borrowing
Thameslink Station	29,159	Addition	Land acquisition as part of CPO3	Grant
Colindale Station Works	2,750	New	Council contribution to Colindale Station Works	CIL
Leisure Centre	5,596	Addition	Reflects updated inflation estimates following competitive exercise, technical refinement and Stage 4 final cost estimates	£3.683m Borrowing £0.663m CIL £1.250m External funding
Strategic Opportunities Fund	6,000	Addition	Expansion of current scheme to exploit commercial opportunities which will deliver net future economic benefits	Borrowing

#### 1.6.10 Other Future Changes

1.6.11 The capital programme approved in March 2017 budgeted £14.800m for Primary School Place Planning to 2019/20. Analysis performed by the Council now indicates that primary school projections are lower than originally anticipated. It is believed that this is caused by less inward migration of families from European nations as a result of the uncertainty caused by Brexit coupled with the impact of free schools opening within the Borough and meeting some of the need.

1.6.12 Detailed analysis is required however these factors could mean a reduction in monies required by the programme. The full impact of this will be presented within the December 2017 budget report. The allocation for Secondary School Place Planning appears to stable and therefore minimal movement in the £64.782m budget to 2019/20.

### 1.7 **Capital Programme refresh to 2025**

1.7.1 In the March 2017 budget report the Council indicated it will be undertaking a 'Priorities and Spending Review' (PSR) to fully revise the MTFs through to 2023. It is now envisaged this will focus on proposals through to 2025. As part of this work, officers of the Council will be looking to make proposals across both the revenue and capital budgets to best deliver the Corporate Plan.

1.7.2 This spending review will incorporate the Council's section 106 and Community Infrastructure Plans together with service specific policies such as the Parks and Open Spaces plan.

1.7.3 This holistic approach to spending decisions will result in a proposed capital programme as a component of the PSR exercise outcome and is due to be presented following the May 2018 local elections.

## **1.8 Capital Funding Strategy**

1.8.1 The best value for money approach to financing capital expenditure is achieved by allocating specifically received funding first, followed by unringfenced capital funding, then other contributions and finally borrowing.

1.8.2 The approach as described above must follow the steps strictly in the order below to ensure minimum impact on the council's resources:

- Specific Grants or contributions
- S106 planning obligation funding
- New Homes Bonus Reserve
- Community Infrastructure Levy
- Capital Receipts
- Other Contributions (including contributions from revenue)
- Borrowings

1.8.3 In order to provide assurance that the most cost effective method of financing is achieved the following process is to be followed by officers:

- Accurately profiled projects enable better financial planning. Poorly profiled projects can result in unnecessary borrowing and therefore revenue costs to the Council.
- Centrally coordinated funding process, financing schemes monthly using the method described above. A centralised approach to financing will ensure that projects benefit from a holistic and strategic overview of funding options rather than a narrow, departmental focus. Financing on a monthly basis allows dynamic changes in strategy where schemes are delayed or accelerated.
- Regular reporting of financing decisions. A quarterly capital report is produced for SCB showing funding by scheme together with the funding balances of all available financing options to enable appropriate challenge across strategic commissioners of capital decisions and forecasting.

- Budgeted financing information will be provided in the capital programme at budget setting time. Subsequent changes to this will be reported to members periodically together with an outturn position for each financial year. This will demonstrate how optimal funding decisions have been made in response to changes in expected income and expenditure profiles

1.8.4 The total value of the Council's capital programme is at an all time high, with large regeneration projects reaching delivery stages. As such the amount of borrowing the authority is undertaking is scheduled to rise significantly. Sensitivity to interest rates therefore becomes increasingly important in financial planning.

1.8.5 The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office whose function is to lend money to local authorities. Indeed the PWLB is the usual route for local authority borrowing. The unprecedented period of low interest rates has caused financial institutions to become more and more competitive in the rates on offer with some opportunities available to achieve interest rates lower than the PWLB certainty rate.

1.8.6 Given the Council's increasing debt portfolio, the benefits of achieving rates below the PWLB benchmark can be significant. As such it is recommended that the Section 151 officer is authorised to investigate borrowing options which would achieve a more favourable cost of borrowing than with the PWLB.

## **2. REASONS FOR RECOMMENDATIONS**

2.1 The Council's Capital Programme is the method of providing the Council with the operational and strategic assets to deliver the essential services upon which our residents and businesses rely. The value of investment within the Borough is at an all time high therefore it is essential that regular decisions are made on the allocation of resources. The recommendations within this paper allow the capital programme to be managed and enables officers to deliver to the plan.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**



3.1 None

#### **4. POST DECISION IMPLEMENTATION**

4.1 Following approval of these recommendations, the budget changes will be processed in the financial accounting system.

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

5.1.1 The capital programme is essentially the financial representation of the plan to build, create, procure or leverage the Council's assets in support of the Council's corporate priorities. The priorities are expressed through the Corporate Plan for 2015-20 which sets out the vision and strategy for the next five years based on the core principles of fairness, responsibility and opportunity, to make sure Barnet is a place:

- Of opportunity, where people can further their quality of life;
- Where people are helped to help themselves, recognising that prevention is better than cure;
- Where responsibility is shared, fairly;
- Where services are delivered efficiently to get value for money for the taxpayer.

##### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The financial implications of the recommendations are discussed within Section 1 of this report.

5.2.2 The council's financial regulations require that capital programme changes must be approved by Policy and Resources Committee.

##### **5.3 Social Value**

5.3.1 None applicable to this report, however the council has to take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers. These requirements will be discharged through the procurement decisions taken in delivering the Capital Programme.

