

**BUSINESS SUB-GROUP
BARNET HOMES
Tuesday 7th October 2008 at 3.00pm
10th Floor Meeting Room, Barnet House**

AGENDA

Item No	Item	Status	Author
1	Introductions & Apologies		
2	Minutes and Matters Arising <i>Pages 3-8</i>		
3	Declaration of Interests		
4	Budget Monitor – end August 2008 <i>Pages 9-19</i>	Information	Gary Pliskin, Laura Awosile, Jo Moore
	This report sets out the budgetary position for the Company on a year to date basis as at the end of August 2008 and projects the full year figures for 2008/09.		
5	Budget 2009/10 Consultation <i>Pages 20-23</i>	Decision	Mike Wiffen
	The report summarises the presentations made by the Head of Financial Services last month and proposes the basis for consultation with residents, staff and the Council.		
6	Value for Money Programme and Action Plan <i>Pages 24-30</i>	Information	Mike Wiffen
	The report sets out the findings of a review undertaken within the specialist housing teams. It also updates the Sub-Group on progress with the VFM programme and the VFM Action Plan.		
7	Value for Money Benchmarking <i>Pages 31-42</i>	Information	Gary Pliskin
	The report summarises the outcome of the reviews of Finance, Human Resources and ICT undertaken through the Institute of Public Finance.		
8	Exemption from Contract Procedure Rules – Construction Design and Management <i>Pages 43-45</i>	Decision	Cora Vigar
	The report proposes an extension of the existing CDM co-ordinator contract until 1 September 2009.		
9	Agenda Planning <i>Pages 46-47</i>	Decision	Mike Wiffen
	Sets out the proposed agenda for the next meeting of the sub group and for the meetings to March 2009.		
10	Any Other Business		
11	Date of Next Meeting – Wednesday 5 November 2008 at 5.00pm, 9th Floor Board Room, Barnet House		

Attendees: David Sidbury (Chair) Monroe Palmer, OBE, FCA
 Vi Britchfield Ingrid Beal
 Jane Nelson Ian Sharp, Tribal
 Mike Wiffen Gary Pliskin
 Jo Moore

The meeting will commence at **3.00pm, 10th Floor Meeting Room**, Barnet House. Any Director who wishes to attend as an observer please advise Karen Flood in advance on: Tel: 020 8359 4915
Email: karen.flood@barnethomes.org

**BARNET HOMES
BUSINESS SUB-GROUP MINUTES
7 October 2008**

Attending:

David Sidbury, Chair
Councillor Monroe Palmer, OBE, FCA
Vi Britchfield, Chair of Board
Jane Nelson, Co-opted Director
Ian Sharp, Tribal Business Assurance

Apologies:

None

Management & Staff:

Mike Wiffen, Head of Financial Services
Tracey Lees, Chief Executive Officer
Gary Pliskin, Deputy Head of Financial Services
Cora Vigar, Head of Corporate Services (Item 8)
Karen Flood, PA to Head of Financial Services (Minutes)

Apologies:

Jo Moore, Financial Controller

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 September 2008 were agreed.	
2.2	Matters Arising	
2.2.1	Item 2.2.1 Purchase Order System – being progressed, JM attended meeting with the London Borough of Barnet (LBB). Some issues identified, to be raised at Partnership meeting with LBB.	MW/TL

ITEM	TITLE	ACTION
2.2.2	Item 2.2.3 Statutory Annual Report and Financial Accounts – Signed by Auditors 1 October 2008, to be printed.	
2.2.3	Item 2.2.4 Budget Monitor (Other Costs) – breakdown tabled for 5 November 2008 meeting.	GP/LA
2.2.4	Repairs Variations - Item previously discussed at Business Sub-Group noted that the proposal was to set the variation as a percentage of the cost of works rather than a figure. Confirmed £500 threshold now reduced to £250. Issue will be included as part of the Repairs Review, currently being scoped.	CW
2.2.5	Item 2.2.6 Sheltered Scheme Garth House (Computer System) – item resolved.	
2.2.6	Item 5.5.1 Agency Staff Budgets – Essential and use of temporary staff – budget split to be carried out for 5 November 2008 meeting when half year position will be reported. Noted that risk to business falls within the Resources Sub-Groups remit.	GP/LA/CS
2.2.7	Item 9.3 Options for Shared Services – item to be discussed at Heads of Finance ALMO meeting on 20 November 2008. TL also to raise with Enfield and Haringey.	MW TL
2.2.8	Item 10.2 Payment Authorisation Procedure Note – document to be resent Post Meeting Note: Resent 7 October 2008.	KLF
3.	Declaration of Interests	
3.1	If any item arose concerning the London Borough of Barnet Councillor Monroe Palmer may have conflicting interests.	
4.	Budget Monitor – End August 2008	
4.1	Profit and Loss Statement – Total Barnet Homes Limited	
4.1.1	Predicting net loss of £4k to year end, this is before any transfer of funds from reserves are utilised.	

ITEM	TITLE	ACTION
4.1.2	Positive variance of £142k predicted providing no draw down is made from contingency funds.	
4.2	Barnet Homes Limited – Total Heads of Service	
4.2.1	Income – full year predicting £29k above budget, forecasted bank interest £45k and £16k Lifeline income. Due to current markets bank interest difficult to predict at present.	
4.2.2	Huge variance on staff agency costs, item to be split next month (see item 2.2.6 above).	
4.2.3	£30k IT overspend for year, Service Level Agreement (SLA) cost higher than budget, virement of monies being processed.	LA
4.3	Chief Executive Office Division	
4.3.1	Full year projection on expenditure showing overspend of £93k due to central salary costs savings of £100k, budget savings to be transferred to relevant service areas.	LA
4.4	Housing Services	
4.4.1	Predicting £91k overspend on utilities to year end, this includes savings made through the procurement of electricity contract with OPUS.	
4.5	Repairs	
4.5.1	Responsive repairs predicting overspend of £314k and £202k overspend on Void works to year end, currently looking at capitalising some void and roofing works. Noted that overspend would be met from the Housing Revenue Account (HRA).	MW/CW
4.5.2	Planned/Responsive repairs split – schedule to be revised.	LA
4.5.3	Responsive repairs on regeneration estates – it was noted that 33% of repair orders are raised for regeneration properties, these make up 25% of the total stock.	

ITEM	TITLE	ACTION
5.	Budget 2009/10 Consultation	
5.1	<p>The HouseMark benchmarking report has now been finalised and the following areas have been updated:</p> <ul style="list-style-type: none"> ▪ 57 ALMOs submitted information ▪ London Group 14 ALMOs in total ▪ Hillingdon were included ▪ Sickness – Barnet Homes placed 3rd not 2nd ▪ Quartiles similar to draft report 	
5.2	Consultation with residents, staff and the Council to commence following the completion of the Status Survey at the end of October 2008.	MW
5.3	Analysis of HouseMark final report to the next Business Sub-Group on 5 November 2008.	MW
6.	Value for Money (VfM) Programme and Action Plan	
6.1	The Sub-Group were updated on the review undertaken on the Specialist Teams (ASB and Neighbourhoods).	
6.2	Reports on Caretaking and Estate Environment (Phase 2), Central Services Review and Rents and Neighbourhoods (Improving Performance) to next meeting on 5 November 2008.	MW
6.3	Call Centre Review – programme to be set once team have transferred to Asset Management.	MW
6.4	Next years VfM programme to be considered.	MW
6.5	The Sub-Group proposed that an independent review be carried out for Payroll Services and the number of wage types used be investigated as part of this.	JM
6.6	A summary of the first three years of the Value for Money reviews to be tabled at a future meeting.	MW
7.	Value for Money Benchmarking	
7.1	The Sub-Group received a report summarising the results from the Institute of Public Finance's (IPF) benchmarking exercise.	

ITEM	TITLE	ACTION
7.2	It was noted that although this exercise was useful comparisons were difficult due to the diversity of the groups participating.	
8.	Exemption from Contract Procedure Rules – Construction Design and Management	
8.1	The Sub-Group were asked to consider a waiver of Contract Procedure Rules and extend our existing CDM contract until 1 September 2009.	
8.2	The Sub-Group expressed a preference to extend the contract to the end of the Decent Homes programme and to include a break clause, benchmarking to be undertaken with others including LAPN. Decision taken to extend for 16 months or possibly longer subject to OJEC limits.	CV/MW
9.	Agenda Planning	
9.1	5 November 2008 Meeting Agenda <ul style="list-style-type: none"> ▪ Budget Monitor (End September) – Including half year position ▪ Review of Risk Registers ▪ Service Level Agreements Monitor ▪ Procurement Action Plan ▪ Business continuity Plan – Lessons Learnt ▪ Floating Support ▪ Value for Money ▪ Agenda Planning 	GP/LA MW GP MW/JM EM DR MW MW
	Additional Item: <ul style="list-style-type: none"> ▪ Budget 2009/10 Consultation (Analysis) 	MW
9.2	Future Meeting <ul style="list-style-type: none"> ▪ Value for Money (The First 3 Years) 	
10.	Any Other Business	
10.1	5 November 2008 Meeting – Vi Britchfield to Chair the next meeting of the Business Sub-Group.	VB
10.2	Thanks were expressed to David Sidbury for his contribution and help to the organisation since April 2004, he has been an enormous strength within Barnet Homes.	

