

<b><u>COMMITTEE</u></b> <b>CABINET RESOURCES</b>
<b>DATE AND TIME</b> <b>THURSDAY, 23 SEPTEMBER 2004</b> <b>AT 7.00 PM</b>
<b><u>VENUE</u></b> <b>THE TOWN HALL, THE BURROUGHS,</b> <b>HENDON, NW4 4BG</b>

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

**Chairman:** Councillor Anthony Finn

**Councillors:**

Melvin Cohen

Mike Freer  
Victor Lyon

Matthew Offord

Roy Goddard  
Head of Committee

Democratic Services contact:  
Nick Musgrove, tel. 020 8359 2024

<b>FACILITIES FOR PEOPLE WITH DISABILITIES</b>
--

<p>The Town Hall has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting, please telephone Nick Musgrove on 020 8359 2024. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All our Committee Rooms also have induction loops.</p>
--

Town Hall  
Hendon, NW4 4BG

## ORDER OF BUSINESS

Item No.	Title of Report	Page Nos.
1.	MINUTES	
2.	ABSENCE OF MEMBERS	–
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	–
	<b>Reports from the Cabinet Member for Resources</b>	
4.	Treasury Management Outturn Report	1 – 12
5.	Revenue Monitoring	To follow
6.	Annual Increases in Fees & Charges	13 – 14
	<b>Reports from the Cabinet Member for Resources and the Cabinet Member for Performance, Partnerships and Best Value</b>	
7.	Acquisition of Land at Spur Road, Edgware	15 – 20
8.	Former Fire Station at rear of former Friern Barnet Town Hall – Surrender of Lease	21 – 23
9.	23/35 Hendon Lane N3 - use of part by Citizens' Advice Bureau	24 – 27
	<b>Reports from the Cabinet Member for Resources, the Cabinet Member for Performance, Partnerships and Best Value, the Cabinet Member for Housing, Neighbourhoods and Community Safety and the Cabinet Member for Social Care and Health</b>	
10.	Goodwin Court, Church Hill Road, East Barnet – Freehold transfer and redevelopment proposals	28 – 35
	<b>Report from the Cabinet Member for Social Care and Health</b>	
11.	Meals at Home Service <i>(Circulated separately)</i>	36 – 39
12.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	
13.	MOTION TO EXCLUDE THE PRESS AND PUBLIC:- That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act shown in respect of each item:  <div style="text-align: right;">Exemption category</div>	
	<b>Reports from the Cabinet Member for Resources and the Cabinet Member for Performance, Partnerships and Best Value</b>	
14.	Lease of Building No. 5 North London Business Park	9 40 – 45
15.	Exempt Information relating to item considered in public session: Acquisition of land at Spur Road, Edgware	9 46 – 50

Item No.	Title of Report		Page Nos.
16.	Exempt Information relating to item considered in public session: Former Fire Station at rear of former Friern Barnet Town Hall – Surrender of Lease	9	51 – 52
17.	Exempt Information relating to item considered in public session: 23/35 Hendon Lane N3 - use of part by Citizens' Advice Bureau  <b>Report from the Cabinet Members concerned</b>	9	53 – 54
18.	Exempt Information relating to item considered in public session: Goodwin Court, Church Hill Road, East Barnet – Freehold transfer and redevelopment proposals	9	55 – 56
19.	ANY EXEMPT ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT		-

### **Fire / Emergency Evacuation Procedure**

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

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

Do not stop to collect personal belongings.

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

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

**AGENDA ITEM: 4**

Page nos. 1 – 12

Meeting	Cabinet Resources
Date	23 September 2004
<b>Subject</b>	<b>Treasury Management Outturn Report 2003/04</b>
Report of Summary	Cabinet Member for Resources To consider the extent to which the Council adhered to the Treasury Management Strategy for 2003/04.

Officer Contributors	Borough Treasurer, Clive Medlam
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Investment Rates 2003/04 Appendix B – Long Term Interest Rates 2003/04 Appendix C – Investment Counter Party List
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Patrick Towey, 020 8359 7119

## **1 RECOMMENDATIONS**

- 1.1 That the performance against the Treasury Management Strategy in 2003/04 be noted.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources 23 January 2003 – approval of Treasury Management Policy Statement and Strategy.

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

- 3.1 This report has been produced in accordance with the Code of Practice for Treasury Management in the Public Services, issued by CIPFA in 2001 and formally adopted by the London Borough of Barnet on 07 January 2003 (Council, Item 73 (3), Minutes)

## **4 RISK MANAGEMENT ISSUES**

- 4.1 In order for the Council to be able to deliver effective services within the Council's policy framework to members of the public it is necessary to have a sound financial base. An annual report of the performance of the Treasury Management function allows the foundations of this financial base to be examined.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 One of the primary objectives of CIPFA's Code of Practice on Treasury Management and subsequent Treasury Policy Statements is to ensure that, by using prudent and proper practices, the financial resources of local authorities are protected and best used.

## **6 COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

- 6.1 None.

## **7 BACKGROUND INFORMATION**

- 7.1 Treasury management in local government was regulated during 2003/04 by the 2001 revision of the CIPFA Code of Practice on Treasury Management in the Public Services. The Council has adopted the 2001 Revised Code and complies with its requirements.

- 7.2 The key recommendations of the Code are;

- The creation and maintenance of a Treasury Management Policy Statement, stating the policies and objectives of the authority's treasury management activities (this was adopted by the Council on 2<sup>nd</sup> December 2002).

- the creation and maintenance of Treasury Management Practices which set out the means by which the authority intends to achieve those policies and objectives, and describing how it will manage and control those activities.
- the presentation to the appropriate committee of an annual strategy report for the year ahead and an annual outturn report of the previous financial year.

7.3 The Council's Treasury Policy Statement defines the Council's treasury activities as:

“The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

7.4 This annual treasury report covers:

- the Council's current treasury position
- performance measurement
- the borrowing strategy for 2003/04
- the borrowing outturn for 2003/04
- compliance with treasury limits
- investment strategy for 2003/04
- investment outturn for 2003/04
- debt rescheduling
- Other issues

## 7.5 Current portfolio position

7.5.1 The Council's debt position at the beginning and end of the year was as follows:

	31 March 2004		31 March 2003	
	Principal	Average Rate	Principal	Average Rate
<b>Total Debt</b>				
PWLB	£0.00m	n/a	£39.00m	9.77%
Annuity	£0.00m	n/a	£0.00m	n/a
Temporary	£27.21m	4.31%	£0.14m	4.10%
<b>Total Investments</b>				
In house	£.36.10m	4.02%	£48.79m	3.52%

## 7.6 Performance Measurement

7.6.1 One of the key changes in the first revision of the Code in 1996 was the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more complex area. Table 7.5.1 above shows the average rates of

interest on loans and investments as at 31 March 2004, compared with the same categories as at 31 March 2003.

## **7.7 The strategy for 2003/04**

7.7.1 Our treasury strategy for 2003/04 was based on a view of the UK economy being weighed down at the start of the year by continuing weak growth in the US and by world fears of war in Iraq which together produced an expectation of overall weak world economic growth. These war fears helped to dampen consumer confidence, demand, manufacturing production and capital investment and to depress share prices which had already been hit by accounting scandals in the US in the first half of 2002. Base rate was therefore forecast to stay at 4.0% during 2003, although there were concerns that if growth prospects weakened further then it could be cut.

7.7.2 Inflationary pressures were weak and RPIX (headline inflation less mortgage interest rates) was expected to be near or below the target rate of 2.5%. On the other hand, the level of increase in consumer and corporate borrowing was a cause for concern as this could make borrowers highly sensitive to any increase in base rate. Unemployment was expected to continue to remain at historically low levels but wage inflation was benign. House prices were increasing at an alarmingly high rate. The manufacturing sector was continuing to contract. Looking forward, however, expectations of robust consumer demand, confidence and borrowing together with strong growth in planned public expenditure, were expected to provide solid underpinning to the strong growth rate in the UK economy. This was, therefore, a different situation from that in the US and did not require further cuts in base rate in order to maintain a reasonably healthy and consistent rate of growth in 2003.

7.7.3 The effect on interest rates for the UK was therefore expected to be as follows:

- **Shorter-term interest rates** – The “average” city view anticipated that the weak outlook for growth for the UK and US economies would prompt the MPC to leave the base rate at 4%. The risk remained that growth was not as feeble as forecast and a quick recovery in the US would remove pressure to keep rates low. If this was the outcome, then UK base rates could rise by the end of 2003.
- **Longer-term interest rates** - The view was that long term PWLB rates would fall slightly to 4.40% (equivalent to long term gilt yield of approximately 4.25%) and remain around that level for the year.

**7.8 The Adopted Treasury Strategy** - The agreed strategy put to committee, based upon the above forecast, was that:

7.8.1 The overall approach would be of caution, monitoring the interest rate market and adopting a pragmatic approach to changing circumstances, reporting any decisions to Cabinet Resources Committee as a part of the annual review process.

7.8.2 The net borrowing requirement raised by new capital expenditure would initially be met by the realisation of capital receipts temporarily invested. In the longer

term the funding may be met from PWLB quota loans should the interest rate profile be advantageous to the Council.

7.8.3 Temporary investments will continue to be made to cover cash flow needs, market conditions will be monitored and investments made to optimise returns. Investments will be made in accordance with Approved Investment Regulations (1990) and subsequent amendments, and with the institutions identified in the Council's approved counter party investment list.

