

**PROCUREMENT SUB-GROUP
BARNET HOMES
27 September 2005 - 6.30 pm
9th Floor Board Room, Barnet House**

AGENDA

Item	Item	Status	Author
1	Introduction & Apologies		
2	Agree Minutes & Matters Arising		
3	Declaration of Interests		
4	Performance Management 2005/06 – Monthly Monitoring July 2005 (Month 4)	Information	Harry Williams
5	Partnering Update	Information	Hilda Chagula
6	Confidential Item R&M Options Appraisal – Selection of Consultant	Information	Barbara Collins
7	ALMO Bid 2006/08	Information	Barbara Collins
8	Future Agenda Planning	Decision	Barbara Collins
9	Date of Next Meeting –19 October 2005	Information	Karen Flood

Attendees:	Jem Fouweather (Chair)	Barbara Collins
	Pattie Skeats	Paul Rogers
	Trevor Renouf	Harry Williams
	Tim Sims	Maria Colaco
	Tosin Okuzu	

The meeting will commence at 6.30pm, 9th Floor Board Room, Barnet House.
Any Director who wishes to attend as an observer please advise Karen Flood
in advance on: Tel: 020 8359 4915
Email: karen.flood@barnethomes.org

BARNET HOMES

PROCUREMENT SUB-GROUP MINUTES

27 September 2005

Attendees: Jem Fouweather Trevor Renouf Barbara Collins
 Maria Colaco Pattie Skeats Harry Williams
 Tosin Okuzu

Apologies: Paul Rogers Hilda Chagula

Observer: Tim Sims

Minutes: Doug Faulkner

Item	Title	Action
1	Introduction & Apologies Apologies; Paul Rogers, Hilda Chagula	
2	Agree Minutes & Matters Arising	
2.1	2.4 Have discussed the issue of responsibility for the SAP database with the Council. The Head of Housing (LBB) is to take forward with the Head of Highways and Design. Concern expressed that this has not been resolved sooner.	BJC
2.2	4.2 Has SRO provide update on Grounds maintenance. To check this was done	BJC
2.3	8 The issue of the CPRs had been discussed again at the Business Sub-group. (Item 5 meeting 7 September refers) and noted that a comprehensive review is required. Consultation is continuing.	
3	Declaration of Interests	
3.1	JF declared his interest as an Associate for HQN.	
4	Performance Management 2005/06 – Monthly Monitoring July 2005 (Month 4)	
4.1	Report covered three areas <ul style="list-style-type: none">• Monthly performance indicators• Decent homes Elements for 2005/06• Resident satisfaction with major works	

Item	Title	Action
4.2	<p>Capital Spend Concerns about the level of capital spend. BJC advised that staff would be undertaking a more detailed review of the budget provision and spend at the half-year position – at end September 05.</p> <p>The importance of looking at this promptly was noted. Information to be sent to group members as soon as available.</p>	BJC
4.3	<p>Performance Indicators The group requested that the latest information for all indicators be reported each month, even if it relates to a previous quarter</p>	HW
4.4	<p>Decent Homes Elements An additional column to be inserted to show the number of elements programmed in year to be inserted and progress reported to each meeting.</p>	HW
4.5	It was recognised that getting the level of spend right is the most important issue.	
5	<p>Partnering Update</p> <p>5.1 The group requested that details of the KPIs agreed with constructors are included in the next update. Emphasis must be placed on whether works are completed to programme and to budget.</p> <p>5.2 HW advised that we would also be benchmarking performance with other organisations.</p> <p>5.3 Details of completions and works in progress were provided. TR would like to see some pictures displayed at the AGM and opportunities for press coverage explored.</p>	<p>HW</p> <p>BJC</p>
6	<p>CONFIDENTIAL ITEM R&M Options Appraisal – Selection of Consultant</p>	

