

**BARNET HOMES
BUSINESS SUB-GROUP MINUTES
4 February 2009**

Attending:

Vi Britchfield, Chair of Board
Ingrid Beal, Vice-Chair of Board & Chair of Business Sub-Group
Councillor Monroe Palmer, OBE, FCA
Jane Nelson, Director
Ian Sharp, Tribal Business Assurance

Apologies:

None

Management & Staff:

Mike Wiffen, Head of Financial Services
Gary Pliskin, Deputy Head of Financial Services (Items 1-4 & 9)
Karen Flood, PA to Head of Financial Services (Minutes)

Apologies:

Jo Moore, Financial Controller
Kevin Turnpenney, Housing Core Performance Manager
Chris Wilkins, Head of Asset Management

Visitors:

None

ITEM	TITLE	ACTION
1	Introductions & Apologies	
1.1	Apologies were noted.	
2	Agree Minutes & Matters Arising	
2.1	Minutes	
2.1.1	Minutes of 3 December 2008 were agreed.	
2.2	Matters Arising	
2.2.1	Item 2.2.2 Exemption from Contract Procedure Rules – Construction Design and Management, Extension of Contract - Contract extended to September 2009, possibility of extending until end of Decent Homes programme with Mike Wiffen. Ongoing	MW

ITEM	TITLE	ACTION
2.2.2	<p>Item 2.2.4 (a) Agency Staff – Jane Nelson felt that the term ‘agency staff’ should be revised, for example, to ‘agency placements’, as the term ‘staff’ could be interpreted as a more permanent arrangement. Resources Sub-Group to consider.</p> <p>Instructions have been issued to relevant staff/report authors.</p>	
2.2.3	<p>Item 2.2.6 Health and Safety (Risk 17) Fire Safety – some risk assessments still to be carried out in blocks, Construction Design and Management Company may be able to assist with this task - Health & Safety Co-ordinator is investigating this further. In the meantime the H&S Assistant post is in recruitment.</p> <p>Health and Safety Assistant post recruited by agency placement, will be attending a Fire Risk Assessment course on 5 February 2009. Risk assessments to blocks – all Sheltered blocks completed, Alarm assisted blocks next to be carried out. Specification quoted on at the moment.</p>	
2.2.4	<p>Item 2.2.8 Sustaining Contact Centre call handling performance (Red) –issue to be picked up as part of the repairs review and contract - Tenders for the review are currently under consideration by the Head of Asset Management.</p> <p>Consultant Ridge appointed and review commenced early January 2009.</p>	
2.2.5	<p>Item 2.2.9 Media Coverage of Barnet Homes (Amber – New Item) – Board to receive a detailed report - this will in future be a standing item on the agenda for Resources Sub-group – starting from 4/12.</p> <p>Included in Resources Sub-Group on 4/12 and will in future be a standing item.</p>	
2.2.6	<p>Item 2.2.10 Responsive Repairs Administration cost high compared to our peer groups this will be investigated further as part of the repairs review - Tenders for the review are currently under consideration by the Head of Asset Management.</p> <p>Consultant Ridge appointed and review commenced early January 2009.</p>	

ITEM	TITLE	ACTION
2.2.7	<p>Item 2.2.11 Delegated Authority - all requests are approved by the Business Sub-Group, it was suggested that the threshold of £10k for officers to approve be investigated - to be considered as part of review of Financial Regulations. Ongoing</p>	MW
2.2.8	<p>Item 5.2.3 Chief Executive Office - Projecting an overspend of £146k on expenditure at year end, this is mainly due to the £100k staff savings as a result of the central services review. Noted this will be split out to the relevant service areas for next months reporting. Completed</p>	
2.2.9	<p>Item 5.2.5 (c) Housing Services - LBB Legal Disbursement Costs - It was agreed that more details on costs would be provided as part of the Budget Monitor report to the next meeting on 7 January 2009. Analysis to be sent out to Business Sub-Group with December management accounts. January meeting cancelled so analysis to be tabled at 4 February 2009 meeting.</p>	
2.2.10	<p>Item 5.8.4 Repairs and Maintenance - The Sub-Group requested that the spreadsheet be reviewed to include trends and movement on virements. Gary Pliskin and Mike Wiffen to look into this. Work has commenced developing new possible presentations for the management accounts.</p>	
2.2.11	<p>Item 6.5 Value for Money - Jane Nelson commented that a good piece of work had been undertaken and that we should highlight any savings to 2014. Value for Money Review report due to next meeting of Sub-Group.</p>	
3.	<p>Declaration of Interests</p>	
3.1	<p>If any item arose concerning London Borough of Barnet Finance Monroe Palmer may have conflicting interests.</p>	

ITEM	TITLE	ACTION
4.	Budget Monitor – end December 2008	
4.1	The Sub-Group received a report setting out the budgetary position for the company as at the end of December 2008 with the projected year end figures for 2008/09. Included was an analysis of the legal expenses incurred to date as requested at the meeting held on 3 December 2008.	
4.2	Total Barnet Homes Limited	
4.2.1	Projecting a net loss of £34k this is with the assumption that the £197k in contingency funding is not spent. It was confirmed at the meeting that the £34k loss would come from company reserves.	
4.2.2	A high number of estimated electricity bills have been received from the new supplier; this is currently being addressed as the contract stated that meters should be read at least every quarter. A programme is being developed with Housing Services to ensure that readings are obtained for all meters.	JM/DR
4.3	Barnet Homes Limited – Total Heads of Service	
4.3.1	Full year projection on income £24k above budget, this has increased by £10k since last month and is as a result of the 3 months bank interest received in December.	
4.3.2	Full year projection on expenditure predicting to underspend by £36k.	
4.4	Financial Services	
4.4.1	Full year projecting on underspend of £211k on expenditure, this is mainly as a result of the remaining £197k of unspent contingency funding.	
4.5	Chief Executive Office	
4.5.1	Projecting for the full year an overspend of £14k, this has decreased by £79k since last month and is mainly as a result of the salary budget being increased by £80k (from Financial Services) to take account of the central salary savings budgeted in this service area.	

ITEM	TITLE	ACTION
4.6	Corporate Services	
4.6.1	Projecting an underspend of £62k at year end, mainly as a result of the consultants cost projected underspend increasing. The budget in relation to the consultant costs for the Barnet House moves is now expected to be utilised in 2009/10.	
4.7	Housing Services	
4.7.1	Projecting a full year overspend of £157k, this is mainly as a result of the increase in electricity and gas costs.	
4.8	Asset Management	
4.8.1	Full year projected overspend of £66k on expenditure, this has reduced by £15k since last month. £20k has been vired from Corporate Services to the Call Centre agency placement budget.	
4.8.2	Jane Nelson queried whether the car lump sum payments were only applicable to Asset Management. Mike Wiffen confirmed that this was across the company, a review is currently underway with an independent consultant.	
4.9	Total Barnet Homes Limited – Other Costs	
4.9.1	Full year projecting an overspend of £60k, mainly as a result of postage, miscellaneous expenses, printing, travelling and telephone costs.	
4.10	Repairs & Maintenance	
4.10.1	Overall full year projecting to come in on budget with the responsive repairs overspend reduced by £80k since last month.	
4.10.2	Jane Nelson queried if the reduction in responsive repairs was as a result of some repairs being capitalised. Mike Wiffen confirmed that some capitalisation had taken place.	

ITEM	TITLE	ACTION
4.11	Balance Sheet	
4.11.1	Jane Nelson queried the £5.8m deficit from the FRS17 Pension and asked if there were any risks and were there any other liabilities. Mike Wiffen confirmed that the London Borough of Barnet had issued a letter of guarantee to Barnet Homes in relation to the initial deficit and that future liabilities were covered through payment of the management fee.	
4.11.2	Monroe Palmer queried the position on Corporation Tax given the bank interest received. Mike Wiffen confirmed that this would be undertaken as part of the year end accounts.	
4.12	Legal Expenses	
4.12.1	At the meeting held on 3 December 2008 the Sub-Group requested a breakdown of legal costs.	
4.12.2	£450k has been spent to 31 December 2008 of which £334k was with the London Borough of Barnet.	
4.12.3	A breakdown of costs by department was circulated to the group: <ul style="list-style-type: none"> ▪ Financial Services - £3,750 ▪ Corporate Services - £32,198 ▪ Housing Services - £388,358 ▪ Asset Management - £25,750 	
4.12.4	The Sub-Group requested a detailed report be submitted to the next meeting. This should include a detailed comparison with 2007/08 and the arrangements for ordering, management and budgetary control.	GP
5.	Budget 2009/10 – Headlines	
5.1	The Sub-Group received a report setting out the budget headline position, taking into account the consultation carried out and decisions made by the Board.	

ITEM	TITLE	ACTION
5.2	The Sub-Group were asked to agree for the budget to be drawn up on the basis of the report, agree to the use of reserves to support the 2008/09 budget, confirm the amount to be utilised and agree that the budget headlines be presented to the February meeting of the Resident Involvement HUB.	
5.3	<p>Base Position:</p> <ul style="list-style-type: none"> ▪ Assumption made that the pay award will be set at 2.5% from April ▪ Limited amount of inflation allowed for non-pay budgets ▪ Shortfall of £157k identified ▪ Employers Pension fund increases to 26.5% in 2009/10 ▪ Contingency has increased to £300k (by £50k) ▪ Innovations Fund of £50k is retained 	
5.4	New Business Grants Officer – Jane Nelson proposed that the use of consultants be considered for this post as it may be more cost effective.	MW/DR
5.5	The Sub-Group asked that some minor wording changes be made prior to the budget being presented to the Resident Involvement HUB.	MW
5.6	The Sub-Group approved the recommendations for the detailed budget to be drawn up, reserves be used to support the 2008/09 and the headlines be presented to the Resident Involvement HUB.	MW
6.	Request for Contingency Allowance – Asset Management	
6.1	The Sub-Group received a report requesting £40k from the contingency fund to support the procurement of Ridge Property and Construction Company. The funding is to carry out a commercial and operational review of the Connaught repairs and maintenance contract and the function of the generic Barnet Homes Call Centre.	
6.2	The Sub-Group approved the request for funding.	LA/CW

ITEM	TITLE	ACTION
7.	Leasehold Service Charges 2009/10	
7.1	<p>The Sub-Group received a report proposing the increase in service charge estimates for 2009/10.</p> <p>The group were asked to approve:</p> <ul style="list-style-type: none"> ▪ Increase in charges for estate/block repairs, caretaking, lift maintenance and grounds maintenance by 3% ▪ Increase in block heating and estate/block lighting by 5% ▪ Increase in charges for insurance, it is anticipated that this will be no more than 3.5% ▪ Increase in management fee by £6 with the 23.7% of costs (excluding heating and insurance) to remain the same ▪ Administration charge for capital works be increased to 16% for the first £1k and 5.6% on costs above this 	
7.2	It was proposed that the possibility of using energy efficiency light bulbs in communal areas be investigated and was it possible to source these free of charge.	CW/PB
7.3	The Sub-Group approved the recommendations as stated in 7.1 above.	
8.	Review of Risk Registers	
8.1	The Sub-Group received an updated report of the company's operational risks.	
8.2	The Group were advised that the Strategic Risk Register will be presented at the 4 March 2009 meeting.	MW
8.3	3 new risks have been identified for Corporate Services, Resident Satisfaction (Status), Resident Satisfaction (Leaseholder) and Complaints/VIPs, all amber items.	
8.4	Housing Services has 2 new risks Community Tension and the Credit Crisis both green items.	

ITEM	TITLE	ACTION
8.4.1	Vi Britchfield asked if the company received information on levels of benefit and if numbers of people applying has increased. Mike Wiffen confirmed that benefit claims were slightly less in the 3 rd quarter and that there had been no significant impact with the credit crisis so far.	
8.5	The overall position was similar to the last report.	
8.6	Jane Nelson suggested that future risk registers be reported to Board, it was confirmed that a review of risk management was to be undertaken.	
8.7	Jane Nelson suggested that a Status Survey be undertaken for Repairs as an independent check was needed and this could not wait two years until the next survey. A workshop is planned this month and Mike Wiffen will take forward this suggestion.	MW
9.	Service Level Agreements (SLAs) Monitor	
9.1	The Sub-Group received a report on the current situation regarding the SLAs.	
9.2	All Service Level Agreements for 2008/09 have been finalised and 2009/10 are progressing.	
9.3	Jane Nelson asked if it was reasonable for us to request an efficiency saving of 5% on the Service Level Agreements with the London Borough of Barnet. It was confirmed that we are pressing for lower charges.	GP
10.	Agenda Planning	
10.1	4 March 2009 Meeting Agenda <ul style="list-style-type: none"> ▪ Introductions and Apologies ▪ Minutes (4 February 2009) and Matters Arising ▪ Declaration of Interests ▪ Budget Monitor (end January) ▪ Value for Money ▪ Internal Audit Management Action ▪ Budget and Business Plan 2009/14 ▪ Agenda Planning 	GP/LA/JM MW MW MW MW

ITEM	TITLE	ACTION
<p>11.</p> <p>11.1</p> <p>11.2</p> <p>12.</p>	<p>4 March 2009 Additional Items</p> <ul style="list-style-type: none"> ▪ Legal Costs ▪ Strategic Risk Register ▪ Statement of Internal Control <p>Any Other Business</p> <p>April 2009 Meeting – MW to investigate if the budget information will be available for the meeting to be held on 1 April 2009.</p> <p>July 2009 Meeting – Please note that the meeting date is 8th July not the 1st July.</p> <p>Date of Next Meeting – Wednesday 4 March 2009, 6pm, 9th Floor Board Room, Barnet House.</p>	<p>GP</p> <p>MW</p> <p>MW</p> <p>MW</p> <p>ALL</p>

BARNET HOMES
BUSINESS SUB-GROUP MINUTES - CONFIDENTIAL ITEM
4 February 2009

Attending:

Vi Britchfield, Chair of Board
Ingrid Beal, Vice-Chair of Board
Councillor Monroe Palmer, OBE, FCA
Jane Nelson, Director
Ian Sharp, Tribal Business Assurance

Management & Staff:

Mike Wiffen, Head of Financial Services
Gary Pliskin, Deputy Head of Financial Services
Karen Flood, PA to Head of Financial Services (Minutes)

This report is exempt from publication under Category 3 of Schedule 12A of the Local Government Act 1972 as the report refers to information relating to the financial or business affairs of any particular person (including the authority holding that information).