##### **5.4 Legal and Constitutional References**

5.4.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.4.2 Council Constitution Responsibilities for Functions Annex A sets out the terms of reference of the Policy and Resources Committee which include:

- To be the principal means by which advice on strategic policy and plans is given and co-ordinated on strategic issues such as the Council's Capital and Revenue Budget setting, Medium Term Financial Strategy and ensuring effective Use of Resources and Value for Money.
- To be responsible for the overall strategic direction of the Council including strategic partnerships, Treasury Management Strategy and internal transformation programmes.
- To consider and take any necessary action on proposals for new legislation, Bills before Parliament, Acts of Parliament and other proceedings before Parliament affecting or likely to affect the interests of the Borough or its inhabitants generally, where not the specific concern of any other committee(s). The promotion of Bills and Provisional and Statutory Orders in parliament shall be dealt with by the Council.

5.4.3 The council's financial regulations state that amendments to the capital budget can only be made with approval as per the scheme of virement table below:

### **Capital Virements**

Policy & Resources Committee approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e. as per the budget book. The report must show the proposed:

- i) Budget transfers between projects and by year;
- ii) Funding transfers between projects and by year; and
- iii) A summary based on a template approved by the Section 151 Officer

Policy and Resources Committee approval is required for all capital additions to the capital programme. Capital additions should also be included in the quarterly budget monitoring report to Performance and Contracts Committee for noting.

Funding substitutions at year end in order to maximise funding are the responsibility of the Section 151 Officer.

## **6. RISK MANAGEMENT**

6.1.1 Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

6.1.2 The types of risk that can occur which may affect the Capital Programme can be grouped into General Risks, Project Management Risks and the Risk of Revenue Write Offs.

6.1.3 General Risks

- Interest rate risk – the risk that interest rates rise and subsequently increase the cost of borrowing to the Council to service the debt associated with Capital investment.
- Inflation risk – the risk that the cost of works and materials may be greater than planned as a result of increasing inflation of costs
- Change in law risk – the risk that changes in legislation places additional burdens on the council's plan
- Market Health/Commercial Values – the risk that external commercial factors affect the Council's planned capital delivery

#### 6.1.4 Project Management Risks

6.1.5 Project risks are those which relate to the delivery of capital projects which in many cases can be controlled, influenced or directly mitigated in ways other than making contingencies available. These risks would mostly be related to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is achieved through the assessment and delivery of:

- Supplier Financial Stability
- Effective Business Case Development
- Risk Management
- Highlight Reporting
- Appointment of professional team

#### 6.1.6 Risk of Revenue Write off

6.1.7 The Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off should the scheme in question not progress. This is a risk which managed through wherever possible making sure feasibility expenditure is not written off.

#### 6.1.8 Contingencies in the Capital Programme

6.1.9 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal).

6.1.10 For this reason the Council allows contingency allocations within the Capital Programme. In the initial stages of a project these contingencies are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors become clearer and project managers focus on managing these in the most effective way possible, utilising

contingencies to do so as needed.

#### 6.1.11 Housing Revenue Account – Risk Mitigation Strategy

6.1.12 As the HRA is legally not allowed to run a deficit this means that if there is an overspend on the capital programme or elsewhere, or if capital receipts are reduced or delayed, that the options available to contain these pressures will necessitate either reducing, re-profiling or stopping spend on the capital programme, realising funds through the disposal of HRA assets, or applying more funding from the Affordable Housing Fund.

6.1.13 The funding of the increase in the expected capital programme over the next few years is largely dependent upon the timing and value of asset disposals that underpin the regeneration programme. The potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of adverse risks materialise.

6.1.14 The range of management options available within the HRA to mitigate additional risks are as follows:-

- re-profile, extend or delay expenditure –re-profiling this could improve the risk profile of the programme and limit the risk of overspends
- dispose of HRA assets
- increase HRA rents from year 4 assuming statutorily possible

#### 6.1.15 Brexit

6.1.16 In the aftermath of result of the UK's referendum to leave the European Union on 23 June 2016 there was an immediate period of volatility caused by uncertainty in the property market. This has since stabilised but the impact on the capital strategy particularly in respect of construction costs and property values will continue to be monitored on an on-going basis.

## **7. EQUALITIES AND DIVERSITY**

7.1.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

7.1.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

7.1.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.

- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

7.1.4 This is also what we expect of our partners.

7.1.5 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

7.1.6 Progress against the performance measures we use is published on our website at:  
[www.barnet.gov.uk/info/200041/equality\\_and\\_diversity/224/equality\\_and\\_diversity](http://www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity)

## **8. CONSULTATION AND ENGAGEMENT**

8.1 A range of resident insight, consultation and engagement is used to inform and develop the council's budget proposals.

8.2 In terms of service specific consultations the Council has a duty to consult on proposals to vary, reduce or withdraw services in the following circumstances:

- where there is a statutory requirement in the relevant legislative framework;
- where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
- exceptionally, where the matter is so important that there is a legitimate expectation of consultation.

8.3 Within the capital programme there are schemes which require the Council to exercise its duty to consult. An example of this would be the Brent Cross development scheme which will have a significant impact on the area and the Borough as a whole.

## **9. INSIGHT**

9.1 Insight is used in the production of individual business cases prior to their formal inclusion in the Council's capital programme.

## **10. BACKGROUND PAPERS**

10.1 Policy and Resources Committee 16 December 2015, agenda item 12 The relocation and redevelopment of Church Farm Leisure Centre and the redevelopment of Barnet Copthall Leisure Centre

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8349>

- 10.2 Policy and Resources Committee 23 February 2017, agenda item 10  
Business Planning 2017 - 2020.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8733&Ver=4>

- 10.3 Full Council, 7 March 2017, agenda item 11 Report of Policy & Resources  
Committee - Business Planning 2017 – 2020

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4>

- 10.4 Policy and Resources Committee 16 May 2017, agenda item 7 Out of  
Borough Acquisitions

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8735&Ver=4>

- 10.5 Policy and Resources Committee 27 June 2017, agenda item 8 Business  
Planning 2017 - 2020.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8736&Ver=4>

- 10.6 Policy and Resources Committee 1 December 2016, agenda item 7 Diving  
Feasibility Study (Barnet Copthall Leisure Centre)

