

**BUSINESS & RESOURCES SUB-GROUP  
BARNET HOMES**

Thursday 9 September 2010

**Audit Committee, Private Meeting of Sub-Group Directors and Grant Thornton  
at 5.00pm followed by the Main Meeting at 6.00pm  
9<sup>th</sup> Floor Board Room, Barnet House**

**AGENDA**

<b>Item No</b>	<b>Item</b>	<b>Status</b>	<b>Presenting</b>
1	<b>Introductions &amp; Apologies</b>		
2	<b>Declaration of Interests</b>		
3	<b>Minutes 8 July 2010 and Matters Arising</b> <i>Pages 1-8</i>		<b>(10 minutes)</b>
4	<b>Internal Audit – Review of Customer Services</b> <i>Pages 9-24</i>	<b>Monitoring</b>	<b>Derek Rust</b> <b>(10 minutes)</b>
The Business and Resources Sub-Group previously requested that all audit reports with Priority One recommendations be considered by them, the review also includes the proposed management action and timescales for implementation.			
5	<b>Annual Report and Financial Statements 2009/10</b> <i>Pages 25-55</i>	<b>Decision</b>	<b>Mike Wiffen</b> <b>(25 minutes)</b>
The report contains the statutory annual report and financial statements for the company for 2009/10.			
6	<b>Budget Monitor</b> <i>Pages 56-68</i>	<b>Monitoring</b>	<b>Gary Pliskin</b> <b>(15 minutes)</b>
This report sets out the budgetary position for the company on a year to date basis as at the end of July 2010 and projects the full year figures for 2010/11.			
7	<b>Internal Audit Management Action</b> <i>Pages 69-72</i>	<b>6 Monthly Update</b>	<b>Mike Wiffen</b> <b>(10 minutes)</b>
The report summarises the management action taken in response to recommendations made by our internal auditors.			
8	<b>Value for Money</b> <i>Pages 73-80</i>	<b>Monitoring</b>	<b>Mike Wiffen</b> <b>(10 minutes)</b>
The report sets out the latest position on the 2010/11 programme and summarises the results of two completed reviews that together will save around £33,000 from the 2011/12 budget. It also comments on the survey of 2008/9 ALMO company accounts published in the July 'Social Housing' magazine.			
9	<b>Forward Agenda Planning</b> <i>Pages 81-82</i>	<b>Decision</b>	<b>Mike Wiffen</b> <b>(5 minutes)</b>
This report sets out the proposed agenda for the next meeting of the sub-group and for the meetings to March 2011.			
10	<b>Any Other Business</b>		
11	<b>Date of Next Meeting – Thursday 4 November 2010 at 6.00pm, 9<sup>th</sup> Floor Board Room, Barnet House</b>		

Attendees: Terry Rogers OBE, FCIH, JP      Vi Britchfield  
Jane Nelson      Ken Bennett  
Yetunde Onifade      Charmaine Young, CBE  
Ingrid Beal      Tracey Lees  
Mike Wiffen      Gary Pliskin  
Derek Rust

Apologies: Cora Vigar

The Audit Committee meeting will commence at **5.00pm, 9<sup>th</sup> Floor Board Room**, Barnet House followed by the Sub-Group meeting at **6.00pm**. Any Director who wishes to attend as an observer please advise Karen Flood in advance on: Tel: 020 8359 4915 or Email: [karen.flood@barnethomes.org](mailto:karen.flood@barnethomes.org)

**BARNET HOMES  
BUSINESS & RESOURCES SUB-GROUP MINUTES & MATTERS  
ARISING FROM 8 JULY 2010**

**Attending:**

Terry Rogers, OBE, FCIH, JP, Vice Chair of Board and Chair of Sub-Group  
Vi Britchfield, Chair of Board  
Ingrid Beal, Director  
Jane Nelson, Director  
Yetunde Onifade, Director  
Ashley Norman, Tribal Business Assurance

**Management & Staff:**

Mike Wiffen, Head of Financial Services  
Gary Pliskin, Deputy Head of Financial Services  
Cora Vigar, Head of Corporate Services  
Duncan Brown, Corporate Planning Manager  
Catherine Solomon, HR Manager  
Andrew Campion, Investment, Planning and Value Manager (Item 6)

**Observers:**

None

**Minutes:**

Karen Flood, PA to Head of Financial Services & Head of Corporate Services

ITEM	TITLE	ACTION
1.	<b>Introductions &amp; Apologies</b>	
1.1	Terry Rogers welcomed Ashley Norman to the meeting.	
1.2	Ken Bennett, Director, Tracey Lees, Chief Executive Officer, Charmaine Young, Director and Gladys Mhone, Senior HR Manager.	
2.	<b>Minutes &amp; Matters Arising</b>	
2.1	<b>Minutes 13 May 2010</b>	
2.1.1	<b>Minutes – Agreed.</b>	
2.2	<b>Matters Arising</b>	
2.2.1	As stated in the report.	

ITEM	TITLE	ACTION
3.	<b>Declaration of Interests</b>	
3.1	None received.	
4.	<b>Draft Final Accounts 2009/10</b>	
4.1	The Sub-Group were presented with the draft financial statements for 2009/10 for consideration and noting.	
4.2	Mike Wiffen stated that the profit was slightly less than anticipated with healthy reserves of £1.7m. The net pension liability has more than trebled, but it was hoped there would be no increase in the contributions next year.	
4.3	Mike Wiffen reported a meeting had been held with the external auditors on 8 July 2010 following their visit week commencing 28 June 2010 where only minor queries were raised.	
4.4	Terry Rogers queried the payment of corporation tax Mike Wiffen confirmed that the company only pays this on earnings from bank interest and this had reduced from 28% to 21% due to the level of interest earned.	
4.5	Contingent Liability – Jane Nelson queried what this item referred to, Mike Wiffen confirmed it related to accommodation for Sheltered Housing Officers and some Caretakers.	
4.6	<b>The Sub-Group noted the report.</b>	
5.	<b>Budget Monitor (May)</b>	
5.1	The Sub-Group received a report setting out the budgetary position for the company for April and May 2010 projecting the full year figures for 2010-11, the balance sheet was also included.	
5.2	Gary Pliskin presented the report which shows the company is projecting a loss of £358,000 with a budgeted loss of £348,000 for year end. He stated that it was difficult to project the full year at this early stage and this may change over the coming months.	

ITEM	TITLE	ACTION
5.3	<p>Terry Rogers queried the Tenant related Costs in the Financial and Housing Services schedule, Gary Pliskin to confirm what the payments refer to and if the company only pays commission to debt collectors if money is recovered.</p> <p>Analysis of tenant related costs was given verbally during the meeting. The Company only pays commission to debt collectors if the money is recovered.</p>	GP
5.4	<p>It was noted that the Utility costs were projecting an adverse variance of £248,000 within the Housing Services schedule at year end. Yetunde Onifade asked why the overpayment had arisen again this year and whether this was due to inaccurate forecasting. Gary Pliskin confirmed that most meters had now been read with only a few outstanding and due to the change in suppliers last year it made it difficult to forecast. Mike Wiffen advised that once two meter readings had been taken a review would be undertaken through a contract with Procurement for Housing (PfH). Smart meters were also being considered.</p>	
5.5	<p>Terry Rogers queried what the unbudgeted forecasts related to in Housing Services and Gary Pliskin agreed to clarify this further.</p> <p>The temporary accommodation costs have never had a budget in Housing Services. It covers the costs of when tenants are decanted for their properties for various reasons. This could be due to anti-social behaviour, domestic violence, repairs etc. Sometimes Repairs generally agree to fund the technical decants, and Housing Services usually fund the management decants.</p>	GP
5.6	<p>Jane Nelson queried how the payment of gas servicing was carried out Gary Pliskin confirmed that once the service had been completed this was paid and it was projected to come in on budget at year end.</p>	
5.7	<p>Jane Nelson requested further clarification regarding the projected loss and whether this was the first year a loss had been predicted and where this would be met from. Mike Wiffen advised that for 2010/11 a contribution from reserves was anticipated. The reserves had been built up since the company's inception with only one previous year recording a loss. He stated that the company should be looking to utilise some of this money on 'invest to save' initiatives, but could not recommend it being used to support the annual budget, other than for one-off expenditure items.</p>	

ITEM	TITLE	ACTION
5.8	Jane Nelson asked for a further copy of the budget headlines report for 2010/11. <i>Sent by email to Jane Nelson.</i>	GP
5.8	<b>The Sub-Group noted the report.</b>	
6.	<b>Request for Contingency Allocation – Gifting of CO Detectors</b>	
6.1	The Sub-Group were presented with a report requesting approval for an allocation from the contingency fund to supply carbon monoxide detectors for residents, they were asked to approve £104,000 from the fund to support this initiative.	
6.2	Vi Britchfield asked how the leaseholders would be selected for the 500 units reserved for them. Andy Campion said that this would be on a first come first served basis.	
6.3	Concerns were raised by the Directors on how this would be gifted to tenants and a clear instruction needed to be given that Barnet Homes would not be responsible for maintaining the units or replacing the long life batteries in approximately 7 years time. Andy Campion proposed that each resident would need to sign for the detector and documentation given when installed on how to maintain, an article could also be placed in 'athome' and a leaflet included in the new tenants pack on use and limitations. They will also need clear instructions on how the units should be used. Ingrid Beal asked whether Village Heating Limited would remind residents of the need to replace the units in 7 years time. Andy Campion agreed to look into this. <i>We have jointly drafted with Village a communication leaflet that outlines the purpose of the gift and operational information needed to ensure the customer is aware of what to do if the alarm activates and how long the unit is expected to last for. The engineer will talk this through with the customer on the day it is installed.</i>	AC
6.4	The Directors asked how we would ensure tenants did not remove the unit if they moved out of the property, Andy Campion stated that the date of installation would be recorded on our system and the new tenant moving into the property would be advised this had been gifted. This was something that would need to be logged and monitored.	

ITEM	TITLE	ACTION
6.5	<b>The Sub-Group approved the £104,000 allocation from the contingency fund provided all residents sign to confirm received at installation and receive instructions on how they should be used.</b>	
7.	<b>Budget &amp; Business Plan 2011/16</b>	
7.1	A report describing the uncertain background against which the next budget and business plan must be developed was presented to the Sub-Group. It outlined the key factors facing the company and suggested levels of efficiencies or savings that must be planned for over the next four years. The group were asked to approve the timetable up to March 2011.	
7.2	Mike Wiffen advised that we were looking at £1million in efficiencies this year although further announcements this week were stating 40% cut in budgets which would be subject to the Government's Comprehensive Spending Review in October it was uncertain how this will impact on Barnet Homes at this stage.	
7.3	An announcement on the Housing Revenue Account (HRA) Review is due to be made on 20 October 2010.	
7.3.1	Jane Nelson asked if we were in a position to make assumptions on the modelling and what the future would be like over 30 years. Mike Wiffen confirmed that some assumptions had been made and during the early years' debt increases, but that it was in the local authority's remit as to how it sets the first years' budget. The process would be more flexible and accountable with proposals capping borrowing at valuation level. It was not clear whether 2011/12 would be still under the old regime or the new regime.	
7.4	<b>The Sub-Group approved the proposed budget and business plan timetable.</b>	
8.	<b>Review of Risk Register</b>	
8.1	The Sub-Group were presented with a report highlighting the current position of the operational risk register and were asked to comment.	

ITEM	TITLE	ACTION
8.2	Mike Wiffen advised the Sub-Group that item C13 Managing the transition to the new senior management structure should be showing an amber traffic light with the impact being moderate not severe.	
8.3	Cora Vigar confirmed that C10 Completion of Fire Risk Assessments (FRA's) was on track for quality assurance checks to medium risk blocks to be completed in July and this would be reported to full Board in September 2010. <b>Item for Board on 20 September 2010.</b>	CV
8.4	Mike Wiffen advised that Granville Road (A8) was due to be on site in November 2010, works have been delayed due to the Purdah period and consultation on balconies.	
8.5	<b>The Sub-Group noted the report.</b>	
9.	<b>Confidential</b>	
10.	<b>HR Statistics Monitoring</b>	
10.1	The Sub-Group received a monitoring report updating on the HR statistics covering employee relations, recruitment and selection, performance management and attendance management to 15 <sup>th</sup> May 2010.	
10.2	Catherine Solomon updated the meeting on the Appraisals which are now 79% completed and corrected the % of agency placements which should read 16.3% and not 5.8% as stated in the report. She also advised that she was checking the figure quoted for sickness savings. <b>The non cashable efficiency saving for reducing sickness from 9.3 to 7.0 days for 2009/10 was £119.6k.</b>	CS
10.3	Yetunde Onifade asked if the legal costs on the tribunal cases were of concern and whether we should consider settling out of Court. Catherine Solomon said that the legal advice had stated the company has a strong case to defend and much of the legal costs had already been incurred so further costs would be minimal although the situation would continue to be monitored.	
10.4	<b>The Sub-Group noted the report.</b>	



Circulation: Attendees  
Apologies  
All Directors  
Mandy Dunstan, Operational Manager

**Barnet Homes**

Sub Group:	Business and Resources
Date:	9 September 2010
Title of Report:	Internal Audit – Review of Customer Services
Purpose of Report:	To allow Sub-Group to consider the findings of the review.
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

**Report Summary:**

In line with the agreed requirements of the previous Business Sub-Group all audit reports including Priority One recommendations are to be considered by them.

The Review is attached and includes proposed management action and timescales for implementation.

**Recommendations:**

1. That the Sub-group notes the report.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	31 August 2010
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

**1. Policy context/ Business Aim**

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

**2. Outline of the issue**

2.1 The former Business Sub-Group required that all audit reviews that included Priority One recommendations should be presented to them in full. Other audits are summarised in the half-yearly reports of the internal auditors, and a six-monthly report on management action arising from internal audit reviews is presented by me to this Sub-Group.

2.2 Attached is the audit report in relation to Customer Services, which was given a rating of 'Limited Assurance.' Of nine recommendations one was Priority One and eight Priority Two. The reports sets out the proposed management actions and timescales against each recommendation.

2.3 Derek Rust who is the current corporate lead on customer care will be attending the meeting to answer any questions the Sub-Group may have.

