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BARNET
LONDON BOROUGH

COMMITTEE CABINET RESOURCES
DATE AND TIME **WEDNESDAY, 28 JUNE 2006** **AT 7.00 PM**
VENUE THE TOWN HALL, THE BURROUGHS, HENDON, NW4 4BG

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

Chairman: Councillor Mike Freer

Councillors:

Anthony Finn	Lynne Hillan
John Marshall	Matthew Offord

John Marr
Democratic Services Manager

Democratic Services contact:
Chidi Agada, tel: 020 8359 2037

Press and Public Relations contact:
Emer Coleman, tel: 020 8359 7794

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Town Hall
Hendon, NW4 4BG

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AGENDA ITEM: 4 Page nos. 1 - 4

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Sale of Site C (Land at Sterling Avenue, Edgware) to Family Housing Association**
Report of	The Leader of the Council
Summary	To report urgency action taken by the Director of Resources in consultation with the Leader.

Officer Contributors	Dave Stephens, Strategic Property Advisor
Status (public or exempt)	Public – with a separate exempt report.
Wards affected	Edgware
Enclosures	None
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information:
David Stephens, Strategic Property Advisor – 020 8359 7353

1 RECOMMENDATIONS

1.1 That the action taken by the Director of Resources under delegated powers in consultation with the Leader be noted.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee 29.3.05 – agreed the freehold sale of sites A, B and C on the Stonegrove/Spur Road housing estate to Family Housing Association conditional upon:

i. the outcome of the Ground 10a procedures;
ii. any required consent of the ODPM;
iii. the grant of planning permission; and
iv. the receipt of independent valuation advice that the terms satisfy best consideration requirements;

that the final terms of disposal be approved by the Cabinet Members for Resources; Performance, Partnerships and Best Value; and Regeneration and Development under delegated powers.

2.2 Leaders Delegated Powers Report 13.6.05 – approved the sale of Site C to Family Housing Association upon the basis set out in the report and subject to the grant of planning permission and ODPM consent.

2.3 Delegated Powers report dated 11.4.06 - That the terms of sale of Site C (Land at Sterling Avenue, Edgware) as set out in the Leaders Delegated Powers report of 13 June 2005 be varied as set out in that report and that the delegated powers decision be reported back to the next meeting of Cabinet Resources Committee.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to providing homes in balanced communities by regeneration of the priority housing estates at Stonegrove/Spur Road, Grahame Park, West Hendon and Dollis Valley.

4 RISK MANAGEMENT ISSUES

4.1 The development scheme is important as a first stage to realising the regeneration of the rest of the Stonegrove and Spur Road housing estates. It secures a significant Housing Corporation grant to facilitate the development. There was a high risk of this being lost if the scheme did not proceed.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 Set out in the exempt report is the residual valuation prepared by Family Housing Association. Based upon the proposed 100% affordable housing scheme of 62 units (45 for rent, 8 equity share and 9 shared ownership) to which the Council would be having 100% of the initial nominations, the residual valuation generated a relatively low land value – as set out in the exempt report.

5.2 It was previously agreed that the Council would transfer the site at nil value. The final residual valuation figures were to be agreed before the contract was signed with the Council being paid the resultant land value, if any, on completion of the development. This arrangement meant that if the project produced a negative value then that was a risk for Family Housing Association to absorb.

5.3 Following further discussions Family Housing Association confirmed that the figures shown in its residual valuation were correct save that there would be a further cost deduction to reflect their financial commitment to a Section 106 Agreement which requires a contribution towards the reprovision of a community facility. The Section 106 Agreement includes other financial commitments by Family Housing Association but the Association will have to meet these costs from its own resources. Thus, the final residual land value based upon the Family HA scheme and its method of works procurement and funding is as set out in the exempt report and will no longer be what is usually regarded as an 'open book transaction'.

5.4 The residual land value provided by Family HA does not reflect the open market value of the site. Donaldsons, a firm of valuers, has valued the site at £1.583m assuming a mixed scheme of sale and affordable housing. The Family Housing Association scheme is 100% affordable housing for which the Council will be granted 100% nomination rights for the first 20 years and 75% nomination rights for the next 60 years. The Family HA residual value reflects the nature of the development and its funding. However, because the Family HA figures clearly do not reflect market value it was necessary to seek the consent of the Office of the Deputy Prime Minister to the transaction. A copy of the letter of consent is annexed to the exempt report.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Part3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

7.2 Constitution – Rules for the disposal of land and real property – On any disposal of property, proper regard will be had to the professional advice from a qualified valuer at all relevant stages in the process and where the Director of Resources or designated officer, the Cabinet Member for Resources or the relevant body deems it appropriate, independent valuation advice shall be obtained.

8. BACKGROUND INFORMATION

BACKGROUND

8.1 Because of the time constraints imposed upon the Council for the issuing of planning permissions, it was originally intended that the contract for the sale of Site C to Family Housing Association would be conditional upon the grant of a planning permission. This arrangement would have given Family HA sufficient interest in the land to enable it to sign a Section 106 Agreement prior to the grant of the planning permission.

8.2 The negotiations did not proceed as expected. Family HA applied for planning permission some time prior to the contracts being agreed with the result that, to meet the planning time constraints, it became necessary to exchange contracts on 11 April so that the Section 106 Agreement could be signed and the planning permission granted at the same time.

8.3 Because of the need to have the contracts exchanged to facilitate the grant of the planning permission, the variation to the residual valuation figure had to be dealt with as a matter of urgency by the Director of Resources in consultation with the Leader. A copy of the report is appended to the exempt report. It will be noted that in addition to the variation of the sum to be paid it was also agreed that the payment would be made upon completion of the land sale rather than waiting until the development is completed and thus it is no longer an open book transaction but a sale at an agreed sum albeit less than market value but with the approval of the Office of the Deputy Prime Minister.

FUTURE DEVELOPMENT

8.4 It is important to note that the development on Site C is intended to provide new residential accommodation to cater for the decanting of residents from the adjacent Powis, Goldsmith and Collinson Courts. The site of these three blocks of flats will then be available to contribute, both in terms of land and financially, towards the regeneration of the rest of the housing estates.

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: DVP
Chief Finance Officer: SE

AGENDA ITEM: 5 Page nos. 5 - 8

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Land adjoining St James School, Great Strand, Grahame Park NW9**
Report of	Leader of the Council
Summary	To seek approval to the sharing of the proceeds of sale.

Officer Contributors	Dave Stephens, Strategic Property Advisor
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Colindale
Enclosures	None
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Dave Stephens – 020 8359 7353
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1 RECOMMENDATIONS

1.1 That the Council's share of the proceeds of sale as set out in the exempt report be accepted.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee – 4.11.03 – considered a report on the disposal of land at Great Strand, off Grahame Park Way, jointly with St James School and approved the freehold sale in principle with the results of the tendering process being reported to a future meeting of the committee.

2.2 Cabinet Resources Committee – 19.02.04-16 – considered a report on the need to conclude an agreement with the school for the sale of the land and thereby facilitating the completion of a Transfer of Control Agreement for the adjacent all-weather pitch site, and agreed the freehold sale of the Council's land subject to the Council's share of the net proceeds of sale being in the region of 30%.

2.3 Delegated Powers report 4.3.04 – that the Council's share of the net proceeds of sale will be up to 30% with the final percentage share being subject to referral to arbitration in the event of disagreement between the parties.

2.4 Cabinet Resources Committee – 8.7.04 – considered the results of the tendering process and approved the acceptance of the offer from Martin Grant Homes.

2.5 Cabinet Resources Committee 28.4.05 – considered a report explaining that Martin Grant Homes had to revise its offer to reflect the fact that the Key worker housing element could no longer be funded by a Registered Social Landlord and agreed a revised lower offer.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan 2005/6 to 2008/9 includes an objective to improve asset management by meeting capital receipt targets through the disposal of surplus lands.

4 RISK MANAGEMENT ISSUES

4.1 Completion of the sale of the land will be on 19 July 2006. The parties need not necessarily agree the sharing of the sale proceeds by that date but if it is not so agreed the proceeds will be held by the School's solicitor pending agreement being achieved. There is provision for any dispute to be referred to arbitration with the parties sharing the costs equally.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The financial implications are set out in detail in the exempt report.

5.2 There are no staffing or ICT issues. The property issues are those set out in Section 7 below.

6. LEGAL ISSUES

6.1 None

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property.

7.2 Constitution – Part 3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 Contracts with Martin Grant Homes for the sale of the land at Great Strand and which is owned in part by St James School and part by the Council were exchanged in late 2005. The contracts were subject to Martin Grant Homes achieving a satisfactory planning permission, to there being no adverse soil conditions and to entering into an agreement with a Registered Social Landlord (RSL) to acquire the affordable housing units. They were also subject to the School securing the consent of the Department for Education and Skills (DfES) to the land sale.

8.2 Martin Grant Homes has confirmed that the soil survey results are satisfactory and it has been granted an acceptable planning permission. It has also entered into an agreement with the Genesis Housing Group for the sale of the 10 units of affordable housing – to which the Council will have nomination rights. St James School has been given consent by the DfES to sell its land. Thus all conditions are now satisfied and the land sales will be completed on 19 July 2006.

8.3 Following negotiations with the School's agents a sharing of the proceeds of sale has been provisionally agreed. The Council's share of the proceeds of sale has been assessed in accordance with the terms of an agreement concluded between the School and the Council and which provided that the following costs would be deductible from the gross proceeds:

> All proper costs incurred by the School in securing the resolution to grant planning permission for the development of the land;
>
> The proper costs associated with obtaining soil test results for the land;
>
> The proper costs for marketing the land and any associated negotiations;

The proper legal and surveyors' fees in connection with the sale of the land

. The details of the provisional agreement are set out in the exempt report.

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: SWS
Chief Finance Officer: CM

AGENDA ITEM: 6 Page nos. 9 - 11

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Former Civil Defence Bunker, Partingdale Lane, Mill Hill, NW7**
Report of	The Leader of the Council
Summary	To report an offer from the current tenant to buy the freehold of this property

Officer Contributors	Geoff Collins, Assistant Chief Valuer, Property Services and Valuation
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Mill Hill
Enclosures	None
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Geoff Collins, Assistant Chief Valuer, 020 8359 7368

1. RECOMMENDATIONS

1.1 **That the Council proceed with the sale of the freehold interest to the current tenant, Seafield Corporation Ltd, on the terms reported in this and the exempt report.**

2. RELEVANT PREVIOUS DECISIONS

2.1 Resources Executive Committee 1 September 1999 approved the sale of this property on a 125 year lease.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to improve asset and contract management. The proposals in this report will result in the achievement of a capital receipt, which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

4.1 I have considered whether the issue involved are likely to raise significant levels of public concern or give rise to policy considerations but do not feel that any such concerns will arise

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 There are no ICT or staffing issues.

5.2 The financial implications are set out in the exempt report.

5.3 The property issues are set out below.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property

7.2 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 This property was sold on a 125 year lease at a premium following a tender.

8.2 The lease to the successful bidder, Seafield Corporation Ltd, was completed on 24 September 2003

8.3 The tenant has successfully obtained planning consent to extend the building and convert it to residential use

8.4 The tenant has made an offer to purchase the freehold interest in the property for the sum detailed in the exempt report and on the basis that the tenant pays the Council's legal and surveyor's costs as detailed in the exempt report

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: SS
Chief Finance Officer: CM

AGENDA ITEM: 7 Page nos. 12 - 14

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**The Bull Theatre, 68 High Street, Barnet, EN5 5SJ**
Report of	The Leader of the Council
Summary	To report on ongoing negotiations for the grant of a lease of the Bull Theatre and ancillary accommodation following the Council resolutions of 11 April 2006.

Officer Contributors	Geoff Collins, Assistant Chief Valuer
Status (public or exempt)	Public
Wards affected	High Barnet
Enclosures	None
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Geoff Collins - Property services and Valuation 0208 359 7368, e-mail: geoff.collins@barnet.gov.uk

1. RECOMMENDATIONS

1.1 That the Committee note the progress of negotiations for a lease of The Bull pending the outcome of the Planning Brief.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee – 28th July 2004 – Resolved that the freehold or long leasehold sale of the Bull Theatre be approved in principle, and that the appropriate Chief Officer be instructed to offer the site for sale by non-binding tender in accordance with the procedures set out in the Constitution, reporting the outcome to a future meeting of the committee for further consideration.

2.2 Cabinet Resources Committee – 10 November 2005 – Resolved:

1. That the current marketing campaign be terminated as a result of an administrative error.

2. That prior to re-marketing, a full planning brief be supplied by the Head of Planning, clarifying the use class categorisation of the site and investigating the statutory requirement to consult with the Theatres Trust for any change of use, and that the Property services & Valuation Department be instructed to conduct a full strategic review of the property interests held in the vicinity of the Bull Theatre.

3. That subject to investigating the viability of leasing options and community use/community groups being encouraged to bid, the appropriate Chief Officer be invited to re-market the disposal of The Bull Theatre, in whole or in part, on either a freehold or leasehold basis by way of informal tender in accordance with the Constitution, inviting interested parties to submit scheme proposals and financial offers with the results being reported to a future meeting of this Committee for further consideration.

2.3 Council – 11 April 2006 – Resolved: to request the Cabinet to consider authorising negotiations to commence immediately for the grant of a 25 year lease to SETS.

2.4 Council – 11 April 2006 - Resolved that "Council regrets the closure of the Bull Theatre. Council therefore urges the Cabinet to grant the Suzi Earnshaw Theatre School a long lease on the Bull Theatre...."

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to improved asset and contract management. The proposals in this report will result in the achievement of a capital receipt, which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

4.1 Whilst the suspension of the disposal of the property will delay the receipt of the capital receipt, a lease of the property pending the production of the planning brief will secure revenue income and alleviate the Councils responsibility for maintenance.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 There are no ICT or staffing issues.

5.2 The financial implications will be reported in due course on conclusion of negotiations.

5.3 The property issues are reported below

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property

7.2 Constitution – Part 3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 The future proposals for the disposal can only be considered and recommendations made following on form consultations with the Theatres Trust and once the planning brief for The Bull and surrounding area has been determined. This is unlikely to be available before the autumn and it is not therefore practical to offer a 25 year lease to SETS at this time.

8.2 In order to regularise the current occupation, terms have been offered to SETS, subject to member approval, for a lease until 1 November 2009, but with break options in order that future proposals are not prejudiced.

8.3 Once the current negotiations are concluded, the agreed terms will be reported for approval.

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: PD
Chief Finance Officer: CM

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AGENDA ITEM: 8 Page nos. 15 - 19

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Spencer House, 156-162 Station Road, Hendon, NW4**
Report of	The Leader of the Council
Summary	To report the outcome of best and final offers from the six short-listed parties and to seek approval for the sale of the freehold interest in the property.

Officer Contributors	Rob Colville, Principal Valuer, Property Services & Valuation
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Hendon
Enclosures	Appendix A
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Rob Colville, Principal Valuer, Property Services & Valuation.

Tel: 0208 359 7363

1. RECOMMENDATIONS

1.1 That the freehold sale of Spencer House to the highest bidder be approved on the terms set out in the exempt report.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee – 10th February 2005 – resolved that the freehold sale of Spencer House be approved in principle, and that the appropriate chief officers be instructed to offer the site for sale by non-binding tender in accordance with the procedures set out in the Constitution, reporting the outcome to a future meeting of the committee for further consideration.

2.2 Cabinet Resources Committee – 10th November 2005 – resolved that the six tenderers listed in paragraph 2.2 of the exempt report be invited to work up scheme proposals for discussion with the Head of Planning and to submit final financial offers with the results being reported to a future meeting of the committee.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to improve asset and contract management. The proposals in this report will result in the Council achieving a capital receipt which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

4.1 Some of the bids submitted, including that of the preferred bidder, have been issued subject to the grant of planning permission for the scheme proposals outlined in Appendix A and the exempt report. Should the chosen tenderer be delayed or their planning application fail to be granted the receipt of the capital bids detailed in the exempt report may be at risk. Communications with the Planning Department have been facilitated so as to reduce the likelihood of any problems occurring at the planning application stage.

4.2 The risk of the highest tenderer failing to complete the purchase of the property has been minimised by Council Officers through the completion of credit checks detailing the financial status of the preferred bidder.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The freehold interest in the site will be sold to the preferred bidder. Accordingly there are no staffing or ICT issues for consideration by the Council.

5.2 The financial implications are set out in the exempt report.

5.3 The property issues are set out in Section 8 and Appendix A below.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property

7.2 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 In accordance with the decision of the committee on 10th February 2005, all existing tenants of the Spencer House premises were decanted and provided with alternative accommodation. The property was subsequently widely marketed, inviting interested parties to submit tender offers and scheme proposals for the redevelopment of the site together with a financial offer for the freehold acquisition of the premises.

8.2 Tenderers were asked to submit plans and drawings of their scheme proposals as well as an outline programme of delivery and a financial offer.

8.3 By the closing date 43 submissions had been received. Six further bids were received after the tender deadline. The details of all submissions received were reported to this committee on the 10th November 2005.

8.4 In accordance with the decision of this committee on the 10th November 2005, six short-listed parties were invited to make further enquiries with the Planning Department so as to refine the details of their submissions. Additionally, the parties were invited to attend a meeting with officers and were given specific feedback with regard to their initial proposals as well as any further scheme drawings that were made before the deadline. A deadline of the 24th April 2006 was set by which all best and final offers for the purchase of the site were to be received by the Property Services & Valuation Group. The details of the six submissions and comments thereon are set out in Appendix A and in the exempt report.

8.5 All six of the schemes submitted involve the sale of the freehold interest in the Spencer House site to the tenderer. The tenderer will subsequently develop the site, as detailed in Appendix A, subject to the receipt of all necessary planning permissions.

8.6 The offer received from the preferred bidder, as outlined in the exempt report, will deliver to the Council the highest capital receipt. The tender is recommended for acceptance on this basis.

8.7 The land is held within the Housing Revenue Account. As such, the disposal of the property will require the consent of the Secretary of State pursuant to Section 32 (2) of the Housing Act 1985.

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: SS
Chief Finance Officer: SE

APPENDIX A

BID No.	SCHEME PROPOSAL	PLANNING COMMENT	HOUSING COMMENTS (if applicable)	CONDITIONS OF SALE
1	9 * 3 storey town houses each comprising 4 bedrooms and 2 reception rooms	Use of the site as a row of terrace houses is acceptable in principle. The footprint and height of the building is also acceptable. However, the roof should have hipped rather than gable ends, with no dormer windows on the front elevation. Parking is to be well screened and is to meet with the Council's standards.	No further comments	Subject to planning, contract and survey
2	OPTION 1 - 24 apartments (12 private units & 12 affordable units) OPTION 2 - 9 * 3 storey private houses	A housing scheme is acceptable in principle. Only the details of the footprint of the building have been submitted and, as such, planning comment is limited. However, dormer windows appear to have been proposed on the front elevation, which would not be acceptable. The number of affordable units must be 50% of the total, in line with the London Plan and the Barnet UDP.	The tenderer has allowed for 50% affordable housing for option 1. No further comments	Option 1 is unconditional with a further financial contribution if planning consent is achieved for option 2.
3	Refurbishment of existing development and use as residential units	The use of the existing building is unlikely to be acceptable. Planning comment is limited because the developer has provided only limited details of their proposal.	No further comments	Unconditional
4	8*1 bed/2 person units, 18*2 bed/3 person units and 12*2 bed/4 person units. Total of 38 units	The proposed use is acceptable in principle, as is the proposed footprint of the building. However, a three storey development plus rooms in the roof space is considered to be too high. Two and a half storeys would be more acceptable, possibly moving to three and a half towards the centre of the site. Parking to the rear should be well screened, located away from the site boundaries, and should comply with the guidelines. The number of affordable units is in line with the London plan and the Barnet UDP. A contribution towards education should be provided.	The tenderer has allowed for 50% affordable housing for the scheme as well as for a contribution towards education. 13 flats will be socially rented, 6 will be for shared ownership and 19 will be for private sale. The Housing Association Development Officer has stated that the tenderer has an allocation from the Housing Corporation and that the scheme proposed meets her requirements.	Subject to contract, legal due diligence, vacant possession and planning.

5	65 bed care home (from initial submission)	A care home use is acceptable in principle. However, the proposed footprint is unacceptable and is considered to be detrimental to neighbouring amenities. The proposed footprint should be no larger than the footprint of the existing building. The location of the parking facilities to the front of the building is acceptable and the number of spaces must meet parking standards.	N/A	Subject to contract
6	4*4 bed units, 4*3 bed units, 6*2 bed units and 4*1 bed units. Total of 18 units	A housing scheme is acceptable in principle. Only the details of the footprint of the building have been submitted and, as such, planning comment is limited. The general scale and bulk cannot be assessed due to lack of information. Parking should be well screened and located away from the boundaries and should comply with the guidelines. The number of affordable units must be 50% of the total, in line with the London Plan and the Barnet UDP. A contribution towards education should be provided.	No further comments	Subject to contract

AGENDA ITEM: 9 Page nos. 20 - 25

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Totteridge Library, 109 Totteridge Lane, N20**
Report of	Leader and Cabinet Member for Resources
Summary	To report the outcome of the tender invitation and to seek approval for the sale of the freehold interest in the property.