ITEM	TITLE	ACTION
11.	Date of Next Meeting – Wednesday 5 November 2008, 5pm, 9 th Floor Board Room, Barnet House.	

Circulation:

Ingrid Beal, Vice-Chair of Board

Laura Awosile, Chief Management Accountant

Catherine Solomon, Human Resources Manager (Operational)

Ewa Maciejczyk, IT Control Manager

Derek Rust, Deputy Chief Executive Officer & Head of Housing Services

Chris Wilkins, Head of Asset Management

Attendees

Apologies

All Directors

Title: Budget Monitoring 2008/09– Year to Date as at August 2008

1. Statement of Purpose

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

2. Summary

- 2.1 This report sets out the budgetary position for the Company on a year to date basis as at the end of August 2008 and projects the full year figures for 2008/09.

3. Previous Reports

- 3.1 The budget monitor is reported at every meeting of the Sub-Group.

4. Recommendations

- 4.1 That the Sub-Group consider and note the report.

5. Financial & Risk Management Issues

- 5.1 See body of report.

6. Resident Consultation and Equalities Issues

- 6.1 None in context of this report.

7. Background Information

- 7.1 Attached as Appendix 1 are the Revenue Budget monitoring reports for Barnet Homes year to date as at August 2008. As at August 2008, the full year projection is a **Net Loss of £3,930**, an improvement of £24,966 from last month. This position is before any funds from the budgeted transfer from reserves are utilised. For this financial year, funds from reserves of £145,860 were budgeted to be used to fund the company's operations. The full year's current forecast is that £3,930 will be required from reserves, with funds of £141,930 still available.

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

7.2 Repairs and Maintenance

- 7.2.1 The overall cost as at August 2008 YTD has been accrued to the Saffron orders paid, finished and invoiced as at the end of August 2008. The £250,000 expected credit note from Connaught Ltd relating to last year's orders has also been reaccrued. The total repairs cost reported year to date is £3.703m with a total overspend of £151,000.

7.2.2 The main area of overspend YTD is responsive repairs (£223K). This is primarily as a result of plumbing (£89K), carpentry (£82K) and roofing (£69K). Actions are being taken to address the overspend in responsive repairs. Void total costs are currently £147,000 overspent. Planned Estate Maintenance is currently underspent by £230,000. Gas works are currently showing an underspend of £34,000. This reflects the fact that the core season for the gas service contract is over. The full year repairs and maintenance costs have been projected to come in on budget.

7.2.3 Total payments on account of £1,334,359 have been made to Connaught Ltd in this financial year for work carried out in the previous financial year. All 2008/09 invoices are processed and paid via the interface system, and it is envisaged that there be no more on account payments to Connaught Ltd.

7.2.4 The Connaught Ltd 2008/09 reconciliation as at August 2008 YTD shows signed certificates of payments totalling £1,330,785 have been processed. This leaves a payment on account balance of £3,574 relating to 2007/08. The reconciliation is at its closing stage.

7.3 Balance Sheet

The balance sheet as at 31 August 2008 is attached as Appendix 2.

Author: Laura Awosile, Chief Management Accountant
Date: 26th September 2008

BARNET HOMES LIMITED
PROFIT AND LOSS STATEMENT 2008/09

Period: 5
 Year to date as at: 31/08/2008

TOTAL BARNET HOMES LTD

Schedules	August 2008 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	7,930	7,884	46	18,921	18,921	0	
LBB - Repairs and Maintenance Allowance	3,542	3,542	0	8,500	8,500	0	
LBB - Other Fees	309	377	(68)	889	905	(15)	
Rechargeable Works	35		35	84		84	
Third Party Income - Grants & Other	26	35	(9)	85	83	2	
Total Income	11,841	11,837	4	28,479	28,409	70	
Expenditure							
Management Costs excl. contingency	1	6,234	6,415	181	15,105	15,396	291
Operational Costs	1	1,388	1,245	(143)	3,304	2,987	(317)
Other Costs	1	542	524	(18)	1,315	1,258	(56)
Depreciation	1	74	74	0	177	177	0
Repairs and Maintenance Costs	7	3,703	3,552	(151)	8,525	8,525	0
Rechargeable Works		35		(35)	84		(84)
Hostels		64	64	0	154	154	0
Contingency	1	0	87	87	0	208	208
Total Expenditure	12,041	11,960	(80)	28,664	28,705	41	
Operating Profit/(Loss)	(200)	(123)	(77)	(185)	(296)	111	
Third Party Income - bank interest receivable		143	94	49	270	225	45
Corporation Tax Charge Payable		47	31	(16)	89	75	(14)
Net Profit/(Loss)	(104)	(61)	(43)	(4)	(146)	142	

Memorandum	£	£	£
08/09 Projected Full Year Net Profit/(Loss)	(3,930)	(145,860)	141,930
08/09 Forecast Transfer from P&L Reserves (currently £145,860 in the latest budget)	3,930	145,860	
08/09 Forecast Surplus/(Deficit) after transfer from Reserves	(0)	0	

Notes

- As at August 2008 year to date, the full year projection is a **Net Loss of £3,930**.
 The **Net Loss** position is before any funds from the budgeted transfer from reserves are utilised (£145,860), and includes the present contingency funds of £207,700 which have not been utilised.
- For this financial year, funds from reserves of £145,860 were budgeted to be used to fund the company's operations. The full year projection forecasts that £3,930 will currently be required from reserves, with £141,930 still available.
- The decrease in the net loss figure by £25K from last month is primarily due to a reduction in the projected overspend in Asset Management (£16K), and the increased projected underspend in Finance (£7K).

**BARNET HOMES LIMITED
BUDGET MONITORING REPORT**

Period: 5
Year to date as at: 31/08/2008

BARNET HOMES LIMITED - TOTAL HEADS OF SERVICE

	August 2008 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	8,238,632	8,260,813	(22,180)	42%	19,810,361	19,825,950	(15,589)
Third Party (includes bank interest)	166,736	128,450	38,286	54%	353,285	308,280	45,005
Total Income	8,405,368	8,389,263	16,105	42%	20,163,646	20,134,230	29,416
Expenditure							
Management Costs							
Salaries and Wages costs	4,638,768	5,366,052	727,283	36%	11,320,466	12,878,524	1,558,058
Staff Agency costs	602,503	109,111	(493,392)	230%	1,430,608	261,866	(1,168,742)
Other Employee Related costs	272,202	246,796	(25,406)	46%	658,112	592,310	(65,802)
Office Accomodation costs	277,231	276,108	(1,123)	42%	665,355	662,660	(2,695)
Information Technology	303,617	287,098	(16,519)	44%	719,094	689,035	(30,059)
Consultant costs	140,077	129,812	(10,264)	45%	311,550	311,550	(0)
Contingency		86,542	86,542			207,700	207,700
Total Management Costs	6,234,398	6,501,519	267,121	40%	15,105,185	15,603,645	498,460
Operational Costs							
Transport costs	72,356	70,300	(2,056)	43%	185,141	168,720	(16,421)
Grounds Maintenance	300,490	295,171	(5,319)	42%	721,177	708,410	(12,767)
Estate, Hostel & Warden Services	230,100	189,308	(40,791)	51%	549,137	454,340	(94,797)
Utility Costs	470,900	428,692	(42,209)	46%	1,120,115	1,028,860	(91,255)
Tenant Related Costs	109,099	90,765	(18,334)	50%	264,902	217,835	(47,067)
Legal Costs	204,982	170,342	(34,641)	50%	463,958	408,820	(55,138)
Total Operational Costs	1,387,928	1,244,577	(143,351)	46%	3,304,430	2,986,985	(317,445)
Other Costs	542,031	524,344	(17,687)	43%	1,314,521	1,258,426	(56,095)
Depreciation	73,942	73,942	0	42%	177,460	177,460	(0)
Corporation Tax Charge	47,082	31,250	(15,832)	63%	89,100	75,000	(14,100)
Total Expenditure	8,285,380	8,375,632	90,251	41%	19,990,696	20,101,516	110,821

Notes

1. The full year projection on income shows that £29,416 will be received above the budget. This is the net effect of the forecast bank interest income above budget (£45K), and the Emergency Lifeline Income budgeted for (£16K).
2. The full year projection on expenditure is an underspend of £110,821 below the total budget. This forecast position is with the current contingency funds of £207,700 not utilised.
3. The total projected income of £20.164m exceeds the total projected expenditure of £19.991m by approximately £173K. This is the position before any funds from reserves are utilised. £146K 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: 5
 Year to date as at: 31/08/2008

