

	<p>Performance and Contract Management Committee</p> <p>12 September 2017</p>
<p style="text-align: right;">Title</p>	<p>The Barnet Group Annual Report 2016/17</p>
<p style="text-align: right;">Report of</p>	<p>Mike Gerrard, Finance Director, The Barnet Group</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A: The Barnet Group Annual Report 2016/7</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Mike Gerrard, Finance Director, The Barnet Group</p> <p>mike.gerrard@thebarnetgroup.org</p> <p>0208 359 7428</p>

<p>Summary</p>
<p>This report outlines the financial position of The Barnet Group Ltd for the year ending March 2017, and asks the Committee to note the Annual Report. The financial year 2016/17 was The Barnet Group’s fifth full year of operation. The result for the year is a surplus of £118,000, before taking into account adjustments required in relation to pensions. After adjustments for pensions, the group recorded a net loss of £1.375 million.</p>

<p>Recommendation</p>
<p>The Performance and Contract Management Committee is asked to note The Barnet Group Annual Report 2016/17.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 In accordance with the Council's Constitution, the Performance and Contract Management Committee is asked to note the Barnet Group Annual Report.

2. REASONS FOR RECOMMENDATION

- 2.1 To enable the Committee to undertake its responsibilities in respect of monitoring the performance and noting the annual report provided by The Barnet Group.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4. POST DECISION IMPLEMENTATION

- 4.1 None.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 This report presents the annual report and financial statement of the Barnet Group for the year ended 31 March 2017.

- 5.1.2 The Barnet Group trades through its subsidiary organisations. The principal source of income for Barnet Homes is the management fee from the London Borough of Barnet. The principal source of income for Your Choice (Barnet) is fees from the London Borough of Barnet based on the use of Your Choice services.

- 5.1.3 During 2016/17, two new businesses became operational within The Barnet Group: TBG Open Door Limited which is a new subsidiary of Barnet Homes and will build 320 homes over the next three years, and TBG Flex Limited which provides employment services to the Barnet Group and the London Borough of Barnet.

- 5.1.4 Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in its Corporate Plan 2015-2020.

- 5.1.5 Performance continued to be strong in 2016/17 with some of the Barnet Homes highlights as follows:

- Number of households in emergency temporary accommodation reduced from 251 in 2015/16 to 149 in 2016/17
- Homelessness preventions increased from 870 in 2015/16 to 972 in 2016/17
- Number of tenants in arrears of 3,703 in 2015/16 reduced to 3,546 in 2016/17, though average arrears increased from £488 to £500
- Responsive repairs satisfaction was virtually unchanged at 99.2% (99.1% in 2015/16)
- Via the annual Housemark benchmarking across our peer group, Barnet Homes' total costs per property of housing management and level of overheads is the lowest in London. In the areas of rent arrears and rent loss from void properties, performance is top quartile.

5.1.6 Your Choice (Barnet) also had a successful year with utilisation across the full range of services very close to target.

5.1.7 The new Barnet Homes Management Agreement went live from 1 April 2016 and the review of Your Choice concluded with the Council's Adults and Safeguarding Committee approving a new five year contract in their meeting of 16 June 2016.

5.1.8 The Barnet Group delivered a management service to the Council's Streetscene services from 1 March 2016 through to May 2017.

5.1.9 Relevant Council strategies and policies include the following: Corporate Plan Housing Strategy, The Adults and Communities Commissioning Plan and the Risk Management Strategy.

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

5.2.1 The financial performance for the Barnet Group for 2016/17 is provided in the attached appendix A.

5.2.2 The financial year 2016/17 was The Barnet Group's fifth full year of operation. The result for the year is a surplus of £118,000 before adjustments for pensions and taxation. This was against a budgeted surplus of £255,000, reflecting in large part the early costs of TBG Open Door and a reduced surplus at Your Choice (Barnet) as new services of Personal Assistance and Enablement build to a viable level. Barnet Homes made a surplus of £83,000, slightly ahead of budget (£75,000).

5.2.3 After the adjustments for pensions and taxation, the Group recorded a net loss of £1.375 million for the year. The Barnet Group's usable revenue reserve as presented in the Statement of Financial Position is £2.11 million, increased from £1.992 million in the previous year. These reserves are in place to support growth within the Group.

5.2.4 As The Barnet Group are a wholly owned subsidiary of the London Borough of Barnet, the accounts described within this report are consolidated within the Council's group accounts. As such the finance performance of The Barnet Group directly impacts the Council's consolidated Balance Sheet.