Officer Contributors	Rob Colville, Principal Valuer, Property Services & Valuation
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Totteridge
Enclosures	Appendix A
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Rob Colville, Principal Valuer, Property Services & Valuation.

Tel: 0208 359 7363

1. RECOMMENDATIONS

1.1 That the freehold sale of Totteridge Library to the highest bidder be approved on the terms set out in the exempt report.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet 19th February 2004 and Council 2nd March 2004 – approval of 2004/5 budget including closure of Totteridge Library.

2.2 Cabinet Resources Committee 18th March 2004 (decision item 7) – resolved that the former Totteridge Library be offered for freehold sale by non-binding tender with potential purchasers being invited to put forward proposals for the re-provision of a library facility.

2.3 Cabinet Resources Committee 17th March 2005 (decision item 7) – reported the outcome of the initial tender process and, in the absence of viable proposals, resolved to allow a single local developer to commence direct negotiations with the Council.

2.4 Cabinet Resources Committee 21st July 2005 (decision item 7) – resolved that the Committee noted the action taken to date to market the property and that the appropriate Chief Officers be instructed to:

i. Offer the former Totteridge Library premises for freehold sale on the open market;

ii. appoint external agents to act for the Council in the marketing and sale of the property;

iii. investigate any unexplored options and costs for a replacement library facility;

and that the outcomes of the above be reported to a future meeting of the committee for further consideration.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to improve asset and contract management. The proposals in this report will result in the Council achieving a capital receipt which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

4.1 Unconditional offers were invited for the freehold interest in the property with vacant possession. The preferred tender is submitted unconditionally and is subject only to contract. The completion of the sale will not be delayed whilst a planning application is submitted.

4.2 The risk of the winning tenderer failing to complete the purchase of the property has been minimised by Council Officers through the completion of credit checks detailing the financial status of the preferred bidder.

4.3 The property remains vacant and is vulnerable to acts of vandalism and burglary. The further delay of the disposal of the site will result in a continuing financial liability to the Council.

4.4 The loss of the library facility is likely to generate public opposition, as was the case in 2004.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The financial aspects of the tender are set out in the exempt report. Failure to maximise the value of surplus assets will increase the risk of increased borrowing in future years to fund the capital programme.

5.2 There are no staffing or ICT issues at this stage. The property issues are set out below.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property

7.2 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 The property was initially marketed for sale and the outcome considered by this Committee as referred to in paragraphs 2.2 and 2.3 of this report. Subsequently, and in accordance with the decision of this committee, a single local developer was invited to prepare and submit a scheme proposal, together with a financial offer for the site. The developer was given the same project brief as that produced when the property was taken to the market in 2004.

8.2 As agreed by this Committee, the developer was allowed a period of up to 10 weeks to submit his proposal. During this time the developer met with all relevant Council Departments including Planning, Cultural Services and Highways & Design. The developer subsequently submitted a written offer for the site and was invited to discuss his proposals with the Chief Valuer and Development Manager. The scheme submitted was of a similar nature to many of the proposals put forward during the initial tender process in that it attempted to accommodate both a replacement library facility and a private dwelling on the site. The developer seemed to have overcome the previous concerns of the Planning

Department with regard to development density by reducing both the size of the library facility and the residential element. The planners gave informal advice to the effect that such a scheme may be granted planning permission subject to the scheme proposal meeting the necessary guidelines with regard to amenity space, distance between overlooking windows and the criteria set by Highways & Design governing parking provision. The Library Service accepted the proposed reduction in the size of the premises in-principle. However, the offer was not considered to be financially acceptable from the Council's viewpoint and therefore could not be recommended for acceptance nor, because it was so far from the initial aspirations of the Council (to produce both a new library facility and a capital receipt), for further discussion.

8.5 As agreed by this Committee the decision was made to re-market the property for freehold sale through an external agent whilst exploring any further options and costs for the provision of a replacement library facility. A number of property agents were invited to tender for the disposal of the subject property. The bid submitted by Savills (L&P) Limited was felt by officers to represent best value to the Council, both in terms of the quality of service provided and of the level of fees incurred.

8.6 The marketing of the property for freehold sale commenced in March 2006. Adverts were placed in three local newspapers as well as the Estates Gazette. The marketing process generated 199 enquiries. The sales brochure was subsequently mailed or e-mailed to all of those interested, as well as to a list of a further 213 existing contacts from Savills database. Block viewings were conducted on a regular basis throughout the month of March and into early April 2006, with in excess of 60 potential purchasers taking the opportunity to formally view the premises.

8.7 By the closing date of Friday 7th April 2006 31 submissions had been received. The detail of the submissions and comments thereon are set out in Appendix A and in the exempt report. The offer received from the preferred tender winner, as outlined in the exempt report, will deliver to the Council the highest capital receipt. The tender is recommended for acceptance on this basis.

9. LIST OF BACKGROUND PAPERS

9.1 None

Legal: JO'H
Chief Finance Officer: CM

APPENDIX A

BID No.	SCHEME	CONDITIONS
1	None detailed	Subject to contract
2	None detailed	Subject to contract
3	None detailed	Subject to contract
4	None detailed	Subject to contract
5	None detailed	Unconditional
6	Primary Care Medical Centre and community use hall	Subject to planning for a primary care medical centre and use of the building to the rear for public benefit. Subject to contract and site survey
7	None detailed	Subject to contract
8	None detailed	Subject to contract
9	Refurbishment as a private residence	Subject to planning to convert the building back to a private dwelling. Subject to contract and vacant possession on completion.
10	None detailed	Unconditional
11	Refurbishment as a private residence	Unconditional
12	Refurbishment as a private residence, possibly with some dental/medical use	Unconditional
13	None detailed	Subject to contract
14	None detailed	Subject to contract
15	None detailed	Subject to contract
16	Refurbishment as a private residence	Unconditional
17	Refurbishment as a children's day nursery	Subject to satisfactory structural survey and clarification of planning use class. Subject to contract.
18	None detailed	Unconditional
19	None detailed	Unconditional
20	None detailed	Subject to contract
21	None detailed	Subject to contract
22	None detailed	Subject to contract
23	None detailed	Subject to contract
24	None detailed	Subject to contract and vacant possession
25	Five self-contained flats and a single storey family dwelling with associated parking	Subject to planning for the proposed development
26	Refurbishment as a private residence	Unconditional

27	Refurbishment as a private residence.	Subject to contract. Escalating bid if the Council insurance policy will cover reparatory work upon perceived subsidence. The nature of the escalating bid is undisclosed.
28	None detailed	Subject to contract
29	None detailed	Subject to contract
30	None detailed	Subject to contract
31	Refurbishment as a private residence.	Subject to contract. A further financial contribution (as detailed in the exempt report) will be paid if residential planning consent is secured prior to completion. An overage provision exists (as detailed in the exempt report) if planning consent is granted before October 2006.

AGENDA ITEM: 10 Page nos. 26 - 29

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Vacant site, junction of Avion Crescent and Grahame Park Way, Colindale, NW9**
Report of	The Leader and Cabinet Member for Resources
Summary	To report the outcome of best and final offers from the four short-listed parties and to seek approval for the sale of the freehold interest in the property.

Officer Contributors	Rob Colville, Principal Valuer, Property Services & Valuation
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Colindale
Enclosures	Appendix A
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Rob Colville, Principal Valuer, Property Services & Valuation.

Tel: 0208 359 7363

1. RECOMMENDATIONS

1.1 That the freehold sale of the vacant site at the junction of Grahame Park Way and Avion Crescent to the highest bidder be approved on the terms set out in the exempt report.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee – 10th February 2004 – resolved that the freehold or long leasehold sale of the vacant site at Grahame Park Way be approved in principle, and the appropriate chief officers be instructed to offer the site for sale by non-binding tender in accordance with the procedures set out in the Constitution, reporting the outcome to a future meeting of the committee for further consideration.

2.2 Action taken under delegated powers by the Chief Valuer & Development Manager in consultation with the Cabinet Member for Resources – 14th July 2004 – resolved that the Scout Association Trust Corporation be granted a lease of the land in Grahame Park Way, NW9 upon the terms set out in the report and that the Borough Solicitor completes the matter in a form to his approval.

2.3 Cabinet Resources Committee – 10th November 2005 – resolved that the four parties detailed in the exempt report be invited to prepare scheme proposals for discussion with the Head of Planning and to thereafter submit final offers with the results thereof being reported to a future meeting of the committee.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to improve asset and contract management. The proposals in this report will result in the Council achieving a capital receipt which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

4.1 All bids have been submitted subject to the grant of planning permission for the scheme proposals outlined in Appendix A and the exempt report. Should the chosen tenderer be delayed or their planning application fail to be granted the receipt of the capital bids detailed in the exempt report may be at risk. Communications with the Planning Department have been facilitated so as to reduce the likelihood of any problems occurring at the planning application stage.

4.2 The risk of the highest tenderer failing to complete the purchase of the property has been minimised by Council Officers through the completion of credit checks detailing the financial status of the preferred bidder.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The freehold interest in the site will be sold to the preferred bidder. Accordingly there are no staffing or ICT issues for consideration by the Council.

5.2 The financial implications are set out in the exempt report.

5.3 The property issues are set out in section 8 and Appendix A below.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property

7.2 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

8.1 Possession of the subject site was regained in July/August 2004 after the Scout Association Trust Corporation agreed to relinquish possession of the subject site as part of negotiations for the lease renewal of the adjoining premises.

8.2 Following vacation by the Scouts, and in accordance with the decision of the committee on 10th February 2004, the property was widely marketed, inviting interested parties to submit tender offers and scheme proposals for the redevelopment of the site together with a financial offer for the freehold or long leasehold acquisition of the premises. All offers were reported to the meeting of the Cabinet Resources Committee on the 10th November 2005.

8.3 In accordance with the decision of this committee on the 10th November 2005, four short-listed parties were invited to make further enquiries with the Planning Department so as to refine the details of their submissions. Additionally, the parties were invited to attend a meeting with officers and were given specific feedback with regard to their initial proposals as well as any further scheme drawings that were made before the deadline. A deadline of the 24th April 2006 was set by which time all best and final offers for the purchase of the site were to be received by the Property Services & Valuation Group. The details of the four best and final offers and comments thereon are set out in Appendix A and in the exempt report.

8.4 All four of the schemes submitted involve the sale of the freehold interest in the vacant site at the junction of Avion Crescent and Grahame Park Way to the tenderer. The tenderer will subsequently develop the site as detailed in Appendix A, subject to the receipt of all necessary planning permissions.

8.5 The offer received from the preferred bidder, as outlined in the exempt report, will deliver to the Council the highest capital receipt. The tender is recommended for acceptance on this basis.

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: SS
Chief Finance Officer: SE

APPENDIX A

BID No.	SCHEME PROPOSAL	PLANNING COMMENT	OTHER COMMENT	CONDITIONS OF SALE
1	Light industrial unit similar to adjoining premises. Approximately 5000 sqft on the ground floor plus a mezzanine of 2000 sqft which may be used for B1/B8/ retail purposes	The proposed use is acceptable in principle. No drawings have been submitted and, as such, comments cannot be made as to the general bulk/scale of the proposal or with regard to the acceptability of the physical development. The scheme must meet with the Council's parking standards outlined in the adopted UDP.	This bid was received after the stated deadline	The offer is made subject to contract, title investigation and planning permission for the proposed scheme
2	Two storey community hall with basement parking	The proposed community use is acceptable in principle. The general scale, height and design of the proposed building are acceptable, although the front building line should be pushed back from the road so as to respect existing building lines. Basement parking is considered to be acceptable in principle. The number of spaces should be in line with the Council's standards. Parking to the front of the building is acceptable in principle, although should be well screened from the road.	No further comment	The offer is made subject to planning permission for the proposed scheme
3	Head offices and workshop for building contractors and developers	The proposed use is considered to be acceptable in principle. However, the proposed building does not respect the existing building line or the height of surrounding buildings. The proposed building should be set back from the road and lowered accordingly. The number of spaces must meet with parking standards.	No further comment	The offer is made subject to planning permission for the proposed scheme
4	Two storey community hall with associated parking	The proposed community use is considered to be acceptable in principle. The footprint of the proposed building is also acceptable. Any ground floor parking should be enclosed and should not be visible from the road so as to be more in keeping with surrounding buildings. No elevations or indication of the height of the proposal relative to surrounding buildings has been provided, so the Planning Department are unable to comment on the viability of the proposal in this respect. Parking to the front of the building should be well screened and should comply with the Council's guidelines.	No further comment	The offer is made subject to planning permission for the proposed scheme

AGENDA ITEM: 11 Page nos. 1 – 14 (& enclosures)

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Outturn 2005/06**
Report of	The Leader and Cabinet Member for Resources
Summary	To consider the outturn of revenue, capital and treasury management for the financial year 2005/06 and to pick out potential implications and issues for 2006/07.

Officer Contributors	Chief Finance Officer Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures *(Appendices A & G attached, remainder to be circulated separately)*	Appendix A: Summary of Revenue Outturn Variances Appendix B: Housing Revenue Account Appendix C: Special Parking Account Appendix D: Schedule of Reserves & Provisions Appendix E: School Balances Appendix F: Detailed Outturn Variations Appendix G: Movement between Month 9 Monitoring and Final Outturn Report Appendix H(i): Capital Variations Summary Appendix H(ii): Capital Funding Statement Appendix H(iii): Capital General Fund Variations Commentary Appendix H(iv): Housing Revenue Account Variations Commentary Appendix I: Debt Portfolio Appendix J: Prudential Indicators
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Jonathan Bunt (020 8359 7249)

1. RECOMMENDATIONS

1.1 That the outturn of revenue and capital for 2005/06 for the General Fund and Housing Revenue Account be noted, incorporating reserves set out in Appendix D and the capital funding set out in the statement at Appendix H(ii).

1.2 That slippage of £12.553m in the capital programme be carried forward to 2006/07.

1.3 That the treasury management outturn and prudential indicators for 2005/06 be noted.

1.4 That the effect of on council tax of changes in Government regulations concerning the capitalisation of redundancies be noted.

1.5 That the reliance on prudential borrowing to fund the capital programme be noted and that officers be instructed to continue to maximise capital receipts in order to minimise prudential borrowing in the future.

1.6 That officers continue to review the 2005/06 outturn and address any ongoing problems in 2006/07 budget monitoring and consolidate windfall underspends in the base budget.

2. RELEVANT PREVIOUS DECISIONS

Council March 2005
Cabinet Resources Committee – 26 September 2005
Cabinet Resources Committee – 10 November 2005
Cabinet Resources Committee – 05 January 2006
Cabinet Resources Committee – 16 February 2006

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Effective revenue monitoring is an essential part of ensuring that the Council manages its resources efficiently.

3.2 The capital programme is fundamental to all strategic aims of the Council.

4. RISK MANAGEMENT ISSUES

4.1 Reviewing the outturn for the previous year and assessing the impact of variances on the current year and next year's base budget is an essential element of financial risk management.

4.2 At the time of writing this report the Statement of Accounts were not completed, so there is a risk that some final entries may impact on the outturn positions reflected in this report.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The financial implications of this report are dealt with in section 8.

5.2 There are no direct staffing, ICT or property implications.

6 LEGAL ISSUES

6.1 None.

7 CONSTITUTIONAL

7.1.1 Reporting of the outturn is part of the budget monitoring framework set out in Financial Regulations. This report also addresses issues arising in 2006/07.

8 BACKGROUND INFORMATION

8.1 <u>Revenue – General Fund</u>

8.1.1 The following provides a summary of the 2005/06 outturn compared to the original budget:-

	Original Budget	Outturn	Variation
	£m	£m	£m
Net Service Expenditure	227.8	223.5	(4.3)
Contribution to/(from) Balances	3.0	6.0	3.0
Contribution from Special Parking Account	6.7	4.9	1.8
Contribution from Schools Reserves	147.3	146.8	(0.5)
Budget Requirement	371.4	371.4	0

8.1.2 At the time the 2006/07 budget was approved by Council in March 2006 the estimated balances as at 31 March 2005 were £9.3m (excluding schools). The final position on balances at 31 March 2005 is £10.486m (excluding schools) – see table below.

	General Fund	Schools	Total
	£m	£m	£m
Brought Forward 1/4/05	5.004	11.030	16.034
Contribution To Balances	2.300	0	2.300
2005/06 Outturn	3.182	0.477	3.659
Outstanding School Advances	0	(0.982)	(0.982)
Carried Forward 31/3/06	10.486	10.525	21.011

8.1.3 School balances at 31 March 2006 stand at £10.525m, which is £0.505m less than 31 March 2004. This is comprised of revenue (£9.211m) and capital (£1.314m).

8.1.4 The outturn takes into account the earmarking of specific reserves and the setting aside of provisions for future liabilities in line with recommended accounting practice – these are set out in Appendix D.

8.1.5 In previous years the External Auditors have highlighted concerns regarding the adequacy of the authority's insurance provision. Following additional contributions to the provision in 2005/06, it now stands at £7.015m. The actuary has noted improvements in the working and claims handling practices of the insurance team, and consequently a further actuarial assessment may be undertaken during 2006/07 in time to be taken into account in the 2007/08 budget process.

8.1.6 A reserve has been established to meet costs arising from future restructures. Over the past three years a capitalisation Direction has been obtained but the Government has recently changed its interpretation of the regulations, resulting in reduced opportunity to capitalise costs associated with major structural change. The impact of this change is to put ongoing pressure on council tax within the Financial Forward Plan, and results from the Treasury's concern to control the Public Sector Borrowing Requirement at the expense council tax and services.

8.1.7 To meet the requirement to keep a separate record of income and expenditure related to parking places on the highway, a statutory reserve account has been operating since the commencement of the borough wide enforcement of parking controls by the Council. A summary of the Parking Control Account for 2005/06 is set out below, and in more detail at Appendix C:-

	£000
Balance brought forward 1/4/05	(12)
Net revenue surplus for year	(5,169)
Capital Funding	258
Transfer to General Fund	4,853
Balance at 31 March 2006	(70)

8.1.8 Parking income remains a risk in 2006/07 and further comments are contained in 8.6.11.

8.1.9 Details of individual school balances are given in Appendix E.

8.1.10 The last revenue budget monitoring for 2005/06 was presented to this committee on 16 February 2006 and forecast general fund balances of £7.410m. Subsequent to this, the forecast was revised to £9.3m in the budget report to Council in March, due mainly to the announcement of Local Authority Business Growth Incentive (LABGI). The final position after allowing for reserves is £10.486m. Service summaries are set out in Appendix A and the most significant variations for each Head of Service are outlined below.

<u>Adult Social Services</u>
The outsourced contract for the older adults care homes is the subject of ongoing negotiations with the contractor, as reported to Members on a number of previous occasions. There is capital provision for costs caused by delays in the rebuild programme. The contractor has also indicated difficulties with the revenue costs of the service that may result in a request for an increase in the bed price. There is no budgetary provision in 2006/07 for increases above the annual contractual rates. The Council is undertaking a detailed review of the business plan for this contract.

The Learning Disabilities Reprovision programme is continuing. As new services are developed there may be revenue costs associated with the remodelling of existing services. The younger adults budgets will be kept under review as the remodelling progresses.

In 2005/06 there was a significant overspend on staffing costs in some of the younger adults provider units. All the 2006/07 staffing budgets have been reviewed with the service managers. The Assistant Director for Younger Adults has met with all the budget holders and established appropriate control mechanisms. These budgets will be closely monitored during 2006/07.

Children & Families
Throughout the year Children & Families forecast significant overspends on looked after children placement costs. These were contained within the overall service budget by planned underspends, mainly in supporting families.

Education
The main reasons for the increase in the underspend of £1.1m are as follows:-

- SEN placement costs of (£546,000), due mainly to a review of previous years creditors;
- payments of grants to private nurseries continued to be below expectations, leading to a further reduction of (£162,000);
- a budget of £160,000 re provision of playing field for London Academy was not needed;
- match funding for schools grants of £93,000 was not required, due to an unexpected DfES contribution.

An increase of £165,000 in Libraries expenditure was due to a rates refund being taken centrally, There was also an increase in SEN transport (£67,000), due to increased charges and management fees.

The balance of the variance is due to lower staffing costs and income exceeding expectations in a number of areas.

Environmental Services
Savings of £274,000 in refuse and recycling arose from a year end decision by the CFO to fund expenditure on recycling boxes from capital over 5 years rather than revenue and the late start of additional green waste rounds.

Bringing forward the 2006/07 planned administrative savings in Environmental Health plus the anticipated agency costs not arising due to recruitment difficulties generated further savings of £213,000.

There was also additional income of £85,000 within the Transport team arising from higher responsive transport demand from other services.

These benefits are partially offset by reduced savings of £130,000 as a result of the transfer of the CCTV service (and consequently also the transfer of efficiency savings) to Law & Probity.

Highways & Design
The final reduction in parking income was £522,000 higher than forecast when the budget was finalised.

There was additional fee income from non general fund schemes (£124,000), additional RASWA and rechargeable income (£52,000) and reduced expenditure on public lighting (£49,000) and highways responsive maintenance (£264,000). The reduction in responsive maintenance stems from a service restructure in year which led to some delays in the work programme and this coupled with the effects of the weather and reduced demand resulted in larger than planned underspend on works. This has resulted in some commitments and carry over of works to 2006/7

Housing

The overall position for Housing General Fund is an underspend of £1.28m against the latest approved budget, compared to a forecast overspend of £218,000 at month 9.

