

**BUSINESS SUB-GROUP
BARNET HOMES
Wednesday 2nd July 2008 at 5.00pm
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	Confidential Item <i>(Pages 9-12)</i>	Information	Chris Wilkins
	N/A		
5	Budget Monitor – end May 2008 <i>(Pages 13-23)</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 May 2008 and projects the full year figures for 2008/09.		
6	Statutory Accounts 2007/08 <i>(Pages 24-25)</i>	Information	Jo Moore
	The report sets out the response of the external auditor to the Sub-Group's query on the accounts.		
7	Value for Money - 2007/08 Backward Look Annual Efficiency Statements (AES) <i>(Pages 26-28)</i>	Decision	Mike Wiffen
	The report details the backward-look (AES) for 2007/8 for submission to the Council.		
8	Procurement Update <i>(Pages 29-31)</i>	Information	Paul Cleveland
	This report updates progress on recent major procurements.		
9	Banking Arrangements <i>(Pages 32-33)</i>	Decision	Mike Wiffen
	The report seeks agreement to changes of bank signatories and to register for telephone banking.		
10	Agenda Planning <i>(Pages 34-35)</i>	Decision	Mike Wiffen
	Sets out the proposed agenda for the next meeting of the sub group and for the meetings to January 2009.		
11	Any Other Business		
12	Date of Next Meeting – Wednesday 6 August 2008 at 3.00pm, 10th Floor Meeting Room, Barnet House		

Attendees: David Sidbury (Chair) Monroe Palmer, OBE, FCA
Vi Britchfield Ingrid Beal
Dorothy Badrick Ian Sharp, Tribal (apologies)
Mike Wiffen Gary Pliskin
Paul Cleveland Jo Moore
Chris Wilkins (Item 4)

The meeting will commence at **5.00pm, 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
2 JULY 2008**

Attendees: David Sidbury (Chair) Ingrid Beal
Vi Britchfield Monroe Palmer
Gary Pliskin Paul Cleveland
Mike Wiffen Jo Moore (Items 1-6)
Chris Wilkins (Items 1-5)

Circulation: Those Above All Directors
Grant Thornton

Minutes: Karen Flood

ITEM	TITLE	ACTION
1.	Introductions and Apologies	
1.1	Chris Wilkins, Head of Asset Management was welcomed to the meeting.	
1.2	Apologies	
	Ian Sharp, Tribal.	
2.	Minutes and Matters Arising	
2.1	Minutes	
2.1.1	Minutes agreed.	
2.1.2	Correction to Item 8.1 - Agenda Items 2 July 2008 – Service Level Agreements Monitor and Review of Risk Registers are items for 6 August 2008 meeting.	
2.2	Mattes Arising	
2.2.1	Item 2.2.3 – Leaseholder Charges for Major Works – Item included in the Risk Register.	
2.2.2	Item 5.2.1 Purchase Ordering System – Item raised at Barnet Homes Finance Group on 26 June 2008, agreed to bring in additional resources if necessary to assist with project. JM visit to Enfield to be scheduled when workload permits.	JM

ITEM	TITLE	ACTION
2.2.3	Item 5.2.2 Review Options for Sharing Services – deferred to 6 August 2008 meeting.	MW
2.2.4	Item 5.2.3 £500 Variation Order threshold – Report to 6 August 2008 on risk analysis and how the variation order system works.	CW/MD
2.2.5	Item 5.3.4 Finance Team Benchmarking with Other Public Sector Bodies – 9 participants selected for more focussed comparison, awaiting final report.	GP
3.	Declaration of Interests	
3.1	If any item arose concerning London Borough of Barnet Finance Monroe Palmer may have conflicting interests.	
4.	Confidential Item	
5.	Budget Monitor – end May 2008	
5.1	Repairs & Maintenance	
5.1.1	£1.273m adverse variance reported to end of May 2008, the Sub-Group proposed that a thorough investigation be undertaken, accruals and codings revisited and the capitalisation of works finalised.	LA/GP/CW
5.1.2	It was noted that Barnet Homes have committed a higher value of works to date this year, and that the number of works orders was up on the same period last year. Item to be picked up at 6 August 2008 meeting under Budget Monitoring.	
5.2	Profit and Loss Statement 2008/09	
5.2.1	Overall adverse variance of £1.2m mainly due to the position with repairs.	
5.2.2	It is proposed to only accrue to contingency funds (£231k) as and when the Sub-Group approves requests.	
5.2.3	Projecting a net profit of £29k for full year, this is prior to any funds being transferred from reserves of £146k.	
5.3	The service area reports were noted.	

ITEM	TITLE	ACTION
5.4	Balance Sheet – noted above target on bank interest, this is partly due to the position with repairs invoicing and payments.	
5.5	Budget performance to be looked at in more detail at 6 August 2008 meeting when the first quarter figures are reported.	
6.	Statutory Accounts 2007/08	
6.1	Minor amendments to wording proposed at 4 June 2008 meeting completed.	
6.2	Advice has been received from Grant Thornton (GT) on the level of profit shown within the accounts due to the FRS17 amendments. The outcome was another ALMO has split the cost of the P&L into housing management services and pension service costs. It is not a statutory requirement to include or exclude items.	
6.3	The Sub-Group requested that the profit on activities before taxation exclude FRS17, this will then enable the true profit figure be reported to tenants in the summary document.	
6.4	A completion meeting is scheduled for 21 July 2008 with Grant Thornton at which this matter will be discussed and resolved.	JM/MW
6.5	It was noted that the profit and loss shown on the Balance Sheet reflects the true profit figure of £453k.	
7.	Value for Money – 2007/08 Backward Look Annual Efficiency Statements (AES)	
7.1	Efficiency gains of £628k can be claimed for 2007/08, this is slightly less than the target, drop is due to the increase in expenditure for repairs.	
7.2	An estimated £2m non cashable capital efficiencies have been made during 2007/08, Barnet Homes are currently working with the London Area Procurement Network (LAPN) to validate this.	
7.3	The Sub-Group noted the report and approved its submission to the London Borough of Barnet.	MW