ITEM	TITLE	ACTION
2.2.12	Item 7.4.1 New Business Update - Additional income has been secured from the Fire Brigade for undertaking risk assessments on their behalf. Ingrid Beal asked if the service could be extended to cover leaseholders, private sector tenants and temporary accommodation properties. To be investigated further. Ongoing.	DR

Signed

Ingrid Beal, Chair of Business Sub-Group

Date

Circulation:

Laura Awosile, Chief Management Accountant
Chris Wilkins, Head of Asset Management
Derek Rust, Head of Housing Services & Deputy Chief Executive Officer
Attendees
Apologies
All Directors

**BARNET HOMES BUSINESS SUB-GROUP MEETING
4 FEBRUARY 2009
MATTERS ARISING**

ITEM	TITLE	ACTION TAKEN
2 2.2.1	Agree Minutes & Matters Arising Item 2.2.1 Exemption from Contract Procedure Rules – Construction Design and Management, Extension of Contract - Contract extended to September 2009, possibility of extending until end of Decent Homes programme with Mike Wiffen – Ongoing Action MW	Ongoing – to be reviewed April 2009.
2.2.2	Item 2.2.11 Delegated Authority - all requests are approved by the Business Sub-Group, it was suggested that the threshold of £10k for officers to approve be investigated - to be considered as part of review of Financial Regulations - Ongoing Action MW	Ongoing
2.2.3	Item 4.2.2 A high number of estimated electricity bills have been received from the new supplier; this is currently being addressed as the contract stated that meters should be read at least every quarter. A programme is being developed with Housing Services to ensure that readings are obtained for all meters. Action JM/DR	A internal meeting took place on 23/2/09 and action points assigned to progress this matter. Contact list to be provided to energy supplier by 27/2/09 with a covering H&S letter and instructions for agreeing access arrangements.
2.2.4	Item 4.12.4 The Sub-Group requested a detailed report be submitted to the next meeting. This should include a detailed comparison with 2007/08 and the arrangements for ordering, management and budgetary control. Action GP	Item on agenda for 4 March 2009 meeting

ITEM	TITLE	ACTION TAKEN
2.2.5	<p>Budget 2009/10 – Headlines Item 5.4 New Business Grants Officer – Jane Nelson proposed that the use of consultants be considered for this post as it may be more cost effective. Action MW/DR</p>	<p>Agreed 19/2/09 post to be established in Financial Services. Agreed that a flexible approach to how the post will be filled should be taken.</p>
2.2.6	<p>Item 5.5 The Sub-Group asked that some minor wording changes be made prior to the budget being presented to the Resident Involvement HUB. Action MW</p>	<p>Taken account of in presentation to HUB on 24 February 2009</p>
2.2.7	<p>Item 5.6 The Sub-Group approved the recommendations for the detailed budget to be drawn up, reserves be used to support the 2008/09 and the headlines be presented to the Resident Involvement HUB. Action MW</p>	<p>See above</p>
2.2.8	<p>Item 7.2 It was proposed that the possibility of using energy efficiency light bulbs in communal areas be investigated and was it possible to source these free of charge. Action CW/PB</p>	<p>We are currently working with Energy Solutions to investigate the different options available to use in our properties. We are aware that there is funding available.</p>
2.2.9	<p>Item 8.2 Review of Risk Registers The Group were advised that the Strategic Risk Register will be presented at the 4 March 2009 meeting. Action MW</p>	<p>Item on agenda for 4 March 2009 meeting</p>

ITEM	TITLE	ACTION TAKEN
2.2.10	<p>Item 8.7 Jane Nelson suggested that a Status Survey be undertaken for Repairs as an independent check was needed and this could not wait two years until the next survey. A workshop is planned this month and Mike Wiffen will take forward this suggestion.</p> <p>Action MW</p>	<p>A number of surveys will be undertaken through circulation with quarterly rent statements. Repairs and Maintenance likely to be one of these.</p>
2.2.11	<p>Item 9.3 Service Level Agreements (SLAs) Monitor Jane Nelson asked if it was reasonable for us to request an efficiency saving of 5% on the Service Level Agreements with the London Borough of Barnet. It was confirmed that we are pressing for lower charges.</p> <p>Action GP</p>	<p>Negotiations are in progress.</p>
2.2.12	<p>Item 11.1 April 2009 Meeting – MW to investigate if the budget information will be available for the meeting to be held on 1 April 2009.</p> <p>Action MW</p>	<p>Meeting now arranged for 8 April 2009 due to clash with NFA Conference.</p>

**BARNET HOMES BUSINESS SUB-GROUP MEETING
3 DECEMBER 2008
MATTERS ARISING
CONFIDENTIAL**

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ITEM	TITLE	ACTION TAKEN
2.2.13	<p>Item 2.2.12 Additional income has been secured from the Fire Brigade for undertaking risk assessments on their behalf. Ingrid Beal asked if the service could be extended to cover leaseholders, private sector tenants and temporary accommodation properties. To be investigated further - Ongoing Action DR</p>	<p>Discussions are underway with the Fire Brigade.</p>

Barnet Homes

Board / Sub Group:	Business Sub-Group
Date:	4 March 2009
Title of Report:	Budget Monitoring 2008/09 – Year to Date to end of January 2009
Purpose of Report:	To consider the company's budgetary position as at the end of January 2009.
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

Report Summary:

This report sets out the budgetary position for the company on a year to date basis as at the end of January 2009 and projects the full year figures for 2008/09.

Recommendations:

1. That the Sub-group consider and note the report.

Report Author:	Laura Awosile	Date:	23 February 2009
Telephone:	0208 359 4063	Email:	laura.awosile@barnethomes.org

1. Policy context/ Business Aim

1.1 Regular financial reporting is key to the sound management of Barnet Homes Limited and in supporting the company in achieving its business objectives.

2. Outline of the issue

2.1 Attached as Appendix 1 are the Revenue Budget monitoring reports for Barnet Homes year to date as at January 2009. As at January 2009, the full year projection is a **Net Profit of £26,577**, an improvement of £60,564 from last month's loss figure. This is as a result of the net effect of various factors which are discussed in the individual service area reports.

2.2 This position is before any funds from the budgeted transfer from reserves are utilised. For this financial year, funds from reserves of £103,395 are currently budgeted to be used to fund the company's operations. The full year's current forecast is that funds are currently not required from reserves, leaving budgeted reserve funds of £103,395 still available.

2.3 There are notes on the appendix and the corresponding schedules for each Head of Service area.

2.4 Repairs and Maintenance

The overall cost as at January 2009 year to date (YTD) has been accrued to the Saffron orders paid, finished and invoiced as at the end of January 2009. The total repairs cost reported for the year to date is £7.078m, with an overspending of £26,000.

2.5 The main area of the overspend YTD is now in gas works and repairs (£99,000). This is primarily as a result of responsive gas costs (£84,000). Year to date gas cost overspend has increased by £67,000 from the last month and Asset Management are taking actions to control the overspending. The severe weather over the last few weeks has undoubtedly had an impact on the costs. There is also an investigation into the duplication of gas orders which might have added to the increased costs. Total Void YTD costs are currently overspent by £35,000, a decrease of £14,000 from last month. This is primarily as a result of void works being capitalised. Planned Estate Maintenance is currently underspent by £206,000 YTD. However, estate expenditure is expected to increase in the last quarter of the year and this is reflected in the full year projections. The full year repairs and maintenance costs have been projected to overspend by £30,000.

2.6 Balance Sheet

This is attached as Appendix 2.

3. Tenant & leaseholder implications

3.1 None in context of this report.

4. Equality & Diversity Implications

4.1 None in context of this report.

5. Financial & Risk Management Implications

5.1 See body of report.

6. Other impacts (if applicable)

6.1 None.

7. List of Appendices

7.1 Appendix 1 Budget Monitoring Reports – Total Barnet Homes Ltd

- Schedule 1 Total Heads of Service
- Schedule 2 Financial Services
- Schedule 3 Chief Executive Office
- Schedule 4 Corporate Services
- Schedule 5 Housing Services
- Schedule 6 Asset Management
- Schedule 7 Repairs and Maintenance

7.2 Appendix 2 Balance Sheet as at 31 January 2009

Approved by Head of Service:



Date:

23 February 2009

BARNET HOMES LIMITED
PROFIT AND LOSS STATEMENT 2008/09

Period: 10
 Year to date as at: 31/01/2009

TOTAL BARNET HOMES LTD

Schedules	January 2009 YTD			Full Year			
	Actual YTD	Budget YTD	Variance (ADV)/FAV	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV	
	£000	£000	£000	£000	£000	£000	
Income							
LBB - General Management Fee	15,815	15,768	47	18,978	18,921	57	
LBB - Repairs and Maintenance Allowance	7,083	7,083	(0)	8,500	8,500	(0)	
LBB - Other Fees	902	892	10	1,056	1,071	(15)	
Rechargeable Works	235		235	282		282	
Third Party Income - Grants & Other	80	94	(14)	85	113	(28)	
Total Income	24,115	23,837	277	28,900	28,605	296	
Expenditure							
Management Costs excl. contingency	1	12,448	12,939	491	15,001	15,527	526
Operational Costs	1	3,047	2,575	(472)	3,639	3,090	(550)
Other Costs	1	1,061	1,024	(37)	1,273	1,228	(45)
Depreciation	1	148	148	0	177	177	0
Repairs and Maintenance Costs	7	7,078	7,104	26	8,555	8,525	(30)
Rechargeable Works		235		(235)	282		(282)
Hostels		128	128	(0)	154	154	(0)
Contingency	1	0	131	131	0	157	157
Total Expenditure	24,144	24,048	(96)	29,081	28,858	(223)	
Operating Profit/(Loss)	(30)	(211)	181	(181)	(253)	72	
Third Party Income - bank interest receivable		305	188	117	310	225	85
Corporation Tax Charge Payable		96	63	(33)	102	75	(27)
Net Profit/(Loss)	179	(86)	265	27	(103)	130	

Memorandum	£	£	£
08/09 Projected Full Year Net Profit/(Loss)	26,577	(103,395)	129,972
08/09 Forecast Transfer from P&L Reserves (currently £103,395 in the latest budget)	0	103,395	
08/09 Forecast Surplus/(Deficit) after transfer from Reserves	26,577	0	

Notes

- As at January 2009 year to date, the full year projection is a *Net Profit of £26,577*. The Net Profit position is before any funds from the budgeted transfer from reserves are utilised (£103,395) and includes the present contingency funds of £156,700 which have not been utilised.
- For this financial year, funds from reserves of £103,395 were budgeted to be used to fund the company's operations. The full year projection forecasts that no funds are currently required from reserves.
- The improvement from a net loss to a net profit position is primarily as a result of the net effect of the increased projected income, the increase in the projected underspend as reported in the Corporate Service report and the projected overspend in repairs and maintenance (£30K).