FINANCIAL SERVICES

	August 2008 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	7,946,237	7,900,404	45,833	42%	18,960,969	18,960,970	0
Third Party	162,672	114,583	48,088	59%	320,000	275,000	45,000
Total Income	8,108,908	8,014,988	93,921	42%	19,280,969	19,235,970	45,000
<u>Expenditure</u>							
<u>Management Costs</u>							
Salaries and Wages costs	486,579	570,729	84,150	36%	1,294,972	1,369,750	74,778
Staff Agency costs	37,653	34,115	(3,538)	46%	90,368	81,876	(8,492)
Other Employee Related costs	4,139	5,500	1,361	31%	13,200	13,200	0
Office Accomodation costs	249,763	249,763	(0)	42%	599,430	599,430	0
Information Technology	303,001	287,098	(15,903)	44%	718,268	689,035	(29,233)
Consultant costs	34,263	34,263	0	42%	82,230	82,230	0
Contingency	0	86,542	86,542	0%	0	207,700	207,700
Total Management Costs	1,115,398	1,268,009	152,611	37%	2,798,467	3,043,221	244,754
<u>Operational Costs</u>							
Estate, Hostel & Warden Services	1,495	917	(579)	68%	2,200	2,200	0
Legal Costs	2,083	2,083	0	42%	5,000	5,000	0
Total Operational Costs	3,579	3,000	(579)	50%	7,200	7,200	0
Other Costs	227,925	235,361	7,436	40%	564,866	564,866	0
Depreciation	73,942	73,942	0	42%	177,460	177,460	0
Corporation Tax Charge	47,082	31,250	(15,832)	63%	89,100	75,000	(14,100)
Total Expenditure	1,467,925	1,611,561	143,637	38%	3,637,092	3,867,747	230,655

Notes

1. The full year projection on income is that an extra £45K will be received above the budgeted amount, the same as last month.
2. The expenditure for the full year is showing an underspend of £230,655, a increase of £7,171 from last month. The underspend is primarily due to contingency funds (£207,700) still available. A number of vacant posts account for some of the underspend.
3. The BH Information Technology department has now moved from Corporate Services to Financial Services. This change is reflected in this month's report.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 5
 Year to date as at: 31/08/2008

CHIEF EXECUTIVE OFFICE DIVISION

	August 2008 YTD				Full Year		
	Actual YTD	Budget YTD	Variance (ADV)/FAV	% of full year budget	2008/09 Projection	2008/09 Budget	Variance (ADV)/FAV
	£	£	£	%	£	£	£
Income							
Third Party	2,285	950	1,335	100%	2,285	2,280	5
Total Income	2,285	950	1,335	100%	2,285	2,280	5
Expenditure							
Management Costs							
Salaries and Wages costs	273,333	278,675	5,342	41%	667,999	668,820	821
Staff Agency costs	38,730	4,271	(34,459)	378%	92,951	10,250	(82,702)
Other Employee Related costs	9,266	9,917	651	39%	23,800	23,800	0
Office Accommodation costs	1,123	0	(1,123)		2,694	0	(2,694)
Consultant costs	26,979	26,979	0	42%	64,750	64,750	0
Total Management Costs	349,430	319,842	(29,589)	46%	852,195	767,620	(84,575)
Operational Costs							
Transport costs	2,563	2,563	0	42%	6,150	6,150	0
Estate, Hostel & Warden Services	6,448	6,421	(27)	42%	15,474	15,410	(64)
Tenant Related Costs	39,876	42,902	3,026	39%	102,965	102,965	0
Legal Costs	0	0	0		0	0	0
Total Operational Costs	48,886	51,885	3,000	39%	124,589	124,525	(64)
Other Costs	48,613	44,746	(3,867)	45%	116,672	107,390	(9,282)
Total Expenditure	446,929	416,473	(30,456)	45%	1,093,456	999,535	(93,921)

Notes

- The full year projection on expenditure is showing an overspend of £93,921, a small decrease of £1,841 from last month. This is because £100K of central salary cost savings was budgeted for in this service area. It is envisaged that after the restructuring of a number of teams, the salary budget saving will be transferred to the relevant service areas. This is why there is not a large underspend in the salaries and wages cost category, which would be used to fund the agency staff costs.

**BARNET HOMES LIMITED
BUDGET MONITORING REPORT**

Period: 5
Year to date as at: 31/08/2008

CORPORATE SERVICES

	August 2008 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	91	0	91		91	0	91
Total Income	91	0	91		91	0	91
Expenditure							
Management Costs							
Salaries and Wages costs	539,966	581,429	41,463	39%	1,281,104	1,395,430	114,326
Staff Agency costs	59,807	16,250	(43,557)	153%	128,139	39,000	(89,139)
Other Employee Related costs	69,841	65,675	(4,166)	44%	167,617	157,620	(9,997)
Information Technology	150	0	(150)		360	0	(360)
Consultant costs	26,904	26,904	0	42%	64,570	64,570	0
Total Management Costs	696,668	690,258	(6,410)	42%	1,641,790	1,656,620	14,830
Operational Costs							
Estate, Hostel & Warden Services	16	0	16		16	0	16
Tenant Related Costs	270	642	372	18%	650	1,540	890
Legal Costs	13,550	13,550	0	42%	32,520	32,520	0
Total Operational Costs	13,836	14,192	356	41%	33,186	34,060	874
Other Costs	129,365	122,821	(6,544)	44%	310,475	294,770	(15,705)
Total Expenditure	839,868	827,271	(12,598)	42%	1,985,450	1,985,450	(0)

Notes

1. The projected full year income is £91, being miscellaneous other fees for fire warden training.
2. The full year projection on expenditure is forecast to come in on budget, the same as last month.
The other costs category overspend is mainly due to the projected overspend for SLA Customer Care (£13K), which relates to an increase in security costs for Barnet House and an increased volume of users to reception.
3. The BH Information Technology department has now moved from Corporate Services to Financial Services.
This change is reflected in this month's report.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 5
 Year to date as at: 31/08/2008

HOUSING SERVICES

	August 2008 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	77,337	145,442	(68,104)	22%	333,380	349,060	(15,680)
Third Party	1,779	12,917	(11,138)	6%	31,000	31,000	(0)
Total Income	79,116	158,358	(79,242)	21%	364,380	380,060	(15,680)
Expenditure							
Management Costs							
Salaries and Wages costs	2,725,855	3,172,796	446,941	36%	6,663,906	7,614,710	950,803
Staff Agency costs	296,161	44,058	(252,102)	280%	710,785	105,740	(605,046)
Other Employee Related costs	183,669	165,704	(17,964)	46%	440,805	397,690	(43,115)
Office Accommodation costs	7,125	7,125	(0)	42%	17,100	17,100	(0)
Information Technology	466	0	(466)		466	0	(466)
Consultant costs	20,833	20,833	0	42%	50,000	50,000	0
Total Management Costs	3,234,108	3,410,517	176,408	40%	7,883,063	8,185,240	302,177
Operational Costs							
Transport costs	69,793	67,737	(2,056)	43%	178,991	162,570	(16,421)
Grounds Maintenance	300,490	295,171	(5,319)	42%	721,177	708,410	(12,767)
Estate, Hostel & Warden Services	159,774	127,750	(32,024)	52%	364,830	306,600	(58,230)
Utility Costs	276,896	234,688	(42,209)	49%	654,505	563,250	(91,255)
Tenant Related Costs	65,953	47,221	(18,732)	58%	158,287	113,330	(44,957)
Legal Costs	172,266	137,625	(34,641)	52%	385,438	330,300	(55,138)
Total Operational Costs	1,045,172	910,192	(134,981)	48%	2,463,227	2,184,460	(278,767)
Other Costs	129,387	119,633	(9,754)	45%	310,530	287,120	(23,410)
Total Expenditure	4,408,668	4,440,342	31,674	41%	10,656,819	10,656,820	0

Notes

1. The full year projection on income is currently £16K less than the budgeted income, the same as last month. Supporting people income of £188K has being accrued to budget in the full year's projection.
2. The full year projection on expenditure is forecast to come in on budget. Disrepair payments to tenants account primarily for the current overspend in tenant related costs. Grounds Maintenance is projecting a £13K overspend for the year which is based on the fixed amount stated in the recent SLA agreement. Current utility costs overspend are Gas (£16K) and Water (£26K). Legal costs are currently showing an overspend due to accruals to cover the legal disbursement costs year to date, and legal services costs for July and August.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 5
 Year to date as at: 31/08/2008

ASSET MANAGEMENT

	August 2008 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	214,967	214,967	0	42%	515,920	515,920	0
Total Income	214,967	214,967	0	42%	515,920	515,920	(0)
Expenditure							
Management Costs							
Salaries and Wages costs	613,036	762,422	149,387	34%	1,412,485	1,829,814	417,328
Staff Agency costs	170,152	10,417	(159,735)	681%	408,365	25,000	(383,365)
Other Employee Related costs	5,288	0	(5,288)		12,691	0	(12,691)
Office Accomodation costs	19,220	19,221	0	42%	46,130	46,130	(0)
Consultant costs	31,098	20,833	10,264	62%	50,000	50,000	0
Total Management Costs	838,793	812,893	(25,900)	43%	1,929,671	1,950,944	21,273
Operational Costs							
Estate, Hostel & Warden Services	62,367	54,221	(8,147)	48%	166,618	130,130	(36,488)
Utility Costs - GP Boiler House	194,004	194,004	0	42%	465,610	465,610	0
Tenant Related Costs	3,000	0	(3,000)		3,000	0	(3,000)
Legal Costs	17,083	17,083	0	42%	41,000	41,000	0
Total Operational Costs	276,455	265,308	(11,147)	43%	676,228	636,740	(39,488)
Other Costs	6,741	1,783	(4,958)	158%	11,979	4,280	(7,699)
Total Expenditure	1,121,990	1,079,985	(42,005)	43%	2,617,878	2,591,964	(25,914)