ITEM	TITLE	ACTION
8.	Procurement Update	
8.1	The Sub-Group received a report updating on the progress made on major procurements commissioned.	
8.2	Major Contracts have been entered into through Consortium arrangements for: <ul style="list-style-type: none"> ▪ Telephony (estimate minimum £10k saving) ▪ Electricity Supplies (estimate minimum saving of £65k per year, fixed for 3 years) ▪ Agency Staff (main savings on commission cost) 	
8.3	It was noted that much progress has been made within the last six months.	
9.	Banking Arrangements	
9.1	Formality for change of signatories Chair and Vice Chair of the Board to be completed with the Co-operative Bank plc.	MW
9.2	The Sub-Group felt that the limit for two signatories on cheques be reduced.	
9.3	A review/analysis to be carried out on volumes of cheques and amounts payable, and the level at which signature required, including BACS payments.	MW
10	Agenda Planning	
10.1	Agenda Items for 6 August 2008	
	<ul style="list-style-type: none"> • Introductions and Apologies • Minutes and Matters Arising • Declaration of Interests • Budget Monitor – end June 2008 • Annual Report and Accounts 2007/08 • Budget Planning 2009/10 and later years • Review of Risk Registers • Service Level Agreement Monitor • Innovations Fund • Review Options of Sharing Services • Agenda Planning 	GP/LA/JM MW/PH MW MW KL/MR GP MW
	Additional Items	
	<ul style="list-style-type: none"> • Connaught Update 	CW
	<ul style="list-style-type: none"> • Variation Orders 	MD
	<ul style="list-style-type: none"> • Signatory Level 	MW

ITEM	TITLE	ACTION
11.	Any Other Business	
11.1	The Sub-Group thanked Paul Cleveland for his contribution and work over the past four years and wished him well in his retirement and success for the future.	
12.	Date of Next Meeting – Wednesday 6 August 2008, 3pm, 10 th Floor Meeting Room, Barnet House.	

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 May 2008 and projects the full year figures for 2008/09.

3. Previous Reports

- 3.1 The budget monitor is reported 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 May 2008. As at May 2008, the full year projection is a **Net Profit of £28,604**. 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 no funds will be required from reserves.

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

7.2 Repairs and Maintenance

The overall cost as at May 2008 YTD has been accrued to the Saffron orders paid and committed as at the end of May 2008. The full year costs have been projected to come in on budget. The total repairs cost reported year to date of £2.691m includes commitment orders of £1.049m. The committed orders are for active jobs, finished jobs, and jobs not yet paid.

The main areas of overspend YTD in responsive repairs are roofing and carpentry (£435K) and these are being investigated. New health and safety rules on scaffolding seem to have had an effect on roofing costs. Void works current overspend is mainly due to committed orders accrued and are based on the timing of orders placed. Current Gas works overspend is mainly due to the seasonal placement of orders for the servicing of boilers in the summer and is expected to come in on budget.

Total payments on account of £1,334,359 were made to Connaught Ltd in this financial year for work carried out in the previous financial year. All 2008 invoices are processed and paid via the interface system, and it is envisaged that there will not be any more on account payments to Connaught Ltd.

The Connaught Ltd 08/09 reconciliation as at May 2008 YTD shows signed certificates of payments totalling £405,959 has been processed. This leaves a payment on account balance of £928,400. More certificates of payments have been received in June (£600K) and the reconciliation is ongoing.

7.3 Balance Sheet See Appendix 2

7.4 Invoice Payment Statistics The target for 2008/9 is to make 98% of invoice payments within target. The year to date statistic is 98.63%. A detailed report is now produced each month for circulation to all service areas. Budget managers will be expected to ensure that the performance in their area is in line with target.

April	98.93%	May	98.35%	June		July	
Aug		Sept		Oct		Nov	
Dec		Jan		Feb		March	

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

BARNET HOMES LIMITED**PROFIT AND LOSS STATEMENT 2008/09**

Period: 2
 Year to date as at: 31/05/2008

TOTAL BARNET HOMES LTD

Schedules	May 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	3,172	3,154	18	18,921	18,921	(0)
LBB - Repairs and Maintenance Allowance	1,417	1,417	0	8,500	8,500	0
LBB - Other Fees	119	151	(32)	890	905	(15)
Rechargeable Works	1		1	4		4
Third Party Income - Grants & Other	18	14	4	93	81	12
Total Income	4,726	4,734	(9)	28,408	28,407	1
Expenditure						
Management Costs excl. contingency	1 2,474	2,552	79	15,205	15,313	108
Operational Costs	1 543	505	(38)	3,197	3,029	(168)
Other Costs	1 234	216	(18)	1,305	1,294	(11)
Depreciation	1 30	30	0	177	177	0
Repairs and Maintenance Costs	7 2,691	1,417	(1,273)	8,505	8,505	0
Rechargeable Works		1	(1)	4		(4)
Hostels		26	0	154	154	0
Contingency	1 0	38	38	0	231	231
Total Expenditure	5,997	4,784	(1,213)	28,547	28,703	156
Operating Profit/(Loss)	(1,271)			(139)		
Third Party Income - bank interest receivable	48	38	10	250	225	25
Corporation Tax Charge Payable	13	13	1	83	75	8
Net Profit/(Loss)	(1,237)	(24)	(1,213)	29	(146)	174