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 10
 Year to date as at: 31/01/2009

BARNET HOMES LIMITED - TOTAL HEADS OF SERVICE

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
Income							
LBB	16,716,554	16,659,729	56,825	84%	20,033,285	19,991,675	41,610
Third Party (includes bank interest)	382,868	281,650	101,218	113%	393,380	337,980	55,400
Total Income	17,099,422	16,941,379	158,043	84%	20,426,665	20,329,655	97,011
Expenditure							
Management Costs							
Salaries and Wages costs	9,262,101	10,861,187	1,599,086	71%	11,129,739	13,033,424	1,903,685
Agency placements	1,386,812	229,055	(1,157,757)	505%	1,664,174	274,866	(1,389,308)
Other Employee Related costs	550,155	492,758	(57,396)	93%	660,186	591,310	(68,876)
Office Accommodation costs	467,885	468,883	999	83%	561,462	562,660	1,198
Information Technology	558,755	581,892	23,137	80%	699,485	698,270	(1,215)
Consultant costs	222,243	305,458	83,215	61%	285,818	366,550	80,732
Contingency		130,583	130,583			156,700	156,700
Total Management Costs	12,447,950	13,069,817	621,867	79%	15,000,865	15,683,780	682,915
Operational Costs							
Transport costs	146,201	140,600	(5,601)	87%	184,090	168,720	(15,370)
Grounds Maintenance	589,904	600,983	11,080	82%	710,884	721,180	10,296
Estate, Hostel & Warden Services	416,585	390,233	(26,351)	89%	498,902	468,280	(30,622)
Utility Costs	1,165,256	857,383	(307,873)	113%	1,369,388	1,028,860	(340,528)
Tenant Related Costs	231,329	236,292	4,963	82%	278,801	283,550	4,749
Legal Costs	497,750	349,358	(148,391)	119%	597,300	419,230	(178,070)
Total Operational Costs	3,047,024	2,574,850	(472,174)	99%	3,639,364	3,089,820	(549,544)
Other Costs	1,061,016	1,023,680	(37,336)	86%	1,273,219	1,228,416	(44,803)
Depreciation	147,883	147,883	0	83%	177,460	177,460	(0)
Corporation Tax Charge	95,652	62,500	(33,152)	128%	102,300	75,000	(27,300)
Total Expenditure	16,799,525	16,878,730	79,205	83%	20,193,207	20,254,476	61,269

Notes

1. The full year forecast on income is £97,011 will be received above the budget. This is an increase of £72K from last month as a result of the projected income above budget for LBB funded posts and the General Fund hostels (£54K) and the revised bank interest receivable (£15K).
2. The full year projection on expenditure is an underspend of £61,269 below the total budget. This position is with the current contingency funds of £156,700 not utilised.
3. The total projected income of £20.427m exceeds the total projected expenditure of £20.193m by approximately £234K. This is the position before any funds from reserves are utilised. £103K has been budgeted for as funds required from reserves to fund the company's operations in this financial year.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 10
 Year to date as at: 31/01/2009

FINANCIAL SERVICES

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
Income							
LBB	15,848,192	15,800,808	47,384	84%	19,017,830	18,960,970	56,861
Third Party	324,655	229,167	95,488	118%	330,000	275,000	55,000
Total Income	16,172,847	16,029,975	142,872	84%	19,347,830	19,235,970	111,861
Expenditure							
Management Costs							
Salaries and Wages costs	978,917	1,031,458	52,541	79%	1,174,701	1,237,750	63,049
Agency placements	76,290	68,230	(8,060)	93%	91,548	81,876	(9,672)
Other Employee Related costs	11,667	12,667	1,000	77%	14,000	15,200	1,200
Office Accomodation costs	416,192	416,192	0	83%	499,430	499,430	0
Information Technology	557,539	581,892	24,352	80%	698,270	698,270	0
Consultant costs	42,082	68,525	26,443	51%	51,498	82,230	30,732
Contingency	0	130,583	130,583	0%	0	156,700	156,700
Total Management Costs	2,082,687	2,309,547	226,860	75%	2,529,447	2,771,456	242,009
Operational Costs							
Estate, Hostel & Warden Services	9,475	6,667	(2,809)	118%	10,370	8,000	(2,370)
Tenant Related Costs	4,732	3,958	(774)	100%	5,678	4,750	(928)
Legal Costs	4,167	4,167	0	83%	5,000	5,000	0
Total Operational Costs	18,374	14,792	(3,582)	104%	21,049	17,750	(3,299)
Other Costs	467,125	454,430	(12,695)	86%	560,550	545,316	(15,234)
Depreciation	147,883	147,883	0	83%	177,460	177,460	0
Corporation Tax Charge	95,652	62,500	(33,152)	128%	102,300	75,000	(27,300)
Total Expenditure	2,811,722	2,989,152	177,430	78%	3,390,806	3,586,982	196,177

Notes

1. The full year projection on income shows that an extra £112K will be received above the budgeted amount, an increase of £72K from last month. This is as a result of LBB funded posts and the General Fund hostel income above budget (£54K) and a revision of the projected bank interest receivable (£15K).
2. The expenditure for the full year is showing an underspend of £196,177. The decrease in the projected underspend is primarily due to the net effect of two factors. Contingency funds reduced by £40K being funds approved for Asset Management to undertake a commercial and operational review of the Connaught repairs contract and the Barnet Homes Call Centre. The full year projection on consultant costs has been reduced by £30,732 from last month to take account of procurement costs not expected to be incurred in this financial year. The total underspend on expenditure is primarily as a result of contingency funds of £156,700 still available.

**BARNET HOMES LIMITED
BUDGET MONITORING REPORT**

Period: 10
Year to date as at: 31/01/2009

CHIEF EXECUTIVE OFFICE

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
<u>Income</u>							
Third Party	0	0	0		0	0	0
Total Income	0	0	0		0	0	0
<u>Expenditure</u>							
<u>Management Costs</u>							
Salaries and Wages costs	187,986	173,850	(14,136)	90%	222,483	208,620	(13,863)
Other Employee Related costs	0	792	792	0%	0	950	950
Consultant costs	0	0	0		0	0	0
Total Management Costs	187,986	174,642	(13,344)	90%	222,483	209,570	(12,913)
<u>Operational Costs</u>							
Estate, Hostel & Warden Services	27	0	(27)		32	0	(32)
Total Operational Costs	27	0	(27)		32	0	(32)
Other Costs	1,244	2,392	1,148	43%	1,492	2,870	1,378
Total Expenditure	189,256	177,033	(12,223)	89%	224,008	212,440	(11,568)

Notes

1. The full year projection on expenditure is showing an overspend of £11,568. The reduction in the full year overspend is mainly as a result of the salary budget being increased by £80,000, to take account of the central salary savings budgeted for in this service area.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 10
 Year to date as at: 31/01/2009

CORPORATE SERVICES

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
<u>Income</u>							
LBB	429	0	429		429	0	429
Third Party	2,620	1,900	720	115%	2,620	2,280	340
Total Income	3,049	1,900	1,149	134%	3,049	2,280	769
<u>Expenditure</u>							
<u>Management Costs</u>							
Salaries and Wages costs	909,956	1,032,684	122,727	73%	1,097,266	1,239,220	141,954
Agency placements	101,650	41,042	(60,608)	206%	126,980	49,250	(77,730)
Other Employee Related costs	175,718	145,733	(29,985)	100%	210,861	174,880	(35,981)
Office Accomodation costs	1,123	0	(1,123)		1,347	0	(1,347)
Information Technology	150	0	(150)		150	0	(150)
Consultant costs	70,933	103,600	32,667	57%	74,320	124,320	50,000
Total Management Costs	1,259,530	1,323,059	63,529	79%	1,510,924	1,587,670	76,746
<u>Operational Costs</u>							
Transport costs	0	5,125	(5,125)	0%	6,150	6,150	0
Estate, Hostel & Warden Services	12,956	13,696	(740)	79%	15,548	16,435	(887)
Tenant Related Costs	74,337	96,375	22,038	64%	93,854	115,650	21,796
Legal Costs	35,775	35,775	0	83%	42,930	42,930	0
Total Operational Costs	123,068	150,971	27,903	68%	158,482	181,165	22,683
Other Costs	276,554	284,892	8,338	81%	331,864	341,870	10,006
Total Expenditure	1,659,151	1,758,921	99,770	79%	2,001,270	2,110,705	109,435

Notes

1. The projected full year income is £3,049, being miscellaneous other fees for fire warden training and grants received from Decent Homes Partners for the summer holiday scheme.
2. The full year projection on expenditure is an underspend of £109,435 an increase of £47,604 from last month. The underspend is primarily as a result of the full consultants budget in relation to the Barnet House move being projected as an underspend (£50K). The funds will form part of 08/09 reserves, and will be utilised in the 2009/10 budget. Residents' participation costs have a projected underspend of £22K, and equipment and materials costs in the other costs category have a projected underspend of £18K.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 10
 Year to date as at: 31/01/2009

HOUSING SERVICES

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
<u>Income</u>							
LBB	315,830	312,996	2,834	84%	359,915	375,595	(15,680)
Third Party	42,533	39,750	2,783	89%	47,700	47,700	0
Total Income	358,363	352,746	5,617	85%	407,616	423,295	(15,679)
<u>Expenditure</u>							
<u>Management Costs</u>							
Salaries and Wages costs	5,487,608	6,439,774	952,166	71%	6,590,129	7,727,729	1,137,600
Agency placements	703,020	73,117	(629,903)	801%	828,624	87,740	(740,884)
Other Employee Related costs	348,382	331,408	(16,973)	88%	418,058	397,690	(20,368)
Office Accomodation costs	12,129	14,250	2,121	71%	14,554	17,100	2,546
Information Technology	1,066	0	(1,066)		1,066	0	(1,066)
Consultant costs	41,667	41,667	0	83%	50,000	50,000	0
Total Management Costs	6,593,870	6,900,216	306,346	80%	7,902,431	8,280,259	377,828
<u>Operational Costs</u>							
Transport costs	146,200	135,475	(10,725)	90%	177,940	162,570	(15,370)
Grounds Maintenance	589,904	600,983	11,080	82%	710,884	721,180	10,296
Estate, Hostel & Warden Services	249,289	248,929	(360)	83%	299,147	298,715	(432)
Utility Costs	778,148	469,375	(308,773)	138%	903,778	563,250	(340,528)
Tenant Related Costs	138,557	122,625	(15,932)	94%	163,268	147,150	(16,118)
Legal Costs	428,641	275,250	(153,391)	130%	514,370	330,300	(184,070)
Total Operational Costs	2,330,739	1,852,638	(478,102)	105%	2,769,387	2,223,165	(546,222)
Other Costs	275,044	250,000	(25,044)	92%	330,053	300,000	(30,053)
Total Expenditure	9,199,653	9,002,853	(196,800)	85%	11,001,871	10,803,424	(198,447)

Notes

1. The full year projection on income is currently £16K less than the budgeted income, the same as last month.
2. The full year projection on expenditure is forecast to have an overspend of £198,447. Utility and legal costs are the categories with large overspend amounts. An exercise is being carried out to undertake actual electricity meter readings. £27K of the total projected overspend relates to the Garth House fire and the repair fault in Elmhurst Crescent, East Finchley.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 10
 Year to date as at: 31/01/2009

ASSET MANAGEMENT

	January 2009 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
Income							
LBB	552,103	545,925	6,178	84%	655,110	655,110	0
Third Party	13,060	10,833	2,227	100%	13,060	13,000	60
Total Income	565,163	556,758	8,405	85%	668,170	668,110	(60)
Expenditure							
Management Costs							
Salaries and Wages costs	1,697,633	2,183,421	485,787	65%	2,045,160	2,620,105	574,945
Agency placements	505,852	46,667	(459,186)	903%	617,023	56,000	(561,023)
Other Employee Related costs	14,389	2,158	(12,230)	556%	17,266	2,590	(14,676)
Office Accommodation costs - GP Rates	38,442	38,442	0	83%	46,130	46,130	0
Consultant costs	67,561	91,667	(24,106)	61%	110,000	110,000	0
Total Management Costs	2,323,877	2,362,354	38,477	82%	2,835,579	2,834,825	(754)
Operational Costs							
Estate, Hostel & Warden Services	144,837	120,942	(23,895)	100%	173,804	145,130	(28,674)
Utility Costs - GP Boiler House	387,108	388,008	900	83%	465,610	465,610	0
Tenant Related Costs	13,704	13,333	(370)	86%	16,000	16,000	(0)
Legal Costs	29,167	34,167	5,000	71%	35,000	41,000	6,000
Total Operational Costs	574,816	556,450	(18,366)	86%	690,415	667,740	(22,675)
Other Costs	41,049	31,967	(9,083)	107%	49,259	38,360	(10,899)
Total Expenditure	2,939,742	2,950,771	11,029	83%	3,575,253	3,540,925	(34,328)

Notes

1. The full year income budget has increased to £668K as a result of the budget being adjusted to reflect the pay increases for the Decent Homes capitalised salaries.
2. The full year projection on expenditure is an overspend of £34,328, a decrease of £32,116 from last month. This improvement is mainly as a result of the salary budget increasing by the total pay rises for the capitalised salaries (£27K). The consultants fees budget has increased by £40K, being contingency funding approved by the Business Sub-Group for a commercial and operational review of the Connaught repairs contract.
3. The overspend in the other employee related cost is mainly due to the car lump sum and mileage costs.

**BARNET HOMES LIMITED
REPAIRS AND MAINTENANCE**

JANUARY 2009 YTD

PERIOD 10

SUMMARY REPORT

	JANUARY 2009 YTD			FULL YEAR			
	YTD Actual	YTD Budget	Variance (ADV)/FAV	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV	2007/08 Actual
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<u>EXPENDITURE</u>							
<i>Direct Costs</i>							
Total Responsive Repairs	2,925	2,883	(41)	3,519	3,460	(59)	3,923
Total Planned Repairs/Works	593	533	(60)	712	640	(72)	755
Total Cyclical Works	498	592	94	597	710	113	608
Total Planned Estate Maintenance	535	742	206	733	890	157	559
Total Void Works	1,035	1,000	(35)	1,230	1,200	(30)	1,252
Total Gas Repairs/Works	1,433	1,333	(99)	1,698	1,600	(98)	1,426
Total Direct Cost	7,018	7,083	66	8,488	8,500	12	8,523
<i>Indirect Cost</i>							
Other Costs	60	21	(39)	67	25	(42)	75
Total Indirect Cost	60	21	(39)	67	25	(42)	75
Total Repair Costs	7,078	7,104	26	8,555	8,525	(30)	8,597

Notes

1. The main areas with the year to date overspend are total gas costs (£99K), planned repairs (£60K) and responsive repairs (£41K). The gas overspend is primarily as a result of responsive gas (£84K), which has been increasing over last the few months. Increased expenditure in planned estate maintenance is expected to occur in the last quarter of the year.
2. The current year to date position is £26K underspent, and the full year total repairs & maintenance costs have been projected to have an overspend of £30K.
3. All commitments with finished and invoiced status have been accrued.