Item	Title	Action
7	<p data-bbox="347 237 659 271">ALMO Bid 2006/08</p> <p data-bbox="347 315 1182 465">7.1 BJC explained that the figures were not yet complete. Although an extension to the return date had been given to all ALMOs of 30 September 05, further input is required and we have limited time left to meet the deadline.</p> <p data-bbox="347 510 1134 577">7.2 A number of potential difficulties in funding were being identified.</p> <p data-bbox="347 622 1177 734">These included the addition of the Dollis Valley houses, pressures on the construction industry and a building cost indices of 8% compared with inflation at 2.59%</p> <p data-bbox="347 779 1018 813">7.3 JF and TO requested a copy of the submission.</p> <p data-bbox="347 857 1150 969">7.4 It was agreed that DH funding would need to be kept under review as more information on actual programme costs and ODPM allocations become available.</p>	BJC
8	<p data-bbox="347 1016 740 1050">Future Agenda Planning</p> <p data-bbox="347 1095 1155 1128">8.1 The additional items have been noted from the meeting:</p> <ul data-bbox="395 1173 1155 1323" style="list-style-type: none"> <li data-bbox="395 1173 1050 1207">• Incorporate KPI's with partnership update. <li data-bbox="395 1211 1155 1279">• Provide capital spend projected over the next few years <li data-bbox="395 1283 948 1317">• 6 monthly review of Capital budget 	
9	<p data-bbox="347 1364 699 1397">Date of Next Meeting</p> <p data-bbox="347 1442 1182 1632">9.1 Most vital that the half-year review is ready for discussion. JF therefore requested that the next meeting is re-scheduled towards the end of October and business planned for both the October and November meetings is brought to that meeting.</p>	KLF

Procurement Sub-group
Date: 27th September 2005
Title: Performance Management 2005/06
Monthly Monitoring – July 2005

Statement of Purpose

To provide information on the performance of Technical Services in the delivery of repairs and improvements to the housing stock.

Summary

This report covers the regular monthly update on the Technical Services Performance indicators for July 2005 related to repairs appointments, satisfaction and revenue spend, plus capital investment spends. Other information is collected on quarterly and annual basis and will be reported at that time. In addition it includes feedback on the progress with the installation of individual decent homes elements and information on the procedure for resident satisfaction with major works.

Recommendations

That progress is noted

Financial & Risk Management Issues

The process includes tendered projects of work, year end predictions on time and cost, plus budget monitoring as a way of managing and tracking financial and risk issues as identified in the report.

Resident Consultation and Equalities Issues

Resident consultation is carried out prior to the major works starting and satisfaction surveys carried out on completion.

Background Information

Monthly Performance Update

Attached as **Appendix 2** is the July update.

Repairs appointments and resident satisfaction with repairs are operating at acceptable levels. Revenue has been profiled as twelfths and as such current spend is on track.

Capital investment programme is shown as the actual spend as a percentage of the total available budget. The capital spend is traditionally making a slow start to the year as contracts are put in place and works started. More payments will be made from August onwards.

The partnering major works contracts will have an impact of the spend figures later in the year. The first two packages are now on site.

As part of the transitional works nine projects are at tender stage valued at approx. £4.5m, of which three large window replacement projects are due to start in October and complete in March next year. A further 14 projects are in progress valued at approx £7.2m.

The decent homes improvement works has been established as a six year programme, with projects and packages of works likely to straddle financial years. The percentage of actual spends of capital works is shown in the performance indicators and is reported on a monthly basis. The end of year projection (EYP) has, in recent months, been running at between 94% and 96%. This will fluctuate throughout the year(s), sometimes under sometimes over the 100%, depending on the progress and delivery of the individual packages of work. This does not give cause for concern as there is flexibility in the capital budget to carry over to the following year. There is an overall programme of works that identifies a commitment to spend the full capital budget on decent homes by 2011. This will be managed and monitored to ensure delivery of works and budget spends.

A more detailed review of the capital budget for this current year 2005/06 is planned for the half year position at the end of September.

Decent Homes Elements for 2005/06

The transitional element/component based schemes have been progressing since April and the partnering contracts have just started (15 August 2005). The chart below indicates installations to date.

Element	Proposed	Installed to date
Windows	1854	305
Kitchens	1077	130
Bathrooms	1059	91
Heating	639	122
Rewiring	885	151
Roofs	647	65

The anticipated number of element replacements at the start of the year is based on the cloned stock condition information. This will change as the year progresses to accommodate the individual property needs identified during the detailed surveys, and the negotiation of acceptable AMP's. Priority will be given to works that secure the decent homes standard.

Resident Satisfaction with Major Works

More information has been requested by Directors on the process for collecting and reporting resident satisfaction with capital improvements to the housing stock. This is incorporated into the Face2Face surveys and also

completed as a point of service survey following the completion of each scheme of work.

The latter is a regular performance indicator reported quarterly to this meeting. The current feedback relates to transitional schemes of work but in future will, as works are completed incorporate satisfaction with the partner packages.