**3. Tenant & leaseholder implications**

3.1 The actions taken to increase assurance levels from this review will improve the service provided to our tenants and leaseholders.

**4. Equality & Diversity Implications**

4.1 None in the context of this report.

**5. Financial & Risk Management Implications**

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

**6. Other impacts (if applicable)**

6.1 None.

**7. List of Appendices**

7.1 Appendix 1 – Appraisal Review of Customer Services (Tribal)

Approved by Head of Service:



Date:

31 August 2010

BARNET HOMES LTD

**APPRAISAL REVIEW OF CUSTOMER SERVICES**

Report issued: April 2010

Audit Plan: 2009/10

The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TBA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Business Assurance

# Appraisal Review of Customer Services

## - EXECUTIVE SUMMARY -

### INTRODUCTION

1. TBA has reviewed the Customer Services at Barnet Homes. The review was carried out in February/March 2010 as part of the planned internal audit work for 2009/10.

### SUMMARY

2. One Key Risk Control Objective was tested and based on the findings from this work an overall evaluation of the overall compliance with the core internal controls was established. The (C) after the evaluation indicates that the assessment is from the compliance work only and not from a review of the system (figure 1 below).

Figure 1 - Evaluation of the compliance with the Internal Controls

<b>Evaluation</b>
Limited Assurance (C)

Customer Services at the Organisation is currently under review and a working party and action plans are being developed to further develop the processes and systems in use. This report reflects the current position when reviewed and Management are aware of many of the issues raised.

### KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. The prioritisation of the findings are summarised below (figure 2):

Urgent	Priority	Routine	Operational
1	8	-	1

### MANAGEMENT RESPONSES

4. Recommendations for improvements should be assessed by the Organisation for their full impact before they are implemented.

### RELEASE OF REPORT

5. The table below sets out the history of this report.

Date draft report issued:	13 <sup>th</sup> April 2010
Date management responses recd:	
Date final report issued:	

**MANAGEMENT ACTION PLAN**  
**PRIORITY 1, 2 AND 3 RECOMMENDATIONS**

Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
Failure to direct the process through approved policy & procedures.	There is a customer service action plan in place with key milestone dates covering June to September 2010.	Management to ensure that there is active monitoring of the key areas of the development action plan so that no slippage occurs.	2	<i>This is an early version of the plan the current customer service review group drafted, the current work plan has now been agreed by the working group and is awaiting heads of service approval</i>	<i>June 2011</i>	<i>Derek Rust</i>
Failure to direct the process through approved policy & procedures.	During the review, it was noted that leaflets and the Barnet Homes website all publicise incorrect opening hours for the Contact Centre.	Management to ensure that the correct times are published for the opening times of the Contact Centre.	1	<i>Our existing website was found to be out of date during the audit. We have a corporate project to review and improve the website which has recently been completed. We will review all the current corporate documents to ensure that the correct opening times are published</i>	<i>May 2010</i>	<i>Amanda Quinn</i>

**PRIORITY GRADINGS**

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
Failure to direct the process through approved policy & procedures.	Currently other customer contacts such as Anti Social Behaviour are passed by the Contact Centre Officers to the relevant officers within the Organisation. It is where contact is passed to other officers where achievement of the Customer Care Standards becomes difficult to measure effectively. There is also limited or no use of a voice mail system within the Organisation	Management to establish methods of monitoring the effectiveness and quality of customer care behind the initial contact through the Contact Centre.	2	<p><i>The method we use currently to test the quality of customer service delivered outside of the contact centre is Mystery Shopping. We use this tool to test on a regular basis areas of cool spots within the organisation and high volume services.</i></p> <p><i>We are currently reviewing how we can collect data from our systems to create performance reports for service areas and teams</i></p> <p><i>We are currently developing telephone protocols and management systems such as voicemail to help managers to track performance</i></p>	<p><i>Ongoing</i></p> <p><i>March 2011</i></p> <p><i>December 2010</i></p>	<p><i>David Thomas</i></p> <p><i>Senior Management Team</i></p> <p><i>Amanda Quinn</i></p>

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
Failure to direct the process through approved policy & procedures.	Currently there is no effective method of monitoring the response to these e-mails and management must consider how best to ensure that all e-mail enquiries are responded to appropriately within a suitable timeframe.	Management to establish a suitable method of monitoring e-mail contact and responses. (One method utilised by another organisation is to treat forwarded e-mails as correspondence and record these onto the contact manager system, this provides for an audit trail and measure for response)	2	<p><i>We will explore the use of corporate acknowledgement of emails as a default process for all staff</i></p> <p><i>We will instruct staff that all emails received by staff should be vetted as daily transactions, if anything needs further investigation it will be acknowledged on CM and an audit put in place as to date received and task completed</i></p>	<p><i>December 2010</i></p> <p><i>Immediate</i></p>	<p><i>Amanda Quinn</i></p> <p><i>Derek Rust</i></p>

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
---	-----------	--

3	ROUTINE	Control issue on which action should be taken.
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Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
Failure to direct the process through approved policy & procedures.	Currently, although staff at the area office are aware of the customer service standards such as answering calls, this is not measured or reported on. Therefore, Barnet Homes' performance information is incomplete.	Management should identify methods of capturing and reporting on this type of performance information so that a holistic view can be obtained.	2	<i>We are currently reviewing how we can collect data from our systems to create performance reports for service areas and teams</i>	March 2010	Senior Management Team
Failure to direct the process through approved policy & procedures.	One to Ones are also held with the Officers, however, whereas the calls to the Contact Centre are recorded and monitored, the calls to the area office are not. Therefore, monitoring of the quality of call handling cannot be effectively measured and used in training exercises.	Management to investigate the possibility of recording calls to be used in training to improve quality of call handling.	2	<i>We are reviewing as part of appraisal setting and performance management the introduction of one to one coaching</i>  <i>The method we use currently to test the quality of customer service delivered outside of the contact centre is Mystery Shopping. We use this tool to test on a regular basis areas of cool spots within the organisation and high volume services.</i>	March 2010  Ongoing	Senior Management Team  David Thomas

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
---	--------	--

2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
Failure to direct the process through approved policy & procedures.	Management to investigate the possibility of recording calls to be used in training to improve quality of call handling.	All Officers to be provided with the required level of training for customer care as appropriate.	2	<i>This is duplicated links to previous action</i>		

**PRIORITY GRADINGS**

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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**OPERATIONAL EFFECTIVENESS MATTERS**

Item	Management Comments
Management to ensure that the results of the mystery shopping exercises are fully utilised to ensure improvement in this key business area.	<i>These are circulated to and discussed at Executive Team meetings and fed back to staff.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of the procedures, rather than on a one-by-one basis

**- DETAILED REPORT -**

**SCOPE AND LIMITATIONS OF THE REVIEW**

6. The review considered the arrangements for providing front line housing management and maintenance services to tenants. This will include organisation, coordination with other operational departments, and training of staff. The scope of the review does not include: consideration of appropriateness of procedures adopted by the organisation.
7. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

**ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE**

8. This review identified and tested the controls that are being operated by the Charity and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments are:

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

**MATERIALITY**

9. Provision of effective customer services (primarily – but not exclusively) – to tenants and residents) is a fundamental element in the core activity of any Social Landlord.

**AUDIT FINDINGS**

<b>10. Risk</b>	Failure to direct the process through approved policy & procedures.
<b>Risk Control Objective</b>	Arrangements in place provide for compliance with established policies, procedures, laws and regulations
<b>Evaluation</b>	<u>Limited Assurance</u>

11. The following matters were identified in reviewing the Key Risk Control Objective:

**POLICY AND PERFORMANCE**

- 11.1 Barnet Homes have a Customer Care and Access Strategy in place for 2007 through to 2012. This sets out the core principles and objectives that the organisation is set to achieve. This includes the development of customer care training and targets and how policies link to equality and diversity.
- 11.2 In addition to the strategy there is a Customer Care Standard Tool kit last updated in November 2008. This details how to be effective in the types of communication that Barnet Homes can receive and provides assessment forms to measure the understanding of staff and provide for training opportunities.
- 11.3 The performance of the Contact Centre is monitored through a suite of reports such as the PULSE reporting system utilised by Barnet Homes. This includes a Contact Centre Performance report which details the following type of performance information:
  - Calls captured rates
  - Calls answered within 30 seconds.
  - Correspondence responded to in time
- 11.4 The performance information provided at the time of the review (detailed below) indicated, for example, that whilst 96% of calls were being captured (target 93%), only 73% of these calls were answered within the 30-second target time.

Performance Indicator	Target	Actual (latest available)
Calls Captured	93%	96%
Calls answered within 30 seconds	90%	73%
Average Wait Time	25 seconds	32 seconds
Correspondence answered with 10 days	95%	97%

11.5 Barnet Homes also monitors avoidable contact (NI14) and reports on this within the suite of performance reports. Avoidable contact reports on contacts made to the organisation that could have been avoided. This includes, chasing of responsive repair orders, poor signposting from the initial contact and repeat contacts. At the time of the review, the performance information was obtained and reviewed. The information indicated that avoidable contact had decreased from April 2009 to December 2009 from 20% down to 9%, which indicates improvement.

- 11.6 Barnet Homes also undertakes mystery-shopping exercises on its Customer Service Performance. Exercises were undertaken in October and December 2009, and the results reported to the Senior Management Team. A review of the report indicated that performance at the December shop had deteriorated by 8% (to 69%) against the October shop. The mystery shopping exercise covered various service areas including the Contact Centre, Lettings and Voids and Finance. Staff have been reminded about the need to use the corporate greeting when answering the telephone which was a key area of the exercise. (Operational Effectiveness Matter)
- 11.7 There is a Customer Service Action Plan in place at the Organisation, which forms part of a review of this key area that is currently ongoing with a working group. This sets out key milestones for developing:
- Training, Development and Induction
  - Ownership and taking responsibility
  - Empowerment (customer solution orientated)

The milestone dates for these key areas cover the period from June to September 2010, which indicates that joining together the various strands of customer service across the Business is a key priority for the Organisation. Management should ensure that there is active monitoring of this action plan to ensure the development of this key area.

*Recommendation: Management to ensure that there is active monitoring of the key area's of the development action plan so that no slippage occurs.*

## **ORGANISATION AND STAFFING**

### Barnet Homes (Head Office)

- 11.8 Barnet Homes currently operate a Contact Centre from their head office building in Totteridge and Whetstone. A Contact Centre Manager, supported by two Senior Contact Centre Officers, currently manages the provision. In addition there are currently 14.5 full time equivalent positions of Contact Centre Officers. The Contact Centre operates over core hours of 8am to 6pm Monday to Friday. There is an out of hour's service, which is managed by Invicta Lifeline. During the review, it was noted that leaflets and the Barnet Homes website all publicise incorrect opening hours for the Contact Centre.
- Recommendation: Management to ensure that the correct times are published for the opening times of the Contact Centre.*
- 11.9 When residents ring into the Contact Centre, they are greeted with the numerical options for either Rents or Repairs. Where possible, the Contact Centre Staff will act as a "one stop shop" and can accommodate general enquiries on rent queries, such as balances and whether Housing Benefits have been paid. For more in depth queries, such as setting up payment plans, or making payments, residents are passed to the Income Recovery Team or their Housing Officer.
- 11.10 For calls that concern repairs, Contact Centre Staff will take the repair orders and organise appointments for the residents. Staff use a version of the Omfax diagnostic tool (Safax) to assist in diagnosing and prioritising the repairs.
- 11.11 Currently other customer contacts such as Anti Social Behaviour are passed by the Contact Centre Officers to the relevant officers within the Organisation. It is where contact is passed to other officers where achievement of the Customer Care Standards becomes difficult to measure effectively. There is also limited or no use of a voice mail system within the Organisation. A system of Duty Officers is in place for most departments who will take and deal with passed on calls as appropriate.

*Recommendation: Management to establish methods of monitoring the effectiveness and quality of customer care behind the initial contact through the Contact Centre.*

- 11.12 All staff working within the Contact Centre have been involved with the Mary Gober Training programme, and there are organised training sessions on Thursday Mornings for all Contact Centre Officers between 9am and 11am. During this time, residents who call the centre are advised that only emergency calls are taken until 11am and to call back after that time if the call is not an emergency. Residents were consulted on this process and this has been advertised to residents through newsletters and the website.
- 11.13 All calls to the Contact Centre are recorded and are used in one to one training sessions with the Contact Centre Officers to determine other courses of possible action and improve the service to residents.
- 11.14 Residents can also contact Barnet Homes using an e-mail facility called "Talk to us". The e-mail address is published through literature and via the website. The e-mail address is monitored on a daily basis by Officers from the Contact Centre and enquiries are either responded to directly (i.e. by raising a works order if that is what is required) or passing the e-mail to the relevant Officer within the Organisation. Currently there is no effective method of monitoring the response to these e-mails and management must consider how best to ensure that all e-mail enquiries are responded to appropriately within a suitable timeframe.

*Recommendation: Management to establish a suitable method of monitoring e-mail contact and responses. (One method utilised by another organisation is to treat forwarded e-mails as correspondence and record these onto the contact manager system, this provides for an audit trail and measure for response)*

- 11.15 There is a reception area on the second floor of the Head Office and a review of the Customer Contact within this environment formed part of this review. There is a ticket queuing system in place for visitors to the reception and private interview rooms for residents to meet with staff. There is also a cashier facility for residents to make payments to accounts if required.
- 11.16 The full selection of available leaflets is available in a display within reception and these are numbered so that visitors can ask for the required information leaflets.
- 11.17 All visitors to reception are logged onto a spreadsheet, with the name, time of visit and reason for the visit. This spreadsheet is used to analyse the number of visitors and reasons for reporting purposes.
- 11.18 Currently, Barnet Homes utilise a Contact Management IT system, which is in effect a bespoke standalone Access Database. This system is only used to record correspondence, complaints and contact through the reception area. The system enables the organisation to scan in letters and link them to the contact. Therefore, the current system does not record all contact made to Barnet homes (i.e. telephone calls). It was noted that staff must update this system manually, and when testing against the visitors to reception that had bought in correspondence that this had not always been updated. Therefore with the current system, there is potential to not capture all correspondence and contact that should be recorded using this system.