BARNET HOMES LTD
BALANCE SHEET
AS AT 31 January 2009

APPENDIX 2

Note	At 31 Jan 2009	At 31 Jan 2009	At 31 Jan 2009	AT 31 March 2008	Movement
	£	£	£	£	£
Fixed assets					
Tangible fixed assets					
Fixtures, Fittings & Equipment		104,716		137,644	
Vehicles, Plant & Machinery		23,157		26,262	
Computer Equipment		140,847		187,336	
			268,720	351,242	(82,522)
Investments					
Loan to LAPN			39,086	39,086	0
			307,806	390,328	(82,522)
Current assets					
Stock		23,215		0	
Trade debtors		26,578		21,154	
Amounts owed by Parent Undertaking		526,055		3,566,609	
VAT		0		44,065	
Other debtors		3,519		6,960	
Prepayments and accrued income TP		89,406		304,389	
Net cash at bank and in hand					
Cash & imprest bank a/c's	1,279			2,482	
Bank Current a/c	(298,799)			(418,197)	
Bank Deposit a/c	9,515,698			123,234	
Overnight Treasury Deposit	0			4,900,000	
Weekly Treasury Deposit	0			0	
Monthly Treasury Deposit	5,000,000			2,500,000	
		14,218,178			
			14,886,951	11,050,696	3,836,255
Current liabilities					
Trade creditors		(276,294)		(4,905,959)	
Amounts owed to Parent Undertaking		(10,345,967)		(1,942,345)	
VAT		(636,531)		0	
Corporation tax		0		(136,264)	
Other Taxation and Social Security		(217,342)		(224,576)	
Accruals and Deferred Income (TP)		(1,837,076)		(2,532,819)	
Other creditors		(4,834)		(1,405)	
			(13,318,044)	(9,743,368)	(3,574,676)
Net current assets/ (liabilities)			1,568,907	1,307,328	261,579
Total assets less current liabilities			1,876,713	1,697,656	179,057
Long-term liabilities					
Provisions for liabilities		(131,292)		(131,292)	
FRS17 Pension Deficit		(5,857,000)		(5,857,000)	
			(5,988,292)		
Net (Liabilities)/Assets			(4,111,579)	(4,290,636)	179,057
Capital and Reserves					
Profit and Loss Account			(4,111,579)	(4,290,636)	179,057

NOTES TO THE BALANCE SHEET

The Amounts owed to Parent Undertaking includes £5,611,250 in relation to the monthly LBB invoice which is now invoiced in advance in the previous month rather than on the first working day of the month in question.

Barnet Homes

Board / Sub Group:	Business
Date:	4 March 2009
Title of Report:	Legal Expenditure
Purpose of Report:	To provide a detailed analysis of legal expenditure with a comparison to 2007/08, and a review of arrangements for ordering, management and budgetary control of this expenditure.
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

Report Summary:

At last month's meeting, the Sub Group noted that legal fees were £135,000 over the year to date budget. On analysis, it appears that the overspend is primarily within the Housing Services Division and the Home Ownership cost centre. Reasons identified for the overspend are a) an increase in the number of Leaseholder Valuation Tribunals, b) an increase in the volume of cases relating to Leaseholders in arrears referred to Judge and Priestley and c) the impact of billing timing cut-off from the Council.

Housing Officers can order legal services directly, but generally have to follow set processes and procedure notes. Managers review a variety of reports detailing legal costs on a regular basis. However, the reports available to managers could be improved.

Recommendations:

1. That the report be noted.
2. That a further report be submitted on completion of a value for money review into the provision of legal services for Barnet Homes.

Report Author:	Gary Pliskin	Date:	25 February 2009
Telephone:	0208 359 4944	Email:	gary.pliskin@barnethomes.org

1. Policy context/ Business Aim

1.1 Proper control and management of legal expenditure is important factor in helping to deliver a good value for money service.

2. Outline of the issue

COSTS

2.1 The legal fees incurred by Barnet Homes Ltd in the first nine months of the financial year were much higher than anticipated (£135,000 over the year to date budget). The Business Sub Group requested this report in the February meeting, to help understand the area of spend, why it has increased compared to last year (leading to the negative budgetary variance) and the arrangements behind ordering and managing legal spend.

2.2 Appendix 1 shows that the bulk of the £450,000 legal expenditure in the nine months to the end of December was in the Housing Services Division, and within the Housing Services Division the largest area of spend (at £268,000) is the Home Ownership cost centre. (Home Ownership is the cost centre that manages Leaseholders.)

2.3 Appendix 2 presents an approximate analysis of the £268,000 spend within Home Ownership. The largest area of spend is on service charge collection, which involves chasing and collecting outstanding debt from Leaseholders in arrears. The service is provided partially by the Council and also by Judge and Priestley.

2.4 Appendix 3 presents an analysis of the £34k spend within the Anti-Social Behaviour cost centre.

2.5 Appendix 4 compares the spend in the first nine months of the current financial year to a nine month pro-rata amount for the prior financial year (based on the final full year spend). This analysis confirms that the bulk of the increase in legal spend has occurred within Home Ownership (with an increase of £131,000 over last year). In terms of budgetary overspend, Home Ownership was £127,000 over budget as at 31st December 2008.

2.6 The increase in spend within Home Ownership (from Apr 08 to Dec 08) can be attributed amongst other things to the following factors:-

A. **Leasehold valuation tribunals (LVT's).** There were five "class action" type LVT's during the period (which we didn't have in prior years). It is obviously very important to present a robust defence at LVT's. The additional spend due to the LVT's is likely to be approximately £45,000.

B. **Volume of cases.** Obviously legal costs are not simply due to the volume of cases, but also the complexity of cases. However, the number of cases referred by the Team to Judge and Priestley has increased significantly as can be seen in the following table:-

Period	Number of live cases	Number of completed cases	Total live and completed cases
10 months from 1/4/08 to 4/2/09	170	91	261
12 months from 1/4/07 to 31/3/08	36	104	140
1/4/06 to 31/3/07	10	74	84

The number of cases to the beginning of February this year (261) is already well in excess of the number of cases for the whole of the last financial year (140). This explains the additional £57,000 spent with Judge and Priestley for the first nine months of this financial year compared to the prior year year.

We have not been able to obtain a similar breakdown of the volume of Council work for this report. However, it appears likely that overall (ie for both the Council and Judge and Priestley) the volume of legal work processed has increased substantially.

We know the bulk of the work is connected with debt collection. Therefore it seems that the large volume of Decent Homes works being billed together perhaps with the current economic climate may be behind the above trend.

- C. **Cut off of billing.** Legal bills are based on professional time and costs incurred to date. Some costs (particularly disbursements) incurred in a particular financial year may not actually be billed until well into the next financial year. This may distort the financial analysis in this report.

ARRANGEMENTS FOR ORDERING, MANAGING AND CONTROLLING LEGAL SERVICES

- 2.7 The Housing Services Division procure the bulk of the legal services within Barnet Homes. Within Home Ownership, Housing Officers must first seek permission from managers before initiating legal services. For the other departments within Housing Services, Housing Officers generally can initiate legal services without managers' approval. However, Housing Officers are expected to follow pre-defined procedure notes when for example, referring a case to court.
- 2.8 Within the Housing Services Division, Managers discuss arrears cases with Housing Officers during their monthly 1-1 meetings.
- 2.9 Managers receive a variety of reports analysing legal bills from the Council. The Council produce a monthly report detailing cases where the costs have exceeded £2,000. This report is circulated and reviewed by the relevant senior managers (including the Housing Core Performance Manager, the Home Ownership Manager and the Housing Sustainability Manager). In addition, every second month the Deputy Chief Executive reviews this report

in detail to try to ensure we are obtaining value for money for the large cases.

2.10 Judge and Priestley have a sophisticated online information system that the Home Ownership Cost Centre have access to, where it is possible to track and analyse legal costs billed to date by case.

2.11 Legal budgets are set by cost centre as well as by division, and so it is possible for senior managers to identify individual cost centres that are exceeding budget.

HOME OWNERSHIP REVIEW OF LEGAL SERVICES

2.13 Home Ownership are currently conducting a review of legal services and related costs from their two main suppliers – the Council and Judge and Priestley. They are comparing a sample of completed cases from both suppliers, comparing cost, time, results and added value. This should give a good comparison of the service and cost delivered by each supplier for a similar case.

2.14 However, it is considered that we need to undertake a fuller review across the Company and this will be included as a priority in the 2009/10 Value for Money Programme.

3. Tenant & leaseholder implications

3.1 Any projected long-term increase in legal costs in the Home Ownership cost centre would have an impact on Leaseholder charges.

4. Equality & Diversity Implications

4.1 None in the context of this report.

5. Financial & Risk Management Implications

5.1 As set out in the body of the report and appendices.

6. Other impacts (if applicable)

6.1 None.

7. List of Appendices

7.1 Appendix 1:- Analysis of Heads of Service Legal Spend (9 months to 31/12/08).

Appendix 2:- Approximate analysis of legal spend in the Home Ownership cost centre (9 months to 31/12/08).

Appendix 3:- Approximate analysis of legal spend in the Anti-Social Behaviour Team (9 months to 31/12/08).

Appendix 4:- Comparison of Heads of Service legal spend (1st 9 months of 08/09 to the prior year).

Approved by Head of Service:



Date:

23 February 2009

**BARNET HOMES LTD
ANALYSIS OF HEADS OF SERVICE LEGAL SPEND
FOR THE 9 MONTHS FROM 1 APRIL 2008 TO 31 DECEMBER 2008**

APPENDIX 1

Division	Deptment description	£	£	Comment
FINANCE TOTAL	Financial Services		3,750	
	Corporate Services	18,190		
	Human Resources	13,458		Mainly due to employment law advice.
	Board Support	550		
CORPORATE SERVICES TOTAL		<u> </u>	32,198	
	Home Ownership	268,105		See Appendix 2 for a detailed analysis
	Customer Services Rental Income Team	40,624		Mainly due to taking action over rent arrears.
	Neighbourhood Services ASB	33,961		See Appendix 3 for a detailed analysis
	Regeneration	23,539		Mainly due to taking action over rent arrears, pursuing ASB and general tenancy management related.
	Neighbourhood Services East Team	11,564		General tenancy management related.
	Neighbourhood Services West Team	8,828		General tenancy management related.
	Head of Housing Services	1,737		
HOUSING SERVICES TOTAL		<u> </u>	388,358	
	Head Of Asset Management	14,745		
	Customer Services Management and Call Centre	5,950		
	Operational Management East	4,215		
	Operational Management Special	840		
ASSET MANAGEMENT TOTAL		<u> </u>	25,750	
TOTAL HEADS OF SERVICE SPEND			<u> </u>	
			450,056	

BARNET HOMES LTD**APPENDIX 2****APPROXIMATE ANALYSIS OF LEGAL SPEND IN THE HOME OWNERSHIP COST CENTRE
FOR THE 9 MONTHS FROM 1 APRIL 2008 TO 31 DECEMBER 2008**

Description	Note	Approximate spend £' 000
Judge & Priestley service charge collection service. (Chasing & collecting outstanding debt.)		42
Judge & Priestley - court costs		38
Leasehold Valuation Tribunals (There were a total of 5 tribunals during the period.)		45
LBB service charge collection service	1	100
LBB Advice work	1	19
LBB enfranchisements	1	12
LBB Injunctions	1	7
LBB other	1	5
		<hr/> <hr/> 268

Note 1:- Barnet Homes receives a monthly report of costs where the total bill is greater than £2,000. These reports have been aggregated for the whole year. Total costs from LBB have been split in proportion with this analysis.