7.8.4 Any debt rescheduling is likely to take place when fixed interest rates are anticipated to be at their highest as this will minimise the penalty premium payable. The situation will be continually monitored, in consultation with our treasury advisors, in order to take advantage of any perceived anomalies in the yield curve. The reasons for any debt rescheduling will include:

- The generation of cash savings at minimum risk;
- In order to amend the maturity profile and/or the balance of volatility of the long-term debt portfolio.

## **7.9 Outturn for 2003/04-**

**7.9.1 Shorter-term interest rates** – Base rate was unexpectedly cut from 4.0% to 3.75% in February 2003 as Iraq war fears dampened growth prospects. A further cut to 3.5% in July was the bottom of this interest rate cycle. Rapidly improving growth prospects in the US from late July provoked a turn around in market expectations to increases in base rate, the first of which duly came in November to 3.75%, to be followed by a further increase in February 2004 to 4.0%.

**7.9.2 Longer-term interest rates** – The PWLB lower quota 25-30 year rate started the year at 4.80% but fell to a bottom of 4.40% in Mid June 2003. However, the rapid increase in growth prospects in the US in July pushed this rate back up to a range of 4.90 - 5.50% until late December, after which it eased back to 4.75% by the end of March 2004.

**7.10 Debt performance** – As highlighted in section 7.5.1 above, the average debt portfolio interest rate has moved over the course of the year from 9.77% to 4.10%. The approach during the year was to fund borrowing from surplus cash and to take advantage of opportunities to reschedule debt as and when favourable conditions arose.

## **7.10 Compliance with Treasury Limits**

7.10.1 During the financial year the council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement.



## 7.11 Investments Strategy for 2002/03

- 7.11.1 The London Borough of Barnet manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 364 days, dependent on its cash flows and the interest rates on offer.
- 7.11.2 Temporary investments would be made to cover cash flow needs. Market conditions would be monitored and investments made to optimise returns. Appendix B shows the investment returns available during the year.

## 7.12 Investment Outturn for 2002/03

- 7.12.1 Detailed below is the result of the investment strategy undertaken by the Council:

	<b>Average Investment</b>	<b>Rate of Return</b>	<b>Benchmark Return</b>
<b>Internally Managed</b>	<b>£60.6 m</b>	<b>3.75%</b>	<b>3.52%</b>

- 7.12.2 The benchmark return for internally managed funds is the average 7 day LIBID rate (uncompounded) sourced from the Financial Times. As can be seen from the above, the Council exceeded the benchmark return for 2003/04 by 0.23%. Based on the average balance invested for the year, this produced £139,380 in interest receivable. This was achieved by investing available balances over a range of periods (to 364 days) and monitoring fluctuations in interest rates to achieve the best return possible.
- 7.12.3 No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

## 7.13 Debt Rescheduling

- 7.13.1 The Borough Treasurer, in consultation with the Cabinet Member for Resources and the Cabinet Member for Housing and Environmental Health, and after seeking independent financial advice from Sector, our treasury management specialists, decided under delegated powers to redeem the PWLB debt on 31 March 2004. This decision was reported to Cabinet Resources on 22 April 2004. The reasons for this debt repayment were:-
- To reduce interest costs on overall borrowing by undertaking new borrowing at current (lower) rates – the year end PWLB rates averaged 4.75%. Although this results in a reduction in interest charges to the general fund, this could be offset if there is a need to increase prudential borrowing

- To smooth the Council's debt maturity profile
- To become debt free on 31 March 2004 so that the Council could qualify for a transitional reduction in the payment of HRA capital receipts into the national pool

The movement in interest rates for the year is given as Appendix A to this report.

## **7.14 Amendments to the Council's Approved List of Investment Counterparties**

- 7.14.1 The Council's Treasury Policy Statement places responsibility for the management of all cash flows, investments and borrowings with the Borough Treasurer.

When the Council does not immediately require funds to meet expenditure those funds are invested through the London Money Markets. In order to minimise the risk of the Council losing any of the funds lent, the Council maintains a strictly controlled list of the institutions to which it may lend money.

The Borough Treasurer formulates suitable criteria for assessing and monitoring the credit risk of investment counterparties, in conjunction with its treasury advisors, and constructs a lending list comprising type, sector and specific counterparty limits.

The Borough Treasurer wishes to amend the current counterparty list by changing the number of building societies to whom it may lend money, from the top 30 to the top 15 as rated by the Butlers Building Society Guide. The amendment is required to reflect the reduction in the Council's cash balances available for investment purposes over the last few years and the need for such a large counterparty list. The change will also allow the Council only to deal with societies that are rated by credit rating agencies such as Moody's and Fitch and have group assets in excess of £2,000M. In addition the limits will be changed as defined in appendix C.

The credit rating criteria and limits for other counterparties will remain unchanged.

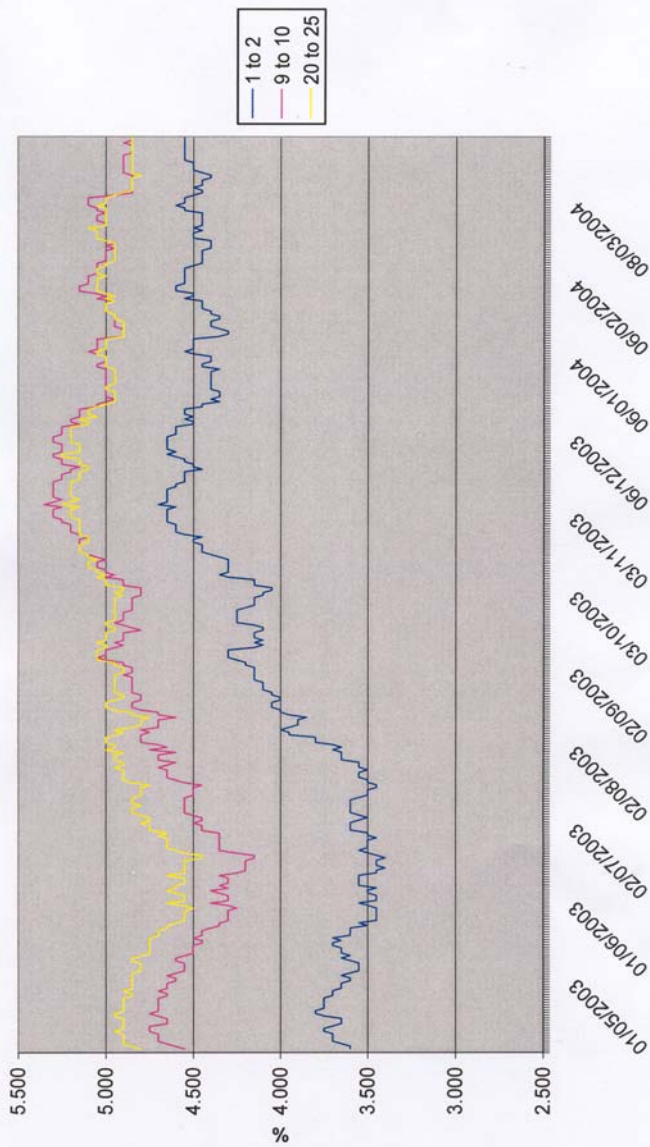
## **8 LIST OF BACKGROUND PAPERS**

- 8.1 Treasury Management in Local Authorities – CIPFA's Code of Practice 1996 and revision 2001.
- 8.2 Any person wishing to inspect these papers should telephone 020 8359 7119.

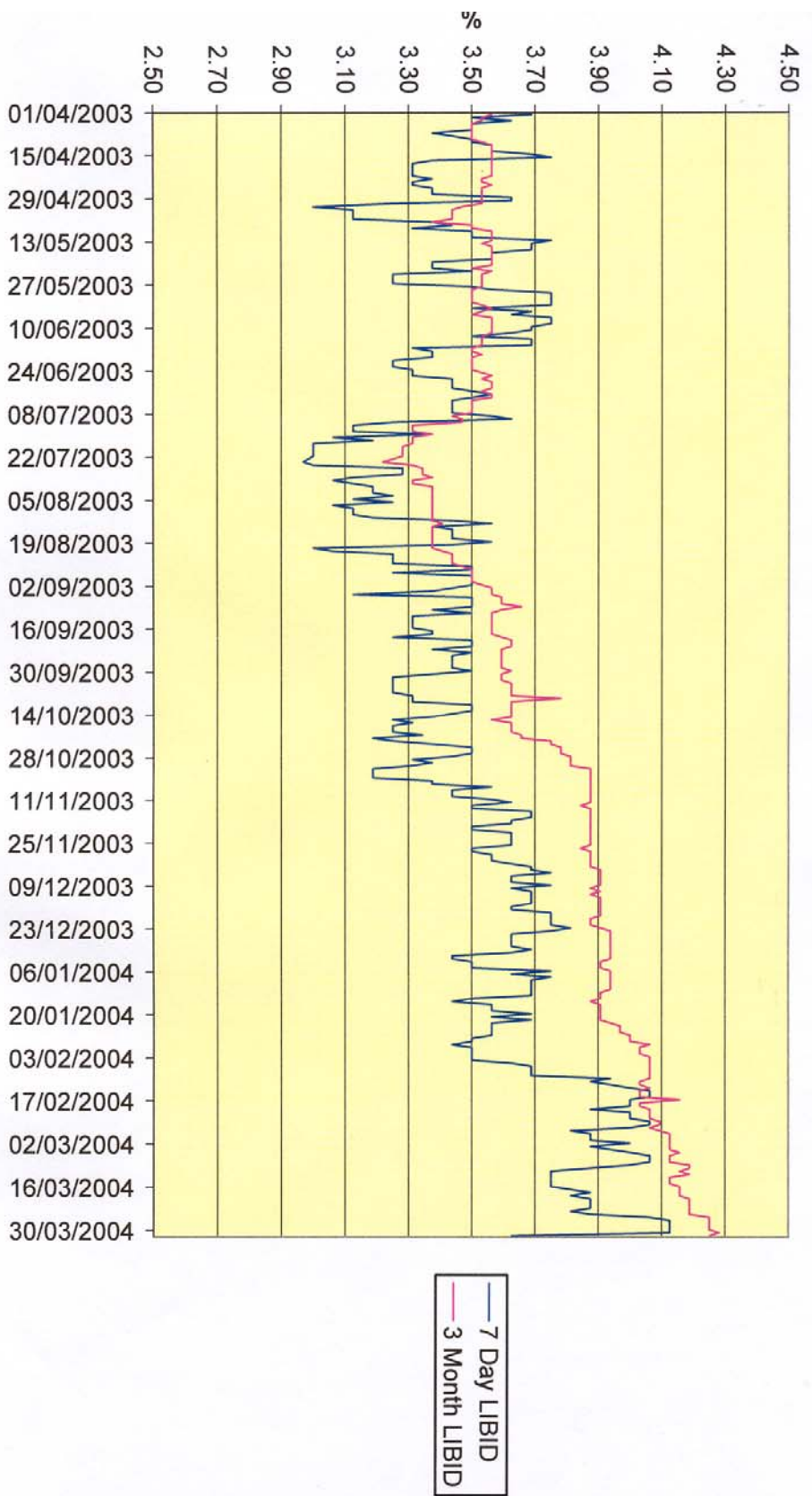
MO (JEL)