*Recommendation: Management to review the Contact Management System with a view to upgrading the IT system to one that captures all contact from Residents so as to provided an complete contact history, such as Contact Manager.*

*Recommendation: In the interim, staff be reminded of the requirement to update the database to maintain a complete record.*

#### Grahame Park Estate (Area Office)

- 11.19 Barnet Homes also has an office on the Grahame Park Estate, which acts as a contact centre for residents on the four regeneration estates (Grahame Park, West

Hendon, Stonegrove Spur Road and Dollis Valley). An Area Housing Manager, supported by a team of generic Housing Officers and Anti-Social Behaviour Officers, staffs the office. The Office has core opening hours of Monday to Friday 9am to 5pm, with the exception of Wednesday when the office is only open 1.30pm to 5.15pm due to staff training sessions being held.

- 11.20 There is a free telephone in reception for residents who visit to call through for repairs and any repair calls to the Officers are recorded and then e-mailed through to the "Talk to Us" e-mail address at Barnet Homes. Urgent repairs taken at this office will be called through to the contact centre.
- 11.21 There are two interview rooms available at this office with emergency panic buttons, which are linked direct to the local police station. No cash is taken at the office, as there is a post office next door, which offers access to the allpay system.
- 11.22 All visitors to the reception are logged onto a spreadsheet, identical to that used at Barnet Homes' reception, which records the visitor, time of visit and what the visit related to (i.e. rent arrears). This information is used to report on foot traffic through the Grahame Park Office.
- 11.23 Currently, although staff at the area office are aware of the customer service standards such as answering calls, this is not measured or reported on. Therefore, Barnet Homes' performance information is incomplete, as it does not include calls potentially made to the Grahame Park Estate office by the 3600 residents on the regeneration estates.

*Recommendation: Management should identify methods of capturing and reporting on this type of performance information so that a holistic view can be obtained.*

- 11.24 One to Ones are also held with the Officers, however, whereas the calls to the Contact Centre are recorded and monitored, the calls to the area office are not. Therefore, monitoring of the quality of call handling cannot be effectively measured and used in training exercises.

*Recommendation: Management to investigate the possibility of recording calls to be used in training to improve quality of call handling.*

- 11.25 It was indicated that officers at the Area Office have been provided with formal customer care training, although not all officers have completed this.

*Recommendation: All Officers to be provided with the required level of training for customer care as appropriate.*

- 11.26 The Officers at the Area Office have access to the Contact Manager Database and it was confirmed through observation that correspondence is recorded onto the system. It was confirmed that correspondence received at Barnet Homes was notified to the Area Office by e-mail from the Contact Manager system.

#### **DATA PROTECTION REQUIREMENTS**

- 11.27 During the review, it was confirmed that Contact Centre staff have been provided with guidance on determining the caller's identity prior to giving out any information concerning the customers rent accounts. A series of security questions will be asked that can include requesting the customer to confirm:
- Date of Birth
  - Sole / Joint tenancy (confirmation of the other tenant)
  - Date of Tenancy
- 11.28 This process was also confirmed as being in place at the Area Office on the Grahame Park Estate.

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## Barnet Homes

Board / Sub Group / Executive Team	Business and Resources Sub-Group
Date:	9 September 2010
Title of Report:	Annual Report and Financial Statements 2009/10
Purpose of Report:	To seek the Sub-Group's agreement to the submission of the above to the Board.
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

## Report Summary:

Attached to this paper are the statutory annual report and financial statements for the company for 2009/10.

## Recommendations:

That the Sub-Group agrees the statutory annual report and financial statements for submission to Board on 20 September 2010.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	3 September 2010
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

- 1. Policy context/ Business Aim**
  - 1.1 Regular financial reporting is key to the sound financial management of Barnet Homes. The production of our Annual Report and Accounts is a statutory requirement under the Companies Act.
  
- 2. Outline of the issue**
  - 2.1 The unaudited draft financial statements were presented at the Sub-Group's last meeting. The external auditors have now agreed them subject to an outstanding matter relating to an accrual for capital works which does not impact on the overall position. They are attached as Appendix 1 along with the annual report.
  - 2.2 It should be noted that the report and statements can still change as a result of events prior to the Board meeting on 20 September 2010.
  
- 3. Tenant & leaseholder implications**
  - 3.1 None in the context of this report.
  
- 4. Equality & diversity implications**
  - 4.1 The separate Annual Report for tenants and leaseholders will include financial information in a more accessible form.
  
- 5. Financial & Risk Management Implications**
  - 5.1 See Appendix 1.
  
- 6. Other Impacts**
  - 6.1 None
  
- 7. List of Appendices**
  - 7.1 Appendix 1 – Annual Report and Financial Statements 2009/10

Approved by Head of Service:



Date:

3 September 2010

**Barnet Homes Limited**

**Annual Report and Financial Statements**

**Year ended 31 March 2010**

**Improving lives not just housing**

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# 1. Company Information

## Directors

Vi Britchfield (Chair)

Terry Rogers OBE FCIH JP (Vice-Chair)

## Directors serving for the whole of 2009/10

Ingrid Beal

Kenny Bennett

Peter Brown

Councillor Helena Hart

Councillor Ross Houston

John Macfarlane

Jane Nelson

Yetunde Onifade

Councillor Monroe Palmer OBE, FCA (resigned May 2010)

Sharon Slotnick

Charmaine Young CBE (resigned and co-opted as from November 2009)

Changes since last annual report:

## Directors - Resigned

Eric Misewe

Angela Spooner

## To

November 2009

July 2009

**Chief Executive Officer** Tracey Lees

**Heads of Service** Derek Rust (Deputy Chief Executive and Head of Housing Services)  
Cora Vigar (Head of Corporate Services)  
Mike Wiffen (Head of Financial Services)  
Chris Wilkins (Head of Asset Management)

**Company Secretary** Cora Vigar

**Registered Office** 1255 High Road  
Whetstone  
London  
N20 0EJ

**Registered Number** 04948659

**Auditors** Grant Thornton UK LLP  
Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

**Bankers** The Co-operative Bank plc  
3/7 Market Street  
Watford  
WD1 7AB

## 2. Report of the Directors

The Board is pleased to present the financial statements of Barnet Homes Limited for the year ended 31 March 2010.

### Principal Activities

Barnet Homes Limited (the 'company') is an arms-length management organisation (ALMO) owned by the London Borough of Barnet (the 'Council'), that commenced its operations on 1 April 2004. The Council has delegated the management of its housing stock to the company under Section 27 of the Housing Act 1985 (as amended by the Housing and Urban Development Act 1993). Under that delegation the company is responsible for the following functions:

- Maintenance of the Council's residential stock including stock investment decisions and procurement, planned maintenance and responsive repairs
- Housing management of the Council's residential stock, including rent collection, leasehold management, enforcement of tenancy and lease conditions, managing voids and estate management
- Home ownership services
- Calculation and collection of leasehold charges
- Financial management of the Housing Revenue Account (HRA)
- Services under the Supporting People programme
- Tenant involvement and resident participation

### Review of Results

2009/10 was Barnet Homes' sixth year of operation. Before taking account of the adjustments required in relation to pensions a surplus of £369,000 was made on the Profit and Loss Account, which is transferred to our usable reserves which at 31 March 2010 totalled £1.734 million. After the adjustments for pensions and taxation we recorded a net profit of £957,000 for the year. We continued to progress the Decent Homes programme on behalf of the Council, and made or kept decent 1,836 homes in 2009/10, utilising £10.608 million of specific ALMO funding provided through central government. Two of our three Decent Homes partners completed their programmes in 2009/10, and the third partner will complete in 2010/11. In total the capital programme spent £25.966 million – in addition to Decent Homes we were able to invest over £1.4 million in the adaptations programme and over £1.3 million of essential health and safety related work on the regeneration estates, partly due to the use of monies

brought forward from 2010/11 with the agreement of the Communities and Local Government Department. Following a fatal fire in Southwark in July 2009 we accelerated a programme of fire risk assessments to all communal areas of the stock and put systems in place to ensure they are kept under regular review. Any urgent repair work arising from this exercise has been implemented to improve fire safety in our blocks and work to deal with longer term recommendations is in the process of being procured. During the year proposals were developed to restructure the senior management team which is estimated to result in an annual saving of £400,000 from 2011/12. These were ratified by the Board in July 2010.

### Key financial performance indicators

Key Performance Indicator	Target	2010	2009
Percentage of expenditure to budget on housing management	+/- 2% of budget	-0.61%	-0.08%
Percentage of expenditure to budget on repairs and maintenance	+/- 2% of budget	-0.01%	+0.76%
Percentage of expenditure to budget on capital programme	+/- 2% of budget	-7.15%	+4.01%
Percentage of invoices paid on time	98% or more	98.60%	98.45%

Our robust financial management has ensured that our expenditure was broadly in line with budget and that we were able to divert resources during the year to areas where they were most needed. On capital expenditure we are working to a five-year programme and so fluctuations compared to budget are expected between financial years. Efficiencies and the deferment of a major scheme led to the reduced spend in 2009/10.

### Principal Risks and Uncertainties

Barnet Homes' Management Agreement with the Council is for a ten-year period to 2014, with a break clause at 31 March 2009. This was not exercised although some revisions were made to the Agreement. Our principal source of income is the management fee from the London Borough of Barnet which is paid monthly in advance in accordance with the Agreement. The fee is set in advance, and the main risk to the Company is that it is not able to deal with inflationary pressures in excess of that allowed for or is unable to maintain levels of income collection due to the economic situation.

The levels of stock managed under the Agreement will reduce as the Council's regeneration programme gets underway and the company is assessing opportunities to replace this loss of activity with new business. However the present economic climate has led to uncertainty around the regeneration timetable and a need for investment in the management and maintenance of properties that was not previously planned. We continue to work closely with

the Council and its development partners in seeking to improve our service to residents on these estates.

In the last two years we referred to the government review of council housing finance which was aimed at developing a sustainable, long-term system consistent with wider housing policy. The government issued an offer to local authorities in March 2010, shortly before the general election was announced. This proposed a new 'self-financing' HRA. The Council and Barnet Homes responded positively to the offer and the new government is now considering its response, with announcements expected in the autumn along with the spending review. However it is unlikely that any new system would be in place before 2012/13. In the meantime the present subsidy system will apply to the HRA, which is the main source of income for our management fee, and thus it is likely that further efficiencies will be necessary each year to maintain its sustainability in the short-term.

## **Environment**

Our commitment to improving the environment is evidenced by our work on improving the energy efficiency of our local authority housing stock. The average SAP (Standard Assessment Procedure) score has again improved, and we were awarded new funding of £1.9 million for the two years 2009/11 which will enable insulation works to be carried out to nearly 1,600 properties. Some £400,000 of this work was completed in 2009/10. Overall this is expected to improve the SAP rating by at least 10%. The Eco-House we developed with one of our partners demonstrated to tenants how the energy efficiency of existing properties can be improved and this project was runner-up in a national award. More recently with another of our partners we have developed an Eco-Estate. The project investigated ways of reducing CO2 emissions from our homes, and reducing residents' fuel bills. The works are estimated to reduce the latter by around £150 per year. This has been achieved through the use of A-rated double glazing, low energy fans and lights, wall insulation, new boilers and heating systems. Items such as water butts have also been included in the project.

## **Corporate Governance**

Barnet Homes Board now comprises twelve Directors, made up of four residents (three tenants and a leaseholder), four Council nominees and four independents plus one co-opted member. A list of the current Directors is shown in the Company Information section above.

Three Directors have left over the past year – Eric Misewe, Angela Spooner and Councillor Monroe Palmer, who had served since the inception of Barnet Homes. Terry Rogers (formerly a co-optee) was appointed as the 4<sup>th</sup> council nominee in place of Charmaine Young CBE who resigned and was co-opted to the Board.

The Board is responsible for strategic decisions such as budget-setting and business planning. As the ultimate decision-making body it is also accountable to

the London Borough of Barnet as the sole shareholder. It met six times during 2009/10. These meetings are open to residents and reports and minutes are published on our website as being open and transparent is central to Barnet Homes' philosophy.

The Board has delegated some decision-making responsibilities to two Sub-groups:- the Business & Resources Sub-group and the Standards & Asset Management Sub-group.

The Barnet Tenant Compact is the joint agreement between residents, Barnet Homes and the Council setting out how residents will be involved in decision making. Our aims include "providing excellent services driven by customer involvement".

During 2007/8 we agreed with residents and Barnet Council a major overhaul of our participation structure based on value for money principles and resident preferences for involvement. This involved moving from traditional formal meetings to activities such as focus groups, surveys and community involvement projects. Many residents like the ability to "dip in and out" of involvement. The quarterly Involvement Hub is now well-established and each meeting has attracted residents who had previously not attended. In September 2009 the Performance Advisory Group comprising residents, a board director and members of staff was set up. This group will give residents greater involvement in scrutiny and monitoring our performance and will also link in to the Board and to the Resident Involvement Hub.

The Chief Executive Officer and Heads of Service are listed under Company Information above. They act as executives within the authority delegated to them by the Board. The detailed scrutiny of performance, development of policy and procedures and approvals of expenditure within budget are carried out by them. They meet regularly as a management team. The Board approved a restructure of the management team in July 2010 and this will be implemented during the latter part of the current financial year.

## **Insurance**

The Company maintains insurance policies for the members of the Board and the Executive Team against liabilities in relation to the company.

## **Employees**

We aim to achieve and promote equality of opportunity in all aspects of our recruitment, training, policy and practice and to facilitate a working environment where employees feel safe, supported, able to challenge and where any discrimination is dealt with effectively and feel engaged with the organisation.

All applicants with disabilities receive fair treatment and are considered solely on their ability to do the job, taking into account any reasonable adjustments

required. We also ensure appropriate training for employees with disabilities as for other employees.