The reduction in the net cost of benefits from the month 9 projection was brought about by achieving a slightly better than forecast rate of subsidy against the £96m of rent allowances expenditure, which accounted for an improvement of just over £400,000, together with additional cash recovered from overpaid benefit of almost £70,000.

Administrative costs were £280,000 lower than previously forecast, almost half of this being due to a decision by the Chief Finance Officer to set expenditure against the Pericles capital budget. Savings in the net cost of housing needs and resources services, which substantially comprises homelessness prevention and providing temporary accommodation were greater than expected at month 9 by approximately £750,000. This was mainly due to a faster increase in numbers moving from overnight accommodation to private sector leased accommodation and accelerated renegotiation of agreements with housing association providers, leading to reduced management fees. In addition, modelling of TA income and expenditure continues to be refined and the data used for this has become more robust over time.

8.2 Housing Revenue Account (HRA)

8.2.1 The HRA outturn for 2005/06 compared to the latest approved budget is set out in Appendix B. There is a contribution of £2.093m from the working balance. Under the revised financial regime for the HRA introduced by the Local Government and Housing Act 1989, the account is ring-fenced and any balances are retained within HRA.

8.2.2 There are a number of variances from the budget. Supervision and management expenses were £594,000 above budget, substantially because of increases in service level agreement charges from the Council to Barnet Homes and to the HRA directly. “Other expenses” includes landlord’s insurance costs, but the increase here is substantially offset by additional supervision and management income.

8.2.3 The HRA is subject to strict rules as to how the cost of capital is dealt with, i.e. depreciation, interest and amortisation of intangible assets. The overall net effect of those rules is for the account to bear actual interest charges, debt management expenses, amortisation in respect of any premium for early repayment of loans and depreciation up to a fixed amount. The additional amount in excess of the budget provision amounted to £583,000, of which £378,000 relates to amortisation not anticipated when the budget was set, with the balance being extra interest and debt management costs.

8.2.4 HRA subsidy exceeds the budget provision, mainly as a result of a prior year adjustment of £562,000.

8.2.5 A review of outstanding debts in respect of all sources of HRA income has resulted in an additional contribution to the bad debt provision of £330,000.

8.2.6 A revenue contribution to capital expenditure has resulted from a lower level of leaseholder contributions. It should be noted that this is a timing issue only and that there is no overall reduction in the element to be financed from leaseholder major works charges.

8.3 Capital

8.3.1 In the capital programme approved by Council in March, a final outturn for 2005/06 of £86.335m was projected. This projection did not include schools capital expenditure funded from schools resources including previous years devolved allocations. The final outturn position is £78.932m as detailed in the table below:

	Budget (final revised) £000	Outturn £000	Variation £000
Approved General Fund	58,630	48,537	(10,093)
Schools DFC	5,061	4,850	(211)
Net TfL Adjustments	(1,329)	(1,329)	0
Adjusted General Fund	62,362	52,058	(10,304)
HRA	27,705	26,874	(831)
Total	90,067	78,932	(11,135)

8.3.2 The net variation is £11.135m. Approval is sought to carry forward £12.216m of slippage into the 2006/07 programme. The proposed funding of this slippage is as follows:-

- £1.507m (12%) from grant
- £0.205m (2%) from s106 planning contributions
- £0.194m (2%) from capital receipts
- £10.310m (84%) from borrowing

8.3.3 Explanations for project variations are provided at Appendix H(iii) for the General Fund and Appendix H(iv) for the Housing Revenue Account.

8.3.4 The funding analysis attached at Appendix H(ii) shows that capital expenditure is funded as follows:-

- £13.039m (17%) of the total from grant,
- £7.524m (10%) from Insurance settlements, s106 Planning and other external contributions,
- £5.461m (7%) from revenue and Major Repairs Allowance,
- £10.472m (13%) from capital receipts
- £42.436m (54%) from borrowing.

8.3.5 There is now a considerable reliance on prudential borrowing to fund the capital programme. Whilst the Financial Forward Plan incorporates the impact of this on council tax as part of the affordability test, it is important to maximise the level of capital receipts in order to minimise prudential borrowing in the future.

8.3.6 £23.339m of the borrowing in 2005/06 was considered (by Government) to be supported through the Formula Grant system, but this is debatable for councils like Barnet at the grant floor.

8.3.7 The adjusted General Fund Budget includes £3.135m Devolved Capital allocated to schools and £0.200m Specialist Schools Grant devolved to schools in 2005/06. These grants are transferred directly into schools bank accounts. Standards Fund regulations allows Schools to roll forward any unspent balance of their entitlement for up to 3 years . Total capital outturn includes £7.981m spent by schools of which £3.880m is funded from schools' resources and £4.101m from devolved grants.

8.3.8 In 2005/06 Surestart Sustainability Grant was used to fund expenditure totalling £0.117m. The expenditure was incurred on external paving at Parkfield, internal renovations to existing buildings at Wingfield and expansion of childcare provision by private and voluntary groups.

8.3.9 The Surestart Unit has agreed an indicative capital grant for 2006/07 and 2007/08 of £3.323m and £3.063m respectively. The ringfences between different parts of Surestart Capital grants have been relaxed, and this money is available to fund capital work on Children' s Centres, extended schools as well as sustainability. Detailed plans for the use of the grant, and any rephasing needed, have not yet been finalised. No match funding is required. This is being included in the capital programme, subject to detailed proposals for utilisation being submitted for approval at a later date

8.3.10 In the capital programme approved in February, an error was made re the utilisation of the Primary School Modernisation grant for 2006-07 and 2007-08. The allocations totalled £2.081m in each year, and the programme assumed that £0.8m was to be used as contingency for the Parkfield scheme, and £2.5m was to be used for the rebuilding of the Hyde school, leaving no grant available in 2006-07 and £0.862m available in 2007-08. This does not reflect the reports to Cabinet Resources Committee on 28th April 2005 which showed the use of £1.650m of S106 receipts and £0.85m of 2007-08 Primary School Modernisation grant as a contingency provision at the Hyde, and on 16th December 2004 showing the use of £0.8m of 2007-08 Primary School Modernisation grant as a contingency at Parkfield. The necessity for these provisions was to be reviewed after tenders were received. Modelling for the Primary Schools Capital Investment Programme has assumed that £0.295m of the grant in each of 2006-07 and 2007-08 will be used for the Programme.

8.3.11 The Capital Programme will be amended to show that the Primary School Modernisation scheme has £2.081m in 2006-07 and £0.431m in 2007-08 with a note that £0.295m is earmarked for the Primary Schools Capital Investment Programme in each year. The note to the Hyde scheme will be amended to reflect the funding of £0.85m from Primary School Modernisation grant and £1.65m from S106 receipt.

8.3.12 The Housing Association Programme and Regeneration relates to both supporting Registered Social Landlords in the provision of affordable housing, with nomination rights being given to the Council in exchange, and investing in site assembly and the re-acquisition of properties from right to buy purchasers in the event of hardship on the Grahame Park and Stonegrove regeneration estates. The outturn for 2005/06 is £8.129m and this includes £3.740m for Stonegrove and £1.486m for Grahame Park. The Stonegrove scheme was partly funded by Supported Borrowing of £3.020m from the London Housing Board, which represents a change from the original proposal to pay the council a capital grant. Given the council is at the grant floor it is debateable whether this change is neutral on the council's finances.

8.3.13 Grants of £0.818m was awarded to the private sector, against a budget of £1.116m. The only government funding available to support this type of expenditure is for disabled facilities grants, where 60% is available, up to an allocated amount for any one year.

8.3.14 The original bid to set up Barnet Homes that was submitted to the Government was based on £88.5m to provide decent homes across the Council's stock. In September 2005 Barnet Homes provided an updated bid for £96m, using updated costs and stock condition information. In late February 2006, the Government responded to the submission and allocated funding for 2006/07 and 2007/08 to bring the cumulative total to 31 March 2008 to £48.78m, which after taking account of proposed expenditure through to 31 March 2011 brought the full funding to £87.92m. This presents a significant difficulty in fulfilling the decent homes objectives and Barnet Homes, in liaison with the Head of Housing, are currently finalising options to deal with the funding shortfall.

8.4 Treasury Management

8.4.1 The Economy

Short-term interest rates – Base rate started 2005/06 at 4.75%, having remained unchanged at this level since August 2004. It fell to 4.5% in August 2005 and remained at that level for the rest of the year. Consumer expenditure and housing activity slowed during 2005 although the housing market did pick up later in the year and in quarter 1 2006. High oil prices and major increases in utility prices reduced spending power and had a negative impact on sentiment. Unemployment claimant count increased each month during the year while output in the manufacturing sector was actually in recession for the first two quarters of 2005. GDP growth picked up from a low point of 1.7% y/y in Q2 to 2.3% in Q1 2006 i.e. still slightly below the average long term growth rate of 2.5% p.a.

Long-term interest rates – The PWLB 25-30 year rate started the year at 4.75% and fell to a low of 3.85% before rising back to a new peak of 4.25% at the end of the year. Fifty year gilts were launched in 2005 and on 7 December, the PWLB introduced new PWLB borrowing maturity periods longer than 25-30 years and up to a maximum of 45-50 years. The longest band started at a rate of 4.20% and the rate bottomed at 3.70% in late January before ending year at 4.15%.

8.4.2 Borrowing Performance

The Council took out loans totalling £77m during 2005/06 from the PWLB and market. The terms and rates of these loans are displayed in the chart below, with the average PWLB rate for these maturities also displayed for comparative purposes.

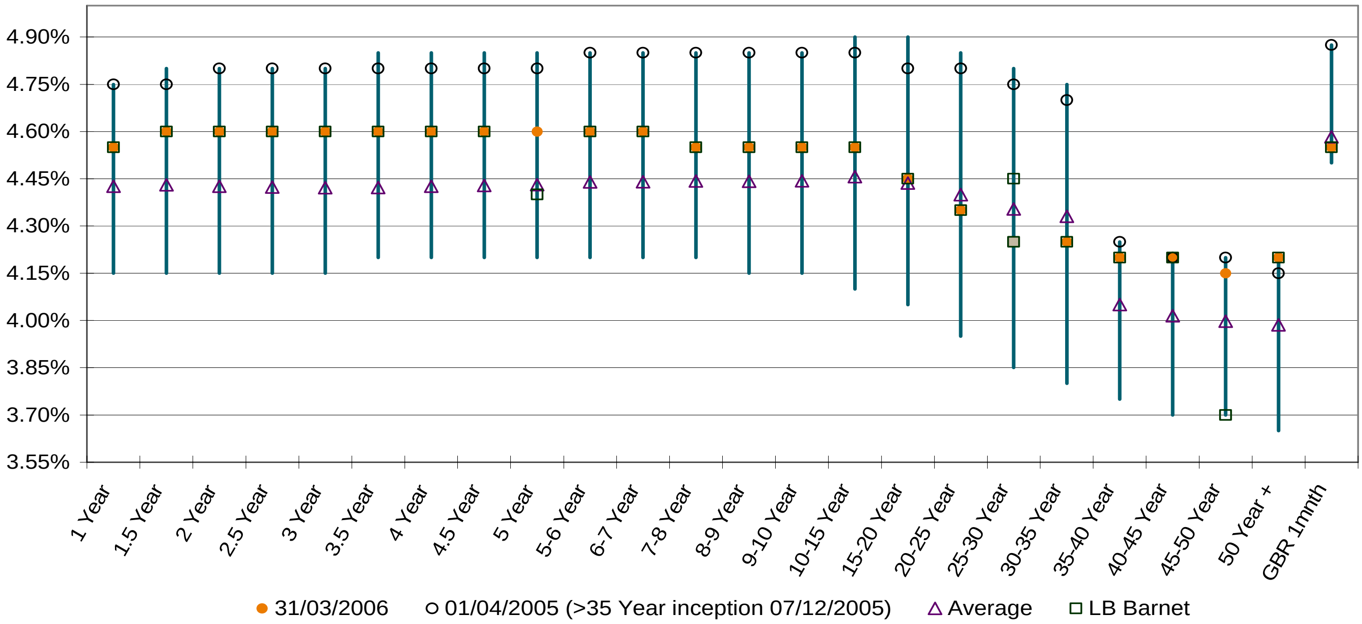
A benchmark rate of 4.75% for borrowing was set during the budget setting process for 2005/06 and incorporated in the Treasury Management Strategy for the year. All new borrowing during the year was completed at interest rates below the benchmark rate, and the average rate for all borrowing was 4.27% at 31 March 2006.

The PWLB normally accept repayment of a loan in advance of the date on which the repayment is due to be made. When a loan is prematurely repaid a discount or premium will be received or paid on that particular loan. The council’s current debt portfolio has PWLB loans that would receive a notional £4.3m in discounts, which is a measure of the advantageous interest rates on loans taken out over the past two years. This figure is not necessarily realisable as the PWLB do not accept premature repayment of loans that have been in existence for less than one year, and the council would have to replace these loans at similar or better rates in order to benefit from this discount. If and when it is advantageous to redeem these loans the Chief Finance Officer will do so.

Amount	Term (years)	PWLB %	Market %	Comparative Rate[1] %
£14m	25.5	4.45		4.35
£5m	5		3.79	4.43
£22m	30	4.25		4.33
£5m	10		3.67	4.46
£5m	5		3.52	4.43
£20m	49	3.70		4.30
£6m	5	4.40		4.43

The graph below illustrates the range (high and low points) in PWLB rates for each maturity period during the financial year 2005/06. Within this graph are the four PWLB loans taken out in 2005/06, showing how they compare to the high and low rates for the relevant maturity period.

Graph: PWLB rates 2005/06.



1 This is the average PWLB maturity loan rate during the year for this loan period, e.g. 4.89% for 3 years as opposed to 3.55% for the same period achieved by taking the market loan.

8.4.3 Current Portfolio

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

	31 March 2006		31 March 2005	
	Principal	Average Rate	Principal	Average Rate
PWLB	£81.00m	4.27%	£19.00m	4.72%
Market	£24.50m	3.60%	£9.50m	3.50%
Temporary	£0.13m	4.32%	£0.13m	4.36%
	£105.8m	4.27%	£28.5m	4.32%

The council's debt portfolio is a mixture of PWLB and market loans in the form of LOBOs. LOBOs are loans that are at a fixed interest rate for an initial period. At the end of the fixed period the lender can change the interest rate, but the borrower has the option to repay the loan if the rate is changed. The council's debt maturity profile is attached as appendix I.

8.4.4 Investment Performance

Investments are managed internally. The average investment throughout 2005/06 was £90.97m, achieving a rate of 4.62% against a benchmark of 4.54%. The benchmark is the average 7-day LIBID rate (uncompounded), sourced from the Financial Times.

The council exceeded the benchmark return for 2005/06 by 0.08%, which based on the average balance invested for the year produced £73,000 additional interest. 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.

No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

8.4.5 Budget Impact

The original budget for debt charges and interest earnings was £6.3m. Through budget monitoring during the year the forecast was reduced to £4.3m. The final outturn was £2m. Although a prudent approach is taken to monitoring this budget throughout the year, the model will be reviewed to improve forecasting as much as possible.

8.5 Prudential Indicators

8.5.1 Treasury Limits & Code of Practice

During the financial year the council operated within the treasury limits and prudential indicators set out in the Treasury Policy Statement and annual Treasury Strategy Statement. The outturn for prudential indicators is shown in Appendix J.

8.6 Considerations for 2006/07

8.6.1 Recent legal opinion on the interpretation of local authority error within housing benefit subsidy will have an adverse effect on the subsidy position. This is currently very difficult to quantify and emphasises the need to monitor performance very closely.

8.6.2 The temporary accommodation budget was reduced by £850,000 in the 2006/07 budget. Considerable effort is being directed towards reducing the use of temporary accommodation to meet the 2010 target of a 50% reduction. Further savings may therefore be possible during 2006/07, but no commitment can be given at this stage and the income and expenditure will be very closely monitored on a monthly basis.

8.6.3 There was a significant overspend on Looked After Children (£942,000) in 2005/06, which was managed by planned underspends – mainly in Supporting Families. In 2006/07 there is a business plan savings target of £750,000 which will require a significant reduction in LAC costs to achieve a balanced outturn position. This will be dependent on three key issues:- (i) reducing the total number of children in care, (ii) continuing to switch numbers from external to internal resources and from residential to foster care, and (iii) achieving unit cost reductions for external placements.

8.6.4 The Interpretation & Translation service is a demand led service that is experiencing continuing budget pressure within Children's Services. It is likely that the overspend of £90,000 in 2005/06 will continue into 2006/07, which will require the service to find compensating savings.

8.6.5 As set out in the 2006/07 budget report, the continued delay in external audit arrangements for the Asylum Seekers reimbursement claim continues to expose the authority to the risk of non-reimbursement of expenditure by central Government.

8.6.6 The final street lighting PFI tender was agreed in April 2006 and there is an estimated ongoing revenue saving in excess of £100,000 per annum.

8.6.7 Whilst the overall budget target for non general fund income within the Design & Build team was exceeded in 2005/06, the position was helped by additional TfL work and the resulting fees. Management action will need to be taken to keep within budget in 2006/07.

8.6.8 There is an ongoing increase in responsive demand for use of vehicles by various council services. Whilst the Transport Service was able to contain these costs in 2005/06, this cannot be relied on in future years and an initial impact for 2006/07 suggests this increased demand might cost £100,000.

8.6.9 The 2006/07 budget had assumed that golf courses would be externalised and £18,000 income achieved through leasing. There has been a poor response to the tenders and only one golf course has been leased. In addition to the potential loss of budgeted income, the need to carry out minimal maintenance on golf courses (or grass them over) could lead to additional costs in excess of £30,000.

8.6.10 Cabinet in October 2005 re-established a pest treatment service fully financed through fees and charges payable by users of the service with a scheme of discounts for those on means tested benefits. Estimates for the service were included in the 2006/7 budget on the basis of a self-funding arrangement and initial projections based on the first weeks of service indicate that it is covering its costs.

8.6.11 During 2005/6 a significant projected net overspend was reported for the Special Parking Account, which is reflected in the outturn (see 8.1.7 & 8.1.8). Based on estimates in February, net income in 2006/07 was reduced by £1.5m. Early monitoring in 2006/7 is now forecasting that whilst income for on and off street parking, CCTV and permits is estimated to be largely in line with budgets, there is a continuing reduction in the number of PCNs being issued. The current projection is a further £1m reduction in income in 2006/07 may arise. Management action is being taken to contain the impact of this in the overall budget.

8.6.12 Following the Council election results in May, the Liberal Democrat Group fell below the required threshold to have a political assistant. Consequently, the budget allocation for that post will be returned to balances.

8.6.13 In setting the 2006/07 budget an allocation was set up in the central contingency for new responsibilities in respect to the Civil Contingencies Act, Election Bill and Registrar's Offices. Bids for allocations from the central contingency will be made in due course.

8.6.14 The lease for the long-term occupation of North London Business Park, which was approved by Cabinet Resources Committee in July 2005 (subject to costs being finalised) will be finalised in the near future. The impact will be reported in budget monitoring.

8.6.15 Wave 1 of the Primary Schools Capital Investment Programme (PSCIP) is a priority for the council over the next 3-5 years. Since the report to this committee in December, there has been extensive consultation with the public and schools, particularly those involved in Wave 1. There will be a separate report to this committee outlining the proposed procurement process. Officers have submitted a bid to the DfES to become a Pathfinder for the Primary Capital Programme. A review of the financial implications will be included in a report to Members in the Autumn, at the same time approval is sought to proceed with Wave 1.

8.6.16 The latest forecast of interest rates for the remainder of the year is higher than those assumed in the 2006/07 budget. Whilst the longer term forecasts are more favourable, this could impact on the cost of future prudential borrowing.

8.6.17 The financial position of the local NHS services will continue to be a concern in 2006/07. Adult Services works closely with Barnet PCT to ameliorate any impact of service changes on Council budgets or clients, however, early data collection suggests that reductions in hospital provision may have a major impact on social care budgets. This will be monitored throughout 2006/07.

8.6.18 Adult Services agreed an efficiency target of £200,000 as part of the 2006/07 budget process. This will be delivered this efficiency through the remodelling of business support functions within the service.

8.6.19 The enhancement and development of direct payments to service users will continue to be a priority in 2006/07, and it is proposed that resources be transferred from homecare to direct payments to reflect this expansion. Staffing to support this service will be reviewed as part of the modernisation of younger adult services and business process remodelling.

8.6.20 Energy costs rose sharply in the second half of 2005/06, leading to overspends within the public offices budget. Although the budget was increased in 2006/07, if prices continue to rise there may be a further overspend in 2006/07.

8.6.21 The Resources restructure is progressing but there may be pressure on the budget in the early part of 2006/07.

8.6.22 The SEN transport budget overspent by £400,000 in 2005/06, due to a combination of more school days in the financial year and increasing contract rates. Whilst the number of school days reverts to normal in 2006/07, contract inflation is expected to be high, as fuel costs etc. rise.

8.6.23 Staffing budgets, which incorporate normal vacancy/turnover allowances, in several areas of Education (e.g. Libraries, Youth, Asset Management and Fair Funding) are under pressure following restructures. Education HR, for example, is currently at risk of overspending by £100,000. The Chief Education Officer is exploring the scope to vire budgets from areas that have underspent in the past.