**APPROXIMATE ANALYSIS OF LEGAL SPEND IN THE ANTI-SOCIAL BEHAVIOUR COST CENTRE
FOR THE 9 MONTHS FROM 1 APRIL 2008 TO 31 DECEMBER 2008**

Description per LBB billing analysis	Approximate spend £' 000
Housing Nuisance	17
Injunctions	9
Housing Casework (BH)	4
Claims against Council	3
ASBO's (BH)	1
	<hr/> <hr/> 34

BARNET HOMES LTD
COMPARISON OF HEADS OF SERVICE LEGAL SPEND
1ST 9 MONTHS OF 2008/09 TO THE PRIOR YEAR

APPENDIX 4

Division	Deptment description	1st 9 month spend of 2008/09 £	9 month pro- rata amount for 2007/08 £	Variance - positive/ (negative) £	MEMO - Total for 2007/08 full year £
FINANCE		3,750	1,883	(1,867)	2,511
CEO		0	1,065	1,065	1,420
	Corporate Services	18,190	10,080	(8,110)	13,441
	Board Support	550	9,021	8,471	12,028
	Human Resources	13,458	6,387	(7,071)	8,516
CORPORATE SERVICES		32,198	25,488	(6,710)	33,984
	Home Ownership	268,105	136,411	(131,694)	181,882
	Neighbourhood Services ASB	33,961	46,985	13,024	62,647
	Customer Services Rental Income Team	40,624	17,532	(23,092)	23,376
	Neighbourhood Services West Team	8,828	12,676	3,848	16,902
	Neighbourhood Services East Team	11,564	10,922	(642)	14,562
	Regeneration	23,539	24,141	602	32,188
	Other	1,737	4,843	3,106	6,458
HOUSING SERVICES		388,358	253,510	(134,848)	338,014
ASSET MANAGEMENT		25,750	31,645	5,895	42,193
TOTAL HEADS OF SERVICE SPEND		450,056	313,591	(136,465)	418,123

Barnet Homes

Board / Sub Group:	Business
Date:	4 March 2009
Title of Report:	Budget 2009/10 and Business Plan 2009/14
Purpose of Report:	The draft budget for 2009/10 is presented for your approval and comments. The Council's Housing Revenue Account (HRA) for 2009/10 and Forward Plan, together with the capital programme, are also included for information.
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

Report Summary:

The report sets out the draft budget for 2009/10, estimated at £28,572,570, a reduction of £360,480 on the 2008/9 budget. It describes the key factors taken into account, including pay awards, inflation and increased pension costs, as well as the impact of the HRA subsidy settlement.

There are brief descriptions of proposals for limited new developments, efficiencies and service reductions. The budget requires the deletion of seventeen posts, some of which will lead to redundancies. It is proposed that these costs are met from reserves.

The report also includes the HRA budget and forward plan and the capital programme for information. These are due to be approved by the Council on 3 March 2009.

The position in relation to the business plan is also described.

Recommendations:

1. That the Sub-Group consider the draft Budget for 2009/10 and agree its submission to the Board on 16 March 2009.
2. That the Sub-Group agrees the use of reserves to meet outstanding costs to Barnet Homes in respect of redundancies resulting from this budget process.
3. That the Housing Revenue Account Budget and Forward Plan, and the Capital Programme be noted.
4. That the progress on the Business Plan be noted.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	25 February 2009
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

1. Policy context/ Business Aim

- 1.1 Forward financial and business planning are essential in meeting the business aims of the Company and the Council. Budgets must be set realistically and match those aims.

2. Outline of the issue

2.1 Business Plan

- 2.1.1 The draft Business Plan is being prepared for the Board Meeting on 16 March 2009. This will be a streamlined plan compared with those produce previously and will be structured around our three new business aims.

2.2 Barnet Homes Budget

- 2.2.1 In drawing up the proposed Barnet Homes budget we have taken account of the Board's priorities and those identified by residents and staff through the consultation process. The Sub-Group agreed budget headline proposals at the last meeting and these were fed back to residents at the Hub meeting on 24 February 2009.

- 2.2.2 As has been stated previously the 2009/10 budget process has been very difficult due in particular to the pressures on the Council's HRA from which most of the company's income is derived. Further the Council requested that 5% efficiencies be made in the management fee and we have sought to limit the impact on front-line services as far as possible.

- 2.2.3 In preparing the budget a key assumption is that the pay award from April 2009 will be set at 2.5%. All budgets have been scrutinised in detail, and have been tightly set. Only a limited amount of inflation has been allowed for non-pay budgets, with many set at 2008/9 cash levels or lower. The employer's pension contribution level rises to 26.5% in 2009/10, with a further increase to 27.8% due in 2010/11. A contingency of £300,000 has been provided, and the successful Innovations Fund of £50,000 has been retained. In 2008/9 we included a net budget of £150,000 for bank interest, with a latest forecast of over £200,000 earnings. Given the reduction in base rate by the Bank of England to 1% no budget has been provided in 2009/10.

- 2.2.4 Provision of £51,000 has been made for the accommodation and IT review and it is proposed that this be met from reserves.

- 2.2.5 Some limited development proposals can be made and these are summarised in the following paragraphs:-

2.2.6 Leasehold Services (£35,000)

This provides for the production of a new Leasehold Handbook in 2009/10 together with an additional member of staff to assist with issues associated with major works consultation and billing.

2.2.7 Energy Performance Certificates (£44,000)

It is a requirement from October 2008 for these certificates to be provided for every new letting. The certificates are then valid for ten years. The amount provided is that included within the HRA housing subsidy settlement.

- 2.2.8 **New Business and Grants Officer (£30,000)**
The importance of new business and new income has been recognised and provision is made for a specialist post to take this forward. It is anticipated that this will become self-financing over a relatively short period of time.
- 2.2.9 **Board Remuneration (£17,500)**
Provision is made for payment of Board Directors from October 2009 should such a decision be made.
- 2.2.10 Efficiencies to assist in delivering the above include the following:-
- 2.2.11 **Value for Money (VFM) review of caretaking (£35,000)**
This is planned to be achieved through the introduction of some cleaners as opposed to residential caretakers and a review of some terms and conditions.
- 2.2.12 **Caretaking at Grahame Park (£25,000)**
A review of the service is already underway.
- 2.2.13 **Sheltered Housing (£100,000)**
This is outside of the Council's consultation on the future of sheltered housing in the borough, and relates to the reduction in scheme numbers in respect of Garth House and Sarnes Court, and changed arrangements at Gadsbury Close.
- 2.2.14 **VFM review rental income and neighbourhood teams (£137,000)**
This review results in the loss of three posts, including two management posts, and will lead to more efficient working in both teams. In addition the use of on-line court applications and increased use of direct debit contribute to this saving, which accords with the views of residents as expressed at the November Hub meeting.
- 2.2.15 **Review management of regeneration estates (£20,000)**
In line with the lengthening timescales of the regeneration schemes the management of these estates will be reviewed during the coming financial year.
- 2.2.16 **Deletion of Senior Management posts (£115,000)**
Following the transfer of responsibilities for the Contact Centre to Asset Management there is a rationalisation of one senior management post. The Financial Services structure has been reviewed leading to the deletion of a senior management post.
- 2.2.17 **Central Services Review (£198,000)**
Further review of the central services structure has led to a reduction of four posts, two in the Governance and Efficiency team, one in Resident Involvement and one in Service Development.
- 2.2.18 **Cash-limiting non-staffing budgets (£95,000)**
A number of non-staffing budgets have been cash-limited at or below 2008/9 levels.

2.2.19 Other efficiencies and removal of one-off items (£118,000)

2.2.20 Reductions required to deliver the above are as follows:-

2.2.21 New Repairs Policy (£316,000)

The new policy was agreed by the Board earlier this year. It defines more clearly the responsibilities of both Barnet Homes and the tenant.

2.2.22 Administration – Home Ownership (£30,000)

We are able to reduce the establishment by one post due to less work on right-to-buy and cash incentive applications, along with the better use of IT.

2.2.23 Reduce Trees and Estates Budgets (£30,000)

This equates to a reduction of around 5% in these two budget areas combined.

2.2.24 Reduce Neighbourhood Warden budget (£23,000)

It is proposed to reduce the warden budget to £30,000 from £45,000. This will still enable targeted work to be carried out according to demand. A further £8,000 comes from a reduction in surveys.

2.2.25 The detailed budgets are set out at Appendix 1 for approval. They provide for the use of reserves to the level of £51,000 specifically to meet one-off expenditure in relation to the accommodation and IT review originally planned to be spent in 2008/9. Total expenditure for 2009/10 is estimated at £28,572,570, compared with the current 2008/9 budget figure of £28,933,050, a reduction of £360,480. The estimated reserves at 31 March 2009 are £1.594m.

2.2.26 We are also seeking approval to Barnet Homes capital budgets for 2009/10. These are:-

Description	£
IT Equipment etc	104,000
Office Furniture and Equipment	12,000
Operational Equipment	17,000

2.3 Capital Programme

2.3.1 The capital programme for 2009/10 to 2012/13 and its proposed funding are set out in Appendix 2.

2.3.2 The partnering programmes with Apollo (sheltered housing and hostels) and Balfour Beatty (Hendon and Edgware) will complete in 2009/10, with United House completing their programme in 2010/11. Further the backlog for adaptations will be largely cleared by 31 March 2009.

2.3.3 The Chancellor announced in the pre-budget report that applications would be invited to bring forward expenditure on decent homes or major repairs into 2009/10 from 2010/11. We have considered this carefully and requested monies in respect of major repairs, but do not consider there is capacity to bring forward any of the decent homes programme.

- 2.3.4 The programme post 2010/11 is reliant on the Major Repairs Allocation and it is recognised that at its present level it is significantly short of the investment need.
- 2.4 HRA Budget and Forward Plan
- 2.4.1 The Council will consider the proposed HRA Budget for 2009/10 and Forward Plan at its meeting on 3 March 2009. The summaries of both are attached as Appendix 3 to this report. The following is extracted from the Council's report.
- 2.4.2 There are changes to the rent restructuring mechanisms for 2009/10 in that the deadline for convergence has been extended to 2023/24 for the purposes of calculating the formula and guideline rents. The proposed rent increase is therefore at an overall average of 6.2%, in line with the guideline rent. Individual property rent increases are limited to 5.5% (ie inflation at September 2008 plus 0.5%) plus £2 per week (on a 52 week basis). Should rents be increased by less it would lead to a reduction in services.
- 2.4.3 Tenant service charges are increased in line with the overall rent increase cap at 5.5%. Generally these charges do not now recover the full cost of their provision. Charges for space and water heating will rise by 5% but given the volatility of the utilities market it may be necessary to review these during the year.
- 2.4.4 The trend of shifting resources away from London has been continued in the 2009/10 subsidy settlement. Barnet is above target levels for management allowances and these have been cash-limited at 2007/8 levels with no protection for inflation. There is an additional £4 per dwelling added to the management allowance for the production of energy performance certificates, which are now required for each new letting. The management allowance has been set at £648.68 per dwelling. The maintenance allowance has increased by 5.7% for 2009/10 to £1,221.13 per dwelling. The guideline rent increase reflects the restructuring referred to above.
- 2.4.5 The Major Repairs Allowance is also paid as part of housing subsidy. Barnet's allocation has increased by £483,000 from 2008/9 as the regional cost variations are now based on a three year average. This therefore increases the resources available to fund the capital programme.
- 2.4.6 Total expenditure for 2009/10 is estimated at £55.040m, including payment of £12.824m to the Government in respect of housing subsidy.
- 2.4.7 The estimated HRA balance at 31 March 2010 is £4.506m. The Forward Plan at Appendix 3 shows that there are still estimated calls on the balance in each of the years from 2010/11 to 2012/13. Barnet Homes is working with the Council on the HRA Business Plan and both will be looking to deliver the necessary efficiencies to bring the HRA at least back into balance year on year.

3. Tenant & leaseholder implications

3.1 Residents have been consulted throughout the budget process and their views have been taken into account in drawing up the budget and business plan. Feedback was given to residents at the Hub meeting on 24 February 2009.

4. Equality & Diversity Implications

4.1 Budget proposals take equality and diversity issues into account.

5. Financial & Risk Management Implications

5.1 Barnet has a history of poor outcomes of HRA subsidy determinations, leading to both real and potential deficits in the account which is ring-fenced. The HRA is the prime source of income for the company's management fee.

5.2 Since its inception Barnet Homes has striven for efficiencies in both the day to day services (housing management and maintenance) and in delivering the Council's capital programme. In the period to the end of 2007/8 the equivalent of annual savings of over £2.5million were being achieved on housing management and maintenance, with further to be delivered in 2008/9.

5.3 We have a target to spend within plus or minus 2% of budget. For housing management we achieved -0.71% and +0.59% in 2006/7 and 2007/8 respectively, while for repairs and maintenance the corresponding figures were -5.58% and -3.18% respectively.

5.4 Budget management is robust within Barnet Homes and I do not consider these variances to be exceptional. We have been able to react to pressures arising in-year and redirect resources to areas of priority need. A contingency fund is included in the annual budget – this has been set at £300,000 in 2009/10, which is just over 1% of our expenditure budget.

5.5 Budget risks

In conjunction with the Executive Team I have considered the risks associated with the proposed budget and these are set out in the following paragraphs.

5.5.1 Income collection

The company collects rent and service charge income on behalf of the Council, contributing over £50m to the HRA. The recession is expected to have an adverse effect on collection with a greater risk of default. We are confident that anticipated collection rates can be achieved in 2009/10 but will continue to monitor closely to ensure that action can be taken at an early stage.

5.5.2 Interest rates

These impact directly on our earnings from investment of surplus cash. In previous years these earnings have supported additional expenditure and have assisted in increasing our reserves to the present levels. However base rate is now very low at 1% and interest earnings will therefore be relatively insignificant in the current financial year and the foreseeable future.

5.5.3 Regeneration estates

The poor economic climate and the state of the housing and finance markets have led to delays in the projected completion dates of the Council's regeneration schemes. This leads to increased expenditure on repairs and maintenance and housing management over an extended period.