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731>

- 10.7 Policy and Resources Committee 1 December 2016, agenda item 9 Business  
Planning - Medium Term Financial Strategy 2017/20 and draft budget for  
2017/18 pdf icon

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731>

- 10.8 Full Council, 13 December 2016, agenda item 10 Referral from Policy and  
Resources Committee - Diving Feasibility Study (Barnet Copthall Leisure  
Centre)

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8817>

**Appendix A: Additions & Deletions, Slippage & Accelerated Spend Template**

Directorate	Year	Capital Programme	Funding Type	Additions/ Deletions	Slippage/Accel erated Spend	Explanation for request
				£'000	£'000	
Education and Skills	2017/18	Childs Hill	Grants	273		funding re-allocation
Education and Skills	2017/18	School place planning (Primary )	Grants	(273)		funding re-allocation
Family Services	2017/18	Youth Zone	Reserve		(399)	project start was delayed, project will now not finish until 2018/19
Parking and Infrastructure	2017/18	Highways DLO	Borrowing		(1,200)	budget re-alignment
Parking and Infrastructure	2017/18	CCTV	Reserve	(40)		Correction to error in roll over from 2016/17
Parking and Infrastructure	2017/18	CCTV	RCCO	40		Correction to error in roll over value 2016/17
Regional Enterprise	2017/18	Local Implementation Plan 2016/17	Grants	(92)		budget re-alignment
Regional Enterprise	2017/18	LIP - Bus stop Accessibility	Grants	92		budget re-alignment
Regional Enterprise	2017/18	Mill Hill East	Borrowing		(285)	budget re-alignment
Regional Enterprise	2017/18	Outer London Fund - Cricklewood	Grants	8		Correction to error in roll over value from 2016/17
Regional Enterprise	2017/18	Colindale – Highways and Transport	Reserve		(3,075)	delays in planning with major service providers
Regional Enterprise	2017/18	Colindale – Highways and Transport	S106		(2,807)	delays in planning with major service providers
Regional Enterprise	2017/18	Colindale – Highways and Transport	Grants		(117)	delays in planning with major service providers
Regional Enterprise	2017/18	Colindale – Parks, Open Spaces and Sports	Reserve		(4,600)	planning stage taking longer than planned
Regional Enterprise	2017/18	Colindale – Parks, Open Spaces and Sports	S106		(150)	planning stage taking longer than planned
Regional Enterprise	2017/18	Colindale – Parks, Open Spaces and Sports	RCCO		(100)	planning stage taking longer than planned
Regional Enterprise	2017/18	Colindale – Parks, Open Spaces and Sports	Grants		(1,400)	planning stage taking longer than planned
Regional Enterprise	2017/18	Grahame Park – Community Facilities	Reserve		(2,000)	construction delayed until 2018/19
Regional Enterprise	2017/18	Grahame Park – Community Facilities	S106		(650)	construction delayed until 2018/19
Regional Enterprise	2017/18	West Hendon Highway Improvement	Reserve		(2,470)	agreements with TFL taking longer than planned
Regional Enterprise	2017/18	West Hendon Highway Improvement	Grants		(1,150)	agreements with TFL taking longer than planned
Regional Enterprise	2017/18	Office Build	Borrowing		(12,000)	longer design phase than planned
Regional Enterprise	2017/18	Housing Association Development Programme - New Affordable Homes	S106		(1,416)	budget re-alignment
Regional Enterprise	2017/18	Disabled Facilities Grants Programme	Borrowing		(2,000)	budget re-alignment
Regional Enterprise	2017/18	Decent Homes Programme	Borrowing		(100)	budget re-alignment
Regional Enterprise	2017/18	DECC - Fuel Povety	Grants		(10)	budget re-alignment
Streetscene	2017/18	Parks & Open Spaces and Tree Planting	S106	(63)		budget re-alignment
Streetscene	2017/18	Park Infrastructure	Borrowing	63		budget re-alignment
Housing - HRA	2017/18	Major Works (excl Granv Rd)	MRA	201		budget re-alignment
Housing - HRA	2017/18	Regeneration	MRA	87		budget re-alignment
Housing - HRA	2017/18	Misc - Repairs	MRA	(871)		budget re-alignment
Housing - HRA	2017/18	M&E/ GAS	MRA	(155)		budget re-alignment
Housing - HRA	2017/18	Voides and Lettings	MRA	720		budget re-alignment
Housing - HRA	2017/18	New Affordable Homes	Capital Receipts	18		budget re-alignment
Housing - HRA	2017/18	New Affordable Homes	RCCO	417		Substitution of borrowing
Housing - HRA	2017/18	New Affordable Homes	Borrowing	(417)		Substitution of borrowing
Housing - HRA	2017/18	Moreton Close	S106	95		Correction to error in roll over from 2016/17
Housing - HRA	2017/18	Moreton Close	Capital Receipts	(95)		Correction to error in roll over from 2016/17
Housing - HRA	2017/18	Extra Care Pipeline	Borrowing		100	Correction to error in roll over from 2016/17
Housing - HRA	2017/18	Upper & Lower Fosters Community Led Design	Grants		(900)	Project will now not finish until 2018/19
				<b>8</b>	<b>(36,729)</b>	