8.6.24 Most budget savings and efficiencies within Education and Children's Services have been implemented, but the implementation of savings in Children & Family Centres, Play, and the SEN Performance Team will need to be kept under review.

8.6.25 The final calculation of the Dedicated Schools Grant (DSG) for 2006/07 is £257,000 less than anticipated, due to an over-estimation by Government of the numbers of children in private and voluntary nurseries. The effect of this can be controlled by reducing the budget for grants to private and voluntary nurseries, so there should be no net impact on the council.

9. LIST OF BACKGROUND PAPERS

9.1 Council Budget Books 2005/06 and 2006/07
General Fund Revenue Account
Housing Revenue Account

Any person wishing to inspect the background papers should telephone 020 8359 7249

Legal:
CFO: JB

Appendix A

Head of Service	**Original Budget**	**Latest Budget**	**Outturn**	**Variance on Latest Budget**	
Adult Social Services	70,510,630	70,868,060	70,456,321	**(411,739)**	
Central Expenses	12,595,810	1,474,372	694,333	**(780,039)**	
Children & Families	25,993,880	26,458,193	26,324,984	**(133,209)**	
Education	56,100,360	55,837,182	54,320,769	**(1,516,413)**	
Environment	21,379,510	23,649,668	23,221,609	**(428,059)**	
Highways & Design	7,123,260	11,634,986	9,902,916	**(1,732,070)**	
Housing	5,167,290	5,343,329	4,062,674	**(1,280,655)**	
Law & Probity	3,972,350	4,245,296	4,280,882	**35,586**	
Planning	680,080	653,281	642,610	**(10,671)**	
Resources	21,140,280	24,506,773	25,878,841	**1,372,068**	
Strategic Development Unit	407,600	453,719	478,245	**24,526**	
Strategic Directors	2,720,840	3,446,601	3,272,818	**(173,783)**	
	227,791,890	**228,571,460**	**223,537,002**	**(5,034,458)**	
Schools	147,310,340	147,253,320	146,776,257	**(477,063)**	*
Contribution to Balances	3,000,000	2,300,000	5,959,245	**3,659,245**	*
Ring fenced Reserves	(6,766,000)	(6,788,550)	(4,936,274)	**1,852,276**	#
	371,336,230	**371,336,230**	**371,336,230**	**0**	
General Fund Balances					
Balances 31/3/05	(5,004,004)	(5,004,004)	(5,004,004)		
Budgeted contribution to balances	(3,000,000)	(2,300,000)	(2,300,000)		
Net underspend (excluding schools)	0	0	(3,182,182)	* net of schools	
Balances 31/3/06	**(8,004,004)**	**(7,304,004)**	**(10,486,186)**		

Mainly contribution from Special Parking Account

APPENDIX B

HOUSING REVENUE ACCOUNT

Service	2005/6 Original Budget	Latest Approved	Actual Expenditure	Variance	Remarks
	£	£	£	£	
EXPENDITURE					
Supervision & Management:Expenses	19,699,080	19,699,080	20,292,639	593,559	Increased cost of Service Level Agreements, both to Barnet Homes and to the HRA
Other Expenses	106,220	106,220	1,275,696	1,169,476	Landlord's insurance - substantially recovered from Leaseholders
Repairs & Maintenance	8,458,000	8,458,000	8,666,910	208,910	
Capital Charges :-					
Cost of Capital	550,000	550,000	39,219,173	38,669,173	Budget shows net amount, AMRA adjustment offsets
Depreciation	8,112,170	8,112,170	15,635,627	7,523,457	Increased due to revaluation of assets
Amortisation of Deferred Charges			1,092,705	1,092,705	Amortisation of debt premia and intangible assets
Housing Benefits	500,000	500,000	540,000	40,000	
Exchequer Subsidy	8,300,000	8,300,000	9,153,280	853,280	Prior year adjustment £562k, balance is capital charges
Increase in bad debt provision	0	0	330,315	330,315	Provision for bad debts re rents, service charges and commercial premises
	45,725,470	45,725,470	96,206,345	50,480,875	
INCOME					
Supervision & Management:-					
Income	(5,656,360)	(5,656,360)	(6,983,070)	(1,326,710)	Leaseholder service charges and insurance
Rent Income:-				0	
Dwellings	(38,984,000)	(38,984,000)	(38,488,863)	495,137	
Garages	(721,000)	(721,000)	(709,251)	11,749	
Other	(698,790)	(698,790)	(814,535)	(115,745)	
	(46,060,150)	(46,060,150)	(46,995,719)	(935,569)	
NET COST OF SERVICES	**(334,680)**	**(334,680)**	**49,210,627**	**49,545,306**	
Capital Charges:-					
Adjustment to AMRA	0	0	(39,178,760)	(39,178,760)	Notional interest offset and intangibles write-down - see capital charges
Interest & Miras	(300,000)	(300,000)	(407,794)	(107,794)	
NET OPERATING EXPENDITURE	**(634,680)**	**(634,680)**	**9,624,073**	**10,258,752**	
Appropriations:-					
Revenue Contributions to Capital	0	0	241,487	241,487	Leaseholder major works contributions lowere than forecast
Transfer to/ (from) Major Repairs Reserve	0	0	(7,523,420)	(7,523,420)	Offsets increased depreciation charges
Housing Revenue Account balance:-					
Contribution to/(from) Working Balance	634,680	634,680	(2,342,140)	(2,976,820)	
(SURPLUS)/DEFICIT	**0**	**0**	**0**	**0**	

Appendix C

Revenue Budget 2005-06

Special Parking Account

	2004-05	2005-06	2005-06	2005-06	2005-06
	Actual	Original Estimate	Revised Estimate	Current Estimate	Actual
	£	£	£	£	£
Income					
Penalty Charge Notices	(5,017,121)	(6,552,400)	(6,552,400)	(6,552,400)	(5,366,690)
Residents Permits	(875,731)	(1,240,000)	(1,240,000)	(1,240,000)	(1,087,078)
Pay & Display	(2,718,767)	(3,105,000)	(3,105,000)	(3,105,000)	(2,964,882)
CCTV Bus lanes	(614,924)	(1,500,000)	(1,500,000)	(1,500,000)	(1,242,239)
Total Income	(9,226,543)	(12,397,400)	(12,397,400)	(12,397,400)	(10,660,889)
Operating Expenditure	4,367,771	5,120,700	5,137,767	5,137,767	5,491,822
Net Operating Surplus	(4,858,772)	(7,276,700)	(7,259,633)	(7,259,633)	(5,169,067)
Add Capital Expenditure / Debt Charge	16,214	535,700	535,700	535,700	258,585
Net Expenditure in Year	(4,842,558)	(6,741,000)	(6,723,933)	(6,723,933)	(4,910,482)
Balance brought forward	(19,518)	(15,218)	(15,218)	(15,218)	(12,076)
Appropriation to General Fund	4,850,000	6,691,000	6,673,933	6,673,933	4,852,558
Balance Carried Forward	(12,076)	(65,218)	(65,218)	(65,218)	(70,000)

Appendix D

NEW Provisions

Service	Amount	Reason for Provision
Planning	£21,250.00	Historic Economic Regeneration Scheme (HERS) project.
Planning	£171,000.00	Earmarked reserve for PDG related projects - £61K Corporate LDF work, £30k SPD (sustainable design) , £55k UDP (adoption challenge), £15k N12 (town centre study), £10k Customer Care.
Planning	£33,000.00	Corporate IT integration/E Planning - e-government and e-planning corporate initiatives and GIS / Ocella upgrades to meet BVPI 205
Central	£18,663.00	Fire Damage to Brent Park
Core	£292,873.34	Temporary and agency staff - potential income query
Corporate	£1,485,713.00	Provision for Pensions Strain - years 2-4

Total	£2,022,499.34

Existing Provisions posted/c/fwd/newly created

Environment	£25,000.00	Asia Urbs
Central	£79,834.00	SEN Ombudsman case
Central	£461,841.36	Underhill Stadium Legal Costs
Education	£17,590.00	Hilton Avenue backdated rates
Education	£18,470.00	Big Lottery Fund - grant repayment
HRA	£60,000.00	Hyde House
HRA	£45,000.00	Sovereign House
Central	£6,731,582.00	Insurance Provision
Central	£15,375.00	Grants to Voluntary Sector
Adult SS	£2,480.00	S117 charges Ref 32423
Central	£4,000.00	Inclusive Play Opportunities Play
Central	£3,860.00	YMCA Church Farm Youth Project
Central	£500.00	Barnet Somali Community Group
Central	£6,000.00	Richmond Fellowship
Central	£17,500.00	YMCA Church Farm Youth Project
Central	£17,640.00	Barnet Voluntary Service Council
Central	£25,000.00	BARNET MULTICULTURAL COMMUNITY CENTRE
Core	£120,000.00	SAP Cash Legacy
Housing	£196,000.00	Lost housing benefit

Total	£7,847,672.36

Appendix D

New Reserves

Service	Amount	Reason for Reserve
Core	£500,000.00	Utilities costs
Core	£3,000,000.00	To meet potential future redundancy and pension costs where a capital direction has previously been
Core	£800,000.00	IT Licences
Core	£1,000,000.00	Capital Reserve

Total	£5,300,000.00

Existing Reserves

Service	Amount	Reason for Reserve
Libraries	£3,617.77	Museum reserve fund
Environment	£90,000.00	Barnet DDA H&D reserve
Core	-£337.25	incorrect legacy roundings
Highways	£28,000.00	Highways - PFI Street Lighting Reserve
Central	£9,590.00	DDA Leisure
Core	£187.61	External insurance interest
Core	-£2,312.05	Brent Lodge charity
Housing	£46,030.00	Hendon Masterplan (CRC 27/9/04)
Central	£117,486.53	Local lottery
Education	£13,500.00	Buffer Bear Nursery

Total	£305,762.61

Appendices E and F

Outturn 2005/06

For copies of these appendices please telephone 020 8359 2037

Appendix G

Change In Revenue Outturn Position (February CRC - Final Outturn)

Service	CRC February	Outturn	Movement
Adult Social Services	(420)	**(412)**	8
Central Expenses	(1,797)	**(780)**	1,017
Children & Families	(101)	**(133)**	(32)
Education	(453)	**(1,516)**	(1,063)
Environment	(16)	**(428)**	(412)
Highways & Design (exc. SPA)	(1,257)	**(1,732)**	(475)
Housing	218	**(1,281)**	(1,499)
Law & Probity	145	**36**	(109)
Planning	21	**(11)**	(32)
Resources	2,246	**1,372**	(874)
Strategic Development Unit	9	**25**	16
Strategic Directors	0	**(174)**	(174)
	(1,405)	**(5,034)**	(3,629)
Reduced Contribution from SPA	1,299	**1,852**	553
Budgeted Contribution to Balances	(3,000)	**(3,000)**	0
Approved Variations	700	**700**	0
	(2,406)	**(5,482)**	(3,076)
Balances @ 31 March 2005	(5,004)	**(5,004)**	0
Balances @ 31 March 2006	**(7,410)**	**(10,486)**	**(3,076)**
LABGI	(1,900)		
Forecast Balances (March 2006)	(9,310)		

Appendix H(i)

SUMMARY OF SPENDING VARIATIONS

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN

Service	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000
Adults Services	5,616	2,528	(3,088)
Central Expenses	2,588	1,498	(1,090)
Children & Families Services	227	101	(126)
Education	21,588	17,463	(4,125)
Environmental Services	2,319	1,479	(840)
Highways & Design	10,998	10,313	(685)
Law and Probity	263	190	(73)
Resources	9,934	10,695	761
Strategic Development	145	173	28
Housing - General Fund	10,013	8,947	(1,066)
Sub totals	**63,691**	**53,387**	**(10,304)**
Other			
Highways & Design, TFL - adjustments and revenue element of allocation	(1,329)	(1,329)	0
Total - General Fund	**62,362**	**52,058**	**(10,304)**

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2005/06 OUTTURN

Service	2005/06 Budget £000	2005/06 Spend £000	Variation from Budget £000
Cash Incentives	750	715	(35)
Housing Renovation Programme	26,214	25,832	(382)
HRA Regeneration	741	327	(414)
Total - Housing Revenue Account	**27,705**	**26,874**	**(831)**

Total - GF and HRA	**90,067**	**78,932**	**(11,135)**

2005-06 Capital Funding Summary

CAPITAL PROGRAMME

General Fund Service	Total Spend £000	Grants £000	Other £000	Revenue / MRA £000	Capital Receipts £000	Borrowing £000	TOTAL £000
Adults Services	2,528	0	0	0	2,000	528	2,528
Central Expenses	1,498	538	0	0	960	0	1,498
Children & Families Service	101	26	0	0	0	75	101
Education Service	17,463	6,940	4,846	91	0	5,586	17,463
Environmental Services	1,479	527	294	0	0	658	1,479
Highways & Design	8,984	4,109	2	143	0	4,730	8,984
Law & Probity	190	0	0	0	0	190	190
Resources	10,695	274	0	856	2,981	6,584	10,695
Strategic Development	173	118	0	0	0	55	173
Housing - General Fund	8,947	507	1,982	0	405	6,053	8,947
Total - General Fund	**52,058**	**13,039**	**7,124**	**1,090**	**6,346**	**24,459**	**52,058**
Housing Revenue Account							
Cash Incentives	715	0	0	0	0	715	715
Housing Renovation Programme	25,832	0	400	4,371	3,799	17,262	25,832
HRA Regeneration	327	0	0	0	327	0	327
Total - HRA	**26,874**	**0**	**400**	**4,371**	**4,126**	**17,977**	**26,874**
Grand Total	**78,932**	**13,039**	**7,524**	**5,461**	**10,472**	**42,436**	**78,932**
As a % of total		17%	10%	7%	13%	54%	100%

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
	Adults Services					
AS01	Mental Health - 2004-05 (DH allocation)	79	78	(1)	0	
AS01	Mental Health - 2005-06 (DG allocation)	163	0	(163)	163	Funding to roll forward into 2006-07 - no spend confirmed by Commissioning Manager.
AS02	Adults Personal Social Services - 2004-05 (DH)	210	0	(210)	210	Rolled forward into 2006-07 for various projects inclduing the implementation and procurement of IT improvements suchas eSAP and EDRMS (ESCR solution) (the 2005-06 costs have been met by the IMM grant - see Children & Families)
AS02	Adults Personal Social Services - 2005-06 (DH)	214	0	(214)	214	As above
AS03	Adult re-provisioning Programme - Learning Disabilities	2,000	2,000	0	0	
AS03	Adult re-provisioning Programme - Older Adults Care Home	2,910	450	(2,460)	2,460	Cabinet Resources Committee 26 Sept 2005 - Football Stadium & adjoining lands - exempt items, subject to negotiations with contractor. Will slip into 2006-07 as negotiations still ongoing.
AS99	Outstanding commitments on completed schemes	40	0	(40)	40	Spend is dependent on contractors submitting claim forms. No claim forms have been submitted in 2005-06.
	Total - Adults Services	**5,616**	**2,528**	**(3,088)**	**3,087**	
	Central Services					
CE01	Capitalised Redundancies	2,050	960	(1,090)	0	Governement unwilling to provide direction to capitalise non-statutory costs.
CE02	Local Public Service Agreements	538	538	0	0	
	Total - Central Services	**2,588**	**1,498**	**(1,090)**	**0**	
	Childrens Services					
CF01	Childrens Personal Social Services 2004-05 (DH allocation)	14	14	0	0	
CF01	Childrens Personal Social Services 2005-06 (DH allocation)	71	35	(36)	36	Slippage in spend whilst a provider is identified to audit, supply and manage the distribution of computers and internet access to looked after children.
CF02	SWIFT	92	26	(66)	66	Slippage- there are plans to spend the remaining budget in 2006-7
CF03	Integrated Childrens Services Capital Grant 2005-06 (DH)	46	26	(20)	20	Slippage- there are plans to spend the remaining capital grant in 2006-7 (the grant conditions permit the roll-forward of unspent grant into 2006-7).
CF99	Outstanding commitments on completed schemes	4	0	(4)	4	
	Total - Children and Families Services	**227**	**101**	**(126)**	**126**	
	Education					
ED01	School Access Initiatives - 2003-04 to 2005-06	663	615	(48)	48	
ED02	Secondary School Expansion - Mill Hill School	72	111	39	0	This project is now complete, with a marginal overspend on a budget of £3,339.
ED03	Secondary Language Unit - The Edgware School	141	141	0	0	

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
ED04	NDS - Building Condition programme 2003-04	201	122	(79)	79	1 Scheme cancelled due to rebuild; 1 scheme outstanding; underspend being rolled forward.
ED05	LEA Liability at VA Schools re major capital schemes	24	0	(24)	24	Delays in finalising account due to contractor going into administration.
ED07	Ashmole School - redevelopment	276	276	0	0	
ED08	Moss Hall Nursery	9	10	1	0	Project now complete and on budget
ED09	The Compton School - expansion	1,990	2,140	150	0	Delay in achieving settlement of Final Account- overspend likely to be reduced
ED10	Frith Manor	3,217	2,311	(906)	906	Slightly behind programme due to asbestos removal
ED12	Modernisation - all schools need - 2004-05	563	455	(108)	108	Schemes at Moss Hall Junior & Compton delayed; Danegrove listed building reconsideration
ED12	Modernisation - all schools need - 2005-06	667	346	(321)	321	Schemes delayed to 06/07
ED13	Modernisation - primary school need	236	41	(195)	195	Moss Hall Infants reroof delayed.
ED14	New pupil places - formulaic (SCER)	1,352	0	(1,352)	1,352	Allocation to PSCIP not required yet.
ED16	Surestart - Underhill ward	75	0	(75)	75	Alterations to Sure Start base
ED16	Surestart - Wingfield Children and Families Centre	146	153	7	(4)	
ED16	Surestart - New Places	0	117	117	0	Funded by Sure Start Capital grant; no net cost to Council
ED17	Big Lottery Fund Schemes - Bell Lane Sports Hall	639	666	27	0	Delay in achieving settlement of Final Account- overspend likely to be reduced
ED17	Big Lottery Fund Schemes - Whitings Hill MUGA	0	2	2	0	
ED21	PSCIP - Hyde School Childrens Centre	96	91	(5)	5	
ED21	PSCIP - Hyde School Rebuild	90	0	(90)	90	Profiling issue, Brief development requires time to develop scheme details with school.
ED22	Parkfield School - Childrens Centre	1,000	773	(227)	227	Agreement obtained from SureStart to re-profile £227k into 2006/07 and 2007/08
ED22	Parkfield School - redevelopment of school	129	71	(58)	58	Profiling issue, Brief development requires time to develop scheme details with school.
ED23	PSCIP - Consultants costs	300	203	(97)	97	Rescheduling of programme required
ED23	PSCIP - Procurement costs	238	0	(238)	238	Rescheduling of programme required
CE03	Arts Centre Development	776	790	14	(14)	
CE04	Burnt Oak Leisure Centre	100	8	(92)	92	Remedial works to be undertaken in 2006/07. Residual scheme budget to be transferred to and monitored by Resources from 2006/07.
ED99	Outstanding Commitments on completed schemes	392	36	(356)	356	Provision for agreeing final accounts on old completed schemes. Outstanding amounts are evaluated requiring detailed justifications from contractors.
	Total excl DFC	**13,392**	**9,478**	**(3,914)**	**4,253**	
	New Deals for Schools Devolved Formula	7,896	7,896	0	0	Budget total includes £3.035m DFC allocation; spend includes use of balances brought forward, government grants, revenue financing, loans and private income

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
	Specialist Schools (capital grant)	300	89	(211)	211	Queen Elizabeths School Music specialism £100k grant deferred from 04/05 to 05/06, £64k spent, £36k to be spent by 31 Aug 06. QE Girls Media & Arts specialism £100k grant deferred from 04/05 to 05/06 not spent, £100k to be spent by 31 Aug 06.East Barnet Technology College status, £100k grant in 05/06 £25k spent, £75k to be spent by 31 Aug 06
	Total - Education	**21,588**	**17,463**	**(4,125)**	**4,464**	
	Environmental Services					
EN02	Recycling Boxes	0	89	89	0	£89k capitalisation of recycling boxes - one-off capitalisation confirmed by CFO
EN02	Recycling - green bins, paper and can recycling banks	439	349	(90)	90	Further expenditure on can banks deferred till 2006/7, green bins will continuing dependant on participation increasing
EN03	Parks Infrastructure - Old Courthouse Rec catering facilities	12	8	(4)	4	Slippage - Further expenditure deferred till 2006/7
EN03	Parks Infrastructure - security of park boundaries	50	20	(30)	30	Slippage - Further expenditure deferred till 2006/7
EN05	Friary Park and New Southgate Recreation Ground	28	39	11	0	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN06	Welsh Harp Improvements - Phase 2	5	5	0	0	Project now completed - awaiting retention bill (£6-7k).
EN07	Darlands Lake / Stonegrove Park	2	13	11	(11)	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN08	Watling Park (S106)	59	44	(15)	15	Slippage - Further expenditure deferred till 2006/7
EN09	Woodfield Park Pavilion	748	722	(26)	26	Slippage - Further expenditure deferred till 2006/7
EN10	Glebelands Open Space - Sports Pitches	0	7	7	(7)	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN11	Environmental Officer - capitalisation of salary	40	40	0	0	Revenue spend capitalised against DFG - ongoing
EN12	CCTV in Town Centres - radio communications syatem	50	0	(50)	50	Proposal to spend in 2006/7
EN12	CCTV in Town Centres - 2004-05 programme	314	104	(210)	210	Slippage - Further expenditure deferred till 2006/7
EN12	CCTV in Town Centres - 2005-06 programme	483	30	(453)	453	Slippage - Further expenditure deferred till 2006/7
EN14	CCTV Installation - New Barnet Town Centre	0	2	2	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN14	CCTV Installation - Apex Corner	0	4	4	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN14	CCTV Installation - Finchley Town Centre	0	3	3	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN99	Outstanding commitments on completed schemes	89	0	(89)	89	Contingency funds to cater for retention bills etc - dependent on suppliers chasing up
	Total - Environmental Services	**2,319**	**1,479**	**(840)**	**949**	
	Highways					
HD01	Structural Maintenance of Bridges - 2005-06 Programme	82	79	(3)	3	
HD02	Street Lighting	57	1	(56)	56	No street lighting capitalisation required in 2005-06. Funds to be reverted back to the Highways Investment programme 2006-07
HD03	Local Safety Schemes - 2004-05 Programme	606	795	189		2004-05 & 2005-06 programmes overlap, net under spend £84k. Work has been deferred due to