Memorandum	£	£	£
08/09 Projected Full Year Net Profit/(Loss)	28,604	(145,860)	174,464
08/09 Forecast Transfer from P&L Reserves (currently £145,860 in the latest budget)	0	145,860	
08/09 Forecast Surplus/(Deficit) after transfer from Reserves	28,604	0	

Notes

- As at May 2008 year to date, the full year projection is a **Net Profit of £28,604**.
 The Net Profit position is before any funds from the budgeted transfer from reserves are utilised (£145,860), and includes the present contingency funds of £230,700 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 no funds will currently be required from reserves.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 2
 Year to date as at: 31/05/2008

BARNET HOMES LIMITED - TOTAL HEADS OF SERVICE

	May 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	3,291,059	3,304,325	(13,266)	17%	19,810,270	19,825,950	(15,680)
Third Party (includes bank interest)	63,696	51,000	12,696	21%	341,600	306,000	35,600
Total Income	3,354,754	3,355,325	(571)	17%	20,151,870	20,131,950	19,920
Expenditure							
Management Costs							
Salaries and Wages costs	1,864,853	2,135,203	270,350	15%	11,530,143	12,811,220	1,281,077
Staff Agency costs	211,522	40,478	(171,044)	87%	1,358,142	242,870	(1,115,272)
Other Employee Related costs	107,688	99,640	(8,048)	18%	645,175	597,840	(47,335)
Office Accomodation costs	110,443	110,443		17%	662,660	662,660	
Information Technology	117,040	114,506	(2,534)	17%	687,151	687,035	(116)
Consultant costs	62,091	51,925	(10,166)	20%	321,637	311,550	(10,087)
Contingency		38,450	38,450			230,700	230,700
Total Management Costs	2,473,638	2,590,646	117,008	16%	15,204,908	15,543,875	338,966
Operational Costs							
Transport costs	28,143	28,120	(23)	17%	168,720	168,720	(0)
Grounds Maintenance	118,068	118,068	1	17%	708,410	708,410	
Estate, Hostel & Warden Services	293,349	256,750	(36,599)	19%	1,708,793	1,540,500	(168,293)
Tenant Related Costs	35,368	33,843	(1,526)	17%	203,056	203,055	(0)
Legal Costs	67,970	67,970		17%	407,820	407,820	(0)
Total Operational Costs	542,898	504,751	(38,147)	18%	3,196,799	3,028,505	(168,294)
Other Costs	234,172	215,733	(18,440)	18%	1,305,140	1,294,396	(10,744)
Depreciation	29,576	29,577	0	17%	177,459	177,460	1
Corporation Tax Charge	13,372	12,500		18%	82,500	75,000	(7,500)
Total Expenditure	3,293,657	3,353,206	59,549	16%	19,966,806	20,119,236	152,430

Notes

1. The full year projection on income shows that £19,920 will be received above the budget. This is primarily as a result of the forecast bank interest receivable.
2. The full year projection on expenditure is an underspend of £152,430 below the total budget. This forecast position is with the current contingency funds of £230,700 not utilised.
3. The total projected income of £20.152m exceeds the total projected expenditure of £19.967m by approximately £185K. 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: 2
 Year to date as at: 31/05/2008

FINANCIAL SERVICES

	May 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	3,171,833	3,153,500	18,333	17%	18,921,000	18,921,000	0
Third Party	56,089	45,833	10,256	20%	300,000	275,000	25,000
Total Income	3,227,922	3,199,333	28,588	17%	19,221,000	19,196,000	25,000
Expenditure							
Management Costs							
Salaries and Wages costs	147,618	170,782	23,164	14%	948,747	1,024,690	75,943
Staff Agency costs	6,261	2,563	(3,698)	41%	69,867	15,380	(54,487)
Other Employee Related costs	3,654	2,200	(1,454)	28%	13,200	13,200	0
Office Accomodation costs	99,905	99,905	0	17%	599,430	599,430	0
Information Technology	67,352	67,068	(283)	17%	402,410	402,410	0
Consultant costs	7,038	7,038	0	17%	42,230	42,230	0
Contingency	0	38,450	38,450	0%	0	230,700	230,700
Total Management Costs	331,828	388,007	56,179	14%	2,075,884	2,328,040	252,156
Operational Costs							
Estate, Hostel & Warden Services	1,495	250	(1,245)	100%	3,000	1,500	(1,500)
Tenant Related Costs	0	0	0		0	0	0
Legal Costs	6,833	6,833	0	17%	41,000	41,000	0
Total Operational Costs	8,329	7,083	(1,245)	20%	44,000	42,500	(1,500)
Other Costs	100,515	94,868	(5,648)	18%	569,206	569,206	0
Depreciation	29,576	29,577	0	17%	177,459	177,460	1
Corporation Tax Charge	13,372	12,500	(872)	18%	82,500	75,000	(7,500)
Total Expenditure	483,620	532,034	48,414	15%	2,949,048	3,192,206	243,158

