



## Policy and Resources Committee

20 February 2019

<b>Title</b>	<b>The Barnet Group (TBG) Five-Year Strategic Plan</b>
<b>Report of</b>	TBG Director of Growth and Development
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	Appendix A: TBG Strategic Plan 2019-24 Appendix B: TBG Financial Plan 2018/19-2022/23
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### Summary

The Strategic Plan sets out The Barnet Group's vision and high-level ambitions for the period 2019-2024. If approved, this will be used to communicate TBG's plans to its customers, key stakeholders, and employees. The Strategic Plan 2019-24 was approved by The Barnet Group Board at its meeting of 10 December 2018.

### Officers Recommendations

1. That the Committee approves the Strategic Plan attached as Appendix A.

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

- 1.1 The Barnet Group (TBG) has produced a five-year Strategic Plan to articulate its strategy and high-level priorities for the medium term. The new plan reflects the changing and growing business, and is supported by a number of service-level strategies that are intended to ensure the aims and intended outcomes are achieved.
- 1.2 The Strategic Plan 2019-24 will enable TBG to deliver on the commitments set out in the draft Delivery Plan and support the Council's delivery of its key strategies and plans including Housing, Homelessness, and Adult Social Care. As a subsidiary of the Council, TBG requires approval for this plan.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Strategic Plan was formed as a result of engagement with a number of groups including TBG's employees, Senior Management Team, and Board. The draft Plan has also been reviewed and approved by members of TBG's customer scrutiny groups, the Performance Advisory Group (PAG) for Barnet Homes and the Quality Assurance Group (QuAG) for Your Choice (Barnet). It has also been shared with senior officers in Housing and Adults and Communities in Barnet Council's Commissioning Group.
- 2.2 Customer feedback has been considered in the development of the Plan, including that from complaints and satisfaction surveys, and consideration has been given to the demographics and needs within the existing customer base and the wider borough.
- 2.3 The Strategic Plan and priorities therein have also been influenced by a range of issues, challenges, and opportunities arising from the internal and external operating environment. Some context to these is provided within the Plan.
- 2.4 The TBG Board approved the draft Strategic Plan in December 2018.

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

- 3.1 The objectives within the Strategic Plan have been identified as those which will best-support TBG's Vision and Mission, and so are recommended.
- 3.2 The objectives have been developed using feedback from staff, customers, and Board Members, and in consideration of the Council's emerging priorities in its draft Housing and Homelessness Strategies and the Adult Social Care Plan. Alternatives, as such, have not been considered as the objectives are intended to address the presenting challenges and opportunities, including the following:
  - the impact of tightening budgets and drive to make efficiencies on behalf of Barnet Council;
  - the impact of the current economic, social, and political climate on customer finances and demand, including welfare reform and the Homelessness Reduction Act;
  - the diversity of The Barnet Group's subsidiaries, and the need to be responsive and flexible, and to generate additional income and increase financial strength, in

particular to support its registered provider to provide homes for those in housing need;

- the complexity of some processes and the challenge of empowering staff and giving customers what they need consistently and in a collaborative way;
- the need to develop the workforce, ensure staff have the right skills and attitudes and are recognised appropriately, and ensure TBG is able to retain and recruit the best employees; and
- opportunities and challenges associated with technology, including ensuring systems are fit-for-purpose and reliable, and efficient mobile and remote working, particularly in response to the planned relocation to the Colindale office.