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
HD03	Local Safety Schemes - 2005-06 Programme	615	342	(273)	84	discovery of a BT fibro-optic cable and will proceed in 2006-07 immediately after its removal.
HD04	Carriageway Reconstruction - Principal Roads - 2005-06	429	438	9		
HD04	Carriageway Reconstruction - Principal Roads - 2004-05	1,767	1,691	(76)	67	Schemes delayed / deferred due to the ongoing major gas renewal; new water main and sewer works.
HD07/08	Road Traffic Act - Controlled Parking Zones	390	248	(142)	0	Schemes scaled down or deferred awaiting Member approval - under spend will be utilised in supporting the SPA income shortfall. P&D equip £105k funded from additional SPA Prudential Borrowing 2005-06
HD10	Footway Reconstruction - Borough Roads (Barnet funding)	38	36	(2)	2	Capitalisation to be funded by the re-allocation of highways investment 2005-06.
HD10	Footway Reconstruction - TFL funding	264	279	15	0	Change in specification of material required to strengthen the footway - additional TfL allocation sought
HD11	London Bus Priority Network - 2005-06 Programme	110	110	0	0	Revenue expenditure re-aligned - detailed below
HD12	Cycling	40	61	21	0	Consultants fees greater than anticipated - additional TfL allocation sought
HD15	Safer Routes to Schools - 2004-05 Programme	22	38	16		2004-05 & 2005-06 programmes overlap, net under spend is £27k. The under spend relates to programme slippage and the remaining SRtS work will be carried out in 2006-07.
HD15	Safer Routes to Schools - 2005-06 Programme	243	200	(43)	27	
HD17	Highways Investment 2004-05	327	189	(138)	138	Schemes incorporated into the 2005-06 Highways Investment programme
HD18	Regeneration and Access Corridors	50	41	(9)	9	
HD21	Highways Investment 2005-06	4,542	4,396	(146)	146	Under spend used to support 2004-05 HI programme & Capitalisation of Footway works. Remaining £342k under spend can be attributed to delays resulting from the need for road closures and imminent bridge works. Schemes will proceed in 2006-07
HD25	Bus Stop Accessibility	51	5	(46)	46	Implementation delayed due to land ownership issues, currently being resolved.
	Outstanding commitments on completed schemes	36	35	(1)		
		9,669	**8,984**	**(685)**	**578**	
	TfL adjustment to approved baseline programme for 2005/06	**210**	**210**	0	0	**NOTE: During the year changes to a number of scheme allocations or works, outside of delegated or previously agreed limits, have become necessary. We recommend that approval is obtained so the budget figures reflect changes to TfL schemes as set out in the final approved baseline programme for 2005/06. The net TfL adjustment is £1.329m, which incorporates £210k of scheme re-alignments and £1.119m relating to TfL expenditure contained within the Councils revenue account.**
	Carriageway Reconstruction - Principal Roads - 2004-05 Revenue Programme Cost Centre 10785	**109**	**109**	0	0	
	London Bus Priority Network - 2005-06 Revenue Programme Cost Centre 10786	**1,010**	**1,010**	0	0	
	Total - Highways	**10,998**	**10,313**	**(685)**	**578**	
	Law and Probity					
LP01	Local Land Charges	120	53	(67)	67	Project behind schedule.
LP02	Trove System replacement	26	27	1	0	
LP03	Legal case management system	117	107	(10)	10	

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
COR3	Members IT	0	3	3	0	Minor overspend of revenue contribution to capital.
	Total - Law and Probity	**263**	**190**	**(73)**	**77**	
	Resources					
BT01	Pericles - Revenues and Benefits System	1,449	629	(820)	820	Waiting on SB
IT01	Content Management System (CMS)	259	168	(91)	91	Waiting on SB
	ICT Infrastructure	17	61	44	0	
IT04	Modernising Our Infrastructure	2,417	2,460	43	(43)	Spend has occurred ahead of profile, forecast of total expenditure under review.
IT04	Modernising Core Systems	4,201	6,012	1,811	0	The Variation shown here reflects gross expenditure against approved budget. However, additional funding has been secured from Barnet Homes / HRA (£780k) and through a revenue contribution from IS (£280k). Additionally £584k of Phase 1 procurement costs are shown against this budget following a decision made in 2005/06 not to charge these costs to revenue. The remaining overspend is thus £167k relating in part to delays in decommissioning of legacy systems, although work continues to ensure that all cost charged to the MCS project are properly allocated.
IT05	Electronic Documents and Records Management System	200	124	(76)	76	Project behind schedule.
	Education Management Information System	90	19	(71)	71	Project behind schedule.
	Mobile Working Strategy Development	80	0	(80)	80	Slippage - expenditure deferred to 2006/7
	NLBP - IT costs of additional staff relocated to NLBP	210	0	(210)	210	Slippage - expenditure deferred to 2006/7
	IP Telephony and call management technology	20	0	(20)	20	Slippage - expenditure deferred to 2006/7
HE01	NLBP - IT costs	107	74	(33)	33	Waiting on SB
HE02	Barnet House	850	843	(7)	7	
HE04	Council Offices Security Systems	25	23	(2)	2	
	Fenella Refurbishment	0	282	282	18	£300k Unsupported Credit Approval allocation as part of Local Pubic Service Agreement (LPSA)
HE99	Outstanding commitments on completed schemes	9	0	(9)	9	
	Total - Resources	**9,934**	**10,695**	**761**	**1,394**	
	Strategic Development					
SD01	Watling Shopping	0	1	1	0	
SD04	Grahame Park Sports Pitch - additional costs	37	54	17	(14)	SRB reconciliation and capital project closure
	Building Safer Communities	108	118	10	0	Net position on BSC capital funding
	Total - Strategic Development	**145**	**173**	**28**	**(14)**	

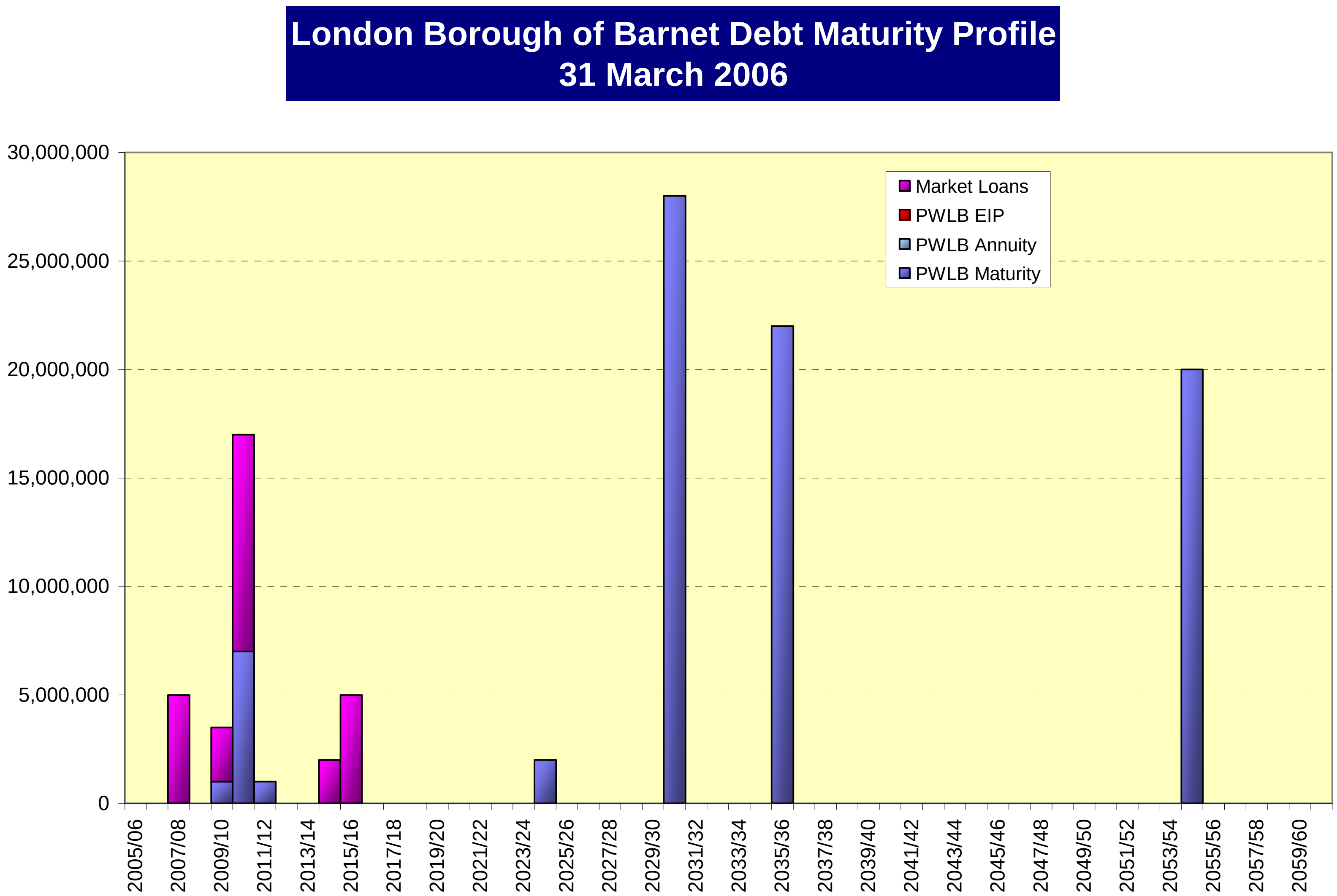
GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
	Housing - General Fund					
	Renovation Grants	50	(54)	(104)	0	Credit on net expenditure
	Disabled Facilities Grants	1,110	872	(238)	0	DFG's are mandatory and demand led. Once grant approved the Council has little control as to the timing of works and hence payments.
	Housing Association Programme	3,083	2,903	(180)	180	Underspend was as a result of the delayed completion of a scheme. The £180,000 not taken up by Warden Housing Association will need to be carried over into 2006/7.
	Regeneration:-					
	Stonegrove - site assembly / property acquisition	3,520	3,740	220	(220)	Spend has occurred ahaead of profile. Capital scheme overall forecast within budget.
	Grahame Park - property acquisition	2,250	1,486	(764)	764	Timing differences on acquisition of properties.
	Total - Housing - General Fund	**10,013**	**8,947**	**(1,066)**	**724**	
	Totals	**63,691**	**53,387**	**(10,304)**	**11,385**	

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06 Budget £000	2005-06 Spend £000	Variation from Budget £000	Slippage to 2006/07	Remarks
	Cash Incentives	750	715	(35)	0	There is a high demand for cash incentive schemes which has proved to be a cost-effective way of freeing up units for rent. Spend close to budget
	Transitional Programme	11,876	11,362	(514)	65	Two projects did not complete within the year, late start on site due to access issues, will carry over onto 2006/07.
	Partnering Packages					
	Barnet	3,355	3,319	(36)	36	Decent Homes packages of works with the partner constructors started on site in August 2005 following the contractual lead-in. Successfully completed some packages ahead of schedule, but othes will carry into 2006/07. Overall spend of the capital programme is almost 3 times that of 2 years ago.
	Finchley	2,218	1,739	(479)	290	
	Hendon/Edgware	3,533	3,613	80	0	
	Sheltered/Hostels	1,288	1,329	41	0	
	Adaptations	861	964	103	0	Brought forward funding to enable high priority/high need works to be carried out
	Regeneration Estates	542	516	(26)	26	Minor variation
	Miscellaneous Works	2,541	2,990	449	0	Brought forward planned maintenance works following projected underspend with transitional schemes.
	HRA Regeneration	741	327	(414)	414	Capitalised spend lower than forecast due to carry forward requirement to support earmarked spend in FY06/07
	Totals	**27,705**	**26,874**	**(831)**	**831**	

Appendix I



London Borough of Barnet Debt Maturity Profile
31 March 2006
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
Market Loans
PWLB EIP
PWLB Annuity
PWLB Maturity
2005/06
2007/08
2009/10
2011/12
2013/14
2015/16
2017/18
2019/20
2021/22
2023/24
2025/26
2027/28
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2031/32
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2057/58
2059/60

APPENDIX J: Prudential Indicators

PRUDENTIAL INDICATOR	2004/05	2005/06	2005/06
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT	**£'000**	**£'000**	**£'000**
	actual	**original**	**actual outturn**
Capital Expenditure			
Non - HRA	£41,284	£62,642	£44,080
HRA (applies only to housing authorities)	£19,797	£28,688	£25,209
TOTAL	£61,081	£91,310	£69,289
Ratio of financing costs to net revenue stream			
Non - HRA	0.36%	1.44%	0.53%
HRA (applies only to housing authorities)	39.00%	40.00%	41.00%
Net borrowing requirement			
brought forward 1 April	£8,626	£7,963	£7,963
carried forward 31 March	£7,963	£72,060	£75,768
in year borrowing requirement	£(663)	£64,097	£67,805
Capital Financing Requirement as at 31 March			
Non – HRA	£59,404	£93,325	£73,610
HRA (applies only to housing authorities)	£6,678	£24,655	£31,887
TOTAL	£66,082	£117,980	£105,497
Annual change in Cap. Financing Requirement			
Non – HRA	£10,856	£29,770	£14,206
HRA (applies only to housing authorities)	£6,678	£17,977	£25,209
TOTAL	£17,534	£47,747	£39,415
Incremental impact of capital investment decisions	**£ p**	**£ p**	**£ p**
Increase in council tax (band D) per annum *	£13.02	£22.67	£(32.86)

AGENDA ITEM: 12 Page nos. 30 - 45

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Building a Future for Barnet's Children: Procuring the Primary School Capital Investment Programme (PSCIP)**
Report of	Cabinet Member for Education & Lifelong Learning Leader of the Council
Summary	This report seeks Cabinet Resources approval for the procurement model for Wave 1 of PSCIP

Officer Contributors	Chief Education Officer and Director of Resources
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	All
Enclosures	Appendix 1 - Risk Management Appendix 2 - Indicative procurement timetable
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Sarah Harty (Education Service) 020 8359 7350

1. RECOMMENDATIONS

1.1 That a Strategic Partnering Agreement is adopted to deliver the Primary Schools Capital Investment Programme.

1.2 That officers be instructed to prepare for the procurement of a Strategic Partner for the Primary Schools Capital Investment Programme with a view to going to tender after the September 2006 Cabinet meeting.

1.3 That officers be instructed to prepare for mandatory variant bids for:

- **the construction of the schools only**
- **the construction of the schools plus land disposal**

and to seek bids for external agencies to sell the land separately to test value for money.

1.4 That officers be instructed to prepare plans for the procurement of the ICT infrastructure for the Primary School Capital Investment Programme.

1.5 That the Chief Education Officer be instructed to report to Cabinet in September 2006 on the schools to be included in Wave 1 and on the feasibility of including VA and foundation schools in the programme.

1.6 That the Chief Education Officer and the Director of Resources be instructed to report to Cabinet in September 2006 on land valuation and planning issues and the financial assessment.

1.7 That the Chief Education Officer and the Director of Resources report to Cabinet in September 2006 on the updated costs of procuring the contract.

1.8 That a part of the budget of £1.1m agreed by the Cabinet in December 2005 be applied to the work needed to prepare for procurement.

1.9 That officers be instructed to engage the necessary internal and external resources to support the programme.

1.10 That the application to the DfES to become a pathfinder in the national Primary Capital Programme be noted.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet 9 September 2002, Investment Needs and Opportunities – Way Forward

2.2 Cabinet 20 January 2003, Private Finance Initiative – Bid to DfES

2.3 Cabinet, 5 December 2005, Building a Future for Barnet's Children: The Primary School Capital Investment Programme

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 A First Class Education Service is a key priority of the Corporate Plan. The Primary School Capital Investment Programme will support the delivery of this priority by providing high quality, twenty first century learning environments for Barnet's primary school children.

3.2 In line with the council's procurement rules, the full range of funding and service delivery options has been considered when developing the proposals contained in this report.

4. RISK MANAGEMENT ISSUES

4.1 The Primary School Capital Investment Programme is a complex project with risks attached to it. The following strategic risks have been identified by the programme team and the council's technical and financial advisors:

- Failure to address the investment need (leading to an increasing maintenance backlog with little associated funding)
- Planning and providing the right number of primary school places in the right locations
- Land valuations (lower receipts achieved than expected and/or delays)
- Government grant settlements for Local Government over the coming 10 years (causing prudential borrowing to become unaffordable)
- Government imposing limits on prudential borrowing
- Section 106 planning obligations (failure to receive funding at anticipated levels or timescales)
- Market appetite
- Construction capacity and pricing
- Other increases in construction costs
- Planning permissions
- Section 77 consent
- School Organisation Committee approval
- Education and Inspections Bill
- Stakeholder perception and support

A full analysis of these risks and the risk management process adopted by the council is included as Appendix 1 to this report.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 Financial

The programme has been segmented into three waves. This paper is concerned with the procurement of Wave 1 schools only. A review of the costs of building schools in Wave 1 of the programme, potential receipts from land sales and procurement costs will be presented to Cabinet in September 2006.

5.2 Staffing

The programme represents the biggest single capital investment the council has undertaken for some years. The procurement phase of the programme will require a dedicated team and effective working across a range of service areas. Budget provision has already been agreed to cover this stage of the programme.

5.3 ICT

5.3.1 The underpinning Educational Vision commits the council to providing new and refurbished schools with ICT provision that meets the changing demands of the modern primary curriculum.

5.3.2 The ICT infrastructure will be procured as a separate contract as it is considered that this will provide greater flexibility and value for money. Hardware will be procured closer to the time of school openings.

5.4 Procurement

There are four major elements to be considered in procuring the programme:

- the procurement model;
- whether land should be bundled up with the main procurement or sold separately;
- whether to include facilities management or not; and
- the route to be followed in the EU process.

This report recommends that a strategic partner be sought on the basis of two mandatory variant bids for:

- the construction of the schools only
- the construction of the schools plus land disposal

and that bids from external agencies to sell the land separately be sought. The purpose of this approach is to provide assurance that the council is achieving value for money in disposing of the land.

6. LEGAL ISSUES

6.1 Education and Inspections Bill

6.1.1 The Education and Inspections Bill 2006 will confer a choice for community schools to seek trust status and thus gain ownership and control of the school's assets, including land and buildings. Should this occur while any part of the project remains to be carried out, so that there is a binding but uncompleted contract, it is conceivable that new legislation might provide for the transfer of the benefit of the contract and/or the receipt or control of sale proceeds. Although unpredictable at present this is a potential risk.

6.2 Schools Forum

The Schools Forum is a statutory body established by the Education Act 2002, which has formal powers to approve proposals from their local authorities to move away from the requirements of the school funding regulations in order to take account of specific local circumstances. Any proposal to ring-fence revenue savings from the programme to help finance Wave 1 would need the approval of the Schools' Forum.

7. CONSTITUTIONAL POWERS

Constitution Part 3 – Responsibility for Functions – Section 3: Powers of the Executive

8. BACKGROUND INFORMATION

8.1 DfES Primary Capital Programme

The DfES has initiated consultation on its Primary Capital Programme which aims to improve a significant number of primary schools nationally. Pathfinder status with funding of approximately £4-5m is available from 2008-9. Funding will then be made available from this DfES programme to all authorities for 15 years from 2009-10. An estimated £2-3m will be available annually to an authority of Barnet's size and socio-economic profile.

Barnet has submitted a bid for pathfinder status. If the council bid were to be successful the pathfinder capital would help to underpin the programme financially, thus reducing its financial risk. Although draw down conditions for the ongoing capital available from 2009-10 have not yet been determined, it seems likely that at least some of this money could also be used to offset the costs of the programme.

8.2 Procurement

8.2.1 Procurement issues

There are four major elements to be considered in procuring the programme:

- the procurement model;
- whether land should be bundled up with the main procurement or sold separately;
- whether to include facilities management or not; and
- he route to be followed in the EU process.