Notes

1. The full year projection on income is an extra £25K will be received above the budgeted amount. This is due to the forecast bank interest receivable.
2. The expenditure for the full year is showing an underspend of £243,158, which primarily is the contingency funds still available. £19,300 of the contingency funds have been utilised as approved by the Business Sub-Group for the appointment of a part-time leasehold development officer post in Housing Services.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 2
 Year to date as at: 31/05/2008

CHIEF EXECUTIVE OFFICE DIVISION

	May 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							
Total Income	0	0	0		0	0	0
Expenditure							
Management Costs							
Salaries and Wages costs	109,793	111,220	1,428	16%	658,755	667,320	8,565
Staff Agency costs	17,424	1,375	(16,049)	211%	107,544	8,250	(99,294)
Other Employee Related costs	2,383	3,967	1,584	10%	23,800	23,800	0
Office Accomodation costs	0	0	0		0	0	0
Information Technology	0	0	0		0	0	0
Consultant costs	10,792	10,792	0	17%	64,750	64,750	0
Total Management Costs	140,391	127,353	(13,037)	18%	854,849	764,120	(90,728)
Operational Costs							
Transport costs	1,025	1,025	0	17%	6,150	6,150	0
Estate, Hostel & Warden Services	1,735	1,735	0	17%	10,410	10,410	0
Tenant Related Costs	17,531	17,531	0	17%	105,185	105,185	0
Legal Costs	0	0	0		0	0	0
Total Operational Costs	20,291	20,291	0	17%	121,745	121,745	0
Other Costs	17,672	17,845	173	17%	107,070	107,070	0
Total Expenditure	178,353	165,489	(12,864)	18%	1,083,663	992,935	(90,728)

Notes

- The full year projection on expenditure is showing an overspend of £90,728. 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 fund the agency staff costs.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 2
 Year to date as at: 31/05/2008

CORPORATE SERVICES

	May 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	6,753	6,662	91	17%	39,970	39,970	0
Total Income	6,753	6,662	91	17%	39,970	39,970	0
Expenditure							
Management Costs							
Salaries and Wages costs	258,399	289,782	31,383	15%	1,550,393	1,738,690	188,297
Staff Agency costs	37,181	14,750	(22,431)	42%	276,796	88,500	(188,296)
Other Employee Related costs	27,481	27,192	(289)	17%	163,150	163,150	(0)
Information Technology	49,572	47,437	(2,135)	17%	284,625	284,625	(0)
Consultant costs	18,971	17,428	(1,543)	18%	104,570	104,570	(0)
Total Management Costs	391,605	396,589	4,985	16%	2,379,534	2,379,535	0
Operational Costs							
Estate, Hostel & Warden Services	0	0	0		0	0	0
Tenant Related Costs	0	257	257	0%	1,540	1,540	0
Legal Costs	5,420	5,420	0	17%	32,520	32,520	0
Total Operational Costs	5,420	5,677	257	16%	34,060	34,060	0
Other Costs	53,058	48,140	(4,918)	18%	288,840	288,840	(0)
Total Expenditure	450,082	450,406	323	17%	2,702,435	2,702,435	0

Notes

1. The projected full year income is on budget at £40K.
2. The full year projection on expenditure is forecast to come in on budget.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 2
 Year to date as at: 31/05/2008

HOUSING SERVICES

	May 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	26,486	58,177	(31,691)	8%	333,380	349,060	(15,680)
Third Party	7,607	5,167	2,440	25%	41,600	31,000	10,600
Total Income	34,093	63,343	(29,251)	9%	374,980	380,060	(5,080)
Expenditure							
Management Costs							
Salaries and Wages costs	1,103,838	1,262,657	158,819	15%	6,901,012	7,575,940	674,928
Staff Agency costs	96,230	17,623	(78,607)	91%	577,380	105,740	(471,640)
Other Employee Related costs	72,345	66,282	(6,063)	18%	434,068	397,690	(36,378)
Office Accomodation costs	2,850	2,850	0	17%	17,100	17,100	0
Information Technology	116	0	(116)		116	0	(116)
Consultant costs	8,333	8,333	0	17%	50,000	50,000	0
Total Management Costs	1,283,712	1,357,745	74,033	16%	7,979,676	8,146,470	166,794
Operational Costs							
Transport costs	27,118	27,095	(23)	17%	162,570	162,570	(0)
Grounds Maintenance	118,068	118,068	1	17%	708,410	708,410	0
Estate, Hostel & Warden Services	186,107	150,808	(35,299)	21%	1,071,643	904,850	(166,793)
Tenant Related Costs	17,837	16,055	(1,782)	19%	96,330	96,330	(0)
Legal Costs	48,884	48,883	(1)	17%	293,300	293,300	(0)
Total Operational Costs	398,014	360,910	(37,104)	18%	2,332,254	2,165,460	(166,794)
Other Costs	59,457	54,367	(5,090)	18%	326,200	326,200	(0)
Total Expenditure	1,741,183	1,773,022	31,838	16%	10,638,130	10,638,130	(0)

Notes

1. The full year projection on income is currently £5K less than the budgeted income. This is primarily due to the Emergency Lifeline Income of £16k, which was budgeted for.
2. The full year projection on expenditure is forecast to come in on budget. An estate water bill of £14.5K was paid from this year's budget for a water leakage relating to previous years. Housing Services original expenditure budget has increased by £19K, being funds from Contingency for a part-time leasehold development post as approved by the Business Sub-Group.