We strive to ensure that our resources support the delivery of our business plan and to this end we are committed to developing our people to deliver our business aims. In keeping with our culture we value feedback from our employees on people management issues. The Chief Executive has also instituted regular "meet the CEO" sessions with cross sections of different staff to hear their views directly on management and service-related issues. It is recognised that effective leadership is critical to achieving our aspirations and so we have invested considerably in developing our leadership capability through different development routes such as Action Learning, 360 degree feedback, a Leadership and Management Development Programme, and external bite-size learning with the London Business Forum. We also continue to invest in our staff through our performance management process. The work of People First (a group of managers committed to driving best practice in people management) will continue to focus on ensuring that Barnet Homes engages its staff at all levels in creating a great place to work.

With our established value for money review programme, managing and preparing staff to respond positively to change has been a particular theme for staff learning and development during the year.

Our continued robust management of sickness absence has also seen sickness absence fall to its lowest-ever level of 7 days (average sickness absence per staff member) by the end of March 2010, resulting in further non-cashable efficiencies.

As a learning organisation we value the experiences that new employees bring and continue to engage their integration into the organisation through a well structured induction programme. Our existing staff are also encouraged to make suggestions on how we can improve as an organisation and our Innovations Fund makes it possible for staff to test their ideas.

Our comprehensive internal communication strategy aims to encourage two-way communication within the organisation and enhances learning and development. Initiatives have included the Chief Executive's fortnightly newsletters, a regular staff newsletter, Managers' Corporate Brief, Lunch and Learn Sessions open to all staff, corporate induction for new staff and a staff recognition scheme. Managers also meet regularly with recognized trade unions both informally and formally, for the purposes of furthering involvement, consultation and negotiation.

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each

financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Going concern**

The accounts are prepared on a going concern basis. In line with FRS 17 the Company's pension deficit is recognised in full on the balance sheet and this is set at £19.3 million as at 31 March 2010. However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point of its incorporation (on 1 April 2004) and has provided letters of comfort to the Directors of Barnet Homes, setting out its intention to fund Barnet Homes' ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee.

### **Disclosure of Information to Auditors**

At the date of making this report each of the company's directors, as set out on page X, confirm the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Auditors**

Grant Thornton UK LLP has expressed their willingness to remain in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 3 November 2010.

The report of the directors was approved by the Board on 20 September 2010 and signed on its behalf by

Cora Vigar, Company Secretary

### **3. Independent auditor's report to the members of Barnet Homes Limited**

We have audited the financial statements of Barnet Homes Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the cash flow statement and the related notes 2 to x. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pagex, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Judith Newton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

**Barnet Homes Limited**  
**Financial Statements for the year ended 31 March 2010**

**Profit and Loss Account**  
for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover	2	28,966	29,037
Operating costs	3	(27,593)	(28,318)
<b>Operating profit</b>	4	1,373	719
Interest receivable	5	79	320
Other finance costs	21	(477)	(348)
<b>Profit on ordinary activities before taxation</b>		975	691
Tax charge on profit on ordinary activities	9	(18)	(82)
<b>Profit on ordinary activities after taxation *</b>		957	609

No operations were discontinued during 2009/10 and all operations are continuing beyond 31 March 2010

	2010 £'000	2009 £'000
*Profit/(loss) from housing management services	369	(202)
Profit from FRS17 pension fund accounting entries	588	811
<b>Total profit</b>	957	609

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2010

	2010 £'000	2009 £'000
Profit for financial year	957	609
Actuarial loss on pension scheme	(13,905)	(943)
Total losses recognised since last annual report	(12,948)	(334)

## Other Statements

### Reconciliation of Movement in Funds for the year ended 31 March 2010

	£'000
Opening funds at 1 April 2009	(4,624)
Total recognised losses for the year	(12,948)
Closing funds at 31 March 2010	(17,572)

## Balance Sheet

as at 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	10	356	284
Investments	13	40	40
		<hr/>	<hr/>
		<b>396</b>	<b>324</b>
<b>Current assets</b>			
Debtors	11	4,010	5,493
Short term investments		5,000	7,000
Cash at bank and in hand	14	4,984	791
		<hr/>	<hr/>
		13,994	13,284
<b>Creditors: amounts falling due within one year</b>	12	<b>(12,604)</b>	<b>(12,190)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>1,390</b>	<b>1,094</b>
<b>Total assets less current liabilities</b>		<b>1,786</b>	<b>1,418</b>
<b>Creditors: amounts falling due after more than one year</b>		-	-
<b>Provisions for liabilities and charges</b>	15	<b>(52)</b>	<b>(53)</b>
<b>Net pension deficit</b>	21	<b>(19,306)</b>	<b>(5,989)</b>
		<hr/>	<hr/>
<b>Net Liabilities</b>		<b>(17,572)</b>	<b>(4,624)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and Reserves</b>			
<b>Revenue reserves</b>			
Profit and loss account (excluding FRS17 pension adjustments)		1,734	1,365
Pension fund		<b>(19,306)</b>	<b>(5,989)</b>
		<hr/>	<hr/>
	16	<b>(17,572)</b>	<b>(4,624)</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were authorised and approved by the Board on XXXXXXXXXX and signed on its behalf by:

Vi Britchfield, Chair

## Cash Flow Statement

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	18	2,396	617
<b>Returns on investments and servicing of finance</b>			
Interest received		73	330
Interest paid		-	-
<b>Taxation</b>			
Corporation tax paid		(82)	(136)
<b>Capital expenditure and financial investment</b>			
Payments for tangible fixed assets		(194)	(129)
Receipts from sales of tangible fixed assets		-	1
<b>Net cash inflow before use of liquid resources</b>		2,193	683
<b>Management of liquid resources</b>			
Short term investments	20	2,000	(4,500)
<b>Increase/(Decrease) in cash in the year</b>	19	<b>4,193</b>	<b>(3,817)</b>

# Notes to the Financial Statements

Year ended 31 March 2010

## 1. Accounting Policies

### Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

### Going concern

The accounts are prepared on a going concern basis. Due to the application of FRS 17 the Company's pension deficit of £19.306m is now recognised in full on the balance sheet. However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point of its incorporation (on 1 April 2004). In addition, the London Borough of Barnet has provided a letter of comfort to the Directors of Barnet Homes Ltd, setting out its intention to fund Barnet Homes Ltd's ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee.

### Turnover

Turnover represents the value (excluding VAT) of services supplied.

### Grants

Grants received in respect of resident participation have been credited to the profit and loss account in the same period as the expenditure to which they relate.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs on a straight-line basis over their expected useful lives (with no charge in the year of acquisition) as follows:

Vehicles, plant & equipment: 5 years

Furniture, fixtures & fittings: 5 years

Computer equipment: 3 years

Assets under construction are carried at historical cost and are not depreciated until they are brought into use.

### Pensions

During the year the Company operated a contributory defined benefit pension scheme covering its present and past employees. FRS17 requires the net pension asset or liability of a company's pension scheme to be recognised in full on the balance sheet. Accordingly, the full net pension liability has been recorded in the balance sheet of Barnet Homes Ltd.

The regular service cost of providing pension benefits to employees during the year, together with the costs of any benefits relating to past service, is charged to operating expenses in the Profit and Loss Account in the year.

Interest on the pension scheme liabilities is charged to "Other finance costs" in the Profit and Loss Account.

The expected return on the assets of the pension scheme during the year is based on the bid value of the assets at the start of the financial year and is offset within "Other finance costs" in the Profit and Loss Account.

The difference between the bid value and expected return on the assets of the scheme is shown in the Statement of Total Recognised Gains and Losses for the year, along with any related movement in deferred tax.

The difference between the bid value of the assets and the present value of the scheme liabilities is shown net of deferred tax in the balance sheet.

### Cash and liquid resources

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Liquid resources comprise assets held as a readily disposable store of value. They comprise term deposits with financial institutions.

### Taxation

The relationship between the Company and its parent undertaking has been recognised as one of mutual trading. Consequently, any activities the Company carries on with its parent are not liable to corporation tax.

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

## 2. Turnover

Turnover is attributable to the principal activities of the Company and arises solely within the United Kingdom.

	2010 £'000	2009 £'000
Management fee paid by the London Borough of Barnet in respect of:		
Barnet Homes housing management and support services	19,876	19,748
Repairs and maintenance	8,461	8,565
<b>Total management fee</b>	<b>28,337</b>	<b>28,313</b>
Capital works carried out directly by Barnet Homes	581	614
<b>Total income from the London Borough of Barnet</b>	<b>28,918</b>	<b>28,927</b>
<b>Other operating income</b>	<b>48</b>	<b>110</b>
	<b>28,966</b>	<b>29,037</b>

### 3. Operating Costs

	2010 £'000	2009 £'000
<b>Housing Management and Support Services</b>		
Costs apportioned by division:		
Chief Executive's Division	222	226
Financial Services	3,066	3,399
Housing Services	6,749	6,782
Asset Management	2,808	2,843
Corporate Services	1,742	1,899
	<u>14,587</u>	<u>15,149</u>
Other costs recognised centrally - not apportioned by division	(643)	(689)
	<u>13,944</u>	<u>14,460</u>
Provision of caretaking and direct estates costs	4,562	4,654
	<u>18,506</u>	<u>19,114</u>
<b>Repairs and Maintenance</b>		
Costs relating to works carried out by third parties	8,506	8,590
	<u>8,506</u>	<u>8,590</u>
<b>Capital Works</b>		
Costs relating to works carried out by Barnet Homes directly	581	614
	<u>581</u>	<u>614</u>
<b>Total</b>	<u>27,593</u>	<u>28,318</u>

Costs apportioned by division includes those expenses charged directly to service activities in respect of wages and salaries paid to employees, employer contributions for national insurance and the cost of employing staff from agencies.

Included within "Other costs recognised centrally" is £915,000 of pension service costs for the year (2009:£1,121,000) together with the credit of the employer pension contributions of £1,980,000 identified in the actuarial report as required under FRS17.

### 4. Operating Profit

	2010 £'000	2009 £'000
<b>Housing Management and Support Services</b>		
The operating profit of £1,373,000 is stated after charging / (crediting)		
Auditors remuneration - statutory audit	28	25
Auditors remuneration - for other services	(3)	14
	<u>25</u>	<u>39</u>

### 5. Interest Receivable

	2010 £'000	2009 £'000
Interest received on:		
Bank deposits	79	319
Fixed asset investments	0	1
	<u>79</u>	<u>320</u>

## 6. Employees

The average number of permanent employees (excluding agency staff) employed by the Company during the year was:

Service	2010	2009
Chief Executive Division	3	3
Financial Services	18	19
Housing Services	185	189
Asset Management	51	53
Corporate Services	23	26
	<hr/>	<hr/>
	<b>280</b>	<b>290</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. Employee costs

	2010	2009
	£'000	£'000
Wages and salaries	8,470	8,515
Social security costs	674	702
Pension costs	1,980	2,280
	<hr/>	<hr/>
	<b>11,124</b>	<b>11,497</b>
	<hr/> <hr/>	<hr/> <hr/>

Pension costs represent the employer's contributions for the year.

## 8. Directors

The Directors are defined as being the members of Barnet Homes Ltd's Main Board. None of the Directors received any emoluments but were entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events in their capacity as Board members, which amounted to £2,516 in 2009/10.

## 9. Tax charge on profit on ordinary activities

	2010 £'000	2009 £'000
Analysis of charge in period		
<b>Current tax:</b>		
UK corporation tax on profits for the period	18	82
Prior year adjustment on current tax	-	-
	<hr/> 18	<hr/> 82
<b>Deferred tax:</b>		
Net origination of timing differences	-	-
Prior year adjustments on deferred tax	-	-
	<hr/> -	<hr/> -
<b>Tax on profit on ordinary activities</b>	<hr/> <hr/> 18	<hr/> <hr/> 82
<b>Current tax reconciliation</b>		
Profit/(Loss) on ordinary activities for the year	975	691
Theoretical tax at UK corporation tax rate of 21% (2009:28%)	205	193
Less effects of:		
(Surplus)/deficit from mutual trading activities	(187)	(104)
Marginal relief	-	(7)
Prior year adjustment	-	-
	<hr/> -	<hr/> -
<b>Actual current taxation charge</b>	<hr/> <hr/> <b>18</b>	<hr/> <hr/> <b>82</b>

## 10. Tangible assets

	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2009	29	283	510	822
Additions	22	7	173	202
Disposals	(1)	-	(116)	(117)
At 31 March 2010	<hr/> 50	<hr/> 290	<hr/> 567	<hr/> 907
<b>Depreciation</b>				
At 1 April 2009	8	174	356	538
Charge for year	6	57	66	129
Disposals	(1)	-	(115)	(116)
At 31 March 2010	<hr/> 13	<hr/> 231	<hr/> 307	<hr/> 551
Net book value 1 April 2009	<hr/> 21	<hr/> 109	<hr/> 154	<hr/> 284
<b>Net book value 31 March 2010</b>	<hr/> <hr/> <b>37</b>	<hr/> <hr/> <b>59</b>	<hr/> <hr/> <b>260</b>	<hr/> <hr/> <b>356</b>

## 11. Debtors

	2010 £'000	2009 £'000
Amounts receivable within one year:		
Trade debtors	11	38
Amounts owed by Parent undertaking	3,206	4,345
Other debtors	458	824
Prepayments and accrued income	335	286
	<b>4,010</b>	<b>5,493</b>

## 12. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	3,224	5,472
Amount owed to parent undertaking	5,924	4,040
Corporation tax	18	82
Other taxation and social security	258	223
Other creditors	179	2
Accruals and deferred income	3,001	2,371
	<b>12,604</b>	<b>12,190</b>

The Company aims to pay all suppliers within the contract or invoice payment terms and within the limits set by the late payment legislation.

For the year ended 31 March 2010 the company paid 98.55% of invoices within time.