8.2.2 Procurement model

External advice was sought on the most appropriate procurement model, especially in relation to value for money issues.

The options considered were:

a) Traditional procurement;
b) PFI;
c) Joint Venture;
d) Strategic Partnership.

a) **Traditional procurement** involves the construction of schools on a one-off basis. This entails the need to go to the market for individual contracts. The possible advantages of traditional procurement are the ability to continually test value for money and to incentivise contractors to produce quality buildings as they have no assurance that they will win future contracts. These advantages are, however, more than offset by the costs and logistical difficulties of repeated procurement exercises. Moreover, the absence of a long-term relationship with a contractor precludes continuous improvement and risk sharing, thus potentially making traditional procurement more costly and less effective. Traditional procurement would therefore be inappropriate for a programme of this complexity.

b) **PFI procurement** normally funds development over a period of 20 years or more. A comparison of costs shows that PFI procurement is only cost effective if PFI credits are available. In the absence of such credits, this route would be considerably more expensive than prudential borrowing, largely because the council can access more advantageous borrowing interest rates. Since there are no PFI credits for this scheme, this route was discounted.

c) Joint Venture Company

Advice on the use of a Joint Venture Company (JVC) and Strategic Partnering was obtained by the Borough Solicitor from Trowers and Hamlin (Appendix 2, Exempt report).

A JVC is a company limited by shares. It has its own legal identity, separate from the council, defined in a Shareholders Agreement and Articles of Association. The council and the chosen contractor would be shareholders.

Councils have typically used JVCs where long term projects are to be procured e.g. for Building Schools for the Future.

Advantages

- the ability of the parties to gain a future financial return on an initial investment (e.g. in this case the input of the council's land);
- the production of separate accounts allowing greater clarity on company income and expenditure;
- An ability to "hive off" liabilities; and
- The ability to create a jointly owned and managed separate legal vehicle to whom staff may be transferred or seconded and which may itself employ staff, enter into contracts or own land

Disadvantages

- It would normally only be considered appropriate for a long term commitment i.e. longer than for Wave 1 of the PSCIP
- expense and administrative work, as well as the set-up costs;
- the JVC would be subject to a different tax regime;
- the need to appoint and pay for company auditors in addition to the council's own audit controls;
- any activities by the council carried out through a JVC would need to comply with local government rules and with the Companies Act;
- JVC directors would be personally liable in the case of insolvency or any action in breach of their fiduciary duty; and
- the complexity of the required exit strategies i.e. the mechanism by which financial separation would be achieved on dissolution. A risk could be that one partner would be forced to buy shares at inflated values.

Conclusion

The legal advice states that "an alternative solution which avoids the need to establish a separate corporate body will certainly be less complicated and more cost effective." The relatively short-term nature of Wave 1 does not lend itself to the expense and complexity of a JVC, especially given that its status as a separate legal entity would in itself pose a series of additional financial and regulatory risks.

d) Strategic Partnering Agreement

Strategic Partnering would involve an agreement between a contractor and the council over a specified period to work together to deliver the aims of PSCIP. The contractor would have exclusivity to deliver the schools subject to performance and value for money testing (using benchmarking and market testing). Individual school projects would be called off under separate design and build construction contracts. It is the responsibility of the Strategic Partner to manage all the sub-contractors and to develop a common solution if issues are identified. There are significant costs to a contractor bidding for this type of contract. The volume and value of work therefore needs to be sufficiently high to warrant this expenditure.

Advantages

- a more balanced sharing of risk than in traditional procurement
- a greater ability to overcome obstacles by avoiding adversarial relations by setting shared objectives
- the ability to take a long-term perspective with arrangements that balance risk and reward;
- improved management techniques during design and construction
- potential cost and quality gains through the process of continuous improvement carried forward from one project to the next.

Conclusion

Strategic partnering offers a mechanism to take advantage of the cost and quality benefits of a longer term contractual relationship with elements of risk sharing without the complexity and administrative expense of setting up a JVC. This is therefore the recommended procurement model for this programme.

8.3 Land disposal

There are two options for dealing with the disposal of the land identified as providing capital to part-fund the programme:

- the contractor takes responsibility for both the construction of the school and the disposal of the surplus land. This option would include an overage agreement to ensure that the council benefited from any rise in land values and/or increased receipt from optimised land use. This option is similar to the regeneration projects the council has already embarked on; or
- the contractor constructs the school only and the council sells the land independently via an external agent.

There are advantages but also risks with each approach. These would have to be carefully evaluated during the procurement stage. Soft market testing, however, has demonstrated an interest in both options.

The critical point in establishing the best way of handling land disposal is how to ensure that the council minimises the need for prudential borrowing by maximising the value of the land and achieving value for money from the construction of the schools.

This issue is not straightforward. Whilst the council might forfeit a percentage of the capital value of its land by bundling it up into the procurement, this could be offset by the elimination of any conflict of interest between maximising the land available for sale and achieving an economic build. Moreover, in handing the land over to the contractor, the council would not bear the financial risk of a failure to sell the land within the timescales anticipated in the financial model, thus exposing the council to a need for increased prudential borrowing. But there is no way of definitively establishing the relative merits of these two options without going to the market.

The strategic partnering agreement would have to provide safeguards to ensure that a developer who was also handling the land could not delay the school building programme unreasonably by deferring the sale of land.

In order to test value for money it is therefore proposed that the council goes to market with the inclusive bid and the construction only bid combined with the option of selling the land independently. The two bids would be mandatory variants. The council would also seek bids from agencies which might dispose of the land on the open market. A comparison can then be made between the inclusive bid and the best construction-only bid and the land agency bid.

This method of procurement is clearly more complex and expensive than simply deciding on a single route in advance. It is, however, the only way of providing any assurance that the council has achieved value for money through the procurement process.

8.4 Facilities Management

It is important that the new and refurbished schools are well maintained so that the backlog of repairs and maintenance does not build up again. In order to achieve this, hard facilities management (FM) (regular and routine repairs and maintenance of the building) and lifecycle maintenance (major structural works) could be included in the procurement.

The financial modelling undertaken so far includes provision for hard FM and lifecycle maintenance over 25 years and assumes that schools meet all these costs by contributing their devolved capital budgets for an agreed period and their revenue maintenance budgets. More flexible variations on the model are also being investigated

Consultations are currently taking place with schools on the financial and management implications of these proposals. Schools will need to agree to commit parts of their budgets to cover the costs if these FM elements are to be included in the contract negotiations. Subject to gaining this agreement, the costs and desirability of including hard FM and lifecycle maintenance in the contract would be tested as part of the procurement process.

8.5 EU Procedure

New EU procurement procedures have recently come into effect. This enables the council to enter into discussions with a number of contractors in an equitable manner and to use a staged approach to select the preferred bidder.

This procedure is new, relatively untested and onerous in terms of the supporting work generated for both the council and the bidders. Combined with the complexities of the recommended procurement route outlined above, this new procedure will be involved and expensive. But there is no real choice of procedure (and older methods present their own problems).

It is estimated that the procurement phase will be completed by early 2008 (Appendix 2). This would enable construction to commence by May 2008.

8.6 Conclusions

Legal advisers to the council indicated that the formation of a joint venture company would be a complicated and costly model for the council without any major benefits. The conclusion reached was therefore that a strategic partnering agreement should be sought.

Following evaluation, a procurement model with mandatory options has been developed which could be used to go to market:

- the partner takes responsibility for both the construction of the school and the disposal/construction on the associated land for disposal; or
- the partner constructs the school only and the council arranges the land disposal through its normal arrangements via an external agent.

The council would also seek bids from external agencies to dispose of the land separately in order to provide a comparison wit the mandatory variant bids.

In both models:

- ICT procurement will be conducted separately;
- a decision will be required, following discussions with Wave I schools, on the inclusion of hard FM (regular and routine repairs and maintenance of the building) and lifecycle maintenance in the contractual negotiations; and
- the new competitive dialogue process will be followed to select the Strategic Partner.

8.7 Programme Management Arrangements

Preparation for procurement will commence in August 2006 so that documentation is ready to enable the EU process to commence in late September/early October 2006. It is possible that this process may take 2-3 months longer than anticipated because of the complexity and newness of the procedure. The review of schools and land disposals will continue up to a Cabinet paper in September 2006. Prince2 methodology will be applied throughout.

This will require ongoing input from external advisers and consultants and will require the continuation of the programme management team. The budget agreed by Cabinet in December 2005 was £1.1m. This budget will be used to continue this work. It is estimated that the costs will be approximately £200K. This breaks down into Programme Management 35%, specialist advice 40%, procurement 15%, internal 10%. These costs would be abortive if the programme did not proceed.

From September 2006 to 2008 the major task for PSCIP will be to procure a Strategic Partner. Therefore from September 2006 the Resources Directorate will take on the management of the programme as this is where the procurement expertise resides in the council. Education will then take on the client role.

The Education Service will, in conjunction with a Professional Advisory Board made up of governors, headteachers and selected experts, provide the educational advice needed for the procurement phase.

8.8 Next Steps

As stated in the opening paragraph of this report, the Primary School Capital Investment Programme provides Barnet with a significant and strategically grounded opportunity to rejuvenate its primary school estate. The next steps towards the realisation of the programme are to:

- initiate the development of the procurement process;
- continue to review the schools and land in Wave 1 in the light of the consultation responses;
- review the feasibility of including VA and foundation schools in the programme; and
- bring a proposals for Wave 1, an associated land disposals programme and financial assessment to Cabinet in September.

9. LIST OF BACKGROUND PAPERS

Programme Risk register – Interim Programme Director PSCIP
KPMG Financial Assessment – Interim Programme Director PSCIP
Programme Governance Paper – Interim Programme Director PSCIP

Legal: JEL
Chief Finance Officer: CM

Appendix 1 – Risk Management

1. Risk Identification

1.1 The effective identification and management of risk is a central component of effective project management. A risk identification and management workshop was undertaken with the Project Team on 19 October 2005. The output from the workshop, along with risks identified by the council's technical and financial advisers have been recorded in a risk register. The register has since been regularly updated and reported to the Board. The risk register includes:

- an assessment of the priority of the risk, taking probability and impact into consideration.
- the risk treatment strategy the council has applied to respond to the risk and actions that the council will take to achieve the chosen strategy
- ownership of the risk – showing who in the council is responsible for successfully implementing the chosen strategy

1.2 The project's risk register is included as Appendix 1B to this report. The programme is large, complex and subject to a range of risks. The key strategic risks to the PSCIP are outlined below and apply to the programme as a whole. This is underpinned by a comprehensive risk register.

2. Risks

2.1 Strategic

a) Planning and providing the right number of primary school places in the right locations (Ref. 28). Overall numbers on roll in Barnet are projected to increase over the next ten years. However, the impact of this is likely to be spread unevenly over the borough, with increases in some planning areas and decreases in others. Changes could mean that there is an under supply of places in some planning areas and an over supply in others

To mitigate this risk, the council has utilised the GLA's School Roll Projection Model to inform the programme's phasing structure. In addition, the flexible nature of the programme means that it can be re-scoped to reflect changes in demand for primary places.

b) Failure to address the investment need (Ref. 39). The size of the primary sector's capital investment needs and a lack of Central Government funding have resulted in a failure to identify an appropriate way forward to date. Failure to address decisions about the disposal of surplus land and capital investment funded through Prudential Borrowing could result in the continuation of this situation, with a continuing deterioration of school buildings.

2.2 Financial

a) **Land valuations (Ref. 41).** The programme is heavily reliant on funding from capital receipts. The level and timing of receipts achievable will depend on the type and extent of development allowed by the Planning Authority and prevailing market conditions. Failure to achieve capital receipts at expected levels and at the planned time could make aspects of the programme unaffordable – either overall, or due to very short-term borrowing requirements. The timing of these receipts will also influence the level of financial support required for the project.

To mitigate this risk valuation officers have undertaken detailed assessments of the potential land valuations, including a review of best case, most likely and worst case valuations. In addition officers have undertaken an internal review and checked with external advisors. The Chief Finance Officer is also continually reviewing the markets to determine the most advantageous time for the council to borrow the sums involved. The financial report contains sensitivity tests around the quantum and timing of land receipts to enable assessment of the potential financial impact of these risks.

b) **Government grant settlement (Ref. 36).** Poor government grant settlements for local government over the coming 10 years could cause prudential borrowing to become unaffordable. It must be borne in mind that the Government could at any time impose limits on prudential borrowing.

c) **Market appetite (Ref. 15).** With much choice available to construction companies they are likely to be more selective in the projects they bid for in future. In the council's case this is exacerbated by the fact that the project is not supported by Government funding and that bidders may be concerned that the project will not progress.

This risk will be mitigated by defining a procurement model that is attractive to the private sector, without compromising value for money. It will also be important to demonstrate that the council has the capacity and expertise to manage the procurement well. Finally, the project will be well marketed. This process has commenced with early market testing with a number of potential bidders.

d) **Section 106 planning obligations (Ref. 24).** The funding package includes anticipated Section 106 planning obligations from major developments in the borough. If payments are received latter than expected, this could cause affordability problems. To mitigate this risk, only Section 106 planning obligations with a high degree of certainty have been included in the financial model.

e) **Construction capacity and pricing (Ref. 23).** There is a risk that extensive construction activity in the schools sector nationally (with £5 billion per year funding), as well as regional and local activity (due to the Olympics and the number regeneration projects) may stretch market capacity and force prices up. Tender price inflation has been allowed for at current forecast levels but these may be exceeded.

This risk will be mitigated by progressing the procurement at a fast pace, so that construction can occur before the supply chain is absorbed in projects associated with the Olympics.

f) **Other increases in construction costs (Ref. 18).** A quantified risk assessment has been undertaken of other risks that may cause an increase in construction costs. This has resulted in an overall risk of approximately 5% to 10% escalation in construction costs (at 50% and 90% confidence levels respectively).

The above is within the range of the potential savings that may be accrued from undertaking a programmatic approach to procurement. In addition the risk allocation associated with the proposed procurement models would transfer significant elements of this risk to the private sector supply chain which is better placed to deal with those risks. Therefore, these risks will be contained and with no additional costs to the base estimates. As described below, a rigorous risk management process will be adopted during project development to ensure that these cost targets are met. In addition we will undertake comprehensive surveys before procurement to ensure that the private sector can properly assess and price risks.

The financial assessment (included as Appendix 1 to the exempt section of this report) contains sensitivity tests around construction costs to enable assessment of the potential financial impact of the above risks.

2.3 Regulatory

a) **Binding contractual obligations (Ref. 11).** If a joint venture arrangement is chosen this will involve a long term partnership. The governing contract will necessarily provide for reciprocal obligations throughout the contract term but once the contract is entered into it will mean that the Council will be bound to implement all of the disposals agreed under the joint venture. The current recommendation is, however, for a strategic partnership

b) **Planning permissions (Ref. 16).** A number risks are associated with the obtaining of planning permissions for the new schools and various enabling developments. This is a particular issue where there are planning policy issues and developments on protected open space. Beyond the council's statutory planning requirements, there may be other higher planning consents (from for example the Government Office of London, the Mayor of London and Sport England) required where strategic planning policies are affected.

At present planning issues do not appear to be insurmountable and proposals will continue to be reviewed with the Head of Planning as they develop. Early consultation with respect to higher planning consents will be initiated following approval of this report. In order to improve certainty, Planning briefs will be obtained for schools in the first phase of Wave 1 of the programme before or during the procurement. A full appraisal of planning policy and site options will form part of a wider study by specialist education planning advisors.

c) **Section 77 consent (Ref. 14).** Approvals will be required from the DfES regarding land disposal. Detailed assessments of Section 77 requirements have been undertaken and the DfES has been consulted to minimise this risk.

d) **School Organisation Committee approval (Ref. 12).** Approvals will also be required for any significant changes in school organisation. These will take the form of public consultation and subsequent approval by the School Organisation Committee.

e) **Education and Inspections Bill (Ref. 29)** The Bill contains a number specific proposals which would impact on the ownership and control of schools' assets. If implemented fully, the proposals outlined in the Bill could have a significant impact on the programme. Officers will monitor the progress of the Bill, keep Cabinet informed of developments as they arise and seek approval to amend the programme as necessary.

2.4 Reputation

a) **Stakeholder perception and support (Ref. 37).** The programme involves the disposal of a number of parcels of surplus school land. This could generate negative media coverage and erode community support for the programme.

3. Risk Management

3.1 The Project Manager is responsible for ensuring that risks are identified, recorded and regularly reviewed. To this effect, the Project Manager maintains a risk register and action plan, which is reviewed at each Project Team meeting.

3.2 The Project Director regularly presents the risk register to the Programme Board, which has four responsibilities in relation to risk management:

- notifying the Project Director of any external risk exposures to the project
- making decisions on the Project Manager's recommended responses to risk
- striking a balance between the level of risk and the potential benefits that the project may achieve
- making Directors Group aware of any risks that impact upon the project's ability to meet corporate objectives

Appendix 2 – Indicative Procurement Timetable

	Key Milestone	Date
1	Cabinet Resources Committee approval of procurement model	June 2006
2	Publish OJEU Notice	September 2006
3	Complete Information Pack	July – September 2006
4	Information Day and site visits	September 2006
5	Receive Expressions of Interest (EOI)	November 2006
6	Pre-Qualification Questionnaire (PQQ)	November -December 2006
7	Evaluation of PQQs long list. Issue invitation to participate in the dialogue	January - February 2007
8	Competitive dialogue process (includes clarification meetings and short listing)	February - October 2007
9	Approval of short list of bidders by Programme Board. Issue invitation to submit final tenders	October 2007
10	Evaluation of Final Tenders and selection of Preferred Bidder.	November 2007 -February 2008
11	Section 77 & Sport England Approval	September 2007- Jan 2008
12	Programme Board and CRC approval of Preferred Bidder	February 2008
13	Final contract negotiations with Preferred Bidder	March - April 2008
14	Contract Award	April/May 2008
15	Work commences on site	May 2008
16	First new school opening	September 2009
17	Service commencement Phase 1	September 2009
18	Service commencement Phase 2	September 2010
19	Service commencement Phase 3	September 2011

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Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**The rebuilding of East Barnet Secondary School on its existing Chestnut Grove site**
Report of	Cabinet Member for Education & Lifelong Learning Leader of the Council and Cabinet Member for Resources
Summary	This report seeks approval to include in Council's Approved Capital Programme the proposed rebuilding of East Barnet Secondary School with extended community use on its existing Chestnut Grove Site, as part of the DfES "One School Pathfinders" programme. Approval is sought for appointment of Design Consultants from Work Area M of the Council's Framework Agreement on Consultancy Services. As part of linked development, it also seeks approval for the transfer to an appropriate governing body of the proposed Jewish Community Secondary School (JCoSS), a suitable interest in the existing school site at Westbrook Crescent (excluding the playing field) and similarly the transfer to the proposed C of E Academy a suitable interest in Hilton Avenue playing fields.

Officer Contributors	Keith Rowley, Head of Education Capital, Education Service.
Status (public or exempt)	Public
Wards affected	East Barnet
Enclosures	Appendix A – Draft Programme
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: (Education Service) 020 8359 7632

1 RECOMMENDATIONS

1.1 That the project for the rebuilding of East Barnet Secondary School with community use of facilities be incorporated into the Council's Approved Capital Programme at an indicative cost of £28.4M.

1.2 That the Committee notes that the new East Barnet Secondary School building design needs to be further developed to accurately predict the project costs can be contained within the DfES £28.4M allocation. Officers will report a more detailed budget breakdown and financial spend profile at project finalised design stage (anticipated in November 2006).

1.3 That subject to the receipt of the grant from the DfES for the rebuilding of East Barnet School on the Chestnut Grove site, approval be given in principle to the transfer of an appropriate interest in part of the Westbrook Crescent site to an appropriate governing body of JCoSS, with the final terms of transfer to be approved by the Leader under delegated powers. The Council will retain ownership of the playing field for use by East Barnet School.

1.4 That the Committee notes the establishment of an Academy on the site of the former Christ Church Secondary School and that subject to 1.3 above, an appropriate interest in the Hilton Avenue playing field be transferred to the Academy trust, with the final terms of transfer to be approved by the Leader under delegated powers.

1.5 That approval is given to appoint Building Design Partnership, 16 Brewhouse Yard, Clerkenwell, London, EC1V 4LJ, as the design consultant for the rebuilding of East Barnet School and agreement to instruct to proceed with all necessary works for the design and procurement of this project. The contract value will be £1.06M, budgeted for within the DfES grant allocation.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee Report dated 29th March 2005 – Report titled Proposed Department for Education and Skills Targeted Capital Fund bid for the establishment of a new Jewish Voluntary Aided Secondary School and the rebuild of East Barnet Secondary School.

2.2 Delegated Powers Report by Chief Education Officer in consultation with Cabinet Member for Education and Lifelong Learning dated 20 April 2006. titled, Appointment of professional consultants for the rebuilding of East Barnet Secondary School.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 A first class Education Service is a key priority of the Corporate Plan. The complete rebuilding of East Barnet Secondary School will support the delivery of this priority by delivering new premises purpose designed for a twenty first century curriculum.

3.2 **Educational Benefits**

3.2.1 Re-building the school on one site provides exciting new opportunities for improving the life chances of young people and extending the facilities available to the community as a whole. The proposals reflect the strategic opportunities identified by the council in its Sustainable Community Strategy for Barnet 2006-2016. A target in this strategy is to widen access for community use and learning.