Notes

1. The projected full year income is forecast to come in on budget at £515K, the same as last month.
2. The full year projection on expenditure is a £25,914 overspend, a reduction of £16,008 from last month.
 This is mainly as a result of the LAPN Consultant costs no longer projecting an overspend as funds are to be transferred to Asset Management to cover the costs. Pest Control also exceeded budget for the first time this year by £4,550.
3. The overspend in the other cost category is mainly due to the car lump sum and mileage costs

**BARNET HOMES LIMITED
REPAIRS AND MAINTENANCE**

AUGUST 2008 YTD

PERIOD 5

SUMMARY REPORT

	AUGUST 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	1,571	1,348	(223)	3,549	3,235	(314)	3,923
Total Planned Repairs/Works	330	267	(63)	640	640	(0)	755
Total Cyclical Works	274	306	33	735	735	0	608
Total Planned Estate Maintenance	232	463	230	557	1,110	553	559
Total Void Works	647	500	(147)	1,402	1,200	(202)	1,252
Total Gas Repairs/Works	633	667	34	1,600	1,600	(0)	1,426
Total Direct Cost	3,686	3,550	(136)	8,484	8,520	36	8,523
<i>Indirect Cost</i>							
Other Costs	17	2	(15)	41	5	(36)	75
Total Indirect Cost	17	2	(15)	41	5	(36)	75
Total Repair Costs	3,703	3,552	(151)	8,525	8,525	(0)	8,597

Notes

1. Responsive repairs as at Aug 08 YTD is currently £223K overspent which is mainly due to Carpentry (£82K), Plumbing (£89K), and Roofing (£69K). Void works are currently £147K overspent as at August. Actions are being taken to address the overspend in responsive repairs.
2. The current year to date position is £151K overspent , and the full year overall repairs & maintenance costs have been projected to come in on budget.
3. All commitments with finished and invoiced status have been accrued, and the £250K expected credit note from Connaught Ltd has been reaccrued in the year to date figures.

**BARNET HOMES LTD
BALANCE SHEET
AS AT 31 AUG 2008**

APPENDIX 2

	Note			AT 31 March 2008 £	Movement £
	At 31 AUG 2008 £	At 31 AUG 2008 £	At 31 AUG 2008 £		
Fixed assets					
Tangible fixed assets					
Fixtures, Fittings & Equipment		117,311		137,644	
Vehicles, Plant & Machinery		24,309		26,262	
Computer Equipment		149,275		187,336	
			290,895	351,242	(60,347)
Investments					
Loan to LAPN			39,086	39,086	0
			329,981	390,328	(60,347)
Current assets					
Stock		6,730		0	
Trade debtors		2,928		21,154	
Amounts owed by Parent Undertaking		426,546		3,566,609	
VAT		0		44,065	
Other debtors		5,051		6,960	
Prepayments and accrued income TP		242,212		304,389	
Net cash at bank and in hand					
Cash & imprest bank a/c's	2,797			2,482	
Bank Current a/c	(395,388)			(418,197)	
Bank Deposit a/c	60,210			123,234	
Overnight Treasury Deposit	1,600,000			4,900,000	
Weekly Treasury Deposit	1,400,000			0	
Monthly Treasury Deposit	2,000,000			2,500,000	
		4,667,619			
			5,351,086	11,050,696	(5,699,610)
Current liabilities					
Trade creditors		(205,485)		(4,905,959)	
Amounts owed to Parent Undertaking		(1,314,756)		(1,942,345)	
VAT		(474,783)		0	
Corporation tax		(136,265)		(136,264)	
Other Taxation and Social Security		(213,672)		(224,576)	
Accruals and Deferred Income (TP)		(1,737,996)		(2,532,819)	
Other creditors		(4,644)		(1,405)	
			(4,087,601)	(9,743,368)	5,655,767
Net current assets/ (liabilities)			1,263,485	1,307,328	(43,843)
Total assets less current liabilities			1,593,466	1,697,656	(104,190)
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			(4,394,826)	(4,290,636)	(104,190)
Capital and Reserves					
Profit and Loss Account			(4,394,826)	(4,290,636)	(104,190)

NOTES TO THE BALANCE SHEET

Title: Budget and Business Plan 2009/14

1. Statement of Purpose

- 1.1 Forward financial and business planning are essential in meeting the business aims of the Company.

2. Summary

- 2.1 The report summarises the presentations made by the Head of Financial Services last month and proposes the basis for consultation with residents, staff and the Council.

3. Previous Reports

- 3.1 The August meeting of this Sub-Group agreed the timetable for the preparation of the Budget and Business Plan for 2009/14.

4. Recommendations

- 4.1 **That the Sub-Group approve the basis of consultation on the 2009/10 budget and 2009/14 business plan.**

5. Financial & Risk Management Issues

- 5.1 Covered within the report.

6. Resident Consultation and Equalities Issues

- 6.1 Consultation with residents will take place through the Hub, AtHome and via the website. This has been successful in recent years with residents' priorities featuring in the final budgets and business plans.

7. Background Information

- 7.1 The August meeting of this Sub-Group agreed the timetable for the preparation of the Budget and Business Plan for 2009/14. In accordance with that timetable, members of the Strategic Steering Group and this Sub-Group met with the Executive to consider the priorities for the next budget round.

- 7.2 The meeting considered three areas:-

- Improving Services and Performance
- Housing Revenue Account (HRA) and Review of Council Housing Finance
- Priorities 2009/10 and onwards

7.3 Improving Services and Performance

- 7.3.1 The draft HouseMark benchmarking report for 2007/8 provided the backdrop to the first session. This is the fifth year that the analysis has been produced, and overall 51 ALMOs have submitted information. Whilst the analysis should be treated with some caution, it does help

us to focus on areas where our performance appears less good. In particular, pension costs may vary between ALMOS (our employer contribution is over 50% higher than another London ALMO) and the London peer group is different again this year.

- 7.3.2 Barnet Homes had high average housing management costs per property in comparison with the other London ALMOs, but our costs per property had fallen to £422, from £453 in 2006/7 and £510 in 2005/6). Similarly the numbers of properties managed per employee had increased to 90 from 78 in 2006/7. Our ratio of back-office costs to front-line services was still excellent at 56%, although this had increased from 52% in 2006/7, largely due to the increase in anticipated rent for office accommodation. In cash terms the increase was only 1%.
- 7.3.3 Our average sickness absence was again second best of the peer group at 9.2 days – the best of the group was at 9.1 days. We are confident that this will improve in 2008/9.
- 7.3.4 On repairs and maintenance we had improved on our percentage of emergency and urgent repairs to all repairs to 43%. This is a significant improvement from 72% in 2005/6 and 52% in 2006/7. These repairs are more expensive so we can clearly demonstrate some efficiencies here.
- 7.3.4 Our responsive repairs administration cost as a percentage of repair cost had reduced to 41% compared with 70% in 2005/6 and 49% in 2006/7. This is still high compared to our peer group and is an area we need to investigate further as part of the review of the repairs contract.
- 7.3.5 Finally on leasehold management we showed the third lowest cost per property at £232, with the highest number of properties managed per employee at 236 and the highest level of service charge collection, with the equivalent of all the monies due in 2007/8 collected plus a further 9%.
- 7.3.6 Overall the indicators on cost and quality show a further move in the right direction, reflecting the efficiencies we have made, but there are areas where further examination and review is required. The final report from HouseMark is due imminently, and should also provide some comparator information on the whole organisation, rather than concentrating on housing management and aspects of the repairs service.

7.4 HRA and Review of Council Housing Finance

- 7.4.1 The HRA model had been updated to take account of the 2008/9 subsidy settlement and agreed budget. This included higher levels of

inflation on rents and allowances within the subsidy calculation. The model showed that there would be annual deficits on the HRA which would lead to the eventual loss of the working balance. The HRA is ring-fenced and Council's are not permitted to budget for a deficit.

7.4.2 The 2008/9 Barnet Homes budget had been supported by the use of reserves to support the accommodation review and potential new business bids. Reserves were healthy and use of some for 'invest to save' type projects would be in line with our medium-term financial strategy. However on an annual basis we would need to at least meet the Government's efficiency targets while at the same time meeting the higher expectations of tenants. Our employer pension contribution was high at 25.2% and is due to rise to 27.8% over the next two years.

7.4.3 For capital the programme is set and funded until 2010/11. Post 2010/11 the work on the HRA Business Plan had identified a significant gap between need and funding of up to £68 million over ten years – the only known funding stream over this period was the Major Repairs Allowance at around £8 million per annum. This is similar to most local authorities/ALMOs.