5.5.4 Housing subsidy

The national housing subsidy system redistributes resources between local housing authorities. Barnet will contribute some £12.9million in 2009/10 and there is a national surplus of £200m that is utilised by the Treasury. This surplus is increasing year on year and threatening the viability of the Council's HRA, from which the bulk of our management fee is derived. The national review of Council Housing Finance is due to report its findings in Spring 2009.

5.5.5 Pension fund

The next triennial review of the pension fund will be in 2010 and have budget implications from 2011/12. Actuaries have been reporting significant short term falls in pension fund assets to liabilities including a massive fall in the median funding level from 85% at 31 March 2007 to 68.2% at 31 October 2008. The immediate effect would be a 30-40% increase in the average employer's contribution rate, although this would vary greatly between funds depending on local circumstances. Nevertheless it is indicative of the potential volatility of pension funds in the short term.

5.5.6 Long-term planning is necessary and experts advise that there is no immediate need for any contribution increase for most employers. Some upward pressure on the contributions rate can be expected at the next valuation although the extent will depend on the market and structure of individual funds. This must be recognised as a medium-term risk.

5.5.7 Financial standing of partners and contractors

The company has significant partnerships and contracts, particularly in relation to improvement and repair to the housing stock. The risk of external service providers failing is enhanced by the recession and highlighted by the demise of many well-known companies in recent weeks. We will continue to monitor contract performance to identify problems as early as possible.

5.5.8 Pay awards and inflation

We face ongoing pay and inflationary pressures that are not recognised in the HRA settlements and therefore unlikely to be fully recognised in the management fee. In particular we face continued volatility in energy costs and to a lesser extent fuel costs – we will attempt to lessen the effect of the former through our contract arrangements.

5.5.9 Level of reserves

Our reserves are estimated to be £1.594million at 31 March 2009, or around 5.6% of annual gross expenditure. We had planned to build up reserves at £0.25million per annum over five years in relation to new accommodation and associated IT that may be necessary, so we are around £344,000 ahead of target. Subject to the outcome of the accommodation review I consider

that some reserves could be released for one-off 'invest-to-save' type initiatives.

5.5.10 Redundancy costs

The proposed budget leads to a reduction of some seventeen posts. Whilst the majority of these were vacant posts there have been some redundancies. A full report on this was considered by the Resources Sub-Group on 19 February 2009. The estimated total maximum one-off cost to Barnet Homes in terms of redundancy payments and the additional pension strain was £328,600 (compared against annual savings of over £600,000). The likely total cost is now estimated at £206,000, of which £37,000 has already been met within 2008/9. It is proposed that the £169,000 balance be met from reserves.

6. **Other impacts**

6.1 None

7. **List of Appendices**

7.1 Appendix 1 – Barnet Homes Budget 2009/10

7.2 Appendix 2 – Capital Programme 2009/13

7.3 Appendix 3 – Housing Revenue Account Budget 2009/10 and Forward Plan 2009/13.

Approved by Head of Service:



Date:

25 February 2009

Total Barnet Homes Ltd Revenue Budget 2009/10 (Including Repairs)

Appendix 1.1

Barnet Homes Total	Outturn 2007/08 Actual	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£	£
LBB General Management Fee	18,627,594	18,921,000	18,977,521	19,102,710
LBB - Other Fees	911,341	1,070,675	1,055,851	657,500
Third Party Income - Grants & Other	91,745	112,980	83,380	100,000
Third Party Income - Bank Interest	468,272	225,000	310,000	0
Repairs & Maintenance	8,770,174	8,500,000	8,783,408	8,661,360
Transfer from/ (to) Reserves	(450,332)	103,395	(26,577)	51,000
Total Income	28,418,794	28,933,050	29,183,583	28,572,570
Expenditure				
Management Costs				
Salaries and Wages costs	10,934,504	13,033,424	11,129,739	12,601,784
Agency Placements	1,603,501	274,866	1,664,174	144,990
Other Employee Related costs	500,834	591,310	660,186	580,811
Office Accomodation costs	606,228	562,660	561,462	587,915
Information Technology	660,958	698,270	699,485	763,521
Consultant costs	292,735	366,550	285,818	189,336
Contingency	0	156,700	0	300,000
Total Management Costs	14,598,760	15,683,780	15,000,865	15,168,357
Operational Costs				
Transport costs	184,228	168,720	184,090	173,232
Grounds Maintenance	672,626	721,180	710,884	705,604
Estate, Hostel & Warden Services	500,915	488,280	498,902	552,751
Utility Costs	1,293,152	1,028,860	1,369,388	1,245,379
Tenant Related Costs	251,009	288,234	278,801	211,436
Legal Costs	418,123	419,230	597,300	519,129
Total Operational Costs	3,320,054	3,114,504	3,639,364	3,407,530
Repairs & Maintenance Other Costs	8,677,786	8,500,000	8,836,485	8,511,360
Depreciation	1,427,269	1,228,416	1,273,219	1,198,332
Corporation Tax Charge	167,693	177,460	177,460	136,991
Hostels	133,438	75,000	102,300	0
Total Expenditure	28,418,794	28,933,050	29,183,583	28,572,570

Note:- FRS17 adjustments are excluded from this presentation.

Barnet Homes Ltd - Total Heads of Service - Revenue Budget 2009/10

Appendix 1.2

Barnet Homes Total	Outturn 2007/08 Actual	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£	£
LBB General Management Fee	18,627,594	18,921,000	18,977,521	19,102,710
LBB - Other Fees	911,341	1,070,675	1,055,851	657,500
Third Party Income - Grants & Other	91,745	112,980	83,380	100,000
Third Party Income - Bank Interest	468,272	225,000	310,000	0
Total Income	20,098,952	20,329,655	20,426,752	19,860,210
Expenditure				
Management Costs				
Salaries and Wages costs	10,934,504	13,033,424	11,129,739	12,601,784
Agency Placements	1,603,501	274,866	1,664,174	144,990
Other Employee Related costs	500,834	591,310	660,186	580,811
Office Accommodation costs	606,228	562,660	561,462	587,915
Information Technology	660,958	698,270	699,485	763,521
Consultant costs	292,735	366,550	285,818	189,336
Contingency	0	156,700	0	300,000
Total Management Costs	14,598,760	15,683,780	15,000,865	15,168,357
Operational Costs				
Transport costs	184,228	168,720	184,090	173,232
Grounds Maintenance	672,626	721,180	710,884	705,604
Estate, Hostel & Warden Services	500,915	488,280	498,902	552,751
Utility Costs	1,293,152	1,028,860	1,369,388	1,245,379
Tenant Related Costs	251,009	288,234	278,801	211,436
Legal Costs	418,123	419,230	597,300	519,129
Total Operational Costs	3,320,054	3,114,504	3,639,364	3,407,530
Other Costs	1,427,269	1,228,416	1,273,219	1,198,332
Depreciation	167,693	177,460	177,460	136,991
Corporation Tax Charge	133,438	75,000	102,300	0
Hostels *	93,794	153,890	153,890	0
Total Expenditure	19,741,007	20,433,050	20,347,097	19,911,210

Note:- FRS17 adjustments are excluded from this presentation.

* Income and expenditure from hostels is included in the Repairs and Maintenance Division for 2009/10.

Financial Services Revenue Budget 2009/10

Appendix 1.3

Financial Services	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB General Management Fee	18,921,000	18,977,520	19,102,710
LBB - Other Fees	39,970	40,310	22,000
Third Party Income - Grants & Other	50,000	20,000	48,000
Third Party Income - Bank Interest	225,000	310,000	0
Total Income	19,235,970	19,347,830	19,172,710
Expenditure			
Management Costs			
Salaries and Wages costs	1,237,750	1,174,701	1,088,347
Agency Placements	81,876	91,548	0
Other Employee Related costs	15,200	14,000	3,264
Office Accomodation costs	499,430	499,430	523,421
Information Technology	698,270	698,270	763,521
Consultant costs	82,230	51,498	8,075
Contingency	156,700	0	300,000
Total Management Costs	2,771,456	2,529,447	2,686,628
Operational Costs			
Transport costs	0	0	0
Grounds Maintenance	0	0	0
Estate, Hostel & Warden Services	8,000	10,370	0
Utility Costs	0	0	0
Tenant Related Costs	4,750	5,678	0
Legal Costs	5,000	5,000	6,667
Total Operational Costs	17,750	21,049	6,667
Other Costs	545,316	560,550	605,158
Depreciation	177,460	177,460	136,991
Corporation Tax Charge	75,000	102,300	0
Total Expenditure	3,586,982	3,390,806	3,435,444

CEO Office Revenue Budget 2009/10

Appendix 1.4

Chief Executive	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB General Management Fee	0	0	0
LBB - Other Fees	0	0	0
Third Party Income - Grants & Other	0	0	0
Third Party Income - Bank Interest	0	0	0
Total Income	0	0	0
Expenditure			
Management Costs			
Salaries and Wages costs	208,620	222,483	211,842
Agency Placements	0	0	0
Other Employee Related costs	950	0	969
Office Accomodation costs	0	0	0
Information Technology	0	0	0
Consultant costs	0	0	0
Contingency			0
Total Management Costs	209,570	222,483	212,811
Operational Costs			
Transport costs	0	0	0
Grounds Maintenance	0	0	0
Estate, Hostel & Warden Services	0	32	0
Utility Costs	0	0	0
Tenant Related Costs	0	0	0
Legal Costs	0	0	0
Total Operational Costs	0	32	0
Other Costs	2,870	1,492	2,927
Total Expenditure	212,440	224,008	215,738

Corporate Services Revenue Budget 2009/10

Appendix 1.5

Corporate Services	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB General Management Fee	0	0	0
LBB - Other Fees	0	429	0
Third Party Income - Grants & Other	2,280	2,620	2,000
Third Party Income - Bank Interest	0	0	0
Total Income	2,280	3,049	2,000
Expenditure			
Management Costs			
Salaries and Wages costs	1,239,220	1,097,266	1,298,644
Agency Placements	49,250	126,980	49,250
Other Employee Related costs	174,880	210,861	187,078
Office Accomodation costs	0	1,347	0
Information Technology	0	150	0
Consultant costs	124,320	74,320	65,861
Contingency	0	0	0
Total Management Costs	1,587,670	1,510,924	1,600,834
Operational Costs			
Transport costs	6,150	6,150	6,273
Grounds Maintenance	0	0	0
Estate, Hostel & Warden Services	16,435	15,548	10,644
Utility Costs	0	0	0
Tenant Related Costs	115,650	93,854	101,517
Legal Costs	42,930	42,930	43,363
Total Operational Costs	181,165	158,482	161,796
Other Costs	341,870	331,864	331,149
Total Expenditure	2,110,705	2,001,270	2,093,779

Housing Services Revenue Budget 2009/10

Appendix 1.6

Housing Services	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB General Management Fee	0	0	0
LBB - Other Fees	375,595	359,915	48,500
Third Party Income - Grants & Other	47,700	47,700	50,000
Third Party Income - Bank Interest	0	0	0
Total Income	423,295	407,616	98,500
Expenditure			
Management Costs			
Salaries and Wages costs	7,727,729	6,590,129	7,601,601
Agency Placements	87,740	828,624	70,740
Other Employee Related costs	397,690	418,058	386,858
Office Accomodation costs	17,100	14,554	17,442
Information Technology	0	1,066	0
Consultant costs	50,000	50,000	0
Contingency	0	0	0
Total Management Costs	8,280,259	7,902,431	8,076,641
Operational Costs			
Transport costs	162,570	177,940	166,959
Grounds Maintenance	721,180	710,884	705,604
Estate, Hostel & Warden Services	298,715	299,147	353,457
Utility Costs	563,250	903,778	752,782
Tenant Related Costs	147,150	163,268	109,919
Legal Costs	330,300	514,370	414,429
Total Operational Costs	2,223,165	2,769,387	2,503,150
Other Costs	300,000	330,053	234,970
Total Expenditure	10,803,424	11,001,871	10,814,760

Asset Management Revenue Budget 2009/10

Appendix 1.7

Asset Management	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB General Management Fee	0	0	0
LBB - Other Fees	655,110	655,110	587,000
Third Party Income - Grants & Other	13,000	13,060	0
Third Party Income - Bank Interest	0	0	0
Total Income	668,110	668,170	587,000
Expenditure			
Management Costs			
Salaries and Wages costs	2,620,105	2,045,160	2,401,349
Agency Placements	56,000	617,023	25,000
Other Employee Related costs	2,590	17,266	2,642
Office Accomodation costs	46,130	46,130	47,053
Information Technology	0	0	0
Consultant costs	110,000	110,000	115,400
Contingency	0	0	0
Total Management Costs	2,834,825	2,835,579	2,591,444
Operational Costs			
Transport costs	0	0	0
Grounds Maintenance	0	0	0
Estate, Hostel & Warden Services	145,130	173,804	188,650
Utility Costs - GP Boiler House	465,610	465,610	492,597
Tenant Related Costs	16,000	16,000	0
Legal Costs	41,000	35,000	54,670
Total Operational Costs	667,740	690,415	735,917
Other Costs	38,360	49,259	24,127
Total Expenditure	3,540,925	3,575,253	3,351,488