Current Results

Face2 Face – March 2005	90%
Point of Service – August 2005	88.61%

Methodology

Following the set up of Barnet Homes, the process for the point of service indicator built on and expanded the established procedure carried out by the Housing Maintenance Team which collects similar information for its Capital Works schemes. Data is collected and held in the Contact Manager system, which is pre-loaded with all the projects and contractors.

On the completion of all schemes (or phases) a random selection of residents are contacted by telephone and asked for their comments on the service provided. This provides an indicator on a scheme basis and is aggregated to generate the overall percentage of satisfaction.

There are seven set questions as shown at **Appendix 1**. The overall satisfaction question drives the indicator. Please note that diversity information on ethnicity and disability is also collected at the same time.

The number of target returns or sample sizes for the survey are set out below and aim to provide a statistically valid result.

Up to 20 units	100% sample
20 to 100	Target 75%, minimum 50% or 20 whichever the greater.
100 to 250	Target 60% or 100, minimum 50% or 100 whichever the greater
Over 250	Target & minimum 100

Performance Management

Individual Lead Officers or Project Managers have responsibility to ensure the surveys are carried out to meet the sample size, and to take action if satisfaction levels are below target. This will involve ensuring individual problems are picked up and followed through. The satisfaction levels also form an important element of overall performance on a project and are discussed with the relevant contractor at progress meetings. The information

can thus be used in a constructive way to address repeat issues and learn from experience to improve future service.

The process is also monitored on a monthly basis by the Scheme Monitoring Group, which tracks progress and performance for each live scheme of work.

Satisfaction levels are also provided in on a quarterly basis to each of the Area Panels.

At an aggregated level, results are reported through the BHs Management Team Structure and to Directors through this sub-group.

It should be noted that within the key performance indicators agreed with the partner constructors, additional satisfaction surveys will be carried out by their staff at the point of completion. These will be provided to Barnet Homes and compared with the feedback received from our own telephone surveys.

Author: Harry Williams, Investment Strategy Manager

Date: 6th September 2005

**Barnet Homes – Technical Services
Resident Satisfaction with Major Works**

Appendix 1

Example of details requested and kept on Contact Manager System

Job details:

Contractor name

Scheme title

Elements refurbished (windows, kitchen, bathroom, heating, rewiring, roof)

Resident Information:

Name

Address

Telephone No.