## 13. Investments

### Loans

	Cyntra Ltd £'000
Balance at 1 April 2009	40
Advances	-
Repayments	-
Capitalisation of interest	-
<b>Balance at 31 March 2010</b>	<b>40</b>

The loan is interest bearing, compounded annually. The loan is due to be repaid by March 2013 at the latest. (See also Note 17)

## 14. Cash at bank and in hand

	2010 £'000	2009 £'000
Bank accounts	4,982	790
Cash in hand	2	1
	<b>4,984</b>	<b>791</b>

## 15. Provisions for liabilities and charges

	Insurance claims £'000	Other provisions £'000	Total provisions £'000
Provisions at 1 April 2009	38	15	53
Utilised	(14)	-	(14)
Released	(16)	(15)	(31)
Increase in provisions	44	-	44
<b>Provisions at 31 March 2010</b>	<b>52</b>	<b>-</b>	<b>52</b>

The insurance claims are in respect of public liability claims which are outstanding at 31 March 2010. Barnet Homes Ltd's liability is restricted to the amount of the claim or the policy excess, whichever is the greater. The policy excess increased from £1,000 to £2,500 in 2007/08 as the result of positive action taken by the Company to reduce the annual premium

## 16. Reserves

	Profit & Loss Account £'000	Pension Fund £'000	Total £'000
<b>Revenue Reserves</b>			
Brought forward reserves as per 2009 financial statements	2,176	(6,800)	(4,624)
Re-analysis	(811)	811	-
Brought forward reserves at 1 April 2009	1,365	(5,989)	(4,624)
Retained profit for the year	369	588	957
Actuarial loss on pension scheme	-	(13,905)	(13,905)
<b>Balance as at 31 March 2010</b>	<b>1,734</b>	<b>(19,306)</b>	<b>(17,572)</b>

The reserves brought forward have been re-analysed as shown above

## 17. Related party transactions

(a) Barnet Homes Ltd is a local authority controlled company of the London Borough of Barnet established with no share capital and limited by guarantee. The Council has delegated responsibility for overseeing the management and maintenance of its residential stock to Barnet Homes Ltd in accordance with the ten-year management agreement effective from 1 April 2004.

The Council pays the Company a monthly management fee in accordance with that management agreement and any variations subsequently approved.

Barnet Homes Ltd has invoiced a total of £28,918,000 to the London Borough of Barnet relating to 2009/10.

This amount was made up of £19,876,000 for housing management and support services, £581,000 for services undertaken by Barnet Homes Ltd related to the Council's capital works programme and £8,461,000 for repairs and maintenance costs.

Barnet Homes Ltd is responsible for the residential stock capital works programme. In the year ended 31 March 2010 Barnet Homes Ltd incurred expenditure of £25,965,725.01 which was invoiced to the London Borough of Barnet. The cost and recovery of cost have been matched where the works have been carried out by third parties. Only works carried out directly by Barnet Homes are reflected in the profit and loss account.

London Borough of Barnet charged Barnet Homes Ltd £2,772,531 in 2009/10 for provision of support services including office accommodation.

As at 31 March 2010, Barnet Homes Ltd owed £5,924,000 in respect of expenses met by the London Borough of Barnet and Barnet Homes Ltd was owed £3,206,000 by the London Borough of Barnet.

(b) Barnet Homes Ltd is a member of Cyntra Ltd which was formerly known as LAPN Ltd. The Company changed its name on 8 June 2009. Cyntra is a not-for-profit company limited by guarantee and was established in March 2005 by a group of London ALMOs with the aim of bringing efficiencies into the contract procurement process. Each member's liability is limited to £1. The Chief Executive of Barnet Homes Ltd was previously also a Director of Cyntra. However, on 17 March 2009 the LAPN Board approved a change in governance arrangements and on 18 May 2009 an EGM took place at which the existing Board resigned to be replaced by independent directors. Barnet Homes Ltd does not have significant or overall control of Cyntra Ltd.

During the course of the year costs incurred with Cyntra totalled £429,962 of which £325,180 was charged to capital works projects managed on behalf of the London Borough of Barnet.

At 31 March 2010 Barnet Homes Ltd did not owe any monies to Cyntra Ltd.

(See also Note 13)

#### 18. Reconciliation of operating profit to net cash inflow from operating activities

	2010 £'000	2009 £'000
<b>Operating profit</b>	1,373	719
Depreciation charges	129	177
Decrease in provisions	(1)	(78)
Loss on disposal of fixed assets	2	1
Decrease/(Increase) in debtors	1,488	(1,560)
Increase in creditors	470	2,517
Pensions operating charge	915	1,121
Pension contributions paid	(1,980)	(2,280)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>2,396</b>	<b>617</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 19. Reconciliation of net cash flow to movement in net funds

	2010 £'000	2009 £'000
Increase/(Decrease) in cash	4,193	(3,817)
(Decrease)/Increase in cash placed on short term deposits	(2,000)	4,500
	<hr/>	<hr/>
<b>Change in net funds</b>	<b>2,193</b>	<b>683</b>
	<hr/> <hr/>	<hr/> <hr/>

## 20. Analysis of changes in net funds

	At 01 April 2009 £'000	Cashflow 2010 £'000	At 31 March 2010 £'000
Cash at bank and in hand	791	4,193	4,984
Short term deposits	7,000	(2,000)	5,000
<b>Net funds</b>	<b>7,791</b>	<b>2,193</b>	<b>9,984</b>

## 21. Pensions

The Company operates a multi-employer defined benefit scheme. The basis on which the net pension liability is recognised in the financial statements is set out in note 1.

A full actuarial valuation was carried out at 31 March 2007 and updated to 31 March 2010 by a qualified independent actuary

The Company is currently contributing to the Scheme at a rate of 26.5% of pensionable salaries. For the year ended 31 March 2009 the Company contributed to the Scheme at a rate of 25.2% of pensionable salaries.

The major assumptions used by the actuary were:

	31 March 2010		31 March 2009	
	% p.a.	% Real	% p.a.	% Real
Price increases	3.9	-	2.7	-
Salary increases	5.4	1.5	4.2	1.5
Pension increases	3.9	-	2.7	-
Discount rate	5.5	1.5	6.7	3.9

  

	31 March 2008	
	% p.a.	% Real
Price increases	3.6	-
Salary increases	5.1	1.5
Pension increases	3.6	-
Discount rate	6.9	3.2

The expected rate of return on assets in the scheme were:

	Expected return at		
	1 April 2010 % p.a.	1 April 2009 % p.a.	1 April 2008 % p.a.
Equities	7.6	7.0	7.8
Gilts	4.5	3.9	5.7
Other bonds	5.5	6.5	5.7
Property	5.5	6.5	5.7
Cash	3.0	3.0	4.8
<b>Expected return on assets</b>	<b>6.4</b>	<b>6.1</b>	<b>7.1</b>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2009 for the year to 31 March 2010). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

### Life expectancy from age 65 (years)

Retiring today	Males	19.60
	Females	22.55
Retiring in 20 years	Males	20.67
	Females	23.60

The post retirement mortality tables adopted were the PA92 series projected to calendar year 2007 for current pensioners and 2017 for non-pensioners with a -2 year age rating and a 95% scaling factor.

Net pension liability as at	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Present value of funded obligation	(44,919)	(23,981)	(25,055)
Fair value of scheme assets (bid value)	26,098	18,444	19,670

<b>Net liability</b>	<b>(18,821)</b>	<b>(5,537)</b>	<b>(5,385)</b>
Present value of unfunded obligation	(485)	(452)	(472)
Unrecognised past service cost	-	-	-
<b>Net liability in balance sheet</b>	<b>(19,306)</b>	<b>(5,989)</b>	<b>(5,857)</b>

The amounts recognised in the profit and loss statements are as follows:	31 March 2010	31 March 2009
	£'000	£'000
Current service cost	736	990
Past service cost	-	131
Losses (gains) on curtailments and settlements	179	-
<b>Total operating charge</b>	<b>915</b>	<b>1,121</b>
Interest on obligation	1,659	1,795
Expected return on scheme assets	(1,182)	(1,447)
<b>Total charged to current year profit and loss account</b>	<b>1,392</b>	<b>1,469</b>
<b>Actual return on scheme assets</b>	<b>5,745</b>	<b>(3,303)</b>

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2010	31 March 2009
	£'000	£'000
<b>Opening defined benefit obligation</b>	<b>24,433</b>	<b>25,527</b>
Service cost	736	990
Interest cost	1,659	1,795
Actuarial losses/(gains)	18,467	(4,004)
Losses/(gains) on curtailments	179	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid (net of transfers in)	(510)	(460)
Past service cost	-	131
Contributions by scheme participants	462	478
Unfunded pension payments	(22)	(24)
<b>Closing defined benefit obligation</b>	<b>45,404</b>	<b>24,433</b>

Reconciliation of opening and closing balances of the fair value of scheme assets	31 March 2010	31 March 2009
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>18,444</b>	<b>19,670</b>
Change in asset valuation method	-	(197)
Expected return on scheme assets	1,182	1,447
Actuarial gains/(losses)	4,562	(4,750)
Contributions by employer including unfunded benefits	1,980	2,280
Contributions by scheme participants	462	478
Assets acquired in a business combination	-	-
Estimated benefits paid (net of transfers in)	(532)	(484)
Receipt of bulk transfer value	-	-
<b>Fair value of scheme assets at end of period</b>	<b>26,098</b>	<b>18,444</b>

Amounts recognised in the statement of total recognised gains and losses (STRGL)	31 March 2010	31 March 2009
	£'000	£'000
Actual return less expected return on pension scheme assets	4,562	(4,750)
Experience gains and losses arising on the scheme liabilities	77	-
Change in assumptions underlying the present value of the scheme liabilities	(18,544)	4,004
<b>Actuarial (loss)/gain in pension scheme</b>	<b>(13,905)</b>	<b>(746)</b>
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(13,905)</b>	<b>(746)</b>

## Reconciliation of opening and closing surplus

	31 March 2010	31 March 2009
	£'000	£'000
<b>Deficit in scheme at beginning of year</b>	<b>(5,989)</b>	<b>(5,857)</b>
Movement in year:		
Change in asset valuation method	-	(197)
Current service cost	(736)	(990)
Employer contributions	1,958	2,256
Unfunded pension payments	22	24
Past service costs	-	(131)
Other finance costs	(477)	(348)
Impact of settlements and curtailments	(179)	-
Actuarial (loss)/gain	(13,905)	(746)
<b>Deficit in scheme at end of year</b>	<b>(19,306)</b>	<b>(5,989)</b>

## Sensitivity analysis

	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	+0.1%	0.0%	-0.1%
Present value of total obligation	44,320	45,404	46,515
Projected service cost	1,689	1,746	1,805
<b>Adjustment to mortality age rating assumption</b>	+1 year	None	-1 year
Present value of total obligation	43,413	45,404	47,423
Projected service cost	1,649	1,746	1,844

## Amounts for the current and previous periods

	Year to March 2010 £'000	Year to March 2009 £'000	Year to March 2008 £'000
Defined benefit obligation	(45,404)	(24,433)	(25,527)
Scheme assets	26,098	18,444	19,670
Surplus/(deficit)	(19,306)	(5,989)	(5,857)
Experience adjustments on scheme liabilities	77	-	(1,961)
Percentage of liabilities	0.2%	-	7.7%
Experience adjustments on scheme assets	4,562	(4,750)	(1,574)
Percentage of assets	17.5%	-25.8%	-8.0%
Cumulative actuarial gain/(loss)	(12,050)	1,855	2,601
		Year to March 2007 £'000	Year to March 2006 £'000
Defined benefit obligation		(29,942)	(27,521)
Scheme assets		21,364	17,469
Surplus/deficit		(8,578)	(10,052)
Experience adjustments on scheme liabilities		(94)	(42)
Percentage of liabilities		0.3%	0.2%
Experience adjustments on scheme assets		116	2,306
Percentage of assets		0.5%	13.2%
Cumulative actuarial gain/(loss)		538	(1,582)

For consistency the assets are shown at bid price (estimated where necessary) for the periods prior to 31 March 2009

## Projections for year to 31 March 2011

	Year to 31 March 2010 £'000
Service cost	1,746
Interest cost	2,543
Return on assets	(1,734)
<b>Total</b>	<b>2,555</b>
Employer contributions	1,979

## **22. Contingent Liability**

At 31 March 2010 a potential liability existed in respect of certain provisions to employees which, although previously exempt under the Benefits Code, under new working practices may no longer be deemed exempt by HM Revenue & Customs. This could result in a liability to income tax in respect of the individual employees and employer's national insurance contributions for the Company.

A reliable estimate of the likely costs arising, if any, cannot be made at this stage.

## Barnet Homes

Board / Sub Group:	Business and Resources Sub-Group
Date:	9 September 2010
Title of Report:	Budget Monitoring 2010/11 – April 2010 to the end of July 2010
Purpose of Report:	To consider the company's budgetary position as at the end of July 2010
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

## Report Summary:

This report sets out the budgetary position for the company on a year to date basis as at the end of July 2010 and projects the full year figures for 2010/11.

## Recommendations:

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

Report Author:	Laura Awosile	Date:	26 August 2010
Telephone:	020 8359 4063	Email:	<a href="mailto:laura.awosile@barnethomes.org">laura.awosile@barnethomes.org</a>

## 1. Policy context/ Business Aim

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

## 2. Outline of the issue

2.1 Attached as Appendix 1 are the Revenue Budget monitoring reports for Barnet Homes year to date as at July 2010. As at July 2010, the full year projection is a **Net Loss of £558,672**, an increase of £279,992 from last month. This is primarily due to the forecast cost associated with the senior management restructure (£275,000). The remaining contingency budget of £146,000 will be used to partly fund this cost, and £129,000 will be funded from the company's reserves.

2.2 The 2010/11 full year budgeted position is a net loss of £348,500. The full year's current forecast loss is £210,172 more than the budgeted loss position, being the forecast net loss of £558,672 compared to a budgeted net loss position (£348,500).

2.3 Utilities are still showing a projected overspend of around £157,000, mainly in relation to electricity. We have been working on this area for some time now to establish the true position and have some confidence in the projections.

2.4 The problem dates back to the arrangements we inherited from the Council when virtually all our supply was based on individual accounts and manual record-keeping. We entered into a contract through Procurement for Housing (PfH) with Opus which has now brought nearly 900 supplies together in one contract, with one monthly payment by direct debit. This triggered a vast number of invoices from the previous suppliers (mainly Eon) for accounts that had been based on estimates, which was the main trigger for last year's overspending.

2.5 Virtually all our meters have now had at least one reading, and most at least two. We will be commissioning a validation exercise through the PfH consultant in the near future and are investigating the acquisition of smart meters for at least our larger supplies.