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Theme Committee					2017/18 Funding							2018/19 Funding					
	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total 2017/18	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding	23,229	11,540	-	34,769	750	-	1,961	-	715	19,803	23,229	-	-	-	-	-	11,540
Asset, Regeneration and Growth	140,542	41,630	7,700	189,872	32,027	4,447	10,300	5,850	31,706	56,212	140,542	4,100	9,500	10,000	-	6,900	11,130
Children's Education, Libraries & safeguarding	70,493	60,540	51,326	182,359	32,652	5,082	3,504	2	3,750	25,503	70,493	14,560	6,733	150	-	4,147	34,950
Community Leadership	71	-	-	71	-	-	-	71	-	-	71	-	-	-	-	-	-
Environment	32,630	14,639	10,540	57,809	6,489	1,341	1,777	2,325	2,331	18,367	32,630	2,500	632	1,041	716	1,550	8,200
Housing	54,948	35,058	16,141	106,147	1,099	2,556	9,265	126	52	41,850	54,948	1,066	834	7,728	-	69	25,361
Policy & Resources	30,598	4,524	1,120	36,242	1,204	516	22,432		1,591	4,855	30,598	-	-	1,942	-	-	2,582
<b>Total - General Fund</b>	<b>352,511</b>	<b>167,931</b>	<b>86,827</b>	<b>607,269</b>	<b>74,221</b>	<b>13,942</b>	<b>49,239</b>	<b>8,374</b>	<b>40,145</b>	<b>166,590</b>	<b>352,511</b>	<b>22,226</b>	<b>17,699</b>	<b>20,861</b>	<b>716</b>	<b>12,666</b>	<b>93,763</b>
Housing Revenue Account	90,014	36,538	28,509	155,061	6,500	657	23,299	31,818	7,265	20,475	90,014		552	3,644	17,145	9,139	6,058
<b>Total - all services</b>	<b>442,525</b>	<b>204,469</b>	<b>115,336</b>	<b>762,330</b>	<b>80,721</b>	<b>14,599</b>	<b>72,538</b>	<b>40,192</b>	<b>47,410</b>	<b>187,065</b>	<b>442,525</b>	<b>22,226</b>	<b>18,251</b>	<b>24,505</b>	<b>17,861</b>	<b>21,805</b>	<b>99,821</b>

Theme Committee	2019/20 Funding								Total Funding						
	Total 2018/19	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total 2019/20	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Safeguarding	11,540	-	-	-	-	-	-	-	750	1,961			715	31,343	34,769
Asset, Regeneration and Growth	41,630	1,100	250	2,000	-	4,250	100	7,700	37,227	14,197	22,300	5,850	42,856	67,442	189,872
Children's Education, Libraries & safeguarding	60,540	6,000	5,000	1,038	-	-	39,288	51,326	53,212	16,815	4,692	2	7,897	99,741	182,359
Community Leadership	-	-	-	-	-	-	-	-	-	-	-	71	-	-	71
Environment	14,639	1,500	-	715	-	1,050	7,275	10,540	10,489	1,973	3,533	3,041	4,931	33,842	57,809
Housing	35,058	1,066	-	3,004	-	-	12,071	16,141	3,231	3,390	19,997	126	121	79,282	106,147
Policy & Resources	4,524	-	-	-	-	-	1,120	1,120	1,204	516	24,374	-	1,591	8,557	36,242
<b>Total - General Fund</b>	<b>167,931</b>	<b>9,666</b>	<b>5,250</b>	<b>6,757</b>	<b>-</b>	<b>5,300</b>	<b>59,854</b>	<b>86,827</b>	<b>106,113</b>	<b>36,891</b>	<b>76,857</b>	<b>9,090</b>	<b>58,111</b>	<b>320,207</b>	<b>607,269</b>
Housing Revenue Account	36,538	-	-	1,500	17,132	8,877	1,000	28,509	6,500	1,208	28,443	66,096	25,281	27,533	155,061
<b>Total - all services</b>	<b>204,469</b>	<b>9,666</b>	<b>5,250</b>	<b>8,257</b>	<b>17,132</b>	<b>14,177</b>	<b>60,854</b>	<b>115,336</b>	<b>112,613</b>	<b>38,099</b>	<b>105,300</b>	<b>75,186</b>	<b>83,392</b>	<b>347,740</b>	<b>762,330</b>

					TOTAL CAPITAL FUNDING						
Adults & Safeguarding	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Investing in IT	1,961			1,961			1,961				1,961
Sport and Physical Activities	21,265	11,540		32,805	750				715	31,340	32,805
Transformation Care Grant	3			3						3	3
	<b>23,229</b>	<b>11,540</b>		<b>34,769</b>	<b>750</b>		<b>1,961</b>		<b>715</b>	<b>31,343</b>	<b>34,769</b>

					TOTAL CAPITAL FUNDING						
Assets, Regeneration & Growth	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
GF Regeneration	2,478			2,478			2,300			178	2,478
Mill Hill East	320	100	100	520						520	520
BXC - Funding for land aquisition	37,229			37,229					14,015	23,214	37,229
Colindale – Highways and Transport	7,065	750		7,815	1,182	2,807			3,826		7,815
Colindale – Parks, Open Spaces and Sports	6,750	3,500	1,750	12,000	3,400	150		100	8,350		12,000
Grahame Park – Community Facilities	3,250	9,500	250	13,000		11,000			2,000		13,000
West Hendon Highway Improvement	3,620	3,750	3,600	10,970	3,350				7,620		10,970
Town Centre	5,999	3,000		8,999	4,588	240			4,171		8,999
Thames Link Station	33,331			33,331	24,707			5,750	2,874		33,331
Office Build	32,218	11,030		43,248						43,248	43,248
Development pipeline	282			282						282	282
Development pipeline strategic opportunities fund	8,000	10,000	2,000	20,000			20,000				20,000
	140,542	41,630	7,700	189,872	37,227	14,197	22,300	5,850	42,856	67,442	189,872

					TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Modernisation - Primary & Secondary	4,203			4,203	2,761		192	2		1,248	4,203
Urgent Primary Places - Temporary Allocated	1,127	500		1,627	1,302					325	1,627
Millbrook Park (MHE)	139			139			139				139
Orion Primary School	75			75						75	75
Blessed Dominic/St James	488			488						488	488
Brunswick											
Menorah Foundation	210			210						210	210
St Marys and St Johns	196			196						196	196
Martin Primary	9			9						9	9
Oakleigh School	24			24						24	24
Beis Yakov	18			18						18	18
St Joseph's RC Junior & St Joseph's RC Infants School	27			27						27	27
Monkfrith	347			347						347	347
Wren Academy	234			234						234	234
London Academy	368			368						368	368
Childs Hill											
St Agnes	770			770	770						770
<b>Permanent Secondary Expansion Programme</b>											
Christ College	6			6						6	6
Copthall	136			136	136						136
Compton	15			15	15						15

					TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Oak Lodge Special School	694	101		795						795	795
St Mary's & St John's	10,185	267		10,452	6,314	1,238				2,900	10,452
St James / Blessed Dominic	10,000	13,000		23,000	14,500	6,733				1,767	23,000
<b>Other Projects</b>											
Wave 1 - Northway/Fairway	150			150			127			23	150
Colindale primary	240			240						240	240
East Barnet & Project Faraday	200			200						200	200
School place planning (Primary )	4,534	3,000	7,000	14,534	9,266	2,268				3,000	14,534
School place planning (Secondary)	2,783	27,000	35,000	64,783	8,710	5,576				50,497	64,783
SEN	3,692	4,000	4,000	11,692	1,305	1,000	2,425			6,962	11,692
Alternative Provision	4,647	3,000		7,647	6,647					1,000	7,647
Contingency	5,972	5,195	5,196	16,363						16,363	16,363
Libraries	354			354			354				354
Early Education and Childcare place sufficiency	2,837	3747		6,584	1,486				3,898	1,200	6,584
Information Management	945	150		1,095			450			645	1,095
Youth Zone	3,599	400		3,999					3,999		3,999
Loft conversion and extension policy for Foster Carers	200	180	130	510						510	510
New Park House Children's home	78			78						78	78
Libraries Capital works	4,945			4,945			1,005			3,940	4,945
East Barnet Partnership Library	500			500						500	500
Meadow Close Children's Homes	3,046			3,046						3,046	3,046

					TOTAL CAPITAL FUNDING						
Children's Education, Libraries & safeguarding	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Family Services Estate - building compliance, extensive R&M, H&S, DDA	2,500			2,500						2,500	2,500
	70,493	60,540	51,326	182,359	53,212	16,815	4,692	2	7,897	99,741	182,359

					TOTAL CAPITAL FUNDING						
Community Leadership	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CCTV Installation	71	-	-	71	-	-	-	71	-	-	71
	71	-	-	71	-	-	-	71	-	-	71



					TOTAL CAPITAL FUNDING						
Environment	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>HIGHWAYS TfL - LOCAL IMPLEMENTATION PLAN</b>											
Local Implementation Plan 2016/17 and onwards	5,113	1,500	1,500	8,113	8,113						8,113
Bus stop Accessibility											
Bridge Assessment	95			95	95						95
Borough Cycling Programme	123			123	123						123
<b>HIGHWAYS non-TfL</b>											
Footway Reconstruction	43			43		43					43
Traffic Management	115			115		4			5	106	115
Reconstruction of Railway Bridges	650			650			29			621	650
Controlled Parking Zones	5			5						5	5
Colindale Station interchange	50			50			44			6	50
Signalisation Improvement - A5 Colindale Ave	156			156		156					156
Public Transportation Improvements - in Colindale	166			166		161				5	166
Pedestrian Improvements programme - RAF Museum	128			128		128					128
Colindale Hospital Parking Review	10			10		6				4	10
Highways Improvement	364			364		364					364
Travel Plan Implementation	116			116		91				25	116
Carriageways	3,423			3,423						3,423	3,423
Highways Planned Maintenance Works Programme	40			40					40		40
Footways Renewal	133			133				133			133
Pothole Fund	1			1	1						1
Saracens	22			22		16		6			22
Drainage Schemes	70			70	69					1	70
Road Traffic Act - Controlled Parking Zones	112			112		107	4			1	112
Parking	28			28			28				28

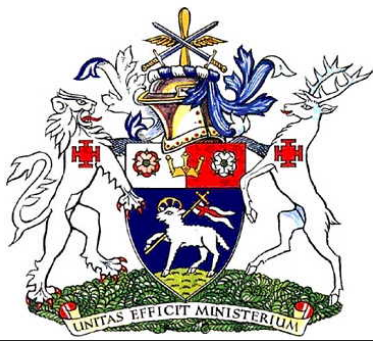
					TOTAL CAPITAL FUNDING						
Environment	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Investment in Roads & Pavement	10,287	8,000	6,375	24,662						24,662	24,662
Highway DLO restructure and Investment project - new vehicles, equipment and IT systems and Reactive	850	600	600	2,050			2,050				2,050
Cool Oak Lane Bridge	600	1,361		1,961	1,600	361					1,961
Old Court House - public toilets	40			40		40					40
Parks & Open Spaces and Tree Planting	94			94		94					94
Park Infrastructure	314	601	110	1,025		402	623				1,025
Waste	294			294				294			294
Weekly Collection Support Scheme	488			488	488						488
Fuel Storage Tank	60			60						60	60
Replacement Bins	486	250	250	986					986		986
Street litter bins	40	5	5	50			50				50
Parks Equipment	100	100	100	300						300	300
Data Works Management system	326	106		432			432				432
Vehicles	1,661	370	800	2,831				800		2,031	2,831
Street cleansing and greenspaces - vehicles and equipment	760	446		1,206				1,206			1,206
Refurbish and regenerate Hendon Cemetery and Crematorium	1,183			1,183				591		592	1,183
Hendon Cemetry & Crematorium Enhancement	198			198			198				198
Lines and Signs	440			440					440		440
Parking Machines	11			11				11			11
CCTV	460	500		960					960		960
CCTV Projects Retention											
Town Centre Bays	75			75			75				75