Repairs & Maintenance Revenue Budget 2009/10

Appendix 1.8

Barnet Homes Total	Current 2008/09 Budget	Latest Forecast 2008/09	Proposed 2009/10 Budget
Income	£	£	£
LBB RM Management Fee	8,500,000	8,500,000	8,511,360
Third Party Income - Grants & Other	0	1,606	0
LBB other/ Rechargeable Works	0	281,802	150,000
Total Income	8,500,000	8,783,408	8,661,360
Expenditure			
Responsive Repairs	3,460,000	3,519,405	3,416,360
Planned Repairs/Works	640,000	711,549	675,000
Cyclical Works	710,000	597,090	730,000
Planned Estate Maintenance	890,000	732,510	890,000
Void Works	1,200,000	1,229,523	1,200,000
Gas Repairs/Works	1,600,000	1,698,144	1,600,000
Other Costs		66,463	0
Total RM excl. rechargeable	8,500,000	8,554,684	8,511,360
Rechargeable Works	0	281,802	150,000
Total Expenditure	8,500,000	8,836,485	8,661,360

All £'000	2008/9 Projection	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	TOTAL
<u>Programme</u>						
Transitional	20	0	0	0	0	20
Partnering						
Barnet	5,629	5,745	4,134			15,508
Finchley	6,821	5,898	4,829			17,548
Hendon/Edgware	9,850	10,302	0			20,152
Sheltered	2,800	800	0			3,600
Renovations/Modernisations			3,000	10,041	6,590	19,631
Adaptations	1,900	1,430	1,466	500	500	5,796
Regeneration	2,000	1,104	1,133	500	500	5,237
Miscellaneous	1,842	1,765	1,214	900	500	6,221
Extensions and Deconversions	250	390	0			640
Total	31,112	27,434	15,776	11,941	8,090	94,353
<u>Funding</u>						
Supported Borrowing	2,208	1,863	1,863	0	0	5,934
ALMO Borrowing	15,198	10,608	8,328	0	0	34,134
Capital receipts	0	0	0	0	0	0
MRA	10,452	11,496	4,590	11,810	8,000	46,348
Leaseholder Contributions	3,154	3,057	943	52	0	7,206
Other	100	410	52	79	90	731
Total	31,112	27,434	15,776	11,941	8,090	94,353

APPENDIX 3.1

HOUSING REVENUE ACCOUNT 2009/10			
Expenditure	2007/8 ESTIMATE	2008/9 ESTIMATE	2009/10 ESTIMATE
	£	£	£
Supervision & Management - General			
LBB Retained	3,128,300	3,221,000	3,385,000
Management fee	11,970,690	12,495,000	12,545,710
Supervision & Management - Special			
LBB Retained	0	0	0
Management Fee	6,071,300	6,501,000	6,521,000
Supervision & Management - Other			
LBB Retained	20,000	83,000	85,500
Management Fee	95,710	35,000	36,000
Repairs & Maintenance	8,875,000	8,500,000	8,511,360
Capital Financing Costs	3,123,000	4,142,000	3,973,000
Depreciation (MRA)	8,098,000	8,060,000	8,543,680
Housing Subsidy	9,320,000	10,872,000	12,823,750
Housing Benefits	350,000	0	0
Total Expenditure	51,052,000	53,909,000	56,425,000
Income			
Supervision & Management - General	(2,887,400)	(3,571,000)	(3,250,000)
Supervision & Management - Special	(3,640,250)	(4,055,000)	(4,149,000)
Interest	(250,000)	(254,000)	(154,000)
Rents - dwellings	(42,679,000)	(44,675,000)	(47,400,000)
Rents - garages	(672,000)	(695,000)	(722,000)
Rents - other	(680,000)	(659,000)	(750,000)
Total Income	(50,808,650)	(53,909,000)	(56,425,000)
Contribution to/(from) balances	(243,350)	0	0
Net Expenditure	0	0	0

	2009/10 £	2010/11 £	2011/12 £	2012/13 £
Base Budget (net expenditure met by/(contribution to) working balance	0	0	353,160	4,010
Base Budget Adjustments				
Pay awards (LBB)	66,000	67,650	69,340	71,070
Standard inflation (LBB)	11,500	11,790	12,080	12,380
Additional provision support service costs	300,000			
Housing Subsidy	1,951,750	1,336,970	704,600	1,380,260
Rent, service and heating charge increases	(3,507,000)	(2,891,400)	(2,453,530)	(2,523,650)
Loss of rent through sales	132,000	50,000	52,500	55,120
Additional income form leaseholders	(94,000)	(20,000)	(21,000)	(22,000)
Capital Financing Costs	(169,000)	527,900	238,300	0
Management Fee inflation	719,710	500,000	510,000	520,000
Repairs and Maintenance inflation	327,360	255,340	252,750	251,200
Employer's pension contributions	163,000	150,000		
Increase in National Insurance contributions	0	42,000		
Depreciation (MRA)	483,680	115,610	(60,670)	105,880
Interest Earnings	100,000			
Other rents	(118,000)			
	367,000	145,860	(695,630)	(149,740)
Pressures				
Regeneration - rent loss through dwellings vacated	650,000	1,170,800	1,001,010	1,141,250
	650,000	1,170,800	1,001,010	1,141,250
Efficiencies/Budget Reductions				
Review of Housing Services		(50,000)	(50,000)	
Regeneration schemes - removal of start-up costs	(211,000)	(222,000)		(234,000)
Regeneration schemes - recovery of costs	321,000	250,000		
Barnet Homes - efficiencies and reduced numbers of dwellings:-				
Management Costs		(600,000)	(300,000)	(300,000)
review of caretaking	(60,000)			
review of rental income and neighbourhoods team	(137,000)			
Sheltered Housing review of requirements	(100,000)			
Cash-limit non-staffing budgets	(183,000)			
review senior management Asset Management	(60,000)			
review support services	(251,000)			
review management of regeneration estates	(20,000)			
Repairs and maintenance	(316,000)	(341,500)	(304,530)	(321,150)
	(1,017,000)	(963,500)	(654,530)	(855,150)
2009/10 Budget and Forward Plan - required contribution from/(to) working balance	0	353,160	4,010	140,370

Barnet Homes

Sub Group:	Business
Date:	4 March 2009
Title of Report:	Internal Audit – Management Action
Purpose of Report:	To provide an update on progress against action plans arising from audits undertaken by Tribal Business Assurance (TBA).
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

Report Summary:

The report summarises the management action taken in response to recommendations made by our internal auditors.

Recommendations:

That the Sub-group notes the report.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	27 February 2009
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

1. Policy context/ Business Aim

1.1 Internal audit assists Directors and staff in the effective discharge of their responsibilities. It provides assurance, information and recommendations on the activities reviewed, and its independence allows impartial and unbiased judgements to be made.

2. Outline of the issue

2.1 At the May 2007 meeting the Sub-Group sought assurance that actions arising from internal audit reviews were being acted upon. It was agreed that I should report to the Sub-Group on a six-monthly basis and this is the fourth such report.

2.2 The report covers the following audits:-

- Caretaking
- Investment Programme – Partnered
- Leaseholders
- Risk Management
- Non-Asset Management Procurement
- Payments Compliance
- Business Continuity Planning
- Budgetary Control Compliance
- Responsive Repairs Variations

2.3 TBA give an evaluation in their reviews on the following scale:-

Substantial Assurance	Robust series of internal controls in place, which should ensure continuous and effective achievement of the control objective.
Reasonable Assurance	Reasonable number of internal controls in place, however may not be operated all the time.
Limited Assurance	The controls in place are not sufficient to ensure the continuous and effective achievement of the control objective.
No Assurance	Fundamental breakdown or absence of core internal controls

2.4 Similarly their recommendations are also on a four-level scale of priority as follows:-

Priority Grading		
1	Urgent	Fundamental control issue on which action should be taken immediately
2	Important	Control issue on which action should be taken at the earliest opportunity
3	Advisable	Control or practice issue on which action should be taken
4	Consideration	Practice issue on which action could be taken

2.5 A schedule outlining progress on the reviews is attached as Appendix 1.

2.6 The Sub-Group is asked to comment on and note the report. The next update is scheduled for September 2009.

3. Tenant & leaseholder implications

3.1 None in the context of this report.

4. Equality & Diversity Implications

4.1 None in the context of this report.

5. Financial & Risk Management Implications

5.1 Internal audit is key to the company's risk management processes, and it is essential that management consider and act on recommendations made.

6. Other impacts (if applicable)

6.1 None

7. List of Appendices

7.1 Appendix 1 – Management Action for the 6 months to March 2009.

Approved by Head of Service:



Date:

27 February 2009

Review	Assurance	Recs. P1	Recs P2	Recs P3	Comments
Caretaking	Reasonable	0	3	3	One action, the updating of the Caretaking Manual remains outstanding and is to take place alongside implementation of the value for money review of caretaking.
Investment Programme – Partnered	Reasonable	0	4	6	The actions mainly related to the updating and recording of processes which are now implemented. Also a number of actions were to follow the implementation of the new Stock database system and these are being progressed.
Leaseholder Major Repairs and Billing Arrangements	Reasonable	0	3	1	The actions related to turnaround times for major works, checking and arrears procedures. All actions now complete.
Risk Management	Reasonable	0	2	2	Recommendations were around the language of risk for the organisation and for embedding within the organisation. A review of the risk management strategy is required and these will be carried out as part of that exercise.
Non-Asset Management Procurement	Reasonable	0	5	3	A number of actions relating to contract procedures review and financial regulations will be taken forward by the Procurement Officer when in post.
Payments Compliance	Reasonable	0	1	5	Recommendations related to the maintenance and review of the authorised signatory lists and project is underway. Other actions related to procedures around BACS payments which have now been implemented.
Business Continuity Planning	Reasonable	0	3	0	Actions related to the maintenance of local BCPs for service areas and these are being developed. Outstanding items from the October 2007 'Lessons Learnt' have been completed with the exception of the communications plan which is being taken forward by the new Communications Manager.

Budgetary Control - compliance	Reasonable	0	1	1	Two actions relating to budget-setting and control procedures and the reporting of virements both due for completion in June 2009.
Responsive Repairs - Variations	Reasonable	0	5	2	Actions were around procedures and quality checks which have been introduced. There is an action around the agreed level of variations which is currently a cash amount – the Sub-Group preferred a percentage approach and this is being looked at as part of the review of the repairs contract currently in progress.

Barnet Homes

Board / Sub Group:	Business Sub-Group
Date:	4 March 2009
Title of Report:	Strategic Risk Registers
Purpose of Report:	To provide an update to the Sub Group on the Company's strategic risk register.
Classification: General Release / Exempt (if exempt state relevant ground)	General

Report Summary:

The report provides an update on the Company's strategic risks.

Recommendations:

1. That the Sub-Group review the register and comment accordingly.

Report Author:	Mike Wiffen	Date:	27 February 2009
Telephone:	0208 359 4153	Email:	mike.wiffen@barnethomes.org

- 1. Policy context/ Business Aim**
 - 1.1 Good corporate practice suggests that Directors and Officers should be aware of the risks that their business faces, and should ensure that appropriate controls are in place to mitigate those risks.

- 2. Outline of the issue**
 - 2.1 An effective risk management process will assure management that objectives can be met effectively and efficiently. Results can be expected to include increased efficiency, reduced costs and a greater ability to meet targets.
 - 2.2 The strategic risk register and action plans are attached for consideration and comment.

- 3. Tenant & leaseholder implications**
 - 3.1 Covered within the Appendix.

- 4. Equality & Diversity Implications**
 - 4.1 Covered within the Appendix.

- 5. Financial & Risk Management Implications**
 - 5.1 Covered within the Appendix.

- 6. Other impacts (if applicable)**
 - 6.1 Covered within the Appendix

- 7. List of Appendices**
 - 7.1 Appendix 1 is a detailed list of strategic risks and proposed actions.