Whether leaseholder

Ethnicity

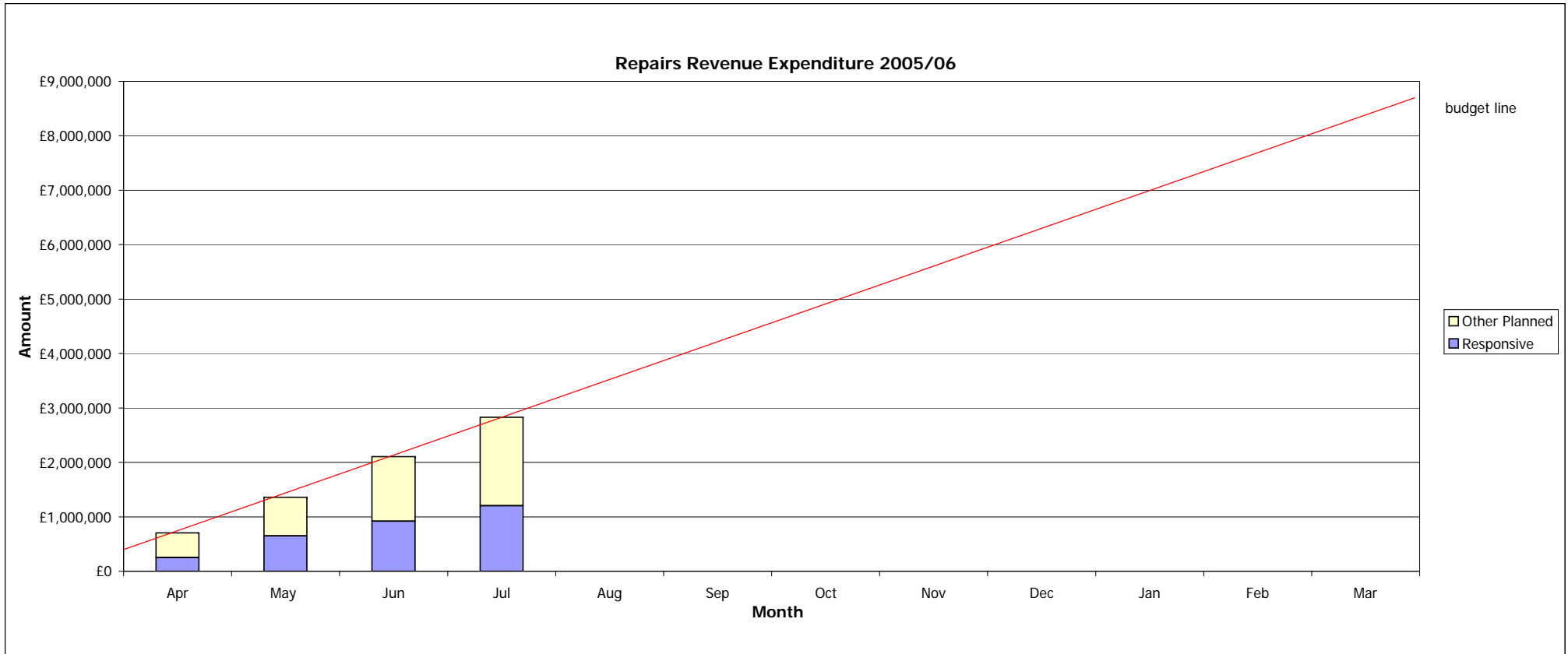
Disability

Questions asked of residents relevant to works:

1. Did the contractor discuss with you what he was going to do?
(the design, layout & programming of the works)
2. What was done?
(check made against work schedule)
3. Did the contractor make an appointment with you to do the work?
4. Did they keep the appointment?
5. Did the contractor treat your home with respect and was the contractor polite when dealing with you?
- 6. Was the work completed to your satisfaction?**
7. Is there anything you feel we could have done better?
(comments section)

**Barnet Homes – Technical Services
Monthly Monitoring – July 2005**

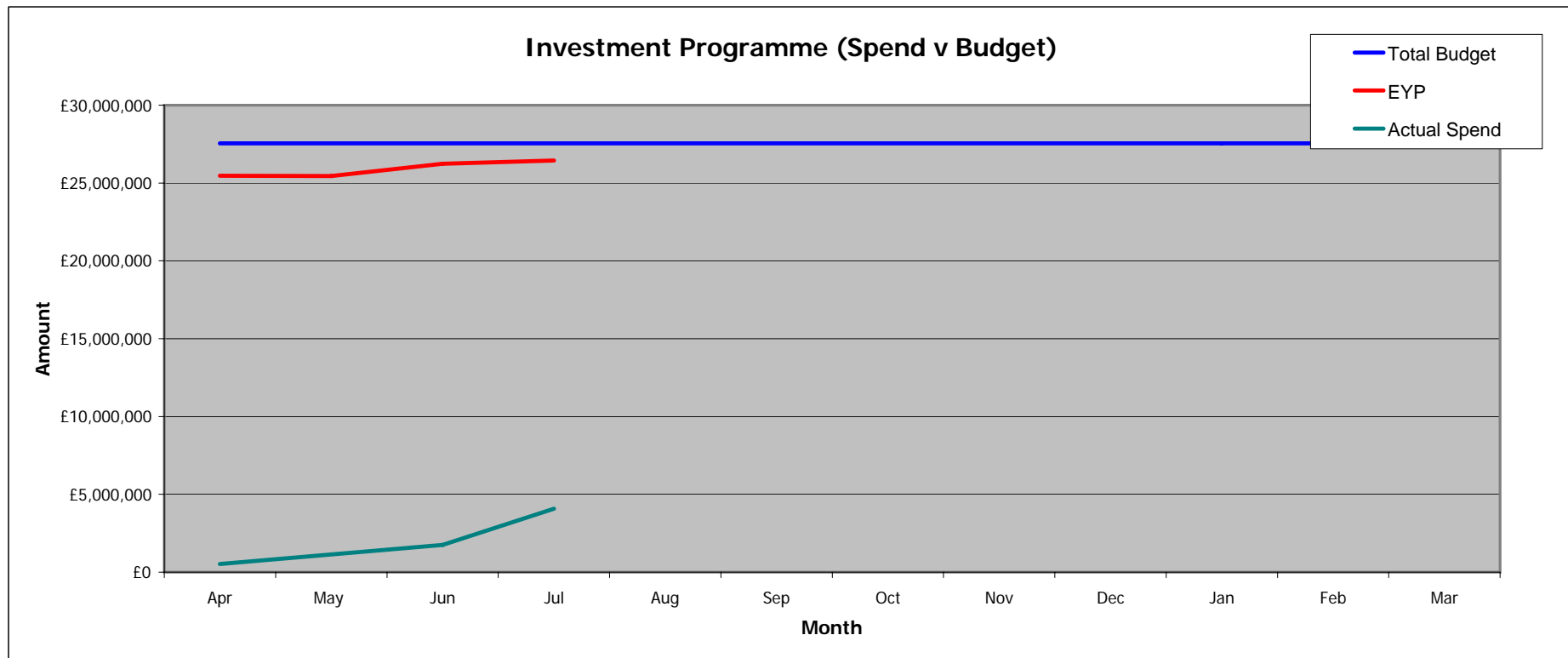
Type	Description	Freq	Production	Owner	Performance			Commentary
					Actual 04/05	Target 05/06	July 2005	
Local	Repairs Appointments made and kept as %	M	SG	MD	98	98	99%	
Local	Repairs Service % Satisfaction Survey	M	SG	MD	98	98	97%	
BV 211a	Proportion of Planned to Responsive Ratio	Q	SG	MD	88:12	89:11		Quarterly figure
BV 211b	Proportion of urgent and emergencies to non-urgent Ratio	Q	SG	MD	6:94	6:94		Quarterly figure
Local	Revenue Budget (spend v profile)	M	SG	MD	100%	+/-2%	100.18%	Spend at month 4 is £2.83m which is 33% of £8.468m budget. See graph.
Local	Investment Programme (spend v budget)	M	DP	HW	104.89 %	100%	14.83%	Spend at month 4 is £4.1m. A number of projects are starting Aug/Oct. Predicting 96% spend of budget at year end. See graph.
Local	Satisfaction of residents with capital works as %	Q	IDT	HW	92	96		Quarterly figure.
Local	% Stock non-decent (retained stock) end of period	Q	SSh	HW	46	44		Quarterly figure.
BV184	% Non Decent Homes at beginning of year	A	AMD	HW	53	58		Annual figure.
BV184	Percentage change in Non Decent Homes	A	AMD	HW	5.66	10.34		Annual figure.
BV63	Average SAP rating	Q	LBB	HW	66.16	68		Quarterly figure. Subject to confirmation.
BH Bus Plan	Business Plan Activity Monitoring	Q	KL	BJC	N/A	N/A	N/A	Quarterly figure.