BT (CM)

Appendix A: PWLB Maturity Rates 2003/04



### Appendix B: Investment Rates 2003/04



**Appendix C****London Borough of Barnet Amended Lending List**

<b>Counterparty type</b>	<b>Key</b>	<b>Limit £'000</b>
Clearing Banks and their wholly owned subsidiaries	<b>A</b>	<b>10,000</b>
Banks wholly owned by the Bank of England		<b>10,000</b>
Merchant Banks who are accepting Houses Credit rating A1, Legal rating 3		<b>5,000</b>
Merchant Banks who are accepting Houses Credit rating A1, Legal rating 4	<b>B</b>	<b>2,000</b>
Other Local Authorities		<b>7,000</b>
Other Public Bodies		<b>5,000</b>
Top 15 Building Societies:-		
Top 5	<b>C</b>	<b>10,000</b>
6 to 10	<b>D</b>	<b>7,000</b>
11 to 15	<b>E</b>	<b>5,000</b>
Other Financial Institutions and Banks:-		<b>10,000</b>
Abbey National plc		
Alliance & Leicester plc		
Bradford & Bingley plc		
Bristol & West plc		
HBOS		
Northern Rock		
Woolwich plc		
Overseas Banks with AAA/A1+ credit rating	<b>F</b>	<b>10,000</b>

## Key:

A	F
Bank of Scotland plc:-	ABN AMRO Bank
British Linen Bank	Allied Irish Bank
Bank of Wales	Australia & New Zealand Banking Group
Barclays Bank plc	Banco Bilbao Vizcaya Argentaria
Co-operative Bank Ltd	Banco de Credito Local de Espana SA
Lloyds TSB Group:-	Banco Espanol de Credito
TSB Group Holdings	Banco Santander Central Hispano
HSBC Bank plc:-	Bank Netherlandse Gemeenten
Forward Trust	Bank of America NA
Midland Bank Finance Corp.	Bank of Ireland
Royal Bank of Scotland:-	Bank of Montreal
National Westminster Bank plc	Bank of New York
Lombard & Ulster Bank	Bank of Nova Scotia
Ulster Bank Markets	Bank of Scotland plc
	Bank One, N.A. (Chicago)
	Banque Generale du Luxembourg
	Bayerische Landesbank Girozentrale
	BNP Paribas
	Caixa Geral de Depositos
	Canadian Imperial Bank of Commerce
	CDC Ixis Capital Markets
	Citibank International Bank
	Citibank N.A.
	Commonwealth Bank of Australia
	Confederacion Espanola de Cajas de Ahorros
	Credit Agricole
	Credit Lyonnais
	Credit Suisse First Boston
	Credit Suisse First Boston International
	Danske Bank
	Depfa Bank plc
	Deutsche Bank AG
	Dexia Bank
	Dexia Banque Internationale a Luxembourg
	Dexia Credit Local
	First Active plc
	Fleet National Bank
	Fortis Bank

## B

N M Rothschild

## C

Nationwide  
Britannia  
Yorkshire  
Portman  
Coventry

## D

Chelsea  
Skipton  
Leeds & Holbeck  
West Bromwich  
Cheshire

## E

Derbyshire  
Principality  
Newcastle  
Norwich & Peterborough  
Stroud & Swindon

## **F CONT'D**

Hongkong and Shanghai Banking Corporation  
HSH Nordbank AG  
ING Bank  
KBC Bank  
Landesbank Baden-Wuerttemberg  
Landesbank Berlin  
Landesbank Hessen-Thuringen Girozentrale  
Landesbank Rheinland  
Landwirtschaftliche Rentenbank  
Mellon Bank NA  
Merrill Lynch International Bank Ltd  
National Australia Bank  
Norddeutsche Landesbank Girozentrale  
Nordea Bank Denmark  
Nordea Bank Finland  
Nordea Bank Norge SA  
Nordea Bank Sweden  
Northern Trust Company  
Rabobank International  
Royal Bank of Canada  
Royal Bank of Scotland  
Sabpaolo IMI  
Societe Generale  
State Street Bank & Trust Co  
Svenska Handelsbanken  
Toronto-Dominion Bank  
UBS AS  
UBS Warburg  
UniCredito Italiano  
WestLB Bank  
Westpac Banking Corporation

**AGENDA ITEM: 5**

Page nos. 1 – 14

Meeting	Cabinet Resources Committee
Date	23 September 2004
<b>Subject</b>	<b>Revenue Monitoring 2004/05</b>
Report of	Cabinet Member for Resources
Summary	To consider a report on revenue monitoring in the current year and instruct officers to take appropriate action.

Officer Contributors	Borough Treasurer
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	Appendix A – 2004/05 Forecast Outturn Appendix B – Savings Implementation Monitor
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Clive Medlam 020 8359 7110.



## **1 RECOMMENDATIONS**

- 1.1 That the General Fund and Housing Revenue Account budget monitoring position be noted.**
- 1.2 That the sum of £150,000 be added to the central contingency in respect of the Highways Service's Street Lighting PFI.**
- 1.3 That Heads of Service be instructed to take appropriate management action to achieve the budgeted savings, contain emerging budget pressures and identify further savings to achieve the target of £5m balances by 31 March 2005.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Council 2 March 2004 and Cabinet Resources 28<sup>th</sup> July 2004.

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

- 3.1 Robust revenue monitoring is essential to ensure that resources support the Council's priorities as set out in the Corporate Plan.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The risks posed by budget pressures are addressed in Section 7 below. Management action is being taken to address budget pressures. Failure to contain these pressures will impact on the council's available balances.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The 2003/4 Outturn report presented to this committee on 28 July 2004 advised that General Fund balances at 31 March 2004 amounted to £0.93m. The 2004/5 budget included a contribution to balances of £3m which brings the total of General Fund balances to £3.93m, before considering the effects of monitoring during the year. Further comments are contained in Section 7.

## **6 COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

- 6.1 None.

## **7 BACKGROUND INFORMATION**

- 7.1 Variances previously considered and approved by Cabinet Resources Committee in July combined to reduce balances to £3.6m at 31 March 2005. The position summarised in Appendix A shows that balances are now forecast to be £2.54m at 31 March 2005.

- 7.2 This figure excludes any redundancy costs that may arise during the year, for which a capitalisation Direction will again be sought from the ODPM.
- 7.3 Work is ongoing to finalise the impact on the General Fund of the creation of Barnet Homes. Any variation on the current contingency provision of £400,000 will be reported to a future meeting.
- 7.4 Work is also ongoing to update outturn forecasts for interest on balances, debt charges and housing/council tax benefit subsidy. All three items are particularly volatile budgets.
- 7.5 The debt charges budget is based upon the assumption that all planned capital receipts will be completed before 31 March 2005. If any are not achieved this will require additional prudential borrowing to be undertaken. The later this situation arises in the year, the less flexibility the council will have in undertaking this capital borrowing which may be at higher interest rates than anticipated.
- 7.6 The 2003/04 central contingency provision (£150,000) to assist in delivering the Street Lighting PFI was not used and fell into balances. The committee is now being asked to approve this being added to the 2004/05 central contingency and taken back from General Fund balances.
- 7.7 The traffic light monitor on budgeted savings is attached at Appendix B. The forecast variations shown in this monitor are repeated in Appendix A.
- 7.8 Cabinet Members are aware of the impact that non-achievement of budgeted savings and new emerging pressures could have on balances, and are working with Heads of Service to contain these costs.
- 7.9 There are no significant budget variations in the Housing Revenue Account.

## **8 LIST OF BACKGROUND PAPERS**

- 8.1 None

MO: JEL

BT: CM

**AGENDA ITEM: 6** Page nos. 13 – 14

---

Meeting	Cabinet Resources Committee
Date	23 September 2004
<b>Subject</b>	<b>Annual Increases in Fees &amp; Charges</b>
Report of	Cabinet Member for Resources
Summary	This report instructs officers to prepare for increases in fees and charges from January 2005, and from January in subsequent years.