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

### 2.7 Repairs and Maintenance

The overall cost as at July 2010 year to date has been accrued to the Saffron orders paid, finished and invoiced as at the end of July 2010. The total repairs cost reported as at the end July 2010 is £2,450,932 with an underspend of £324,738. This does not include any active commitment costs which are expected to be completed in this financial year. Active commitment costs are reflected in the full year projections.

The current value of active commitments is £781,273, and it is envisaged that on average 25% - 30% will be completed in this financial year.

2.8 The significant areas with a year to date overspend are total Gas costs (£208,071) and total Void Works (£98,483). Gas cost overspend is primarily as a result of Gas Contract (£156,806). This is a seasonal variation over the summer months when the servicing of boilers takes place and the monthly costs are expected to drop significantly in the winter period. Village Heating Ltd, the gas partner contractor, is ahead of programme with the servicing of boilers. Responsive Gas overspend (£51,265) is as a result of the three star gas service price structure, which includes a fixed monthly fee to the gas supplier. The full year costs are expected to come in on budget. Total Void Works overspend is due to Void Works and Decoration (£71,158) and Decoration Vouchers (£27,325). The overspend in decoration vouchers is largely to do with the Lean Review, as B & Q vouchers are also being used to refurbish void properties.

2.9 The full year repairs and maintenance expenditure is currently forecast to budget until the trend in expenditure is established over the next few months. However Directors will be aware of the present difficulties being encountered with our repairs Partner which may well impact on our repairs expenditure. The situation is very fluid, and Chris Wilkins, Head of Asset Management will attend the meeting to provide an update.

2.10 Balance Sheet

This is attached as Appendix 2.

**3. Tenant & leaseholder implications**

3.1 None in context of this report.

**4. Equality & Diversity Implications**

4.1 None in context of this report.

**5. Financial & Risk Management Implications**

5.1 See body of report.

**6. Other impacts (if applicable)**

6.1 None.

**7. List of Appendices**

7.1 Appendix 1 Budget Monitoring Reports – Total Barnet Homes Ltd

Schedule 1 Total Heads of Service

Schedule 2 Financial Services

Schedule 3 Chief Executive Office

- Schedule 4 Corporate Services
- Schedule 5 Housing Services
- Schedule 6 Asset Management
- Schedule 7 Repairs and Maintenance

7.2 Appendix 2 Balance Sheet as at 31 July 2010

Approved by Head of Financial Services: 

Date: 1 September 2010

**Barnet Homes Ltd**  
**Total Barnet Homes Ltd**

**Profit and Loss Statement - Appendix 1**  
**4 months to 31 July 2010**

	Year to date			Full Year (2010/11)		
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)
	£'000	£'000	£'000	£'000	£'000	£'000
<b><i>Income</i></b>						
LBB - General Management Fee	6,112	6,117	(4)	18,324	18,350	(26)
LBB - Repairs & Maintenance	2,767	2,767	0	8,300	8,300	0
LBB - Capital Works	227	226	2	682	677	5
LBB - Other Fees	29	25	4	88	75	13
Rechargeable Works	25	-	25	74	-	74
General Fund Hostels	34	50	(16)	103	150	(47)
Third Party Income - Grants	51	54	(3)	152	161	(9)
Third Party Income - Other	38	31	7	98	93	5
<b>Total Income</b>	<b>9,283</b>	<b>9,269</b>	<b>14</b>	<b>27,821</b>	<b>27,806</b>	<b>15</b>
<b><i>Expenditure</i></b>						
Management Costs excl. contingency	4,798	4,902	104	14,545	14,700	155
Operational Costs	1,313	1,182	(131)	3,733	3,547	(186)
Other Costs	427	393	(34)	1,224	1,179	(45)
Depreciation	49	51	2	146	154	8
Repairs and Maintenance	2,451	2,776	325	8,327	8,327	0
Rechargeable Works	25	-	(25)	74	-	(74)
General Fund Hostels	34	50	16	103	150	47
HRA Hostels	1	-	(1)	3	-	(3)
Contingency	49	49	-	275	146	(129)
<b>Total Expenditure</b>	<b>9,147</b>	<b>9,403</b>	<b>256</b>	<b>28,430</b>	<b>28,203</b>	<b>(227)</b>
<b>Operating Profit/(Loss)</b>	<b>136</b>	<b>(134)</b>	<b>270</b>	<b>(609)</b>	<b>(397)</b>	<b>(212)</b>
<b>Bank interest receivable</b>	<b>21</b>	<b>23</b>	<b>(2)</b>	<b>69</b>	<b>69</b>	<b>(0)</b>
<b>Corporation tax</b>	<b>7</b>	<b>6</b>	<b>(1)</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Net Profit/ (Loss)</b>	<b>150</b>	<b>(117)</b>	<b>267</b>	<b>(559)</b>	<b>(349)</b>	<b>(210)</b>

<b>Memorandum</b>				
2010/11 projected full year Net Profit/(Loss)		(559)	(349)	(210)
2010/11 forecast transfer from P&L reserves (budgeted loss is £348,500)		559		
<b>2010/11 Forecast surplus after transfer from Reserves</b>		<b>0</b>		

**Notes**

1. As at July 2010 year to date, the full year projection is a Net Loss of £558,672, a movement of £279,992 from last month. The primary reason for the significant increase in the loss position is the £275,000 forecast cost related to the senior management team restructure. £146,000 of the forecast cost is to be funded using contingency, and the balance of £129,000 will be funded from the company's reserves.

2. For this financial year, Barnet Homes current budgeted outturn is a net loss of £348,500. The current full year forecast loss is greater than the budgeted position by £210,172.

3. Current full year Repairs and Maintenance expenditure is forecast to budget. Full year repairs expenditure budget exceeds the income budget by £27,009. This represents additional funding for repairs of £25,000 from reserves, and a grant of £2,009 from United House.

	Year to date			Full Year (2010/11)			Prior Year	
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)	2009/010 Actual	
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	
<b><i>Income</i></b>								
LBB	6,369	6,368	1	19,094	19,102	(8)	20,013	Budgeted income for Minor PSL repairs is not expected to be received (£34,000). Unbudgeted forecast annual Telecare income of £20,000 and extra income from the Capital Programme (£5,000) have offset some of the income lost.
Third Party	109	107	2	316	321	(5)	126	This is mainly as a result of the Think Family Grant income being £9,000 below budget. It has been offset to some extent by the unbudgeted income in Asset Management from the Sort It Conference (£3,000).
<b>Total Income</b>	<b>6,478</b>	<b>6,475</b>	<b>3</b>	<b>19,410</b>	<b>19,423</b>	<b>(13)</b>	<b>20,139</b>	
<b><i>Expenditure</i></b>								
<b>Management Costs</b>								
Salaries and Wages	3,585	4,135	550	10,948	12,402	1,454	11,151	
Agency Placements	502	61	(441)	1,515	182	(1,333)	1,553	Agency staff costs are funded from the underspend in the salaries budget.
Other Employee Related	168	174	6	507	522	15	557	Increased underspend is as a result of the council tax and accommodation charges for service tenants.
Office Accommodation	158	167	9	476	499	23	518	Full year Office Accommodation costs are forecast to have an underspend.
Information Technology	264	264	-	791	791	-	749	
Consultant	121	101	(20)	308	304	(4)	186	
Contingency	49	49	-	275	146	(129)	-	£275,000 has been ear-marked for the SMT restructure. Full year forecast costs are £129,000 above the contingency budget, which is to be funded from reserves.
<b>Total Management</b>	<b>4,847</b>	<b>4,951</b>	<b>104</b>	<b>14,820</b>	<b>14,846</b>	<b>26</b>	<b>14,714</b>	
<b>Operational Costs</b>								
Transport costs	79	69	(10)	214	207	(7)	187	Full year forecast expenditure is based on last year's trend.
Grounds Maintenance	186	219	33	574	658	84	614	Full year Tree costs are currently forecast to have an underspend.
Estate, Hostel & Warden	143	154	11	425	462	37	531	Full year forecast expenditure has been adjusted to reflect expected lower costs in Window Cleaning, Contract Cleaning, and repairs as a result of Vandalism.
Utility Costs	546	466	(80)	1,560	1,397	(163)	1,589	Full year forecast overspend is as a result of utility costs in Housing Services. Grahame Park Boiler House costs have been forecast to budget.
Tenant Related Costs	119	109	(10)	347	328	(19)	220	Forecast overspend is mainly as a result of temporary accommodation costs.
Legal Costs	240	165	(75)	613	495	(118)	553	Full year forecast overspend is mainly as a result of Housing Services Legal costs (£66,000), and forecast overspend in Corporate Services (£52,000).
<b>Total Operational</b>	<b>1,313</b>	<b>1,182</b>	<b>(131)</b>	<b>3,733</b>	<b>3,547</b>	<b>(186)</b>	<b>3,695</b>	
<b>Other Costs</b>								
	427	393	(34)	1,224	1,179	(45)	1,192	Full year forecast overspend is mainly as a result of Alliance & Leicester bank charges (£12,000), Housing Services Printing/Postage Costs (£17,000) and an annual accrual for bad debts (£6,000).
<b>Depreciation</b>	<b>49</b>	<b>51</b>	<b>2</b>	<b>146</b>	<b>154</b>	<b>8</b>	<b>129</b>	Full year forecast depreciation has an underspend of £8,788.
<b>Corporation Tax</b>	<b>7</b>	<b>6</b>	<b>(1)</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>18</b>	
<b>Total Expenditure</b>	<b>6,643</b>	<b>6,583</b>	<b>(60)</b>	<b>19,942</b>	<b>19,745</b>	<b>(197)</b>	<b>19,747</b>	Full year projected overspend is currently £197,000, a movement of £274,000 from last month. This is as a result of £275,000 ear-marked for the SMT restructure. The full year contingency budget (£146,000) is to be used to fund this forecast cost, with an additional funding of £129,000 from reserves.

**Barnet Homes Limited  
Financial Services**

**Budget Monitoring Report - Schedule 2  
4 months to 31 July 2010**

	Year to date			Full Year (2010/11)			Prior Year
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)	2009/010 Actual
<b><i>Income</i></b>	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
LBB	6,128	6,124	4	18,372	18,372	-	19,280
Third Party	71	72	(1)	217	217	-	86
	Full year bank interest receivable and other third party income is currently forecast to budget.						
<b>Total Income</b>	<b>6,199</b>	<b>6,196</b>	<b>3</b>	<b>18,589</b>	<b>18,589</b>	<b>-</b>	<b>19,365</b>
<b><i>Expenditure</i></b>							
<b>Management Costs</b>							
Salaries and Wages	340	382	42	1,060	1,147	87	1,072
	Full year forecast includes extra costs for unfunded pension payments, and extra costs for the permanent IT Business Analyst.						
Agency Placements	18	5	(13)	45	15	(30)	68
	Full year agency staff costs have reduced as the IT Business Analyst is now a permanent member of staff.						
Other Employee Related	2	2	-	6	5	(1)	3
Office Accomodation	138	145	7	415	434	19	456
	Full year Office Accommodation costs are forecast to have an underspend.						
Information Technology	264	264	-	791	791	-	748
Consultant	4	3	(1)	12	8	(4)	23
	Forecast overspend as a result of the Apex Housing Stock System.						
Contingency	49	49	-	275	146	(129)	-
	The contingency budget is now accrued on a monthly basis as the full year's budget of £146,000 has been ear-marked to fund the costs associated with the senior management restructure (SMT). An additional funding of £129,000 from reserves will also be required for the one-off redundancy and associated costs. Total SMT restructure costs is forecast to be £275,000.						
<b>Total Management</b>	<b>815</b>	<b>850</b>	<b>35</b>	<b>2,604</b>	<b>2,546</b>	<b>(58)</b>	<b>2,370</b>
	Projected overspend mainly due to forecast costs of the SMT restructure.						
<b>Operational Costs</b>							
Estate, Hostel & Warden	-	-	-	-	-	-	5
Tenant Related Costs	1	-	(1)	3	-	(3)	-
	Commission paid to debt collection agencies for rechargeable work.						
Legal Costs	6	6	-	17	17	-	2
<b>Total Operational</b>	<b>7</b>	<b>6</b>	<b>(1)</b>	<b>20</b>	<b>17</b>	<b>(3)</b>	<b>7</b>
<b>Other Costs</b>	<b>200</b>	<b>190</b>	<b>(10)</b>	<b>589</b>	<b>571</b>	<b>(18)</b>	<b>560</b>
	Full year forecast overspend is mainly as a result of Santander bank charges (£12,000).						
<b>Depreciation</b>	<b>49</b>	<b>51</b>	<b>2</b>	<b>146</b>	<b>154</b>	<b>8</b>	<b>129</b>
	Full year forecast depreciation has an underspend of £8,788.						
<b>Corporation Tax</b>	<b>7</b>	<b>6</b>	<b>(1)</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>18</b>
	Forecast to budget.						
<b>Total Expenditure</b>	<b>1,078</b>	<b>1,103</b>	<b>25</b>	<b>3,378</b>	<b>3,307</b>	<b>(71)</b>	<b>3,083</b>
	The projected full year overspend of £71,000 is mainly as a result of the funds ear-marked for the senior managers restructure which exceeds the contingency budget (£129,000), which has been subsidised by the underspend mainly in Staff Costs (£57,000).						

	Year to date			Full Year (2010/11)			Prior Year
	Actual	Budget	Variance	Projection	Budget	Variance	2009/010
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	Actual
<b><i>Income</i></b>							
Third Party	-	-	-	-	-	-	-
<b>Total Income</b>	-	-	-	-	-	-	-
<b><i>Expenditure</i></b>							
<b>Management Costs</b>							
Salaries and Wages	70	72	2	215	215	-	221
Other Employee Related	-	-	-	1	1	-	1
Office Accomodation	-	-	-	-	-	-	-
Consultant	-	-	-	-	-	-	-
<b>Total Management</b>	70	72	2	216	216	-	221
<b>Operational Costs</b>							
Estate, Hostel & Warden	-	-	-	-	-	-	-
Legal Costs	-	-	-	-	-	-	-
<b>Total Operational</b>	-	-	-	-	-	-	-
<b>Other Costs</b>	1	1	-	3	3	-	1
<b>Total Expenditure</b>	71	73	2	219	219	-	222

Full year expenditure has been forecast to budget.