Spend	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Responsive	£251,436	£651,552	£920,871	£1,204,671								
Other Planned	453,469	£709,990	£1,186,466	£1,623,150								
Total	£705,005	£1,361,542	£2,107,337	£2,827,821								

Budget	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Responsive	£281,666	£563,332	£844,998	£1,126,664								
Other Planned	424,000	£848,000	£1,272,000	£1,696,000								
Total	£705,666	£1,411,333	£2,116,998	£2,822,664								

Spend vs Budget	99.90%	96.50%	99.50%	100.18%								
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Spend	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Budget	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	£27,548,000	
EYP	£25,467,161	£25,440,682	£26,230,330	£26,454,409								
Actual Spend	£517,464	£1,133,352	£1,743,199	£4,086,160								
EYP Vs Budget	92.45%	92.35%	95.41%	96.03%								
Spend Vs Budget	1.88%	4.11%	6.34%	14.83%								

Procurement Sub-group
Date: 27 September 2005
Title: Partnering Update

Statement of Purpose

Delivery of the Decent Homes Plus programme underpins a key business aim for Barnet Homes Ltd

Summary

This is the regular monthly update on progress and activity in conjunction with our selected constructor partners to deliver the main Investment programme 2005/10. Attention is also drawn to the some key activities and dates and the need to regularise the authorisation arrangements within the BH Contract Procedure Rules.

Recommendations

1. That progress and pre-construction activity with our constructor partners is noted

Financial & Risk Management Issues

The estimated value of the Partnering agreements is in excess of £130million over the next 6 years. Major risks were identified in the Invitation to Tender.

A joint risk register has been developed and Risk Allowances are included in each Package's Agreed Maximum Price. (AMP)

Resident Consultation and Equalities Issues

Extensive resident consultation is required throughout the course of the whole project. Consultation on general matters is progressed through the R & M Consultative Panel. Issues specific to leaseholders and sheltered residents go through the specialist panels. A number of residents have also assisted staff on more detailed pieces of work such as developing the Decent Homes Plus standard.

Background Information

Attached, as an Appendix 1 is the latest update, showing progress and activity in relation to work with our constructor partners.

United House and Balfour Beatty have set up their site compounds. Work on properties in the first Packages for the Hendon & Edgware and Finchley Contracts has started. Commencement Agreement are in progress for the first Package in the Barnet and Sheltered Housing Contracts.