---

Officer Contributors	Borough Treasurer
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Clive Medlam ☎ 020 8359 7110

**1. RECOMMENDATIONS**

- 1.1 That increases in fees and charges in line with the Financial Forward Plan be approved by Heads of Service in consultation with the Cabinet Member for Resources, and that these increases be implemented from 1 January each year, with only limited exceptions to those being increased from 1 April.
- 1.2 That increases in fees and charges above the rate assumed in the Financial Forward Plan be approved by Cabinet Resources Committee, and that these increases be implemented from 1 January each year, with only limited exceptions to those being increased from 1 April.

**2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee – 15 December 2003: increase in fees and charges from 1 January 2004.

**3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Fees and charges represent a significant resource to the council, contributing around £25m a year to the budget. Levying fees and charges and increasing them annually enables the council to maintain vital services and deliver on Corporate Plan priorities.

**4. RISK MANAGEMENT ISSUES**

- 4.1 None.

**5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 See background information.

**6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

- 6.1 None

**7. BACKGROUND INFORMATION**

- 7.1 Cabinet Resources Committee made the decision on 15 December 2003 to increase fees and charges from 1 January 2004. The proposal now is to implement the annual increase in fees and charges from 1 January each year.
- 7.2 The Financial Forward Plan approved by Council in March 2004 includes an assumed increase in fees and charges. This report instructs Heads of Service to implement all increases in fees and charges that are in line with the Financial Forward Plan under delegated authority from 1 January every year.
- 7.3 Where increases above the rate assumed in the forward plan are proposed, these will be approved by Cabinet Resources Committee, but will also be implemented from 1 January each year.

**8. LIST OF BACKGROUND PAPERS**

- 8.1 None.

MO: JEL  
BT: CM

**AGENDA ITEM: 7**

Page nos. 15 – 20

Meeting	Cabinet Resources Committee
Date	23 September 2004
<b>Subject</b>	<b>Acquisition of land at Spur Road, Edgware</b>
Report of	Cabinet Member for Resources Cabinet Member for Performance, Partnerships & Best Value
Summary	To consider a proposal to acquire a sufficient interest in land at Spur Road, Edgware from All Souls College to facilitate the development of the Barnet City Academy and the Stonegrove and Spur Road housing estates regeneration scheme.

Officer Contributors	Dave Stephens, Chief Valuer & Development Manager, Siobhan O'Donoghue, Principal Valuer
Status (public or exempt)	Public – with a separate exempt report.
Wards affected	Edgware
Enclosures	Plan
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information:  
David Stephens, Chief Valuer and Development Manager – 020 8359 7353.

## **1 RECOMMENDATIONS**

### **1.1 That, subject to**

- i. All Souls College confirming that it wishes to proceed upon the basis recommended by its agents;**
- ii. To agreement being reached with DfES and Family/Unitary regarding payment for plots E, F and G on the Plan; and**
- iii. To the external Auditors being consulted on the financial arrangements and being informed of developments,**

**a 99 years lease of plots A and B on attached plan No.1 be acquired upon the basis set out in the report;**

### **1.2 Subject to the successful outcome of 1.1 above, the leasehold interest acquired be transferred to the Barnet City Academy Trust; and**

### **1.3 The Borough Solicitor be instructed to complete the transactions in a form to his approval.**

## **2. RELEVANT PREVIOUS DECISIONS**

2.1 Cabinet – 22 March 2004 – noted that the use of Edgwarebury Park land as alternative playing fields was no longer an option.

2.2 Cabinet 10 February 2004, agenda item 4. The Council authorised the transfer of the freehold interest of Edgware School to the Academy Trust, the grant of a temporary licence to occupy adjoining land which is retained by the Council, an in principle agreement to grant a long lease to the Academy Trust of alternative playing fields and the transfer of the remainder of the existing Edgware School to the Trust in the event of the Council being unable to secure alternative playing fields.

2.3 Cabinet 10 December 2001 - agreed the appointment of Family Housing Association and Unitary as the preferred partner consortium for the development of the Spur Road/Stonegrove Housing Estates regeneration scheme.

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

3.1 The Corporate Plan 2004/5 – 2007/8 priorities include a commitment to improving the suitability of the learning environment for all children

3.2 The Corporate Plan commits the Council to ‘plan and manage land use and development in Barnet enhance quality of life and provide tangible benefits for the community.’ The proposals in this report will achieve this by assisting with the implementation of the Spur Road/Stonegrove Housing Estates regeneration scheme.

3.3 Providing good homes in balanced communities by reducing the number of properties not meeting the Decent Homes Standard and regenerating priority estates.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The existing agreement between the Council, the Academy Trust and the Department for Education and Skills (DfES) provides that if the Council cannot secure alternative playing fields for the Academy, then the remaining school lands (marked E, F and G on attached Plan No.1) will be transferred freehold to the Trust. If this happens the regeneration of the Stonegrove/Spur Road housing estate cannot proceed as currently planned.
- 4.2 If the Council acquires the All Souls College land before the legal agreements to secure the current housing estate regeneration proposals are signed by the Council and the Greengrove Partnership (Family Housing Association and Unitary) there is a risk that the capital sum to be paid by the Greengrove Partnership for sites E, F and G on Plan No:1, will not be received.
- 4.3 The offer which has been put to the Council by the agents on behalf of All Souls College is subject to authority being sought from the College Committee. If the Council wish to proceed on the basis outlined in the report, there is a risk that the College may not agree its agent's recommendation.
- 4.4 Further risk issues are set out in the exempt report.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The agents acting for All Souls College have put forward a proposal to the Council for the Council to acquire a 99 year lease of the land shown as Site A and B on Plan No.1 for the sum set out in the exempt report for the purpose of providing playing fields for the Barnet City Academy.
- 5.2 Under the current arrangement, Family Housing Association has provisionally agreed to pay the sum set out in the exempt report for sites E, F and G, and these lands will form part of the adjacent housing estates regeneration area. It was intended that this money would be used in part to compensate the Council for the costs of acquiring the leasehold interest in the All Souls land with the balance going to the Department for Education and Skills. This arrangement has yet to be formalised. The timing sequence of the income from Ealing Family has not yet been agreed and is subject to them receiving the transfer of the freehold interest of the E, F and G lands with vacant possession.
- 5.3 It is proposed that until such time as the Council receives the capital receipt for E, F and G, the purchase of All Souls will be met by prudential borrowing. There is provision in the budget for the revenue costs of the prudential borrowing needed to fund the acquisition for 2004-05 only. If Greengrove Partnership does not proceed with the purchase of sites E, F and G within 2004-05, then there will be an ongoing budget pressure into the next financial year.
- 5.4 There are no staffing or ICT implications.

**6 COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS  
(Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

6.1 None

**7 BACKGROUND INFORMATION**

- 7.1 Attached plan No.1 shows marked D the land which has been transferred to Barnet City Academy Trust (the Trust) for the development of the new City Academy, the building of which is being funded by the Department for Education and Skills (DfES). The land previously formed part of Edgware School.
- 7.2 Marked E, F and G on the plan are other parts of the former Edgware School which have been leased to the Trust on a short-term basis (until December 2007 at the latest) pending the completion of the building of the City Academy. The agreement with the Trust provides that if the Council can deliver to it (the Trust) sufficient interest in the lands shown marked A and B on the plan (owned by All Souls College, Oxford) to be used as new playing fields, then sites E, F and G will be vacated and retained freehold by the Council (for it to subsequently transfer to the Greengrove Partnership if the housing estates regeneration scheme is to proceed). If a sufficient legal interest in plots A and B cannot be provided to the Trust by December 2005 then the freehold of plots E, F and G will have to be transferred to the Trust. (There was an alternative whereby the Council could try to acquire plots A and C – C being land to the east of Plot A and being in a different ownership. Negotiations in respect of Plot C have not progressed. However, this has not been closed down as an option and officers will seek to continue the negotiations.)
- 7.3 Plots E, F and G are required for the Stonegrove and Spur Road housing estates regeneration scheme. There is agreement with Family Housing Association and Unitary for that partnership to pay the sum set out in the exempt report for these three plots. It is intended that this money will be used to compensate the Council for the cost of acquiring the All Souls land (plots A and B) with the balance going to the DfES.
- 7.4 The DfES has agreed in principle to plots E, F and G being released from education use subject to the prior transfer to the Trust of plots A and B for playing field uses.
- 7.5 There are two possible ways of acquiring the All Souls land (plots A and B) – with the use of a compulsory purchase order (CPO) or by negotiation.
- 7.6 The CPO route is lengthy (it could take up to 18 months to get a confirmed order) and there is no certainty of success. However, if a CPO was confirmed then the Council would seek to acquire the freehold interest in the All Souls land at its existing use value – redundant playing fields/grazing land designated as green belt. It is probable that All Souls College will oppose and object to the making of a CPO and, if a CPO was approved, would take the question of compensation to the Lands Tribunal.
- 7.7 There have been negotiations with agents acting for All Souls College and they have put forward a proposal which they are prepared to recommend to their clients – the Council to acquire a 99 year lease of plots A and B for playing field/recreation/leisure purposes for the sum set out in the exempt report plus fees and costs. For the area of land involved (approximately 11.5 acres), its green belt status and the fact that only a



leasehold interest is being offered, the suggested purchase price is significantly in excess of market value. However, the offer does have the following advantages:

- i. Subject to All Souls College agreeing to proceed, the transaction can be concluded reasonably quickly.
- ii. Barnet City Academy Trust has agreed that a 99 year lease of the land will be adequate, and therefore plots E, F and G, as shown on the plan, can be made available for the housing estates regeneration scheme in the near future.
- iii. The acquisition will enable latent value in part of the existing school site (plots E, F and G) to be released to assist the cross-subsidy funding of the housing estates regeneration scheme.
- iv. The external auditors have agreed in principle that, although the land is being purchased at a sum greater than its market value, because of the certainty and the benefits that such an acquisition would bring it would be considered as a financially prudent transaction. This matter is the subject of on-going discussions with the auditors.