	Year to date			Full Year (2010/11)			Prior Year
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)	2009/010 Actual
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
<b><i>Income</i></b>							
LBB	1	1	-	2	2	-	2 LBB income for the Rest Centre Volunteer annual honorarium.
Third Party	1	1	-	2	2	-	2 Resident Participation Grant Budget.
<b>Total Income</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>5</b>
<b><i>Expenditure</i></b>							
<b>Management Costs</b>							
Salaries and Wages	371	410	39	1,180	1,229	49	1,061 Board Pay Allowance is forecast to have a full year underspend of £19,250 as the first payment starts in the second quarter, and 4 board members are not receiving any payments. Vacant posts have increased the salary underspend by a further £30,000. The full year forecast includes £68,000 for vacant posts and board pay.
Agency Placements	1	13	12	30	39	9	47 Full year costs are currently being forecast to be approximately 3/4 of the budget.
Other Employee Related	54	55	1	165	165	-	174 Full year costs are currently being forecast to budget.
Office Accomodation	-	-	-	1	1	-	-
Information Technology	-	-	-	-	-	-	-
Consultant	5	5	-	15	15	-	51
<b>Total Management</b>	<b>431</b>	<b>483</b>	<b>52</b>	<b>1,391</b>	<b>1,449</b>	<b>58</b>	<b>1,333</b>
<b>Operational Costs</b>							
Transport costs	1	1	-	4	4	-	3
Grounds Maintenance	-	-	-	-	-	-	-
Estate, Hostel & Warden	2	2	-	6	6	-	2
Utility Costs	-	-	-	1	-	(1)	0
Tenant Related Costs	29	28	(1)	85	85	-	62 Resident Participation costs are currently forecast to budget.
Legal Costs	43	14	(29)	95	43	(52)	72 Forecast overspend is as a result of employment tribunal cases.
<b>Total Operational</b>	<b>75</b>	<b>45</b>	<b>(30)</b>	<b>191</b>	<b>138</b>	<b>(53)</b>	<b>140</b>
<b>Other Costs</b>	<b>102</b>	<b>100</b>	<b>(2)</b>	<b>299</b>	<b>299</b>	<b>-</b>	<b>269</b>
<b>Total Expenditure</b>	<b>608</b>	<b>628</b>	<b>20</b>	<b>1,881</b>	<b>1,886</b>	<b>5</b>	<b>1,742</b> Full year forecast underspend is £5,000. This is mainly as a result of the salary and agency staff underspend which has been offset by the forecast overspend in legal costs.

**Barnet Homes Limited  
Housing Services**

**Budget Monitoring Report - Schedule 5  
4 months to 31 July 2010**

	Year to date			Full Year (2010/11)			Prior Year	
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)	2009/010 Actual	
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	
<b>Income</b>								
LBB	13	17	(4)	38	51	(13)	150	Budgeted income for Minor PSL repairs is not expected to be received (£34,000). Unbudgeted forecast annual Telecare income of £20,000 offsets some of the income lost.
Third Party	34	34	-	94	102	(8)	35	Full year forecast income includes an accrual for Choices income (£25,000). The Think Family Grant which has been received is £9,000 below budget.
<b>Total Income</b>	<b>47</b>	<b>51</b>	<b>(4)</b>	<b>132</b>	<b>153</b>	<b>(21)</b>	<b>185</b>	
<b>Expenditure</b>								
<b>Management Costs</b>								
Salaries and Wages	2,112	2,416	304	6,370	7,247	877	6,711	
Agency Placements	328	19	(309)	975	56	(919)	946	Full year forecast has been adjusted to reflect the current level of agency staff.
Other Employee Related	107	116	9	321	348	27	364	Full year forecast underspend is mainly as a result of the council tax and accommodation costs for service tenants.
Office Accommodation	2	6	4	6	17	11	11	
Information Technology Consultant	-	-	-	-	-	-	1	
	3	3	-	10	10	-	11	
<b>Total Management</b>	<b>2,552</b>	<b>2,560</b>	<b>8</b>	<b>7,682</b>	<b>7,678</b>	<b>(4)</b>	<b>8,045</b>	
<b>Operational Costs</b>								
Transport costs	78	68	(10)	210	203	(7)	184	Full year forecast expenditure is based on last year's trend.
Grounds Maintenance	186	219	33	574	658	84	614	Full year Tree costs are currently forecast to have an underspend.
Estate, Hostel & Warden	82	97	15	246	291	45	303	Full year forecast expenditure has been adjusted to reflect expected lower costs in Window Cleaning, Contract Cleaning, and repairs as a result of Vandalism.
Utility Costs	408	328	(80)	1,145	983	(162)	1,248	Full year overspend is mainly as a result of forecast Estates Electricity and Central Heating costs exceeding budget.
Tenant Related Costs	38	30	(8)	105	91	(14)	157	Forecast overspend is mainly as a result of temporary accommodation costs. These costs do not have a specific budget. Home Ownership Residents Participation costs are no longer forecast to budget.
Legal Costs	173	127	(46)	446	380	(66)	446	Full year forecast overspend has been adjusted to reflect the high volume of leasehold tribunal and illegal occupancy cases occurring in the first quarter.
<b>Total Operational</b>	<b>965</b>	<b>869</b>	<b>(96)</b>	<b>2,726</b>	<b>2,606</b>	<b>(120)</b>	<b>2,952</b>	
<b>Other Costs</b>	<b>105</b>	<b>87</b>	<b>(18)</b>	<b>277</b>	<b>260</b>	<b>(17)</b>	<b>314</b>	Forecast overspend mainly as a result of printing and postage costs.
<b>Total Expenditure</b>	<b>3,622</b>	<b>3,516</b>	<b>(106)</b>	<b>10,685</b>	<b>10,544</b>	<b>(141)</b>	<b>11,311</b>	Projected overspend is £141,000. This is primarily as a result of the forecast Utility costs overspend (£162,000) and Legal costs (£66,000). These overspends have been offset to some extent by the forecast underspend in Tree works and Estate Services.

# Barnet Homes Limited

## Asset Management

# Budget Monitoring Report - Schedule 6

## 4 months to 31 July 2010

	Year to date			Full Year (2010/11)			Prior Year
	Actual	Budget	Variance Fav/(Adv)	Projection	Budget	Variance Fav/(Adv)	2009/010 Actual
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
<b>Income</b>							
LBB	227	226	1	682	677	5	581 Budget for salaries funded by the Capital Programme. Funding exceeds budget as a result of funding from the Cavity Wall Insulation Grant.
Third Party	3	-	3	3	-	3	4 Income from Sort It Conference.
<b>Total Income</b>	<b>230</b>	<b>226</b>	<b>4</b>	<b>685</b>	<b>677</b>	<b>8</b>	<b>585</b>
<b>Expenditure</b>							
<b>Management Costs</b>							
Salaries and Wages	692	855	163	2,123	2,564	441	2,087 Full year projection includes £46,000 increased forecast in salary costs for posts not yet filled.
Agency Placements	155	24	(131)	465	72	(393)	491
Other Employee Related	5	1	(4)	14	3	(11)	16
Office Accomodation	18	16	(2)	54	47	(7)	51
Consultant	109	90	(19)	271	271	-	101
<b>Total Management</b>	<b>979</b>	<b>986</b>	<b>7</b>	<b>2,927</b>	<b>2,957</b>	<b>30</b>	<b>2,744</b>
<b>Operational Costs</b>							
Estate, Hostel & Warden	59	55	(4)	173	165	(8)	221
Utility Costs - GP Boiler	138	138	-	414	414	-	341 Grahame Park Boiler House utility costs have been forecast to budget.
Tenant Related Costs	51	51	-	154	152	(2)	1 Full year budget includes £104,000 for the purchase of carbon monoxide detectors for tenants.
Legal Costs	18	18	-	55	55	-	33 Full year costs are currently forecast to come in on budget.
<b>Total Operational</b>	<b>266</b>	<b>262</b>	<b>(4)</b>	<b>796</b>	<b>786</b>	<b>(10)</b>	<b>596</b>
<b>Other Costs</b>	<b>19</b>	<b>15</b>	<b>(4)</b>	<b>56</b>	<b>46</b>	<b>(10)</b>	<b>49</b> The forecast overspend is primarily due to car mileage costs.
<b>Total Expenditure</b>	<b>1,264</b>	<b>1,263</b>	<b>(1)</b>	<b>3,779</b>	<b>3,789</b>	<b>10</b>	<b>3,389</b> Full year forecast underspend is £10,000, mainly as a result of salary costs.

**REPAIRS AND MAINTENANCE  
JULY 2010 YEAR TO DATE**

**SUMMARY REPORT**

	JULY 2010 YTD			FULL YEAR			
	YTD Actual	YTD Budget	Variance (ADV)/FAV	2010/11 Projection	2010/11 Budget	Variance (ADV)/FAV	2009/10 Actual
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>EXPENDITURE</b>							
<i>Direct Cost</i>							
Total Responsive Repairs	916	1,013	97	3,040	3,040	0	3,478
Total Planned Repairs/Works	170	317	147	951	951	0	679
Total Cyclical Works	82	218	136	655	655	0	557
Total Planned Estate Maintenance	45	297	251	890	890	0	516
Total Void Works	498	400	(98)	1,200	1,200	0	1,466
Total Gas Repairs/Works	735	527	(208)	1,580	1,580	0	1,751
<b>Total Direct Cost</b>	<b>2,446</b>	<b>2,772</b>	<b>325</b>	<b>8,316</b>	<b>8,316</b>	<b>0</b>	<b>8,447</b>
<i>Indirect Cost</i>							
Insurance Recharge Write Back	0	0	0	0	0	0	36
Other Costs	4	4	(1)	11	11	0	23
<b>Total Indirect Cost</b>	<b>4</b>	<b>4</b>	<b>(1)</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>59</b>
<b>Total Repair Costs</b>	<b>2,451</b>	<b>2,776</b>	<b>325</b>	<b>8,327</b>	<b>8,327</b>	<b>0</b>	<b>8,506</b>

Year to date Void costs overspend is mainly as a result of Void Works (£71,158) and Decoration Vouchers (£27,325). The vouchers are used for the Lean Review mainly in the Regeneration areas.

Year to date Gas cost overspend is mainly as a result of Gas Contract. Village Heating is ahead of programme with the servicing of boilers. This is a seasonal variation over the summer months when servicing takes place, and the monthly costs are expected to drop significantly in the winter period.

Full year costs are forecast to come in on budget.

**Notes**

The repairs year to date expenditure is £2.451m, with an underspend of £324,738. This does not include any active commitment costs which are expected to be completed in this financial year.

The full year expenditure is currently forecast to budget.

**BARNET HOMES LTD  
BALANCE SHEET  
AS AT 31 JULY 2010**

Item 6 Appendix 2

	Note			At 30 June 2010 £	Movement £
	At 31 July 2010 £	At 31 July 2010 £	At 31 July 2010 £		
<b>Fixed assets</b>					
<b>Tangible fixed assets</b>					
Fixtures, Fittings & Equipment		51,218		52,911	
Vehicles, Plant & Machinery		36,723		37,137	
Computer Equipment		224,161		233,267	
			312,103	323,316	(11,213)
<b>Investments</b>					
Loan to LAPN			40,196	40,196	0
			352,299	363,512	(11,213)
<b>Current assets</b>					
Stock		3,605		29,160	
Trade debtors		8,167		10,384	
Amounts owed by Parent Undertaking		5,129,719		702,651	
VAT		(0)		145,719	
Other debtors		7,690		4,542	
Prepayments and accrued income TP		272,753		295,074	
Net cash at bank and in hand					
Cash & imprest bank a/c's	3,820			3,408	
Bank Current a/c	308,131			(182,059)	
Bank Deposit a/c	4,129,638			7,466,137	
Overnight Treasury Deposit	0			0	
Weekly Treasury Deposit	0			0	
Monthly and > Treasury Deposit	3,000,000			3,000,000	
		7,441,589	12,863,522	11,475,016	1,388,506
<b>Current liabilities</b>					
Trade creditors		(1,411,001)		(416,154)	
Amounts owed to Parent Undertaking		(7,188,903)		(7,057,459)	
VAT		(336,860)		0	
Corporation tax		(24,592)		(20,940)	
Other Taxation and Social Security		(209,567)		(214,648)	
Accruals and Deferred Income (TP)		(1,473,837)		(1,425,636)	
Other creditors	1	(196,190)		(197,648)	
			(10,840,950)	(9,332,485)	(1,508,465)
Net current assets/ (liabilities)			2,022,572	2,142,531	(119,959)
<b>Total assets less current liabilities</b>			2,374,871	2,506,043	(131,172)
<b>Long-term liabilities</b>					
Provisions for liabilities		(52,477)		(52,477)	
FRS17 Pension Deficit		(19,306,000)		(19,306,000)	
			(19,358,477)		
<b>Net (Liabilities)/Assets</b>			(16,983,607)	(16,852,434)	(131,173)
<b>Capital and Reserves</b>					
Profit and Loss Account			(16,983,607)	(16,852,434)	(131,173)

## Barnet Homes

Sub Group:	Business and Resources
Date:	9 September 2010
Title of Report:	Internal Audit – Management Action
Purpose of Report:	To provide an update on progress against action plans arising from audits undertaken by Tribal Business Assurance (TBA).
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

## Report Summary:

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

## Recommendations:

1. That the Sub-group notes the report.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	2 September 2010
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

**1. Policy context/ Business Aim**

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

**2. Outline of the issue**

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

2.2 The report covers the following audits:-

- Performance Management
- Adaptations
- Health and Safety
- Rent arrears and Write-offs
- Anti-social behaviour

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

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

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

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

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

2.6 The Sub-Group is asked to comment on and note the report. The next update is scheduled for March 2011.

**3. Tenant & leaseholder implications**

3.1 None in the context of this report.

**4. Equality & Diversity Implications**

4.1 None in the context of this report.

**5. Financial & Risk Management Implications**

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

**6. Other impacts (if applicable)**

6.1 None.

**7. List of Appendices**

7.1 Appendix 1 – Management Action for the 6 months to September 2010.

Approved by Head of Service:



Date:

2 September 2010

Review	Assurance	Recs. P1	Recs P2	Recs P3	Comments
Tenant Participation	Substantial	0	0	0	There were no recommendations arising from this review. There were two operational effectiveness matters relating to the keeping of records and minutes of resident association meetings which have been implemented.
Works Procurement Arrangements	Reasonable	0	0	5	Four of the recommendations related to updating the documentation of procedures or writing up processes. These are now largely completed. The fifth recommended that we have an approved list of contractors and consultants but we do not consider this is necessary.
Gas Safety	Reasonable	0	2	2	The Priority 2 recommendation relating to the provision of an independent check of the gas servicing work carried out by Village Heating has been implemented with the appointment of GAS (Gas Advisory Service). The other related to the keeping of CP12 certificates and their recording on the APEX system. We meet the legal requirements for the holding of data but are looking into whether all can be stored in APEX. The two Priority 3 recommendations relate to updating the Gas Safety Policy and the Procedure are due to be implemented by March 2011.
Leaseholder Annual Service Charge Arrangements	Substantial	0	0	1	The Priority 2 recommendation related to arrears tracking. Officers are planning to visit Havering and Hackney during the Autumn to review their systems. The Priority 3 recommendation related to the separation of annual and major works accounts in terms of the attribution of debt. We do not agree and allocate payments to the oldest debt first. This works well and collection rates are currently very good.
Customer Services	Limited	1	8	0	See separate report elsewhere on the agenda.