					TOTAL CAPITAL FUNDING						
Environment	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Parking signs and lines introduction and replenishment	400	300	300	1,000					1,000		1,000
Car Parking improvement	500	500	500	1,500					1,500		1,500
Highways DLO	2,000			2,000						2,000	2,000
	<b>32,630</b>	<b>14,639</b>	<b>10,540</b>	<b>57,809</b>	<b>10,489</b>	<b>1,973</b>	<b>3,533</b>	<b>3,041</b>	<b>4,931</b>	<b>33,842</b>	<b>57,809</b>

					TOTAL CAPITAL FUNDING						
Housing	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Alexandra Road	33			33			33				33
Hostel Refurbishment Programme	170	69		239			118		121		239
Housing Association Development Programme - New Affordable Homes	1,416			1,416		1,416					1,416
Chilvins Court	126			126				126			126
Disabled Facilities Grants Programme	4,287	2,692	2,760	9,739	3,198					6,541	9,739
Empty Properties (45)	3,467	1,000	1,000	5,467						5,467	5,467
Decent Homes Programme	321	107	107	535						535	535
DECC - Fuel Poverty	33			33	33						33
Out of borough acquisition	8,958			8,958						8,958	8,958
Modular Homes	763	745		1,508						1,508	1,508
Open Door	33,746	29,253	12,274	75,273			19,000			56,273	75,273
Micro sites	1,628	1,192		2,820		1,974	846				2,820
	<b>54,948</b>	<b>35,058</b>	<b>16,141</b>	<b>106,147</b>	<b>3,231</b>	<b>3,390</b>	<b>19,997</b>	<b>126</b>	<b>121</b>	<b>79,282</b>	<b>106,147</b>

					TOTAL CAPITAL FUNDING						
Policy & Resources	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depot relocation	9,789			9,789			9,763			26	9,789
Community Centre	2,722	1,582	120	4,424		516	265			3,643	4,424
Asset Management	2,535	1,000	1,000	4,535						4,535	4,535
Information Management	353			353						353	353
Centre for Independent Living & Libraries	314			314	7				307		314
Daws Lane Community Centre	1,224			1,224	1,177		47				1,224
ICT strategy	8,499			8,499			8,116		383		8,499
Community Hub & Child Hill Library	1,540			1,540	20		1,520				1,540
Customer Services Transformation Programme	2,872	1,942		4,814			3,913		901		4,814
Implementation of Locality Strategy	750			750			750				750
	<b>30,598</b>	<b>4,524</b>	<b>1,120</b>	<b>36,242</b>	<b>1,204</b>	<b>516</b>	<b>24,374</b>		<b>1,591</b>	<b>8,557</b>	<b>36,242</b>

Housing Revenue Account	TOTAL CAPITAL FUNDING										
	2017-18	2018-19	2019-20	Total	Grants	Other (incl. S106)	Capital Receipts	RCCO/ MRA	Capital Reserve	Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Major Works (excl Granv Rd)	4,296	4,550	4,550	<b>13,396</b>		300		13,096			<b>13,396</b>
Regeneration	1,623	900	720	<b>3,243</b>		180		3,063			<b>3,243</b>
Misc - Repairs	3,308	2,255	2,205	<b>7,768</b>		60		7,708			<b>7,768</b>
M&E/ GAS	9,946	6,592	6,257	<b>22,795</b>		541		22,254			<b>22,795</b>
Voids and Lettings	2,740	3,400	3,400	<b>9,540</b>		127		9,413			<b>9,540</b>
New Affordable Homes											
Advanced Acquisitions (Regen Estates)	8,757	1,250		<b>10,007</b>			1,875			8,132	<b>10,007</b>
Moreton Close	12,656			<b>12,656</b>			1,856	300		10,500	<b>12,656</b>
Tranche 3 RP	42			<b>42</b>				42			<b>42</b>
Tranch 3	8,000			<b>8,000</b>			8,000				<b>8,000</b>
Direct Acquisitions	1,672			<b>1,672</b>			444	220		1,008	<b>1,672</b>
Dollis Valley	8,287	1,500	1,500	<b>11,287</b>			11,287				<b>11,287</b>
Extra Care Pipeline	15,281	12,392	8,877	<b>36,550</b>	5,000		3,000		24,150	4,400	<b>36,550</b>
Burnt Oak Broadway Flats	700	3,289	1,000	<b>4,989</b>			1,496			3,493	<b>4,989</b>
Upper & Lower Fosters Community Led Design	1,500			<b>1,500</b>	1,500						<b>1,500</b>
Development Pipeline Stag House	1,206	410		<b>1,616</b>			485		1,131		<b>1,616</b>
HRA Fire Safety Programme	10,000			<b>10,000</b>				10,000			<b>10,000</b>
	<b>90,014</b>	<b>36,538</b>	<b>28,509</b>	<b>155,061</b>	<b>6,500</b>	<b>1,208</b>	<b>28,443</b>	<b>66,096</b>	<b>25,281</b>	<b>27,533</b>	<b>155,061</b>



**Policy and Resources Committee**  
**5 September 2017**

<b>Title</b>	<b>The Barnet Group – Creation of a new legal entity</b>
<b>Report of</b>	Deputy Chief Executive
<b>Wards</b>	All
<b>Status</b>	Public with an accompanying Exempt Appendix
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Exempt Appendix 1– Lettings Agency Model Business Case
<b>Officer Contact Details</b>	Nick Lowther, Head of Growth & New Initiatives, The Barnet Group. <a href="mailto:nick.lowther@barnethomes.org">nick.lowther@barnethomes.org</a> , 020 8359 6002

**Summary**

The Barnet Group (TBG) currently provides a lettings and management service for private landlords through its successful subsidiary let2barnet brand for properties achieving lower quartile market rents.

By utilising this experience TBG aims to gain a foothold in the private rented lettings and management market, TBG proposes to introduce a new private lettings and management service for landlords seeking market rent returns from their properties.

The project involves an anticipated investment of £290k with the maximum possible loss at the end of the first year of c£400k. Forecast to break-even from 2022/23, the entity is part of the medium-term solution to Barnet Homes’ budget issues.