7.8 There is currently no budgetary provision to cover the cost of acquiring the land. However, if approved, the acquisition costs could be met through prudential borrowing with the expenditure being recovered when plots E, F and G are available for transfer to Family Housing Association and Unitary or when the land is alternatively sold for development. This arrangement will need to be formalised with the DfES and Family Housing Association/Unitary before the Council commits any expenditure to acquiring the All Souls land.

7.9 A paper setting out all the relevant figures will be circulated at the meeting.

## **8 LIST OF BACKGROUND PAPERS**

8.1 None

MO: DP

BT: JO

**PLAN NO.1 STONEGROVE / SPUR ROAD HOUSING ESTATE & EDGWARE SCHOOL, SPUR ROAD, EDGWARE**



Based on the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationary Office Crown Copyright. Unauthorised reproduction infringes Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings.  
London Borough of Barnet LA086290 2003

**Key:**

- Site A:** *Playing Fields within the Green Belt owned by All Soul's College, Oxford*
- Site B:** *Playing Fields within the Green Belt owned by All Soul's College, Oxford*
- Site D:** *Proposed site for the Academy*
- Site E:** *Existing Edgware School Playing Fields to be retained by the Council*
- Site F:** *Existing Edgware School Playing Fields to be retained by the Council*
- Site G:** *Existing Edgware School buildings to be retained by the Council*

**AGENDA ITEM: 8**

Page nos. 21 – 23

Meeting	Cabinet Resources Committee
Date	23 September 2004
<b>Subject</b>	<b>Former fire station rear of former Friern Barnet Town Hall, Friern Barnet Lane – lease surrender</b>
Report of	Cabinet Member for Resources Cabinet Member for Performance, Partnerships and Best Value
Summary	This report recommends terms agreed for the surrender of the lease of part of the former fire station held by Friern Barnet Voluntary Care for the Elderly.

Officer Contributors	Dave Stephens, Chief Valuer and Development Manager
Status (public or exempt)	Public – with a separate exempt report
Wards affected	Coppetts
Enclosures	None
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Dave Stephens, Chief Valuer and Development Manager.

Tel : 020 8359 7353

## **1. RECOMMENDATIONS**

- 1.1 That, subject to the concurrence of the Charity Commission, it be agreed to accept a surrender of the lease of part of the former fire station at Friern Barnet Lane held by Friern Barnet Voluntary Care for the Elderly upon the terms set out in the report and the Borough Solicitor be instructed to complete the matter in a form to his approval.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 14.10.02 – approved the freehold and leasehold sale of various Council buildings surplus to requirements.
- 2.2 Cabinet Resources 20.3.03 - subject to the satisfactory relocation of Age Concern, approved the acceptance of the offer from Barratt North London for the freehold acquisition of the former Town Hall and the adjacent former fire station.
- 2.3 Cabinet Resources Committee 8.7.04 – agreed to accept the revised offer from Barratts for the purchase of the former Friern Barnet Town Hall and adjacent buildings and to the sale of the former fire station being deferred pending its vacation by Friern Barnet Voluntary Care for the Elderly and Age Concern.

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

- 3.1 The Corporate Plan commits the Council to “plan and manage land use and development in Barnet to enhance the quality of life and provide tangible benefits for the community. The proposals in this report will achieve this by ensuring that the sale of this final part of the Friern Barnet Town Hall complex can be sold to Barratts and the outstanding capital sum received, which can be used to assist in funding the Council’s capital programme.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 If the surrender is not implemented at this stage by Friern Barnet Voluntary Care for the Elderly (FBVCE) then it may be some time before the sale to Barratts can be concluded. This will mean that the outstanding amount of the capital receipt will not be received for some time, although the contract with Barratts provides for the sum to be index linked.
- 4.2 The surrender of the FBVCE lease will not mean that the sale to Barratts can be completed immediately. This will have to wait for Age Concern Barnet to be relocated to Friary House.
- 4.3 The surrender of their lease by FBVCE is reliant upon the concurrence of the Charity Commission. If the Charity Commission does not agree the proposal then there may have to be further discussions with both organisations. The worst case scenario is that nothing can happen until the lease expires in 2008.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The financial implications are set out in the exempt report.
- 5.3 There are no staffing or ICT issues. The property implications are set out below.

## **6. COMMENTS, IF ANY, OF THE COUNCIL’S STATUTORY OFFICERS (HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER)**

6.1 None

## **7. BACKGROUND INFORMATION**

- 7.1 The sale of the former Friern Barnet Town Hall to Barratts has been completed. This excluded for the time being the former fire station, part of which is occupied by Friern Barnet Voluntary Care for the Elderly (FBVCE) and Age Concern Barnet. Until this building can be transferred with vacant possession, Barratts are holding on to part of the originally agreed purchase price (as set out in the exempt report).
- 7.2 It has previously been agreed that Age Concern Barnet should move into Friary House along with the Citizens Advice Bureau. Lease terms are continuing to be negotiated. However, for a variety of reasons, including the fact that the Council is grant funding Age Concern Barnet instead of FBVCE, FBVCE has chosen to sever its links with Age Concern Barnet and will not be moving to Friary House.
- 7.3 FBVCE holds a lease of the ground floor of the former fire station and two attached stores until 2008. It could thus significantly delay the vacation of this building and the payment of the remaining sum due from Barratts to the Council.
- 7.4 FBVCE is, for technical reasons, in debt to the Council in the sum referred to in the exempt report in respect of rent, insurance and other charges. This situation arose because of confusion over the implementation of the rent reviews (they are still capable of being implemented) and collection of costs and charges. An invoice for this money has been sent and FBVCE has agreed to make payment.
- 7.5 FBVCE has said that it is prepared to surrender its lease but, as it is a charity it can only do so if it receives a 'compensation' payment which will satisfy the Charity Commission that it is acting properly. It has been suggested that the Council may be prepared to make a payment in the sum set out in the exempt report plus payment of FBVCE's reasonable legal costs. FBVCE has indicated that, subject to the approval of the Charity Commission, it will accept this payment in consideration for the surrender of its lease.
- 7.6 This arrangement has the advantages that it will assist in achieving early payment of the remaining money due from Barratts. Depending upon the timing of the surrender of the lease and the implementation of the works to Friary House, Age Concern Barnet will probably have to be granted a short-term letting of the former Fire Station accommodation. Any such letting will be on a temporary basis only, excluding any rights to renewal or compensation and will be for the purpose only of allowing Age Concern Barnet to have premises to operate in pending completion of the Friary House works. The grant of such a tenancy will be dealt with under Delegated Powers.

## **8. LIST OF BACKGROUND PAPERS**

8.1 None

MO: SS

BT: JO

**AGENDA ITEM: 9**      Page nos.      24 – 27

Meeting	Cabinet Resources Committee
Date	23 September 2004
<b>Subject</b>	<b>23/35 Hendon Lane, N3 – use of part by the Citizens Advice Bureau</b>
Report of	Cabinet Member for Resources Cabinet Member for Performance, Partnerships and Best Value
Summary	This report seeks a variation of a previous committee decision and approval to expenditure on works to 23/35 Hendon Lane and associated costs to facilitate the move of the Citizens Advice Bureau from Hertford Lodge Annex.

Officer Contributors	Dave Stephens, Chief Valuer and Development Manager
Status (public or exempt)	Public – with a separate exempt report
Wards affected	Finchley – Church End
Enclosures	None
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	The sale of Hertford Lodge and the relocation of the Citizens Advice Bureau with the associated costs has already been approved by various committees. The Hertford Lodge contract rescission provisions leave little time to find a solution to the problem of achieving vacant possession of the annex. The proposed works to 23/35 Hendon Lane must proceed before the end of September 2004 if the works are to be completed in time for CAB to move into the accommodation and vacate Hertford Lodge annex before December 2004.

Contact for further information: Dave Stephens, Chief Valuer and Development Manager. Tel : 020 8359 7353

## **1. RECOMMENDATIONS**

- 1.1 That, in variation of the decision of the Cabinet Resources Committee of 18 September 2003, the expenditure on works to 23/35 Hendon Lane and other costs as set out in the exempt report be approved with those costs being met from the proceeds of sale of Hertford Lodge.**
- 1.2 That the above decision be not subject to call-in as any delay likely to arise from call-in would seriously prejudice the Council's interests, the Chairman of the Cabinet Overview and Scrutiny Committee having given the necessary consent under the urgency provisions of the Overview and Scrutiny Rules in the Council's Constitution**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet on 20 March 2003 agreed the long leasehold disposal of Hertford Lodge and annex subject to the relocation of the Citizens Advice Bureau (CAB) from the annexe to Friary House.
- 2.2 Cabinet Resources Committee on 18 September 2003 agreed, subject to entering into agreements for lease of accommodation at Friary House with Age Concern Barnet and the Citizens Advice Bureau and to formally agreeing the surrender of the lease of part of the café area within Friary House:
  - i. the costs associated with the moves of Age Concern Barnet and the Citizens Advice Bureau to Friary House be approved with those costs being met respectively from the proceeds of the sale of the former Friern Barnet Town Hall and Hertford Lodge; and
  - ii. As an exception to the Contract Procedure Rules, but still compliant with Standing Orders, approval was given for the Head of Planning Highways and Design to seek quotations from three approved building companies with the final choice of contractor being approved by the Cabinet Member for Resources under delegated powers.
- 2.3 Cabinet Resources Committee – 27.11.03 agreed to accept the binding tender offer from Alnor Properties Limited for the acquisition of a long leasehold interest in Hertford Lodge.