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

- 4.1 If approved, TBG will fully launch the detail of the Strategic Plan to ensure that its employees and key stakeholders are aware of the objectives.
- 4.2 A programme of projects is being identified that will deliver the objectives within the Strategic Plan; this will include both formal projects that will be managed through the corporate programme approach and service-level activities. Once appropriate projects have been internally approved, implementation will commence in line with TBG's Project Management Framework. Examples of projects that are likely to be taken forward include fire safety, the move to Colindale, customer experience, TBG's approach to repairs, and those supporting the delivery of the proposed new People Strategy and the Growth Strategy which includes new build, property acquisitions, and the development of Extra Care housing.
- 4.3 TBG's existing service strategies will be reviewed and updated in light of the new corporate Strategy.
- 4.4 The Strategic Plan will be art-worked and published on TBG's websites.
- 4.5 Over the course of the five-year Strategic Plan, annual reviews will be undertaken to ensure the objectives remain fit for purpose and appropriate, and to understand progress being made. To support this, a balanced scorecard is being developed; the high-level measures identified in the Strategic Plan will be underpinned by a range of performance indicators from both the Delivery Plan and TBG's suite of outcome-focused indicators to provide quantitative and qualitative evidence of successful delivery. The objectives within the five-year plan are not expected to be amended and re-presented unless a significant need arises.

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

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

- 5.1.1 The Strategic Plan explicitly addresses the Council's priorities and the areas of the Housing and Homelessness Strategies and outcomes within the Adult Social Care Plan that TBG is able to support. A number of service-level strategies further support the delivery of TBG's high-level corporate objectives and the Council's priorities, including the People Strategy, Sustainable Tenancies Strategy, Growth Strategy, Community Engagement Strategy, and Customer Access Strategy.

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

5.2.1 The Barnet Group's financial plan, including the five-year consolidated forecast for the Group and the five-year forecast models for each subsidiary, is included at Appendix B and supports the delivery of the Strategic Plan. The table below summarises the position over the next five years. The Group position includes intra-group transactions (intra-group income and expenditure have not been eliminated).

**The Barnet Group Financial Plan Forecast Model 2018/19 - 2022/23**

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £0
Barnet Homes Ltd	(629)	(267)	15	130	(106)
Your Choice (Barnet) Ltd	285	240	177	203	227
The Barnet Group Company Ltd	(40)	(40)	(41)	(42)	(42)
TBG Flex Ltd	78	88	85	74	71
Bumblebee Lettings Ltd	(76)	136	270	353	353
<b>Group Profit / (Loss) (excluding TBG Open Door)</b>	<b>(381)</b>	<b>157</b>	<b>389</b>	<b>366</b>	<b>149</b>
TBG Open Door Ltd	(80)	(795)	(1,196)	(1,132)	(1,044)
<b>Group (Losses)</b>	<b>(461)</b>	<b>(638)</b>	<b>(807)</b>	<b>(766)</b>	<b>(895)</b>

5.2.2 Each of the businesses is a going concern, supported by the independent auditor's report in June 2018.

5.2.3 With the exception of TBG Opendoor, the Group has a cumulative surplus over the 5 years of £680,000. The core businesses of Barnet Homes and Your Choice (Barnet) are largely funded by monthly payments from the Council, subject to management agreements and efficiency targets. The Council monitors the performance of the Group companies to ensure their continued viability and capacity to deliver services. Losses in Barnet Homes, the Barnet Group company (a holding company with minimal activity) and Bumblebee are supported by the reserves of Barnet Homes (£2.8m at March 2018). The transition to surpluses is discussed at a company level below:

5.2.4 Barnet Homes makes losses in the early years as the business implements efficiency and growth projects to recover the effects of reduced income (£2.1m reduction in the management fee by 2021) and cost pressures.

5.2.5 Your Choice (Barnet)'s surpluses are required to support the repayment of a loan of £1.27 million to Barnet Homes which itself was necessary to fund the losses accrued by the business in the period since transfer (note nil inflationary increase on income in a business with the cost pressure of the London Living Wage).

5.2.6 The Barnet Group company has minimal activity and makes small losses as a result of costs incurred on behalf of the wider group, including board and governance costs.