To deliver the new service, TBG proposes to create a new legal entity as a trading company. This report sets out the details of the new organisation and seeks council approval for its establishment.

## **Recommendations**

- 1. That the Committee approves the business case for the delivery of a new private lettings agency and approves the creation of a subsidiary of the Barnet Group, a local authority trading company, wholly owned by the Council**
- 2. That the Committee delegates authority to amend the Barnet Group shareholders agreement and the Barnet Group management agreement to the Deputy Chief Executive in consultation with the Committee Chairman**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 Barnet is already the most populous London Borough, and is set to see more growth, with a projected population increase of 83,000 over the next 30 years. Home ownership has fallen whilst private renting has increased as more people have found it difficult to buy their own home due to higher prices and reduced availability of mortgages.
- 1.2 Private renting is set to continue to increase and means that within 10 years half the properties in the borough are likely to be rented. Therefore, with the numbers of households living in the private rented sector expected to continue to rise, demand for private lettings and management services in Barnet and north London will also continue to grow. Provision of a private rented lettings and management service will help cater for this growing market.
- 1.3 TBG has a wealth of experience of providing a lettings and management service to landlords that can be used to help capitalise on opportunities in the private lettings market TBG aim to combine this experience with targeted marketing and exposure on contemporary lettings search engines to source tenants to meet demand.
- 1.4 The creation of a new legal entity and Trading Company to deliver a private lettings and management service will support TBG's corporate objectives for growth, whilst also supporting the delivery of the management agreement and associated future savings.

### **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The knowledge and experience gained through the delivery of a successful private sector lettings scheme has proven invaluable and has helped establish a framework of landlord contacts from which a private lettings agency service can build upon. Whilst the market in London is fiercely competitive, TBG's experience, status as a respectable provider and existing contacts provides confidence that group can successfully introduce a new private lettings service to the market place while minimising the associated risks.



## 2.2 Key benefits the new trading company will deliver are:

- Increased long-term revenue for TBG to help support the delivery of the Management Agreement and anticipated associated future savings minimising where possible the impact on service delivery and satisfaction
- An opportunity to cater for all sections of the private market, including key-worker housing. TBG intends to work with the Council to help target key-workers such as teachers and social workers through the new trading company
- There are also potential benefits for the let2barnet brand through an increased landlord contact base, increased market exposure and from the introduction of new IT systems and processes associated with this model
- An opportunity to improve standards in the private sector and the quality of accommodation for private renters
- There is potentially scope in the future for using surpluses for social benefit once the new trading company has established itself

## 2.3 Independent advice has been sought in respect of the optimum vehicle for delivering the private lettings agency. There are a number of key benefits derived through the creation of a new subsidiary company to deliver the service:

- Barnet Homes benefits from non-trading status with HMRC due to the restricted activities carried out as an Arm's Length Management Organisation on behalf of the local authority. This would not apply to the activities provided to third parties through the private lettings agency so the creation of a new subsidiary company is important to ensure Barnet Homes maintains its non-trading status with HMRC.
- Barnet Homes is exempt from the Public Contracts Regulations 2015, and to maintain this exemption, no more than 20% of the company's turnover can be attributable to income from parties other than the Council. The creation of a new subsidiary company would ensure that the income threshold is not breached and that Barnet Homes would maintain its current exemption
- Establishment of a new subsidiary company will enable the new lettings agency to be marketed as a stand-alone entity from Barnet Homes and the Council
- A separate corporate entity will effectively ring-fence the activity of the new lettings agency, and minimise the potential risks to Barnet Homes and the rest of the Barnet Group

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

#### **3.1 To establish a not-for-profit lettings agency**

Our learning from the experiences of other local authorities who have sought to develop not-for-profit social lettings agencies has shown that these ventures have failed to make the required impact to ensure sustainable long-term delivery of the services. Delivering a for-profit lettings agency will enable TBG to position itself in the market alongside key competitors in respect of fees charged and afford the opportunity to capitalise on increased revenue for TBG.

### **4. POST DECISION IMPLEMENTATION**

4.1 TBG will be responsible for managing the set-up of the new trading company and for providing the start-up funding. This will include the Articles of Association, Memorandum of Association and Shareholders Agreement setting out the detailed governance arrangements and incorporating the new company with Companies House. There is no liability for the Council in this process.

4.2 TBG will prepare to launch the new trading company in Q4 2017/18 following the successful completion of all necessary preparatory governance, process and operational functions required to deliver the new private lettings agency.

4.3 A new executive board will be established within TBG to ensure effective scrutiny of the new trading company.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

5.1.1 The proposal in this report will further strengthen TBG's ability to continue to support the Council's need to deliver efficiencies, value for money, and to achieve savings with a direct link to their £1m budgetary target.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 All costs associated with the delivery of the new private lettings agency will be borne by TBG. TBG's existing infrastructure can be exploited to support the new business at a reduced cost compared to setting up the venture from a zero base.

5.2.2 The establishment of the new legal entity detailed in this report will not result in any additional costs, responsibility or liability to the Council.

5.2.3 If the new trading company is unsuccessful, the Council will not be exposed to any financial liability. It should be noted however that given The Barnet Group is a wholly owned local authority trading company and the parent company to a number of subsidiaries including Barnet Homes and Your Choice Barnet, therefore any venture that increases or decreases the value of the group, ultimately affects the Council's assets or liabilities. In the event of a failure of the venture, the Council will not have any direct liabilities but could see a reduction in the value of its balance sheet.

### **5.3 Social Value**

5.3.1 Having consideration to the Public Services (Social Value) Act 2013, there are no specific social values considerations arising from this proposal.

### **5.4 Legal and Constitutional References**

5.4.1 The Council's Constitution – Appendix A – Responsibilities for Functions, details the responsibilities for the Policy and Resources Committee including to:

- Approve budget and business plan of the Barnet Group Ltd
- Be responsible for those matters not specifically allocated to any other committee affecting the affairs of the Council

5.4.2 The Barnet Group's (TBG) articles of association state that TBG shall not, without the consent of the Council, form any subsidiary, therefore the consent of the Council is required prior to the creation of a further subsidiary.