7.4.4 The review of council housing finance was now well underway, looking at four main workstreams – costs and standards, rents and charges, mechanisms of support and the HRA itself. Big picture options are due to go to ministers in the autumn, with a report in Spring 2009, which will feed into the comprehensive spending review process for 2011 onwards – thus it can be expected that no changes will emerge prior to that date.

7.5 Priorities 2009/10 and onwards

7.5.1 It was felt that there should be no change to the company's aims and objectives, with a focus on improving our performance and resident satisfaction. However the importance of obtaining new business, coupled with a further efficiency drive was essential. An emphasis was also placed on improving services through investment in accommodation and IT.

7.5.2 It was also considered important that the consultation with residents should offer a choice and question whether the right front-line services were being delivered.

7.6 Consultation on 2009/10 Budget and 2009/14 Business Plan

7.6.1 The issues raised in this report should therefore form the basis of our consultation, with residents, staff and the Council. This will commence later this month. Government announcements around subsidy and the HRA will not be determined until December, and the programme allows for further consultation early in the new calendar year as budget

proposals are finalised. At the same time we are developing the medium-term financial plan, linked with the five-year business plan.

Author: Mike Wiffen
Date: 1 October 2008

Title: Value for Money – Programme and Action Plan

1. Statement of Purpose

- 1.1 Securing Value for Money (VFM), efficiency and effectiveness are key to the successful achievement of the company's business aims.

2. Summary

- 2.1 The report sets out the findings of a review undertaken within the specialist housing teams. It also updates the Sub-Group on progress with the VFM programme and the VFM Action Plan.

3. Previous Reports

- 3.1 The Sub-Group received the backward-look Annual Efficiency Statement for 2007/8 at its meeting of 2 July 2008. The Action Plan was last reported to the April meeting of the Sub-Group.

4. Recommendations

- 4.1 **That the report is noted.**

5. Financial & Risk Management Issues

- 5.1 Barnet Homes has a good record of achieving efficiencies and it is essential, given the pressures on the Council's Housing Revenue Account to ensure that this continues to enable high-quality services to be maintained.

6. Resident Consultation and Equalities Issues

- 6.1 None in the context of this report.

7. Background Information

7.1 Review of Specialist Teams (ASB and Neighbourhoods)

This review was undertaken to assess the effectiveness and VFM of the tenancy auditing procedures, vulnerability procedures and the 6-month pilot arrangement with the Council's Corporate Anti-Fraud Team (CAFT). It also reviewed the procedures for monitoring unauthorised occupancy and abandonment.

- 7.2 The review found that the change in procedure on tenancy audit visits to a more targeted approach had been very effective – in 2006/7 830 visits had led to 33 properties recovered, while in 2007/8 327 visits had led to 32 properties being recovered.

- 7.3 This enabled the Neighbourhood Teams to add value through vulnerability audits and older persons' visits – some 255 were carried out with (anecdotally) a high level of satisfaction. There is an estimated non-cashable efficiency gain of around £10,000 from this.

- 7.4 The review concluded that whilst there were benefits from the CAFT pilot, the cost could not be justified on a permanent basis, but that protocol needs to be developed for joint working.
- 7.5 The improvement in the information available (and use of it) from contact with residents through the Decent Homes programme and gas servicing was recognised as a positive. An action plan was being delivered. It was agreed to add to the plan work around speedier repossession and a review of the legal processes.
- 7.6 VFM Programme
The current status of the programme for 2008/9 is attached as Appendix 1.
- 7.7 VFM Action Plan
The current position is attached as Appendix 2.

Author: Mike Wiffen, Head of Financial Services
Date: 1 October 2008

VALUE FOR MONEY REVIEW PROGRAMME 2008/9

Area of Review	Sponsor	Lead Officer	Business Sub-Group	Comments
Caretaking and Estate Environment	Derek Rust	Sheila Oliver (Ph 2)	November 2008	Phase I work, undertaken by Gary Pliskin, now complete. Looking at caretaker/cleaner separation and at arrangements for Grahame Park. Anticipated full-year savings £33k.
Central Services Review	Derek Rust	Kate Laffan	November 2008	Review largely completed and implementation underway. Issues to be resolved around the over-establishment in complaints area at present.
Resident Participation	Kate Laffan	Peter Headland	March 2009	Costs and benefits of each involvement activity to be assessed and will take part in Housemark RI benchmarking for which the data system is presently being tested. Stocktake of involvement activity to be completed by Christmas. KL undertaking survey via surveymonkey before end September to set baseline.
Vandalism/Rechargeable Repairs	Andy Campion	Mandy Dunstan		Timetable being produced.
Grounds maintenance	Peter Headland			Agreed to approach LAPN for possible assistance with procurement. Pilot area for external tender to be determined
Rents and Neighbourhoods (Improving Performance)	Derek Rust	Kevin Turnpenney	November 2008	Work commenced in summer with visits to some organisations. Anticipated savings from this of £67k in a full year, should complete shortly. Resident involvement being considered although mainly a back-office review.
Call Centre Review	Andy Campion	To be determined		Not yet transferred to Asset Management. Chris Wilkins will need some time to allow to bed in and consider required structure. Noted also that Mpathy benchmarking exercise for 2007/8 currently underway.
Financial Services and Human Resources	Mike Wiffen	To be decided	March 2009	Agreed that these should be combined, possibly with an external lead. Some benchmarking information already available through the CIPFA exercises, and could use the London ALMO HOF and HR groups to provide further information/comparisons.
Void Repairs costs	Derek Rust	Kevin Turnpenney	December 2008	Focus Group met around voids standards. Connaught had raised issue of price for the quality we desire. Viewpoint had identified empty properties as a vfm issue.

Payroll	Mike Wiffen	Jo Moore		Some benchmarking information already received. Links with future accommodation/IT strategy. Timetable to be determined, but likely to be last quarter. Issue of IT/accommodation strategy to be raised.
Spend against resident profile	Peter Headland	Laura Awosile	January 2009	Phase 1 was completed in October 2007 and looked at adaptations. Next piece of work to be on responsive repairs.
CCTV				These had been identified as possibilities for review. To be undertaken if resources allow, but unlikely to be 2008/9.
Elderly Persons' Gardening				

Page	Chapter	Topic	Action As Identified in VFM Strategy	Specific Tasks / Measurables	Milestone	Lead Officer	Current Status	Comments
5	4	Service and Business Planning	Produce Annual Efficiency Statements	1. November 2007 mid-year completed 2. April 2008 statement to April BSG 3. backward look June 2008 VFM Group	Nov 2007 mid year April 2008 forward look July 2008 backward look	Mike Wiffen	C	Note AES will not be required after 2007/8 financial year, but consider good practice to continue to produce
5	4	Service and Business Planning	Carry out VFM reviews in line with agreed programme and report to Business Sub-Group	1. Report to April BSG with present programme update 2. Report to include 2008/9 programme	Ongoing	Mike Wiffen	IP	
5	4	Service and Business Planning	Develop customer involvement in setting priorities	Consult BHCP/Hub once yearly programme of reviews drafted	Apr-08	Peter Headland	C	
5	4	Service and Business Planning	Analysis of benchmarking data	1. Provide information for CIPFA reviews on Corporate Services (Finance done, HR, ICT to complete) 2. Provide info for Housemark unit cost programme - deadline 11 April - includes invoice payment, payroll cost and ASB 3. Annual Housemark review info in June 2008 4. Map SAP to Housemark return (May 2008)	November 2007 (annual HouseMark information) and ongoing	Dave Thomas	IP	Draft report received for 2007/8 - results to Executive/Board workshop in September 2008
5	4	Service and Business Planning	Measuring and monitoring the outcomes of reviews and re-investment	Reviews considered by VFM Group 2. Full review of 3 year programme to BSG in (June/July) November 2008 - changed date	Ongoing	Mike Wiffen and VFM Core Group	IP	
5	4	Service and Business Planning	Draw up Annual VFM Review programme	Report to April BSG, update to October BSG	Oct-08	Mike Wiffen	C	Detailed timing of programme to follow.
6	5	Procedures, Processes and Structures	Accommodation and IT strategy linked to flexible working and future of the Company	<p>1) Establish formal project for review of BH's accommodation strategy</p> <ul style="list-style-type: none"> o develop project brief for approval by HOS (Completed) o Board approval (Completed) o Establish project board – (Completed) o Complete PID, benefits realisation and project Plan (Completed) o RSG approval (Completed) <p>2) Develop proposed accommodation strategy and implementation plan</p> <ul style="list-style-type: none"> o Proposed Accommodation strategy and implementation proposals reported to the board for approval – 15th Sept 08 (Revised). <p>3) Implementation phase</p> <ul style="list-style-type: none"> o To be scoped and developed further (on hold until after January board) 	Jan 09 (Revised) 15/09/08 (Revised from April)	Cora Vigar	IP	Project Sponsor: Cora Vigar. Project Lead: Kate Laffan. The scope and timescale of the project has been revised - It was agreed to develop an IT specification before any further work could be completed. The IT specification along with a draft accommodation strategy to be presented to the Board at the January 09 meeting, where a decision on how to proceed will be made.
6	5	Procedures, Processes and Structures	Implementation and embedding of project management across Company	Train managers in project management skills (completed) Develop project management toolkit and place on intranet (completed) Test whether project management is embedded within the company and produce report (May 08).	Need new milestone to be agreed (to complete final action) 31-05-08 (Revised from 01/03/2008)	Peter Headland	IP	This last action (around testing if project management has been embedded within the organisation) needs to be reviewed - BH has moved on since this action was identified, and we will now have a new corporate project office (as a result of central services restructure). All other actions have been completed.
6	5	Procedures, Processes and Structures	Implement Stock Management and HIP database	Install system Migrate Data Implement interfaces to other systems Train staff Go Live	December 08 -30-05-08 (Revised from April 08)	Melanie Cahill, Andy Campion	IP	Phase 1 (Data Migration). Completed on 10th September. Phase 2 (Decent Homes). Due to go live in mid October. Phase 3 (Energy Efficiency, Asbestos, Adaptations). Due to be completed/live at the end of October. Phase 4 (advanced functionality). Due to be completed/live by December (subject to successful delivery of the other phases).
6	5	Procedures, Processes and Structures	Investigate and develop Business Case for Purchase Ordering System	Development of PID (milestone end July 08).	To be determined.	Jo Moore	IP	Initial report to BHFG on October 24