## Barnet Homes

Board / Sub Group / Executive Team	Business and Resources Sub-Group
Date:	9 September 2010
Title of Report:	Value for Money
Purpose of Report:	To provide an update on the 2010/11 Value for Money programme
Classification: General Release / Exempt (if exempt state relevant ground)	General Release

## Report Summary:

The report sets out the latest position on the 2010/11 programme and summarises the results of two completed reviews that together will save around £33,000 from the 2011/12 budget.

It also comments on the survey of 2008/9 ALMO company accounts published in the July 'Social Housing' magazine.

## Recommendations:

1. That the report be noted.

Report Author:	Mike Wiffen, Head of Financial Services	Date:	2 September 2010
Telephone:	020 8359 4153	Email:	mike.wiffen@barnethomes.org

## **1. Policy context/ Business Aim**

- 1.1 Our second business aim is to make the best use of resources by providing value for money services and developing new business.

## **2. Outline of the issue**

- 2.1 The Sub-Group agreed the 2010/11 Value for Money programme at its May meeting. Attached at Appendix 1 is the updated position, including target figures for efficiencies from each review.
- 2.2 Three reviews have been completed since the last report - Resident Involvement, which was reported to the Board, CCTV and Elderly Persons' Gardening.
- 2.3 We presently receive CCTV services via the Council for seven cameras at Granville Road and Grahame Park. The review looked at the usefulness of the service and whether value for money was being obtained. The number of incidents in 2009/10 was 12 (3 at Granville Road, 9 at Grahame Park) which had an estimated cost of around £3,700 per incident. The cameras were installed in September 2004 and in the remainder of 2004/5 there were 132 incidents, of which 111 were at Grahame Park.
- 2.4 Views were sought from residents, ward councillors, CCTV centre staff, housing officers and the Police. The conclusion is that the cameras at Granville Road can be removed (or disconnected) but that it is essential that those at Grahame Park remain. We are also proposing that less monitoring time is purchased, and we estimate that the cost in 2011/12 will be around £15,000, compared to expenditure of £45,000 in 2009/10 and a budget of £30,000 in the current year.
- 2.5 The review of Elderly Persons' Gardening has concluded that there is good value for money from the service. This is now undertaken in-house, at an average cost per garden of around £54. In 2008/9, when part of the service was purchased externally the average cost was around £100.
- 2.6 The budget had been reduced to £35,000 in 2010/11 but only £17,000 has been utilised. It is proposed that the budget be set at this level for 2011/12. A number of further options will be considered for 2011/12, including aligning the age criteria with the decorations scheme (70 rather than 65), use of the Community Payback Scheme, a service charge or garden sharing (which is being advertised in the atHome magazine to gauge interest). The options are not mutually exclusive.

- 2.7 Reference was made at the last Board Meeting to a report that had appeared in the July 2010 'Social Housing' magazine that took a look at the financial shape of ALMOs. The magazine had undertaken an analysis of the published accounts for 2008/9 for each ALMO and produced a number of comparative tables. I undertook to produce a short report to this Sub-Group on the findings.
- 2.8 Firstly it has to be stated that the information provided in the statutory company accounts is of limited value in such a comparative exercise. The more detailed HouseMark analysis, which should be available in early October for 2009/10 is far more useful.
- 2.9 There is an analysis of annual turnover (income) per ALMO. Sandwell Homes at £153m is by far the highest, and equates to £5,000 per unit. Gloucester City Homes had the highest turnover per unit, at £5,100. Barnet Homes' figure is £1,900 with a turnover of around £29m.
- 2.10 A number of factors affect these results – what services are included in the management fee, whether or not turnover includes the capital programme (Barnet Homes' does not), additional income outside the management fee and the unit split between tenants and leaseholders.
- 2.11 The report also provides a comparative analysis of the pension deficits for each ALMO. The highest were East Durham Homes (at £60,200 per staff member) and City West Homes (£57,400), with Homes for Haringey among the lowest at £9,600. Barnet Homes' figure was £20,700. As a matter of interest for 2009/10 our figure (and those among many London ALMOs) has trebled.
- 2.12 Although all are part of the Local Government Pension Scheme (LGPS) there are around eighty or so separate funds within the LGPS, mainly held by counties and metropolitan boroughs. The position on the funds depends on demography and investment decisions made over a number of years by the different fundholders, and the strategies adopted to reduce the deficits through the level of employer contributions. There is little to be learned from the comparative data.
- 2.13 The third area of comparison looks at staff costs per unit. Barnet Homes has a mid-table position at around £800 per unit – Homes for Haringey and Hounslow Homes were at £1,400 and £1,300 respectively, while Ealing, Brent and Kensington and Chelsea TMO were all at £600. The wide variances reflect the different ways in which services are provided, as well as service levels. For example, those ALMOs with direct labour organisations (DLO) will have a higher staff cost per unit than those that

don't. Interestingly the average was considerably lower than that for housing association registered providers which was at £1,230 in 2008/9.

- 2.14 The final analysis was around the number of units per staff member. Results here are similar to those around staff costs, with Barnet Homes around the average at 52 units. This compares with City West Homes at 99 and Homes for Haringey at 28. The main factor again will be the presence or otherwise of a DLO.
- 2.15 To conclude whilst the information produced does suggest areas that may be of concern or interest it is limited and only deals with high-level cost information, and nothing in relation to service levels or quality as with the HouseMark exercise.

### **3. Tenant & leaseholder implications**

- 3.1 Residents will be involved in the reviews, and the outcomes should lead to greater value for money, although not necessarily savings.

### **4. Equality & Diversity Implications**

- 4.1 None in context of this report.

### **5. Financial & Risk Management Implications**

- 5.1 The target savings from this programme are in the order of £1.3m. Although not yet confirmed we are working on the basis of the need for 5% efficiencies within next year's management fee. To date some £433,000 can be confirmed from the programme.

### **6. Other Impacts**

- 6.1 None

### **7. List of Appendices**

- 7.1 Appendix 1 – Value for Money Programme 2010/11

**Approved by Head of Financial Services:**



**Date:**

2 September 2010

**VALUE FOR MONEY – REVIEW PROGRAMME 2010/11**

**Item 8 Appendix 1**

<b>Review</b>	<b>Sponsor</b>	<b>Lead</b>	<b>Timescale</b>	<b>Target Saving</b>	<b>Comments</b>
Home Ownership Services	DR	KT	Phase 1 completed. Phase 2 VfM Group Dec 2010	£180,000 over 2 years	Impact of conclusion of Decent Homes programme and results of Leasehold Survey. Additional project around educating leaseholders on VfM needs to be undertaken. Cashable efficiencies of up to £60k estimated for 2010/11 with further savings in Phase 2 – to be considered as decent homes programme nears completion. Need to determine level of efficiencies to be achieved in light of reduction of capital works. Some help from HR may be needed around flattening of the management structure.
Legal Costs	MW	GP	Review commenced. Report to VfM Group 29 Sept 2010	£50,000	Budgetary pressure – legal costs doubled in home ownership and rental income areas. Some performance issues recently with LBB in relation to disrepair and home ownership cases, especially the more complicated ones. JG had reviewed LBB against Judge and Priestley. Review needed to look at 'no win, no fee' and also mediation. Needed also to cover tendering, the relationship with LBB and obligations under the SLA.
Supported Housing (previously sheltered housing and floating support separately)	DR	SO		To be determined	Proposals on shape of service being worked up. Paper had been produced for the Council and a further meeting held on 5 July.

<b>Review</b>	<b>Sponsor</b>	<b>Lead</b>	<b>Timescale</b>	<b>Target Saving</b>	<b>Comments</b>
Rechargeable Repairs	CW	AS	4 <sup>th</sup> Quarter 2010/11	Dependent on policy	This review is long-outstanding. Although sums recovered are relatively high in percentage terms clear policy needs to be developed. LF has completed some research and benchmarking. Need to review the economics of recharging, the policy and involve residents in the consultation. AS to take lead following work on Equalities and Diversity.
Grounds Maintenance	DR	SO	To be determined	£35,000	Planning for Real determined this as a 2010/11 item. External help to be sought. Launched at the HUB meeting in February 2010. Timing to be determined – support agreed for a procurement exercise. Project Group has met – timetable awaited. Soft market testing suggests unlikely.
Review of Senior Management Structure	TL		Board report July 2010	£400,000	Staff consultation commenced May 2010. Savings excludes one-off redundancy and pension costs.
Repairs and Maintenance Contract	CW	MD		£230,000	Ongoing discussions as part of contract review. Saving based on achievement of 2.5% efficiencies but dependent on external factors.
Contact Centre	CW	MD		Nil	Consider staffing levels as part of budget process for 2010/11, which allowed for two additional posts for 6 months only.
Financial Services	MW		Report to VFM Group 29 September 2010	£50,000	Some benchmarking already undertaken. Some changes to structure being implemented in 2010/11 e.g. reduction of 0.5 post in AP team, and less hours in income team. May be affected by SMT review.

<b>Review</b>	<b>Sponsor</b>	<b>Lead</b>	<b>Timescale</b>	<b>Target Saving</b>	<b>Comments</b>
Resident Involvement	CV	DB	Report to VFM Group July 2010	Nil	Review confirmed new arrangements fit for purpose. Completed.
Void Repair Costs	DR	JY	VfM Group Nov 2010	£150,000	To follow systems review. LBB consultants commenced in September so review may be delayed. Benchmarking and review of standards underway. Void Improvement Plan project group meeting at end June.
Procurement	MW	JY	VfM Group Feb 2011	£40,000	MW produced brief paper re non asset management procurement. Recommended priority for review was postage/mailing, and suggested that JY could take this forward. Other areas to be examined were printing and telephone. MS was researching options around IT provision, although there was a link with accommodation and LBB Future Shape. Equipment expenditure also to be reviewed.
CCTV	SO	DB	VfM Group 1 Sept 2010	£15,000	Mini-project within Housing services – link with LBB. To commence May 2010. Completed
Elderly Persons Gardening	SO	AS	VfM Group 1 Sept 2010	£18,000	Mini-project within Housing services. Need to review following council house finance paper and definition of core/core plus services. Completed.
Internal decorations for the elderly and vulnerable	CW	MD	HoS May 2010	Saving already taken	Review undertaken and links with proposed budget saving 2010/11. Consultation with residents to be undertaken.
Accommodation/Mobile Working	CV/MW	DB/MS	To be determined	£75,000	Mobile pilot completed. Proposals for fuller implementation being developed. DB liaising with LBB on accommodation. Search agents commissioned and no. of properties to be reviewed.

Review	Sponsor	Lead	Timescale	Target Saving	Comments
Telecare/Assist	DR			£50,000	To review trading account etc in light of potential new business. MW to raise with LBB Finance mechanisms for trading account and options, including profit-sharing. Clarity of information needed, including reconciliation of SAP/JONTEK.
Caretaking (follow up)	DR	SO		To be determined	Need to review potential of savings from resident/non resident caretakers, and Grahame Park Review.
<b>TOTAL TARGET SAVINGS</b>				<b>£1,293,000</b>	

Key:

Andy Champion (AC)  
Cora Vigar (CV)  
Lesley Fordham (LF)  
Duncan Brown (DB)  
Gary Pliskin (GP)  
James Yurky (JY)

Tracey Lees (TL)  
Derek Rust (DR)  
John Gargan (JG)  
Mandy Dunstan (MD)  
Chris Wilkins (CW)  
Arwen Smith (AS)

Business & Resources Sub-Group (BRSG)  
Sheila Oliver (SO)  
Mike Wiffen (MW)  
Kevin Turnpenney (DT)  
Mark Saffrey (MS)  
Heads of Service Group (HOS)

Issue	Responsibility	4 November 2010	6 January 2011	3 March 2011	Comments
<b>Standard Agenda Items</b>					
Budget Monitor	LA	X	X	X	
Forward Agenda Planning	MW/CV	X	X	X	
Review of Risk Registers	MW	X		X	
HR Statistic Monitoring	CS	X		X	
<b>Other Agenda Items</b>					
Internal Audit Management Action	MW			X	
Internal Audit Annual Plan	MW				
Budget and Business Plan 2011/16	MW	X	X	X	
Value for Money	MW			X	
New Business	GP	X		X	
Communications Monitoring	JL				As and when
Statement of Internal Control	MW			X	
Equalities & Diversity Update	GM			X	
Mobile Working Update	MS	X			

Approved by Head of Financial Services:

Approved by Head of Corporate Services:

Date: 2 September 2010

M. Wilkes  
Lowy