Balfour Beatty are currently working in 30 properties and plan to complete 6 properties per week.

United House have completed work to 6 properties. The quality of workmanship is of a high standard and complies with Barnet Homes DHS+ Service Standard/ Specification,

The Pre-possession Agreements for Moreton Close and Drummond House are with Wragge & Co being finalised before being issued for signing. Apollo are on schedule to start on site in mid October 2005 following Planning and Building Control approvals.

Author: Hilda Chagula

Date: 7 September 2005

Item No.	Item	Appendix 1
1	Contractual Matters	
	<ul style="list-style-type: none"> • Following the Head of Terms (Project Partnering) Agreements signing on the 8th April 2005, the contractors started the surveys and pre commencement activities needed to determine the scope of work and prices for the first year Packages. • The Pre-possession Agreement for the Hendon + Edgware contract was signed on the 18/7/05 and the Commencement Agreement on the 12/8/05. Work is progressing on site to complete the site establishment and gear up to carry out work in the first properties in the HH3a Package • The Barnet and Finchley contracts Pre-possession Agreements were signed on 12/8/05 The Commencement Agreement for the Finchley Package (FH1) is due to be signed before the end of August 05. In the meantime work under the Agreement is progressing with well advanced plans for work in properties • The Pre-possession costs for the Sheltered Housing schemes at Moreton Close and Drummond House have been agreed. The contractual documents for the Agreements are being drafted by Wragge & Co. Surveys and draft cost plans have been issued. Joint Value engineering exercises with Apollo have been carried out as part of optimising the scope of work within the allocated budget for each package. The Commencement Agreement for this contract is scheduled for signing by October 2005. 	
2	Finance and Risk Management	
	<ul style="list-style-type: none"> • A comprehensive Contract Risk Register has been developed all the 4 contracts. • Risk allocation, management and mitigation action has been agreed. • Risk allowances are included in the Agreed Maximum Price for each Package. 	
3	Standards and Supply Chain	
	<ul style="list-style-type: none"> • The Barnet Homes Decent Home Plus (DHS+) service standard has been developed for works to be carried out in general needs properties. • The standard was presented to the Repairs and Maintenance Group on the 8/7/05 • The Service Standards for Sheltered Housing has been finalised and is due to be presented to the Sheltered Housing Panel in September 2005. • Barnet Homes and the Constructors have jointly selected suppliers for key elements. The supplies cover windows, kitchens, bathrooms and central heating boilers. 	
4	Customer Care and Communication	
	<ul style="list-style-type: none"> • The Residents Information Packs for each contract were presented 	

Item No.	Item	Appendix 1
	<p>to the Repairs and Maintenance Consultative Group on the 18/8/05.</p> <ul style="list-style-type: none"> • Residents Liaison Officers from the 3 Constructors also attended the meeting to talk about their work and proposed customer care arrangements. • The Barnet Homes Editorial Board has commented on the proposals and the comments will inform the final drafts before production. 	
5	Performance Management and ICT	
	<ul style="list-style-type: none"> • A Web based system used by United House has been reviewed and provides Barnet Homes with real time access to the information needed for performance monitoring and stock data updates. • Both Balfour Beatty and Apollo are providing similar information in excel format using own systems. • A Barnet Homes working group is progressing the wider ICT implications for existing business systems and identifying efficient ways of information exchange with the Constructors. • Another joint KPIs working group is reviewing relevant national and local Performance Indicators for the Year One Programme 	
6	Site Operations	
	<ul style="list-style-type: none"> • Properties in the first year packages (2005) for each contract have been identified. These comprise of; <ul style="list-style-type: none"> ○ Barnet Contract: 135 Houses and 260 Flats ○ Finchley Contract: 217 Flats ○ Hendon and Edgware Contract: 57 Houses and 387 Flats ○ Sheltered Housing Contract: 2 Homes (Moreton Close and Drummond House) • All Constructors have identified their operational teams. Regular Partnering Team meetings are taking place to progress the pre-commencement activities • A separate programme of Investment Delivery Team staff training and development is in progress. The training covers the different roles and responsibilities under the PPC2000 contract and Construction Project management in a Partnering environment. • Balfour Beatty and United House have set up their site establishments for the first year contracts. The search for future site locations is already in progress to ensure approvals are obtained well in advance and avoid delaying the start of work to properties In future Packages. • There are no major planning issues anticipated. However close liaison with the Regulatory services will be maintained to avoid any delays to the construction programme. 	