Page	Chapter	Topic	Action As Identified in VFM Strategy	Specific Tasks / Measurables	Milestone	Lead Officer	Current Status	Comments
6	5	Procedures, Processes and Structures	Review and revise Contract Procedure Rules to be fit for purpose	Completed	Oct-07	Paul Cleveland	C	Completed
6	5	Procedures, Processes and Structures	Ensure that future resourcing policy supports business aims	Complete pilot with Asset Management (Completed) Develop Action Plan for Asset Management as result of pilot (Completed) Report to RSG (April)	30/04/08 (Revised from 01/03/2008)	Gladys Mhone		
7	6	Procurement	Review of key areas of spend to assess procurement options		Sep-07	Paul Cleveland		Completed.
7	6	Procurement	Implement and embed procurement strategy	Ensure cost centre managers act in accordance with the strategy	May-08	Paul Cleveland	C	Programme of training in place.
7	6	Procurement	Produce Guidance and training programme for staff	Create and roll out a training course.	May-08	Paul Cleveland/Gladys Mhone	C	Course is due to be rolled out in May.
7	6	Procurement	Identify future procurement needs that can be achieved through LAPN	1. Meeting with LAPN to discuss future procurement arrangements December 2007. 2. Outstanding issues such as convergence resolved April 2008. 3. See open book. 4. Future procurement strategy agreed April 2009.	Nov-07	Phil Buck	C	Links to open book and review of future procurement arrangements and AM strategy
7	6	Procurement	Establish forward procurement plan	Production of the plan	(01/02/2008) Nov 2008	Mike Wiffen	IP	Plan is due for presentation at the April Business Sub Group. Update due to November Business Sub-Group
8	7	Partnership	Working proactively with Decent Homes partners	1. Strategic partnering reviews taking place quarterly. 2. Review of contract PIs to take place in April 2008. 3. Decent Homes contract review to take place over April and May 2008.	Ongoing	Chris Wilkins		Review of Decent Homes contracts will provide roadmap for final phase of Decent Homes implementation and will also inform post DH planning.
8	7	Partnership	Implement Asset Management Plan	1. Asset Management Strategy launched in October 2007. 2. Investment Panel formed November 2007. 3. Terms of reference adopted for Investment Panel. 4. Quality system and procedures launched November 2007. 5. Asset Management database implemented and staff trained. 31.10.08 6. BH asbestos policy developed - April 2008. 7. Stock condition information form developed and launched - May 2008. 8. Sustainability model developed October 2008. 9. Unviable properties identified from stock condition model December 2008. 10. Existing and future procurement arrangements March 2009 reviewed. 11. Planned to responsive ratio reviewed against targets April 2008 then annually. 12. Review AM Strategy November 2008 then 6 monthly.	Various	Chris Wilkins	IP	All encompassing strategy document major tasks on track.
8	7	Partnership	Review options of sharing services	Awareness to be raised with ALMO Heads of Finance Group.	Ongoing	Mike Wiffen	IP	Reported to BSG September 2008. IT being considered as part of Accommodation review. Further report to BSG in six months
8	7	Partnership	Work with Connaught & Village Heating to develop open-book arrangements	1. Open book project group formed January 2008. 2. Project scoped Jan 2008. 3. Information collected and analysed June 2008. 4. Processes developed with partner developed and key staff trained. 5. Change management implemented, systems developed and open book launched December 2008. Open Book Village go live April 2009.	Commencing October 2007	Chris Wilkins	IP	Open book to be implemented with least risk partnership first. Amber to reflect risk to organisation. If successful Connaughts to follow. LAPN working with us on this project.
8	7	Partnership	Continuous Improvement – Supply Chain Management	To be rolled into review of DH contracts and AM strategy.	Commencing November 2007	Andy Campion	IP	See measurable.
9	8	Planning for the Future	Produce Annual Business Plan	Agree budget, develop balanced scorecard, Board and LBB agreement, [Note changed milestone date]	Jun-08	Peter Headland/ Mike Wiffen		
9	8	Planning for the Future	Seek new business opportunities to offset stock reduction	Establish working group for SP bid, submit tender and mobilise if positive outcome, Tendering now not due to start until November 2008. Meeting to be held shortly with Stadium to further explore new business opportunities.	Ongoing	Derek Rust	IP	
9	8	Planning for the Future	Appointment of New Business Officer (subject to budget)	New budget bid to be submitted as part of 2009/10 budget round.	Apr-09	Derek Rust	IP	
9	8	Planning for the Future	Produce HRA Business Plan	Review of HRA business plan to be presented to Board meeting 21/7/08	Nov-07	Mike Wiffen	C	

Page	Chapter	Topic	Action As Identified in VFM Strategy	Specific Tasks / Measurables	Milestone	Lead Officer	Current Status	Comments
9	8	Planning for the Future	Reporting to Board on the future of the company	LBB discussed future stock options study at the Board meeting of the 19/5/08. Review of HRA business plan to be presented to Board meeting 21/7/08. HRA Business Plan session held 19/9/08.	Regular updates	Derek Rust	IP	
10	9	Residents	Review expenditure against residents' profile		October 2007 (Phase 1 adaptations), then ongoing	Laura Awosile	IP	Adaptations complete. Next phase will be responsive repairs.
10	9	Residents	Embed resident involvement in budget and VFM process		October to March annually	Mike Wiffen/ Peter Headland	C (2008/9)	Budget consultation successful and priorities taken into account.
10	9	Residents	Complete VFM review of resident involvement	New resident involvement structure agreed by Board. Complete review of RI budgets, service area involvement (May 08). Finalise staff structure in conjunction with VFM Central Services Review (proposals April, complete June 08)	Jun-08	Peter Headland	C	Actions remaining in relation to detailed costing and benchmarking. Member of new Housemark benchmarking club.
10	9	Residents	Review outcomes of first round Innovations Fund projects		Autumn 2007	Gary Pliskin	C	Complete.
10	9	Residents	Hold Challenge event with other organisations on resident involvement	Hold RI VFM event 12 months after new RI structure bedded in	May-09	Peter Headland	IP	
10	9	Residents	Asset Management Group		Oct-07	Andy Campion	C	AMIP in place with resident membership.
10	9	Residents	Resident involvement in review of HRA Business Plan		Oct-08	Peter Headland	IP	Council Conference October 2008. Further action to be discussed with Council

Title: Value for Money benchmarking in Finance, ICT and Human Resources (HR)

1. Statement of Purpose

1.1 The IPF benchmarking exercise was intended to enable organisations to compare the cost, efficiency and effectiveness of their Finance, IT and HR departments.

2. Summary

2.1 This report summarises the results of the Institute of Public Finance's (IPF) benchmarking exercises in Finance, ICT and HR for 2006/07.

3. Previous Reports

3.1 The draft detailed IPF benchmarking report for Finance was presented to the June meeting of the Business Sub Group.

4. Recommendations

4.1 **That the Sub-Group notes the contents of the IPF benchmarking exercises.**

5. Financial and Risk Management Issues

5.1 No major financial or risk management issues arose as a result of this exercise.

6. Resident Consultation and Equalities Issues

6.1 None in the context of this report.

7. Background Information

7.1 The IPF benchmarking results for the financial year 2006/07 are summarised below. The detailed results can be found in Appendix 1 (for Finance), Appendix 2 (for ICT) and Appendix 3 (for HR).

7.2 The benchmarking focused on value for money, and broadly followed the Audit Commission's approach to the subject. The emphasis was therefore on comparing the economy, efficiency and effectiveness of each organisation.