BARNET HOMES LIMITED
BUDGET MONITORING REPORT

Period: 2
 Year to date as at: 31/05/2008

ASSET MANAGEMENT

	May 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	85,987	85,987	(0)	17%	515,920	515,920	(0)
Total Income	85,987	85,987	(0)	17%	515,920	515,920	0
Expenditure							
Management Costs							
Salaries and Wages costs	245,206	300,763	55,557	14%	1,471,236	1,804,580	333,344
Staff Agency costs	54,426	4,167	(50,259)	218%	326,555	25,000	(301,555)
Other Employee Related costs	1,826	0	(1,826)		10,958	0	(10,958)
Office Accommodation costs	7,688	7,688	0	17%	46,130	46,130	0
Consultant costs	16,956	8,333	8,623	34%	60,087	50,000	10,087
Total Management Costs	326,103	320,952	(5,151)	17%	1,914,966	1,925,710	10,744
Operational Costs							
Estate, Hostel & Warden Services	104,011	103,957	(55)	17%	623,740	623,740	(0)
Legal Costs	6,833	6,833	0	17%	41,000	41,000	0
Total Operational Costs	110,845	110,790	(55)	17%	664,740	664,740	(0)
Other Costs							
	3,471	513	(2,957)	113%	13,824	3,080	(10,744)
Total Expenditure	440,418	432,255	(8,163)	17%	2,593,530	2,593,530	0

Notes

1. The projected full year income is on budget at £515K.
2. The full year projection on expenditure is forecast to come in on budget. £2,300 of the Other Costs category is telephone cost, for which there is no budget.

**BARNET HOMES LIMITED
REPAIRS AND MAINTENANCE**

MAY 2008 YTD

PERIOD 2

SUMMARY REPORT

	MAY 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	1,361	539	(822)	3,345	3,235	(110)	3,923
Total Planned Repairs/Works	218	107	(112)	690	640	(50)	755
Total Cyclical Works	179	123	(57)	735	735	(0)	608
Total Planned Estate Maintenance	150	182	32	931	1,090	159	559
Total Void Works	444	200	(244)	1,200	1,200	0	1,252
Total Gas Repairs/Works	342	267	(76)	1,600	1,600	0	1,426
Total Direct Cost	2,695	1,417	(1,278)	8,500	8,500	0	8,523
<i>Indirect Cost</i>							
Other Costs	(4)	1	5	5	5	(0)	75
Total Indirect Cost	(4)	1	5	5	5	(0)	75
Total Repair Costs	2,691	1,417	(1,273)	8,505	8,505	(0)	8,597

Notes

- Responsive repairs as at May08 YTD is currently £539K overspent which is mainly due to roofing and carpentry (£435K). These are being investigated. Void works current overspend is mainly due to committed orders accrued and are based on the timing of orders placed. Current Gas works overspend is mainly due to the seasonal placement of orders for the servicing of boilers in the summer and is expected to come in on budget.
- The full year overall repairs & maintenance costs has been projected to come in on budget.
- The Repairs & Maintenance budget has increased by £4,684, funded by virements from the Innovation Fund (£2,684) and Resident Participation (£2,000), to support the cost of residents attending the CIH Repairs Conference.

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

APPENDIX 2

	Note			AT 31 March 2008 £	Movement £
	At 31 May 2008 £	At 31 May 2008 £	At 31 May 2008 £		
Fixed assets					
Tangible fixed assets					
Fixtures, Fittings & Equipment		129,115		137,644	
Vehicles, Plant & Machinery		25,842		26,262	
Computer Equipment		168,408		187,336	
			323,365	351,242	(27,877)
Investments					
Loan to LAPN			39,086	39,086	0
			362,451	390,328	(27,877)
Current assets					
Stock		0		0	
Trade debtors		32,540		21,154	
Amounts owed by Parent Undertaking		1,066,225		3,566,609	
VAT		0		44,065	
Other debtors		3,735		6,960	
Prepayments and accrued income TP		237,568		304,389	
Net cash at bank and in hand					
Cash & imprest bank a/c's	1,082			2,482	
Bank Current a/c	(1,007,450)			(418,197)	
Bank Deposit a/c	2,584,205			123,234	
Overnight Treasury Deposit	0			4,900,000	
Weekly Treasury Deposit	0			0	
Monthly Treasury Deposit	2,000,000			2,500,000	
		3,577,837			
			4,917,905	11,050,696	(6,132,791)
Current liabilities					
Trade creditors		(452,958)		(4,905,959)	
Amounts owed to Parent Undertaking		(1,111,769)		(1,942,345)	
VAT		(334,015)		0	
Corporation tax		(133,438)		(133,438)	
Other Taxation and Social Security		(216,577)		(224,576)	
Accruals and Deferred Income (TP)		(2,565,980)		(2,532,819)	
Other creditors		(2,110)		(1,405)	
			(4,816,847)	(9,740,542)	4,923,695
Net current assets/ (liabilities)			101,058	1,310,154	(1,209,096)
Total assets less current liabilities			463,509	1,700,482	(1,236,973)
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			(5,524,783)	(4,287,810)	(1,236,973)
Capital and Reserves					
Profit and Loss Account			(5,524,783)	(4,287,810)	(1,236,973)

NOTES TO THE BALANCE SHEET

- 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 The report sets out the response of the external auditor to the Sub-Group's query on the accounts.