- 5.2.7 TBG Flex's surplus results from the fee it charges other group companies in providing employees. The savings from the reduced pension costs of TBG Flex employees are reflected in reduced costs within the Barnet Homes and Your Choice businesses.
- 5.2.8 Bumblebee's surplus reflects expected growth as this new business lets more properties to the people of Barnet. A loan from Barnet Homes supports the cashflow in the early years.
- 5.2.9 TBG Open Door ("Opendoor Homes") is very different to the other Group companies and is therefore shown separately in the above table. Beginning in 2017, it is funded by a £65m loan facility together with Right to Buy proceeds (£23.7m) from the Council to support the development of 320 new affordable homes. It generates losses in the early years as the loan funding is drawn down to enable the development of the properties. In later years, rental income from the completed properties will generate an operating surplus and sufficient cash to repay the loan. The business is forecast to break-even in 2034/35 and repay the loan in 2067, which is a normal loan profile for the building of affordable housing. As lender, the Council monitors and approves any variation in the business plan.
- 5.2.10 As The Barnet Group is a subsidiary, it is ultimately the Council that bears the risks in relation to the losses anticipated.

### **5.3 Social Value**

- 5.3.10 A focus on outcomes and the impact of TBG's actions is a key theme of the strategic approach. Following the successful implementation of priority activities arising from the strategic objectives, project reviews will include a benefits realisation assessment and a review of the impact upon customers and communities.

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

- 5.4.10 The Strategic Plan includes an explanatory section describing the Group structure and its relationship to the Council.
- 5.4.2 The Council's Constitution, Responsibility for Functions, Article 7 - Committees Forums Working Groups and Partnerships, sets out the terms of the Policy and Resources Committee including the approval of the budget and the business plan of The Barnet Group.

### **5.5 Risk Management**

- 5.5.10 The Strategic Plan and high-level objectives within it do not represent a risk in themselves, but rather are intended to help mitigate risks within TBG. TBG has a robust risk management system and risks are shared with the Council throughout the year, with joint risk activities undertaken.
- 5.5.11 All of TBG's top-level risks are reported regularly to the Group Audit and Risk Committee and the Group Board.

## **5.6 Equalities and Diversity**

5.6.1 The Strategic Plan is designed to support the Council's strategic equalities objective as set out in the Corporate Plan: that citizens will be treated equally, with understanding and respect, and will have equal access to quality services which provide value to the tax payer.

5.6.2 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty which requires public authorities and organisations acting on their behalf to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation, and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- Foster good relations between people who share a relevant characteristic and those who do not.

5.6.3 The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

5.6.4 The broad purpose of this duty is to integrate considerations of equality into day-to-day business and keep them under review in decision making, the design of policies, and the delivery of services so that the potential impact on any protected groups is identified and steps taken to mitigate or remove them

5.6.5 The Strategic Plan considers the profile of TBG's customers and additional demographic information on the population in Barnet as a whole, which has influenced the identified priorities and objectives. An initial, high-level Equality Impact Assessment has been completed and it is not anticipated that the Strategic Plan will cause any detriment to any particular group. The objectives are expected to broadly have a positive impact upon and advance equal opportunities for most protected groups.

5.6.6 Further Equality Impact Assessments will be conducted as part of project development and subsequently in project reviews in order to identify and address potential barriers for groups, understand if any groups will experience activities differently, and monitor the impact upon protected groups.

## **5.7 Corporate Parenting**

5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. It is not anticipated that this report has any implications for the council's corporate parenting duties.

## **5.8 Consultation and Engagement**

5.8.1 Engagement in the development of the Strategic Plan has taken place with TBG employees, Senior Management Team, Executive Management Team, and Board. Customers have also been engaged through TBG's scrutiny groups PAG and QUAG.

Further engagement has also been completed with senior Council officers from the commissioning teams for the services provided by TBG.

## **5.9 Insight**

5.9.1 Insight has not been used directly in the production of the Strategic Plan, however feedback from customers has been considered, and operating and environmental information regarding key areas of service delivery including adult social care, homelessness, and welfare reform has been reviewed and has informed the development of the objectives.

## **6 BACKGROUND PAPERS**

6.2 None.