3.2.2 The re-building of the school will contribute significantly to the borough's 14-19 strategy. Specifically, the new school will open up high quality learning pathways for engineering and construction, coming on stream in 2008. These developments will greatly expand the vocational opportunities available to young people in Barnet, from technology to catering. The school has already made significant progress in establishing positive partnerships with Middlesex University. However, to date these have been within the context of a poor and unsuitable learning environment. East Barnet School will become a centre of excellence in developing a high quality technology curriculum which can be shared across a number of schools.

4. RISK MANAGEMENT ISSUES

4.1 The DfES grant allocation is dependant the council's decision to transfer an interest in land for use by the governing bodies of JCoSS and the C of E Academy (part of the East Barnet Secondary School upper site and part of the Hilton Avenue playing field respectively). If the council decides not to transfer the land then the DfES would not provide the allocation and the rebuilding of East Barnet Secondary School would not proceed.

4.2 The budget of £28.4M for this project is derived from a DfES formulaic calculation based on proposed pupil numbers and gross floor area of the new school building. An allowance is included in the formula for anticipated cost inflation for the life of the project and for project contingencies (see section 5.4). Evidence from similar projects elsewhere indicate that this is an adequate sum to build a secondary school. The building will be procured with this sum as the total budget, including 17% set aside as contingency to meet unforeseen costs (see also section 5.5).

4.3 In any large capital project of this type there is always a risk that, as the scheme is developed into an actual project and procured, increases in cost could occur. This situation will be monitored very closely, including a review of the specification, to achieve best value for money and fitness for purpose within the allocated budget (see section 5.5). Officers will report to Members before proceeding, if the building procurement costs significantly exceed the allocated budget and the increases cannot be contained within alterations to the building specification.

4.4 The DfES allocation does not take into account future market forces within the construction industry, which may increase the building procurement costs (i.e. a significant number of building contractors committed to the London 2012 Olympic games development result in the construction industry unable to undertake the school rebuild project, or scarcity of building materials result in increases to procurement costs). Officers will instruct the appointed lead consultant to undertake construction industry market testing to better understand this risk and will report to members any major budget implications.

4.5 The project will be managed using the council's preferred Prince 2 methodology. A risk register has been created and will be managed to mitigate risk at each stage of the project development.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 The proposal involves a capital grant of £28.4M from the DfES to the council under the Targeted Capital Fund. There is no requirement for partnership funding from the council. There are no direct staffing or ICT implications arising from this proposal.

5.2 The proposal is to consolidate and fully rebuild East Barnet School on its Chestnut Grove site, currently the lower school. The capital cost of the rebuild would be fully funded by the DfES to a maximum of approximately £28.4M. This is calculated by the DfES using a formula based on the number of pupils expected to be enrolled at the school on completion of the new premises and building floor area. In the case of East Barnet School this is projected to be 1350 pupils, including 300 at post-16. Indicative benchmarking from other similar projects suggests that this represents an adequate budget.

5.3 This funding allocation is, however, conditional on part of the current upper school site at Westbrook Crescent being transferred to JCoSS. The DfES proposes that this would be subject to agreement to return this site to the council in the event of the closure or relocation of JCoSS. The third school in the DfES proposal is the establishment of a new Church of England Academy on the former Christ Church C. of E. secondary school site. The school's buildings and land on which they are located, are owned by the London Diocese Board for Schools. Currently the school has access to the council owned Hilton Avenue playing field and the DfES will require an appropriate interest in the playing field to be transferred to the Academy.

5.4 The DfES payment of the grant will be on the same basis as a Target Capital Fund bid, i.e. 25% year 1, 50% year 2 and 25% year 3. Table 1 sets out the anticipated grant payment to Barnet and the projected expenditure profile of the project. The grant includes a level of contingency, allowance for site and abnormal costs (such as temporary classrooms) at approximately 17% of the total project cost.

TABLE 1

Grant receipt profits				
	2006/2007	**2007/2008**	**2008/2009**	Total
	7.1M	14.2 M	7.1 M	28.4 M
Projected expenditure profile				
Fees	£ 1.08 M	£ 0.54 M	£ 0.18 M	£ 1.80 M
Works		£ 15.96 M	£ 10.64 M	£ 26.60 M
Total	£ 1.08 M	£ 16.50 M	£ 10.82 M	£ 28.40 M

Table 1 demonstrates that the timing of the DfES funding allocation matches the project expenditure profile, without the need to commit council funds.

5.5 The DfES capital grant is limited to £28.4M. Officers have evaluated the DfES grant against comparable London BSF wave 1 Authorities benchmarks and conclude that the grant is sufficient for the rebuilding of East Barnet School. Detailed project timescales and spend profile will be developed by the successful design consultant when appointed. Subject to unexpected unforeseen circumstances project costs will be contained within the DfES allocated grant, with regular project budget monitoring information reported to Members (initially at finalised design stage November 2006), through the usual capital monitoring process.

5.6 Officers will report to Members if the affordability of building procurement cannot be contained within the allocated budget.

6. LEGAL ISSUES

6.1 Disposal Issues

6.1.1 The land and buildings of East Barnet Community Secondary School are owned by the London Borough of Barnet. Under section 123 of the Local Government Act 1972, local authorities are given powers to dispose of land in any manner they wish, the only constraint being that the disposal must be for the best consideration reasonably obtainable, unless the Secretary of State consents to the disposal.

6.1.2 Under Schedule 3, Part 3, paragraph 12 of the School Standards and Framework Act, a local authority is able to dispose of land below market value without the Secretary of State’s consent in case of a disposal to either:

(a) the governing body of a foundation, voluntary aided or foundation special school, or
(b) to persons proposing to establish such a school.

6.1.3 In this instance the transfer of part of the Westbrook Crescent site to JCoSS and Hilton Avenue playing field would fall within the latter category.

6.2 **Playing Fields**

6.2.1 In accordance with Section 77 of the School Standards and Framework Act any Local Authority must obtain the Secretary of State's consent to dispose of school land where the land is being used, or has within the last 10 years been used, by the school as a playing field.

7. CONSTITUTIONAL POWERS

7.1 Constitution Part 3 – Responsibility for Functions – Section 3: Powers of the Executive

8. BACKGROUND INFORMATION

8.1 In March 2005 the council supported a Targeted Capital Fund bid to the DfES for the establishment of the proposed new JCoSS school in Barnet. The proposals were linked to DfES approval and funding of the consolidation and rebuilding of East Barnet Secondary School on its existing Chestnut Grove site, currently occupied by its lower school. This would then free that part of existing Westbrook Crescent site, currently occupied by its upper school, to provide a site for JCoSS.

8.2 Although this bid was initially rejected, in early February 2006, the DfES wrote to the Authority to invite its participation in their new "One-school pathfinder" programme which forms part of their larger Building Schools for the Future (BSF) initiative. The proposal is for the rebuilding of East Barnet School at a cost of £28.4M, to be fully grant funded by the DfES. This invitation is directly linked to the proposed establishment of JCoSS as part of another new programme "Parent-Promoted Pilot Schools" and to the establishment of a new Church of England Academy on the former Christ Church C. of E. Secondary School site. The DfES letter of invitation stresses that it considers the three projects to be single, related, package and that funding for the East Barnet Secondary School rebuild is conditional on Barnet transferring part of the Westbrook Crescent site to JCoSS and support for the proposed Academy including the transfer of an interest in the playing field.

8.3 The DfES have agreed that working towards an April 2009 opening date (see appendix A, indicative project programme).

8.4 **Westbrook Crescent site**
The Westbrook Crescent site of East Barnet School extends to some 18.1 acres/7.33 hectares approximately. It was acquired, along with the adjoining Livingstone School site, in various parcels between 1947 and 1953. It is known that at least part of the site is subject to covenants and restrictions and these are currently being investigated to ensure they do not fetter a transfer to JCoSS.

8.4.1 The site is designated as Metropolitan Open Land (MOL) in the council's Unitary Development Plan. Thus, whilst it may be possible for JCoSS to achieve a planning permission to build a new school with sports facilities, the alternative uses for the site will currently be limited to uses compatible with its MOL status. However, it must be recognised that the planning status of the land can be changed over time.

8.4.2 The DfES has made it clear that in consideration for the grant for the building of the new East Barnet School on the Chestnut Grove site, it expects the council to transfer part of the Westbrook Crescent site to JCoSS at nil value. The DfES has, however, stated that if, at some time in the future, the site is not required for school use then it should revert to the council. Of course, any transfer of the Westbrook Crescent site to JCoSS cannot take place until the new East Barnet School is built and open. The Council will retain ownership of the playing fields for use by the East Barnet School.

8.5 **Church of England Academy**

The third school in the DfES proposal is the establishment of a new Church of England Academy on the former Christ Church C. of E. Secondary School site. The school's buildings and land on which they stand are owned by the London Diocesan Board for Schools (LDBS). Currently the school has access to the council owned Hilton Avenue playing field and the DfES will require an appropriate interest in the playing fields to be transferred to the Academy. Further discussions between the council and the Academy are required to specify land and tenure.

8.5.1 Establishing an Academy is the remit of the Secretary of state. The council has a very limited role in the formal process. However, the intention would be that the new Academy would be part of the family of Barnet secondary schools as it would the LDBS. Officers are involved in early discussions with the LDBS.

8.6 **Appointment of Design Consultants**

Officers evaluated the project timescales and concluded that early engaging of a consultant service was fundamental to the successful delivery of the overall project (see Appendix A). On the basis that the first Cabinet Resources Committee meeting was on the 28 June 2006 and the project still needed to be added to the council's capital programme, officers sought permission to tender for a lead consultant design service. A DPR (see 2.2) detailed the reasons for tendering lead consultant for the project (within council standing orders).

8.6.1 Invitation to tender was sent to 11 companies under the Work Area M of the Council's Framework Agreement on Consultancy Services. Ten companies return expressions of interest. Representatives from East Barnet School and council officers short listed three companies for interview. The short list selection was on the basis of cost, approach, quality of documentation and a demonstrated understanding of the school's vision.

8.6.2 Design consultant interviews were held on the 5 June 2006. Prospective design consults were asked to provide a presentation on their anticipated approach to the East Barnet School rebuilding project and questions were asked by a panel representing the school and the local authority. Each of the three design teams was ranked in relation to the quality of the approach to the project and understanding of the schools vision.

8.6.3 The panel selected Building Design Partnership, 16 Brewhouse Yard, Clerkenwell, London, EC1V 4LJ, as the design consultant for the rebuilding of East Barnet School. The contract value will be £1.06M, budgeted for within the DfES grant allocation.

8.7 **Next Steps**

- Appoint lead design consultants to begin detailed building design of East Barnet School.
- Seek agreement from the Leader for the conditions of transfer of part of Westbrook Crescent site to JCoSS (see sections 1.3 and 8.4).
- Negotiate the appropriate interest and tenure of Hilton Avenue playing field to be transferred to the proposed C of E Academy. Seek agreement of the Cabinet Resources Committee for the transfer of an appropriate part of Hilton Avenue playing field to the Academy.
- November 2006, East Barnet School rebuild project budget monitoring information to Members (initially at finalised design stage).
- December 2006 apply for planning permission for the new school buildings.
- September 2007, begin East Barnet School construction.
- April 2009, construction of East Barnet School complete.

9 LIST OF BACKGROUND PAPERS

9.1 DfES offer letter – Building Schools for the Future: One School Pathfinder, dated 6 February 2006.

Legal: PJ
Chief Finance Officer: CM

APPENDIX A

Rebuilding of East Barnet Secondary School

Draft Programme
Initial project times scale (to be revised and developed by lead consultant when appointed.

May 06	Add project to Council Approved Capital Programme Commence preparation of brief Info to DfES as requested in Overview document
June 06	Consultant selection (From work area M of our Frame Contract for consultancy services) Commence Option Appraisal/Feasibility Studies (RIBA St. A/B) Attend DfES Design Workshop event Commence site investigations
End July 06	Complete Option Appraisal/Feasibility Studies
August 06	Commence pre-approval design stage (RIBA St. C/D)
End Nov 06	Agree/sign-off scheme design
Dec 06	Submit Planning Application
End Feb 07	Finalise Output Specification (RIBA St. G) *
Mar 07	Assemble tender documentation
Apr 07	Tenders out (RIBA St. H) (OJEU process will apply)
Mid May 07	Tenders return Tender analysis
Jun 07	Planning Approval
Jul 07	Tender Approval/Appoint Contractor (Design + Build) Appoint Employer's Agent/Planning Supervisor (CDM)
Aug 07	Project planning/lead-in (RIBA St. J)
Sept 07	Commence construction – 18 months (RIBA St. K)
Feb 09	Construction complete (RIBA St. L/M)
Mar 09	Commissioning
Apr 09	School op

AGENDA ITEM: 14 Page nos. 55 - 73

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	**Housing Act 2004 - Mandatory Licensing of Houses in Multiple Occupation**
Report of	Cabinet Member for Planning and Environmental Protection
Summary	This report considers the establishment of additional posts to administer the Mandatory HMO Licensing Scheme required under the Housing Act 2004 and the adoption of standards for licensed premises. It also proposes fees and charges arrangements to produce a net no cost budget over a five year licensing cycle.

Officer Contributors	Ray Phillips - Assistant Head of Planning and Environmental Protection Andrew Milne - Environmental Health Manager (Residential) Belinda Livesey - Private Sector Housing Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Proposed standards for Licensed Houses in Multiple Occupation Appendix 2 – Budget and Key Assumptions. Appendix 3 - Fees charged by a sample of other London Boroughs
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: David Stephens, Strategic Property Advisor – 020 8359 7353

1. RECOMMENDATIONS

1.1 In accordance with the requirements of the Housing Act 2004 section 55 the Council operate the mandatory licensing scheme for Houses in Multiple Occupation (HMO) on a self-financing basis as set out in this report.

1.2 That the Head of Planning and Environmental Protection be instructed to make arrangements for the establishment and implementation of the mandatory licensing scheme for HMOs, and, in consultation with the Cabinet Member for Planning and Environmental Protection, to keep the fee structure and costs under review to ensure a balanced budget.

1.3 That all licensed HMOs are required to comply with the adopted standards.

1.4 In accordance with the requirements of the Housing Act 2004 section 49, the Council will charge fees for the preparation and service of statutory notices.

3 2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The mandatory licensing scheme supports the Councils' Key Priority of Supporting the Vulnerable in our Community.

4. RISK MANAGEMENT ISSUES

4.1 This report seeks to establish resources to implement and operate an HMO licensing scheme that is self-financing. Certain assumptions have been made in arriving at the proposed fee structure. These assumptions have been made on the best available information from current HMO knowledge, the previous pilot HMO registration scheme and the 2001 stock condition survey.

4.2 These variables have been estimated as accurately as possible. The fee structure and operational arrangements for the new service will need to be kept under review and in year decisions may be required to ensure the service operates on a balanced basis.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 Implementation of the HMO Licensing scheme will require the establishment of a permanent full time Environmental Health Officer post, one full time temporary Environmental Health Officer post and one part time administration post.

5.2 Provision has been made in arriving at the proposed fees and charges for management and administration overheads. The existing Environmental Health computer system provides for the data recording and day to day management of the scheme.

5.3 It is a requirement of the legislation that the licence fees are used exclusively for the purpose of the House in Multiple Occupation licensing.

5.4 Details of the proposed 5 year budget and key assumptions are set out in Appendix 2 and will be taken into account in the revenue monitoring and Forward Plan process. Fees are based on £200 base registration per dwelling unassisted and £250 base registration per dwelling assisted. The 5 year budget has been developed on a breakeven basis with income being deferred to the year when the application is projected to be processed. The Chief Finance Officer will review the treatment of income as part of the monitoring and Forward Plan process.

6. LEGAL ISSUES

6.1 It is not anticipated the there will be any significant additional resource implication for Legal Services, this will be reviewed on an annual basis.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8 BACKGROUND INFORMATION

8.1 Background

- The Housing Act 2004 licensing provisions are aimed at improving the housing conditions in the private sector. In general housing bodies have welcomed the licensing provisions with many, including the committee of the Office of the Deputy Prime Minister (ODPM), calling for Government to extend the mandatory licensing to all categories of HMOs and for local authorities to have discretionary powers to license all private sector landlords. To date, the mandatory licensing scheme is limited to the larger, higher risk properties.

- The English House Condition Survey found that there were almost 640,000 private rented HMOs in England. Whilst the standards are poorest in the private sector generally, the very worst standards can be found in HMOs. The most common problems associated with multiple occupancy relate to poor fire safety standards, overcrowding, inadequate facilities and poor or unscrupulous management.

- Research has shown that certain types of HMO present significantly greater health and safety risks to tenants than comparable single occupancy dwellings. There is a six times greater risk of death by fire across all HMOs compared with single occupancy, and a sixteen times greater risk if the property is over three storeys.

- Health and safety issues can also arise because of the occupancy profiles associated with HMO use. The behaviour of tenants with alcohol or drug dependencies or mental health problems can increase the risk of death or injury to both themselves and other tenants, accentuating the need for responsible and responsive management.

8.2 Housing Act 2004

The new Housing Act 2004 came into force in April 2006, and it introduces:

- A new definition of House in Multiple Occupation (HMO).
- A new national HMO Licencing scheme.
- A new method of risk assessment for residential properties called the Housing Health and Safety Rating System (HHSRS).

8.3 What is an HMO

HMO stands for House in Multiple Occupation, which means a building, or part of a building (such as a flat or residential lettings above commercial) that:

- is occupied by more than one household and where more than one household shares – or lacks – an amenity, such as a bathroom, toilet or cooking facilities or
- is occupied by more than one household and which is a converted building – but not entirely into self-contained flats (whether or not some amenities are shared or lacking) or
- is converted into self-contained flats but does not meet, as a minimum standard, the requirements of the 1991 Building Regulations, *and* less than two thirds of the flats are owner occupied.

The building must be occupied by more than one household as their only or main residence. This includes buildings:

- occupied by students during term time.
- run by voluntary organisations as a refuge for people escaping physical or mental abuse.

Certain properties are exempt from the HMO definition irrespective of whether they meet the HMO tests specified in the Act for example local authority owned properties. As such these properties are also exempt from Licensing

8.4 Premises Subject to Mandatory Licensing

Any HMO that has three or more storeys, this includes basements and non-residential storeys and is occupied by five or more person in more than two households.

In addition to requiring the licensing of certain high risk HMOs the Housing Act 2004 introduces the Housing Health and Safety Rating System (HHSRS). This is a system of identifying and rating the severity of a range of hazards found in dwellings according to their risk to health and safety. All licensed HMOs must have any Category 1 and 2 hazards eliminated within a period of five years.

8.5 Who Needs to Apply for an HMO Licence

Anyone who owns or manages an HMO that must be licensed has to apply to the Council for a licence(subject to exemptions mentioned above).The council must give a license if it is satisfied that:

- the HMO is reasonably suitable for occupation by the number of people allowed under the licence. The government has issued national minimum standards for amenities and fire precautions for incorporation into the Council's locally adopted standards.
- the proposed license holder is a fit and proper person.
- the proposed manager, if there is one, is a fit and proper person.
- the proposed management arrangements are suitable.
- the person involved in the management of the HMO is competent.
- the financial structures for the management are suitable.

8.5 Suitability for Multiple Occupation

Under the Housing Act 1985 (as amended) four separate standards were adopted for different categories of HMOs within the borough, namely bedsits, hotels/hostels, B&B accommodation for homeless persons and budget accommodation for backpackers.

In April 2006 the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 introduced prescribed standards for deciding the suitability of a licensed HMO for occupation. These standards cover heating, washing facilities, kitchens, and fire precautionary measures. They do not include minimum sizes for living accommodation which are to be agreed locally .

The proposed standards (attached in Appendix 1) are similar to current standards. Variations have been made to bring them into line with the national minimum standard. In addition the separate standards have been incorporated into one to make them easier for landlords to reference.

The standards have been compared with other north London boroughs with a view to having similar standards. However the housing stock does vary from borough to borough so identical standards are not considered to be feasible.

8.6 What is in the Licence?

The licence will specify the maximum number of people who may live in the HMO. It will also include the following mandatory conditions:

- a valid gas safety certificate, which is renewed annually, must be provided.
- proof that all electrical appliances and furniture are kept in a safe condition.
- Smoke alarms must be installed in the property and kept in a proper working order
- each occupier must have a written statement of the terms on which they occupy the property, for example, a tenancy agreement.

The Council may also apply discretionary conditions. These have been agreed separately by the Lead Member for Environment.

8.7 How long does the licence last?

The license will last for a maximum of five years.

8.8 How much does it cost?

Landlords or their agents have to pay a fee to cover the administration costs of the license procedure. Section 63(3) of the Housing Act 2004 permits the council to charge a fixed fee for an application. In fixing the fee, Section 63(7) permits the council to take into account all costs incurred in carrying out their licensing functions, including enforcement costs. Section 63(6) allows the government to make regulations governing the setting of fees. The government has not yet made any regulations for this purpose.

The set fee will vary dependent on the amount of time and resources that are needed to satisfy the licensing conditions. The proposed fee rates are £200 per letting for a standard application and £250 per letting for an application requiring assisstance by the Council. A detailed breakdown is provided in Appendix 2.