- 3. Previous Reports**
 - 3.1 The draft statutory accounts for 2007/8 were presented to the last meeting of the Sub-Group on 4 June 2008.

- 4. Recommendations**
 - 4.1 That the Sub-Group consider and note the report.**

- 5. Financial & Risk Management Issues**
 - 5.1 None in the context of this report.

- 6. Resident Consultation and Equalities Issues**
 - 6.1 None in context of this report.

- 7. Background Information**
 - 7.1 At the last meeting of the Sub-group I was asked to obtain advice from the external auditors regarding the separation of operating costs and FRS17 adjustments in the statutory profit and loss account.

 - 7.2 Their response was as follows:-

'We have another ALMO where operating costs have been split on the face of the P&L into "Housing management services" and "pension service costs". The reserves reconciliation can be reconciled however you like: there's no statutory requirement to include or exclude certain items, as long as it all reconciles and you don't have anything like a "pension reserve".'

 - 7.3 Whilst this is positive we have now had a query from the Council over the reconciliation of the profit and loss figure as shown to the balance sheet. This relates to the consolidation into their accounts.

 - 7.4 It is suggested that these issues are resolved with the Audit Partner at the completion of the audit.

7.5 The minor alterations to the wording within the accounts have been made as requested.

Authors: Jo Moore, Financial Controller

Date: 27 June 2008

Title: Value for Money – 2007/8 Backward Look Annual Efficiency Statements

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 backward-look Annual Efficiency Statements (AES) for 2007/8.

3. Previous Reports

- 3.1 The Sub-Group received the mid-year AES for 2007/8 at its meeting of 31 October 2007.

4. Recommendations

- 4.1 **That the Sub-Group notes the 2007/8 Backward Look AES and approves their submission to the Council.**

5. Financial & Risk Management Issues

- 5.1 Covered in detail in the report, but efficiency gains to date on capital works of £2.688million, at 5.67% well ahead of the target of 2.5%. On management and maintenance we have achieved £1.613million gains to date, some £193,000 ahead of the target to date.

6. Resident Consultation and Equalities Issues

- 6.1 None in the context of this report.

7. Background Information

7.1 Backward-Look AES for 2006/7

Although ALMOs are not required to produce AES we have chosen to do so as a useful management tool which will assist in embedding the efficiency culture in the organisation. Efficiencies gained by Barnet Homes contribute to the Council's gains and should be incorporated in their statement.

- 7.2 The backward look summarises efficiency gains made in the previous year and compares actual costs for 2007/8 compared with 2006/7 adjusted for inflation, volume changes, one-off items and non-cashable gains. Inflation figures are set by the Department for Communities and Local Government (DCLG) – for 2007/8 the management and maintenance figure is set at 3.6% while for capital works it is set at 5.0% (compared with 3.8% and 4.4% respectively in 2006/7).

- 7.3 Guidance provided by DCLG indicates that cashable efficiency gains cannot be claimed unless there has genuinely been no deterioration in overall service quality as evidenced by a quality cross-check. The DCLG recommend that the primary indicators for the Local Authority Social Housing work stream are chosen from the following list:-
- Housing CPA score
 - Overall satisfaction with housing services
 - Percentage of properties made decent
 - Percentage of expenditure on planned to responsive repairs
- 7.4 Attached as Appendix 1 is a statement that summarises the effect of the efficiency gains made in 2007/8 and to date on housing management and maintenance.
- 7.5 This shows that efficiency gains of £628,000 (2.3%) can be claimed for 2007/8 against a target of around £691,000 (2.5%). The overall gain over three years is £2.299 million, or approximately 7.7% against a target of 7.5%. The drop in 2007/8 is due to the increased expenditure on repairs compared to 2006/7.
- 7.6 It is recognised that efficiency gains from capital works are much more difficult to calculate and may be realised over a longer time-period.
- 7.7 In 2006/7 we began to see the benefits from the partnering approach and from the work undertaken through our membership of the London area Procurement Network (LAPN) in delivering significant cashable efficiencies in the Decent Homes programme. This work has continued in 2007/8 and we estimate that a further £2million of efficiencies have been made. We are presently working with LAPN to validate these figures as part of a project with DCLG which will assist in identifying good practice in this area.
- 7.8 Last year's capital expenditure was some £36.3million, compared with £25.3million in 2006/7. Since this was delivered with approximately the same level of resource this will equate to a non-cashable efficiency gain of £341,000 in 2007/8.
- 7.9 Adjusting for inflation this means that we have achieved £5.029million of efficiencies against adjusted capital spend of £81.980million in 2005/6, 2006/7 and 2007/8, which represents 6.2%. The target at 2.5% would be around £2.05million.