Hilda Chagula
22 August 2005

Procurement Sub-group
Date: 27 September 2005
Title: ALMO Funding 2006/08

Statement of Purpose

Delivery of the Decent Homes Plus programme underpins a key business aim for Barnet Homes Ltd.

Summary

The report advises the group that ministers will be making decisions on ALMO funding for 2006/08 at the end of October. In this connection the ODPM requires, by 16 September, all Round 3 ALMOs to complete a revised Building Cost Model¹ (BCM) and provide other supporting documentation.

Recommendations

1. That the group note the content of this report.

Financial & Risk Management Issues

The investment programme and delivery of the government target for decent homes is dependant on funding in line with the original ALMO bid. This amounts to £16,077million for 2006/07 and £14,216million for 2007/08.

The ODPM have in their letter to Barnet Homes, attached to this report, stated that they don't expect any increases above the original (total) funding bid, and in deed are seeking savings of at least 2%. This represents a likely reduction in ALMO funding of £606,000 from that which has been assumed in our budget planning over the next two years. It is far too early for us to quantify any efficiency gains arising during the Partnering programme. Furthermore the construction industry is carrying a higher inflationary price index (8%) than the assumed rate (2.59%) in the original BCM.

These factors place additional financial risks on what we can achieve within the programme.

Resident Consultation and Equalities Issues

None in the context of this report.

Background Information

The successful award of two stars in the Audit Commission Inspection released (through LBB) the first tranche of ALMO funding: £4,005million for 2004/05 and £15,094million for this year (2005/06).

Further release of funding is subject to satisfactory progress being made by Barnet Homes, and a revision of the projected expenditure as set out in the original bid and S27 notice.

¹ The BCM is the prescribed mechanism for setting out ALMO funding requirements. It takes the form of an extensive set of spreadsheets.

Item 7

The ODPM wrote to the CEO on 4 August 05 setting out their requirements for making this assessment. Work is well underway to put together the information to support continued funding. The largest and most complex piece of work is the revision of the BCM.

As expected by ODPM, and referred to towards the end of their letter, we are working jointly with the Council and will be meeting them close to the return date to agree the response.

Author: Barbara Collins
Date: 5 September 2005



Margaret McPeake
Chief Executive
Barnet Homes
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London
N20 OEJ

Mike Wilkinson
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SW1E 5DU

Direct line: 020 7944 3712
e-mail : Mike.Wilkinson@odpm.gsi.gov.uk

Web site: www.odpm.gov.uk
Our Ref:

5 August 2005

Dear Margaret

ALMO FUNDING FOR 2006/07 AND 2007/08

This letter sets out our proposed arrangements for allocating funding for Round 3 ALMOs for 2006/07 and 2007/08. You will see that in particular we are asking you to re-profile your expenditure to help smooth peaks in demand for the ALMO programme as a whole and, because we accepted inflation assumptions above RPI in the original bids, we are seeking savings of at least 2% on expenditure in 2006/07 and 2007/08 through efficiency improvements.

Continued funding for 2006/07 and 2007/08 will be subject to satisfactory progress being made by the ALMO and a validation, by means of an updated Building Cost Model and supporting documentation, of the projected expenditure set out in the original bid and section 27 application to ensure that this is still appropriate. Ministers will not be expecting to agree any increases which take the total expenditure above the level of funding at the time the original bids were approved, which in your case is £ 88.523 million.

In order to demonstrate that progress to date has been satisfactory, and to explain your plans for the next two years, please would you supply the following information:

a) a commentary on progress to date. This should cover:

Delivery of investment programme - including progress against your delivery plan and the targets in your original bid and section 27 application. If the timetable has changed, please set out the reasons for this. Also, if you are facing any constraints e.g. capacity of the local building industry, please give details.

ALMO Funds - an explanation of the information included in the BCM (see (b) below), an updated expenditure profile (see (c) below) and a note on your approach to the Decent Homes standard including an assurance that the ALMO funding being sought will be used entirely for Decent Homes as currently defined and is the minimum necessary taking into account other available resources.

Housing Management Service - how improvements in your housing management service are being delivered. How you are measuring, and responding to, indications of tenant satisfaction.

Tenant participation - details of your current TP structures and any notable improvements in participation since the ALMO was set up.

Links with others - how the relationship with your LA has developed. Details of any links you have with other bodies or initiatives in the area including regeneration projects.

Works to enhance sustainability - details of what the additional funding for sustainability is being spent on and what has been achieved so far.