The fact that licences last for five years will mean that in early years of the new regime the bulk of income will be accrued in year one until natural turnover in properties and owners results in a base profile being established. Appendix 2 has been developed on the basis of a five year self-balancing projection to reflect this. Options for review of fees and staffing in years 4 and 5 will be considered as base income levels become clearer.

The Council's costings have been run through the Local Government Associations Toolkit for setting license fees by Finance Officers and Barnet's proposed fee was found to be compatible with those generated by the toolkit.

8.9 London Landlord Accreditation Scheme (LLAS)

The LLAS is a partnership of landlord organisations, all London Councils (except City of London, Merton and Kingston) and university accommodation units. The scheme was set up in 2004 to provide landlords with the necessary skills to run successful and safe businesses. The LLAS recognises the importance of landlords having a wide and detailed knowledge of the many issues surrounding the letting of residential properties. It aims to accredit the landlord following successful completion of an approved property management course.

Figures from the LLAS indicate that of the eight hundred and fifty landlords currently accredited (owning fourteen thousand nine hundred properties) thirty nine of them own properties in Barnet.

The National Landlords Association and Residential Landlords Association have both backed the setting up of separate Landlord Accreditation Schemes. They recognise the importance of landlords working with Local Authorities in a mutually productive and beneficial partnership to improve the condition of accommodation in the private sector.

Landlords can sign up to the scheme for five years for a one off payment of £74.90 (on line) or £94.

Following Consultation with the Lead Member it was agreed that Barnet would join the scheme from 2006. In connection with this it was agreed that landlords who were members of the scheme would be eligible to a reduced Licensing fee.

The average number of lettings per application is estimated as 3.5. It is proposed that the fee is reduced by £25 per letting for members of the scheme or landlords obtaining membership of the scheme which would result in an average saving of £87.50. By requiring membership of the LLAS Barnet would have a measure of the level of competency of Licensed Landlords.

8.10 Housing Health and Safety Rating System (HHSRS)

The HHSRS is a new risk assessment tool used to assess potential risks to the health and safety of occupants in residential properties in England and Wales. HHSRS replaces the Housing Fitness Standard, which was set out in the Housing Act 1985. The new assessment method focuses on the hazards that are most likely to be present in housing. Tackling these hazards will make more homes healthier and safer to live in. A risk assessment looks at the likelihood of an incident arising from the condition of the property and the likely harmful outcome. The assessment will show the presence of any serious (category 1) hazards and other less serious (category 2) hazards. If a local authority discovers serious category 1 hazards in a home, it has a duty to take the most appropriate action to improve the property or to prohibit the use of the whole or part of a dwelling or restrict the number of permitted occupants. Where an occupier is at immediate risk, the authority can take emergency remedial action.

Power to charge under section 49

Under section 49 the Local Authority has a power to make a reasonable charge as a means of recovering certain administrative and other expenses incurred by them in:

1. Serving an improvement notice
2. Making a prohibition order
3. Serving a hazard awareness notice

4. Taking emergency remedial action
5. Making an emergency prohibition order
6. Making a demolition order

The following expenses can be incurred:

Improvement Notice and Hazard Awareness Notice
- Determining whether to serve the notice
- Identifying any action to be specified in the Notice and
- Serving the notice

Emergency Remedial Action
- Determining whether to take such action and
- Serving the notice

Prohibition Order, Emergency Prohibition Order and Demolition Order
- Determining whether to make the order
- Serving copies of the order on owners of the premises

At the present time there is no maximum amount that can be charged.

It is recommended that landlords are not automatically charged on service of a statutory notice. The Council has always tried to work with landlords to try and improve the boroughs housing stock. It is therefore proposed that on service of a notice landlords are advised that if works are not commenced by the specified start date then they will be charged for the costs incurred. If works are then not commenced by the specified date the landlord will be charged. The amount will be based on the number of hours taken multiplied by the EHOs hourly rate including on costs (currently £30).

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: DA
Chief Finance Officer: PA

Appendix 1

LONDON BOROUGH OF BARNET
HOUSES IN MULTIPLE OCCUPATION
HOUSING ACT 2004

A house in multiple occupation is a house which is occupied by persons who do not form a single household. There are various types of HMO including houses divided into rooms, bedsits or flatlets, shared houses, lodgings, hostels and properties converted into self contained flats.

In Barnet only the compulsory HMO Licensing scheme will be operated. This means that Licensable HMO's are:

- three or more storeys high,
- occupied by two or more households, **and**
- have a total of 5 or more people living in the property.

A **summary** of the Council's main requirements is set out below with appropriate reference to the type of HMO to which it relates. All Licensable HMOs must comply with these standards. In non licensable HMOs they will be used as a guide but each property will be considered individually under the Housing Health and Safety Rating System. The Housing Health and Safety Rating System (HHSRS) is a new risk assessment tool introduced by the Housing Act 2004 used to assess potential risks to the health and safety of occupants in residential properties in England and Wales.

1 SPACE STANDARDS

Room sizes must comply with the following minimum standards

1.1 One Person Households

- One room lettings shall provide a minimum floor area of:
  $13m^2$ including kitchen facilities, or
  $10.2m^2$ when provided with separate shared kitchen

- Two or more room lettings shall provide a minimum combined floor area of $13m^2$ within which:
  Any room used as a kitchen shall have a minimum floor area of $4.5m^2$.
  Any room used for sleeping shall have a minimum floor area of $6.5m^2$.

1.2 Two Person Households

- One room lettings shall provide a minimum area of:
  $17m^2$ including kitchen facilities, or
  $14m^2$ when provided with a separate shared kitchen.

- Two or more room lettings shall provide a minimum combined floor area of $17m^2$ within which:
  Any room used as a kitchen shall have a minimum floor area of $4.5m^2$.

Any room used for sleeping shall have a minimum floor area of 6.5m² for one person or 10.2m² where shared.

1.3 Hostel Accommodation Being Used for the Placement of Homeless Persons

1.3.1 Cooking Facilities in a Separate Room:

Floor Area of Room	**Maximum Number of Persons**
Less than 6.5m²	**Nil persons**
6.5m² -10.2 m²	**One person**
10.2m² -14.9 m²	**Two persons**
14.9m²-19.6 m²	**Three persons**
19.6 m² -24.2 m²	**Four persons**
24.2 m² or more	**Five persons**

1.3.2 Cooking Facilities Within the Room:

Floor Area of Room	**Maximum Number of Persons**
Less than 10m²	**Nil persons**
10.2m² -13.9 m²	**One person**
13.9m²-18.6 m²	**Two persons**
18.6 m² -23.2 m²	**Three persons**
23.2 m² to 27.9 m²	**Four persons**
27.9 m² or more	**Five persons**

1.3.1Notes:

- Persons of the opposite sex, aged ten years and over and who are not co-habitant shall not be permitted to sleep in the same room.
- The standard is to be applied irrespective of the age of the occupants
- For the purpose of calculation in respect of these space standards, no account shall be taken of bathrooms or water closet compartments.
- All rooms shall have a minimum floor to ceiling height of at least 2.14 metres (7 feet) over not less than 75% of the room area. Any floor area where the ceiling height is less than 1.53metres (5 feet) shall be disregarded. Where bunk beds are used there shall be a minimum floor to ceiling height of 2.5metres (8 feet 2 inches)
- Irrespective of the floor area consideration shall be given to the shape and usable living space within the room to determine whether it is suitable for occupation and to what occupancy level.

2. PERSONAL WASHING FACILITIES

2.1 **Where there are five or more occupiers each separate household shall, where practicable, be provided with a wash hand basin** (unless a sink is provided) together with a satisfactory supply of hot and cold running water, situated within the unit of accommodation. A tiled splash back (minimum 300mm high) is to be provided to each wash hand basin.

2.2 **Each separate occupancy shall, where practicable, be provided with its own readily accessible bath or shower room of adequate size with**

sufficient space for drying and changing. Where this is not practicable a readily accessible bathroom or shower room with sufficient space for drying and changing shall be provided in the ratio of **one to every five persons** regardless of age.

2.3 All bath/shower compartments shall be ventilated directly to the external air by an openable window. Where this is not practicable mechanical ventilation complying with current Building Regulation shall be provided.

2.4 The walls and floors to any shower/bathroom are to be non absorbent and readily cleansable. Showers shall be provided with a suitable water resistant screen or shower curtain.

2.5 The shower/bathroom shall not be more than one floor distant from any user.

2.6 Baths and showers shall not be provided in kitchens.

2.7 All washing facilities must be fit for purpose, of an adequate size and layout and suitably located in relation to the living accommodation.

3 SANITARY CONVENIENCES

3.1 **Each separate occupancy shall where practicable be provided with its own water closet compartment.**

3.2 Where this is not practicable water closets shall be provided in readily accessible compartments or bathrooms, being not more than one floor distant from any user, in the ratio of **one water closet to every five persons**, regardless of age. Where this is being shared by more than four persons it must be situated in its own w.c. compartment

3.3 External water closets are not permitted.

3.4 All w.c's must be fit for purpose, of an adequate size and layout and suitably located in relation to the living accommodation.

3.4 **A wash hand basin shall be provided in each separate water closet** together with its own adequate supply of cold and constant supply of hot water. A tiled splash back (minimum 300mm high) is to be provided to each wash hand basin.

3.5 All water closet compartments shall be ventilated directly to the external air by an openable window. Where this is not practicable mechanical ventilation complying with current Building Regulations shall be provided.

4 FACILITIES FOR THE STORAGE, PREPARATION AND COOKING OF FOOD AND FOR THE DISPOSAL OF WASTE WATER

4.1 Kitchen facilities for exclusive use by households

4.1.1 **Each household shall, where practicable, have its own kitchen** separate from and being not more than one floor distant from the sleeping room or within the unit of accommodation.

4.1.2 Each kitchen shall have the following facilities:

- Adequately sized food storage cupboards (of minimum capacity 0.4 cubic metres). This provision is in addition to any base unit cupboards provided below the sink/drainer.
- Conveniently sited electrical socket for the connection of a refrigerator.
- An adequately sized (0.14 cubic metres) working refrigerator with a freezer compartment. To minimise disturbance from noise an A rated energy efficient fridge is recommended.
- two double 13 amp electrical power sockets situated at work top height
- Adequately sized (1000x 600mm) fixed, impervious worktop for the preparation of food.
- A mains supplied cooking appliance with a minimum of two rings or hot plates together with a grill and oven.
- A sink and drainer of adequate size with its own adequate supply of cold and constant supply of hot water properly connected to the drainage system.
- A tiled splash back (minimum 300mm high) is to be provided to the sink.

4.2 Kitchens for communal use

4.2.1 **Where it is not practicable to have exclusive use kitchens shared kitchens may be provided for a maximum of three households (up to a maximum of five persons).** Where provided the kitchen shall be not more than one floor distant from the units of accommodation. Shared kitchens are only permitted between one room lettings and shall have a minimum floor area of $6m^2$.

4.2.2 In a shared house up to five people can share a kitchen

4.2.3 A shared house is defined as one:

- Which is occupied by a group of people over the age of sixteen
- Each occupier has the use of a communal dining room with adequate space for use by all occupiers, and
- There is evidence of communal living.

4.2.3 Each shared kitchen shall have the following facilities:

- Adequately sized lockable food storage cupboards (minimum capacity 0.14 cubic metres per household) .This provision is in addition to any base unit cupboards provided below the sink/drainer.

- Adequately sized (1000x 600mm) fixed, impervious worktop for the preparation of food.

- Mains supplied cooking appliance with a minimum of four rings or hot plates together with a grill and an adequately sized oven.

- A sink and drainer of adequate size with its own adequate supply of cold water and a constant supply of hot water properly connected to the drainage system.

- A tiled splash back (minimum 300mm high) is to be provided to the sink.

4.2.4 In addition to the shared kitchen the following facilities shall be provided in a suitable location within each letting:

- An adequately sized (minimum 0.14 cubic metres) working refrigerator with a freezer compartment. To minimise disturbance from noise an A rated energy efficient fridge is recommended.
- A storage cupboard of minimum capacity 0.4cubic metres

4.3 General Requirements for all Kitchen Facilities

- Cooking facilities shall be reasonably located in relation to the room(s) occupied by the person(s) using them. This shall be not more than one floors distance.
- No more than two sets of facilities shall be provided in any one kitchen (of minimum area 12square metres).
- Where two sets of facilities are provided the two sets shall be reasonably separate from each other to allow their safe and simultaneous use by two or more households
- All wall, floor and ceiling finishes are to be non absorbent and readily cleansable. No furniture or curtains shall be within 600mm of the cooker.
- Kitchen facilities must be available for use 24 hours a day
- Cookers should not be located close to doorways and there should be enough floor space to safely retrieve items from the oven.
- A mechanical extractor must be provided, ducted to the open air, with the outlet away from adjacent windows.
- Adequate refuse disposal facilities should be provided and regularly maintained.
- All rooms containing kitchen facilities should be provided with a fire blanket, in accordance with British Standard 6575: 1985 mounted on a wall near, but not above, cooker.
- All rooms containing kitchen facilities should be provided with a carbon dioxide fire extinguisher complying with British Standard EN3: 1996 and 7863: 199

- All kitchens should be provided with 30 minute fire resistant door sets. The door shall be of solid wood construction not less than 44mm in finished thickness or a fire resisting door constructed to conform to BS 476 (half hour type). The door is to be self closing by means of an approved spring mechanism adjusted to positively close the door from any point on travel. The door is to be fitted with dual function cold smoke-intumescent seal strips to the head and both sides in accordance with manufacturers instructions.

5. **HEATING**

5.1 **All units of living accommodation and bath/shower rooms must be equipped with an adequate means of fixed space heating** (meaning a fixed gas or electrical appliance, or an adequate system of central heating operable at all times available at all times.

5.2 The appliance must be capable of efficiently maintaining the room at a minimum temperature of 19˚C (the provision of insulation can assist in meeting this standard).

5.3 The heating provision must be capable of being used at any time.

5.4 The use of portable paraffin or oil fired heaters and liquefied petroleum gas heaters shall not be acceptable under any circumstances.

6 PROVISION OF MEANS OF ESCAPE IN CASE OF FIRE IN HOUSES IN MULTIPLE OCCUPATION

6.1 Appropriate fire precautions and equipment must be provided as is considered necessary.

6.2 In order to detail specific requirements the Council will carry out a full inspection and in consultation with the London Fire and Emergency Planning Authority decide the level of fire precautionary works required.

6.2 In general terms, the following fire precaution facilities and equipment must be provided:

- The installation of a suitable automatic fire detection system in accordance with BS 5839 Part 1, incorporating adequate numbers of, and suitably positioned, linked smoke/heat detectors, sounders and call points.

- Appropriate emergency lighting in accordance with BS 5266 Part 1 and fire signs.

- Appropriate and suitable fire fighting equipment including fire extinguisher and other equipment considered necessary.

- An adequate number of Notices detailing procedures in the event of fire.

An appropriate means of escape in case of fire is also required. In all HMOs this will be considered by the case officer under the Housing Health and Safety Rating System not as part of the Licensing process. In general terms this will consist of:

- Doors and partitions constructed to provide the appropriate standard of fire resistance.

- The provision of a 'protected route' leading to a place of safety (normally the street).Protected route' means a route having an adequate degree of protection from fire including walls (other than external walls), partitions and floors separating the route from the remainder of the building]

6.3 In addition, in the case of properties operating as hotels, the Fire Precautions Act 1971 enforced by the London Fire and Emergency Planning Authority (LFEPA) will apply.

6.4 Where more than 5 people are employed at the property, the *Fire Precautions (Workplace) Regulations 1997* will apply. A risk assessment must be undertaken at the property by the owner to identify the fire hazards present and take action to eliminate or reduce the risk of such hazards.

7 MANAGEMENT OF HOUSES IN MULTIPLE OCCUPATION

7.1 All houses in multiple occupation must comply with the requirements of The Management of Houses in Multiple Occupation (England) Regulations 2006. Additional information can be found at www.odpm.gov.uk or can be obtained from Her Majesty's Stationary Office (HMSO).

For additional information on any aspects of these standards please contact the Private Sector Housing Team at Environmental Health Section London Borough Of Barnet Building 4 North London Business Park Oakleigh Road South London N11 1NP or on 020 8359 7997 or e mail hmos@barnet.gov.uk

Appendix 2

MANDATORY LICENSING OF HOUSES IN MULTIPLE OCCUPATION (HMO)

BUDGET & KEY ASSUMPTIONS

1. Key Assumptions

(a) Model duration: 5 years (in line with length of licence)

Start Date 1st July 2006.

(b) Cost Base:
The costing has been carried out on a full absorption basis. Therefore shared overheads and management supervision have been added to the direct costs.

(c) Registrations: Base registrations assumed = 630
(in addition the model assumes 3% per annum for new property registrations and 5% for re-registrations)

It is assumed that there will be an equal split of assisted and non-assisted registrations.

It is aimed to complete the base registrations within the first 3 years of the scheme.

Estimated number of dwellings within each registration = 3.5

(d) Resource requirement:

Proposed Whole time equivalents (WTE) per annum:

Staff	Year 1	Year 2	Year 3	Year 4	Year 5
Principal EHOs (SCP 41)	1.5	2.5	2.0	1.0	1.0
Senior Admin Assistant (SCP 21)	0.6	0.8	0.8	0.2	0.2

The resourcing profile has been developed with the recruitment issues around Environmental Health Officers taken into consideration. In order to build flexibility into the work planning it is proposed to recruit the Admin Assistant on an agency basis.

(e) Activity estimates:

Productive Hours per annum = 1,426 *(this allows for annual leave, public holidays, sickness, indirect time etc.)*

Hours per registration activity:

Staff	**Unassisted Registration**	**Assisted Registration**	**Re-Registration**
Principal EHOs (SCP 41)	10	14	2.5
Senior Admin Assistant (SCP 21)	4	4	2.5
TOTAL per application	**14**	**18**	**5**

(f) Set-up and Non-pay Costs:

	Yr 1	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	**Total**
TOTAL	**19,660**	**4,500**	**4,000**	**4,000**	**4,000**	**36,160**

Set-up spend is incurred in year 1 on training and consultation.

(g) Fees:

The following fees apply,

Unassisted applications - £200.00
Assisted applications - £250.00

Summary of Budgeted Income & Expenditure

License Income		Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Assisted -	Base	(192,938)	(41,344)	(41,344)	0	0	(275,625)
Assisted -	New	(8,269)	(8,269)	(8,269)	(8,269)	(8,269)	(41,344)
Assisted -	Re-Reg	(14,195)	(14,608)	(15,022)	(15,435)	(15,848)	(75,108)
UnAssisted -	Base	(154,350)	(33,075)	(33,075)	0	0	(220,500)
UnAssisted -	New	(6,615)	(6,615)	(6,615)	(6,615)	(6,615)	(33,075)
UnAssisted -	Re-Reg	(11,356)	(11,687)	(12,017)	(12,348)	(12,679)	(60,086)
	Total Income	(387,722)	(115,597)	(116,341)	(42,667)	(43,411)	(705,738)
	Adjustment for deferred income	223,144	124,143	0			
	Deferred income bought forward	0	(223,144)	(124,143)			
	Income to be reported	(164,578)	(214,598)	(240,485)	(42,667)	(43,411)	(705,738)
Payroll costs							
	PHO	67,344	115,323	94,796	48,701	50,040	376,204
	SAA	15,491	21,222	21,805	5,601	5,755	69,874
	Overtime	7,000	7,000	5,000	3,000	3,000	25,000
Non-Payroll Costs							
	Shared overheads	22,050	36,383	32,413	14,585	15,313	120,743
	Supervision	19,415	26,669	18,219	6,364	4,359	75,026
	Set-up costs\Running Costs	19,660	4,500	4,000	4,000	4,000	36,160
	Total Costs	150,959	211,097	176,233	82,250	82,467	703,006
	Under\(Over) Recovery	(13,618)	(3,501)	(64,252)	39,584	39,056	(2,732)

Appendix 3

MANDATORY LICENSING OF HOUSES IN MULTIPLE OCCUPATION (HMO)

FEES SET BY OTHER LOCAL AUTHORITIES

Available fees from other local authorities are set out below:

Borough	Non Assisted Fees	Assisted Fees
Barnet	***£200 per letting***	***£250 per letting***
Camden	£500 per property plus £30 per letting. 10% discount for accredited landlords	
Wandsworth	2 storeys (above shops) £900, 3 storeys £1100, 4 storeys £1,300	
Westminster	£110 per letting	£160 per letting
Brent	Not set yet	
Islington	£110 per letting. £90 per letting for accredited landlords	£200 extra per HMO
Bromley	£100 per letting	

On this comparison Barnet appears at the higher end, however comparisons are difficult as some authorities have chosen to set fees on a “per property” basis with add-ons and discounts. Fees are greatly influenced by the overall number of lettings within each property. In terms of the latter Barnet’s figure of 3.5 is relatively low, particularly if compared to inner-London authorities where the properties are more likely to be flats, with a higher number of dwellings. However the bulk of the work in licensing a property is processing the application and the checks that this involves e.g. consideration of data in relation to the “fit and proper person” check. The consideration of extra units does not involve a large amount of extra work. As such Barnet’s fees are quiet reasonable.

The LGA toolkit did not give any guidance on the fee setting aspect of the scheme, concentrating on the identification of activities and collection of costs.