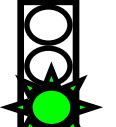

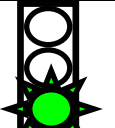


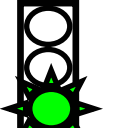


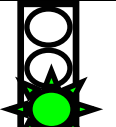

7.3 A diverse range of public sector bodies participated in this benchmarking exercise (details in Appendix 4). Bodies as diverse as the National Audit Office to the Independent Police Complaints organisation participated,

including a number of Councils. Unfortunately, Barnet Homes was the only housing organisation to participate which limits the usefulness of the results.

7.4 Each set of results looks at the following:-

- *Economy and efficiency* – Compares cost and efficiency measures.
- *Impact on organisation* – Compares measures that attempt to assess the impact of the function on the organisation.
- *Satisfaction* – Compares satisfaction levels both of commissioners and users of the service. An internet based satisfaction survey was conducted to obtain these results.
- *Modern practices* – Compares the number of “best practice” processes followed.

7.5 The overall results were as follows (Green = top quartile, Amber = 2nd or 3rd quartile and red = bottom quartile):-

Measure	Finance	ICT	HR
Economy and Efficiency			
Impact on organisation			
Satisfaction		No data	
Modern practices			

7.6 It can be seen that overall, Barnet Homes was slightly above average in each of the three service areas. This is an encouraging set of results.

Author: Gary Pliskin, Deputy Head of Financial Services
Date: 18th September 2008

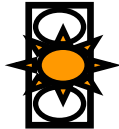
APPENDIX 1

SUMMARY OF THE RESULTS OF THE FINANCE

IPF BENCHMARKING EXERCISE FOR 06/07

Peer Group:- 18 other public sector bodies from a range of different service sectors.

PART 1 – ECONOMY AND EFFICIENCY

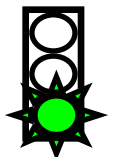


Overall result – Amber

Primary Indicators	Result	Quartile
Finance function as a percentage of organisational running costs	1.1%	2nd
Transaction processing cost as a percentage of finance function costs	23%	2nd
Business decision support cost as a percentage of finance function cost	28%	3rd

Secondary Indicators	Result	Quartile
Cost of customer invoicing function per customer invoice processed	£8.04	2nd
Debtor days	15.2	Top
Credit notes as % total customer invoices raised	7%	2nd
Cost of accounts payable per accounts payable invoice processed	£2.00	2nd
% payments made by electronic means	85%	3rd
Creditor days	37	3rd
Payroll admin cost per employee paid	£110.02	3rd

PART 2 – IMPACT ON ORGANISATION



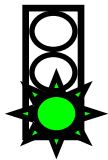
Overall result – Green

Primary Indicators	Result	Quartile
Days from period-end closure to distribution of routine	6 days	Top

financial reports to budget managers and overseeing boards and committees		
---	--	--

Secondary Indicators	Result	Quartile
Professionally qualified finance staff as % of total finance staff (excluding transaction processing staff)	50%	Top
Days from year-end closure to submission of annual accounts to external auditor	43 days	2nd
Outstanding debt that is more than 90 days old from date of invoice	98.5%	Bottom
Cost of finance in relation to business decision support as % of total cost of business decision support plus reporting and controls (ie excludes transaction processing)	36%	2nd

PART 3 - SATISFACTION



Overall result – Green

Primary Indicators	Result	Quartile
User satisfaction average score	3.54	Top

PART 4 – MODERN PRACTICES



Overall result – Amber

Primary Indicators	Result	Quartile
Management practice total score	7 of 10	2nd

<i>Practice</i>	<i>Does Barnet Homes comply?</i>
FP1 – The responsibilities of budget holders are clearly understood and embedded in performance appraisal.	Yes

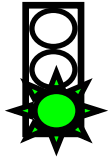
FP2 – Service levels and expectations have been set with key internal customers using a documented approach such as an SLA or Customer Charter, with regular service review meetings held.	No
FP3 – A rolling programme of reviewing and benchmarking the organisation’s costs is in place across major service areas.	Yes
FP4 – Standardised organisation-wide integrated software is in place with centralised data processing. This should cover as a minimum purchase to payment of supplier and invoice to cash receipt from a customer.	Yes
FP5 - The organisation can demonstrate that it has used at least two of the following to steam-line financial processes in the last 3 years; a) bar coding, b) invoice scanning/imaging, c) workflow, d) web technologies to build extranets with external stakeholders, e) intranet to build self service capabilities for staff to check status, run reports, f) on-line travel and expense system used by claimants that is fully integrated with the accounting system.	Yes
FP6 - Fully automated accruals system based on purchase order and good/services received information held within a fully integrated accounting system.	No
FP7 - Budget holders have on-line, real-time insight into the status of their budget and can run standard financial and manpower reports through their desk top PC.	Yes
FP8 - A needs based budget based on activity levels rather than historical baselines, is prepared at least every 3 years.	Yes
FP9 - Customer satisfaction surveys are conducted at least annually with results openly published and acted upon.	No
FP10 - A comprehensive professional development programme is in place for Finance staff which ensures that they receive at least 5 days of continuing professional development per annum.	Yes

Score for Finance = 7 out of 10.

APPENDIX 2 SUMMARY OF THE RESULTS OF THE ICT IPF BENCHMARKING EXERCISE FOR 06/07

Peer Group:- 18 other public sector bodies from a range of different service sectors.

PART 1 – ECONOMY AND EFFICIENCY



Overall result – Green

Primary Indicators	Result	Quartile
Cost of the ICT function as a percentage of organisational running costs	1.3%	2nd
ICT spend as a percentage of organisational running costs	0.1%	Top
ICT spend per user	£212	Top

Secondary Indicators	Result	Quartile
Cost of providing support per end user	£1,946	Bottom
Cost of providing support per workstation	£1,946	Bottom
End users per workstation	1.15	3rd
Acquisition cost per workstation	£700	3rd

PART 2 – IMPACT ON ORGANISATION



Overall result – Amber

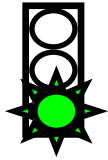
Primary Indicators	Result	Quartile
Percentage of incidents resolved within agreed service levels	92.5%	3rd

Secondary Indicators	Result	Quartile
Average number of support calls per end user	7.5	3 rd
Percentage of users who are able to access the network and systems remotely	100%	Top

PART 3 - SATISFACTION

This section of the exercise was not completed.

PART 4 – MODERN PRACTICES



Overall result – Green

Primary Indicators	Result	Quartile
Number of management practices in place	7 of 10	Top

<i>Practice</i>	<i>Does Barnet Homes comply?</i>
ITMP1 - Formal Service Level Agreements are in place with key internal customers governing business requirements, with regular service review meetings held at agreed intervals.	Yes
ITMP2 - There are formal procedures in place supporting the operation of the ICT function, based upon good practice guidance such as COBIT (Control Objectives for Information and Related Technology), ITIL (IT Infrastructure Library) and/or other sector specific guidance / methods.	Yes
ITMP3 - Information security management capability is in place with BS7799 / ISO 27001 accreditation already achieved.	No
ITMP4 - User satisfaction surveys are conducted at least bi-annually with results openly published, supported with improvement plans where necessary.	No
ITMP5 - A short survey is undertaken upon resolution of all reported incidents and the data is collated and analysed at least monthly and used to drive service improvement.	Yes
ITMP6 - The most senior officer in the organisation with a dedicated ICT role has a direct report to the Executive / Corporate Management Team of the organisation.	Yes
ITMP7 - The organisation has a designated individual with the role of Chief Information Officer who has a seat on the board.	No
ITMP8 - The organisation has assessed the ICT competence of end users within the last 12 months and put in place an appropriate training and development programme to address	Yes

areas of weakness, and delivery of this programme is monitored on a quarterly basis.	
ITMP9 - A comprehensive professional development programme is in place for ICT staff which ensures that they receive at least 5 days of continuing professional development (relevant accredited training) per annum, covering technical, management and business focused training.	Yes
ITMP10 - Business continuity management processes are in place to recover business and ICT services in the timescales as specified by the business. These processes are tested at least annually and are reviewed on a regular basis to confirm appropriateness.	Yes

Score for IT = 7 out of 10.

APPENDIX 3 SUMMARY OF THE RESULTS OF THE HR IPF BENCHMARKING EXERCISE FOR 06/07

Peer Group:- 39 other public sector bodies from a range of different service sectors.