Changes from bid/section 27 stage - details of any significant changes in your scheme since Ministers gave their consent for the LA to set up and delegate its housing management functions to the ALMO.

- b) an updated ALMO Building Costs Model. I attach a copy of the latest version of the model and guidance on its completion. The model has been revised since the version you originally completed. In particular, the funding sheet now separates out the funding for sustainability from the Decent Homes funding, and includes a separate line for expenditure on demolitions. While we would prefer you to use this latest version, please let me know if this would cause you major problems. You may be aware that in the latest round of ALMO allocations (Round 5), costs were assessed on the basis of RPI only with no additional sums allowed for Building Cost Inflation (BCI) above this level. Whilst we are not proposing to ask you to strip out BCI from your calculations, we will be looking for a reduction in overall costs of 2% delivered through efficiency savings (see (d) below). This 2% saving applies at present to the two years for which we will make the next allocation.
- c) a revised expenditure profile. In order to enable us to make best use of available resources, we need to try to smooth out expenditure profiles as much as possible across the ALMO programme to avoid peaks of demand. We therefore need to ask you to revise your expenditure profile from 2006/07 to the end of 2010 in line with this, to achieve a more uniform spend across the remaining years of your programme. Please could you provide a revised expenditure profile showing how you could achieve this, while still enabling the decent homes target to be met by 2010.

- d) details of the efficiency savings that you are currently making and planning to make in the future. As you are aware, Ministers are keen to make sure that funds available under the ALMO programme are used as effectively and efficiently as possible and are looking to all ALMOs to demonstrate how they are building in efficiency gains and savings into their investment programmes. We would like you to provide details of the efficiency gains that you have made. In making allocations for 2006-2008, Ministers will be assuming at least a 2% saving, when compared with the revised expenditure profile that we have asked you to produce for these years. Just to be clear, your expenditure profile should be based on actual projected spend. When your allocation is confirmed, this will be for 98% of the agreed expenditure for 2006-08.
- e) revised stock numbers and forecasts and confirmation of your progress towards the decent homes target.
- f) a copy of the action plan drawn up to implement the Housing Inspectorate's recommendations following the inspection of the ALMO and a report of progress on this action plan.
- g) the current version of the delivery plan.
- h) a copy of your ALMO's latest Annual Report and Accounts.

I should stress that the information we are asking for will not be treated in the same way as a new bid for funding. Rather, the information is needed to enable us to check that proposed ALMO funding continues to be fully justified on the basis of an accurate assessment of the costs of reaching the Decent Homes target and the other funds likely to be available to help meet those costs. As stated above, Ministers will not be expecting to make allocations above the levels set out in the original bids and will be expecting efficiency improvements to be delivering gains and savings.

You will, of course, need to work with your local authority when preparing some of the material requested in this letter. When replying, please indicate whether the authority has seen and is content with the material you are submitting in respect of the ALMO's future programme.

Please could you email the information set out above to Andrew Dack at andrew.dack@odpm.gsi.gov.uk by 16 September. Any queries on this letter should also be sent to Andrew. We will aim to consider the material in time for Ministers to make decisions on allocations by the end of October.

I am copying this letter to Clive Medlam, Borough Treasurer at the local authority, Graeme Bennett at the Housing Inspectorate and Steve Speed at the Government Office for London.

Yours sincerely

Mike Wilkinson

Barnet Homes
Procurement Sub-Group
27 September 2005
Title: Future Agenda Planning

1. Statement of Purpose

- 1.1 Barnet Homes is committed to achieving effective governance and ensuring we deliver our objectives and commitments to target.

2. Summary

- 2.1 This paper sets out proposed future agenda items to the sub-group.

3. Recommendations

- 3.1 That the sub-group consider the proposed agenda items and agree or amend as it wishes, and propose any items for inclusion on future agendas.

4. Financial & Risk Management Issues

- 4.1 Not applicable.

5. Resident Consultation and Equalities Issues

- 5.1 None in context of this report.

6. Background Information

- 6.1 The table below sets out proposed agenda items for the next meeting and the remainder of 2005. The sub-group is asked to propose further items for inclusion.

Meeting Date	Agenda Items
14 September	Monthly Monitoring – July 2005 Partnering Update Review of Repairs & Maintenance Services
19 October	Quarter 2 Monitoring – September 2005 Business Plan Monitoring Partnering Update
23 November	Monthly Monitoring – October 2005 Partnering Update
21 December	Monthly Monitoring – November 2005 Partnering Update Repairs and Maintenance Review – Outcome of Options Appraisal

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