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

- 3.1 The Corporate Plan commits the Council to “plan and manage land use and development in Barnet to enhance the quality of life and provide tangible benefits for the community. The proposals in this report will achieve this by (i) ensuring that the contract conditions for the sale of Hertford Lodge are met and the capital receipt received; and (ii) a rental income is received for 23/35 Hendon Lane which matches the Council's outgoings.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The proposals in this report need to be implemented as soon as possible if the implications for the rescission of the contract for Hertford Lodge are to be avoided.
- 4.2 The sub-lettings to TNG and CAB require landlords consent. If this is not granted then the CAB move cannot happen. However, previous discussions with the landlord about granting sub-lettings received a positive response subject to those sub-lettings being upon terms excluded from the provisions of Sections 24 to 28 of the Landlord and Tenant Act 1954 (excluding the tenant's right to a renewal of the lease or payment of compensation). The landlord has been asked specifically for approval to these two sub-lettings.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

5.1 Set out in the exempt report are the estimated costs for the works to Friary House to accommodate Age Concern Barnet, the Citizens Advice Bureau and Occupational Health. The estimated likely savings arising from CAB not moving into Friary House are shown in the exempt report. The costs of the works to 23/35 Hendon Lane and other costs could be met from these savings. There is no budgetary provision for any of these costs – instead they are to be met from the proceeds of sale of Hertford Lodge and Friern Barnet Town Hall.

5.3 There are no staffing or ICT issues. The property issues are as set out below.

## **6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER)**

6.1 None.

## **7. BACKGROUND INFORMATION**

7.1 The Council has entered into a contract for the sale of a long leasehold interest in Hertford Lodge and the annex to Alnor Properties for the capital sum set out in the exempt report. The contract can be rescinded by the purchaser if the Council cannot give vacant possession of the annex by December 2004. The annex is occupied by the Citizens Advice Bureau (CAB) under the terms of a short-term lease and which affords the CAB full Landlord and Tenant Act 1954 rights. Thus, if CAB is not moved out before December then there is a possibility that Alnor Properties may elect to rescind the contract and the Council will not achieve the capital receipt.

7.2 It had been agreed that CAB should move into Friary House with Age Concern. Lease terms were close to being agreed with CAB. However, for a variety of reasons, the contract for the works to Friary House has been delayed. Because of the passage of time it is now necessary to obtain new quotes. Once the new quote is approved, the works contract period will be at least 20 weeks. Even if the contract could start by the end of September the works would not be completed until February 2005 – too late for the Hertford Lodge contract. An alternative solution is needed.

7.3 Members may recall that the Chamber of Commerce and other organisations used to occupy offices at 23/35 Hendon Lane, N3 with grant funding from the Council. The Council has since withdrawn this funding. The Council holds 23/35 Hendon Lane on lease until 2009. The Council cannot surrender the lease and is therefore liable for the annual rent. The rent has recently been reviewed to the sum set out in the exempt report plus service charge.

7.4 Because the Council has to continue to pay the rent, negotiations have been in hand with one of the previous users, TNG Business Support, for it to take a sub-lease of the space. TNG can access other funding to pay rent but it is not sufficient to cover the whole of the rent payable – but it would at least relieve the Council of some of the financial burden. TNG does not need all the space and therefore there will be office space available for another user.

7.5 CAB has been shown the Hendon Lane offices and is very keen to take up space. Negotiations with both CAB and TNG have resulted in a provisional agreement upon the re-allocation of space (TNG taking less to allow CAB to have sufficient space) and a sharing of the full rent and service charge. It will be necessary to carry out alterations to the internal partitioning and other works to make the premises suitable for shared use. The estimated cost of this work is set out in the exempt report. Subject to the agreement of the landlord to the sub-lettings and the alterations (for which



the Council will have to pay the landlord's fees and costs), this arrangement could be put in place fairly quickly – targeting completion by November 2004.

7.6 Despite the fact that the Council's head-lease expires in 2009, it would be possible to make the Hendon Lane office the 'permanent' base for the CAB until 2009 and cancel the move to Friary House. CAB is in favour of this proposal.

7.7 This arrangement has the following advantages:

- i. It has a good chance of being achieved by November 2004 and thus the Hertford Lodge sale can proceed.
- ii. The partitioning costs could be off-set by the savings achieved on the works at Friary House – the level of potential savings is set out in the exempt report.
- iii. It will, for the time being, ease Age Concern's concerns about sharing Friary House with an organisation like CAB – they were not sure that the different clients would be compatible with one-another.
- iv. The timing of the works to Friary House no longer becomes critical.
- v. There would be, for the time being, a lesser number of people using Friary House.
- vi. The Council will not be paying rent for un-used space at the Hendon Lane premises.

7.8 As indicated above, works to 23/35 Hendon Lane must proceed before the end of September 2004 if they are to be completed in time for CAB to move into the accommodation and vacate Hertford Lodge annex before December 2004. The delay that would arise from any call-in of the decision proposed to the Cabinet Overview and Scrutiny Committee's next meeting on 14 October would therefore be prejudicial to this. The Chairman of the Cabinet Overview and Scrutiny Committee has therefore been consulted and has decided that the proposals are reasonable in the circumstances and may be treated as a matter of urgency and exempted from call-in under the urgency provisions in the Overview and Scrutiny Rules in the Constitution.

## **8. LIST OF BACKGROUND PAPERS**

8.1 None

MO: SS

BT: JO

---

**AGENDA ITEM: 10** Page nos. 28 – 35
 

---

Meeting	Cabinet Resources Committee
Date	23rd September 2004
<b>Subject</b>	<b>Goodwin Court, Church Hill Road, East Barnet – freehold transfer and redevelopment proposals.</b>
Report of	Cabinet Member for Resources Cabinet Member for Performance, Partnerships and Best Value Cabinet Member for Housing, Neighbourhoods & Community Safety Cabinet Member for Social Care & Health
Summary	This report recommends the disposal of the freehold interest in Goodwin Court to Sanctuary Housing Association at nil value for re-development to provide extra care sheltered housing units and elderly persons flats for sale.

---

Officer Contributors	Judith Ellis, Principal Valuer, Economic and Community Development
Status (public or exempt)	Public – with a separate exempt report
Wards affected	East Barnet Ward
For decision by	Committee
Enclosures	Plan and Appendix 1 – Extra Care Housing
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Judith Ellis, Property Services and Valuation Group. Tel 020 8359 7364

## **1. RECOMMENDATIONS**

### **1.1 That, subject to:**

- i. the grant of planning permission for the proposed development of 52 extra care sheltered housing units for rent and 18 homes for the elderly for sale;**
- ii. the approval of the ODPM to the nominations agreement for the extra care sheltered housing units; and**
- iii. to the Head of Community Care being satisfied as to the provisions of the domiciliary care contract to be entered into with Sanctuary Housing Association and reporting the terms agreed under Delegated powers;**

**the sale of the freehold interest in Goodwin Court, Church Hill Road ,East Barnet, shown edged black on attached plan No.1, subject to the existing long leasehold interest of some flats, to Sanctuary Housing Association for redevelopment upon the basis set out in the report be approved and the Borough Solicitor be instructed to complete the transactions in forms to his approval.**

- 1.2 Subject to 1.1 above proceeding, the Head of Housing be instructed to arrange for the tenants of the rented accommodation at Goodwin Court to be re-accommodated, meeting the costs of home loss and disturbance payments from the Housing Revenue Account pending reimbursement by Sanctuary Housing Association.**

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Social Affairs Policy and Development Committee – 18 October 2000 – considered an Independent Consultants Report into the size and shape of sheltered housing in Barnet and agreed actions which included increasing the number of Extra Care sheltered homes by 140.**
- 2.2 Social Affairs Policy Development Committee – Housing Strategy for Older People – 25 January 2001- endorsed the reshaping of the sheltered housing stock.**
- 2.3 Cabinet – Social Affairs Bill Modernising Supported Housing Services for Vulnerable People – 16 July 2001 – agreed plans to reshape and modernise housing for older people.**

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

- 3.1 The Corporate Plan commits the Council to “plan and manage land use and development in Barnet to enhance quality of life and provide tangible benefits for the community”. The proposals in this report do this by providing housing units to decent homes standards for sale and for rent, with the Council having nomination rights to the extra care sheltered housing.**
- 3.2 The Council’s Older Persons Strategy includes a commitment to develop around 140 units of Extra Care Sheltered Housing. This commitment was approved at Council Policy Conference on 12 July 2001 and at Cabinet on 16 July 2001.**
- 3.3 The Council’s Housing Strategy 2003-2010 identifies as a priority to commission two further Extra Care Sheltered Schemes and the need for leasehold schemes for older people as well as our commitment to bring all social housing up to the Decent Homes Standard by 2010.**

- 3.4 Extra Care Housing is a modernised way of providing 24hour care to vulnerable older people on site whilst allowing them to maintain their independence and own tenancies. The Department of Health is encouraging the development of such schemes across the country. This is a key target for Barnet, one that has been reported as being on course to the Department of Health.
- 3.5 The Corporate Plan 2004/5 – 2007/8 priority of Supporting the Vulnerable in our Community lists the following – (i) provide homes in balanced communities; (ii) improve the quality of housing and achieve decent homes standard; (iii) provide an appropriate mix of housing to meet the needs of older people; (iv) provide first class care for vulnerable adults; and promote independence through improved services to enable vulnerable people to stay at home.