Author: Mike Wiffen, Head of Financial Services
Date: 27 June 2008

**BARNET HOMES ANNUAL EFFICIENCY STATEMENT
2007/8 BACKWARD LOOK
HOUSING MANAGEMENT AND MAINTENANCE**

	Actual 2004/5	Adjustments 2005/6 - 2004/5	Actual 2005/6	Adjustments 2006/7 - 2005/6	Actual 2006/7	Adjustments 2006/7 - 2007/8	Actual 2007/8
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Management	17,175						
Housing Maintenance	8,414						
	25,589	25,589					
Inflation @ 4.6%		1,177					
Adjustment for sold properties		(303)					
Adjustment for leasehold properties		55					
Licences not charged to 04/5		82					
One-off set-up and inspection cost		(172)					
New services provided		138					
Other rechargeable items		552					
SLA/Insurances adjustment		302					
Sub-total 2004/5 adjusted		27,420					
Quality Gains sickness		57					
Total 2004/5 adjusted		27,477					
Housing Management			18,204				
Housing Maintenance			8,670				
			26,874	26,874			
Inflation @ 3.8%		1,044		1,021			
Adjustment for sold properties		(385)		(385)			
Adjustment for leasehold properties		65		65			
Non-recurring 2005/6		(139)		(139)			
New items 2006/7 or full-year effects		285		285			
One-off 2006/7 - new repairs contract		225		225			
Sub-total 2005/6 adjusted		28,572		27,946			
Quality Gains - sickness		41		41			
Quality Gains - gas contract		85		85			
Total 2005/6 adjusted		28,698		28,072			
Housing Management					18,821		
Housing Maintenance					8,264		
					27,085	27,085	
Inflation @ 3.6%		1,033		1,011		975	
Adjustment for sold properties		(196)		(196)		(196)	
Adjustment for leasehold properties		19		19		19	
One-off 2006/7 - new repairs contract		(225)		(225)		(225)	
New items 07/8 or full-year effects		297		297		297	
Inspection Costs - one-off 2007/8		305		305		305	
Total previous years adjusted		29,931		29,283		28,260	
Housing Management							19,038
Housing Maintenance							8,594
Total 2007/8 Outturn							27,632
Overall Efficiency Gain 2007/8							628
Overall Efficiency gain to date							2,299

- 1. Statement of Purpose**
 - 1.1 Through modern procurement practice, we will seek innovative solutions to deliver our business plan, always providing best value for money, demonstrating continuous improvement in an open and accountable framework.

- 2. Summary**
 - 2.1 This report updates progress on recent major procurements.

- 3. Previous Reports**
 - 3.1 The procurement action plan was last reported to the Sub-Group on 3 October 2007.

- 4. Recommendations**
 - 4.1 **That the report be noted.**

- 5. Financial & Risk Management Issues**
 - 5.1 Our procurement strategy is a key element in our drive for value for money across the company. The items identified within this report represent potential annual savings of over £200,000 per annum.

- 6. Resident Consultation and Equalities Issues**
 - 6.1 None in the context of this report.

- 7. Background Information**
 - 7.1 The Audit Commission inspection had identified a weakness in our non-asset management procurement, and particularly criticised that we did not have a central contract in respect of agency staff procurement.
 - 7.2 We have now entered into major contracts through Consortium arrangements.
 - 7.3 Previously we obtained mobile telephones through the Council's contract. Last year they retendered all telephony services as one package, which meant that for mobile phones alone the price was more expensive than we could obtain elsewhere. We compared the costs through the packages available through two consortia, Procurement for Housing (PfH) and the Office of Government Commerce (OGC). The OGC offered the better deal and the annual saving is estimated at a minimum of £10,000.
 - 7.4 **Electricity Supplies** Currently electricity is supplied at the various housing sites either under a term contract negotiated by the London Borough of Barnet or one-off agreements for individual sites. The expenditure in 2007/8 on heating and lighting was approximately

£620,000, excluding the Grahame Park Boiler House. We have investigated the framework agreement that Inenco have entered into with PfH and have concluded a contract for the supply of electricity with the company. As the term agreement with the Council does not expire until October we have proceeded with those individual sites which are on annual agreements which expired in June 2008. On 1 June we terminated the annual agreements with E-on energy and Inenco sought bulk contracts for the supply of electricity at these sites. The company works on the spot market and attempts to obtain the best deal based on their experience. If the price quoted is too high they will not recommend and try later.

- 7.5 Prices for a bundle 387 sites with estimated annual costs of £125,000 were sought and Inenco recommended acceptance of the price from Opus for a period of 36 months. On the basis of the existing use the new rate provides an annual saving of £60,000 on existing costs.
- 7.6 Prices for the remaining 580 sites will be sought as the existing contract expires. As these have been tendered previously it is not envisaged that the savings will be of the same order of magnitude.
- 7.7 There are also significant administrative savings as payment is made by direct debit on one invoice, rather than individual invoices for each site. Usage information will also be uploaded directly into Saffron, rather than having to be entered manually as at present.
- 7.8 **Agency Staff** Barnet Homes has a significant level of expenditure on agency staff, £1,653,000 with a wide variety of agencies. PfH have put in place a framework agreement with selected agencies and we have signed up to this agreement. As well as achieving reduced costs, we have taken the opportunity to streamline the procurement of agency staff by having a central ordering point in HR and a single monthly bill.
- 7.9 The framework agreement with the agencies clearly specifies the commission rates for the different categories of staff and this was reported to the Resources Sub-Group on 24th April 2008. The savings to be made from the contract will depend on the numbers of staff appointed. Studies undertaken by PfH have indicated overall savings on the commission element of 40%. The commission element for the majority of suppliers is between 25 and 35% depending on the skill level of the staff concerned.
- 7.10 Assuming that the average savings of 40% are made on an average commission of 30% then savings to be obtained are estimated as follows:-

Existing	Cost of Employees	£1,000
	Commission	£300
	Total Cost	£1,300

New Contract

Cost of Employees	£1,000
Commission	£180
Total Cost	£1,180

Savings on £1,300 of current costs £120 or 9%.