PART 1 – ECONOMY AND EFFICIENCY

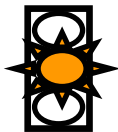


Overall result – Amber

Primary Indicators	Result	Quartile
HR Cost as a percentage of organisational running costs	0.5%	Top
HR Cost per employee	£762	3 rd
Ratio of employees to HR staff	48	Bottom

Secondary Indicators	Result	Quartile
Cost of agency staff as a percentage of total pay bill	10%	Bottom

PART 2 – IMPACT ON ORGANISATION



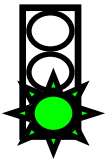
Overall result – Amber

Primary Indicators	Result	Quartile
Leavers in the year as a percentage of the average total staff	8.5%	2 nd

Secondary Indicators	Result	Quartile
Cost of learning and development activity as a percentage of the total pay-bill	1.2%	2 nd
Percentage of posts currently in the leadership of the organisation which are filled by people who are not permanent in that position	0%	Top
Reported injuries, diseases and dangerous occurrences per 1,000 employees per year	10	3 rd
Percentage of people that are still in post after 12	90%	Top

months service		
Cases of disciplinary action per 1,000 employees	46.5	Bottom
Percentage of staff who receive (at least) an annual face to face performance appraisal	100%	Top
Percentage of leadership posts occupied by women	50%	2 nd
Percentage of employees who consider themselves to have a disability	1.6%	3 rd
Percentage of employees aged 50 or over	43%	Top
Percentage of Black and Minority Ethnic (BME) employees in the workforce	32.4%	Top

PART 3 - SATISFACTION



Overall result – Green

Primary Indicators	Result	Quartile
Commissioner satisfaction average score	4 out of 5	Top
User satisfaction average score	4 out of 5	Top

PART 4 – MODERN PRACTICES



Overall result – Amber

Primary Indicators	Result	Quartile
Management practice total score	6 of 10	2 nd

<i>Practice</i>	<i>Does Barnet Homes comply?</i>
MP1 - Within the last three years the HR Function has rationalised the number of sets of Terms and Conditions in current use in the organisation by 5%.	No
MP2 - The organisation has undertaken equality impact assessments across all key service areas within the last three years, and is implementing an action plan which targets areas of vulnerability.	Yes

MP3 - There is employee self-service through desktop access to modify non-sensitive HR data.	No
MP4 - All employees have clear and measurable outcome based targets set at least annually.	Yes
MP5 - All employees have had the opportunity for a formal, documented performance review at least on an annual basis which can track personal/professional improvement.	Yes
MP6 - The organisation carries out a survey of staff satisfaction levels at least annually, publishes the results, has developed an action plan and monitors delivery of that plan on at least a quarterly basis.	Yes
MP7 - The organisation explicitly requests that employees declare that they have complied with any Continuous Professional Development (CPD) requirements of their professional institute (where applicable).	Yes
MP8 - The organisation has a statement which anticipates the workforce requirements of the organisation over the medium-term (at least 5 years) and an action plan agreed by the Executive / Corporate Management Team which sets out how those requirements are met and is monitored on a 6 monthly or more frequent basis.	No
MP9 - A comprehensive professional development programme is in place for professional HR staff which ensures that they receive at least 5 days of continuing professional development per annum.	No
MP10 - It is possible to apply online for all vacancies for which external applications are invited.	Yes

Score for HR = 6 out of 10.

APPENDIX 4 PEER GROUP DETAILS

Finance

The Finance peer group consisted of the following organisations:-

Barnet, Bath, City & Hackney PCT, Gateshead, Harrow, Independent Police Complaints, Leicestershire FRS, North Hertfordshire, Thames Valley Police, Wiltshire FRS, Children Schools & Families, Enfield, Haringey, Higher Education Funding Council, Leicestershire, National Audit Office, S London & Maudsley NHSFT and Waltham Forest PCT.

ICT

The ICT peer group consisted of the following organisations:-

Blackpool PCT, Enfield, Hillingdon, Independent Police Complaints, Kirklees, National Audit Office, Rother, Waltham Forest PCT, Wiltshire FRS, Basingstoke & N Hants NHSFT, Brent, Higher Education Funding Council, Historic Scotland, Kensington, Leicestershire FRS, Northamptonshire Police, Southend and Weymouth.

HR

39 other public sector bodies from a range of different service sectors.

Title: Exemption from Contract Procedure Rules – Construction Design and Management

1. Statement of Purpose

- 1.1 Delivery of the Decent Homes programme is a key business aim for Barnet Homes.

2. Summary

- 2.1 This report proposes an extension of the existing CDM co-ordinator contract until 1 September 2009.

3. Previous reports

- 3.1 The existing contract was approved by the Asset Management Sub-group in June 2007 who approved a 1-year contract with Scott White and Hookins (SWH) with effect from 11 June 2007.

4. Recommendations

- 4.1 **That the Sub-group considers and approves a waiver of the Contract Procedure Rules to extend the existing CDM contract until 1 September 2009.**

5. Financial & Risk Management Issues

- 5.1 The annual value of the existing contract is around £45,000.
- 5.2 The estimated value of the partnering agreements is in excess of £30.4m in 2008/09. Major risks have previously been identified relating to the complexity of carrying out decent homes refurbishment work in occupied homes and the unforeseen events that could impact on health and safety of residents, third parties and the partners' operatives.
- 5.3 It is vitally important that Barnet Homes (BH) effectively discharges its responsibilities under the Construction, Design & Management (CDM) Regulations 2007.

6. Resident Consultation and Equalities Issues

- 6.1 The Planning Supervisor has a key role in ensuring that residents' safety is taken into account in the design and planning stages of major works projects. This includes advice on precautions to ensure occupants, their possessions and third parties are protected during construction work.

7. Background Information

- 7.1 The CDM Regulations 2007 set out the responsibilities of the Client to ensure that there is effective management of health and safety

regulations by their contractors. The regulations also specify the need for a "CDM Co-ordinator" whose role is to support and advise the Client in discharging their duties and to co-ordinate design and planning of health and safety issues related to building works.

- 7.2 In formulating possible options for providing the CDM service, consideration was given to external provision by consultants and in-house provision. The option of external provision by consultants was considered to provide a more cost effective and reliable service. Following a competitive tendering exercise carried out in 2007, the Asset Management Sub-group approved the letting of a 12 month contract to SWH from 11th June 2007.
- 7.3 A formal review of the contract was initially proposed for December 2007 by which time it was anticipated that the London Area Procurement Network (LAPN) would have completed their own review and established an approved list of contractors to provide this service. Unfortunately LAPN had not completed their consultants' framework at that time and this review has not progressed.
- 7.4 Bi-monthly meetings take place with SWH, BH Package Managers and the Health & Safety Co-ordinator to review CDM performance. SWH also provide support on CDM issues by attending the regular partnering meetings and also carry out site visits on all new projects. Earlier this year they carried out a site audit of the decent homes partners management of the CDM regulations and a resulting action plan is now being implemented. It is planned that SWH will also carry out a CDM audit of Connaught and Village Heating.
- 7.5 The current arrangements with SWH are working very well and they provide effective support to the in-house health and safety team in this specialist area. From the last competitive tendering exercise carried out in 2007, their costs are also considered to be reasonable.
- 7.6 As stated above it had been intended to carry out a review of the CDM arrangements mid-term with a view to then entering into a new longer-term arrangement. A 6 month contract extension to December 2008 was approved in principle by the Head of Financial Services as permitted under the contract procedure rules.
- 7.7 Unfortunately since then the Health & Safety (H&S) Co-ordinator (who would have been the lead officer responsible for re-procuring this contract) has left Barnet Homes. A replacement H&S Co-ordinator has recently been appointed (Rachel Bancroft), however the Sub-group are asked to consider waiving contract procedure rules to extend the existing contract with SWH until 1st September 2009. This would represent a total extension of 16 months and would provide important stability in the existing CDM arrangements while the new H&S Co-

ordinator becomes familiar with her new role. Work to procure a new CDM contract would then need to commence by April 2009.

Author: Cora Vigar – Head of Corporate Services

Date: 30th September 2008

- 1. Statement of Purpose**
 - 1.1 Barnet Homes is committed to achieving effective governance and ensuring we deliver our objectives and commitments to target.
- 2. Summary**
 - 2.1 This paper sets out proposed agenda items to the Sub-Group.
- 3. Previous Reports**
 - 3.1 This is a regular item at each meeting of the Sub-Group.
- 4. Recommendations**
 - 4.1 **That the Sub-Group consider the proposed agenda items and agree or amend as it wishes, and propose any items for inclusion on future agendas.**
- 5. Financial & Risk Management Issues**
 - 5.1 Not applicable
- 6. Resident Consultation and Equalities Issues**
 - 6.1 None in context of this report.
- 7. Background Information**
 - 7.1 The table below sets out proposed agenda items for the next meeting and up to March 2009. The Sub-Group is asked to note and suggest further items for inclusion.

Meeting Date	Agenda Items
5 November 2008 5.00 p.m.	Budget Monitor – end September Review of Risk Registers Service Level Agreements Monitor Procurement Action Plan Business Continuity Plan – Lessons Learned Floating Support Value for Money Agenda Planning
3 December 2008 3.00 p.m.	Appointment of Chair Budget Monitor – end October New Business Update Value for Money Agenda Planning
7 January 2009 5.00 p.m.	Budget Monitor – end November Budget 2009/10 – headlines Value for Money Agenda Planning

Meeting Date	Agenda Items
4 February 2009 3.00 p.m.	Budget Monitor – end December Review of Risk Registers Service Level Agreements Monitor Agenda Planning
4 March 2009 5.00 p.m.	Budget Monitor – end January Budget and Business Plan 2009/14 Internal Audit Management Action Value for Money Agenda Planning

Author: Mike Wiffen, Head of Financial Services

Date: 23 September 2008