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

4.1 If Sanctuary Housing Association (Sanctuary) is unsuccessful in acquiring all 7 of the flats previously sold on long leases under the Right to Buy scheme the redevelopment proposals cannot proceed. Because it is a ‘not for profit’ organisation, Sanctuary requires some reassurance that an acceptable exit strategy can be put in place. The options available are:

- a. To convert the whole of the existing sheltered housing block into general needs housing in partnership with Sanctuary Housing Association and to secure grant funding to facilitate this from the Housing Corporation or from the Council’s housing capital programme. If the Council’s freehold interest is contributed at nil value (as is proposed for the substantive project) and the Council puts in some capital funding, then a Housing Corporation grant is a good possibility.
- b. To carry out a smaller extra care scheme (of not less than 40 units) on the site of the existing sheltered block only, in partnership with Sanctuary Housing Association, and secure funding from the Housing Corporation or the Council’s Housing Capital Programme to facilitate this. The purchase costs of the leasehold flats would be incorporated into the scheme costs and these homes would become affordable rented homes for general needs use. As the accommodation exists at present, the sheltered flats are in a separate block from the blocks accommodating the leaseholders and general needs flats.
- c. To provide grant funding to Sanctuary Housing Association through the Council’s Housing Capital Programme for the properties acquired to become affordable homes but this is unlikely to attract Housing Corporation funding.
- d. The development mix could be reconsidered to provide more private sale housing to cross-subsidise the affordable housing.

4.2 If any of the options detailed above are pursued, the costs of decanting which are incurred as part of this scheme will be included as a capital cost. The cost implications of the options outlined in 4.1 will require a new scheme being prepared and would therefore be the subject of a further report to a future meeting of the Committee if the current proposal does not proceed.

4.3 The sheltered housing in Goodwin Court does not meet the decent homes standards. Consequently there is a need to do something. If the proposals from Sanctuary do not proceed then an alternative proposal must be considered. To do nothing is not an option.

5. **FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**The land values and other financial information are detailed in the exempt report.

- 5.1 Capital Funding of £3.6 million has been secured from the Housing Corporation for this scheme to develop the Extra Care Housing Scheme with the total scheme costs estimated at £8.4 million. This funding has been secured on the basis of transferring the land at nil value and also using the profits from the sale of elderly persons flats to cross-subsidise the extra care sheltered units. The costs of decanting Goodwin Court and acquiring the 7 properties bought under the Right to Buy have been incorporated into the capital costs of the scheme. Whilst these latter costs will initially be met from the Housing Revenue account they will be reimbursed by Sanctuary.
- 5.3 The property has not been offered for sale on the open market, but the value identified in the exempt report reflects its value for residential re-development. Because the whole of this value is being invested in the affordable housing scheme there will be no need to 'pool' part of what would otherwise have been a capital receipt.
- 5.4 The transfer of land will be under the provisions of Section 32 of the Housing Act 1985 and Section 25 of the Local Government Act 1988 and there is a general consent to cover transactions at less than best consideration to a Housing Association for affordable housing schemes such as this. If the scheme does not proceed for any reason the land will revert to the Council.
- 5.5 The care and support contract for the people nominated to the extra care sheltered housing units will be funded from Home Care and Residential Care revenue budgets and Supporting People budgets. This will arise from a combination of growth and a switch in the use of placement monies although it is anticipated that there may need to be some 'invest to save' as the costs of extra care sheltered housing are less than registered residential care.
- 6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER)**

6.1 None

## **7. BACKGROUND INFORMATION**

### PROPOSAL SOURCE

- 7.1 This proposal for the redevelopment of Goodwin Court in 'partnership' with Sanctuary Housing Association based on the needs identified in an independent report on the Housing Needs of Older People in Barnet published in August 2000. Relevant challenges identified in the report as needing to be addressed were the increased numbers of older people with mobility problems, responding to the needs of dementia and meeting the needs of people with learning disabilities who are moving to old age. It was noted that much of the sheltered accommodation owned by the council did not meet acceptable standards, that the numbers of unsuitable stock should be reduced, and with a recommendation to increase the numbers of units of very sheltered accommodation for older residents with higher care needs by 140 units, to provide 60 units for older people with dementia and to increase the leasehold housing for older people whose tenure preference is home ownership. These recommendations were agreed by Cabinet in July 2001.

### THE PROPOSAL

- 7.2 Goodwin Court is a development of three, 3 storey residential blocks providing 31 sheltered housing units in one block and 17 general needs flats in the other blocks. Of the general needs units, 7 have been sold on long leases under the right to buy scheme. Goodwin Court has been identified as being poorly designed. In particular, the sheltered housing tenants have to share bathroom facilities and therefore do not meet the decent homes standards. Goodwin Court, as shown edged black on attached drawing No.1, has a site area of 0.58 hectares approximately (1.4 acres).

- 7.3 In August 2003, local authorities were invited to submit bids to the Department of Health for capital funding to develop Extra Care Housing. Goodwin Court was identified as a scheme suitable for an extra care scheme in both size and location. In connection with this bidding process, Sanctuary Housing Association was invited to draw up proposals in accordance with the guidelines given by the Department of Health. The outline proposals were submitted with the funding application. The Extra Care Housing Fund was cash limited and authorities working with a housing association partner were advised to submit bids to the Housing Corporation also. Sanctuary Housing Association was successful in securing funding from the Housing Corporation. Further details about Extra Care Housing are attached at Appendix 1
- 7.4 The proposal prepared by Sanctuary is to build 52 extra care sheltered units for rent and 18 two bedroom homes for sale to older people. The proposed extra care units include 10 specialist units for people with dementia and a 4 units scheme for older people with learning disabilities. It is a particularly good location for older people's housing being on a bus route, opposite a park, and in close proximity to shops and other facilities. Informal planning comments are that, in principle, the general proposal is one that could be suitable for this site – but this is subject to consideration of a detailed planning application. The proposals were discussed with tenants and leaseholders at a meeting in June 2004, chaired by Councillor Salinger and attended by a ward Councillor.
- 7.5 A plan of the scheme will be on display at the meeting. This is a higher density scheme than the current development, although part of this is accounted for by the increased size of the sheltered accommodation. A comparison of the new scheme and the existing housing is shown in the following table:

	<b>EXISTING</b>	<b>PROPOSED</b>
Total number of units	48	70
Number of sheltered (rented) units (percentage of total)	31 (64.6%)	52 (74.3%)
Number of general needs rented units (percentage of total)	10 (20.8%)	0
<b>TOTAL OF RENTED UNITS</b>	<b>41 (85.4%)</b>	<b>52 (74.3%)</b>
Number of private (leasehold) units (percentage of total)	7 (14.6%)	18 (25.7%)

Thus, whilst the total number of units on the site will be increasing by 22, the tenure mix will be changing to achieve a better balance.

- 7.6 There are currently 4 vacant sheltered housing flats. The proposals will require that all existing Goodwin Court tenants to be re-housed to suitable, alternative accommodation available to the Council – either current housing stock or Housing Association stock. The tenants are likely to be entitled to home loss and disturbance payments. The Council will undertake the tenant moves and make the home loss and disturbance payments, although it is proposed that these costs will be reimbursed by Sanctuary as part of its scheme costs. These costs are shown in the exempt report.
- 7.7 It will be the responsibility of Sanctuary to negotiate and acquire the leaseholds of the seven flats sold under the right to buy scheme. Sanctuary has already approached the leaseholders and it is anticipated that acquisition terms can be settled. These negotiations will take into account any amounts of 'discount' which the lessees may have to re-pay to the Council.

- 7.8 Once the redevelopment scheme is completed the Council will have nomination rights to the extra care sheltered housing units. It will have 100% nominations for the first 10 years with a minimum of 75% nominations thereafter (with first refusal on the balance) for a total period of 60 years. This arrangement needs the approval of the ODPM.
- 7.9 Because this is an extra care sheltered scheme it will be necessary for the Council to negotiate a care contract with Sanctuary. The details are still the subject of on going discussions between Sanctuary and the Head of Community Care. The final agreed terms will be reported by the Head of Community Care under Delegated Powers in consultation with the Lead Cabinet Member.