- 7.11 Based on our 2007/8 expenditure this would represent annual savings of around £150,000, although it is recognised that the level of agency staff employed should fall and that certain specialise agencies will not be included in the new contract.
- 7.12 **Decoration Vouchers** We are now purchasing decorations vouchers through the deal negotiated by PfH with B&Q. This offers a 13% annual discount – our present use of vouchers is in excess of £100,000 per annum.
- 7.13 **Insurance** We are currently in the process of preparing to tender our insurance requirements. In line with Contract Procedure Rules the Head of Financial Services agreed an extension of the existing arrangements to 31 December 2008. The contract is presently around £260,000 per annum and contracts will have to be tendered via the European Union.

Author: Paul Cleveland, Procurement and Budget Planning Manager

Date: 26 June 2008

1. Statement of Purpose

- 1.1 It is necessary to amend the bank signatories due to the impending retirement of two members of staff.

2. Summary

- 2.1 The report seeks agreement to changes of bank signatories and to register for telephone banking.

3. Previous Reports

- 3.1 The Finance and Risk Management Sub-Group reviewed the banking arrangements in December 2004.

4. Recommendations

4.1 That:-

- **The Co-operative Bank plc (The Bank) shall continue as our bankers**
- **The Bank shall be authorised to honour all cheques and all other documents made or accepted on our behalf even if such payment causes any accounts to be overdrawn or increase any existing overdraft, provided that such documents are signed in accordance with the specimen signatures shown in the Account Signatories Section.**
- **The Bank shall act on all specimen signatures in accordance with any instruction, notice, request or other document in writing concerning our account (including the opening of new accounts), affairs or property, as shown in the Account Signatories Section.**
- **The Bank shall be sent a copy of any future resolutions which affect the terms of these resolutions.**
- **The Bank shall be sent a copy of any changes in our Memorandum and Articles of Association.**
- **The Bank shall be notified in writing of any change of Directors.**
- **The Bank shall be notified in writing of any change of official authorised to sign on our behalf.**
- **The Bank shall otherwise continue to operate our Accounts in accordance with the Business Account Mandate**
- **The Bank shall be notified in writing of any overall change of control in the business.**
- **All signatories to the Account are aged 18 or over.**

4.2 That:-

- **We agree to the use of the Co-operative Bank plc (the**

Bank) Customer Services (the Service) subject to the Terms and Conditions and the Terms and Conditions in the main business account which relate to use of the service, copies of which were provided at the meeting.

- **In all other aspects our mandate with the Bank will continue unaffected.**

5. Financial & Risk Management Issues

- 5.1 Adequate Fidelity Guarantee insurance is in place for all signatories to the Company's bank accounts.

6. Resident Consultation and Equalities Issues

- 6.1 None in the context of this report.

7. Background Information

- 7.1 With the impending retirement of two of the bank signatories (Margaret McPeake and Paul Cleveland) it is necessary for new signatories to be provided to the Bank. I am proposing therefore to delete the above-named on their retirement. The new Chief Executive Officer, Tracey Lees, will become a signatory in due course, and I am proposing to add Gary Pliskin, Deputy Head of Financial Services and Jo Moore, Financial Controller to the signatories. There will therefore be five in total, the others being Derek Rust and myself.

- 7.2 Under our existing arrangements cheques are computer-printed with my facsimile signature. For cheques up to £35,000 no other signature is required. For cheques above that amount any of the signatories will need to countersign. We also have a manual cheque book – this requires one signature up to £1,500 and two signatories over £1,500.

- 7.3 It should be noted that the vast majority of our payments are made via BACS.

- 7.4 The Co-operative Bank require that a number of resolutions are passed, and these are listed in the recommendations above at paragraph 4.1.

- 7.5 I also need to register with the Bank for telephone banking. This is to enable staff within the Financial services team to obtain answers to queries on our accounts. This operates through a four-digit pass number. The terms and conditions will be available at the meeting.

Author: Mike Wiffen, Head of Financial Services

Date: 27 June 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 January 2009. The Sub-Group is asked to note and suggest further items for inclusion.

Meeting Date	Agenda Items
6 August 2008 3.00 p.m.	Budget Monitor – end June Annual Report and Accounts 2007/8 Budget Planning 2009/10 and later years Review of Risk Registers Service Level Agreements Monitor Innovations Fund Review Options of Sharing Services Agenda Planning
3 September 2008 5.00 p.m.	Private Session with External Auditors (4pm) Budget Monitor – end July Final Annual Report and Accounts 2007/8 and Residents' Annual Report Value for Money Action Plan Internal Audit Management Action Agenda Planning
7 October 2008 3.00 p.m.	Budget Monitor – end August Budget 2009/10 – consultation draft Value for Money reviews Agenda Planning

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 Agenda Planning
3 December 2008 3.00 p.m.	Budget Monitor – end October New Business Update Agenda Planning
7 January 2009 5.00 p.m.	Budget Monitor – end November Budget 2009/10 – headlines Agenda Planning

Author: Mike Wiffen, Head of Financial Services
Date: 24 June 2008