5.4.3 The proposal to establish a new entity may require changes to be made to the Barnet Groups shareholder agreement and management agreement. Committee are requested to delegate authority to agree any necessary amendments to the Deputy Chief Executive.

5.4.4 The Council has the legal power to create a new legal entity by way of a subsidiary company. The principal statutory powers are contained in:-

- sections 1 and 4, Localism Act 2011 (the general power of competence and the obligation to trade through a company);
- section 95, Local Government Act 2003 (the power to trade through a company);

- section 12, Local Government Act 2003 (the power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs: and
- section 111(1), Local Government Act 1972 (the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any functions

## 5.5 Risk Management

5.5.1 There is a risk that TBG are unsuccessful in the delivery of a new private lettings agency service. In this event, the maximum loss to TBG is estimated at £400k, being the unavoidable costs budgeted for the first year of trading. Successful implementation of the project is part of addressing the risks around the viability of Barnet Homes' budget.

5.5.2 There is a risk that the new trading company will impact on the supply of private rented accommodation available at Local Housing Allowance levels for homeless households. To mitigate against this there are a number of measures in place including:

- The let2barnet service has a key performance indicator to achieve of 575 lettings in 2017/18 and this can be clearly measured by both the Council and TBG and managed appropriately
- Robust performance monitoring by TBG including the Executive board of the new trading company
- A clear distinction between services offered and prioritisation of new supply for the existing let2barnet scheme
- Modernisation of let2barnet systems including shared access of the new trading company software

## 5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people from different groups and foster good relations between people from different groups.

5.6.2 It is not expected that any group will be adversely affected by implementing the policies set out in this report. However the impact will be monitored to ensure that these groups are not adversely affected.

## **5.7 Consultation and Engagement**

5.7.1 Consultation will be undertaken with Unison, GMB and directly with TBG staff.

## **5.8 Insight**

5.8.1 TBG have utilised benchmarking data as well as research conducted by external parties to form the views in proposing the new legal entity and as set out in this report.

## **6.0 BACKGROUND PAPERS**

6.1 Appendix 1 – Lettings Agency Model Outline Business Case (exempt)

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**London Borough of Barnet  
Policy and Resources Work  
Programme 2017-18  
September 2017 – May 2018**

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Title of Report	Overview of decision	Report Of ( <i>officer</i> )	Issue Type (Non key/Key/Urgent)
5 September 2017			
Capital Programme Update	To approve movements in the Capital Programme	Director of Resources	<b>Key</b>
Creation of a new legal entity	That the Committee approves the business case for the delivery of a new private lettings agency and approves the creation of a new trading company to deliver a new private lettings and management service.	The Barnet Group, Chief Executive	<b>Key</b>
10 October 2017			
Business rates discretionary rate relief scheme - progress report	To receive a progress report following implementation in July 2017.	Director of Resources	<b>Non-Key</b>
Green Infrastructure SPD - Adoption	To agree adoption of the SPD	Deputy Chief Executive	<b>Key</b>
Draft North Finchley Town Centre Development Framework SPD	To approve the draft Supplementary Planning Document for consultation.	Deputy Chief Executive	<b>Key</b>



Title of Report	Overview of decision	Report Of ( <i>officer</i> )	Issue Type (Non key/Key/Urgent)
5 December 2017			
Business Planning	To approve the Business Planning priorities for the period 2017/18 to 2020/21.	Director of Resources (Deputy Section 151 Officer)	<b>Non-key</b>
Procurement Forward Plan 2018-19	To approve the forward plan	Deputy Chief Executive Officer, Barnet Group	<b>Key</b>
North Finchley Town Centre Development Framework SPD	Adoption of the SPD	Deputy Chief Executive	<b>Key</b>
Brownfield Land Register	<p>LPAs are required under the Town &amp; Country Planning (Brownfield Land Register) Regulations 2017 to publish initial registers by 31<sup>st</sup> December 2017 and thereafter update them at least once a year.</p> <p>Registers are to provide up to date publicly available information on brownfield land considered suitable for housing.</p>	Deputy Chief Executive	<b>Key</b>
13 February 2018			

<b>Title of Report</b>	<b>Overview of decision</b>	<b>Report Of (officer)</b>	<b>Issue Type (Non key/Key/Urgent)</b>
Business Planning	The report revises the Medium Term Financial Strategy (MTFS) in line with the publication, sets out the corporate plan indicators, savings proposals, capital programme for the period 2018-21 and council tax for 2018/19.	Director of Resources (Deputy Section 151 Officer)	<b>Key</b>
<b>20 March 2018</b>			
Monitoring the Impact of Brexit on Barnet	Update report for noting	Assistant Chief Executive	<b>Non-Key</b>
<b>15 May 2018</b>			
<b>Items to be allocated</b>			
Update - Funding for fire safety work	Update report for noting	Director of Resources	<b>Non-Key</b>
The Local Plan	To approve Barnet's Local Plan for consultation.	Commissioning Director, Growth and Development	<b>Key</b>
Draft Affordable Housing Supplementary Planning Document	To approve the draft Supplementary Planning Document for Affordable Housing for consultation.	Commissioning Director, Growth and Development	<b>Non-key</b>
North London Waste Plan (Reg 19 stage)	To approve the North London Waste Plan (NLWP) for public consultation.	Commissioning Director, Growth and Development	<b>Non-key</b>

<b>Title of Report</b>	<b>Overview of decision</b>	<b>Report Of (<i>officer</i>)</b>	<b>Issue Type (Non key/Key/Urgent)</b>
Affordable Housing Supplementary Planning Document - Adoption	To adopt the Supplementary Planning Document for Affordable Housing.	Commissioning Director, Growth and Development	<b>Key</b>

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

## AGENDA ITEM 12

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