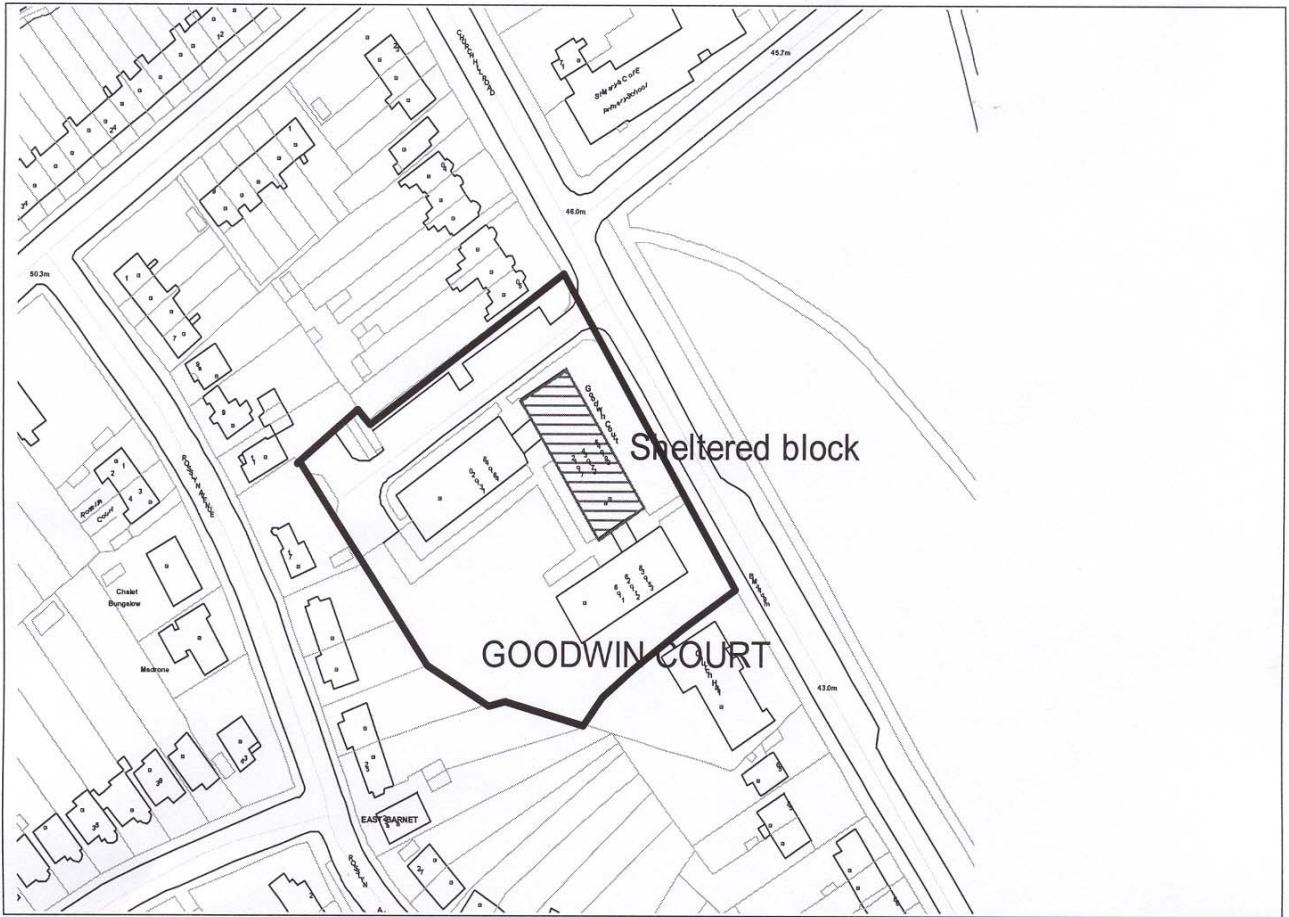
#### THE WAY FORWARD

- 7.10 If the proposals are agreed, it will be necessary for Sanctuary to obtain planning permission for its proposed re-development scheme. At the same time Officers will be seeking ODPM approval of the nominations agreement and continuing the negotiations with Sanctuary in respect of the care contract. The Head of Housing will start re-accommodating the existing tenants. In this regard there will be meetings with the residents to explain what is happening and their rights.

### **8. LIST OF BACKGROUND PAPERS**

- 8.1 None

MO: RB  
BT: MW/JO



Based on the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationary Office Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings.  
London Borough of Barnet LA086290 2003



## **EXTRA CARE HOUSING FOR OLDER PEOPLE**

### **Barnet Plans for Extra Care Housing**

A Housing Needs survey on the needs of older people, was undertaken in Barnet in 1999. The survey identified that there was a lot of sheltered housing stock which was not fit for purpose for sheltered housing use. This included bedsits which are too small and shared bathroom facilities. A programme of decommissioning of stock is taking place. The need to commission 140 tenancies in extra care housing was also recommended and agreed by the council.

### **WHAT IS EXTRA CARE HOUSING**

The term extra care housing has been used to describe care for older people that falls between sheltered housing and residential care homes.

Extra care housing has come to be seen as having the potential to be an important element in integrated approaches to the housing, health and social care needs of an ageing population.

All occupants of the scheme have their own tenancies and privacy whilst being able to benefit from company, communal facilities, an onsite staff team offering care, security and support. This model focuses on independence rather than encouraging potential dependence of an institution.

Allocations should be based on housing need as well as health & social care needs identified as a result of assessments.

### **DEFINING FEATURES OF EXTRA CARE HOUSING**

Self contained accommodation.

Equipment for care provided (including assistive technology which monitors safety and movement to deal with risks e.g. falls).

Care staff on site including 24 hr care. Provision of appropriate personal care to level of need, help with domestic & shopping tasks.

Staff on site responsible for the building, management and co-ordination of care and support services.

Catering arranged.

Communal facilities and areas including day rooms, dining area.

Some wider activities and services included.

Design has access features including wheel chair access, lifts to all floors.

Staff facilities, office and sleep-over.

Guest facilities provided.

Good links to the local area.

Privacy for residents combined with services to the local area.

There is scope to develop specialist dementia care schemes in extra care housing.

**AGENDA ITEM: 11**      Page nos. 36 – 39

---

Meeting	Cabinet Resources
Date	23 September 2004
<b>Subject</b>	<b>Meals At Home Service</b>
Report of	Cabinet Member for Social Care and Health
Summary	To agree to tender for new service provider

---

Officer Contributors	Paul Edwards
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	None
For decision by	Cabinet Resources
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Paul Edwards – Care Group Manager – Younger Adults

## **1. RECOMMENDATIONS**

- 1.1 That approval be given to invite competitive tenders for the Meals at Home Service**
- 1.2 That the Frozen Meals Service cease to be provided from the end of December 2004.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None

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

- 3.1 To provide first class care to vulnerable adults, and promote independence through improved services to enable vulnerable people to stay at home.
- 3.2 To ensure the Council provides value for money services,
- 3.3 The Business Plan for the Community Care Service 2004/05 addresses the requirement for local authorities to review their activity in the light of Fair Access to Care Services (FACS) criteria as set out by Government. All such services such as Meals at Home, which include an activity outside of FACS criteria for critical or substantial level of need, are subject to review

## **4. RISK MANAGEMENT ISSUES**

- 4.1 To continue with the current in-house arrangements risks further price rises over which the department has no control, increased price rises to users in return leading to reduced take-up and increased unit costs
- 4.2 A successful external tender places a number of posts potentially at risk in the department and in the catering section although it is feasible that TUPE might apply in a transfer of service. This is itself a cost risk for any contractor, a risk built into their tender price.
- 4.3 A successful external tender removes the service from the direct control of the council and carries the normal risks and benefits inherent in any commercial relationship.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The Community Care service currently spends £650,000 on the provision of the Meals at Home (MAH) service, an in-house service provided by the council's catering department. Despite increases in charges for the service (most recently x% in 2003/4 – CHECK FINANCE) Community Care will provide a subsidy of £246,000 in 2004/5. The Community Resource Team, based at Barnet House and employing 5.5 FTE staff, currently administers the MAH service. It is envisaged that a limited number of the functions provided by this team will transfer to social work teams, i.e assessment and referral to the meals service. The balance will be included in the tender specification.
- 5.2 In addition to the in-house hot meals service a private company, Appetito Ltd, provides a frozen meals service at cost, although this is again organised through the Community Resources Team.

**6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

6.1 None

**7. BACKGROUND INFORMATION**

7.1 A Management Review of the MAH service took place in July 2004. The service provides over 170,000 meals each year, although the number of meals has declined with each successive price increase – see first table below. The meals service has developed historically to address the dietary needs of the local population. Currently standard/European meals are provided hot 7 days per week, with a four-week menu cycle. Asian and Halal meals are provided Monday to Friday only, on a 3-week cycle, and Kosher meals hot Monday to Friday, chilled on Saturday and frozen on Sunday (4 week cycle).

7.2 The review identified a number of areas where improvements need to be made. In particular it identified a lack of clarity around the purchasing and provision of the service. The Community Resources Team take direct referrals for the service, arrange for the provider to deliver, while at the same time sorting out delivery routes. The provision of meals, the delivery of meals and the management of the delivery system are all provider functions. There is a need to separate the purchasing and provision function.

7.3 The Community Resources Team do not apply the council's FACS criteria when assessing the need for the service. As FACS has not been applied it is likely that a number of service users using the Frozen Meals Service do not meet the FACS criteria. Many have carers who heat up the meals otherwise a hot meal would be provided [THIS SENTENCE DOESN'T MAKE SENSE]. It is proposed that this contract is not renewed when it expires on 31<sup>st</sup> December 2004. It is understood that the contractor (Appetito) will continue to provide this service directly to any of the current users who wish to continue the service at no additional cost.

7.4 There has been a progressive reduction in the numbers of meals provided over the last five years, thus increasing the unit cost of the meal and of the support service provided by Community Care to run it. The cost of the meals service has risen with the an increase of price by £90,000 for £2004/5 . The projected average unit cost for the current year is £5.47 per meal; the service user is charged £3.80 per meal. The Council therefore subsidises each meal by £1.68 per meal or £246,000 p.a. See second table below. Evidence shows that when there is a large increase in the cost to the user, then the demand for the service goes down, and the unit cost goes up. While it will be proposed later in the year to increase the price of meals to recoup some of the loss it is likely there will be a further reduction in take-up. An objective in tendering is to drive down the unit cost and to provide better value to the council and service users alike.

7.5 It is important that the MAH service is rationalised to meet assessed need and provided at a cost that the council and the service users can afford. It is intended that the charges for meals will meet the cost of the services making this service a no cost service to the council tax payer.

Number of meals delivered	1999/00	2003/04
Standard	178,000	118,800
Kosher	41,000	28,000
Asian	8,200	8,460
Frozen	39,700	16,000

Unit Cost	
Costs to prepare and deliver a hot meal	£650,000
Community Care Resource Team Costs	£150,000
Total number of hot meals p.a.	146,000
Unit break even Cost per meal	£5.47
Charge to user	£3.80
Subsidy per meal	£1.68
Annual Subsidy	£246,000

7.6 The timetable, while short, is to transfer the service to the successful bidder from 01 April 2005.

## 8. LIST OF BACKGROUND PAPERS

8.1 Community Care Meals at Home Service Review July 2004