Approved by Head of Service:



Date:

27 February 2009

Likelihood	4			CP	
	3				
	2			A	
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
1	12	6	<p style="text-align: center;">Viability of the HRA</p> <p>The HRA falls into deficit from 2013/14. Barnet Homes management fee comes from the HRA and therefore will need to reduce to ensure a balanced account. The Council is reviewing the options for the future of its housing stock. Others in same cluster - Funding uncertainty</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
Barnet Homes is working with the council on an HRA Business Plan that will give greater certainty on the figures.	As effective as can be. Subsidy mechanism and determination, and review of council housing finance outside BH control.	<ul style="list-style-type: none"> ▪ Consultation with residents ▪ Ensure efficiencies achievable both by BH and LBB ▪ Review options for stock with LBB ▪ Improve understanding of Board/HoS as to the available options ▪ Update model following 2009/10 determination 	Head of Financial Services	<ul style="list-style-type: none"> ▪ Fit for purpose Business Plan ▪ Outturns in line with budget and performance targets ▪ LBB Cabinet agrees way forward ▪ Appraisal of options with residents ▪ Barnet Homes Board agrees way forward 	Quarterly	March 2009

Likelihood	4				
	3		A	CP	
	2				
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
2	9	6	Funding uncertainty Uncertainty around Post 2010 funding for Capital investment. Others in same cluster – None

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
<ul style="list-style-type: none"> ○ Producing a HRA Business Plan in conjunction with the Council. ○ Considering with the Council what options are available in regard to future investment needs. 		<ul style="list-style-type: none"> ○ 10% Stock Condition surveys for the Council for all of the stock. ○ Carry out Options Appraisals to determine how funding requirements will be met. ○ Prepare a 10 year headline investment programme. ○ Develop a more detailed programme for 3 years. 	Chris Wilkins Mike Wiffen	Adequate funding is obtained to maintain our homes to a high standard.	Quarterly	2009/10 2009 2009 2010

Likelihood	4				
	3				
	2		A	CP	
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
6	6	4	<p>Relationship with the Council (SLAs)</p> <p>Barnet Homes have a number of SLAs with the Council including for IT. There are issues about how robust these are with some areas of poor service and lack of clarity over roles and responsibilities. Sharing of and access to information can be difficult so VFM hard to demonstrate.</p> <p>Others in same cluster - Partnerships</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
<ul style="list-style-type: none"> o Process for SLA negotiation established o System for regular SLA monitoring and review in place and recorded o SLA invoicing arrangements reviewed and new flow chart procedure established o Internal audit review of SLA management in April 2008 – substantial assurance o Quarterly reporting on progress to Business Sub-group started in 07/08 	Effective	<ul style="list-style-type: none"> o Timetable of cost reviews in line with open book to be established with LBB for 2009/10 SLA's 	Gary Pliskin/Mike Wiffen	<ul style="list-style-type: none"> o SLAs in place by May each year o Regular monitoring and review of all SLAs according to agreed frequencies o SLA review recommendations implemented o Improved internal audit findings in Q4 o Further work needed with LBB on costs/open book approach 	Quarterly	May 09 – SLAs for 09/10 in place and progress report to BSG

Likelihood	4				
	3				
	2		A	CP	
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
7	6	4	<p style="text-align: center;">Software Development (in-house)</p> <p>The SQL development for in-house systems e.g. HOS, Contact Manager and Resident Participation databases is complex and requires careful budgetary and management controls (cost and long term planning). The key risk element is staff retention due to highly competitive external rates. Barnet Homes use external SQL development (currently on competitive time and material basis).</p> <p style="text-align: center;">Others in same cluster - None</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
<p>1. Understanding user requirements</p> <p>1.1 CM User Group (representatives from all user areas and IT) has been set up. Meetings every 4-6 weeks. Main purpose is to review software faults and discuss new developments. Users improved testing turnaround i.e. faster testing of new developments enables quicker rollout to a Live environment.</p> <p>1.2 Regular meetings between HOS and IT (SQL developer) to review progress and new requirements.</p>	<p>Effective (both systems). Provides means of reviewing system functionality and enhancements.</p> <p>Effective SQL development transferred to Enigma Technologies</p>	<ol style="list-style-type: none"> Users need to take ownership of reviewing requirements and their definition; in particular in view of meeting business processes. Clarify leadership of CM User Group 	Service Areas (CM and HOS)	<ul style="list-style-type: none"> VfM review (2007) confirmed high level of user satisfaction with IT and confidence in its future improvements. Systems used effectively. Better buyout from service areas. Improved performance management 	<p>CM Action Log is reviewed bi-monthly</p> <p>Meetings 6 weeks</p>	

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
<p>2. Audit: 2.1 Separate Action Logs (CM and HOS) in operation to record faults and developments (excel spreadsheet, shared drive). Full audit information recorded e.g. status, name of requestor (CM Super users only), date resolved etc.</p>	<p>Effective. Means of internal audit, progress monitoring. Good reference for both users and SQL developer.</p>	<p>2.1. Regular review of user requirements.</p>	<p>Service Areas (CM and HOS)</p>	<p>reporting.</p>		
<p>3. SQL Development: Development based on user specification (see above), monitored and planned. Testing environment set up for users to test changes before rolling to Live.</p>	<p>Effective. Positive feedback from users as testing more controlled. SQL services reviewed and transferred to Enigma Technologies.</p>	<p>3.1 Regular monitoring of known risk factors ie:</p> <ul style="list-style-type: none"> ▪ Retaining external SQL contractors ▪ High costs ▪ Competing with external market ▪ Long-term future of in-house systems <p>3.2 Risk Acceptance e.g.</p> <ul style="list-style-type: none"> ▪ Lack of in-house contingency for SQL development ▪ Budgetary inclusion for external SQL development (Time and Material basis) <p>3.3 Review of Contact Manager and HOS 2009/10</p> <ul style="list-style-type: none"> ▪ Budgetary inclusion for external Contact Manager package for 2009/10 	<p>Mike Wiffen/Ewa Maciejczyk</p>	<ul style="list-style-type: none"> • Better quality of complaints performance measurement. • Higher user satisfaction levels. 		

Likelihood	4			CP	
	3				
	2			A	
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
9	12	6	<p style="text-align: center;">Regeneration Schemes</p> <p>Barnet Homes is responsible for managing the stock and estates on 4 schemes until the demolition and rebuild programme commences. There is no clear agreement as to when this will happen. The longevity of the schemes indicates more investment than the budget allows for. There is already a big difference in satisfaction between these areas and others and management of this will only get more difficult.</p> <p style="text-align: center;">Others in same cluster – Resident Participation</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
Regeneration strategy developed and adopted by the Board for implementation	Adequate but under regular review	<p>Development of "Managing Regeneration Successfully" strategy including the key elements of:</p> <ul style="list-style-type: none"> • Investment strategy to be finalised for regeneration estates by fourth quarter 07/08 and communicated • Enhanced resident involvement work • Improved communication and maximising certainty • Developing the future approach towards non secure tenants with the council • Review of GP caretaking commenced in partnership with CfGP 	Sheila Oliver	Status and F2F survey outcomes and core KPIs	Monthly	Status satisfaction survey completed December 2008 Laesehold satisfaction January 2009

Likelihood	4				
	3				
	2		A	CP	
	1				
		1	2	3	4
		Impact			

Risk Number	Current Risk Score	Target Risk Score	Description
4	6	4	<p style="text-align: center;">Resident Participation</p> <p>Barnet Homes aims to put residents at the heart of service delivery and resident participation and satisfaction are key indicators. In face to face surveys, satisfaction with opportunities to participate has reduced. The framework for involvement up to 2007 was not working well and officers struggled to see tangible outcomes from them. A VFM review of involvement took place in 2007 and 2008 which introduced a more modern, flexible structure based on preferences for involvement.</p> <p>Resident participation is seen as the job of the dedicated team so is not embedded or consistent across the organisation.</p> <p style="text-align: center;">Others in same cluster - Regeneration</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key Dates
<ul style="list-style-type: none"> ▪ Residents Involvement Strategy agreed November 2007 ▪ New involvement structure agreed March 2008 ▪ Central Services Vfm Review complete – outcome decentralised resident involvement ▪ View point established ▪ Resident Participation HUB in place, met in June and September ▪ Summary of resident involvement sent to all residents 	<ul style="list-style-type: none"> ▪ Considerable action has taken place to consult on and implement a new approach to resident involvement 	<ul style="list-style-type: none"> ▪ Nov Board to consider updated Tenant Compact and Resident Involvement strategy ▪ Complete recruitment to 2 central resident involvement posts ▪ Implement arrangements for ensuring co-ordinated approach to involvement across the organisation ▪ All staff to buy into R I as key element of job ▪ Staff participation in Face to Face programme 	<p>Kate Laffan for Vfm and Strategy</p> <p>All staff for raising awareness</p>	<p>Increase in overall satisfaction with landlord and involvement</p>	<p>Quarterly</p>	<ul style="list-style-type: none"> ▪ Board (Nov) & Status survey results (Dec) ▪

Item 9 Appendix

Likelihood	4				
	3			CP	
	2		A		
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
11	9	4	<p style="text-align: center;">Partnerships</p> <p>Barnet Homes has outsourced a lot of services and must ensure that it is clear about who's doing what, how robust the arrangements are and that effective monitoring takes place. The organisation lacks experience of the size and complexity of partnership it is now entering into and there have been issues with some arrangements as a result. Contract management and monitoring skills are lacking in many areas.</p> <p style="text-align: center;">Others in same cluster – Relationship with Council</p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
<p>5 year master plan developed in conjunction with our DH partners to ensure DH works is delivered within timescale and spend</p> <p>Professional services matrix devised to ensure partnering arrangements are clearly defined as well as roles and responsibilities within the Decent Homes partnering arrangements.</p> <p>Partnership core groups in place for each contract</p> <p>Strategic partnering forum in place for all partnered contractors</p> <p>Support mechanisms in place via LAPN to support partnering ethos</p>	<p>To ensure BH is delivering an efficient repair service and meeting key performance targets as well as meeting the 2010 Decent Homes Standard</p>	<ul style="list-style-type: none"> Continue to review the master plan on monthly basis Partnering workshop(s) Training in regard to open book and supply chain management Continue to reinforce the partnering ethos at all levels as team briefs and partnering meetings Currently working with LAPN with progressing open book for the gas contract Carrying out contract review of Day to Day contract (CPL). Looking at Call Centre as well 	Chris Wilkins	<p>Delivering DH programmes within timescale and budget</p> <p>Core KPIs</p> <p>Tenant satisfaction with the repair service</p>	Quarterly	October 2009

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Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
BH Investment panel use to monitor partnership performance						

Likelihood	4				
	3			CP	
	2		A		
	1				
		1	2	3	4
	Impact				

Risk Number	Current Risk Score	Target Risk Score	Description
17	9	4	<p style="text-align: center;">Health and Safety</p> <p>Barnet Homes has a duty to maintain robust health and safety procedures. The Chief Executive attends the H&S welfare group but SMT as a whole needs to increase it's ownership of health and safety and ensure that it's embedded across the organisation. There are concerns about whether this is the case at present particularly with relation to HSG65.</p> <p style="text-align: right;"><i>others in same cluster - None</i></p>

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
Health and Safety Policy	Does not adequately meet HSG65 Guidance	Review of policy and management arrangements	Rachel Bancroft		Annual	Completed
CDM 2007 arrangements	Adequate system in place	Extension of CDM contract until Sept '09	Rachel Bancroft		Annual	Complete

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Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
Asbestos Management Plan	Inadequate plan	Review of processes, database, information provision to contractors and residents and training of staff/contractors	Phil Buck	Complete. Staff training has taken place. Asbestos Management Plan is fit for purpose. Arrangements currently being made for asbestos database information to be transferred to the new Apex Database	Annual	March 2009
Legionella Management Plan	Inadequate plan	Review of risks in buildings, responsibilities of staff, staff training, review of contract with specialist provider	Phil Buck	Risk assessments complete. Currently procuring new specialist contract with a target start date of 1 April 2009	Annual	March 2009
Gas Servicing	Adequate system in place	Annual delivery of Gas Servicing programme through partners Village heating and Barnet Homes Gas Safety team, target set at 100%. Current performance running at 99.3% have created a new Gas Policy and Procedure which ensures that the management of vulnerability and no access is across the organisation.	Mandy Dunstan	PLUSE KPI's	Annual	March '09
Fire Safety in Residential Accommodation	In need of further development	Sheltered Housing blocks require individual fire risk assessments. Fire safety checks in tenants properties is example of good practice. All fire risk assessments for sheltered blocks completed. Fire safety within all other blocks is now a priority. Grahame Park assessment started and alarm assisted blocks to be started the end of January 2009.	Rachel Bancroft		Annual	April '09

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Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates
Raising tenants awareness	In need of further development	Regular articles in Athome. H&S information required on website for tenants. Ongoing. Gardening H&S for residents being organised and lone working training being given 28 th February 2009 for resident inspectors.	Rachel Bancroft		Annual	City articles in At Home
Central Risk register	Created risk assessment folder on shared drive	A central record of all risk assessment in Barnet Homes. Ongoing, covering all high/medium risk aspects of work for all Barnet Homes staff. Development of program and gap analysis is currently being undertaken	Rachel Bancroft		Annual	March '09
Flow of Health and Safety management information within Barnet Homes	Good practice requires embedding and there is continual improvement	HSW Group meets regularly, regular reports to Resources sub-group, HOS has agreed to quarterly H&S performance updates, SMT to be updated by HR Manager. RSG is lead group for training. H&S training to be arranged. Report to board in Nov 08	Heads of Service		Monthly or Quarterly depending on management group	
Electrical - Rising Mains	Management action plan in place to deal with storage. Strategic plan to be put in place	Workshop meeting was held on 8 January 2009 to discuss Part "P" of the Building Regulations and also the 17 th Edition. Clarity around responsibilities and roles were established.	Chris Wilkins		Monthly meetings	Dec '09
Appointment of Board director to lead on H&S for Board	Not in place	HSE guidance on Directors' Responsibilities mentions this as a requirement for successful management of H&S	Board			March 2008

Issue	8 Apr 2009 – 5pm	6 May 2009 – 5pm	3 Jun 2009 – 5pm	8 July 2009 – 5pm	5 Aug 2009 – 5pm	2 Sept 2009 – 5pm	Comments
Standard Agenda Items							
Budget Monitor	X	X	X	X	X	X	
Agenda Planning	X	X	X	X	X	X	
Review of Risk Registers		X			X		
Service Level Agreements Monitor		X			X		
Other Agenda Items							
Value for Money	X						
Internal Audit Management Action						X	
Budget and Business Plan 2009/14							
Audit Committee (private session with external auditors)						X	

Approved by Head of Service: *M. Wilken*
 Date: 26 February 2009