5.3 **Social Value**

5.3.1 In 2016-17 we continued to drive social value commitments from our contractors to support a variety of activities that benefit our residents and the borough of Barnet more widely. In 2016-17, TBG received a total of £23k (through funds, contributions and staff time) from our contractors to help deliver a variety of events, initiatives and works, including:

- First time access fund (Robert Heath)
- Refurbishment of IT room at Cheshire Hall (Mears)
- Door step challenge Burnt Oak (Mears)

5.3.2 The contractors sub-contract locally and also employ a number of local people. Mears are spending on average £360k per annum with local suppliers in the borough of Barnet directly. For Morgan Sindall the figure is £250k.

5.3.3 Mears have 68 employees working on the Barnet contract 20 of those live in the borough of Barnet. Those 20 are paid approximately £600k in salaries.

5.3.4 Morgan Sindall have 5 staff who live in borough. This includes only directly employed staff and contract staff who work on a long term basis.¹ Those 5 are paid approximately £150k in salary.

5.3.5 In 2016-17, 9 local apprentices were employed by our contractors through contract agreements with Barnet Homes. Average salary for these apprentices is £8k.

5.3.6 In 2016-17 TBG invested, accessed funding and brokered opportunities through partners to help deliver employment and skills training for our residents to the value of £61k.

6. Legal and Constitutional References

6.1 Under the Council's Constitution ([Annex A to the Responsibility for Functions](#)) the Performance and Contract Management Committee has, amongst others, the following responsibilities:

- monitoring of performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group Ltd (including Barnet Homes and Your Choice Barnet); HB Public Law; NSL; Adults and Communities; Family Services; Education and Skills; Street Scene; Public Health; Commissioning Group; and Assurance; and to
- note the Annual Report of the Barnet Group Ltd.

6.2 The Performance and Contract Management Committee is being asked to note the Annual Report rather than approve it. The reason for this is that the Articles of Association of The Barnet Group Limited authorise its directors to be responsible for the management of its business and to exercise all the powers of the company, and there has been no special resolution approved to require approval of the annual report by the shareholders. Under the Companies (Model Articles) Regulations 2008, Schedule 1, which apply to the Articles of Association of The Barnet Group Limited, 'the shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.'

7. Risk Management

7.1 The Barnet Group trades through its subsidiary companies and the majority of risks are identified and managed through them.

7.2 The Group maintains a register for risks identified within the business and management processes. The London Borough Barnet (the Council) records risks pertaining to its corporate objectives in the Council's risk management system. A small number of risks may be joint risks, i.e. a shared risk where both parties have a role in managing the risk. Joint risks are recorded in the Council's risk management system with the responsibilities and actions of each party clearly defined.

7.3 All risks are monitored through regular performance review meetings, as part of business as usual and escalated whenever required including new emerging risks

¹ Many operatives work on a short term basis via a sub-contractor but this data is not available.

and/or any serious risk incidents that occur.

- 7.4 Quarterly contract performance reporting includes significant joint and operational risks (both with a rating of 12 or more using the London Borough of Barnet's scoring methodology) and are included in the performance summary for Barnet Homes and for Your Choice (Barnet) provided to the Performance and Contracts Monitoring Committee.

8. Equalities and Diversity

- 8.1 The Barnet Group is required to support the Council in meeting its public sector equality duty (as set out in the Equality Act 2010). This means having due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those who share a relevant protected characteristic and those who do not; c) foster good relations between those who share a relevant protected characteristic and those who do not.

- 8.2 The 'protected characteristics' referred to are: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity, race, religion or belief; sex and sexual orientation.

- 8.3 Effective contract management is vital to ensuring that the Council's duties under the Equality Act 2010 are supported by its partners.

- 8.4 Equality performance is monitored by collecting data on service usage, customer feedback and specific performance indicators. Where service changes affecting residents or service users are proposed, equality impact assessments will be undertaken, and where needed, these will include consultation with residents or service users.

- 8.5 The Barnet Group's objective is to ensure that services are provided fairly to all the communities they serve and that all employees have equality of opportunity.

9. Consultation and Engagement

- 9.1 The Annual Report of the Barnet Group has been reviewed and approved by the Barnet Group Board.

10. Insight

- 10.1 This report presents the actual performance of The Barnet Group in the financial year 2016/17.

11. BACKGROUND PAPERS

- 11.1 The Barnet Group Annual Report 2015/16, 6 September 2016, agenda item 8:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CIId=693&MIId=8795&Ver=4>